

**HABITAT FOR HUMANITY
OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY**

FINANCIAL REPORT

December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Habitat for Humanity of Greater Indianapolis, Inc. and Subsidiaries

d/b/a Greater Indy Habitat for Humanity

Opinion

We have audited the accompanying consolidated financial statements of Habitat for Humanity of Greater Indianapolis, Inc. and Subsidiaries, d/b/a Greater Indy Habitat for Humanity (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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 (collectively, the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in their net assets and their 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 Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT - continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating financial statements and revenue, expense, and number of homes built and rehabbed graphs and the for December 31, 2024 and 2023 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

INDEPENDENT AUDITOR'S REPORT - continued

Supplementary Information - continued

The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pile CPAs

Indianapolis, Indiana
April 25, 2025

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Unrestricted cash	\$ 7,950,335	\$ 7,401,304
Cash limited as to use and timing	823,485	734,751
Investments, at fair value	2,926,929	2,758,428
Grants, sponsorships, and other receivables, less allowance for uncollectible promises - 2024: \$36,264, 2023: \$0	1,023,646	728,269
Beneficial interest in assets held by others	108,961	97,815
Inventory	461,742	513,183
Other assets	183,829	181,246
Mortgage loans receivable, net	5,248,010	6,390,170
Homes under construction	4,371,846	3,731,236
Land and homes available for resale and future builds	1,100,111	565,488
Property and equipment, net	3,780,716	3,851,152
Operating lease right-of-use assets, net	953,011	1,127,598
Finance lease right-of-use assets, net	39,356	-
Investment in joint venture (Note 7)	838,573	847,210
TOTAL ASSETS	\$ 29,810,550	\$ 28,927,850
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 736,490	\$ 435,856
Deferred revenue	34,353	43,267
Deposits from homeowners	325,277	306,665
Mortgage service agreement	1,597,425	1,240,721
Long-term notes payable, net of accumulated loan financing fees of \$75,520 and \$78,325, respectively	1,095,148	1,092,343
Right-of-use operating lease liability	968,877	1,136,463
Right-of-use finance lease liability	38,931	-
TOTAL LIABILITIES	4,796,501	4,255,315
<u>NET ASSETS</u>		
Without donor restrictions - undesignated	24,755,088	24,184,362
With donor restrictions:		
Purpose restrictions	216,913	446,125
Perpetual in nature	42,048	42,048
	<u>258,961</u>	<u>488,173</u>
TOTAL NET ASSETS	25,014,049	24,672,535
TOTAL LIABILITIES AND NET ASSETS	\$ 29,810,550	\$ 28,927,850

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Contributions of cash	\$ 4,643,836	\$ 120,000	\$ 4,763,836
Grants	591,438	-	591,438
Contributions of nonfinancial assets	638,256	-	638,256
	<u>5,873,530</u>	<u>120,000</u>	<u>5,993,530</u>
Home sales	6,445,997	-	6,445,997
ReStore income	3,870,449	-	3,870,449
	<u>10,316,446</u>	<u>-</u>	<u>10,316,446</u>
Mortgage loan discount amortization	374,254	-	374,254
Investment income (loss):			
Interest and dividends, net of fees	203,576	-	203,576
Realized gain (loss)	158,163	-	158,163
Unrealized gain (loss)	(55,444)	-	(55,444)
Change in value of beneficial interest	-	11,146	11,146
Gain on sale of mortgages	2,842,925	-	2,842,925
Loss on sale of property and equipment	(12,056)	-	(12,056)
Other income, net	143,946	-	143,946
Net assets released from restrictions	360,358	(360,358)	-
	<u>4,015,722</u>	<u>(349,212)</u>	<u>3,666,510</u>
TOTAL SUPPORT AND REVENUE	<u>20,205,698</u>	<u>(229,212)</u>	<u>19,976,486</u>
<u>EXPENSES</u>			
Program services	17,829,722	-	17,829,722
Supporting activities	1,805,250	-	1,805,250
TOTAL EXPENSES	<u>19,634,972</u>	<u>-</u>	<u>19,634,972</u>
CHANGE IN NET ASSETS	570,726	(229,212)	341,514
<u>NET ASSETS</u>			
Beginning of year	<u>24,184,362</u>	<u>488,173</u>	<u>24,672,535</u>
End of year	<u>\$ 24,755,088</u>	<u>\$ 258,961</u>	<u>\$ 25,014,049</u>

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF ACTIVITIES - continued

Year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Contributions of cash	\$ 3,868,250	\$ 290,358	\$ 4,158,608
Grants	446,262	100,000	546,262
Contributions of nonfinancial assets	699,008	-	699,008
	<u>5,013,520</u>	<u>390,358</u>	<u>5,403,878</u>
Home sales	6,454,185	-	6,454,185
ReStore income	4,302,770	-	4,302,770
	<u>10,756,955</u>	<u>-</u>	<u>10,756,955</u>
Mortgage loan discount amortization	406,483	-	406,483
Investment income (loss):			
Interest and dividends, net of fees	124,141	-	124,141
Realized gain (loss)	(14,256)	-	(14,256)
Unrealized gain (loss)	81,195	-	81,195
Change in value of beneficial interest	-	8,950	8,950
Gain on sale of mortgages	3,483,667	-	3,483,667
Loss on sale of property and equipment	7,980	-	7,980
Other income, net	271,019	-	271,019
Net assets released from restrictions	22,500	(22,500)	-
	<u>4,382,729</u>	<u>(13,550)</u>	<u>4,369,179</u>
TOTAL SUPPORT AND REVENUE	<u>20,153,204</u>	<u>376,808</u>	<u>20,530,012</u>
<u>EXPENSES</u>			
Program services	17,652,958	-	17,652,958
Supporting activities	1,548,496	-	1,548,496
TOTAL EXPENSES	<u>19,201,454</u>	<u>-</u>	<u>19,201,454</u>
CHANGE IN NET ASSETS	951,750	376,808	1,328,558
<u>NET ASSETS</u>			
Beginning of year	<u>23,232,612</u>	<u>111,365</u>	<u>23,343,977</u>
End of year	<u>\$ 24,184,362</u>	<u>\$ 488,173</u>	<u>\$ 24,672,535</u>

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2024

	Program Services						Supporting Activities			
	Construction Program	Home- ownership Services	Volunteer Services	Home Repairs	ReStore Services	Total Program	Fundraising Resource Development	Mgmt. and General	Total Supporting	Total
Costs of homes	\$ 6,268,277	\$ -	\$ -	\$ -	\$ -	\$ 6,268,277	\$ -	\$ -	\$ -	\$ 6,268,277
Mortgage discount	3,921,015	-	-	-	-	3,921,015	-	-	-	3,921,015
Salaries and wages	1,082,857	465,103	139,675	-	2,166,271	3,853,906	498,689	414,066	912,755	4,766,661
Retirement	17,581	8,018	2,627	-	33,572	61,798	8,837	7,426	16,263	78,061
									-	
Travel, seminars, and meetings	14,569	5,440	410	-	28,351	48,770	3,267	79,141	82,408	131,178
Maintenance and utilities	196,635	-	-	-	201,730	398,365	-	78,023	78,023	476,388
Telephone and communications	9,198	4,295	1,794	-	23,304	38,591	4,405	7,234	11,639	50,230
Bank and credit card fees	-	57,102	-	-	68,059	125,161	37,086	10,017	47,103	172,264
Computer and technology	18,694	38,465	7,362	-	11,291	75,812	63,395	22,618	86,013	161,825
Advertising	-	28,755	-	-	28,785	57,540	-	-	-	57,540
Printing, publications, and postage	3,371	5,916	1,637	-	3,553	14,477	23,431	5,398	28,829	43,306
Fundraising and promotional events	-	550	-	-	-	550	223,815	-	223,815	224,365
Depreciation	66,303	-	-	-	92,818	159,121	-	46,790	46,790	205,911
Tithings to Habitat International	131,925	-	-	-	-	131,925	-	-	-	131,925
Professional fees	12,219	-	-	-	-	12,219	-	52,676	52,676	64,895
Indirect construction costs	331,343	-	46,866	-	17,991	396,200	32,575	-	32,575	428,775
Mortgage service expense	-	81,549	-	-	-	81,549	-	(91,326)	(91,326)	(9,777)
Interest	-	-	-	-	328	328	-	56,721	56,721	57,049
Contracted services	-	11,074	-	-	1,286	12,360	20,578	38,637	59,215	71,575
Miscellaneous	158,835	24,485	17,216	-	576,435	776,971	451	92,909	93,360	870,331
In-kind	688,338	-	-	-	-	688,338	-	-	-	688,338
Insurance	298,960	37,663	16,218	-	259,715	612,556	30,569	37,822	68,391	680,947
Repair expense	-	-	-	93,893	-	93,893	-	-	-	93,893
	<u>\$ 13,220,120</u>	<u>\$ 768,415</u>	<u>\$ 233,805</u>	<u>\$ 93,893</u>	<u>\$ 3,513,489</u>	<u>\$ 17,829,722</u>	<u>\$ 947,098</u>	<u>\$ 858,152</u>	<u>\$ 1,805,250</u>	<u>\$ 19,634,972</u>

