



**Board of Directors Meeting
June 24, 2025
3830 South Grand, St. Louis MO 63118**

Call to Order:	Jim Del Carmen
Mission Moment:	Irena Dimitrova, Financial Manager
Minutes of May 20, 2025, Meeting:	Kimberley Batteast-Moore
Strategic Topic:	2024 Audit Presentation CohnReznick Representatives
Treasurers Report:	Judy Cromer
CEO Report:	Kimberly McKinney
SLDC Housing Development Guarantee Fund	Howard Smith
In Kind Vendor Event, August 7 th	Harper Zielonko
Other/Open Business:	
Adjournment of Full Board	
Executive Session *If Needed	
MARK YOUR CALENDARS:	
<i>Upcoming Events</i>	
July-2025	No Board Meeting
Tuesday, August 26, 2025	Board Meeting, 11:30 AM
Tuesday, September 23, 2025	Board Meeting & Social Hour 4:00 PM
	Enterprise Bank
Tuesday, October 28, 2025	Board Meeting, 11:30 AM
Tuesday, November 25, 2025	Board Meeting/2026 Budget, 11:30 AM

“A world where everyone has a decent place to live.”

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Meeting ID: 235 521 585 421 6

Passcode: js3Tc6ch

Minutes from the Meeting of the Board of Directors of
Habitat for Humanity Saint Louis (HFHSL)
May 20, 2025

The following members of the Board of Directors and other interested parties participated in this Board meeting via conference call and in person. Participants are listed below:

Abby Kepple	Ashley Storman	Briana Bobo
Brittany NP McCoo	Jim Del Carmen	Judy Cromer
Kelly Baumer	Kevin Wilson	Kirsty McDonald
Lance Cage	Lance McNeel	Lennox Mark
Matt Guymon	Matthew Kim	Mike Eggleston
Paul Woodruff	Howard Smith	Nat Walsh
Linda Loewenstein	Malaika Horne	Kimberly McKinney

Jim Del Carmen called the meeting to order at 4:00 pm and thanked Lance McNeel with Ameren for hosting. Kimberly was asked about and shared more on the impact to Habitat homes from the tornados.

Lance McNeel brought the Mission Moment. Lance presented his “Why Habitat,” speaking about his involvement in organizing Ameren build days through the years. Kimberly thanked him for his leadership in providing photos and recaps to others at Ameren.

On a motion by Kelly Baumer and seconded by Lance McNeel, the minutes of April 22, 2025, meeting were approved unanimously.

As one of two afternoon meetings and social hours, there was not a Strategic Topic.

Judy Cromer then presented the Treasurer’s Report. Judy shared that Mission Support remains strong, exceeding the year-to-date projections of \$347,852 with an actual amount of \$455,350. ReStore performance while improving continues to lag expectations with RSS at 96% of budget and RDP at 72%. Overall, the loss as of April was \$450,760 versus a projection of \$1,190,041. Current construction in progress is just over \$6.5 million versus \$4.8 million last year. As previously shared, one home closed in April. Kimberly shared that two homes, 3330 Vista and 1302 Monroe would be next to close.

As part of her CEO report, Kimberly shared several successes and shout outs including Paul Woodruff and Kevin Wilson for their assistance with the JSMF matching grant funds. She also shared that applicants have been vetted and are being notified of their status. As part of a meeting with St. Louis Community Credit Union, timelines and educational tracks are being developed for the participants by category (Mortgage Security, Home Renovation/Repair, Educational and/or Small Business). Additionally,

an MOU with the Credit Union is under review. As a reminder, this round of grant funds represents a 10:1 match. St. Louis Community Credit Union will assist with homebuyer accounts as well as other resources (credit check-ups / financial wellness reviews / etc.).

The targeted Spring Appeal sent to approximately 300 select donors hit most mailboxes around May 1st and has, to date, raised over \$16k.

Habitat and specifically the ReStore will be represented at the Green Living Festival at MO Botanical Garden on June 7th. As shared last month, a postcard with coupon dropped to 33,000 households in the first week in May to zip codes surrounding each ReStore. A copy of the postcard was included as a part of the packet.

In response to the Federal government announcement, more than 1000 organizations recently received AmeriCorps grant termination messages, ending their grant awards effective immediately. HFHI's AmeriCorps grants were NOT impacted by these terminations. While we do not currently have an AmeriCorps, it is a program we have utilized in the past. HFHI Government Relations is working with Voices for National Service for ongoing advocacy of the AmeriCorps program. Additionally, HFHI has circulated a sign on letter to the protection of programs such as HOME, CDFI Fund and CDBG, among others. To date, just under 400 Habitat affiliates have signed the letter.

An allocation of \$250k remains in the completed State of MO budget which has been sent to the Governor. While a reduction from FY 2025, it is still viewed as a success as many previously funded (core budget) social service entities were zeroed out as part of the budget process.

The bill sponsored by Senator Tracy McCreery that would remove the line of demarcation between Affordable Housing Assistance Program (AHAP) Operating and Production credits has not had a hearing - and with less than 3 days to go in this legislative session has little/no chance to pass.

Due to the leadership transition at SLDC (Otis Williams returning to replace Neal Richardson), the future of the SLDC Housing Development Guarantee Fund project is in flux. An internal meeting is slated for May 20th to, hopefully, move this project forward with the same partners. As a member of the Mayor's Transition team, Paul Woodruff assisted in responding to questions about delays and the ongoing work with City entities.

Due to the recent devastation from the tornado, the June 6th tour referenced in the packet has been cancelled.

With Together Credit Union as the financial sponsor (thanks Judy!), an application for home repair has been submitted to the Federal Home Loan Bank Des Moines. The request was for \$361,200 and a December announcement is expected (funds available as of first quarter 2026).

A draft sales contract is underway for a partial donation of a vacant lot in Maplewood. Funds to purchase the lot will be a part of the St. Louis County HOME fund award. If the property passes the environmental review required, the lot will be purchased for below market rate with the current owners receiving the difference between the purchase price and the appraised value as a donation. The lot will provide land for two of the four planned Maplewood homes.

The ReStore Relocation and Expansion taskforce has met a second time. Various considerations (rent vs purchase, market rate, location, necessary repairs of current location, etc.) are being considered as part of an overall business plan. As a reminder, these updates should be considered confidential.

Kimberly then reminded members that the June 24th meeting will be the 2024 Audit Presentation. While all questions are welcome at the Board meeting, any member who would like a deeper dive is also invited to attend the June Finance Committee meeting – In Person on 11:30 am on June 17th.

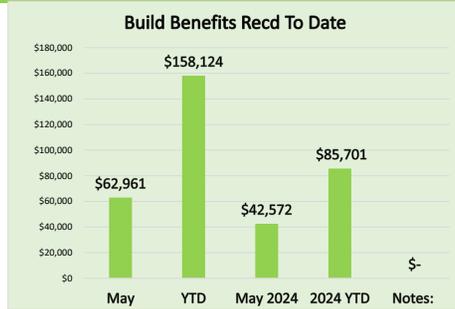
On a motion by Paul Woodruff and seconded by Kevin Wilson, Jim Del Carmen adjourned the meeting at 4:36 pm and invited the members to relocate to the atrium for social hour.

Respectfully submitted Kimberly McKinney in Kimberley Batteast Moore's absence.

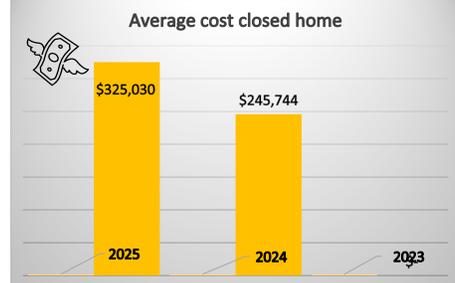
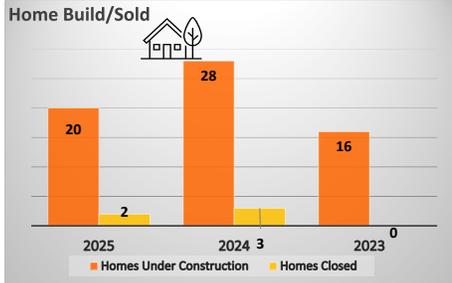
As of May 2025 DASHBOARD

As of May 2025 DASHBOARD					
RESOURCE DEVELOPMENT	May	YTD	May 2024	2024 YTD	Notes:
New Donors	43	174	15	118	
New Keystone Benefit Members (\$1500+ Annually/Mission Support)	1	5	0	4	<i>Reminder - First Time Donors</i>
RESOURCE DEVELOPMENT	May	YTD	May 2024	2024 YTD	Notes:
Build Benefits Recd To Date	\$62,961	\$158,124	\$42,572	\$ 85,701	
Build Benefits Pledged	\$0	\$117,500	\$18,500	\$77,500	
Renewed Donors		51%		43%	Monthly Stat, Not Cumulative
BOD Funds Pledged	\$0	\$38,700	\$0	\$47,300	All Board Pledges In / No New Pledges
BOD: Funds Received	\$600	\$17,650	\$236	\$9,882	Average Bd Gift: \$1334 based on paid/pledged
BOD % Giving	10%	33%	6%	29%	
BOD Meeting Attendance	55%	73%	32%	59%	
PROGRAM	2025	2024	2023	Annual Budget	Notes:
Homes Under Construction	20	28	16		
Homes Closed	2	3	0	18	
BUILDS	2025	2024	2023		Notes:
Average Cost / Closed Home	\$325,030	\$245,744	\$ -		
Future Build Sites Available	20	18	17		
Applicants Pipeline	15	25	NA		Tier 1 / 2
Mortgage Loan Fund Balance	\$2,586,999	NA	\$2,445,000		
RESTORE	YTD Actual	YTD Budget	2024	Annual Budget	Notes
Revenue RSS	\$ 217,415	\$ 230,000	\$ 217,806	\$560,000	Sales Only
	YTD Actual	YTD Budget	2024	Annual Budget	Notes
Revenue RDP	\$ 164,316	\$ 216,250	\$ 189,103	\$ 530,000	Sales Only
ReStore P/L	\$ (187,870)	\$ (196,259)	\$ (193,760)	\$ 225,311	
Total # of Donations	670				
Drop Offs RSS	82				
Drop Offs RDP	436				
Pick Ups	152				
FINANCIALS	YTD	YTD	YTD	Annual	Notes
Income	Actual	Budget	%	Budget	
Resource Development	\$ 647,345	\$ 466,602	139%	\$1,470,202	
Program	\$ 1,023,266	\$ 2,585,782	40%	\$7,277,596	
ReStore	\$ 750,673	\$ 873,500	86%	\$2,927,200	
Management General	\$ 132,362	\$ 119,770	111%	\$455,869	
TOTAL INCOME	\$ 2,553,646	\$ 4,045,654	63%	\$12,130,867	
Expenses	YTD Actual	YTD Budget	%	Annual Budget	Notes
Home Construction	\$ 953,489	\$ 2,891,618	33%	\$6,177,863	
Operating	\$ 873,275	\$ 884,924	99%	\$3,726,889	
ReStore	\$ 938,543	\$ 1,069,759	88%	\$2,701,889	
TOTAL EXPENSES	\$ 3,138,245	\$ 5,265,301	60%	\$12,606,641	
Net Profit/Loss	\$ (584,599)	\$ (1,219,647)	48%	-\$475,774	
Year over Year changes	YTD 2025	YTD 2024	Change		
Change in Cash	\$ 533,879	\$ 1,631,466	\$ (1,097,587)		
Account Payable (due to vendors)	\$ 472,302	\$ 810,440	\$ (338,139)		
Long Term Loans	\$ 3,129,742	\$ 3,174,848	\$ (45,106)		
Short Term Liabilities	\$ 582,070	\$ 726,983	\$ (144,912)		
Construction in Progress	\$ 6,580,627	\$ 4,894,317	\$ 1,686,310		

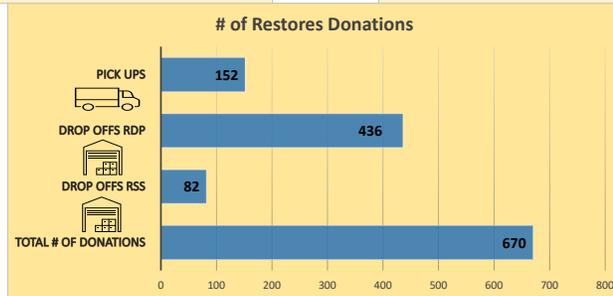
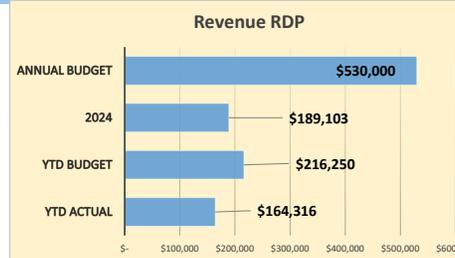
1.RESOURCE DEVELOPMENT



