

Greater Albuquerque Habitat for Humanity

FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Albuquerque Habitat of Humanity
Albuquerque, New Mexico

Opinion

We have audited the accompanying financial statements of Greater Albuquerque Habitat of Humanity (the Organization), which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 audit standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PULAKOS CPAs, PC

Pulakos CPAs, PC

November 1, 2025

Greater Albuquerque Habitat for Humanity

STATEMENTS OF FINANCIAL POSITION

June 30, 2025

With Comparative Totals for June 30, 2024

Assets

	2025	2024
Current assets		
Cash and cash equivalents	\$ 4,455,274	\$ 4,326,463
Accounts receivable, net	-	43,009
ReStore inventory	135,817	124,445
Prepaid assets	34,825	45,316
Housing under construction	-	233,741
Mortgages receivable, current maturities	296,945	303,446
Total current assets	4,922,861	5,076,420
Property and equipment, net	1,745,543	1,812,521
Other assets		
Investments	1,098,311	979,678
Home held-for-sale	-	143,991
Land held for development and other	1,348,257	889,180
Mortgages receivable, net of current maturities	1,757,890	1,835,891
Homeowner escrow accounts	1,385	1,385
Total assets	\$ 10,874,247	\$ 10,739,066

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 42,576	\$ 62,062
Accrued liabilities	72,912	43,918
Escrow liabilities	-	17,125
Note payable, current maturities	66,939	64,510
Total current liabilities	182,427	187,615
Note payable, non-current maturities	864,255	931,281
Total liabilities	1,046,682	1,118,896
Net assets		
Without donor restrictions		
Undesignated	8,218,935	7,362,553
Board designated	1,332,051	1,794,765
Total net assets without donor restrictions	9,550,986	9,157,318
Net assets with donor restrictions	276,579	462,852
Total net assets	9,827,565	9,620,170
	\$ 10,874,247	\$ 10,739,066

Greater Albuquerque Habitat for Humanity
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2025
With Comparative Totals for June 30, 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, support and other income				
ReStore sales	\$ 1,411,900	\$ -	\$ 1,411,900	\$ 1,334,608
Sales of homes	500,867	-	500,867	477,524
Discount amortization income	188,534	-	188,534	241,324
Investment income, net	196,427	80,890	277,317	311,408
Other income	24,771	-	24,771	35,377
Contributions	11,237	806,287	817,524	926,595
Grants	345,007	108,333	453,340	178,414
Special events, net	60,325	-	60,325	41,493
In-kind revenues	20,911	-	20,911	-
Net assets released from restrictions	1,181,783	(1,181,783)	-	-
Total revenues, support and other income	3,941,762	(186,273)	3,755,489	3,546,743
Expenses				
Program				
Construction	1,637,102	-	1,637,102	1,438,059
ReStore	668,181	-	668,181	689,575
Family and mortgage services	413,319	-	413,319	467,161
Total program services	2,718,602	-	2,718,602	2,594,795
Management and general	512,014	-	512,014	440,133
Fundraising	317,478	-	317,478	229,894
Total expenses	3,548,094	-	3,548,094	3,264,822
Change in net assets	393,668	(186,273)	207,395	281,921
Net assets, beginning of year	9,157,318	462,852	9,620,170	9,338,249
Net assets, end of year	\$ 9,550,986	\$ 276,579	\$ 9,827,565	\$ 9,620,170

