HABITAT FOR HUMANITY OF MEDINA COUNTY, INC.

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

June 30, 2025 and 2024

HABITAT FOR HUMANITY OF MEDINA COUNTY, INC.
FINANCIAL STATEMENTS
June 30, 2025 and 2024

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Medina County, Inc.
Medina, Ohio

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Medina County, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2025 and 2024, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related Notes to the Financial Statements.

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

Basis for Opinion

We conducted our audits 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 Habitat for Humanity of Medina County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Medina County, Inc.'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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To the Board of Directors
Habitat for Humanity of Medina County, Inc.
Medina, Ohio

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Medina County, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Habitat for Humanity of Medina County, Inc.'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.

Westerville, Ohio
December 16, 2025

HABITAT FOR HUMANITY OF MEDINA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 256,323	$ 328,483
Restricted for homeowner escrow liabilities	43,771	30,467
Prepaid expenses	11,128	11,621
Inventories	13,507	13,912
Current portion of mortgage notes receivable	31,659	29,470
Construction of new homes in progress, net	245,749	292,466
Land held for future home development	149,466	60,848
TOTAL CURRENT ASSETS	751,603	767,267
PROPERTY AND EQUIPMENT, NET	1,810,453	1,871,625
OTHER ASSETS		
Right-of-use asset (net)	18,933	-
Long-term portion of mortgage notes receivable	1,549,191	1,457,664
	$ 4,130,180	$ 4,096,556
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 134,301	$ 106,580
Accrued expenses:		
Payroll, taxes and witholdings	20,431	2,244
Real estate taxes	2,773	2,773
Sales taxes	4,408	-
Net homeowner escrow deposit liabilities	43,771	30,467
Operating lease liability - current portion	5,573	-
Current portion of long-term debt	42,494	44,170
TOTAL CURRENT LIABILITIES	253,751	186,234
OTHER LIABILITIES		
Operating lease liability - less current portion	13,360	-
Long-term debt - less current portion	914,065	951,456
TOTAL OTHER LIABILITIES	927,425	951,456
NET ASSETS		
Unrestricted	2,940,920	2,931,310
With donor restrictions	8,084	27,556
	2,949,004	2,958,866
	$ 4,130,180	$ 4,096,556

Please refer to accompanying notes.

HABITAT FOR HUMANITY OF MEDINA COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

	2025	2024
SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS		
ReStore sales revenue	$ 974,164	$ 1,005,317
Sale of homes to partner families	351,000	777,455
Imputed interest income	107,568	110,393
Contributions and grants	664,650	405,509
In-kind revenues	1,138,694	1,143,557
Investment income	2,347	2,289
Miscellaneous income	3,893	2,119
	3,242,316	3,446,639
NET ASSETS RELEASED FROM RESTRICTION		
Contributions and grants released from restriction	37,933	15,000
TOTAL UNRESTRICTED SUPPORT AND REVENUE	3,280,249	3,461,639
EXPENSES		
PROGRAM SERVICES		
Home Construction Program	1,130,898	1,592,416
ReStore Program	1,992,241	1,942,092
	3,123,139	3,534,508
MANAGEMENT AND GENERAL EXPENSES	147,500	177,584
	3,270,639	3,712,092
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	9,610	(250,453)
CHANGES IN DONOR RESTRICTED NET ASSETS		
Contributions/grants restricted for "Aging in Place" program	18,461	27,556
Contributions and grants released from restriction	(37,933)	(15,000)
INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS	(19,472)	12,556
INCREASE (DECREASE) IN NET ASSETS	(9,862)	(237,897)
NET ASSETS AT BEGINNING OF YEAR	2,958,866	3,196,763
NET ASSETS AT END OF YEAR	$ 2,949,004	$ 2,958,866

Please refer to accompanying notes.