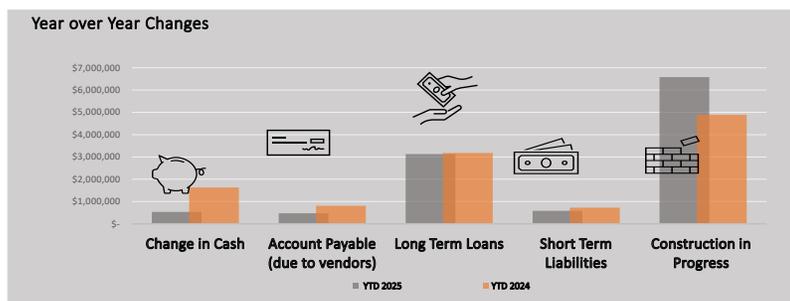
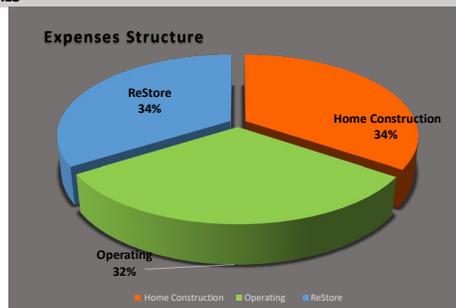
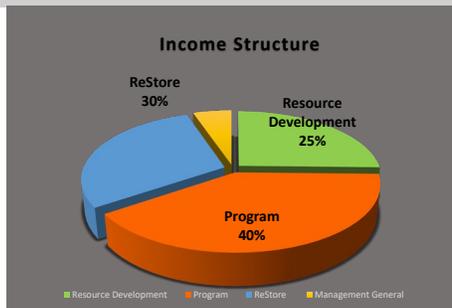
2.PROGRAM & BUILDS



3.RESTORE



4.FINANCIALS



Department	Glossary	Graphic #
RESOURCE DEVELOPMENT	Department works with corporate and individual donors, responsible for volunteer coordination and marketing strategy of the Organization	1
PROGRAM	All the projects currently rulled by the Organization including Construction projects, Family servises, Real estate development, Home repairs program, NMTC	2
RESTORE	Organization is managing two Restores - the data shows individual results for each store	3
FINANCIALS	Data shows the revenue and expenses for each department based on YTD data and compared to the annual budget. Year over year chart shows current data compared to previous year same period position of important cash activities	4

**Habitat for Humanity Saint Louis Board of Directors Meeting
Tuesday, June 24, 2025
CEO Report**

Success and Shout Outs!

Resource Development (RD)

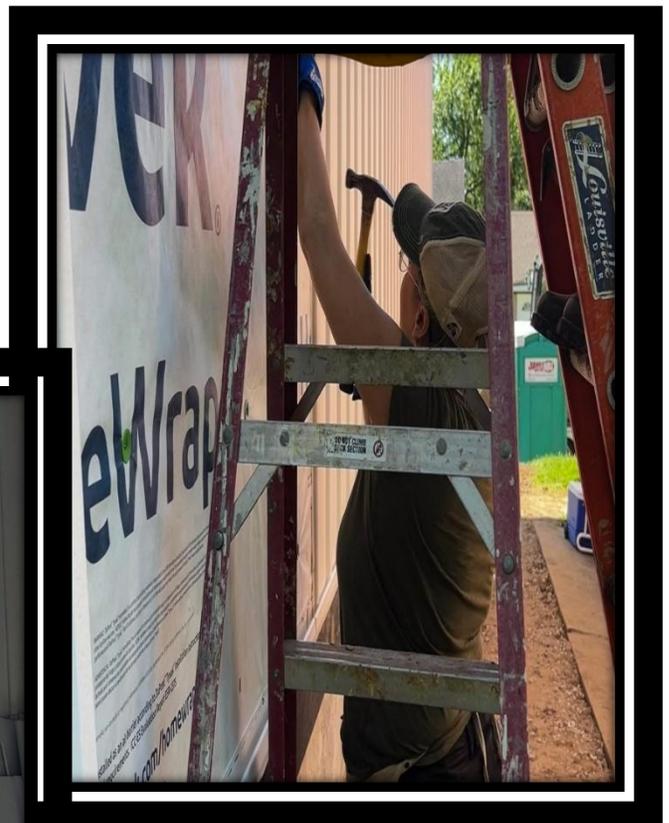
Appeal Letters / Giving (attachment: Donor Giving Trends)

The targeted Spring Appeal sent to approximately 300 select donors hit most mailboxes around May 1st and has, to date, raised \$22k (initial goal of \$15k). The Summer Appeal will feature Director of Construction, Josh Smith – and the increased costs of construction. In addition to the mailing, it will include various social media and video components.

In response to the question at the May meeting re HFHI conversion and with thanks to Deirdre Schaneman (RD Operations Manager), please see attached Donor Giving Trends.

Keystone Groups

Photos of Berkshire Hathaway HomeServices Select Properties in University City. May groups also included: The Integra Group, Charles Schwab, AAA Missouri, Ameren, Boeing, and Manchester United Methodist Church.



James S McDonnell Foundation

The first category of applicants (Mortgage Security) will be onboarded in late June/early July.

40th Anniversary

In 2026, we turn 40! A brainstorming session has been scheduled for 4:30 – 6 pm on Thursday, July 17th at Habitat Saint Louis. Anyone interested in participating is welcome to attend.

Vendor Event

As part of Tuesday's meeting, Harper Zielonko (Director of Resource Development) will present more on an August 7th event for In Kind/Vendors.

Program

Neighborhoods/ Home Construction/Homebuyers

CDA = Community Development Administration within City of St. Louis.

AHTF = Affordable Housing Trust Fund within City of St. Louis

OCD = Office of Community Development within St. Louis County

NMTC = New Market Tax Credits

SLDC = St. Louis Development Corporation

Construction In Progress – Reports Attached

+ a NEW Map of Current and Pending/Future Projects.

Government Updates and Announcements

National: As an update to last month's notice re AmeriCorps - A Judge ordered grants to be restored and AmeriCorps members to be returned to service. The ruling also ordered the agency to return National Civilian Community Corps (NCCC) – the administrative agency employees - to be returned to service which will be applicable to all states. HFHI Government Relations also continues to provide updates regarding budget reconciliation and to push for an extension for the New Market Tax Credits, inclusion of the Neighborhood Homes Investment Act and expansion of charitable giving incentives.

Local:

Howard Smith will provide an overview and update on the possible Housing Development Guarantee Fund with SLDC.

St. Louis County: A possible rehab in Maplewood has been identified and is under contract based on contingencies. Along with the vacant lot that would support the construction of two new homes, this represents 3 of 4 St. Louis County Office of Community Development (OCD) funded builds. All are in the review process with St. Louis County OCD.

Tornado Relief: As the response to the May tornado transitions from disaster assistance to the next steps, we continue to monitor ways that we may be further involved. Thank you to Andrew Nelch who provided contact assistance to discuss practices related to our involvement immediately after the disaster. Language related to Habitat's involvement is included below (updated periodically). As part of the Housing Development Guarantee project, SLDC is arranging a meeting with FEMA.

“We are now over a month out from a disaster which has changed the literal landscape of Saint Louis forever. There are phenomenal community organizers and non-profits leading the disaster response right now on the ground in communities directly impacted. The community came together at a time of urgency and now we hope for the same as we look to recover and equitably rebuild.”

Habitat for Humanity Saint Louis has responded to skilled volunteer requests from connected community partners and continues sharing resources from trusted sources. We have been an embedded partner in the St. Louis community for almost 40 years, and we want to keep serving our community in good times and hardship. Right now, this is how we serve.

For more information and links to valuable resources, please see our [e-newsletter](#)."

Closings:

3330 Vista – CLOSED! Photos follow. Brandon, the homeowner, is a single dad of two boys and is also the son of a 2002 Habitat Homebuyer.



1302 Monroe and 1304 Monroe will close in July.

Management/General

ReStore (Board Action Requested)

Due to various time constraints including interviews for ReStore South Side Manager, there was not a meeting of the ReStore Relocation and Expansion taskforce. Following interviews with five candidates (of approximately 30 submittals), Alyssa Foggy has been hired as the manager of ReStore South Side as of July 1. The ReStores will be closed on July 2nd and July 3rd for midyear inventory (and July 4th for the Independence Day holiday). In advance of the closure, a graduated sale will occur (two days at 10% off increasing by 10% per day until ending with 2 days at 50% off).

The ReStore donation program is in dire need of a new truck as expenses to repair the current flatbed along with a rental to cover pick-ups when it is down exceeds on average over \$1600 per month (\$19,276.73 in 2024 and \$7,972.41 through May of this year). A 2024 Isuzu, which would also reduce fuel costs from the 2007 truck has been identified at a cost of approximately \$76k. As this expense was not included in the 2025 budget, board approval will be needed. Financing options are being considered and will be updated verbally at the meeting.

Out of Office

I will be on vacation from July 3rd through July 15th – available of course by cell if needed.

All functions of Habitat Saint Louis will be closed August 13th for a Staff Outing.

If you have any questions not covered in the above, please feel free to email me in advance of Tuesday's meeting and I will prepare for / add to our discussion. Thanks.

A reminder that there is NOT a meeting in July.

Habitat for Humanity Saint Louis and Affiliates

**Consolidated Financial Statements
and Independent Auditor's Report**

December 31, 2024 and 2023

Habitat for Humanity Saint Louis and Affiliates

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Independent Auditor's Report

To the Board of Directors
Habitat for Humanity Saint Louis and Affiliates
St. Louis, MO

We have audited the consolidated financial statements of Habitat for Humanity Saint Louis and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Habitat for Humanity Saint Louis and Affiliates as of December 31, 2024 and 2023, 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Habitat for Humanity Saint Louis and Affiliates 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 Consolidated Financial Statements

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

Chicago, Illinois
Report Date

Habitat for Humanity Saint Louis and Affiliates

**Consolidated Statements of Financial Position
December 31, 2024 and 2023**

Assets

	2024	2023
Current assets		
Cash and cash equivalents	\$ 472,351	\$ 218,699
Restricted cash	433,810	3,569,800
Grants receivable	121,819	89,516
Mortgages receivable	19,939	15,984
Other receivables, net	157,673	153,845
Home construction and inventory	6,744,117	3,604,387
ReStore inventory	624,876	351,426
Prepaid expenses and other assets	134,945	34,988
Total current assets	8,709,530	8,038,645
Fixed assets		
Property and equipment, net	3,209,734	3,497,757
Total fixed assets	3,209,734	3,497,757
Long-term assets		
Mortgages receivable, net	1,364,712	1,254,343
Investments in new markets tax credit programs	1,400,032	2,660,587
Capitalized costs, net	196,376	249,107
Right of use asset - operating lease	509,505	1,672,481
Total long-term assets	3,470,625	5,836,518
Total assets	\$ 15,389,889	\$ 17,372,920

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Financial Position December 31, 2024 and 2023

Liabilities and Net Assets

	<u>2024</u>	<u>2023</u>
Current liabilities		
Lines of credit	\$ 308,533	\$ 924,608
Current portion of long-term debt	46,186	44,125
Accounts payable and accrued expenses	860,886	840,398
Deferred revenue	<u>1,855,907</u>	<u>383,982</u>
Total current liabilities	<u>3,071,512</u>	<u>2,193,113</u>
Deposits liability		
Mortgage escrows	<u>282,962</u>	<u>267,878</u>
Long-term liabilities		
Long-term debt	11,404,074	13,195,260
Lease liability	<u>477,464</u>	<u>1,686,575</u>
Total long-term liabilities	<u>11,881,538</u>	<u>14,881,835</u>
Total liabilities	<u>15,236,012</u>	<u>17,342,826</u>
Commitments and contingencies	-	-
Net assets		
Without donor restrictions	153,877	25,233
With donor restrictions	<u>-</u>	<u>4,861</u>
Total net assets	<u>153,877</u>	<u>30,094</u>
Total liabilities and net assets	<u>\$ 15,389,889</u>	<u>\$ 17,372,920</u>