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - continued

Year ended December 31, 2023

	Program Services						Supporting Activities			
	Construction Program	Home- ownership Services	Volunteer Services	Home Repairs	ReStore Services	Total Program	Fundraising Resource Development	Mgmt. and General	Total Supporting	Total
Costs of homes	\$ 6,860,376	\$ -	\$ -	\$ -	\$ -	\$ 6,860,376	\$ -	\$ -	\$ -	\$ 6,860,376
Mortgage discount	3,770,794	-	-	-	-	3,770,794	-	-	-	3,770,794
Salaries and wages	934,569	306,949	123,921	-	2,115,918	3,481,357	452,113	487,039	939,152	4,420,509
Retirement	14,178	7,883	2,287	-	31,154	55,502	7,652	6,893	14,545	70,047
Travel, seminars, and meetings	7,563	7,509	90	-	28,555	43,717	4,968	55,387	60,355	104,072
Maintenance and utilities	158,342	-	-	-	293,293	451,635	-	41,911	41,911	493,546
Telephone and communications	10,142	5,690	2,276	-	22,389	40,497	5,690	7,244	12,934	53,431
Bank and credit card fees	-	43,315	-	-	60,208	103,523	18,917	8,922	27,839	131,362
Computer and technology	17,765	32,608	6,865	-	10,007	67,245	79,931	13,177	93,108	160,353
Advertising	-	22,938	-	-	23,761	46,699	-	-	-	46,699
Printing, publications, and postage	4,253	5,855	2,222	-	1,859	14,189	26,385	7,939	34,324	48,513
Fundraising and promotional events	-	1,206	-	-	-	1,206	139,816	-	139,816	141,022
Depreciation	75,571	-	-	-	84,510	160,081	-	33,896	33,896	193,977
Tithings to Habitat International	200,000	-	-	-	-	200,000	-	-	-	200,000
Professional fees	101,078	-	-	-	-	101,078	-	52,538	52,538	153,616
Indirect construction costs	315,875	-	43,259	-	21,501	380,635	25,053	-	25,053	405,688
Mortgage service expense	-	104,914	-	-	-	104,914	-	(193,090)	(193,090)	(88,176)
Interest	-	-	-	-	-	-	-	19,857	19,857	19,857
Contracted services	-	8,283	-	-	2,287	10,570	14,312	81,789	96,101	106,671
Miscellaneous	26,235	26,379	18,582	-	490,788	561,984	484	90,521	91,005	652,989
In-kind	602,877	-	-	-	-	602,877	-	-	-	602,877
Insurance	267,115	41,931	14,388	452	212,071	535,957	26,536	32,616	59,152	595,109
Repair expense	-	-	-	58,122	-	58,122	-	-	-	58,122
	<u>\$ 13,366,733</u>	<u>\$ 615,460</u>	<u>\$ 213,890</u>	<u>\$ 58,574</u>	<u>\$ 3,398,301</u>	<u>\$ 17,652,958</u>	<u>\$ 801,857</u>	<u>\$ 746,639</u>	<u>\$ 1,548,496</u>	<u>\$ 19,201,454</u>

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 341,514	\$ 1,328,558
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Gain) loss on sale of property	12,056	(7,980)
(Gain) loss on sale of homes	(205,337)	266,983
(Gain) loss on the sale of mortgages	(2,842,925)	(3,483,667)
Depreciation and amortization	208,153	193,977
Change in allowance for uncollectible promises	36,264	-
Net change in right-of-use operating lease assets / liabilities	7,001	22,416
Mortgage discount expense	3,921,015	3,770,794
Amortization of discount on mortgage loans receivable	(346,637)	(500,886)
Interest expense (amortization of loan financing fees)	3,040	3,040
Realized and unrealized (gain) loss on investments	102,719	66,939
(Gain) loss on beneficial interest	(11,146)	(8,950)
Donated housing supplies and property	(638,256)	(699,008)
(Increase) decrease in:		
Grants, sponsorships, and other receivables	(331,641)	143,302
Inventory	-	21,082
Other assets	(2,583)	33,274
Increase (decrease) in:		
Accounts payable and accrued expenses	300,634	(343,804)
Deferred revenue	(8,914)	(127,454)
Deposits from homeowners	18,612	61,015
Mortgage service agreement	(91,326)	100,522
Net cash provided by operating activities	<u>472,243</u>	<u>840,153</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(1,416,353)	(795,871)
Sales of investments	1,145,133	528,366
Collections of mortgage loans receivable	910,723	897,833
Purchases of property and equipment	(5,574,137)	(6,648,795)
Purchase of vacant lots	(1,460,217)	(1,353,237)
Proceeds from sale of assets	253,859	73,401
Distributions from joint venture	8,637	9,572
Net cash (used in) investing activities	<u>(6,132,355)</u>	<u>(7,288,731)</u>

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATED STATEMENT OF CASH FLOWS - continued

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from the sale of mortgages	\$ 6,300,779	\$ 6,115,944
Principal payments on finance lease obligations	(2,667)	-
Payments on notes payable	(235)	(234)
Net cash provided by financing activities	<u>6,297,877</u>	<u>6,115,710</u>
Increase (decrease) in cash and cash equivalents	637,765	(332,868)
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning	<u>8,136,055</u>	<u>8,468,923</u>
Ending	<u>\$ 8,773,820</u>	<u>\$ 8,136,055</u>
<u>SUPPLEMENTAL DISCLOSURE OF NON-CASH</u>		
<u>INVESTING AND FINANCING ACTIVITIES</u>		
Cash paid for interest	<u>\$ 45,503</u>	<u>\$ 8,639</u>
Cash paid for amounts in lease liabilities:		
Operating cash outflows-payments on operating leases	\$ 437,639	\$ 329,841
Operating cash outflows-payments on finance leases	349	-
Financing cash outflows-payments on finance leases	2,677	-
	<u>\$ 440,665</u>	<u>\$ 329,841</u>
Right-of-use assets obtained in exchange for new lease obligations:		
Operating Leases	\$ 229,527	\$ 535,144
Finance Leases	41,598	-
	<u>\$ 271,125</u>	<u>\$ 535,144</u>

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Habitat for Humanity of Greater Indianapolis, Inc. and Subsidiaries, d/b/a Greater Indy Habitat for Humanity, (the "Organization") was incorporated as a not-for-profit organization in 1987 under the laws of the State of Indiana and is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"). The Organization is a nondenominational Christian organization whose purpose is to collaborate with low-income families and other community partners to provide home ownership opportunities and build communities of hope as an expression of God's love. We envision a world where everyone has a decent place to live. The Organization operates throughout Marion, Hendricks, Hamilton and Hancock County.

Although Habitat International assists with informational resources, training, publications and prayer support, the Organization is primarily and directly responsible for its own operations. Major sources of revenue for the Organization include contributions from the general public, ReStore income and sales of homes.

A summary of the Organization's significant accounting policies is as follows:

A. Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiaries, Habitat Development Corporation, LLC ("HDC") and Habitat Homeownership Finance Solutions, Inc. ("HHFS") (collectively, the "Organization"). All significant inter-organizational accounts and transactions have been eliminated. The purpose of each entity are summarized as follows:

HDC, a wholly owned subsidiary of Habitat for Humanity of Greater Indianapolis, Inc, was incorporated in 2021. HDC was given the designation of a regional Community Housing Development Organization in 2022 and provides safe, quality attainable housing for low and moderate-income households. It was organized to further the charitable purposes of Habitat for Humanity of Greater Indianapolis, Inc.

HHFS, an Indiana non-profit corporation, was incorporated in 2024. HHFS was organized by Habitat for Humanity of Greater Indianapolis, Inc. to provide affordable home mortgages to low and moderate- income individuals and families. The purpose of the corporation is to expand homeownership opportunities to underserved individuals and families who may not otherwise have access to the financing they need to become homeowners. In 2024, HHFS began its mortgage lending practices as a separate legal entity.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

D. Cash

The Organization maintains cash balances at two commercial banks. The Organization maintains its cash in banks accounts which, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

E. Concentration of Risks

The Organization has a loan sale and servicing agreement with a commercial bank in which the Organization will sell, transfer and assign to the bank all of the Organization's ownership right, title and interest of any type or kind in each of the residential mortgage loans (Note 12). Sales will take place quarterly for calendar years 2023-2025. During 2024 and 2023, approximately 14% and 17% of the Organization's total revenue was derived from the sale of mortgages.

F. Inventory

Inventory consists of assorted building materials and supplies and materials to be used in construction of Habitat houses or sold in ReStores and is valued at cost using the specific identification method. Inventory also consists of donated items for sale at the Organization's various ReStores. ReStore inventory is valued based on an average month of ReStore sales.

G. Property and Equipment

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Donated property and equipment are recorded at fair market value as of the date received. The Organization capitalizes assets with a value greater than \$1,000 and an estimated life greater than one year. Depreciation is provided utilizing the straight line method over the estimated useful lives from 3 to 40 years of the depreciable assets. Maintenance and repairs are charged to expense as incurred.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

G. Property and Equipment - continued

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying value may not be fully recoverable. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. During the years ended December 31, 2024 and 2023, there was no impairment loss recognized on long-lived assets.

H. Mortgage Loans Receivable

Mortgage loans receivable are mortgage notes entered into at rates substantially below market rates. These note are then discounted to net present value using implied year market interest rates. The discounts are recorded at the inception of the mortgage and amortized over the life of the contract. Interest accrued at stated rates and discount amortization is reported as amortization income in the period accrued or amortized.

I. Allowance for Credit Losses

The Organization's allowance for credit losses is the amount considered adequate to absorb probable losses in the portfolio based on management's evaluations of the size and current risk characteristics of the mortgage notes receivable portfolio. Such evaluations consider historical information and experience with clients. Specific allowances for credit losses are established for large impaired noted on an individual basis. A note is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments when due according to the contractual terms of the promissory note.

The specific allowances established for these loans are based on a thorough analysis of the most probable source of repayment, including the estimated fair value of the underlying collateral. General allowances are established for loans that can be grouped into pools based on similar characteristics. Management has evaluated their portfolio and has not recorded an allowance for credit losses as of December 31, 2024 and 2023.

J. Contributions Receivable

The Organization records contributions, including unconditional promises to give that are expected to be collected at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporated risk-adjusted discount rates designed to reflect the assumption market participants would use in pricing the asset. In subsequent years, amortization of discounts is included in contribution revenue in the statement of activities.

The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Based on these criteria, the Organization has estimated the allowance for uncollectible promises of \$36,264 and \$0 as of December 31, 2024 and 2023, respectively.

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NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

K. Homes Under Construction

Construction in progress consists of land, land improvements and direct construction costs. The value of donated labor related to building construction is not recorded because the houses that the Organization builds are transferred at a price lower than market for mortgages. Therefore, the donated labor is considered financial assets that do not meet the criteria for recognition.