HABITAT FOR HUMANITY OF MEDINA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025

	HOME CONST. PROGRAM	RESTORE PROGRAM	TOTAL PROGRAM SERVICES	MGT AND GENERAL	TOTAL
Personnel	$ 63,000	$ 525,050	$ 588,050	$ 112,020	$ 700,070
Cost of properties sold	652,670	-	652,670	-	652,670
Discount on mortgages	214,154	-	214,154	-	214,154
Office expense	4,532	72,518	77,050	13,597	90,647
Repairs and maintenance	-	74,195	74,195	-	74,195
Occupancy	7,247	27,178	34,425	1,812	36,237
Partner family expense	80,861	-	80,861	-	80,861
Insurance	25,471	22,923	48,394	2,547	50,941
Travel and conferences	5,715	5,715	11,430	3,299	14,729
Cost of ReStore goods sold	-	27,428	27,428	-	27,428
Contribution to HFH International	17,532	-	17,532	-	17,532
Professional services	8,461	-	8,461	9,790	18,251
In-kind expenses	51,255	1,087,439	1,138,694	-	1,138,694
Interest expense	-	72,736	72,736	-	72,736
Depreciation	-	58,112	58,112	3,060	61,172
Miscellaneous expenses	-	18,947	18,947	1,375	20,322
	$ 1,130,898	$ 1,992,241	$ 3,123,139	$ 147,500	$ 3,270,639

Please refer to accompanying notes.

HABITAT FOR HUMANITY OF MEDINA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	HOME CONST. PROGRAM	RESTORE PROGRAM	TOTAL PROGRAM SERVICES	MGT AND GENERAL	TOTAL
Personnel	$ 55,615	$ 454,084	$ 509,699	$ 110,580	$ 620,279
Cost of properties sold	911,127	-	911,127	-	911,127
Discount on mortgages	483,696	-	483,696	-	483,696
Office expense	4,732	75,715	80,447	14,197	94,644
Repairs and maintenance	-	55,003	55,003	-	55,003
Occupancy	6,235	23,423	29,658	5,379	35,037
Partner family expense	74,797	-	74,797	-	74,797
Insurance	-	46,871	46,871	3,528	50,399
Travel and conferences	4,795	4,795	9,590	9,591	19,181
Cost of ReStore goods sold	-	35,701	35,701	-	35,701
Contribution to HFH International	14,600	-	14,600	-	14,600
Professional services	-	-	-	14,296	14,296
In-kind expenses	36,819	1,106,738	1,143,557	-	1,143,557
Interest expense	-	65,464	65,464	-	65,464
Depreciation	-	47,531	47,531	2,502	50,033
Miscellaneous expenses	-	26,767	26,767	17,511	44,278
	$ 1,592,416	$ 1,942,092	$ 3,534,508	$ 177,584	$ 3,712,092

Please refer to accompanying notes.

HABITAT FOR HUMANITY OF MEDINA COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITES		
Increase (decrease) in net assets	$ (9,862)	$ (237,897)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Non-cash activity associated with new home sales	(351,000)	(777,455)
Depreciation of property and equipment	61,172	50,033
Amortization of imputed interest income	(107,568)	(110,393)
Amortization of debt financing costs	1,285	1,285
Discount on mortgage notes issued	214,154	483,696
(Increase) decrease in assets:		
Prepaid expenses	493	(493)
Inventories	405	1,377
Construction of new homes in progress	46,717	253,994
Land held for future development	(88,618)	167,622
Increase (decrease) in liabilities:		
Accounts payable	27,721	76,980
Accrued expenses	22,595	(5,267)
Other current liabilities	13,304	9,123
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(169,202)	(87,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received on mortgage notes receivable	150,698	136,732
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	150,698	136,732
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage loan principal disbursements	(40,352)	(40,083)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,856)	9,254
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	358,950	349,696
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 300,094	$ 358,950

HABITAT FOR HUMANITY OF MEDINA COUNTY, INC.
STATEMENTS OF CASH FLOWS (continued)
Years Ended June 30, 2025 and 2024

Supplemental Schedule of Non-Cash Investing and Financing Activities

During the years ended June 30, 2025 and 2024, Habitat for Humanity sold homes to partner families totaling $351,000 and $777,455, respectively. These homes were financed with mortgage notes receivable. These non-cash transactions have been excluded from the Statements of Cash Flows.