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

**Consolidated Statement of Activities
Year Ended December 31, 2024**

	Without donor restrictions	With donor restrictions	Total
Operating support and revenue			
Contributions and sponsorships	\$ 1,599,717	\$ 356,899	\$ 1,956,616
Grants	760,483	100,000	860,483
Sales to homeowners	1,500,000	-	1,500,000
ReStore retail sales	909,287	-	909,287
Donated property, materials and services	1,124,175	71,757	1,195,932
Fundraising and special events revenue (net of expenses of \$250)	53,186	-	53,186
Other income	436,554	-	436,554
Net assets released from restrictions	533,517	(533,517)	-
Total operating support and revenue	6,916,919	(4,861)	6,912,058
Operating expenses			
Program services			
Home construction and construction support	4,575,103	-	4,575,103
ReStore retail operations	2,381,192	-	2,381,192
Total program services	6,956,295	-	6,956,295
Supporting activities			
Management and general	591,375	-	591,375
Fundraising	367,041	-	367,041
Total supporting activities	958,416	-	958,416
Total operating expenses	7,914,711	-	7,914,711
Other revenue			
Gain on sale of fixed assets	547,157	-	547,157
NMTC cancellation of debt	507,587	-	507,587
Net investment return	71,692	-	71,692
Total other revenue	1,126,436	-	1,126,436
Change in net assets	128,644	(4,861)	123,783
Net assets - beginning of year	25,233	4,861	30,094
Net assets - end of year	\$ 153,877	\$ -	\$ 153,877

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

**Consolidated Statement of Activities
Year Ended December 31, 2023**

	Without donor restrictions	With donor restrictions	Total
Operating support and revenue			
Contributions and sponsorships	\$ 1,472,764	\$ 421,270	\$ 1,894,034
Grants	493,625	-	493,625
Sales to homeowners	230,000	-	230,000
ReStore retail sales	950,758	-	950,758
Donated property, materials and services	969,614	43,574	1,013,188
Fundraising and special events revenue (net of expenses of \$1,059)	-	9,822	9,822
Other income	264,719	-	264,719
Net assets released from restrictions	478,691	(478,691)	-
Total operating support and revenue	<u>4,860,171</u>	<u>(4,025)</u>	<u>4,856,146</u>
Operating expenses			
Program services			
Home construction and construction support	2,281,937	-	2,281,937
ReStore retail operations	2,589,647	-	2,589,647
Total program services	<u>4,871,584</u>	<u>-</u>	<u>4,871,584</u>
Supporting activities			
Management and general	666,108	-	666,108
Fundraising	287,845	-	287,845
Total supporting activities	<u>953,953</u>	<u>-</u>	<u>953,953</u>
Total operating expenses	<u>5,825,537</u>	<u>-</u>	<u>5,825,537</u>
Other revenue			
Net investment return	84,796	-	84,796
Total other revenue	<u>84,796</u>	<u>-</u>	<u>84,796</u>
Change in net assets	(880,570)	(4,025)	(884,595)
Net assets - beginning of year	<u>905,803</u>	<u>8,886</u>	<u>914,689</u>
Net assets - end of year	<u>\$ 25,233</u>	<u>\$ 4,861</u>	<u>\$ 30,094</u>

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2024**

	Program services			Supporting activities			Total
	Construction	ReStore operations	Total	Management and general	Fundraising	Total	
Salaries and wages	\$ 995,384	\$ 611,681	\$ 1,607,065	\$ 279,367	\$ 233,076	\$ 512,443	\$ 2,119,508
Employee taxes and benefits	304,780	150,450	455,230	55,243	46,303	101,546	556,776
Home construction costs	2,307,476	-	2,307,476	1,633	19,500	21,133	2,328,609
Discount on mortgages	282,725	-	282,725	-	-	-	282,725
Cost of merchandise sales	-	871,317	871,317	-	-	-	871,317
New market tax credit expenses	67,356	-	67,356	-	-	-	67,356
Committee expenses	3,580	66	3,646	6,552	-	6,552	10,198
Computer expenses	9,497	7,035	16,532	4,522	7,317	11,839	28,371
Depreciation and amortization	150,457	56,200	206,657	9,102	-	9,102	215,759
Facilities cost	13,952	564,236	578,188	88,014	-	88,014	666,202
Insurance	41,520	2,124	43,644	46,297	-	46,297	89,941
Interest expense and service charges	305,794	20,913	326,707	3,286	3,404	6,690	333,397
Marketing and public relations	9,490	15,438	24,928	-	33,884	33,884	58,812
Miscellaneous	24,198	7,117	31,315	19,151	4,388	23,539	54,854
Office expenses	15,938	19,446	35,384	22,937	11,611	34,548	69,932
Postage	423	76	499	564	1,530	2,094	2,593
Professional fees	4,700	-	4,700	47,917	-	47,917	52,617
Telephone	5,516	7,928	13,444	1,736	1,409	3,145	16,589
Travel and meals	1,399	-	1,399	-	-	-	1,399
Vehicle	30,918	47,165	78,083	5,054	4,619	9,673	87,756
	<u>\$ 4,575,103</u>	<u>\$ 2,381,192</u>	<u>\$ 6,956,295</u>	<u>\$ 591,375</u>	<u>\$ 367,041</u>	<u>\$ 958,416</u>	<u>\$ 7,914,711</u>

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statement of Functional Expenses Year Ended December 31, 2023

	Program services			Supporting activities			Total
	Construction	ReStore operations	Total	Management and general	Fundraising	Total	
Salaries and wages	\$ 878,117	\$ 617,667	\$ 1,495,784	\$ 230,363	\$ 194,493	\$ 424,856	\$ 1,920,640
Employee taxes and benefits	238,920	147,208	386,128	57,354	38,876	96,230	482,358
Home construction costs	405,617	-	405,617	-	-	-	405,617
Discount on mortgages	164,686	-	164,686	-	-	-	164,686
Impairment on inventory	17,869	-	17,869	-	-	-	17,869
Cost of merchandise sales	-	1,047,103	1,047,103	-	-	-	1,047,103
New market tax credit expenses	52,037	-	52,037	-	-	-	52,037
Committee expenses	1,324	-	1,324	5,506	-	5,506	6,830
Computer expenses	8,157	5,004	13,161	6,808	3,389	10,197	23,358
Depreciation and amortization	92,783	63,142	155,925	9,257	-	9,257	165,182
Facilities cost	10,389	576,385	586,774	59,245	-	59,245	646,019
Insurance	32,568	560	33,128	36,410	-	36,410	69,538
Interest expense and service charges	298,640	18,626	317,266	26,077	3,600	29,677	346,943
Marketing and public relations	8,469	770	9,239	761	29,710	30,471	39,710
Miscellaneous	18,381	46,527	64,908	5,200	245	5,445	70,353
Office expenses	17,027	20,177	37,204	30,432	11,547	41,979	79,183
Postage	150	744	894	586	1,214	1,800	2,694
Professional fees	6,710	-	6,710	193,031	-	193,031	199,741
Telephone	5,025	8,011	13,036	2,360	1,394	3,754	16,790
Travel and meals	962	-	962	48	-	48	1,010
Vehicle	24,106	37,723	61,829	2,670	3,377	6,047	67,876
	<u>\$ 2,281,937</u>	<u>\$ 2,589,647</u>	<u>\$ 4,871,584</u>	<u>\$ 666,108</u>	<u>\$ 287,845</u>	<u>\$ 953,953</u>	<u>\$ 5,825,537</u>

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Contribution and sponsorship receipts	\$ 1,952,788	\$ 2,004,115
Grant receipts	2,300,105	803,565
Sales to homeowners receipts	1,193,338	191,967
ReStore retail receipts	909,287	950,758
Net fundraising and special events receipts	53,186	9,822
Investment receipts	71,692	84,796
Other operating receipts	347,200	169,038
Total receipts	6,827,596	4,214,061
Salaries and wages paid	(2,609,704)	(2,383,613)
Home construction costs paid	(5,359,366)	(3,097,916)
Cost of merchandise sales	(20,592)	(15,891)
New markets tax credit transaction costs paid	(67,356)	(26,349)
Committee expenses paid	(10,198)	(6,830)
Computer expenses paid	(28,371)	(23,358)
Facilities expenses paid	(829,860)	(607,757)
Insurance paid	(141,632)	(424)
Interest expense and service charges paid	(333,397)	(346,943)
Marketing and PR expenses paid	(58,812)	(39,710)
Administrative expenses paid	(233,123)	(236,932)
Professional fees paid	(52,617)	(199,741)
Total disbursements	(9,745,028)	(6,985,464)
Net cash (used in) provided by operating activities	(2,917,432)	(2,771,403)

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from investing activities		
Investment in SLDC	-	(205,211)
Guarantee fees paid	-	(217,519)
Proceeds from sale of property and equipment	791,295	7,000
Purchases of property and equipment	(66,001)	(70,905)
Net cash provided by (used in) investing activities	725,294	(486,635)
Cash flows from financing activities		
(Payments) proceeds from lines of credit, net	(616,075)	162,714
Proceeds from long-term debt	-	6,780,000
Principal payments on long-term debt	(74,125)	(43,030)
Net cash (used in) provided by financing activities	(690,200)	6,899,684
Net (decrease) increase in cash, cash equivalents, and restricted cash	(2,882,338)	3,641,646
Cash, cash equivalents, and restricted cash, beginning	3,788,499	146,853
Cash, cash equivalents, and restricted cash, end	\$ 906,161	\$ 3,788,499
Significant noncash investing and financing activities		
Increase in right of use asset	\$ -	\$ (1,874,077)
Increase in lease liability	-	1,874,077
Investment in NMTC	1,207,413	-
Loan payable (NMTC)	(1,715,000)	-
Debt forgiveness (NMTC)	507,587	-
	\$ -	\$ -

Habitat for Humanity Saint Louis and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of change in net assets to net cash (used in) provided by operating activities		
Change in net assets	\$ 123,783	\$ (884,595)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Discount on home construction and inventory	(1,343)	17,869
Discount on mortgages receivable	282,725	164,686
Donated property, materials and services	(252,858)	77,489
Depreciation and amortization	215,759	165,182
Gain on sale of property and equipment	(547,157)	(7,000)
Debt forgiveness	(507,587)	-
Changes in assets and liabilities		
Pledges receivable, net	-	11,500
Grants receivable, net	(32,303)	58,941
Other receivables, net	(3,828)	98,581
ReStore inventory	(20,592)	(15,891)
Home construction and inventory	(3,138,387)	(2,846,755)
Prepaid expenses	(99,957)	(3,570)
Right of use asset	1,162,976	(1,518,634)
Mortgages receivable	(397,049)	(126,714)
Accounts payable and accrued expenses	20,488	227,891
Mortgage escrows	15,084	(2,630)
Deferred revenue	1,471,925	250,999
Lease liability	(1,209,111)	1,531,248
	\$ (2,917,432)	\$ (2,801,403)
Net cash (used in) provided by operating activities		

See Notes to Consolidated Financial Statements.

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 1 - Organization

Habitat for Humanity Saint Louis ("Habitat") was organized as a nonprofit organization in the State of Missouri and is associated with Habitat for Humanity International, Inc. Habitat has received tax exempt status under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954 to construct affordable, decent housing for sale to low-income families at cost and to build communities by encouraging existing homeowners to upgrade and improve their property.

On July 10, 2014, HFHSL Community Housing Development Organization ("HFHSL CHDO") and on January 27, 2015, HFHSL Community Housing Development Corporation II ("HFHSL CHDC II"), were formed in the State of Missouri.

HFHSL CHDO and HFHSL CHDC II are Community Housing Development Organizations ("CHDO's") sanctioned by the U.S. Department of Housing and Urban Development's ("HUD") HOME Program, whose purpose is to assist in developing community low-income housing. CHDO's receive certain priority and eligibility for HUD grants.

On August 12, 2020, HFHSL QALICB Real Estate Holding LLC ("QALICB") was organized as a nonprofit organization in the State of Missouri for the purpose of management of real estate for use in its homebuilding activity program. QALICB is owned entirely by Habitat.

These consolidated financial statements include the accounts of Habitat for Humanity Saint Louis, HFHSL Community Housing Development Organization, and HFHSL Community Housing Development Corporation II, and HFHSL QALICB Real Estate Holding LLC (collectively, the "Organization"). Inter-company activity is eliminated in consolidation.

The primary source of the Organization's revenues is contributions and sponsorships received from the general public, corporations, and religious organizations. Habitat also operates two retail hardware stores (the "ReStores") with sales to the general public. Inventory is primarily donated, with the sale proceeds used to carry out the Organization's mission.

The Organization's activities are primarily comprised of the following:

Program services

Home construction, financing and support - Includes all home construction costs such as materials, supplies, labor and overhead, as well as financing certain mortgages for the homeowners. This programming also includes construction supporting costs such as real estate development, volunteer mobilization and family selection services.

ReStore operations - Includes salaries, utilities, and overhead necessary to operate two discount and recycled materials hardware stores. This programming also includes the estimated value of donated merchandise sold in the stores.

Supporting activities

Management and general - Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the consolidated financial and budgetary responsibilities of the Organization.

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Fundraising - Provides the structure necessary to encourage and secure consolidated financial support for the Organization through grants, contributions, and special events.

Note 2 - Summary of significant accounting policies

Basis of presentation

The Organization is required to report information regarding its consolidated financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Additionally, information is required to segregate program service expenses from support expenses. Support expenses include management and general and fundraising expenses.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Habitat, HFHSL CHDO, HFHSL CHDC and QALICB. All intercompany balances and transactions have been eliminated in consolidation.