Greater Albuquerque Habitat for Humanity

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

With Comparative Totals for June 30, 2024

	Program Services			Total Program Services
	Construction	ReStore	Family and Mortgage Services	
Expenses				
Salaries and wages	\$ 427,658	\$ 368,794	\$ 122,705	\$ 919,157
Payroll taxes	32,470	28,057	9,153	69,680
Employee benefits	30,607	20,158	13,265	64,030
Total salaries and related expenses	490,735	417,009	145,123	1,052,867
Operating expenses				
Cost of homes and goods sold	640,176	5,139	-	645,315
Mortgage discounts and selling expenses	-	-	247,628	247,628
Grant expenses	235,366	-	-	235,366
Professional and contract services	21,081	9,952	5,607	36,640
Insurance	60,945	30,163	1,426	92,534
Auto expenses	42,489	19,555	61	62,105
Homeowner and building repairs	38,066	13,701	1,017	52,784
Tithe	-	-	-	-
Business expenses	3,152	8,589	1,592	13,333
Bank and credit card fees	-	25,710	159	25,869
Occupancy	4,898	28,403	608	33,909
Communications	8,551	6,961	1,939	17,451
Interest and finance charges	2,384	26,819	596	29,799
Construction and office supplies	21,189	2,041	460	23,690
Miscellaneous	7,628	4,537	2,561	14,726
Board and staff development	3,487	74	636	4,197
Advertising	-	6,316	-	6,316
Equipment rental	5,327	2,706	340	8,373
Personnel hiring	-	-	-	-
Property taxes	4,178	-	-	4,178
Dues and subscriptions	1,024	-	-	1,024
Website	1,091	545	273	1,909
Printing and postage	550	92	411	1,053
Total expenses before depreciation	1,592,317	608,312	410,437	2,611,066
Depreciation	44,785	59,869	2,882	107,536
Total functional expenses	\$ 1,637,102	\$ 668,181	\$ 413,319	\$ 2,718,602

Supporting Services

Management and General	Fundraising	Total Supporting Services	2025 Total	2024 Total
\$ 196,567	\$ 209,537	\$ 406,104	\$ 1,325,261	\$ 1,039,712
15,052	15,927	30,979	100,659	79,717
17,865	17,970	35,835	99,865	92,056
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
229,484	243,434	472,918	1,525,785	1,211,485
10,312	-	10,312	655,627	842,620
12,343	-	12,343	259,971	316,610
-	-	-	235,366	29,639
60,405	35,981	96,386	133,026	84,657
11,408	2,852	14,260	106,794	79,077
2,123	1,237	3,360	65,465	41,091
8,136	2,034	10,170	62,954	137,104
44,957	-	44,957	44,957	34,000
28,995	845	29,840	43,173	71,913
10,856	5,554	16,410	42,279	39,628
4,865	1,216	6,081	39,990	39,931
15,509	4,437	19,946	37,397	56,138
4,768	1,192	5,960	35,759	38,230
1,719	824	2,543	26,233	28,105
8,207	420	8,627	23,353	25,513
12,730	1,454	14,184	18,381	19,756
699	5,184	5,883	12,199	18,718
2,723	681	3,404	11,777	8,757
10,278	-	10,278	10,278	-
3,010	-	3,010	7,188	8,841
1,270	2,729	3,999	5,023	2,742
2,181	545	2,726	4,635	-
1,979	1,095	3,074	4,127	2,411
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
488,957	311,714	800,671	3,411,737	3,136,966
23,057	5,764	28,821	136,357	127,856
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<u>\$ 512,014</u>	<u>\$ 317,478</u>	<u>\$ 829,492</u>	<u>\$ 3,548,094</u>	<u>\$ 3,264,822</u>

