HABITAT FOR HUMANITY OF BUCKS COUNTY, INC.

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

HABITAT FOR HUMANITY OF BUCKS COUNTY, INC.

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BAUM, SMITH & CLEMENS, LLP
CERTIFIED PUBLIC ACCOUNTANTS and BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Bucks County, Inc. (a non-profit organization), which are comprised of the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Bucks County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Baum, Smith & Clemens, LLP

Harleysville, PA
October 20, 2025

HABITAT FOR HUMANITY OF BUCKS COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	Restated 2024
ASSETS		
Current		
Cash - operating	$ 552,059	$ 265,106
Cash - restricted	70,405	-
Mortgages receivable, current	110,540	99,876
Notes and loans receivable, current	6,217	5,347
Other receivables	202,077	252,795
Construction in progress - homes	796,308	602,145
Inventory	270,330	300,680
Prepaid expenses	90,101	99,498
Total current assets	**2,098,037**	**1,625,447**
Property and equipment, net	521,696	630,767
Other		
Mortgages receivable, net of current portion and discount	813,948	738,454
Notes and loans receivable, net of current portion	115,143	101,847
Cash - money market	108,041	919,497
Certificate of deposit	-	47,606
Marketable securities	7,313,992	6,738,383
Deposits	45,097	95,097
Land	486,683	346,393
Right of use assets - operating leases	2,443,521	3,058,112
Total other assets	11,326,425	12,045,389
Total assets	**$ 13,946,158**	**$ 14,301,603**
LIABILITIES		
Current		
Current portion of long-term debt	$ -	$ 100,000
Accounts payable and accrued expenses	269,883	291,757
Lease liabilities - operating leases, current	561,670	616,532
Total current liabilities	**831,553**	**1,008,289**
Long-term		
Lease liabilities - operating leases, net of current portion	2,007,435	2,569,104
Total liabilities	**2,838,988**	**3,577,393**
NET ASSETS		
Without donor restrictions	10,983,965	10,652,211
With donor restrictions	123,205	71,999
Total net assets	11,107,170	10,724,210
Total liabilities and net assets	**$ 13,946,158**	**$ 14,301,603**

See Accompanying Notes to Financial Statements

HABITAT FOR HUMANITY OF BUCKS COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			Restated 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
ReStore activity						
ReStore revenue	$ 4,216,502	$ -	$ 4,216,502	$ 4,920,616	$ -	$ 4,920,616
Purchased costs of goods sold	(287,769)	-	(287,769)	(577,576)	-	(577,576)
Restore income	3,928,733	-	3,928,733	4,343,040	-	4,343,040
Contributions	2,267,103	255,000	2,522,103	2,402,650	210,000	2,612,650
In-kind financial asset	55,394	-	55,394	-	-	-
In-kind other	34,890	-	34,890	24,337	-	24,337
Fundraising activities, net	163,276	-	163,276	145,203	-	145,203
Sale of homes to Habitat homeowners	1,495,000	-	1,495,000	1,115,000	-	1,115,000
Amortization of mortgage discounts	74,120	-	74,120	65,726	-	65,726
Other income	56,048	-	56,048	87,321	-	87,321
Net assets, released from restriction	203,794	(203,794)	-	170,517	(170,517)	-
Total support and revenue	**8,278,358**	**51,206**	**8,329,564**	**8,353,794**	**39,483**	**8,393,277**
EXPENSES						
Program services	7,991,935	-	7,991,935	7,342,489	-	7,342,489
Management and general	433,517	-	433,517	415,987	-	415,987
Fundraising expenses	358,846	-	358,846	230,809	-	230,809
Total expenses	**8,784,298**	**-**	**8,784,298**	**7,989,285**	**-**	**7,989,285**
Change in net assets from operations	**(505,940)**	**51,206**	**(454,734)**	**364,509**	**39,483**	**403,992**
Nonoperating activity						
Investment income, net	837,694	-	837,694	837,391	-	837,391
Change in net assets	**331,754**	**51,206**	**382,960**	**1,201,900**	**39,483**	**1,241,383**
Net assets, beginning of year as restated	10,652,211	71,999	10,724,210	9,450,311	32,516	9,482,827
Net assets, end of year	$ 10,983,965	$ 123,205	$ 11,107,170	$ 10,652,211	$ 71,999	$ 10,724,210