Revenue recognition

Contributions and grants received are recorded as without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions. Contributions of assets other than cash are recorded at their estimated fair market value.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues. The expiration of temporary restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled, or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Unconditional pledges receivable that are expected to be collected within a year are recorded at their net realizable value when the donor makes the promise. Unconditional pledges receivable that are expected to be collected in the future years are recorded at the present value of their estimated future cash flows.

Grants that are received prior to recognition of revenue are recorded as deferred revenue.

Sales to homeowners represent the sale of homes built or rehabilitated by the Organization. The resulting mortgages are noninterest-bearing and have been discounted based upon prevailing market rates for low-income housing at the inception of the mortgages. The Organization recognizes income from the sales to homeowners when home closings occur.

Donated property, materials and services

Donated materials are valued at the lower of estimated donor cost or fair value at the date of contribution. Certain professional services are donated to the Organization by various organizations. Since these donated services meet the criteria for recognition, as stated by generally accepted accounting principles, they are recorded at fair value at the date of donation. In addition, a substantial number of volunteers have donated a significant amount of time to the Organization. These donated services have not been recognized as contributions in the consolidated financial statements since the recognition criteria, as stated by generally accepted accounting principles, were not met. Some donated materials and services are designated by the donor for specific construction projects, and accordingly, are recorded as with donor restrictions.

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Donated investments are recorded at the fair market value as of the date of the contribution. Gains and losses on investments and other assets or liabilities, are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

Net assets

The Organization classifies net assets as without donor restrictions and with donor restrictions.

Without donor restrictions net assets of the Organization are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

With donor restrictions net assets of the Organization result (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither or either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

Use of estimates

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

Investments in new markets

The Organization's long-term investments are investments in entities related to the New Markets Tax Credit ("NMTC") program. The NMTC investments are accounted for using the equity method. Under the equity method, the initial investment is recorded at cost and is subsequently increased or decreased by its share of income or loss and increased or decreased by the amount of any contributions made or distributions received. All investment activity is reflected in the accompanying consolidated statements of activities as net investment return.

The Organization assess other-than-temporary declines in values in its NMTC investments. Annually, the carrying value of each investment is compared to its respective fair value. If an other-than-temporary decline in its carrying value exists, an impairment loss is recorded on the Organization's consolidated statement of activities to reduce the investment to fair value.

Cash and cash equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventory

Inventory primarily consists of ReStore merchandise, construction in progress, homes available for sale, and land and buildings occupied and subject to lease with the option to purchase.

ReStore inventory consists of materials and is stated at donated value. Any purchased inventory is stated at the lower of cost or market value.

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

All direct material and equipment costs and indirect costs related to home construction are recorded as construction in progress inventory. When revenue from the sale of a home is recognized, the corresponding costs are expensed in the consolidated statement of activities and changes in net assets as program services.

Homes are transferred from construction in progress to homes available for sale once completed, with the accrued impairment for the sale of the mortgage and the expected loss on the sale of the property. Homes available for sale also includes foreclosed homes mortgage balances which are recorded at the unpaid mortgage balance at the time of foreclosure.

Mortgages receivable

Mortgages receivable consist of noninterest-bearing notes received from homebuyers in connection with the sale of homes constructed by the Organization. The notes are discounted to their present values using various interest rates at the time of closing. The discount is amortized over the lives of the mortgages using the effective interest method. A reserve for credit losses has been set up based on past collection experience of homeowners and current loan status.

Assets held for sale

Long-lived assets to be sold are classified as "held for sale" in the period in which certain criteria are met such as the estimated timeframe in which the assets are expected to be sold. As a result, depreciation is not recorded on an asset once deemed to be held for sale, and it is recorded in the consolidated financial statements at the lower of its carrying value or fair value less cost to sell.

Capitalization and depreciation

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Assets are depreciated over their estimated service lives. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

Construction in progress

Costs incurred for construction in progress are capitalized when incurred. If at any time management determines that the costs incurred would no longer provide a future benefit to the Organization, the costs are expensed in the period in which the determination is made.

Capitalized costs

Guarantee fees paid in conjunction with the NMTC investments are capitalized and amortized over seven years, the NMTC guarantee period.

Impairment of long-lived assets

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment losses have been recognized during 2024 and 2023, respectively.

Income taxes

Habitat has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended December 31, 2024 and 2023. Due to its tax-exempt status, Habitat is not subject to income taxes. They are required to file, and do file, tax returns with the IRS and other taxing authorities. The Forms 990, Return of

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Organization Exempt from Income Tax, are subject to examination by the IRS generally for three years after they were filed.

Advertising costs

Advertising costs are charged to operations when incurred.

Reclassifications

Certain reclassifications may have been made to conform prior year data to the current presentation.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Included in each functional category are the expenses directly attributable to that functional area plus certain indirect or shared costs that have been allocated to the area. Expenses are allocated based on program, management and general, and resource development, with ReStore expenses being separately netted. Program expenses are defined as all costs related to the construction of homes, including hard and soft costs of a development, as well as all construction overhead expenses (staff salaries and benefits, and operating expenses related to construction). Program expenses also include the costs of mobilizing the volunteers used in the construction of homes, as well as the cost to select and educate partner families.

Note 3 - Availability and liquidity

The following represents the Organization's financial assets at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year end		
Cash and cash equivalents	\$ 472,351	\$ 218,699
Restricted cash	433,810	3,569,800
Contributions receivable	<u>121,819</u>	<u>89,516</u>
Total financial assets	1,027,980	3,878,015
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>-</u>	<u>4,861</u>
Financial assets not available to be used within one year	<u>-</u>	<u>4,861</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,027,980</u>	<u>\$ 3,873,154</u>

Liquidity management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, construction expenditures, liabilities and other obligations become due. The Organization utilizes project specific construction lines of credit to manage hard and soft construction expenses, as well as certain organization expenses as related directly to the construction program. These lines exist solely during the specific construction period and are paid in full upon the origination of a repayable mortgage on the sale of each home.

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

To help manage unanticipated liquidity needs, the Organization utilizes short-term (on a daily basis) cash flow analysis and projection report. The Organization also utilizes a long-term cash flow analysis that operates as a trended profit and loss report which uses the annual budget as a basis but is updated in real time to reflect actual revenue and expenses. This allows for the projection of the availability of cash surplus and thus enhanced planning and budgeting for times of unexpected liquidity needs.

Additionally, the Organization has a proven track record of applying for and receiving grants and tax credit allocations that have been utilized to cover any gaps in revenue versus expense, as well as to actually fund ongoing operational expenses.

Note 4 - Cash and cash equivalents

The Organization maintains its cash reserve balances in several accounts. The cash reserve balances are insured by the Federal Deposit Insurance Corporation. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash reserve balances during the years ended December 31, 2024 and 2023.

Restricted cash consists of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Homeowner repair escrow	\$ 1,028	\$ 1,822
Restricted for NMTC expenses (Note 11)	<u>432,782</u>	<u>3,567,978</u>
	<u>\$ 433,810</u>	<u>\$ 3,569,800</u>

Note 5 - Project fund

In accordance with the Financing Agreement dated December 1, 2017 (the "Financing Agreement"), proceeds from the Series 2017 Revenue Bonds (see Note 16) are required to be deposited with Royal Bank of Missouri, the fiscal agent. The project fund is to be used to pay for the rehabilitation costs of the Organization's administrative office building at 3830 South Grand Boulevard. During 2018, the funds were used towards the construction of the new office building.

Note 6 - Operating leases

During the year ended December 31, 2023, the Organization entered into a lease for a ReStore facility with an effective date of June 1, 2023 through June 30, 2026.

Habitat for Humanity Saint Louis and Affiliates

**Notes to Consolidated Financial Statements
December 31, 2024 and 2023**

Supplemental cash flow information related to the Organization's operating leases for the year ended December 31, 2024:

	<u>Operating leases</u>
Cash paid for amounts included in the measurement of lease liabilities	\$ 357,641

On March 27, 2013, Habitat entered into a lease agreement to open a second ReStore location. The lease commenced on June 1, 2013 and terminated on May 31, 2018, with two five-year options to renew. During 2018, Habitat exercised the renewal option through May 31, 2023. During 2023, Habitat exercised the renewal option through May 1, 2028. During 2024, the lease renewal option was amended to expire June 30, 2026. The lease provides for annual base rent, a portion of which is donated back to Habitat each year on June 1, and monthly base rent payable by Habitat.

On November 14, 2016, Habitat entered into an amended lease agreement effective January 1, 2015. The new lease agreement states the Landlord shall compensate Habitat for the work performed, amount of any rent collected, and the amount of any invoice for service paid on behalf of the Landlord. During 2024 and 2023, Habitat earned \$17,358 and \$24,825, respectively, of reimbursement expenses.

The future minimum rental commitments under all such operating leases for the next two years are as follows:

<u>Year</u>	<u>Total annual base rent</u>
2025	\$ 326,700
2026	<u>163,350</u>
Total	<u>\$ 490,050</u>

On September 16, 2020, Habitat entered into a ground lease agreement with HFHSL QALICB Real Estate Holding LLC. The lease term is for 25 years terminating on September 16, 2045, with an option to renew for 5 more years. Commencing on October 1, 2020, Habitat shall pay the lessor annual base rent of \$225,095 in monthly installments. The base rent shall increase 2% each year during the term of the lease. The activity is eliminated in consolidation.

The future minimum rental commitments under the ground lease are as follows:

	<u>Base rent</u>
2025	\$ 244,868
2026	<u>249,766</u>
Total	<u>\$ 494,634</u>

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 7 - Investments

Certain investments have been designated by the Board for specific purposes (see Note 16). Income on those investments includes the following for the years ended December 31, 2024 and 2023:

	2024	2023
Investment income from NMTC investments	\$ 49,057	\$ 57,301
Interest and dividend income	22,652	26,708
Realized (loss)/gain on investments	(17)	787
	\$ 71,692	\$ 84,796

Note 8 - Grants receivable and grant revenue

Grants receivable as of December 31, 2024 and 2023 consists primarily of reimbursement type grants for home construction costs:

	2024	2023
State of MO Allocation	\$ 118,619	\$ 58,722
LaSaison Phase 1	3,200	3,200
MHRP	-	27,594
	\$ 121,819	\$ 89,516

Grant revenue earned during 2024 and 2023 consists of the following:

	2024	2023
Affordable Housing Trust Fund	\$ 288,468	\$ 65,573
MHRP	186,854	144,702
State of MO Allocation	245,353	253,350
Other	139,808	30,000
	\$ 860,483	\$ 493,625

Note 9 - Mortgages receivable

Mortgages receivable consist of noninterest-bearing mortgages secured by real estate, receivable in monthly installments through years ranging to 2049. Mortgage receivables include those mortgages repurchased from CitiMortgage upon homeowner default and second promissory notes on homes under the zero-equivalent mortgage method. Each mortgage is discounted to the value it could be sold to a third-party lender.

The Organization utilizes an affordable mortgage analysis method for financing homes. Under this method, the lending bank charges the homebuyer a below-market rate of interest. The monthly payments the homebuyer makes to the lending bank are the same as if the Organization was providing a zero-percent loan directly to the homebuyer. The Organization sells homes at a reduced price in order for the mortgage with interest to be equivalent to the mortgage with no interest at a

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

normal sale price. The Organization holds the second mortgage on each home which will be forgiven over the life of the mortgage.

Mortgages receivable as of December 31, 2024 and 2023 are presented net of unamortized discount resulting from the imputation of interest, and a reserve for credit losses as follows:

	<u>2024</u>	<u>2023</u>
Mortgages receivable at face value	\$ 3,673,029	\$ 3,497,859
Less: Reserve	<u>(2,308,317)</u>	<u>(2,243,516)</u>
Long-term portion of mortgages receivable	<u>\$ 1,364,712</u>	<u>\$ 1,254,343</u>

Note 10 - Home construction and inventory

Home construction and inventory for the years ended December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 150,110	\$ 224,360
Construction in progress	<u>6,594,007</u>	<u>3,380,027</u>
	<u>\$ 6,744,117</u>	<u>\$ 3,604,387</u>

Leases for homes contain purchase options, which allow the lessee to purchase the home with an affordable mortgage payable over 30 years. Leased and available-for-sale homes are valued in inventory at the lower of cost or net realizable proceeds after all expected selling costs. During 2024 and 2023, all leased homes have been sold to Habitat homebuyers.

Note 11 - Investments in New Markets Tax Credit programs

Habitat entered into three transactions involving New Markets Tax Credit ("NMTC") financing. Under the NMTC structure, Habitat makes investments in a leverage lender, whose sole purpose is to lend to an investment fund. The investment fund entity also receives capital contribution equity from private investors. The private investor receives tax credits in return for its contribution into the investment fund. The investment fund uses the loan from the leverage lender and the equity from the investors to make an investment in a community development entity ("CDE"). All of the proceeds received by the CDE are then loaned to Habitat.