Greater Albuquerque Habitat for Humanity

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2025

With Comparative Totals for June 30, 2024

	2025	2024
Operating activities		
Change in net assets	\$ 207,395	\$ 281,921
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	136,357	127,856
Mortgages issued to homeowners, net of discount	(121,715)	(155,697)
Adjustment for change in donated inventory on hand	(11,372)	(7,074)
Discount earned on mortgage loan discounts	(188,534)	(241,324)
Realized/unrealized gain on investments	(35,550)	(86,327)
Effects of changes in operating assets and liabilities		
Accounts receivable, net	43,009	(43,009)
Prepaid assets	10,491	(4,924)
Housing and land held for development	(81,345)	138,746
Accounts payable	(19,486)	(67,693)
Accrued liabilities	28,994	4,286
Escrow deposits and liabilities	(17,125)	2,148
Net cash used by operating activities	(48,881)	(51,091)
Investing activities		
Mortgage principal payments received	394,751	340,437
Purchases of property and equipment	(69,379)	(23,866)
Purchases of investments	(26,385)	(56,943)
Withdrawals from investments	14,399	10,562
Reinvested dividends and interest	(71,097)	(25,835)
Net cash provided by investing activities	242,289	244,355
Financing activities		
Payments on note payable	(64,597)	(62,159)
Net cash used by financing activities	(64,597)	(62,159)
Change in cash and equivalents	128,811	131,105
Cash and equivalents, beginning of year	4,326,463	4,195,358
Cash and equivalents, end of year	\$ 4,455,274	\$ 4,326,463
Supplemental disclosures of cash flows:		
Donated supplies and materials	\$ 20,911	\$ -
Interest paid	\$ 35,759	\$ 38,230

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

NOTE 1 – NATURE OF BUSINESS

Greater Albuquerque Habitat for Humanity (the Organization) is a nonprofit organization founded in 1987. The Organization is a locally run affiliate of Habitat for Humanity International, a nonprofit, ecumenical Christian housing organization. Habitat for Humanity works, in partnership with people in need, to build and renovate decent, affordable housing. The houses are then sold to those in need at no profit and with no interest charged. The Organization offers simple, decent affordable homes to low-income families who are financially stable but unable to improve their living situation in today's housing market.

The Organization also operates ReStore, which is a retail store that sells donated new and used building materials and household items to the public. The Organization is one of over three hundred Habitat for Humanity affiliates throughout the country that has a retail thrift shop like ReStore. Proceeds from the sale of materials help support the mission of the Organization. ReStore provides an environmentally and socially responsible way to keep good, reusable materials out of a landfill and offers a source of discounted construction materials to all homeowners. The Organization also builds with materials from the ReStore, thereby reducing the cost of construction.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived. Certain amounts in the 2024 financial statements have been reclassified to conform with the presentation of the 2025 financial statements.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities and changes in net assets according to the following net asset classifications:

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

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 the Organization'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 the Organization 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 and changes in net assets.

Tax Exempt Status

The Organization has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions for all open tax years. The Organization is not currently under audit nor has the Organization been contacted by any taxing jurisdiction. Income from certain activities not directly related to the Organization's tax-exempt purpose are subject to taxation as unrelated business income. Management believes that all positions taken would be upheld under an examination and that there are no uncertain tax positions.

Concentrations of Credit Risk

The Organization maintains its cash balances in various financial institutions located in Albuquerque, New Mexico. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization utilizes sweep accounts to ensure that all deposits are fully insured at any given time. The Organization has not experienced any loss in such accounts and management does not consider there to be significant risk from uninsured balances.

Financial Instruments

The carrying amounts of cash, receivables, other assets, payables and other liabilities approximate fair value due to the short maturity periods of these instruments.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly-liquid investments with original maturity dates of three months or less. Such investments include investments in money market accounts but not cash and cash equivalents restricted for long-term investments. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

The Organization utilizes the allowance method for receivable valuation and for estimated collectability. The allowance is based on experience and circumstances which may affect the collectability of the account. Balances that are still outstanding after management has used reasonable collection efforts are written off. The Organization has an allowance for uncollectible receivables of zero as of June 30, 2025 and 2024, respectively.

Mortgages Receivable

Mortgages receivable consist of non-interest-bearing mortgages, which are secured by real estate and payable in monthly installments. The value of an Organization house given in exchange for the mortgage note and deemed to be the present value of all future mortgage principal payments, using the effective mortgage interest rate at the time of issuance. The mortgages' original amounts have been discounted at rates that are based on prevailing market rates for low-income housing at the inception of the mortgages, which are provided annually by Habitat for Humanity International, and range from 7.23% to 8.01%. The terms of duration for mortgages range from 18 – 35 years.