See Accompanying Notes to Financial Statements

HABITAT FOR HUMANITY OF BUCKS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Homeownership	Home Repair	ReStores	Total Program	Management & General	Fundraising	Total
Costs of homes sold to homeowners	$ 1,755,109	$ 49	$ -	$ 1,755,158	$ -	$ -	$ 1,755,158
Home repair	-	546,711	-	546,711	-	-	546,711
Capital write-downs	905,000	-	-	905,000	-	-	905,000
Interest discounts, first mortgages	192,756	-	-	192,756	-	-	192,756
Salaries	341,889	266,325	1,647,818	2,256,032	312,689	173,130	2,741,851
Payroll taxes	27,824	20,303	136,161	184,288	23,976	13,269	221,533
Fringe benefits	44,241	39,409	222,335	305,985	23,513	6,380	335,878
HFHI tithe	19,064	19,065	-	38,129	-	-	38,129
HFHI Collaborative	-	-	-	-	-	105,000	105,000
Newsletter and promotion	31,888	2,839	86,908	121,635	-	10,825	132,460
Office	45,573	14,383	34,863	94,819	11,542	22,158	128,519
Other	2,755	1,571	191,652	195,978	1,095	7,331	204,404
Professional fees	3,033	-	-	3,033	27,730	-	30,763
Travel and seminars	24,346	6,567	9,546	40,459	1,968	568	42,995
Rent	39,037	21,654	807,286	867,977	23,079	15,026	906,082
Depreciation	21,441	1,143	135,775	158,359	1,218	793	160,370
Insurance	27,325	951	53,908	82,184	1,014	660	83,858
Repairs and maintenance	10,535	1,925	58,183	70,643	2,051	1,335	74,029
Telephone and utilities	6,160	3,417	163,212	172,789	3,642	2,371	178,802
	$ 3,497,976	**$ 946,312**	**$ 3,547,647**	**$ 7,991,935**	**$ 433,517**	**$ 358,846**	**$ 8,784,298**

See Accompanying Notes to Financial Statements

HABITAT FOR HUMANITY OF BUCKS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Homeownership	Home Repair	ReStores	Total Program	Management & General	Fundraising	Restated Total
Costs of homes sold to homeowners	$ 1,199,136	$ 95	$ -	$ 1,199,231	$ -	$ -	$ 1,199,231
Home repair	-	703,271	-	703,271	-	-	703,271
Capital write-downs	690,000	-	-	690,000	-	-	690,000
Interest discounts, first mortgages	161,760	-	-	161,760	-	-	161,760
Salaries	275,034	220,508	1,740,452	2,235,994	274,498	155,158	2,665,650
Payroll taxes	18,772	18,622	146,631	184,025	23,181	13,095	220,301
Fringe benefits	46,635	23,473	237,764	307,872	22,413	3,863	334,148
HFHI tithe	23,877	23,877	-	47,754	-	-	47,754
Newsletter and promotion	25,852	1,537	96,352	123,741	56	9,222	133,019
Office	43,060	12,405	34,852	90,317	11,732	19,371	121,420
Other	2,438	257	229,861	232,556	748	2,765	236,069
Professional fees	3,519	7,950	-	11,469	52,302	6,880	70,651
Travel and seminars	29,197	4,220	9,916	43,333	2,475	2,235	48,043
Rent	37,215	17,908	778,442	833,565	22,385	14,270	870,220
Depreciation	20,704	779	158,964	180,447	974	621	182,042
Insurance	19,442	1,141	40,031	60,614	1,426	909	62,949
Repairs and maintenance	10,579	878	61,196	72,653	1,097	699	74,449
Telephone and utilities	4,489	2,161	157,237	163,887	2,700	1,721	168,308
	$ 2,611,709	**$ 1,039,082**	**$ 3,691,698**	**$ 7,342,489**	**$ 415,987**	**$ 230,809**	**$ 7,989,285**