Investment in Harbor Habitat Leverage II, LLC

In 2017, Habitat made an investment in Harbor Habitat Leverage II, LLC in the amount of \$1,207,410, plus transaction costs of \$53,142. Habitat is the 16.67% member of Harbor Habitat Leverage II, LLC. Habitat recorded its investment at cost plus transaction costs. In return for its investment, Habitat received a loan from Harbor Community Fund XIII, LLC in the amount of \$1,715,000.

In December 2024, Twain Investment Fund 296, LLC (the "2017 Fund") and the upstream effective owner of Harbor Community Fund XIII, LLC (holder of the promissory note due from the Habitat) exercised its put option. Under the terms of the put option agreement, Harbor Habitat Leverage II, LLC purchased the ownership interest of the 2017 Fund. Exercise of the option effectively

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

extinguished Habitat's outstanding debt owed to the 2017 Fund and resulted in \$507,587 in debt forgiveness income during 2024.

As of December 31, 2024 and 2023, Habitat's investment in Harbor Habitat Leverage II, LLC was \$0 and \$1,260,552, respectively.

Investment in Harbor Habitat Leverage III, LLC

In 2020, Habitat made an investment in Harbor Habitat Leverage III, LLC in the amount of \$1,111,838, plus transaction costs of \$82,986. Habitat is the 25% member of Harbor Habitat Leverage III, LLC. Habitat recorded its investment at cost plus transactions costs. In return for its investment, Habitat received a loan from Harbor Community Fund XXII, LLC in the amount of \$1,521,250.

As of December 31, 2024 and 2023, Habitat's investment in Harbor Habitat Leverage III, LLC was \$1,194,824.

In June 2027, USBCDC Investment Fund 346, LLC (the "2020 Fund") and the upstream effective owner of Harbor Community Fund XXII, LLC (holder of the promissory note due from Habitat) is expected to exercise its put option. Under the terms of the put option agreement, Harbor Habitat Leverage III, LLC is expected to sell the ownership interest of the 2020 Fund. If the put option is not exercised, Harbor Habitat Leverage III, LLC has the option to purchase (call), at any time during the 12-month period following the expiration of the put option. Exercise of the option will effectively allow Habitat to extinguish its outstanding debt owed to the 2020 Fund.

Investment in SLDC Leverage I, LLC

In 2023, Habitat made an investment in SLDC Leverage I, LLC in the amounts of \$490, plus transaction costs of \$204,718. Habitat is the 49% member of SLDC Leverage I, LLC. Habitat recorded its investment at cost plus transactions costs. In return for its investment, Habitat received loans from St. Louis New Market Tax Credit Fund 71, LLC and USBCDE Sub-CDE 235, LLC in the amounts of \$4,800,000 and \$1,980,000, respectively.

As of December 31, 2024 and 2023, Habitat's investment in SLDC Leverage I, LLC was \$205,211.

In February 2030, Twain Investment Fund 708, LLC (the "2023 Fund") and the upstream effective owner of St. Louis New Market Tax Credit Fund 71, LLC and USBCDE Sub-CDE 235, LLC (holder of the promissory notes due from Habitat) is expected to exercise its put option. Under the terms of the put option agreement, SLDC Leverage I, LLC is expected to sell the ownership interest of the 2023 Fund. If the put option is not exercised, SLDC Leverage I, LLC has the option to purchase (call), at any time during the 12-month period following the expiration of the put option. Exercise of the option will effectively allow Habitat to extinguish its outstanding debt owed to the 2023 Fund.

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Management expects the put option for each of its NMTC transactions to be exercised at the end of each respective compliance period. If that does occur, management anticipates revenue from the forgiveness of debt as follows for the years ending December 31:

	Revenue
2025	\$ -
2026	-
2027	326,426
2028	-
2029	-
Thereafter	6,574,789
Total	\$ 6,901,215

Interest income earned from the investments and interest expense incurred from the loans during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Interest income	\$ 49,057	\$ 57,291
Interest expense	(95,683)	(85,334)
Net interest	\$ (46,626)	\$ (28,043)

Note 12 - Fixed assets

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Property and equipment as of December 31, 2024 and 2023 is comprised of the following:

	Useful life	2024	2023
Land	N/A	\$ 897,226	\$ 1,141,364
Building and improvements	10 - 40 years	2,852,745	2,825,435
Equipment	3 - 39 years	606,144	584,952
Vehicles	5 years	201,017	185,562
Computer software	3 years	43,752	43,752
Total property and equipment		4,600,884	4,781,065
Less: Accumulated depreciation		(1,391,150)	(1,283,308)
Property and equipment, net		\$ 3,209,734	\$ 3,497,757

Depreciation expense for the years ended December 31, 2024 and 2023 was \$109,886 and \$113,400, respectively.

During the year ended December 31, 2024, Habitat sold an outparcel of land, with a basis of \$244,138, resulting in a gain of \$547,157 on the accompanying consolidated statements of activities.

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 13 - Capitalized costs

The guarantee fees associated with the NMTC transactions have been capitalized and amortized over the seven-year guarantee period. As of December 31, 2024 and 2023, guarantee fees amounted to \$473,992 and \$473,992, respectively, and accumulated amortization amounted to \$277,616 and \$224,885, respectively. During the years ending December 31, 2024 and 2023, amortization expense totaled \$88,408 and \$51,782, respectively.

Estimated amortization expense for the ensuing years is as follows:

Year	Amount
2025	\$ 35,559
2026	35,559
2027	19,729
2028	19,729
2029	19,729
Thereafter	66,071
	\$ 196,376

Note 14 - Lines of credit

Lines of credit at December 31, 2024 and 2023 consist of the following:

Lender	Face amount	Outstanding	Interest rate + prime rate	Maturity date	Function	Status, report date
People's National Bank, N.A.	\$ 144,000	\$ 143,076	8.00%	10/2/2025	Construction	To be renewed
People's National Bank, N.A.	144,000	12,435	8.00%	10/2/2025	Construction	To be renewed
People's National Bank, N.A.	144,000	2,652	7.50%	2/9/2026	Construction	To be renewed
People's National Bank, N.A.	535,500	110,812	7.50%	3/30/2025	Construction	Repaid
People's National Bank, N.A.	270,000	39,558	8.50%	3/12/2026	Construction	To be renewed
Total lines of credit, 12/31/24		\$ 308,533				
Lender	Face amount	Outstanding	Interest rate + prime rate	Maturity date	Function	
People's National Bank, N.A.	\$ 144,000	\$ 86,637	8.50%	10/2/2024	Construction	
People's National Bank, N.A.	144,000	2,152	8.50%	10/2/2024	Construction	
People's National Bank, N.A.	625,200	435,819	8.50%	12/30/2024	Construction	
Royal Banks of Missouri	800,000	400,000	8.50%	11/4/2024	Permanent	
Total lines of credit, 12/31/23		\$ 924,608				

Habitat for Humanity Saint Louis and Affiliates

**Notes to Consolidated Financial Statements
December 31, 2024 and 2023**

Note 15 - Long-term debt

Long-term debt at December 31, 2024 and 2023 consists of the following:

	2024	2023
<u>St. Louis New Markets Tax Credit Fund 71, LLC</u>		
<p>The loan in the amount of \$4,800,000, dated February 28, 2023, is held by St. Louis New Markets Tax Credit Fund 71, LLC. The loan bears interest at fixed rate of 0.714615%. The loan matures on February 28, 2043. Commencing on June 5, 2023, semi-annual interest payments are due until December 5, 2029 when principal and interest payments commence. The loan is secured by the operating account, Joint expense account and all other bank accounts held by U.S. Bank. The loan is also guaranteed by a related party if an event of NMTC recapture occurs. The loan has a put option feature that is exercisable in February 2030 (Note 12).</p>	\$ 4,800,000	\$ 4,800,000
<u>USBCDE Sub-CDE 235, LLC</u>		
<p>The loan in the amount of \$1,980,000, dated February 28, 2023, is held by USBCDE Sub-CDE 235, LLC. The loan bears interest at fixed rate of 0.714615%. The loan matures on February 28, 2043. Commencing on June 5, 2023, semi-annual interest payments are due until December 5, 2029 when principal and interest payments commence. The loan is secured by the operating account, Joint expense account and all other bank accounts held by U.S. Bank. The loan is also guaranteed by a related party if an event of NMTC recapture occurs. The loan has a put option feature that is exercisable in February 2030 (Note 12).</p>	1,980,000	1,980,000
<u>IFF Note A</u>		
<p>The loan in the amount of \$1,116,593, dated September 16, 2020, is held by St. Louis New Markets Tax Credit Fund 59, LLC. The loan bears interest at 5% per annum. Commencing on December 1, 2020, quarterly interest payments are due. The loan matures on June 27, 2026 when all principal and accrued interest is due. The loan is secured by real estate and an assignment of leases and rents.</p>	1,116,593	1,116,593

Habitat for Humanity Saint Louis and Affiliates

**Notes to Consolidated Financial Statements
December 31, 2024 and 2023**

	2024	2023
<u>IFF Note B</u>		
The loan in the amount of \$133,407, dated September 16, 2020, is held by St. Louis New Markets Tax Credit Fund 59, LLC. The loan bears interest at 5% per annum. Commencing on December 1, 2020, quarterly interest payments are due. The loan matures on June 27, 2026 when all principal and accrued interest is due. The loan is secured by real estate and an assignment of leases and rents.	133,407	133,407
<u>Harbor Community Fund XIII LLC</u>		
The loan in the amount of \$1,715,000, dated December 20, 2017, is held by Harbor Community Fund XIII LLC. The loan bears interest at a fixed rate of 0.7041%. The loan matures on December 20, 2037. Commencing on June 5, 2018, semi-annual payments are due until December 5, 2024 when principal and interest payments commence. The loan is secured by the operating account, Joint expense Non-POB account and all other bank accounts held by U.S. Bank. The loan is also guaranteed by a related party if an event of NMTC recapture occurs. The loan has a put option feature that was exercised in December 2024 (Note 12).	-	1,715,000
<u>Harbor Community Fund XXII LLC</u>		
The loan in the amount of \$1,521,250, dated June 4, 2020, is held by Harbor Community Fund XIII LLC. The loan bears interest at fixed rate of 0.7309%. The loan matures on June 4, 2040. Commencing on December 5, 2020, semi-annual interest payments are due until December 5, 2027 when principal and interest payments commence. The loan is secured by the operating account, Joint expense Non-POB account and all other bank accounts held by U.S. Bank. The loan is also guaranteed by a related party if an event of NMTC recapture occurs. The loan has a put option feature that is exercisable in June 2027 (Note 12).	1,521,250	1,521,250
<u>2016 Ford Transit</u>		
The loan in the amount of \$24,476, dated October 15, 2022, bears interest at 6.94% per annum. Commencing on October 15, 2022, monthly payments are due. The loan matures August 2027. The loan is secured by the asset.	13,053	17,948

Habitat for Humanity Saint Louis and Affiliates

**Notes to Consolidated Financial Statements
December 31, 2024 and 2023**

	2024	2023
<u>Series 2017 Revenue Bonds</u>		
On December 1, 2017, The Industrial Development Authority of the City of St. Louis, Missouri, issued Series 2017 revenue bonds in the amount of \$2,040,000 to finance the rehabilitation of 3830 South Grand Boulevard, St. Louis, MO. Royal Bank of Missouri is the fiscal agent. During 2020, the terms of the note were changed reducing the principal amount to \$2,030,232. The note initially carries interest at the rate of 3.3%. Commencing in February 2023, the note will bear interest at 2.52% plus the rate of the Federal Home Loan Bank of Des Moines 5 Year Long-Term Fixed Rate Advance, but is not to be adjusted more often than each five years. Principal and interest payments in the amount of \$8,920 were due monthly beginning on January 1, 2020 but were deferred to commence on April 1, 2020. The loan matures on December 1, 2049.	1,885,957	1,925,187
Total	11,450,260	13,209,385
Less: current maturities	(46,186)	(44,125)
Net long-term debt	\$ 11,404,074	\$ 13,165,260

Aggregate annual maturities of the mortgages and notes payable for each of the five following years and thereafter is as follows:

Year	Amount
2025	\$ 46,186
2026	1,298,096
2027	48,463
2028	47,065
2029	49,467
Thereafter	9,960,983
	\$ 11,450,260

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 16 - Net assets with donor restrictions

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

	2024	2023
Other	-	4,861
	<u>\$ -</u>	<u>\$ 4,861</u>

Net assets of \$533,517 and \$478,691 were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended December 31, 2024 and 2023, respectively.

Note 17 - Related party transactions

Habitat has a nonbinding covenant with Habitat for Humanity International, Inc. ("HFHI") to make an annual voluntary tithe payment to HFHI. In 2024 and 2023, Habitat paid \$1,000 in tithe per year.