At times, the Organization sells receivable residential mortgage loans to financial institutions and obtains servicing assets as a result of the sale. Gains or losses on the sale of the receivables depend in part on both the previous carrying amount of the financial assets involved in the transfer and the proceeds received.

Mortgage Discount Amortization

Interest income (mortgage discount amortization) is recorded using the effective interest method over the lives of the mortgages. The Organization imputes interest on its mortgage receivables which carry a 0% stated interest rate.

For purposes of calculating loan present values, interest rates are determined based on the market rates for a similar type of loan on the date of closing and the Organization records and accounts for mortgage loans receivable based on the present value of the loan using rates provided annually by Habitat for Humanity International.

Allowance for Loan Losses

Mortgage loan balances are considered past-due or delinquent by the Organization when they are 30 days late. The Organization has not established an allowance for uncollectible loans as mortgages are secured by the homes financed, whose market value far exceeds any uncollectible mortgage balance at any given time, it can reclaim homes through foreclosure in the event that a loan is deemed uncollectible.

The Organization has historically experienced great success in educating delinquent homeowners and structuring payment plans to cure delinquencies within a minimal amount of time.

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ReStore Inventory

ReStore inventory consists primarily of donated household building materials, appliances and furniture that are sold at the Habitat ReStore at a reduced rate to the general public. Donated ReStore inventory is recorded at its estimated fair market value based on subsequent monthly sales, whereas purchased ReStore inventory is stated at lower of cost or market.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Purchased or donated property in excess of \$1,000 is capitalized. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which range from five to thirty years.

Project Costs

Costs such as land held for development, housing under construction and interest costs associated with debt acquired for construction are capitalized as incurred. Capitalized land costs are assigned to specific homes built. Once the project is complete, all costs are expensed to cost of homes sold at the time of sale. Completed homes are stated at the lower of cost (specific identification) or market (net realizable value). All direct material and equipment costs and those indirect costs related to construction of homes not yet completed and sold are recorded as Housing under construction in the accompanying statements of financial position. Land costs included in housing under construction are stated at the lower of cost or market value.

Investments

Investments in equity securities with readily-determinable fair values and all investments in debt securities are measured at fair values in the statements of financial position. Investment income or loss (including gains and losses on investments, interest and dividends and investment management fees) is included in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. If restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized, the investment income is reported as without donor restrictions.

Revenue Recognition

The Organization recognizes revenue as follows:

Home Sales: Revenue from the sale of homes is recognized at the time the home is sold.

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition – Continued

Contributions and grants: Unconditional promises-to-give are recognized as revenue in the period the promise was made. Contributions, grants and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Donated materials and services: Donated services are recognized as contributions in accordance with FASB ASC 958-605 *Revenue Recognition* if the services (a) create or enhance nonfinancial assets or, (b) require specialized skills, performed by people with those skills, which would otherwise be purchased by the Organization. No amounts have been recorded in the financial statements as they do not meet the criteria for recognition; however, a substantial number of volunteers have donated significant amounts of their time to the Organization's programs. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the years ended June 30, 2025 and 2024, these volunteers donated approximately 4,071 and 12,600 hours, respectively.

Fair Value Measurement

Accounting principles generally accepted in the United States of America, establishes a framework for measuring fair value. The 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). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurement – Continued

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Compensated Absences

Employees qualify for personal time off based on the number of years of service and monthly hours worked. Employees may carry unused leave forward into the subsequent calendar year, not to exceed 80 hours. The Organization's policy is to compensate for unused annual leave balance upon termination of employment. Employees are not compensated for unused sick leave balances upon termination.