L. Land and Homes Available for Resale and Future Builds

Land held for resale and development, which includes land improvements, and houses under construction are carried at cost. They represent land and homes available for current and future developments to fulfillment of the Organization's mission. Real estate assets are periodically evaluated for impairment. If impairment indicators are present, a write-down to fair value (less costs to sell) occurs when management believes that events or changes in circumstances indicate that its carrying amount may not be recoverable. Land and development costs associated with substantially completed homes under construction, are included in homes under construction in the accompanying consolidated statements of financial position.

M. Escrow Reserves

The Organization services all the home mortgages it holds and those sold to banks. Included in cash are amounts received from homeowners for insurance, property taxes, and other items on their behalf ("escrow funds"). This cash will be used to pay amounts as they become due for the escrowed items. The Organization maintains a corresponding liability in the accompanying consolidated statements of financial position.

N. Support and Revenue

The Organization receives support from private contributions and grants, and recognizes this support when cash 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 met. Contributions and grants recognized are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of any donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions received for which the restrictions are met in the same year are reported as net assets without donor restriction support by the Organization.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

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NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

N. Support and Revenue - continued

Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The value of donated materials and land is recorded at fair value at the date of the gift.

Home sales are transfers to homeowners in exchange for a non-interest bearing mortgage receivable. The noninterest mortgages are discounted at various rates based upon prevailing market rates at the inception of the mortgages. Discounts are amortized over the lives of the mortgages.

ReStore income is derived from the sale of new and reclaimed building materials, furniture, appliances, and other home goods. Revenues are recognized by the Organization at the point of sale, which is when its performance obligation is satisfied (point in time).

O. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets include donated goods, materials, and parcels of land, which are recorded at the respective fair values of the goods or services received. Professional services are valued at estimated fair value based on current rates for similar professional services.

The Organization also receives donated services from unpaid volunteers who perform a variety of tasks that support the Organization's activities. No amounts have been recognized for these services in the statement of activities since the criteria for recognition have not been satisfied.

P. Fundraising Activities

The Organization has an ongoing resource development program to secure contributions from corporations, churches, and individuals.

Q. Advertising Expense

Advertising costs are expensed as incurred. Advertising expense was \$57,540 and \$46,699 for the years ended December 31, 2024 and 2023, respectively.

R. Sales Tax Collected

The State of Indiana imposes a sales tax on all of the Organization's ReStore sales. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

S. Expense Allocation

Expenses have been classified as programing and support services based on the actual direct expenditures and cost allocation based on estimates of time and usage by Organization personnel and programs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

T. Leases

The Organization adopted the provisions of ASC Topic 842, Leases. The standard requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. The standard requires a distinction to be made between finance leases and operating leases, with classification affecting the pattern of expense recognition in the income statement.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease, or adoption date, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. Absent an implicit rate to determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date, or remaining term for leases existing upon the adoption of Topic 842, or uses an incremental borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

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NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

U. Tax Status

The Organization is exempt from federal and state income taxes on its related activities under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been made

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing Organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempts status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities.

V. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

W. Reclassifications

Certain prior year balances have been reclassified to conform with current year classifications and presentations.

X. Subsequent Events

The Organization has evaluated subsequent events through April 25, 2025, which is the date the financial statements were available to be issued.

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Topic 326, Financial Instruments-Credit Losses, which was later amended with ASU 2019-11. The standard significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in Topic 326 were trade accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

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NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization has diverse revenue streams that include contributions, income from ReStore operations, and sale of homes. In 2021, the Organization implemented a strategic plan to direct focus and expend capital in key areas such as ReStore growth, land acquisition, and increasing housing solutions.

The Organization's financial health is monitored through monthly reporting to the Board of Directors. The Organization maintains an operating reserve and investment policy, gift acceptance policy, and mortgage leveraging policy to help ensure proper management of financial assets.

The table below represents financial assets available for general expenditures within one year at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 8,773,820	\$ 8,136,055
Grants, sponsorships, and other receivables	1,023,646	728,269
Mortgage loans receivable, net	5,248,010	6,390,170
Investments	2,926,929	2,758,428
Beneficial interest in assets held by others	<u>108,961</u>	<u>97,815</u>
Total financial assets	<u>18,081,366</u>	<u>18,110,737</u>
Less amounts not available to be used within one year:		
Cash limited to as to use and timing	(823,485)	(734,751)
Beneficial interest in assets held by others	(108,961)	(97,815)
Estimated principal payments to be received after one year	(4,637,054)	(5,779,214)
Donor-imposed restrictions	<u>(150,000)</u>	<u>(390,358)</u>
Financial assets not available to be used within one year	<u>(5,719,500)</u>	<u>(7,002,138)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 12,361,866</u>	<u>\$ 11,108,599</u>

NOTE 4 RECEIVABLES

Receivables were comprised of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Grants receivable	\$ 10,000	\$ 70,000
Contributions receivable	1,014,145	573,850
ReStore receivable	<u>35,765</u>	<u>84,419</u>
	1,059,910	728,269
Allowance for uncollectible receivables	<u>(36,264)</u>	<u>-</u>
	<u>\$ 1,023,646</u>	<u>\$ 728,269</u>

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NOTE 4 RECEIVABLES

Contributions are expected to be collected as follows during the years ending December 31:

	<u>2024</u>	<u>2023</u>
Within one year	\$ 826,892	\$ 573,850
In one to five years	187,253	-
Over five years	-	-
	<u>\$ 1,014,145</u>	<u>\$ 573,850</u>

Unconditional promises expected to be collected in future years are normally recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved. The Organization did not discount the unconditional promises to be collected in future years since it was not material to the financial statements.

NOTE 5 INVENTORY

Inventory consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Construction materials and supplies	\$ 6,494	\$ 7,853
Restore inventory	455,248	505,330
	<u>\$ 461,742</u>	<u>\$ 513,183</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 604,550	\$ 604,550
Buildings, warehouse, and improvements	4,034,907	3,930,438
Construction equipment	111,427	194,161
Office equipment	298,197	289,600
Vehicles	312,311	316,811
	<u>5,361,392</u>	<u>5,335,560</u>
Accumulated depreciation	<u>(1,580,676)</u>	<u>(1,484,408)</u>
	<u>\$ 3,780,716</u>	<u>\$ 3,851,152</u>

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NOTE 7 INVESTMENT IN JOINT VENTURE AND NMTC PROGRAM

The Organization, along with other Habitat affiliates, is participating in a joint venture to take advantage of New Market Tax Credit ("NMTC") financing. The NMTC Program permits corporate and individual taxpayers to receive a credit against federal income taxes for making qualified equity investments in qualified community development entities ("CDE").

In November 2021, the Organization invested \$865,419 in the joint venture, HFHI Leverage Lender 2021, LLC consisting of cash and qualified investment properties. The investment represents 3.9815% ownership in the joint venture. The joint venture contributed its combined resources to Twain Investment Fund 544, LLC and USBCDC Investment Fund 369, LLC ("Investment Funds") which received additional investment from U.S. Bancorp Community Development Corporation ("Bank") as the federal tax credit investor under the NMTC Program.

As part of the NMTC Program, the Investment Fund invested in HFHI NMTC Sub-CDE IV, LLC a qualified CDE. The CDE is the conduit for accomplishing the NMTC Program specifics of constructing and selling qualified housing properties to low income residents. Under the CDE, the Organization was able to secure a 30-year loan in the amount of \$1,053,601 to be used solely in accordance with NMTC Program compliance requirements.

The loan accrues interest only for years 1 through 7 at a rate of .74%. Beginning in year 8 through year 30, the principal balance of the loan is reduced by a twenty-three-year amortization at the same rate of .74%. The Investment Fund may be subject to tax credit recapture if the NMTC Program compliance requirements are to met over a seven-year period. The CDE has the option to waive the debt in November 2028, so as to participate in the NMTC program as noted above.

As part of the NMTC Program, the Investment Fund invested in HFHI NMTC Sub-CDE V, LLC a qualified CDE. The CDE is the conduit for accomplishing the NMTC Program specifics of constructing and selling qualified housing properties to low income residents. Under the CDE, the Organization was able to secure a 30-year loan in the amount of \$117,067 to be used solely in accordance with NMTC Program compliance requirements. The loan accrues interest only for years 1 through 7 at a rate of .74%. Beginning in year 8 through year 30, the principal balance of the loan is reduced by an twenty-three-year amortization at the same rate of .74%. The Investment Fund may be subject to tax credit recapture if the NMTC Program compliance requirements are to met over a seven-year period. The CDE has the option to waive the debt in November 2028, so as to participate in the NMTC program as noted above.

After investment earnings and distributions, the investments in joint venture balance totaled \$838,573 and \$847,210 as of December 31, 2024 and 2023, respectively.

In February 2025, the Organization invested \$1,729,750 in the joint venture, HFHI Leverage Lender 2024-4, LLC consisting of cash and qualified investment properties. The investment represents 24.9975% ownership in the joint venture. The joint venture contributed its combined resources to Twain Investment Fund 847, LLC ("Investment Funds") which received additional investment from U.S. Bancorp Community Development Corporation ("Bank") as the federal tax credit investor under

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the NMTC Program.

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December 31, 2024

NOTE 7 INVESTMENT IN JOINT VENTURE AND NMTC PROGRAM

As part of the NMTC Program, the Investment Fund invested in HFHI NMTC Sub-CDE IX, LLC a qualified CDE. The CDE is the conduit for accomplishing the NMTC Program specifics of constructing and selling qualified housing properties to low income residents. Under the CDE, the Organization was able to secure a 30-year loan in the amount of \$2,450,000 to be used solely in accordance with NMTC Program compliance requirements.

The loan accrues interest only for years 1 through 7 at a rate of 1.29%. Beginning in year 8 through year 30, the principal balance of the loan is reduced by a twenty-three-year amortization at the same rate of 1.29%. The Investment Fund may be subject to tax credit recapture if the NMTC Program compliance requirements are to met over a seven-year period. The CDE has the option to waive the debt in February 2032, so as to participate in the NMTC program as noted above.

NOTE 8 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization maintains an Endowment Fund (the "Fund") with the Central Indiana Community Foundation ("CICF"). The primary purpose of the Fund is to provide support to the Organization to carry out its role and mission. All gifts, bequests and devises to this Fund shall be irrevocable once accepted by CICF. The Organization believes the fair value of the future cash flows to be received from its beneficial interest in assets held by CICF approximates the fair value of the underlying assets held by CICF. The assets held at CICF are entirely comprised of pooled investment funds held and managed by CICF. Fair value is based on the net asset value per share as determined by CICF and provided to the Organization.