In 2013, HFHI implemented its Stewardship and Organizational Sustainability Initiative (SOSI) which required payment from affiliates of an annual fee, in addition to the annual tithe, based on the geographic service area of the affiliate. The annual fee required of Habitat was \$25,000 payable to HFHI. A final payment of the SOSI fee was paid in January 2024 for HFHI fiscal year 2024. Beginning July 1, 2024, HFHI implemented a new fee structure based on regional population plus total revenue, calculated using a three-year average of line 12 of Form 990. Based on this new calculation, the full annual fiscal year fee for Habitat is \$195,000. The amount can be offset by various percent of fee and percent of revenue sharing options depending on the path elected. Habitat selected Path 2 (40% of the annual fee and 30% of revenue less HFHI costs) and, as such, the fee payment for 2024 was \$2,251. As of December 31, 2024 and 2023, the payable amounted to \$0 and \$12,500, and is included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

Note 18 - Lease agreements

The Organization leases some of its properties from time-to-time. Although the Organization is a for-sale housing program, certain situations may arise where a property may be temporarily leased before it is sold. Most situations involve a lease-to-own or option-to-purchase agreement, but others may be only a rental situation for a fixed or renewable term.

During 2024 and 2023, Habitat was receiving lease payments on one home.

Note 19 - Mortgages sold with recourse

Prior to 2002, Habitat sold mortgages receivable with recourse to the Missouri Housing Development Commission. Habitat has guaranteed payment of the mortgage loans and in the event of any loan default, Habitat will replace the nonperforming loan with a performing loan or will buy back the nonperforming loan at par. As of December 31, 2024 and 2023, there were no uncollected balances remaining on the mortgages.

Habitat for Humanity Saint Louis and Affiliates

Notes to Consolidated Financial Statements December 31, 2024 and 2023

Note 20 - Commitments and contingencies

The purchase option agreement when a home is sold contains a provision that if the home is sold within 10 years of the initial date of the lease agreement, the Organization has the right to receive a certain percentage of the gain on the sale of the home. The percentage ranges from 100% if sold during the first year to 10% if sold in the 10th year.

The Organization provides a limited warranty to homeowners for all work done and materials provided in the construction of the home. This warranty is for one year from the date the buyer took occupancy, including the buyer's lease term. During this time, upon written notice from the purchaser, the Organization will repair or replace substantial defects free of charge. However, the Organization has the right to use the funds in the major repair fund (a portion of each mortgage payment is allocated to this escrow account). Based on past experience, management has determined no reserve is needed for warranties.

The Organization is a party to lawsuits arising in the ordinary course of their business. The Organization provides for costs relating to these matters when a loss is probable, and the amount is reasonably estimable. The effect of the outcome of these matters on the Organization's consolidated financial statements cannot be predicted with certainty. While the results of litigation cannot be predicted with certainty, the Organization believes, based on the advice of counsel, that the final outcome of such litigation will not have a materially adverse effect on the Organization's financial position, results of operations and cash flows.

Note 21 - Employee benefit plan

Habitat implemented a SIMPLE-IRA plan in 1998. An employee was eligible for the plan if \$2,400 of wages have been earned in any prior year. On December 31, 2019, Habitat terminated the SIMPLE-IRA plan in favor of a new Defined Contribution 401(k) Profit Sharing retirement plan. An employee is eligible for the plan after 1 year of entry service, which amounts to 1,000 hours of service and 12 months after hire date. Participation in the plan is optional. 401(k) elective deferrals, up to a percentage of an employee's pay as decided by the Organization, are matched. Matching contributions are calculated based on the employee's pay and 401(k) elective deferrals for the payroll period. Matching contributions are made for all persons who were active participants at any time during that payroll period. Any percentage chosen will apply for the entire plan year. During the years ended December 31, 2024 and 2023, Habitat's contribution to the plan amounted to \$22,381 and \$21,053, respectively.

Note 22 - Subsequent events

Events that occur after the consolidated balance sheet date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which reflect significant matters but which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through REPORT DATE (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

Business Performance Analysis

Habitat for Humanity Saint Louis and its Affiliates



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work continue.

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AUDITOR COMMUNICATIONS

To the Board of Directors
Habitat for Humanity Saint Louis and its Affiliates

We have audited the consolidated financial statements of Habitat for Humanity Saint Louis and its Affiliates for the year ended December 31, 2024 and have issued our report thereon dated Report Date. Professional standards require that we provide you with information about our responsibilities under general accepted accounting standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated Report Date. Professional standards also require that we communicate to you the information in the following pages that is related to our audit.

CohnReznick LLP

Report Date

AUDITOR COMMUNICATIONS (continued)

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Habitat for Humanity Saint Louis and its Affiliates (“Habitat”) are described in Note 2 to the financial statements. We noted no transactions entered into by Habitat during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement issuers. The financial statement disclosures were neutral, consistent and clear. The most sensitive disclosure affecting the financial statements is:

- New Markets Tax Credit program investments and related debt (Note 11)

AUDITOR COMMUNICATIONS (continued)

Management Judgment and Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

- Mortgage receivables are valued at fair market value at inception, at which time the face value is reported net of an expected discount (based on historical sales prices) that will result from conversion to sales to a third-party financial institution.
- Management's estimate of the allowances for uncollectible accounts for promises to give and mortgages receivable is based on past collection history and knowledge of the third parties.

AUDITOR COMMUNICATIONS (continued)

Management Judgment and Estimates (continued)

- Leased homes and homes available for sale are valued in inventory at cost, net of impairment that will result from conversion to sales.
- Construction in progress includes direct material and equipment costs and indirect home construction costs. Costs are expensed when home sale revenue is recognized. CIP is recorded at cost, net of impairment that will result from conversion to sales.
- Management's estimate of the depreciable lives of property and equipment is based on the assets' estimate useful lives.
- Functional expense allocations are calculated based on periodic time and expense studies.

We have evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

AUDITOR COMMUNICATIONS (continued)

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

AUDITOR COMMUNICATIONS (continued)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

None of the uncorrected misstatements detected as a result of the audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole. Management has passed on these adjustments, which are summarized at Appendix A.

AUDITOR COMMUNICATIONS (continued)

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management on an on-going basis. These discussions occur in the normal course of our professional relationship and there were no matters of significant discussion that affected our retention as Habitat's auditors.

Management Representations

We will request certain representations from management that will be included in the management representation letter prior to finalizing the audit.

AUDITOR COMMUNICATIONS (continued)

Management's Consultations with Other Independent Accountants

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

ACCOUNTING GUIDANCE UPDATES - TECHNICAL TIMELINE

Effective Date

Accounting Standards Update

None

None

STRENGTHS AND ACCOMPLISHMENTS

1. During 2024, 49 homes - both new and historical renovations - were under construction in various St. Louis area neighborhoods including Hyde Park, Old North St. Louis and Gravois-South Jefferson, among others. Additionally, 7 homes closed during the year.
2. Received an increased State of MO allocation, from \$250,000 to \$500,000 due to demonstrated success in leveraging public and private funds in the construction of affordable housing.
3. The outparcel acquired as part of the relocation was sold to Family Care Health Center, a nonprofit community health center and the highest priority established by the Board of Directors.



STRENGTHS AND ACCOMPLISHMENTS (cont.)

4. Following the announcement by the James S McDonnell Foundation to shift their funding focus from scientific research to inclusive and equitable economic growth, applied for and received a grant for Wealth Building and Equity programs (Home Stability/Savings, Home Renovation and Repair, Education/Small Business) for Habitat homeowners.
5. Continued to successfully utilize State Tax Credit programs including an allocation of over \$1.3 million Affordable Housing Assistance Program (AHAP) credits and a second Neighborhood Preservation Assistance award on 12 (of 15) addresses.



STRENGTHS AND ACCOMPLISHMENTS (cont.)

6. Successfully awarded an added \$295,000 to the previously awarded grant for Near North St. Louis Walkable Communities representing a combined amount of over \$650,000 for the improvement of pedestrian sidewalks connecting parks, schools, affordable housing, and other amenities in two near north residential neighborhoods and to Downtown St. Louis.



OPPORTUNITIES FOR IMPROVEMENT

Area	Recommendation
- Fundraising	Renewed campaign for fundraising participation by all Board Members and Management.
- Liquidity and operations	Continue to improve operating cash flow and management of current liabilities

ASSETS, LIABILITIES, AND NET ASSETS

	December 31,		Observations
	2024	2023	
Current assets			
Cash and cash equivalents	472,351	\$ 218,699	
Restricted cash	433,810	3,569,800	Decrease due to 2023 NMTC restricted cash released
Grants receivable	121,819	61,922	
Mortgages receivable - current, net	19,939	15,984	
Other receivables	157,673	181,439	
Home construction and inventory	6,744,117	3,604,387	Increase due to construction in progress funded by the 2023 NMTC
ReStore inventory	624,876	351,426	Increase due to rise in donated materials
Prepaid expenses and other assets	134,945	34,988	
Total current assets	8,709,530	8,038,645	
Fixed assets			
Property and equipment, net	3,209,734	3,497,757	
Total fixed assets	3,209,734	3,497,757	
Long-term assets			
Mortgages receivable - long-term, net	1,364,712	1,254,343	
Investments in New Markets Tax Credit programs			
SLDC Leverage I, LLC	205,211	205,211	
Harbor Habitat Leverage III, LLC	1,194,821	1,194,824	
Harbor Habitat Leverage II, LLC	-	1,260,552	Decrease due to 2017 NMTC put option exercised
Capitalized costs, net	196,376	249,107	
Right of use asset - operating lease	509,505	1,672,481	Decrease due to lease amendment
Total long-term assets	3,470,625	5,836,518	
Total assets	\$ 15,389,889	\$ 17,372,920	

ASSETS, LIABILITIES, AND NET ASSETS (continued)

	December 31,		
	2024	2023	Observations
Current liabilities			
Line of credit	\$ 308,533	\$ 924,608	Decrease due to line of credit repaid as houses are sold
Current portion of long-term debt	46,186	44,125	
Accounts payable and accrued expenses	860,886	840,398	
Deferred revenue	1,855,907	383,982	Increase due to grant disbursed amounts that will be recognized with home sales and \$800k private foundation grant that will be recognized as expenses are incurred
Total current liabilities	<u>3,071,512</u>	<u>2,193,113</u>	
Deposits liability			
Mortgage escrows	<u>282,962</u>	<u>267,878</u>	
Long-term liabilities			
Long-term debt	3,102,824	3,179,010	
Long-term debt - NMTC			
2017 and 2020 transactions	1,521,250	3,236,250	Decrease due to 2017 put option exercised
2023 transaction	6,780,000	6,780,000	
Lease liability	<u>477,464</u>	<u>1,686,575</u>	Decrease due to lease amendment
Total long-term liabilities	<u>11,881,538</u>	<u>14,881,835</u>	
Total liabilities	<u>15,236,012</u>	<u>17,342,826</u>	
Net assets			
Without donor restrictions	153,877	25,233	
With donor restrictions	<u>-</u>	<u>4,861</u>	
Total net assets	<u>153,877</u>	<u>30,094</u>	
Total liabilities and net assets	<u>\$ 15,389,889</u>	<u>\$ 17,372,920</u>	

SUPPORT, REVENUES AND EXPENSES

For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total support and revenues	\$ 8,038,494	\$ 4,940,942	\$ 5,275,749	\$ 6,888,677	\$ 4,464,318
Expenses					
Program services:					
Home construction	4,575,103	2,281,937	2,702,061	3,342,278	1,719,778
ReStore operating expenses	<u>2,381,192</u>	<u>2,589,647</u>	<u>2,247,474</u>	<u>2,285,731</u>	<u>2,000,562</u>
Total program services	6,956,295	4,871,584	4,949,535	5,628,009	3,720,340
Supporting activities:					
Management and general	591,375	666,108	574,384	647,758	589,707
Fundraising	<u>367,041</u>	<u>287,845</u>	<u>287,968</u>	<u>307,344</u>	<u>251,588</u>
Total supporting activities	958,416	953,953	862,352	955,102	841,295
Total expenses	<u>7,914,711</u>	<u>5,825,537</u>	<u>5,811,887</u>	<u>6,583,111</u>	<u>4,561,635</u>
Increase (decrease) in net assets	<u>\$ 123,783</u>	<u>\$ (884,595)</u>	<u>\$ (536,138)</u>	<u>\$ 305,566</u>	<u>\$ (97,317)</u>