See Accompanying Notes to Financial Statements

HABITAT FOR HUMANITY OF BUCKS COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	Restated 2024
Cash flows from operating activities		
Change in net assets	**$ 382,960**	**$ 1,241,383**
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	160,370	182,042
Mortgages issued	(310,000)	(260,000)
Mortgage discounts	192,756	161,760
Unrealized/realized (gain)/loss on investments	(672,258)	(696,463)
Amortization of mortgage discounts	(74,120)	(65,726)
Cost of homes sold to homeowners	45,000	-
Amortization of right of use assets - operating leases	614,591	455,349
Loss on disposal of equipment	4,006	-
Changes in assets and liabilities		
Other receivables	50,718	59,345
Collection of mortgages receivable, net	117,123	108,935
Construction in progress - homes	(189,163)	(204,424)
Inventory	30,350	57,999
Prepaid expenses	9,397	(21,991)
Deposits	-	(4,800)
Accounts payable and accrued expenses	(21,874)	(94,665)
Reduction in lease liability - operating leases	(616,531)	(442,850)
Net cash provided (used) by operating activities	**(276,675)**	**475,894**
Cash flows from investing activities		
Reinvestment of dividends and earnings	(201,653)	(177,721)
Redemption of certificate of deposit	47,606	-
Transfer to (from) operating, net	1,109,758	(262,209)
Purchase of fixed assets	(55,305)	(16,246)
Land acquisition	(140,290)	(137,057)
Notes and loans issued	(26,083)	(25,726)
Net provided (used) by investing activities	**734,033**	**(618,959)**
Cash flows from financing activities		
Payments on long-term debt	(100,000)	-
Net cash used by financing activities	**(100,000)**	**-**
Net change in cash	**357,358**	**(143,065)**
Beginning cash	265,106	408,171
Ending cash	$ 622,464	$ 265,106
Supplementary disclosure of cash flow information		
Non-cash operating activities		
Right to use asset at lease inception	$ -	$ 135,324
Right to use liability at lease inception	$ -	$ 135,324
Deposits paid in prior year applied to:		
Construction in progress	$ 5,000	$ -
Cost of homes sold to homeowners	$ 45,000	$ -
Reconciliation of cash balances		
Cash - operating	$ 552,059	$ 265,106
Cash - restricted	70,405	-
	$ 622,464	$ 265,106

See Accompanying Notes to Financial Statements

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Habitat for Humanity of Bucks County, Inc. ("the Organization") is a Pennsylvania non-profit organization, and has been granted an exemption from federal income tax under Section 501(c) (3) of the Internal Revenue Code as an affiliate of Habitat for Humanity International, Inc. ("HFHI"). HFHI is a non-profit organization whose purpose is to create decent, affordable housing for those in need. While HFHI provides training, publications, and on-line resources, Habitat for Humanity of Bucks County, Inc. is primarily and directly responsible for its own operations.

The mission of Habitat for Humanity of Bucks County, Inc. is - *Building Communities, Empowering Families*. The Organization's activities focus primarily on three key areas: Homeownership, Home Repair, and the ReStores.

Homeownership

The Organization provides opportunities for low-income individuals and families to increase their independence and economic well-being through affordable homeownership. In order to keep costs down, the Organization utilizes volunteers for approximately 70% of the actual construction of each home and the homeowners also invest their own sweat equity in helping to build their future homes. The Organization strives to build all homes to the Energy Star standards, meaning they are built to help save money on energy costs and to protect the environment through energy-efficient products and practices.

Home Repair

Home Repair is a program to serve low-income homeowners who, due to age, disability, or family circumstances, are unable to take care of repairs on their homes. This program offers security and healthy living conditions for homeowners, and brings stability and revitalization to neighborhoods. The expenditures for this program are included with homeownership & home repair on the statement of functional expenses.

ReStores

Designed as thrift-style retail outlets, the ReStores offer new and gently used household goods and building materials at deeply discounted prices while providing volunteer and recycling opportunities for the community at large.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

The Organization reports cash for operating activities separate from cash restricted to a specific use. The Organization has a checking account for grant funding that is required to be deposited into a separate bank account. The funding is classified as restricted on the statement of financial position.