The Fund consists of equities, fixed income, venture capital and private equity, marketable alternatives, real assets, and cash equivalent funds. The investment is directed by CICF and the portfolio is designed to achieve returns consistent with CICF's adopted investment policies. The Organization is the only beneficiary of the investment earnings, which are distributed in accordance with the agreements between CICF and the Organization.

Change in beneficial interest in assets held by other as of December 31 are as follows:

Endowment funds, January 1, 2023	\$ 88,865
Investment income (loss)	(377)
Net appreciation (depreciation), realized and unrealized	<u>9,327</u>
Endowment funds, December 31, 2023	97,815
Investment income (loss)	114
Net appreciation (depreciation), realized and unrealized	<u>11,032</u>
Endowment funds, December 31, 2024	<u>\$ 108,961</u>

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NOTE 9 INVESTMENTS

Investments are presented in the financial statements at fair value. Investments at December 31, 2024 and 2023 are comprised of the following:

	<u>2024</u>		
	<u>Cost</u>	<u>Net Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Money Market Funds	\$ 53,989	\$ -	\$ 53,989
Equity Securities	1,362,242	76,766	1,439,008
Mutual Funds	207,940	807	208,747
Corporate and government bonds	1,230,443	(5,258)	1,225,185
	<u>\$ 2,854,614</u>	<u>\$ 72,315</u>	<u>\$ 2,926,929</u>

	<u>2023</u>		
	<u>Cost</u>	<u>Net Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Money Market Funds	\$ 85,545	\$ -	\$ 85,545
Equity Securities	1,267,365	114,803	1,382,168
Mutual Funds	168,241	1,867	170,108
Corporate and government bonds	1,110,578	10,029	1,120,607
	<u>\$ 2,631,729</u>	<u>\$ 126,699</u>	<u>\$ 2,758,428</u>

Net return on investments is as follows:

	<u>2024</u>	<u>2023</u>
Investment income, net of related expenses of \$18,456 and \$16,489, respectively	\$ 105,328	\$ 93,226
Realized gain (loss)	158,163	(14,256)
Unrealized gain (loss)	(55,444)	81,195
	<u>\$ 208,047</u>	<u>\$ 160,165</u>

NOTE 10 FAIR VALUE MEASUREMENTS

The Organization utilizes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

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December 31, 2024

NOTE 10 FAIR VALUE MEASUREMENTS - continued

The three levels of the fair value hierarchy are described below:

- **Level 1** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- **Level 2** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- **Level 3** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

During the years ended December 31, 2024 and 2023, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Money market funds: Valued at the net asset value ("NAV") of share by the Organization held at year-end, as reported by each fund.

Common Stocks and Exchange-traded funds: Valued at listed closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the NAV of share held at year-end.

Corporate and government bonds: Valued at the quoted market price for similar securities, which approximates fair value.

Beneficial interest in assets held by others: Determined by Organization's proportionate share of the CICF's pooled investment portfolio. The Organization does not receive a detailed listing of the portfolio's assets. The Organization uses the net asset value to determine the CICF valuation using the market approach.

Mortgage service agreement liability: Valued at the gross costs to service the mortgages less an estimated discount to present value at year-end.

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NOTE 10 FAIR VALUE MEASUREMENTS - continued

Assets and liabilities measured at fair value as of December 31, 2024 and 2023 are summarized as follows:

	2024			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 53,989	\$ -	\$ 53,989	\$ -
Equity securities:				
Common stock	1,366,590	1,366,590	-	-
Foreign stock	72,418	72,418	-	-
Fixed income:				
Corporate Bonds	513,166	-	513,166	-
Government Bonds	636,161	-	636,161	-
Municipals	50,806	-	50,806	-
Foreign Bonds	25,052	-	25,052	-
Mutual Funds:				
Equity	-	-	-	-
Fixed Income	<u>208,747</u>	<u>208,747</u>	<u>-</u>	<u>-</u>
	<u>2,926,929</u>	<u>1,647,755</u>	<u>1,279,174</u>	<u>-</u>
Beneficial interest in assets held by others	<u>108,961</u>	<u>-</u>	<u>108,961</u>	<u>-</u>
Total Assets at Fair Value	<u>\$ 3,035,890</u>	<u>\$ 1,647,755</u>	<u>\$ 1,388,135</u>	<u>\$ -</u>
Mortgage service agreement liability	<u>\$ (1,597,425)</u>	<u>\$ -</u>	<u>\$ (1,597,425)</u>	<u>\$ -</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 FAIR VALUE MEASUREMENTS - continued

	2023			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 85,545	\$ -	\$ 85,545	\$ -
Equity securities:				
Common stock	1,306,546	1,306,546	-	-
Foreign stock	75,622	75,622	-	-
Fixed income:				
Corporate Bonds	506,733	-	506,733	-
Government Bonds	537,019	-	537,019	-
Municipals	51,586	-	51,586	-
Foreign Bonds	25,269	-	25,269	-
Mutual Funds:				
Equity	40,401	40,401	-	-
Fixed Income	129,707	129,707	-	-
	<u>2,758,428</u>	<u>1,552,276</u>	<u>1,206,152</u>	<u>-</u>
Beneficial interest in assets held by others	<u>97,815</u>	<u>-</u>	<u>97,815</u>	<u>-</u>
Total Assets at Fair Value	<u>\$ 2,856,243</u>	<u>\$ 1,552,276</u>	<u>\$ 1,303,967</u>	<u>\$ -</u>
Mortgage service agreement liability	<u>\$ (1,240,721)</u>	<u>\$ -</u>	<u>\$ (1,240,721)</u>	<u>\$ -</u>

NOTE 11 RETIREMENT PLAN

The Organization provided a simple IRA plan to eligible full-time employees. On January 1, 2022, the Organization established and changed to a 403(b) plan for its employees. The Organization informs employees of the plan, withholds voluntary contributions, remits employee contributions to a third party fiduciary, and contributes 2% of annual compensation of each participant in the plan. The Organization contributed 2% of annual compensation of each participant in the plan. Total employer contributions for the years ended December 31, 2024 and 2023 was \$78,062 and \$70,047, respectively.

NOTE 12 MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable are non-interest bearing and have been discounted at a rate which approximates the average prevailing market rate for these loans at their inception. Discounts are amortized, using the effective interest method, over the lives of the mortgages at 7.85%. Mortgage loans are secured by related real estate.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 12 MORTGAGE LOANS RECEIVABLE - continued

Every effort is made to assist homeowners who have become delinquent in their mortgage payments. However, foreclosure proceedings may be initiated and/or the Organization may accept back the deed in lieu of foreclosure when homeowner mortgage payments are deemed seriously delinquent. Properties acquired through foreclosure or received by accepting a deed in lieu of foreclosure may be refurbished in partnership with and sold to other families in need of decent, affordable housing.

New mortgage loans are based on the appraised value of each home. First mortgages range from \$145,000 to \$325,000 with terms ranging from 30 to 40 years. The market value of the real estate is estimated to be greater than the outstanding balance; therefore, no allowance is recorded. Second mortgages are placed on homes sold as needed to ensure affordability. Second mortgages are calculated as the difference between the appraised value of the home and the first mortgage amount. Second mortgages are reduced, on a pro rata basis, over the life of the first mortgage and will only be due on demand upon the sale of the home or default on the mortgage to which they relate. It is the policy of the Organization not to recognize the second mortgages in their accounting records as they have no monetary value.

Mortgage loan receivables from homeowners that have filed for bankruptcy or where foreclosure proceedings have been filed are \$38,142 and \$19,761 at December 31, 2024 and 2023, respectively.

Other past due mortgage loan receivables from homeowners who are delinquent as of December 31 are as follows:

	<u>1 - 60 Days Past Due</u>	<u>60 - 90 Days Past Due</u>	<u>+90 Days Past Due</u>	<u>Total</u>
2024	\$ 20,300	\$ 9,679	\$ 2,535	\$ 32,514
2023	\$ 10,014	\$ 11,866	\$ 3,297	\$ 25,177

Mortgage loan receivable balances as of December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 551,209	\$ 610,956
One to five years	2,577,346	2,853,552
Thereafter	<u>5,580,155</u>	<u>6,130,556</u>
	8,708,710	9,595,064
Mortgage discount	<u>(3,460,700)</u>	<u>(3,204,894)</u>
Mortgage loans receivable, net	<u>\$ 5,248,010</u>	<u>\$ 6,390,170</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 12 MORTGAGE LOANS RECEIVABLE - continued

At times, the Organization will sell mortgage loans receivable to banks. The Organization receives from the bank proceeds for the aggregate principal balance of the mortgage loans receivable sold and recognizes a liability amount to the bank for the present value of the servicing costs over the life of the loan. The Organization then administers these loans through their original maturities on behalf of the respective bank. In the event that a loan is delinquent by more than 90 days, the Organization will replace the nonperforming loan with a substitute loan.

The Organization determines the fair value of the servicing obligation based on cash flow models that incorporate, among other things, assumptions including discount rates. Accordingly, the Organization classifies the fair value portion of its mortgage service agreement liability as a Level 2 fair value measurement (Note 9).

NOTE 13 ESCROW LIABILITY

At December 31, 2024 and 2023, the Organization maintained a bank account at a financial institution holding escrow payments for taxes and insurance made on behalf of homeowners. The account has been included in cash limited as to use and timing and a corresponding escrow balance of \$281,063 and \$234,554, respectively, is included in deposits from homeowners as a liability in the statements of financial position as of December 31, 2024 and 2023, respectively.