The Organization recognized a right-of-use asset and corresponding lease liability of $18,933 related to an operating lease of a copier. This transaction did not result in a cash outflow and are therefore excluded from the statement of cash flows for the year ended June 30, 2025.

Cash and cash equivalents at the end of the year consists of the following:

		2025		2024
Unrestricted bank deposits	$	256,323	$	328,483
Restricted Homeowner Escrow Deposits		43,771		30,467
	$	300,094	$	358,950

Please refer to accompanying notes.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Habitat for Humanity of Medina County, Inc. (Habitat for Humanity) (the Organization) began operations in October, 1990 as a non-profit organization that unites volunteers with those in need of affordable housing. Affordable homes are sold to income-eligible families and are financed with non-interest bearing mortgage loans provided by the Organization. Habitat for Humanity also operates a "ReStore" retail store which offers donated building supplies for sale to the general public at discounted prices. Habitat for Humanity of Medina County, Inc. is an affiliate of Habitat for Humanity International, Inc. This is a Christian, non-profit, international organization whose mission is to eliminate poverty housing from the world, and to make decent shelter a matter of conscience and action. In addition to revenues provided from the sales of homes and ReStore sales, the Organization's primary sources of support also include contributions and grants.

Accounting Basis

Habitat for Humanity maintains its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* and the provisions of Accounting Standards Update (ASU) 2016-14. ASU 2016-14 requires the Organization to report information regarding its financial position and activities in two categories of net assets as described below:

Net Assets Without Donor Restrictions

Net Assets Without Donor Restrictions are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

Net Assets With Donor Restrictions

Net Assets With Donor Restrictions are subject to donor-imposed stipulations that may or will be met either by actions of Habitat for Humanity and/or the passage of time. Net assets with donor restrictions totaled $8,084 as of June 30, 2025 and $27,556 as of June 30, 2024, and represents donated funds restricted for the "Aging in Place" program in each year.

ASC 606 *"Revenue from Contracts with Customers"*

The Organization follows ASC 606 using the full retrospective approach. This standard requires an entity to recognize revenue when control of the related goods or services is transferred to the customer. Revenues are recognized in an amount equal to the expected compensation to be received. Because Habitat for Humanity bills for homes based on affordability guidelines and the sales price covers reimbursement for costs incurred (at best), the adoption of this accounting standard did not materially impact the 2025 or 2024 financial position, results of operations or cash flows of the Organization.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories reflected in the accompanying Statements of Financial Position consist of items purchased for resale in the ReStore facility and are valued at the lower of cost or market using the first in, first out (FIFO) method.

Property and Equipment

Property and equipment is stated at cost or at fair market value, if donated. All individual acquisitions of property and equipment over $2,500 are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Gains and losses on asset retirements or dispositions are reflected in the Statements of Activities. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	15 years
Buildings and improvements	7- 20 years
Vehicles and equipment	5 years

Construction in progress is stated at cost. No depreciation is taken on construction in progress until the related projects are completed and placed in service.

Fair Value of Financial Instruments

The Organization provides disclosures on its financial instruments in accordance with the requirements of FASB ASC 820, *Fair Value Measurements and Disclosures*, which requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Leases

In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, Leases. The standard requires lessees to recognize most leases with lease terms over 12 months to be capitalized as right-of-use (“ROU”) asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the Statement of Activities.

The Organization determines if an arrangement is a lease at the inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. ROU assets represent the right to use an underlying asset for the least term and lease liabilities represent an obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of these leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at commencement date in determining the present value lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization’s lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments are recognized on a straight-line basis over the lease term. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on its balance sheet. All leases are classified as operating leases under ASC 842.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

For short term leases, (that is a lease that, at commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset the Organization is reasonably certain to exercise) an ROU asset and lease liability is not recognized, instead lease payments are recognized in the income statement on a straight-line basis over the lease term and any variable lease payments are recognized when the obligation for those payments is incurred. The Organization's leases do not contain any material residual value guarantees or material restrictive covenants.