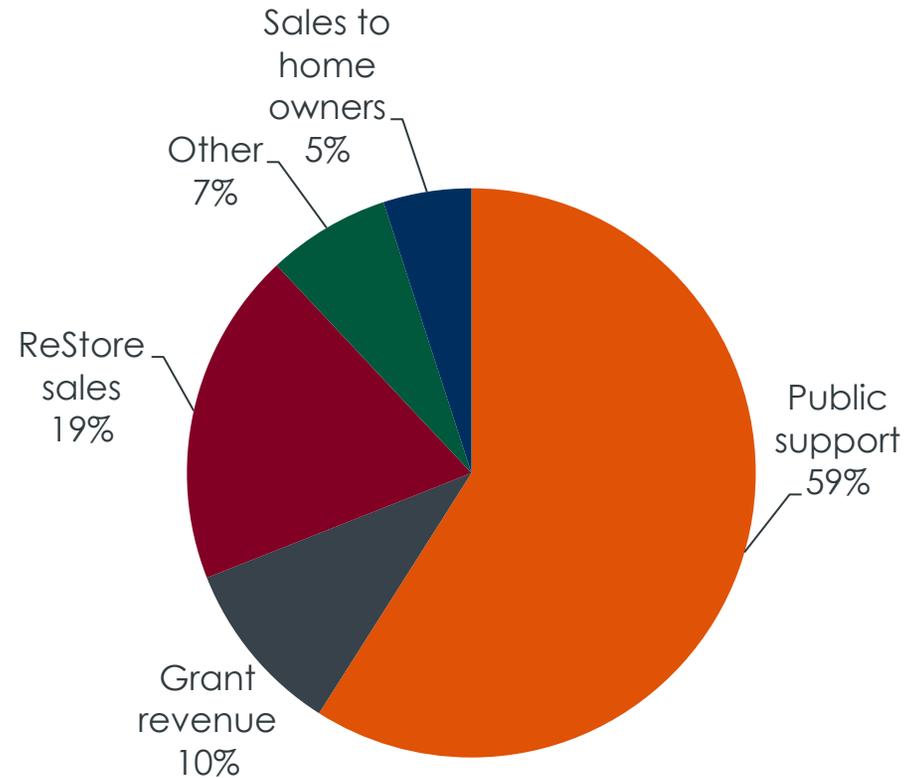
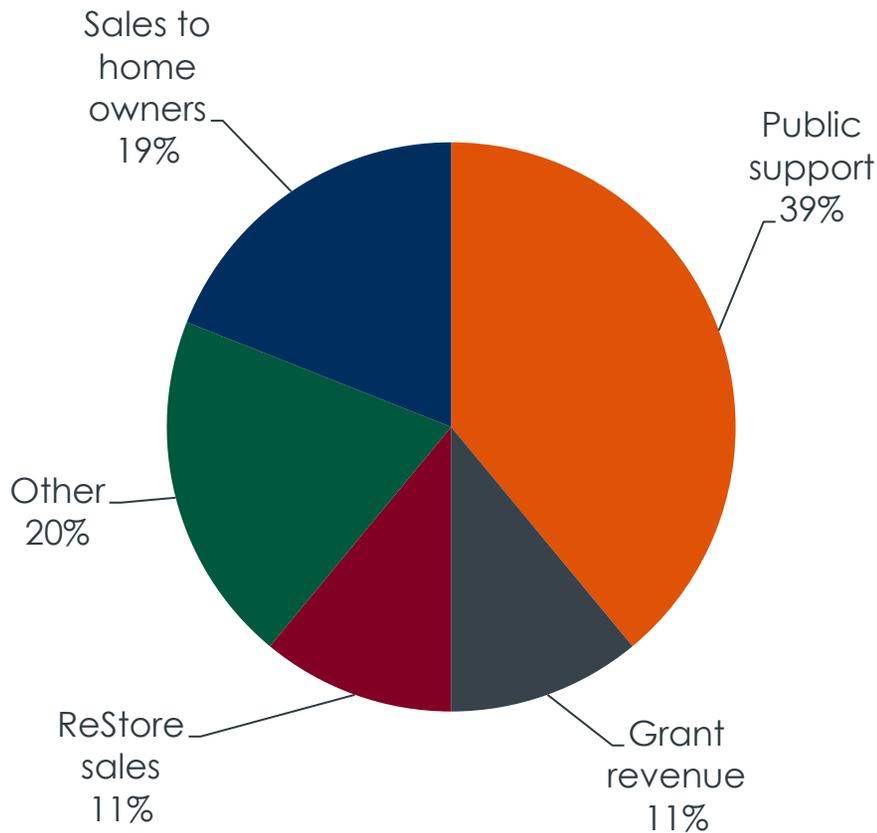
SUPPORT AND REVENUES

	For the Years Ended December 31,		Observations
	2024	2023	
Support and revenues			
Contributions and sponsorships	\$ 1,956,616	\$ 1,894,034	Increase due to AHAP check exchange Increase due to increase in amount of Affordable Housing Trust Grants
Grants	860,483	493,625	
Sales to homeowners	1,500,000	230,000	More home sales in 2024 compared to 2023
ReStore retail sales	909,287	950,758	
Donated property, materials and services	1,195,932	1,013,188	Increase due to more ReStore donations
Fundraising and special events, net	53,186	9,822	
Investment income	71,692	84,796	
Gain on sale of fixed assets	547,157	7,000	Increase due to sale of outparcel of land
NMTC cancellation of debt	507,587	-	Increase due to put option on 2017 NMTC exercised
Other income	436,554	257,719	Increase due to Missouri tax credit income
Total support and revenues	<u>\$ 8,038,494</u>	<u>\$ 4,940,942</u>	

SUPPORT AND REVENUES (continued)

Year ended December 31, 2024 = \$8,038,494

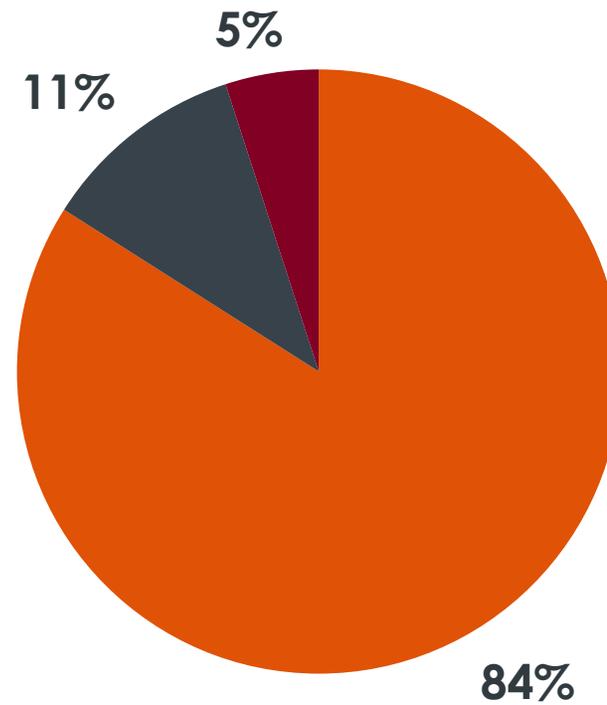
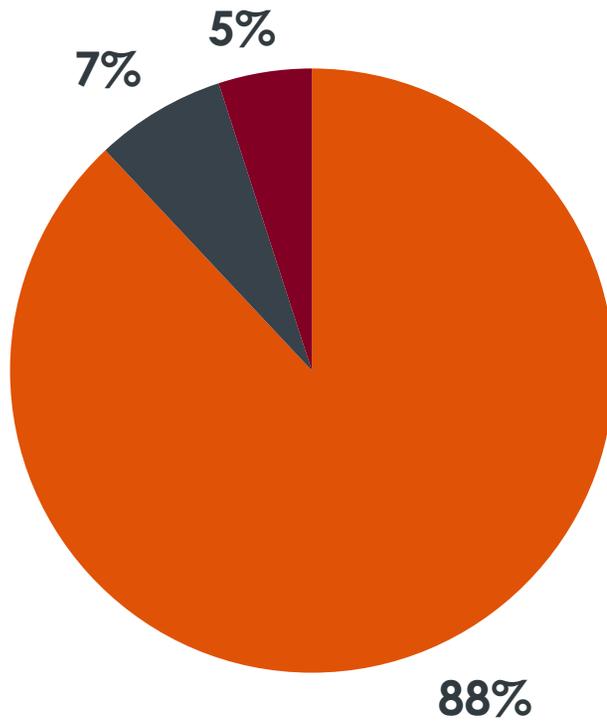
Year ended December 31, 2023 = \$4,940,942



EXPENSES

Year ended December 31, 2024 = \$7,914,711

Year ended December 31, 2023 = \$5,825,537



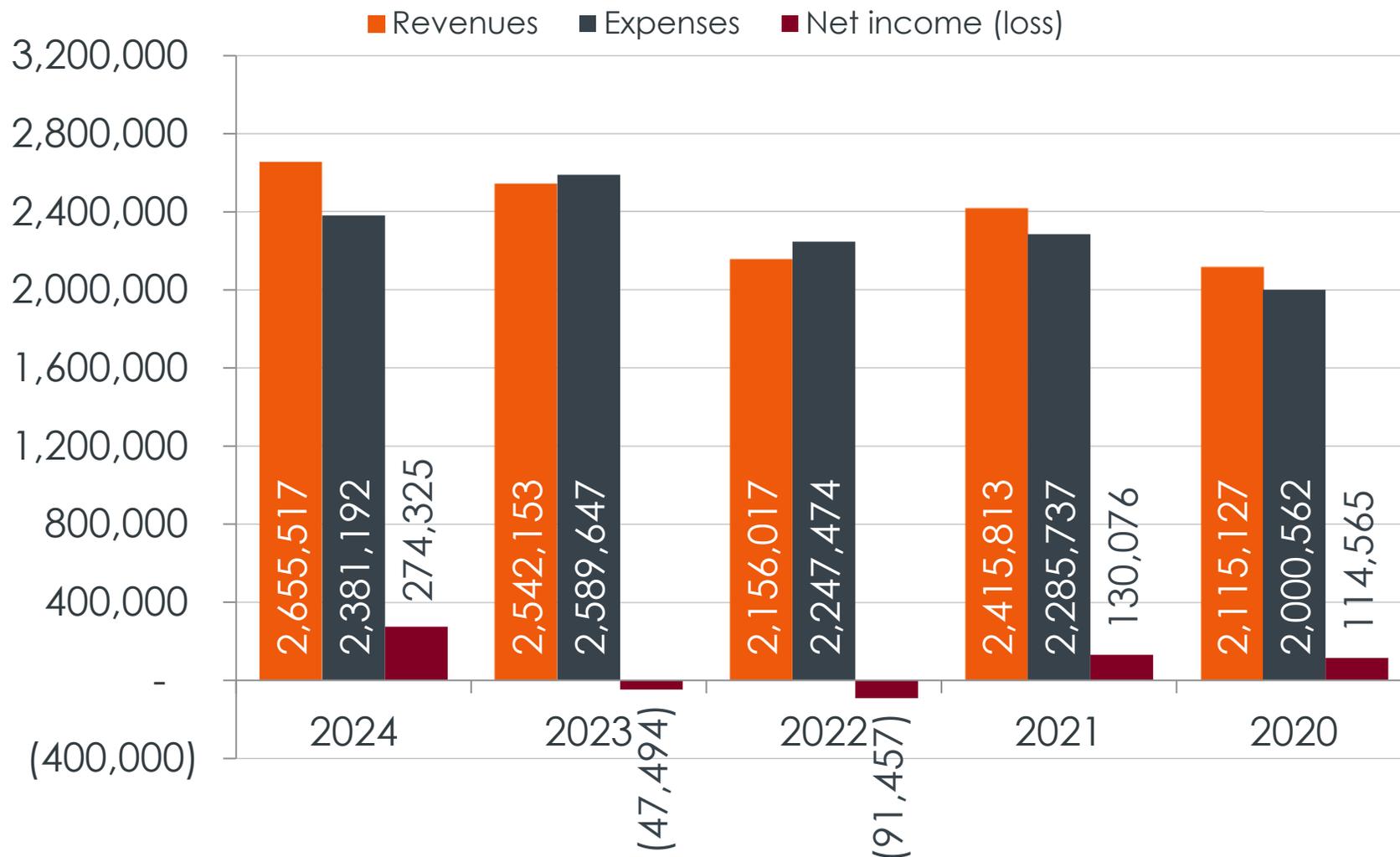
- Program services
- Management and general
- Fundraising

RESTORE FINANCIAL RESULTS

For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues					
ReStore sales	\$ 909,287	\$ 950,758	\$ 885,119	\$ 997,770	\$ 825,800
Donated materials	1,124,175	969,614	1,073,275	958,401	841,511
Contributions	622,055	621,781	197,623	459,642	447,816
Grant and other revenues	-	-	-	-	-
Total revenues	<u>2,655,517</u>	<u>2,542,153</u>	<u>2,156,017</u>	<u>2,415,813</u>	<u>2,115,127</u>
Expenses					
Cost of sales	871,317	1,047,103	894,841	1,043,973	833,900
Operating expenses	<u>1,509,875</u>	<u>1,542,544</u>	<u>1,352,633</u>	<u>1,241,758</u>	<u>1,166,662</u>
Total expenses	<u>2,381,192</u>	<u>2,589,647</u>	<u>2,247,474</u>	<u>2,285,731</u>	<u>2,000,562</u>
Net income (loss)	<u>\$ 274,325</u>	<u>\$ (47,494)</u>	<u>\$ (91,457)</u>	<u>\$ 130,082</u>	<u>\$ 114,565</u>