Functional Expense Allocation

Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Common costs are allocated among the classifications benefited based upon estimated usage.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$12,199 and \$18,718 for the years ended June 30, 2025 and 2024, respectively.

Subsequent Events

The Organization has evaluated all events occurring subsequent to June 30, 2025 through November 1, 2025, which is the date that the financial statements were issued and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements.

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025
(With Comparative Totals for 2024)

NOTE 3 – MORTGAGES RECEIVABLE

Mortgages receivables consist of non-interest-bearing mortgages, which are secured by real estate and payable in monthly installments. The Organization has adopted the policy of Habitat for Humanity International and does not charge interest on its mortgages. These receivables were discounted at 8.01% and 8.02% in 2025 and 2024, respectively, based on the rates established by Habitat for Humanity International.

Mortgages receivable consisted of the following as of June 30, 2025 and 2024:

	2025	2024
Due within one year	\$ 296,945	\$ 303,446
Due after one year	3,402,854	3,427,273
Total mortgages receivable	3,699,799	3,730,719
Unamortized discounts	(1,644,964)	(1,591,382)
Mortgages receivable, net	\$ 2,054,835	\$ 2,139,337

Management considers mortgages to be fully collectible and, therefore, has not established an allowance for doubtful accounts. Due to the discounted prices of homes sold, the value of the home exceeds the mortgage balance and the mortgage value would be fully recoverable through foreclosure. Mortgages are considered delinquent in 15 days and foreclosure can be initiated after 90 days of non-payment.

Mortgages delinquencies and foreclosures for the years ended June 30, 2025 and 2024, are as follows:

Days Late	2025	2024
0-30	4	10
31-60	4	8
61-90	-	1
91-120	-	1
120+	-	2
Foreclosed	-	-
	8	22

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025
(With Comparative Totals for 2024)

NOTE 4 – INVESTMENTS

Following is description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2025 and 2024, respectively.

Equity securities: Valued as the closing price reported on the active market on which the individual securities are traded.

Fixed income securities and real estate mutual funds: Valued at the net asset value for shares held by the Organization as of year-end as determined by quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025 and 2024:

Assets at Fair Value as of June 30, 2025				
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 140,828	\$ -	\$ -	\$ 140,828
Equity securities	672,973	-	-	672,973
Fixed income securities	284,510	-	-	284,510
Total fair market value	<u>\$ 1,098,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,098,311</u>

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 125,579	\$ -	\$ -	\$ 125,579
Equity securities	594,218	-	-	594,218
Fixed income securities	259,881	-	-	259,881
Total fair market value	<u>\$ 979,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 979,678</u>

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025
(With Comparative Totals for 2024)

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2025 and 2024:

	2025	2024
Building and building improvements	\$ 2,139,833	\$ 2,139,833
Land	380,800	380,800
Equipment and furniture	149,267	127,412
Vehicles	214,212	216,904
Total property and equipment	2,884,112	2,864,949
Accumulated depreciation	(1,138,569)	(1,052,428)
Property and equipment, net	\$ 1,745,543	\$ 1,812,521

Depreciation expense was \$136,357 and \$127,856 for the years ended June 30, 2025 and 2024, respectively.

NOTE 6 – NOTE PAYABLE

	2025	2024
Note payable to Wells Fargo, interest at 3.65%, maturing November 2031, with monthly payments including interest of \$8,364 for 119 months, after which the loan will be re-priced with a 10-year-balloon payment. Secured by land and building.	\$ 931,194	\$ 995,791
Less current maturities	(66,939)	(64,510)
Long-term notes payable, net	\$ 864,255	\$ 931,281

Future maturities of the note payable are as follows as of June 30:

2026	\$ 66,939
2027	69,460
2028	72,076
2029	74,791
2030	77,608
Thereafter	570,320
Total	\$ 931,194

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(With Comparative Totals for 2024)

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Construction	\$ 276,579	\$ 415,396
Land Legacy	<u>-</u>	<u>47,456</u>
Total net assets with donor restrictions	<u>\$ 276,579</u>	<u>\$ 462,852</u>