NOTE 14 LINE OF CREDIT

The Organization had a line of credit with a financial institution with a maximum debt facility of \$250,000 available through January 23, 2024. Amounts borrowed are secured by a commercial security agreement securing all assets of the Organization. There were no borrowings on the line of credit in 2024 and 2023. Interest was assessed at 1.0% under the prime rate. The interest rate at December 31, 2023 was 7.50%. Upon maturity, the line of credit was not renewed.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 15 NOTES PAYABLE

Notes payable consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Notes payable due to a CDE (Note 7) with semi-annual interest only payments until 2028 at .7379%. Semi-annual payments of \$62,224 are due starting November 5, 2029 through the maturity date of November 22, 2051. The loan is secured by substantially all the assets acquired by the Organization from the project loan proceeds. The CDE has the option to waive the debt in January 2029 so as to participate in the NMTC Program. Balance of \$1,053,601 is reduced by unamortized loan costs of \$75,520 and \$78,325 as of December 31, 2024 and 2023, respectively.	\$ 978,081	\$ 975,276

Notes payable due to a CDE (Note 7) with semi-annual interest only payments until 2028 at .7379%. Semi-annual payments of \$6,921 are due starting November 5, 2029 through the maturity date of November 22, 2051. The loan is secured by substantially all the assets acquired by the Organization from the project loan proceeds. The CDE exercised the option to waive debt in January 2029 so as to participate in the NMTC Program.	117,067	117,067
	1,095,148	1,092,343
Less current maturities	-	-
	<u>\$ 1,095,148</u>	<u>\$ 1,092,343</u>

Scheduled maturities as of December 31, 2024 are as follows:

2025	\$ -
2026	-
2026	-
2027	-
Thereafter	1,170,668
	1,170,668
Less debt issuance costs	(75,520)
	<u>\$ 1,095,148</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 15 NOTES PAYABLE - continued

On January 10, 2024, the Organization signed a note payable due to Old National Bank for \$600,000. Interest on the loan accrues at 7.49%. The loan requires a lump sum payment of principal and accrued interest by the maturity date of January 10, 2025. The loan was paid and closed on December 20, 2024.

NOTE 16 LEASES

The Organization leases office equipment under operating leases which expire at various dates through October 2028. Monthly payments under these leases range from \$246 to \$1,308 per month. The Organization also leases trucks under operating leases which expire at various dates through November 2029. Monthly lease payments for the truck leases range from \$1,071 to \$1,795 per month.

The Organization leases warehouse space in Marion County through April 2026. Monthly payments range from \$8,284 to \$10,487 over the life of the lease. The monthly payment includes common area maintenance charges. The Organization leases an additional warehouse space in Marion County through January 2029 with monthly payments ranging from \$7,777 to \$9,236. The Organization leases office and warehouse space in Hamilton County through August 2025 with monthly payments ranging from \$9,667 to \$10,891. The Organization leased an additional warehouse space in Marion County that commenced in February 2022 and expired in November 2022. This lease continued on a month-to-month basis after expiration until June 2024. Monthly payments under this lease total \$5,000 per month.

The Organization also leases a forklift under a finance lease agreement with a five-year term, monthly lease payments of \$754, and a 3.47% imputed interest rate.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended December 31:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 441,107	\$ 349,437
Finance lease cost - amortization of right-of-use assets	2,242	-
Finance lease cost - interest expense on lease liabilities	378	-
Variable lease cost	<u>104,042</u>	<u>133,262</u>
Total lease cost	<u>\$ 547,769</u>	<u>\$ 482,699</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 16 LEASES - continued

Other lease information:

Weighted-average remaining lease term - operating leases	3.25 years	3.39 years
Weighted-average remaining lease term - finance leases	4.73 years	N/A
Weighted-average discount rate - operating leases	3.77%	3.68%
Weighted-average discount rate - finance leases	3.47%	N/A

Maturities of operating lease liabilities as of December 31, 2024 are as follows:

	<u>Storage & Warehouse</u>	<u>Equipment</u>	<u>Trucks</u>	<u>Total</u>
2025	\$ 298,433	\$ 18,638	\$ 95,223	\$ 412,294
2026	142,500	13,215	88,898	244,614
2027	104,069	6,498	57,612	168,179
2028	107,711	3,240	49,368	160,320
2029	9,236	-	38,375	47,610
Thereafter	-	-	-	-
	661,949	41,591	329,476	1,033,017
Less imputed interest	(42,098)	(1,945)	(20,097)	(64,140)
Total present value of lease liabilities	<u>\$ 619,851</u>	<u>\$ 39,646</u>	<u>\$ 309,379</u>	<u>\$ 968,877</u>

Maturities of finance lease liabilities as of December 31, 2024 are as follows:

	<u>Equipment</u>
2025	\$ 9,048
2026	9,048
2027	9,048
2028	9,048
2029	6,032
Thereafter	-
	42,224
Less imputed interest	(3,293)
Total present value of lease liabilities	<u>\$ 38,931</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

NOTE 17 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, contributed nonfinancial assets recognized in the statement of activities included:

	<u>2024</u>	<u>2023</u>
Construction materials and supplies	\$ 638,256	\$ 592,877
ReStore goods	-	88,931
Properties	-	17,200
	<u>\$ 638,256</u>	<u>\$ 699,008</u>

NOTE 18 RELATED PARTY TRANSACTIONS

The Organization remits annually a portion of its contributions to Habitat International. These funds are used to construct homes in economically depressed areas around the world. The Organization contributed \$131,925 and \$200,000 in 2024 and 2023, respectively.

During 2024 and 2023, the Organization paid \$151,782 and \$25,000 of annual affiliate fees to Habitat International, respectively.

Total amounts paid to Habitat International as of December 31, 2024 and 2023 was \$283,707 and \$225,000, respectively.

NOTE 18 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Time restrictions:		
Household sponsorships - future builds	\$ 150,000	\$ 390,358
Beneficial interest in assets held by CICF	<u>66,913</u>	<u>55,767</u>
	216,913	446,125
Perpetual in nature:		
Beneficial interest in assets held by CICF	<u>42,048</u>	<u>42,048</u>
	<u>\$ 258,961</u>	<u>\$ 488,173</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

December 31, 2024

See Independent Auditor's Report

Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
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ASSETS

ASSETS

Unrestricted cash	\$ 7,055,733	\$ 376,794	\$ 517,808	\$ -	\$ 7,950,335
Cash limited as to use and timing	823,485	-	-	-	823,485
Investments, at fair value	2,926,929	-	-	-	2,926,929
Grants, sponsorships, and other receivables, less allowance for uncollectible promises - 2024: \$36,264	1,023,646	-	-	-	1,023,646
Beneficial interest in assets held by others	108,961	-	-	-	108,961
Inventory	461,742	-	-	-	461,742
Other assets	183,829	-	-	-	183,829
Related entity receivable	2,139,574	-	-	(2,139,574)	-
Mortgage loans receivable, net	4,859,187	-	388,823	-	5,248,010
Homes under construction	3,676,403	695,443	-	-	4,371,846
Land and homes available for resale and future builds	1,100,111	-	-	-	1,100,111
Property and equipment, net	3,780,716	-	-	-	3,780,716
Operating lease right-of-use assets, net	953,011	-	-	-	953,011
Finance lease right-of-use assets, net	39,356	-	-	-	39,356
Investment in joint venture (Note 7)	838,573	-	-	-	838,573
TOTAL ASSETS	\$ 29,971,256	\$ 1,072,237	\$ 906,631	\$ (2,139,574)	\$ 29,810,550

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
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CONSOLIDATING STATEMENTS OF FINANCIAL POSITION - continued

December 31, 2024

See Independent Auditor's Report

LIABILITIES AND NET ASSETS

	Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
<u>LIABILITIES</u>					
Accounts payable and accrued expenses	\$ 735,890	\$ 600	\$ -	\$ -	\$ 736,490
Related entity payable	-	609,269	1,530,305	(2,139,574)	-
Deferred revenue	34,353	-	-	-	34,353
Deposits from homeowners	325,277	-	-	-	325,277
Mortgage service agreement	1,597,425	-	-	-	1,597,425
Long-term notes payable, net of accumulated loan financing fees of \$75,520	1,095,148	-	-	-	1,095,148
Right-of-use operating lease liability	968,877	-	-	-	968,877
Right-of-use finance lease liability	38,931	-	-	-	38,931
TOTAL LIABILITIES	<u>4,795,901</u>	<u>609,869</u>	<u>1,530,305</u>	<u>(2,139,574)</u>	<u>4,796,501</u>
	5,808,398				
<u>NET ASSETS</u>					
Without donor restrictions - undesignated	24,916,394	462,368	(623,674)	-	24,755,088
With donor restrictions:					
Purpose restrictions	216,913	-	-	-	216,913
Perpetual in nature	42,048	-	-	-	42,048
	<u>258,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,961</u>
TOTAL NET ASSETS	<u>25,175,355</u>	<u>462,368</u>	<u>(623,674)</u>	<u>-</u>	<u>25,014,049</u>
	<u>\$ 29,971,256</u>	<u>\$ 1,072,237</u>	<u>\$ 906,631</u>	<u>\$ (2,139,574)</u>	<u>\$ 29,810,550</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF ACTIVITIES

Year ended December 31, 2024

See Independent Auditor's Report

	Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
<u>REVENUES AND SUPPORT</u>					
Contributions of cash	\$ 4,763,836	\$ -	\$ -	\$ -	\$ 4,763,836
Grants	350,000	241,438	-	-	591,438
Contributions of nonfinancial assets	638,256	-	-	-	638,256
	<u>5,752,092</u>	<u>241,438</u>	<u>-</u>	<u>-</u>	<u>5,993,530</u>
Home sales	5,754,997	691,000	-	-	6,445,997
ReStore income	3,870,449	-	-	-	3,870,449
	<u>9,625,446</u>	<u>691,000</u>	<u>-</u>	<u>-</u>	<u>10,316,446</u>
Mortgage loan discount amortization	374,254	-	-	-	374,254
Investment income (loss):					
Interest and dividends, net of fees	203,576	-	-	-	203,576
Realized gain (loss)	158,163	-	-	-	158,163
Unrealized gain (loss)	(55,444)	-	-	-	(55,444)
Change in value of beneficial interest	11,146	-	-	-	11,146
Gain on sale of mortgages	2,582,883	260,042	-	-	2,842,925
Loss on sale of property and equipment	(12,056)	-	-	-	(12,056)
Other income, net	143,946	-	-	-	143,946
	<u>3,406,468</u>	<u>260,042</u>	<u>-</u>	<u>-</u>	<u>3,666,510</u>
TOTAL SUPPORT AND REVENUE	<u>18,784,006</u>	<u>1,192,480</u>	<u>-</u>	<u>-</u>	<u>19,976,486</u>
<u>EXPENSES</u>					
Program services	16,257,749	948,299	623,674	-	17,829,722
Supporting activities	1,805,250	-	-	-	1,805,250
TOTAL EXPENSES	<u>18,062,999</u>	<u>948,299</u>	<u>623,674</u>	<u>-</u>	<u>19,634,972</u>
CHANGE IN NET ASSETS	721,007	244,181	(623,674)	-	341,514
<u>NET ASSETS</u>					
Beginning of year	<u>24,454,348</u>	<u>218,187</u>	<u>-</u>	<u>-</u>	<u>24,672,535</u>
End of year	<u>\$ 25,175,355</u>	<u>\$ 462,368</u>	<u>\$ (623,674)</u>	<u>\$ -</u>	<u>\$ 25,014,049</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF CASH FLOWS