RESTORE FINANCIAL RESULTS (continued)



TOTAL SUPPORT, REVENUES, AND EXPENSES BY SEGMENT- 2024

	<u>Home Building</u>	<u>ReStore</u>	<u>Special Events</u>	<u>Other</u>	<u>Total</u>
Total support and revenues	\$ 2,793,140	\$ 2,655,517	\$ 53,436	\$ 2,536,651	\$ 8,038,744
Total expenses	4,575,103	2,381,192	250	958,416	7,914,961
Net income (loss)	<u>\$ (1,781,963)</u>	<u>\$ 274,325</u>	<u>\$ 53,186</u>	<u>\$ 1,578,235</u>	<u>\$ 123,783</u>

HOME BUILDING		<u>Total</u>
Support and revenues		
Contributions and sponsorships	\$	360,900
Grants		860,483
Sales to homeowners		1,500,000
Donated materials and services		71,757
Total support and revenues		<u>2,793,140</u>
Expenses		
Direct costs		
Hard costs		2,235,719
Soft costs		1,300,164
Indirect costs		684,738
Discount on mortgages		282,725
Donated materials and services		71,757
Total expenses		<u>4,575,103</u>
Net loss	\$	<u>(1,781,963)</u>

RESTORE		<u>Total</u>
Support and revenues		
Sales	\$	909,287
Donated materials		1,124,175
Contributions		622,055
Total support and revenues		<u>2,655,517</u>
Expenses		
Cost of sales		871,317
Other		1,509,875
Total expenses		<u>2,381,192</u>
Net income	\$	<u>274,325</u>

SPECIAL EVENTS		<u>Trivia</u>	<u>Other Events</u>	<u>Total</u>
Total revenues	\$	-	\$ 53,436	\$ 53,436
Total expenses		-	250	250
Net income	<u>\$</u>	<u>-</u>	<u>\$ 53,186</u>	<u>\$ 53,186</u>

OTHER		<u>Total</u>
Support and revenues		
Contributions	\$	973,661
Other income		1,562,990
Total support and revenues		<u>2,536,651</u>
Expenses		
Management and general		591,375
Fundraising		367,041
Total expenses		<u>958,416</u>
Net income	\$	<u>1,578,235</u>

TOTAL SUPPORT, REVENUES, AND EXPENSES BY SEGMENT- 2023

	<u>Home Building</u>	<u>ReStore</u>	<u>Special Events</u>	<u>Other</u>	<u>Total</u>
Total support and revenues	\$ 1,188,469	\$ 2,542,153	\$ 10,881	\$ 1,200,498	\$ 4,942,001
Total expenses	<u>2,281,937</u>	<u>2,589,647</u>	<u>1,059</u>	<u>953,953</u>	<u>5,826,596</u>
Net income (loss)	<u>\$ (1,093,468)</u>	<u>\$ (47,494)</u>	<u>\$ 9,822</u>	<u>\$ 246,545</u>	<u>\$ (884,595)</u>

HOME BUILDING		<u>Total</u>
Support and revenues		
Contributions and sponsorships		421,270
Grants		493,625
Sales to homeowners		230,000
Donated materials and services		43,574
Total support and revenues		<u>1,188,469</u>
Expenses		
Direct costs		
Hard costs		362,043
Soft costs		1,117,037
Indirect costs		594,597
Discount on mortgages		164,686
Donated materials and services		43,574
Total expenses		<u>2,281,937</u>
Net loss		<u>\$ (1,093,468)</u>

RESTORE		<u>Total</u>
Support and revenues		
Sales	\$	950,758
Donated materials		969,614
Contributions		621,781
Total support and revenues		<u>2,542,153</u>
Expenses		
Cost of sales		1,047,103
Other		1,542,544
Total expenses		<u>2,589,647</u>
Net income	\$	<u>(47,494)</u>

SPECIAL EVENTS		<u>Trivia</u>	<u>Other Events</u>	<u>Total</u>
Total revenues	\$	-	\$ 10,881	\$ 10,881
Total expenses		-	1,059	1,059
Net income	\$	-	\$ 9,822	\$ 9,822

OTHER		<u>Total</u>
Support and revenues		
Contributions	\$	850,983
Other income		349,515
Total support and revenues		<u>1,200,498</u>
Expenses		
Management and general		666,108
Fundraising		287,845
Total expenses		<u>953,953</u>
Net income	\$	<u>246,545</u>



APPENDIX A

PASSED ADJUSTING JOURNAL ENTRIES

Account	Description	W/P Ref	Debit	Credit
Passed Adjustments				
Passed Adjustments JE # 4		4200.23		
PAJE Unamortized discount mortgages				
38010	Undesignated		15,130.00	
19020	Unamort Discount Mortgages			15,130.00
Total			15,130.00	15,130.00
	Total Passed Adjustments		15,130.00	15,130.00
	Total All Journal Entries		15,130.00	15,130.00



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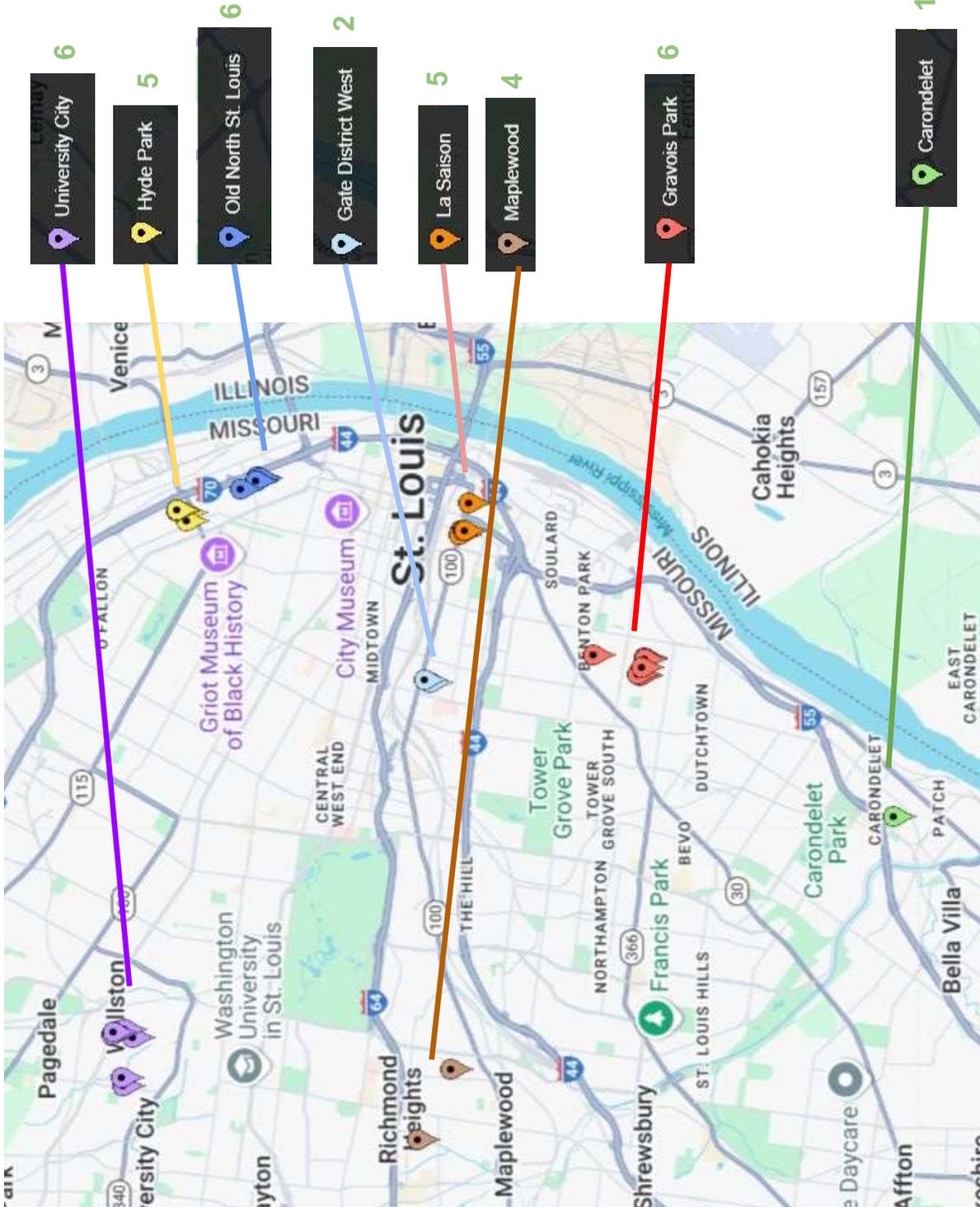
Main: 312-508-5900

Fax: 312-508-5901

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Habitat for Humanity[®] Saint Louis



CURRENT ACTIVE JOBSITES										
	BOTTLE NECK	ADDRESS	% COMPLETE	PRE	PERMIT	FOUNDATION	FRAMING	MEP	PAINT	FINISHES
2	STEPS/CONCRETE	3735 California Avenue	95%							
3	CONCRETE	3712 Nebraska Avenue	95%							
4	INSPECTIONS	1312 Warren	100%							
5	INSPECTIONS	1302 Monroe	100%							
6	INSPECTIONS	1304 Monroe	100%							
7	HOME BUYER	7700 Michigan	95%							
8	DOORS	1518 Mallinckrodt Street	60%							
9	AMEREN METER	1530 Mallinckrodt	45%							
10	DRYWALL	2019 Destrehan Street	45%							
11	REFRAMING**	3740 Iowa Avenue	40%							
12	DRYWALL	3706 California	50%							
13	SEWER/WATER	1211-13 Clinton	45%							
14	SEWER/WATER	1215 Clinton	45%							
15	BRICK	1514 Mallinckrodt	45%							
16	DRYWALL	1910 Destrehan Street	45%							
17	MASONRY	3740 Iowa R	15%							
18	DRYWALL	6535 Plymouth	45%							
19	EXCAVATION	3409 Vista	10%							
20	CITY/ZONING	3421 Park	10%							
21	GROUND ROUGH	3728 Nebraska	15%							
22	CITY	6545 Plymouth	10%							
23	CITY	1201 Park	10%							
24	EASEMENT	1205 Park UD	10%							
25	CITY	1300 Rutger	10%							
26	CITY	1316 Rutger	10%							
27	CITY	1308 S 13th UD	10%							

HFHI/HFHSL Donor Giving Trends 2015-2024

Year	# of Donors	Dollar Value	Total Donors	Avg	Average Gift Per Donor	Remarks
2018	444	\$ 87,847.00	286	\$ 197.85	\$ 307.16	In mid 2018, as part of Collaborative Dev discussion, we were allowed to ask HFHI for a list of labels of people they solicit in our market. More than 10k households were entered into a spreadsheet and given a new constituency code to ensure that they receive all local solicitations.
2019	419	\$ 118,750.00	263	\$ 283.41	\$ 451.52	Our first really blunt black and white "give local" postcard went out to over 5K households in our database.
2020	416	\$ 130,348.00	285	\$ 313.34	\$ 457.36	Covid changed our direct mail strategy towards sending smaller targeted appeals to donors with a demonstrated interest in investing in the mission. HFHI/HFHSL donors were included in these appeals, and their investment also continued to increase.
2021	444	\$ 142,656.00	270	\$ 321.30	\$ 528.36	
2022	403	\$ 153,755.00	258	\$ 381.53	\$ 595.95	Our direct mail paradigm returned to normal. Messaging in all direct mail pieces including targeted "give local" postcards emphasized the importance of giving to the local affiliate if the donors want their investment to remain in their community.
2023	361	\$ 205,147.00	244	\$ 568.27	\$ 840.77	Similar strategy applied in 2023 as in 2022.
2024	319	\$ 212,662.00	225	\$ 666.65	\$ 945.16	We again decided to pursue HFHI for a list of labels for people they are soliciting in our market. They complied, sending us labels for around 8,000 households. (It should be noted here that they only format in which they will send this information is a big box of mailing labels, clearly to discourage any data entry and analysis of the households.) We outsourced the compilation of a spreadsheet and about half of the comparison between the spreadsheet and our database was completed. (The other half is being entered in 2025.) From the update in constituency codes based on the spreadsheet, we reacquired 37 lapsed donors for almost \$12,000. We anticipate lower but significant increases in 2025 as the updated constituency code is applied to more crossover accounts.