Highly liquid investments with an original maturity of three months or less, when purchased, considered to be cash equivalents, not held for general operations and included in the investment portfolio.

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgages Receivable

The Organization has financed mortgages to homeowners, collateralized by first mortgages recorded as liens against the properties sold to the homeowner by the Organization. A valuation discount, of 8.01% and 8.02%, for the years ended June 30, 2025 and 2024 respectively, has been recorded to reflect an interest rate recommended by HFHI for valuation purposes.

A mortgage credit loss reserve has not been included in the financial statements. The Organization believes its risk is minimal due to the fact that in the event of foreclosure the Organization can take the property back. The Organization has developed and implemented a formal mortgage collection policy.

Notes and Loans Receivable

Upon sale of the properties to homeowners, the Organization advances the closing costs incurred on the sale of the property net of any deposit paid by the homeowner. The closing costs are repaid on a monthly basis over terms of 240, 300 or 360 months on a non-interest bearing basis. Any notes or receivable balances considered not collectible are written off when that determination is made. All balances at year end are considered fully collectible.

Other Receivables

Contribution receivables as well as ReStore receivables are included as other receivables on the statement of financial position. Contribution receivables consist of grants pledged before year-end but not yet received. ReStore receivables consist of sales in transit as of year-end. All receivables are considered collectible within one year of the date of the financial statements.

Construction in Progress

Management reviews its construction in progress assets for impairment when circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value, based upon an independent third party appraisal.

All costs related to each project are recorded as construction in progress. When the homes are sold, the accumulated costs for the homes are removed from construction in progress and expensed.

Inventory

Inventory, at the ReStores, consists of mainly donated building materials, household appliances and goods. These items are valued based on historical sales and the square footage of each ReStore location. Purchased Inventory for resale is valued at cost.

Property, Equipment and Depreciation

All acquisitions in excess of $5,000 are capitalized. Property and equipment are reported at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the books and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred and costs of significant replacements and improvements are capitalized and expensed over the periods benefited.

Investments

Investments in marketable securities are reported at their fair value in the statements of financial position. Realized and unrealized gains or losses on investments are included in the statements of activities.

The Organization's investments in marketable securities are subject to market risk. The investments are managed by an investment committee subject to its respective investment goals for the total investment return, yield, tolerance of investment risk, and investment turnover. The degree and concentration of risk varies by the type of investment.

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Trust Model

Effective July 2022, the Organization intends to sell all future homes through a land trust model. The intention of this model is to preserve affordable housing for future generations. A homebuyer purchases only the house, not the land, making the price more affordable to buyers. The homebuyer leases the land from the Organization, paying a monthly lease amount subject to a long-term renewable lease. When the homeowner chooses to sell their home, they agree to limit the proceeds, to enable another low income homebuyer to purchase the home at an affordable price. The land trust value is estimated at fair value by using the Pennsylvania Department of Revenue Common Level Ratio for Bucks County. The land leases recorded on the statement of financial position are evaluated for impairment on an annual basis.

Sales Tax

The Organization collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the tax authorities for amounts collected but not yet remitted. These balances are reported in the accounts payable and accrued expense line item on the statements of financial position.

Net Assets

Net assets consist of the following.

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Donor restrictions are temporary in nature; those restrictions will be by the passage of time or specified purpose. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and programs. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Contributions

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value on the date of donation.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

A contribution with a stipulation from the funder that represents a barrier that must be overcome before the Organization is entitled to the assets transferred or promised is considered a conditional contribution. Failure to overcome the barrier gives the funder a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. The Organization may consider certain government contracts to be conditional contributions.

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Property, Services and Materials
The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization receives donated services from unpaid volunteers assisting the Organization with the construction and renovation of the homes and at the ReStores. This volunteer time is not recognized in the accompanying statement of activities, because these services do not meet the criteria for recognition as contributed services.