Net assets released from restrictions consist of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Construction	\$ 1,070,594	\$ 1,066,090
Land Legacy	<u>111,189</u>	<u>47,176</u>
Total net assets released from restrictions	<u>\$ 1,181,783</u>	<u>\$ 1,113,266</u>

NOTE 8 – BOARD DESIGNATED NET ASSETS

Board designated net assets represent amounts designated by the Board of Directors of the Organization for future acquisition of land for future construction. The balance of board designated net assets was \$1,332,051 and \$1,794,765 as of June 30, 2025 and 2024, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Retirement Benefits

The Organization maintains a 408(a) Saving Incentive Plan for employees (SIMPLE IRA) retirement plan. The Organization contributes 3% of qualified employees' gross salaries. The Organization contributed \$18,007 and \$15,651 for the years ended June 30, 2025 and 2024, respectively. Amounts are included in "employee benefits" on the accompanying statements of functional expenses.

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

NOTE 9 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Mortgages Sold With Recourse

In prior years, the Organization sold mortgages receivables to the New Mexico Mortgage Finance Authority with full recourse. The recourse requires that in the event of default by the mortgagee, the Organization sold the first 15 years of two 22-year mortgages for \$105,000 (none in 2025 and 2024, respectively). As of June 30, 2025 and 2024 the total mortgages sold with recourse, which may be assumed upon mortgagee default, were \$86,752 and \$93,069, respectively.

Subordinated Mortgages

In 2025 and 2024, the Organization allocated the home sale prices for all three homes sold in that year between primary and subordinated mortgage agreements as a means of reducing costs for new homeowners. The subordinated mortgage balance only becomes due at such time that the homeowner defaults on the primary mortgage. Absent any event of default, the subordinated mortgage balances are fully forgiven. The Organization has not included the value of the subordinated mortgages as home sales revenue in the accompanying financial statements. The total amount of subordinated mortgage balances were \$386,257 and \$171,082 as of June 30, 2025 and 2024, respectively.

Endowment Beneficiary

The Organization is an income beneficiary of an endowment from the Wilhelmina Co. Estate. The Organization does not have title to any assets held in this endowment and therefore, has not recorded any such endowment assets in its financial statements. Distributions received from this endowment are recorded as income upon receipt.

NOTE 10 – ANNUAL STEWARDSHIP AND ORGANIZATIONAL SUSTAINABILITY INITIATIVE (SOSI) AND ANNUAL TITHE

The Organization sets a minimum SOSI payment for affiliates in the United States based on the general population of their general service area. The SOSI amount set for the Organization due to Habitat International is \$15,000. In addition, the Organization provides a special tithe to Habitat Guatemala and the Orphans and Vulnerable Groups fund to support global operations in the amount of \$9,000 per year. SOSI and tithes for the years ended June 30, 2025 and 2024 were \$36,000, respectively.

Greater Albuquerque Habitat for Humanity

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

(With Comparative Totals for 2024)

NOTE 11 – LIQUIDITY AND AVAILABILITY

The Organization receives significant revenue from ReStore sales, home sales, grants and contributions without donor restrictions. As part of the Organization’s liquidity management, it ensures its financial assets are available as its general expenditures, liabilities and other obligations come due.

The Organization manages its cash available to meet general expenditures by following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

Financial assets available for general expenditures within one year are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets as of year-end:		
Cash and cash equivalents	\$ 4,455,274	\$ 4,326,463
Accounts receivable, net	-	43,009
Mortgages receivable, current maturities	<u>296,945</u>	<u>303,446</u>
Total financial assets	4,752,219	4,672,918
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(276,579)</u>	<u>(462,852)</u>
Total financial assets available for general expenditures within one year	<u>\$ 4,475,640</u>	<u>\$ 4,210,066</u>