See Note 9 for details on the Organization's ROU assets and lease liabilities related to its operating leases.

Unamortized Debt Financing Costs

Unamortized debt financing costs include professional fees and service charges associated with obtaining loans. In accordance with FASB ASC 835-30, the Organization presents debt issuance costs as a reduction in the carrying amount of debt. These fees are being amortized over the life of the loans. Amortization expense for the years ended June 30, 2025 and 2024 totaled $1,285 in each year, and has been included in interest expense in the accompanying Statements of Functional Expenses.

Contributions and Grants

Contributions and grants are accounted for in accordance with FASB ASC 958-605-2. Contributions are recognized when a donor makes a pledge to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, donor restricted net assets are reclassified net assets without donor restrictions. Habitat for Humanity uses the allowance method to determine uncollectible, unconditional pledges. The allowance is based on management's analysis of specific pledges made.

In Kind Contributions

Habitat for Humanity relies extensively on a volunteer work force to operate its ReStore facility and to provide administrative services. In addition, the majority of building supplies for sale in its ReStore facility are donated. These donated items are recognized as in-kind revenue when they are sold and valued at fair-market value (the sales price) at that time. In-kind contributions of building supplies and volunteer hours totaled $1,138,694 and $1,143,557 for the years ended June 30, 2025 and 2024, respectively. All in-kind donations described above have been included in the accompanying Statements of Activities because they meet the recognition guidelines of FASB ASC 958-605-2.

Compensated Absences

Certain employees of the Organization are entitled to paid vacation, sick and personal days off. None of these benefits vest and unused vacation days can only be carried over for a 3 month period subsequent to year end. Vacation leave is expensed as incurred.

Use of Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. Actual results could differ from those estimates.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Disclosure of Subsequent Events

The Organization is required to disclose the date through which subsequent events have been evaluated, in accordance with the requirements of FASB ASC Paragraph 855-10-50-1. Habitat for Humanity has evaluated all subsequent events occurring from July 1, 2025 through the date the accompanying financial statements were available to be issued (December 16, 2025) for proper accounting and disclosure in the accompanying financial statements.

Functional Allocation of Expenses

The costs of the Organization's Home Construction and ReStore Programs have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between program expenses and management and general expenses using various allocation methods that attempt to allocate the costs equitably in relation to the benefits provided. These allocation methods are based on square footage or full-time equivalents, as applicable.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets are reported as net assets released from donor restrictions. In accordance with FASB ASC 958-605-25, expended grant revenues are reflected as unrestricted support in the accompanying Statements of Activities.

Statements of Cash Flows

Habitat for Humanity considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. In accordance with ASU 2016-14, restricted deposits have been included in cash and cash equivalents in the accompanying Statements of Cash Flows. Cash payments for interest totaled $72,595 for the year ended June 30, 2025 and $64,179 for the year ended June 30, 2024. There were no cash payments for income taxes during the years ended June 30, 2025 and 2024.

Income Taxes

Habitat for Humanity is a private, non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of the Organization's present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Organization has adopted the provisions of FASB ASC 740-10-25 *Accounting for Uncertainty in Income Taxes* which requires the disclosure of uncertain tax positions. There have been no interest or penalties recognized in the accompanying Statements of Financial Position or in the Statements of Activities relating to uncertain tax positions. Additionally, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Organization evaluates uncertain tax positions, if any, on a continual basis. The Organization's Federal tax returns are generally subject to examination by the IRS for three years after they are filed.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

Financial instruments, which could potentially subject Habitat for Humanity to concentration of credit risk, include cash and cash equivalents, investments and accounts receivable. These financial instruments are all carried at their approximate fair value. The Organization's policy is to limit credit exposure on financial instruments and place its cash and cash equivalents with financial institutions that are credit worthy. Investments, in general, are exposed to various risks, such as interest rate risk, credit risk and overall volatility.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of an asset's carrying value to its future undiscounted net cash flows. Impaired assets are recognized at the lower of fair value or carrying amount. No impaired assets were identified during the years ended June 30, 2025 and 2024.