Year ended December 31, 2024

See Independent Auditor's Report

	Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Change in net assets	\$ 721,007	\$ 244,181	\$ (623,674)	\$ -	\$ 341,514
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
(Gain) loss on sale of property	12,056	-	-	-	12,056
(Gain) loss on sale of homes	(149,452)	(55,885)	-	-	(205,337)
(Gain) loss on the sale of mortgages	(2,565,550)	(277,375)	-	-	(2,842,925)
Depreciation and amortization	208,153	-	-	-	208,153
Change in allowance for uncollectible promises	36,264	-	-	-	36,264
Net change in right-of-use operating lease assets / liabilities	7,001	-	-	-	7,001
Mortgage discount expense	3,640,130	280,885	-	-	3,921,015
Amortization of discount on mortgage loans receivable	(966,801)	(3,510)	623,674	-	(346,637)
Interest expense (amortization of loan financing fees)	3,040	-	-	-	3,040
Realized and unrealized (gain) loss on investments	102,719	-	-	-	102,719
(Gain) loss on beneficial interest	(11,146)	-	-	-	(11,146)
Donated housing supplies and property	(432,371)	(205,885)	-	-	(638,256)
(Increase) decrease in:					
Grants, sponsorships, and other receivables	(331,641)	-	-	-	(331,641)
Inventory	-	-	-	-	-
Other assets	(2,583)	-	-	-	(2,583)
Due from affiliates	(1,681,046)	-	-	1,681,046	-
Increase (decrease) in:					
Accounts payable and accrued expenses	313,542	(12,908)	-	-	300,634
Deferred revenue	(8,914)	-	-	-	(8,914)
Deposits from homeowners	18,612	-	-	-	18,612
Mortgage service agreement	(91,326)	-	-	-	(91,326)
Due to affiliates	-	150,741	1,530,305	(1,681,046)	-
Net cash provided by (used in) operating activities	<u>(1,178,306)</u>	<u>120,244</u>	<u>1,530,305</u>	<u>-</u>	<u>472,243</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments	(1,416,353)	-	-	-	(1,416,353)
Sales of investments	1,145,133	-	-	-	1,145,133
Collections of mortgage loans receivable	905,018	5,705	-	-	910,723
Purchases of property and equipment	(4,898,359)	(675,778)	-	-	(5,574,137)
Purchase of vacant lots	(1,460,217)	-	-	-	(1,460,217)
Proceeds from sale of assets	1,031,356	235,000	(1,012,497)	-	253,859
Distributions from joint venture	8,637	-	-	-	8,637
Net cash provided by (used in) investing activities	<u>(4,684,785)</u>	<u>(435,073)</u>	<u>(1,012,497)</u>	<u>-</u>	<u>(6,132,355)</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF CASH FLOWS - continued

Year ended December 31, 2024

See Independent Auditor's Report

	Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Proceeds from the sale of mortgages	\$ 5,850,484	\$ 450,295	\$ -	\$ -	\$ 6,300,779
Principal payments on finance lease obligations	(2,667)	-	-	-	(2,667)
Payments on notes payable	(235)	-	-	-	(235)
Net cash provided by (used in) financing activities	<u>5,847,582</u>	<u>450,295</u>	<u>-</u>	<u>-</u>	<u>6,297,877</u>
Increase (decrease) in cash and cash equivalents	<u>(15,509)</u>	<u>135,466</u>	<u>517,808</u>	<u>-</u>	<u>637,765</u>
<u>CASH</u>					
Beginning	<u>7,894,727</u>	<u>241,328</u>	<u>-</u>	<u>-</u>	<u>8,136,055</u>
Ending	<u><u>\$ 7,879,218</u></u>	<u><u>\$ 376,794</u></u>	<u><u>\$ 517,808</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,773,820</u></u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>					
Cash payments for interest	<u>\$ 45,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,503</u>
Cash paid for amounts in lease liabilities:					
Operating cash outflows-payments on operating leases	\$ 437,639	\$ -	\$ -	\$ -	\$ 437,639
Operating cash outflows-payments on finance leases	349	-	-	-	349
Financing cash outflows-payments on finance leases	2,677	-	-	-	2,677
	<u>\$ 440,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,665</u>
Right-of-use assets obtained in exchange for new lease obligations:					
Operating leases	\$ 229,527	\$ -	\$ -	\$ -	\$ 229,527
Finance leases	41,598	-	-	-	41,598
	<u>\$ 271,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,125</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

December 31, 2023

See Independent Auditor's Report

Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
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ASSETS

ASSETS

Unrestricted cash	\$ 7,159,976	\$ 241,328	\$ -	\$ -	\$ 7,401,304
Cash limited as to use and timing	734,751	-	-	-	734,751
Investments, at fair value	2,758,428	-	-	-	2,758,428
Grants, sponsorships, and other receivables, less allowance for uncollectible promises - 2023: \$0	728,269	-	-	-	728,269
Beneficial interest in assets held by others	97,815	-	-	-	97,815
Inventory	513,183	-	-	-	513,183
Other assets	181,246	-	-	-	181,246
Related entity receivable	458,528	-	-	(458,528)	-
Mortgage loans receivable, net	6,390,170	-	-	-	6,390,170
Homes under construction	3,282,341	448,895	-	-	3,731,236
Land and homes available for resale and future builds	565,488	-	-	-	565,488
Property and equipment, net	3,851,152	-	-	-	3,851,152
Operating lease right-of-use assets, net	1,127,598	-	-	-	1,127,598
Finance lease right-of-use assets, net	-	-	-	-	-
Investment in joint venture (Note 7)	847,210	-	-	-	847,210
TOTAL ASSETS	\$ 28,696,155	\$ 690,223	\$ -	\$ (458,528)	\$ 28,927,850

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION - continued

December 31, 2023

See Independent Auditor's Report

LIABILITIES AND NET ASSETS

	Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
<u>LIABILITIES</u>					
Accounts payable and accrued expenses	\$ 422,348	\$ 13,508	\$ -	\$ -	\$ 435,856
Related entity payable	-	458,528	-	(458,528)	-
Deferred revenue	43,267	-	-	-	43,267
Deposits from homeowners	306,665	-	-	-	306,665
Mortgage service agreement	1,240,721	-	-	-	1,240,721
Long-term notes payable, net of accumulated loan financing fees of \$78,325	1,092,343	-	-	-	1,092,343
Right-of-use operating lease liability	1,136,463	-	-	-	1,136,463
Right-of-use finance lease liability	-	-	-	-	-
TOTAL LIABILITIES	<u>4,241,807</u>	<u>472,036</u>	<u>-</u>	<u>(458,528)</u>	<u>4,255,315</u>
<u>NET ASSETS</u>					
Without donor restrictions - undesignated	23,966,175	218,187	-	-	24,184,362
With donor restrictions:					
Purpose restrictions	446,125	-	-	-	446,125
Perpetual in nature	42,048	-	-	-	42,048
	<u>488,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>488,173</u>
TOTAL NET ASSETS	<u>24,454,348</u>	<u>218,187</u>	<u>-</u>	<u>-</u>	<u>24,672,535</u>
	<u>\$ 28,696,155</u>	<u>\$ 690,223</u>	<u>\$ -</u>	<u>\$ (458,528)</u>	<u>\$ 28,927,850</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF ACTIVITIES

Year ended December 31, 2023

See Independent Auditor's Report

	Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
<u>REVENUES AND SUPPORT</u>					
Contributions of cash	\$ 4,158,608	\$ -	\$ -	\$ -	\$ 4,158,608
Grants	292,500	253,762	-	-	546,262
Contributions of nonfinancial assets	699,008	-	-	-	699,008
	<u>5,150,116</u>	<u>253,762</u>	<u>-</u>	<u>-</u>	<u>5,403,878</u>
Home sales	6,454,185	-	-	-	6,454,185
ReStore income	4,302,770	-	-	-	4,302,770
	<u>10,756,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,756,955</u>
Mortgage loan discount amortization	406,483	-	-	-	406,483
Investment income (loss):					
Interest and dividends, net of fees	124,141	-	-	-	124,141
Realized gain (loss)	(14,256)	-	-	-	(14,256)
Unrealized gain (loss)	81,195	-	-	-	81,195
Change in value of beneficial interest	8,950	-	-	-	8,950
Gain on sale of mortgages	3,483,667	-	-	-	3,483,667
Loss on sale of property and equipment	7,980	-	-	-	7,980
Other income, net	270,019	1,000	-	-	271,019
	<u>4,368,179</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>4,369,179</u>
TOTAL SUPPORT AND REVENUE	<u>20,275,250</u>	<u>254,762</u>	<u>-</u>	<u>-</u>	<u>20,530,012</u>
<u>EXPENSES</u>					
Program services	17,623,891	29,067	-	-	17,652,958
Supporting activities	1,548,496	-	-	-	1,548,496
TOTAL EXPENSES	<u>19,172,387</u>	<u>29,067</u>	<u>-</u>	<u>-</u>	<u>19,201,454</u>
CHANGE IN NET ASSETS	<u>1,102,863</u>	<u>225,695</u>	<u>-</u>	<u>-</u>	<u>1,328,558</u>
<u>NET ASSETS</u>					
Beginning of year	23,351,485	(7,508)	-	-	23,343,977
End of year	<u>\$ 24,454,348</u>	<u>\$ 218,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,672,535</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF CASH FLOWS