Revenue Recognition
Sale of Merchandise
The Organization recognizes revenues from the retail sale of products, in stores or online, net of sales taxes, at the point of sale. Payment is usually received via cash, debit card or credit card. Discounts provided to customers by the Organization at the time of sale, are recognized as a reduction in sales as the products are sold.

Sale of Homes
The Organization recognizes revenues from the sale of homes at the date of settlement, with the transfer of ownership of the real estate. The home is paid for by the homebuyer either through the Organization providing financing or 3rd party financing.

Sale of homes to Habitat homeowners are recorded at the full appraised value, resulting in a capital write down at settlement to reduce the recorded purchase price to the affordable purchase price for the homebuyer.

Non-interest bearing mortgages have been discounted based upon prevailing market rates for low income housing at the inception of the mortgages. The discount will be recognized as income on a straight-line basis over the term of the mortgages.

Gift Cards
When the Organization sells its own gift cards, it records a deferred revenue liability equal to the amount received. A sale is then recognized when the gift cards are redeemed. The Organization's gift cards do not have an expiration date, but after twelve (12) months of continuous nonuse, the Organization reduces the deferred revenue liability below the issued value.

Home Repairs
The Organization recognizes revenue from home repair projects when payments are received from the customer.

ReStore Activity
ReStore sales and changes in the contributed and purchased inventory balances are shown on the statement of activities.

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Salary and other personnel costs that are not directly coded to programmatic activity are allocated based on personnel time and the best estimate of employees. Building maintenance and depreciation expenses are allocated among the programs and supporting services benefited. Other operating costs are allocated using one of the following methodologies: personnel time, direct cost allocation, or the best estimate of employees.

Advertising
Advertising costs are expensed as incurred.

Employee Benefit Plan
The Organization has a 401(k) plan for its employees. Eligible employees may contribute a percentage of their salary, up to federal limits. The plan also provides the option for an employer matching contribution. The matching contribution is discretionary from year to year with a maximum not to exceed 3% of participating employees' compensation. The Organization also pays the annual plan administration costs on the behalf of plan participants.

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Shipping and Handling
The majority of the shipping and handling costs to deliver product to the ReStore locations are expensed as incurred and is classified as other expense with a minimal amount included in ReStore inventory.

Operating Leases
In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. The evaluation may require significant judgment. Lease payments for leases with terms of twelve months or less are expensed as paid with no right of use asset or operating lease liability recognized.

Income Taxes
The Organization qualifies under the Internal Revenue Code as a publicly supported charitable organization. The Organization is registered as required with the Pennsylvania Bureau of Charitable Organizations

The Organization is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken on the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Management's Use of Estimates and Assumptions
Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Significant estimates included in the financial statements are the valuation of the ReStore inventory, and the value of land trusts of homes sold.

Reclassification
Certain items in the accompanying 2024 financial statements have been reclassified to conform to the current year presentation. The reclassifications had no impact on the previously reported net assets.

Subsequent Events
Management has evaluated subsequent events through the date the financial statements were available to be issued which was October 20, 2025.

NOTE B: CONCENTRATIONS

Credit Risk
The Organization maintains cash in bank deposit accounts which, at times, exceed federally insured limits. No loss has been experienced in such accounts and the Organization believes it is not exposed to any significant credit risk on cash.

The Organization maintains accounts with a brokerage firm. The accounts contain cash and securities. Security balances are insured up to $500,000 by the Securities Investor Protection Corporation. Cash balances held in these accounts may at times exceed federal limits, but the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE B: CONCENTRATIONS (Continued)

Receivables
Concentrations represent individual amounts which account for 10% or more of the activity or balances.

Receivable Balance	2025	2024
Contributor	11%	-%

NOTE C: CERTIFICATE OF DEPOSIT

The Organization held a certificate of deposit with a balance of $47,606 at June 30, 2024. The interest rate was 3.44% and the certificate matured in August 2024. At June 30, 2024, $28,841 of the certificate of deposit balance was restricted for an escrow required by the township of one of the properties. As the property was sold as of June 30, 2025, there is no remaining escrow balance.