Reclassifications

Certain balances in the June 30, 2024 financial statements have been reclassified to conform with the 2025 presentation.

NOTE 2 - MORTGAGE NOTES RECEIVABLE

Mortgage notes receivable consists of non-interest bearing notes due from homeowners related to the sale of new homes. These notes have various maturity dates, ranging from 4-30 years, and are reflected net of related discounts, which are necessary to reflect the economic benefit of zero interest mortgages issued to qualified families. The discount is recorded at the origination date of each mortgage note and is based on prevailing interest rates, as determined by Habitat for Humanity International, Inc. Discounts are amortized on a straight-line basis over the life of each loan, and the annual amortization is reflected as imputed interest income in the Statements of Activities. Imputed interest income totaled $107,568 and $110,393 for the years ended June 30, 2025 and 2024, respectively. Mortgage notes receivable consists of the following as of June 30, 2025 and 2024:

	2025	2024
Mortgage notes receivable — gross value	$ 3,457,706	$ 3,257,404
Less unamortized discount	1,876,856	1,770,270
	$ 1,580,850	$ 1,487,134
Less current portion	31,659	29,470
Long-term portion	$ 1,549,191	$ 1,457,664

Because all homes are secured by the related properties, management believes no allowance for uncollectible mortgage notes receivable is necessary. Future maturities of mortgage notes receivable are as follows:

Year Ended June 30,	Amount
2026	$ 31,659
2027	34,172
2028	36,885
2029	36,828
2030	39,132
Thereafter	1,402,174

NOTE 3 - FAIR VALUE MEASUREMENTS

Habitat for Humanity values its financial instruments at fair value. In accordance with FASB ASC 820, fair value is defined as the price that an organization would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in a principal market, or in the absence of a principal market, the most advantageous market for the investment or liability.

FASB ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Organization's investments. The inputs are summarized in the three levels required by FASB ASC 820, and listed below:

Level 1 — Inputs represent unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access as of the measurement date.

Level 2 — Represents observable inputs other than quoted prices in active markets for identical assets.

Level 3 — Represents unobservable inputs supported by little or no market activity significant to the fair value measurements.

The following is a summary of the inputs used as of June 30, 2025 and 2024 in valuing Habitat for Humanity's investments carried at fair value:

June 30, 2025:		Fair Value Measurements		
Investment Category	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Land held for future development	$ 149,466	$ -	$ 149,466	$ -
Mortgage notes receivable	1,580,850	-	1,580,850	-
	$ 1,730,316	$ -	$ 1,730,316	$ -

June 30, 2024:		Fair Value Measurements		
Investment Category	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Land held for future development	$ 60,848	$ -	$ 60,848	$ -
Mortgage notes receivable	1,487,134	-	1,487,134	-
	$ 1,547,982	$ -	$ 1,547,982	$ -

Level 2 investments in properties held for resale are valued at cost which approximates fair market value. Level 2 investments in mortgage notes receivable are based on prevailing interest rates, as provided by Habitat for Humanity International, Inc.

NOTE 4 —– LAND HELD FOR FUTURE DEVELOPMENT

All direct costs associated with land held for future development are capitalized until construction begins and then the land is transferred over to the construction of new homes in progress account. Land held for future development totaled $149,466 and $60,848 as of June 30, 2025 and 2024, respectively, and consisted of five lots in 2025 and three lots in 2024.

NOTE 5 —– CONSTRUCTION OF NEW HOMES IN PROGRESS

Construction of new homes in progress as of June 30, 2025 totaled $421,303 and consisted of land and building construction costs associated with 3 new houses. These new houses will be sold to qualified partner families during the Organization's fiscal year ending June 30, 2026 for prices ranging between $144,000 and $156,000. These affordable sales prices are below the cost to build the home and will result in a loss. An accrued loss on future home sales of $175,554 has been netted against the Construction of New Homes in Progress for a net balance of $245,749.