Year ended December 31, 2023

See Independent Auditor's Report

	Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Change in net assets	\$ 1,102,863	\$ 225,695	\$ -	\$ -	\$ 1,328,558
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
(Gain) loss on sale of property	(7,980)	-	-	-	(7,980)
(Gain) loss on sale of homes	266,983	-	-	-	266,983
(Gain) loss on the sale of mortgages	(3,483,667)	-	-	-	(3,483,667)
Depreciation and amortization	193,977	-	-	-	193,977
Change in allowance for uncollectible promises	-	-	-	-	-
Net change in right-of-use operating lease assets / liabilities	22,416	-	-	-	22,416
Mortgage discount expense	3,770,794	-	-	-	3,770,794
Amortization of discount on mortgage loans receivable	(500,886)	-	-	-	(500,886)
Interest expense (amortization of loan financing fees)	3,040	-	-	-	3,040
Realized and unrealized (gain) loss on investments	66,939	-	-	-	66,939
(Gain) loss on beneficial interest	(8,950)	-	-	-	(8,950)
Donated housing supplies and property	(699,008)	-	-	-	(699,008)
(Increase) decrease in:					
Grants, sponsorships, and other receivables	143,302	-	-	-	143,302
Inventory	21,082	-	-	-	21,082
Other assets	33,274	-	-	-	33,274
Due from affiliates	(82,314)	-	-	82,314	-
Increase (decrease) in:					
Accounts payable and accrued expenses	(357,312)	13,508	-	-	(343,804)
Deferred revenue	(127,454)	-	-	-	(127,454)
Deposits from homeowners	61,015	-	-	-	61,015
Mortgage service agreement	100,522	-	-	-	100,522
Due to affiliates	-	82,314	-	(82,314)	-
Net cash provided by (used in) operating activities	<u>518,636</u>	<u>321,517</u>	<u>-</u>	<u>-</u>	<u>840,153</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments	(795,871)	-	-	-	(795,871)
Sales of investments	528,366	-	-	-	528,366
Collections of mortgage loans receivable	897,833	-	-	-	897,833
Purchases of property and equipment	(6,290,734)	(358,061)	-	-	(6,648,795)
Purchase of vacant lots	(1,353,237)	-	-	-	(1,353,237)
Proceeds from sale of assets	73,401	-	-	-	73,401
Distributions from joint venture	9,572	-	-	-	9,572
Net cash provided by (used in) investing activities	<u>(6,930,670)</u>	<u>(358,061)</u>	<u>-</u>	<u>-</u>	<u>(7,288,731)</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

CONSOLIDATING STATEMENTS OF CASH FLOWS - continued

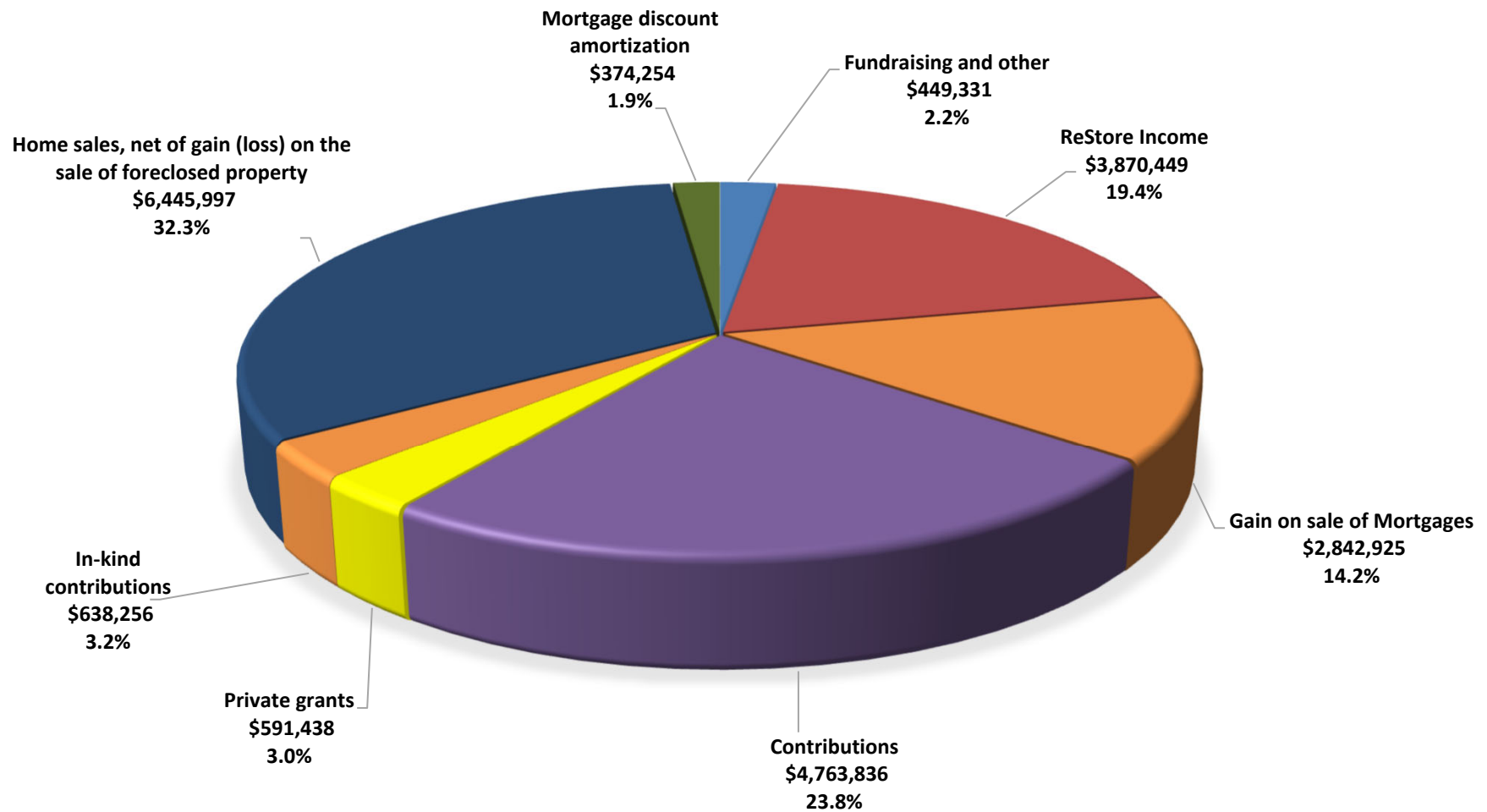
Year ended December 31, 2023
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	Greater Indy Habitat of Humanity	Habitat Development Corporation, LLC	Habitat Homeownership Finance Solutions, Inc.	Elimination Entries	Consolidated
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Proceeds from the sale of mortgages	\$ 6,115,944	\$ -	\$ -	\$ -	\$ 6,115,944
Principal payments on finance lease obligations	-	-	-	-	-
Payments on notes payable	(234)	-	-	-	(234)
Net cash provided by (used in) financing activities	6,115,710	-	-	-	6,115,710
Increase (decrease) in cash and cash equivalents	(296,324)	(36,544)	-	-	(332,868)
<u>CASH</u>					
Beginning	8,191,051	277,872	-	-	8,468,923
Ending	<u>\$ 7,894,727</u>	<u>\$ 241,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,136,055</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>					
Cash payments for interest	<u>\$ 8,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,639</u>
Cash paid for amounts in lease liabilities:					
Operating cash outflows-payments on operating leases	\$ 329,841	\$ -	\$ -	\$ -	\$ 329,841
Operating cash outflows-payments on finance leases	-	-	-	-	-
Financing cash outflows-payments on finance leases	-	-	-	-	-
	<u>\$ 329,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,841</u>
Right-of-use assets obtained in exchange for new lease obligations:					
Operating leases	\$ 535,144	\$ -	\$ -	\$ -	\$ 535,144
Finance leases	-	-	-	-	-
	<u>\$ 535,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 535,144</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

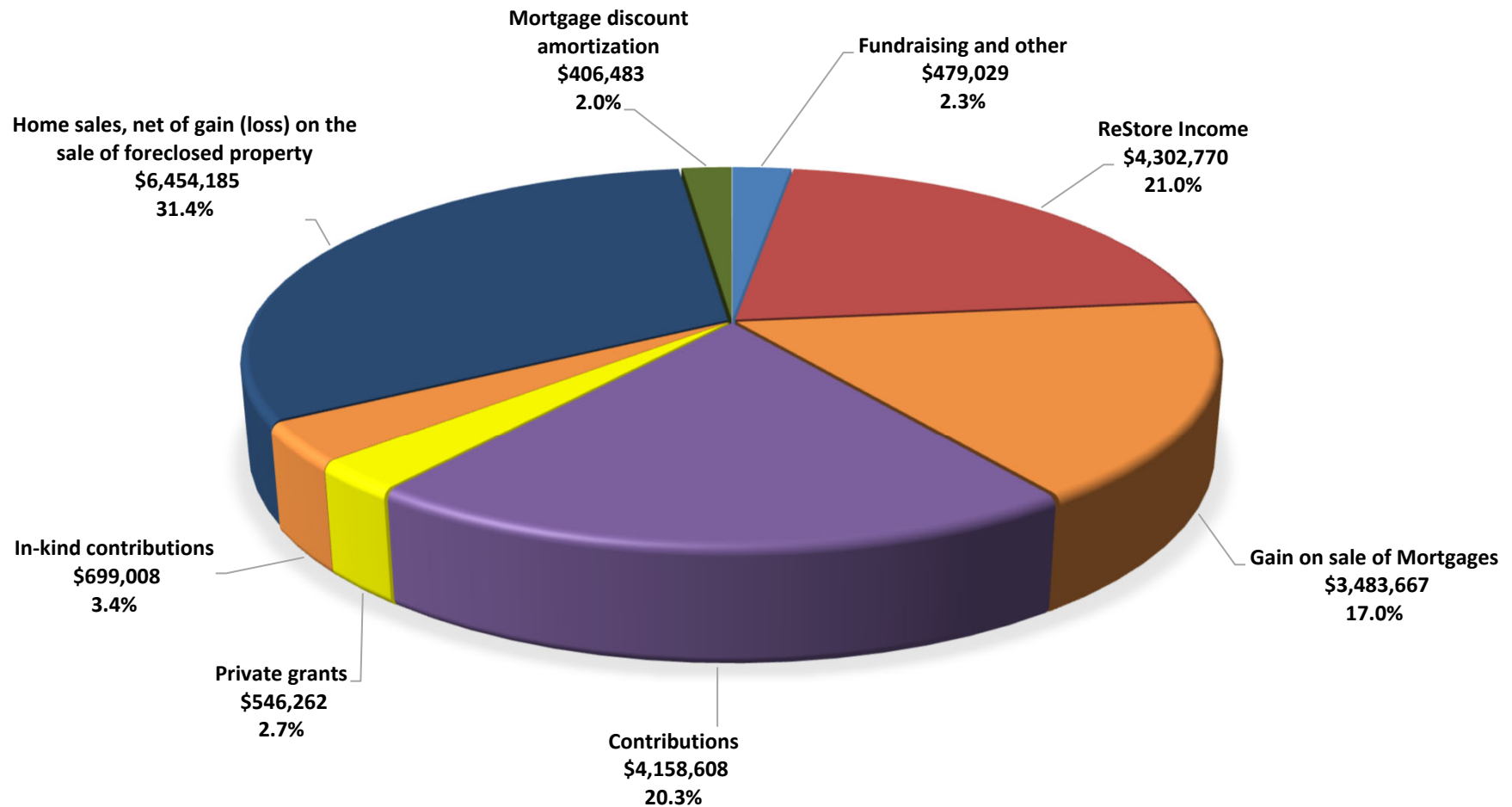
REVENUE GRAPHS

Year ended December 31, 2024
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HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

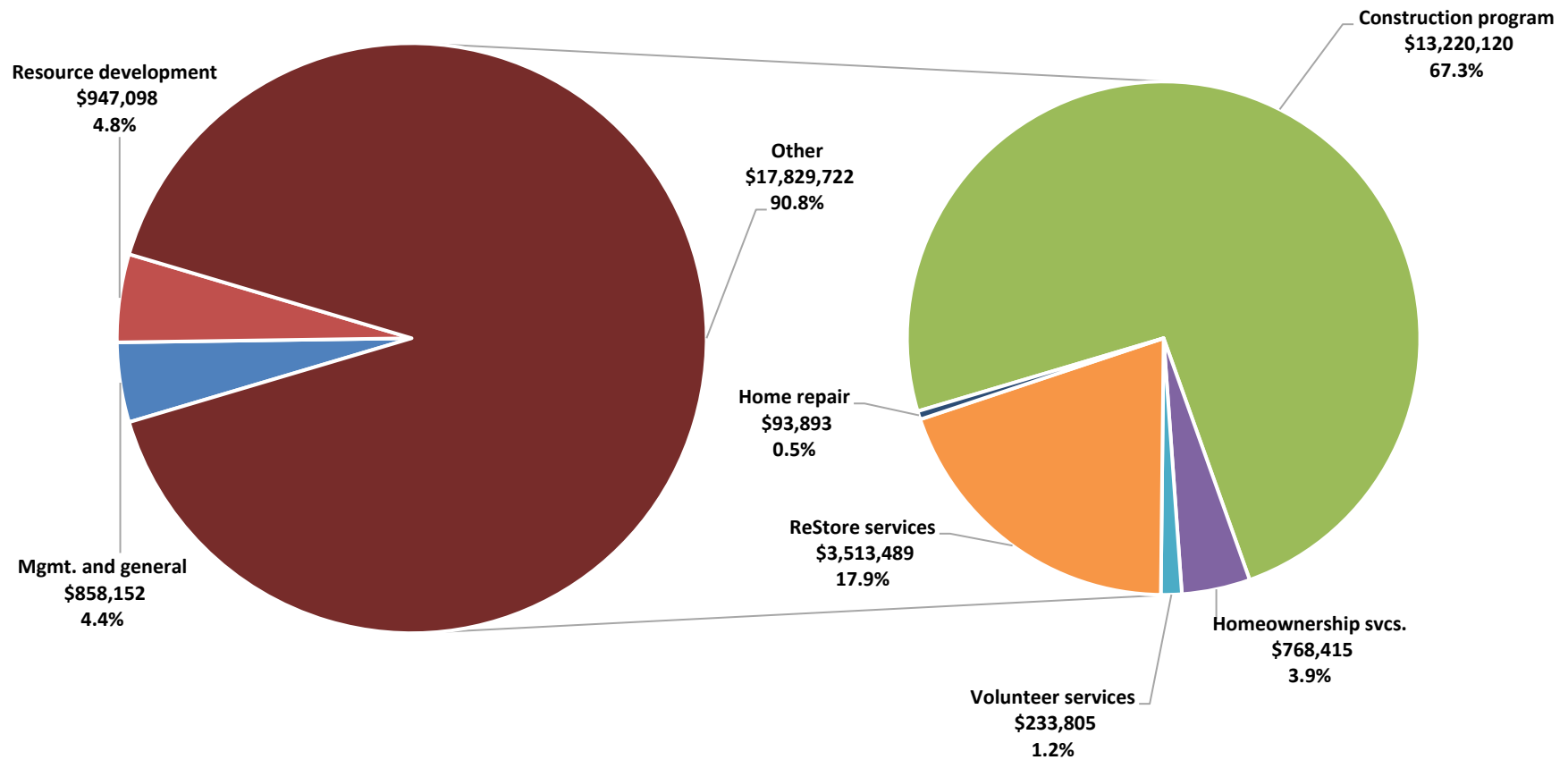
REVENUE GRAPHS - continued
Year ended December 31, 2023
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HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

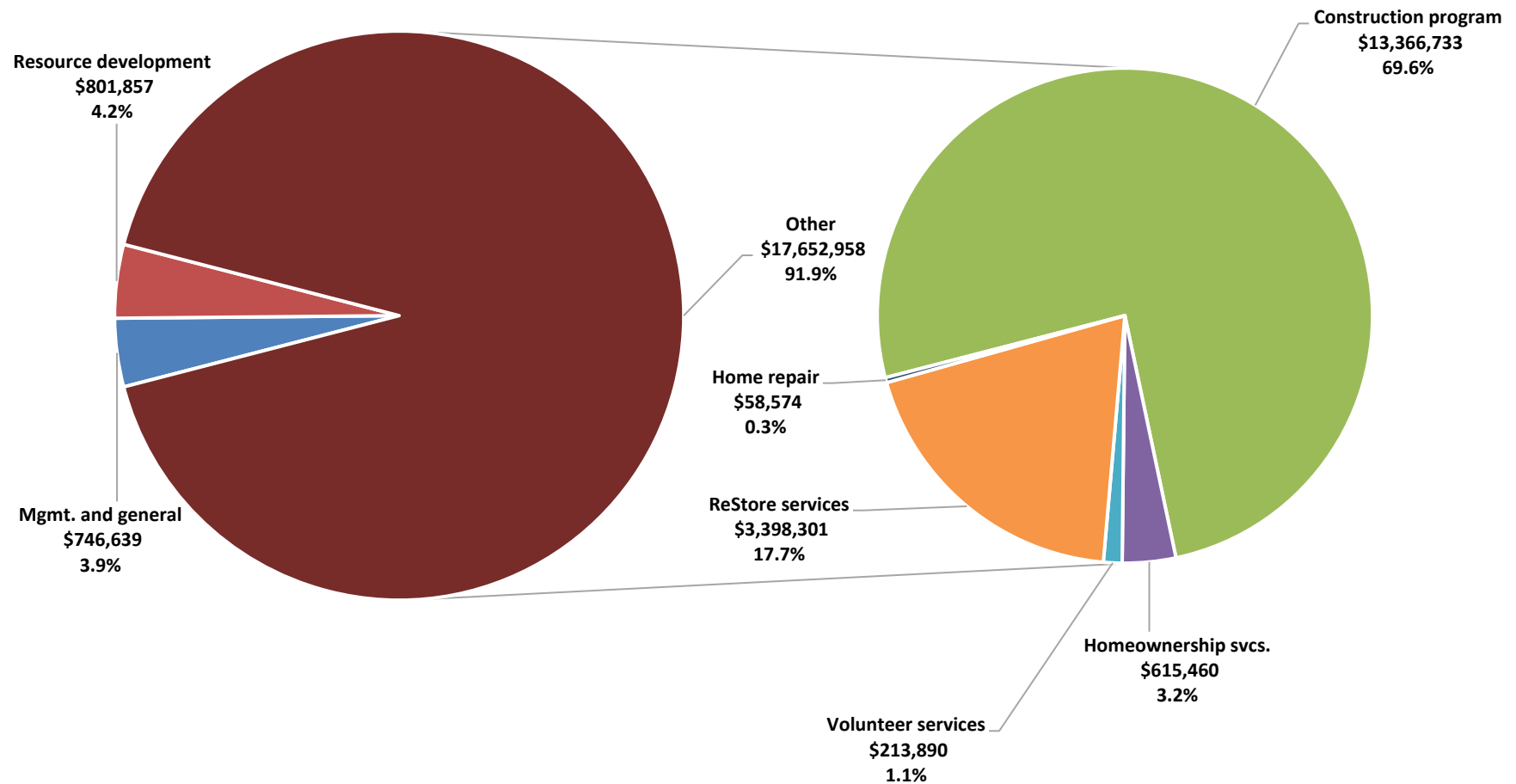
EXPENSE GRAPHS

Year ended December 31, 2024
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HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

EXPENSE GRAPHS - continued
Year ended December 31, 2023
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HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC. AND SUBSIDIARIES
d/b/a GREATER INDY HABITAT FOR HUMANITY

NUMBER OF HOUSES BUILT AND REHABBED (UNAUDITED)

Year ended December 31, 2024
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