Construction of new homes in progress as of June 30, 2024 totaled $298,483 and consisted of land and building construction costs associated with 3 new houses. These new houses were sold to qualified partner families during the Organization's fiscal year ending June 30, 2025 for prices ranging between $159,000 and $250,000. An accrued loss on future home sales of $6,017 has been netted against the Construction of New Homes in Progress for a net balance of $292,466.

NOTE 6 —–PROPERTY AND EQUIPMENT

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

Description	2025	2024
Land and land improvements	$ 488,840	$ 488,840
Buildings and improvements	1,491,911	1,491,911
Vehicles and equipment	167,642	167,642
	2,148,393	2,148,393
Less: Accumulated depreciation	337,940	276,768
Property and equipment, net	$ 1,810,453	$ 1,871,625

NOTE 7 - CONCENTRATIONS

The Organization maintains its cash in bank deposit accounts which, at times, may exceed Federally-insured limits. All of the Organization's cash deposits are held by reputable financial institutions and management believes the risk associated with uninsured deposits is low. As of June 30, 2025 cash balances were held at various financial institutions and did not exceed federally insured limits.

NOTE 8 - RETIREMENT PLAN

Effective on March 30, 2018, Habitat for Humanity established a SIMPLE IRA in order to provide retirement benefits to eligible employees. Habitat for Humanity has agreed to make voluntary annual matching contributions to the Plan, at the discretion of the Organization's Board of Directors, to be computed based on a percentage of eligible salaries. Matching contributions are based on 3% of eligible salaries and totaled $5,352 and $4,422 for the years ended June 30, 2025 and 2024, respectively.

NOTE 9 – OPERATING LEASE AGREEMENTS

The Organization leases office equipment under a noncancellable lease agreement that has a remaining term of thirty-nine months. Operating lease costs totaled $6,192 for each year ended June 30, 2025 and 2024, and are reported on the Statements of Functional Expense under Office expenses.

Supplemental cash flows information:

Right-of-use assets obtained in exchange for lease obligations	$18,933
Weighted average remaining lease term	3.25
Weighted average discount rate	3.9

Minimum future commitments under this agreement is as follows:

Year Ended June 30,	Amount
2025	$5,573
2026	5,794
2027	1,543
Thereafter	-

NOTE 10 - LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2025 and 2024:

	2025	2024
Commercial mortgage note payable to bank in monthly installments of interest only through April, 2020, at 5.295%; beginning in November, 2020 this note is payable in monthly installments of $7,991 including interest at a fixed rate of 5.295% plus a variable rate that was 2.655% in FY25; with a final balloon payment due on November 7, 2027; secured by building and any related improvements.	$ 960,845	$ 1,001,197
Less unamortized debt issuance costs	4,286	5,571
	956,559	995,626
Less current portion	42,494	44,170
Long — term portion	$ 914,065	$ 951,456

Future maturities of long-term debt are as follows:

Year Ended June 30,	Amount
2026	42,494
2027	45,793
2027	868,272
Thereafter	-

NOTE 10 - LONG-TERM DEBT (continued)

In accordance with ASC 835-30-45-32 unamortized debt issuance costs (totaling $4,286 and $5,571 as of June 30, 2025 and 2024, respectively) have been reflected as a reduction in the related debt balance and will be amortized over the life of the related loans. The mortgage notes described above include certain loan covenants. As of June 30, 2025, the Organization was in compliance with, or had received waivers for all loan covenants.

NOTE 11 - LIQUIDITY

Habitat for Humanity of Medina County, Inc.'s primary source of fiscal 2025 receipts includes unrestricted Restore sales revenue; unrestricted contributions; and imputed interest income. Because the Organization's unrestricted revenue stream is substantial and accounted for over 97% all revenues during each of the fiscal years ending June 30, 2025 and 2024, Organization's management anticipates it will have no difficulty maintaining sufficient resources to meet any restrictions imposed by its donors during the upcoming year.

As of June 30, 2025, Habitat for Humanity had $246,896 in unrestricted cash and cash equivalents available to meet obligations for general expenditures.