NOTE D: MORTGAGES RECEIVABLE

The mortgages are payable by the homeowners in monthly installments ranging from $150 to $490 over a term of 240, 300 or 360 months. The mortgages are non-interest bearing. Unamortized discounts for mortgages financed to homeowners during the years ended June 30, 2025 and 2024 of $192,756 and $161,760, respectively, have been included in the statement of functional expenses.

Pennsylvania Housing Finance Agency (PHFA) has purchased various mortgages receivable from the Organization. These proceeds are to be used to provide additional loans to low income families. The Organization will continue to service these mortgages, collecting monthly installments, which are remitted to PHFA on a quarterly basis along with a report of the status of each mortgage. The Organization must adhere to agreed-upon obligations, and in the event of a default, all obligations purchased at PHFA's option shall cease and terminate, and PHFA may declare the mortgage indebtedness immediately due and payable by the Organization.

Below is a summary of the mortgages receivable as of June 30.

	2025	Restated 2024
Non-interest bearing mortgages receivable from homeowners	$ 1,973,616	$ 1,772,410
Mortgages receivable - PHFA	(49,022)	(52,610)
Valuation discount	(1,000,106)	(881,470)
Net mortgages receivable	924,488	838,330
Current maturities of mortgages receivable	(110,540)	(99,876)
	$ 813,948	$ 738,454

NOTE E: NOTES AND LOANS RECEIVABLE

The following is a summary of the notes and loans receivable from homeowners as of June 30.

	2025	2024
Current	$ 6,217	$ 5,347
Long-term	115,143	101,847
	$ 121,360	$ 107,194

NOTE F: CONSTRUCTION IN PROGRESS - HOMES

The following properties were under construction or have incurred acquisition costs as of June 30.

Project Name	Location	Number of units	2025 Status	2025	2024
Walnut	Croydon	1	Sold	$ -	$ 289,792
431 Sycamore	Croydon	1	Sold	-	309,793
1109 Penn.	Croydon	1	Sold	-	1,020
823 Main	Croydon	1	Sold	-	1,540
634 Race	Bristol	1	In process	246,835	-
636 Race	Bristol	1	In process	35,033	-
10 Mimosa	Levittown	1	In process	303,686	-
1107 Thistle	Bristol	1	In process	210,754	-
				$ 796,308	$ 602,145

NOTE G: PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30.

	Estimated useful lives in years	2025	2024
Office equipment	3	$ 131,553	$ 117,822
Vehicles	5	421,200	414,750
Equipment	5	84,001	84,001
Storage trailers	7	16,661	8,430
Furniture and fixtures	7	57,283	57,283
Leasehold improvements	3 - 10	829,444	820,521
		1,540,142	1,502,807
Less: accumulated depreciation		(1,018,446)	(872,040)
		$ 521,696	$ 630,767

Depreciation expense for the years ended June 30, 2025 and 2024 was $160,370 and $182,042, respectively.

NOTE H: MARKETABLE SECURITIES

Investments held by the Organization at June 30 consist of the following:

	2025	2024
Mutual funds – equities including exchange traded funds	$ 5,454,521	$ 5,132,061
Mutual funds - bond funds	1,859,471	1,606,322
	$ 7,313,992	$ 6,738,383

Investment income is summarized as follows:

	2025	2024
Unrealized gain	$ 483,551	$ 699,494
Realized gain (loss)	188,707	(3,031)
Dividends and interest, net of fees	165,436	140,928
	$ 837,694	$ 837,391

Investment fees for the year ended June 30, 2025 and 2024 were $41,655 and $37,872, respectively.

NOTE I: FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology include: ▪ Quoted prices for similar assets in active markets; ▪ Quoted prices for identical or similar assets in inactive markets; ▪ Inputs other than quoted prices that are observable for the asset; ▪ Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset.
Level 3	Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There are no changes in the methodologies used at June 30, 2025 or 2024.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Exchange traded funds (ETF): Valued based on an underlying index, reported on the active market on which the individual securities are traded. The ETF's held by the Organization are deemed to be actively traded.

Land leases: Valued at common level ratio real estate valuation factors for Bucks County as of the settlement date of the property. There is no observable active markets for these assets.

	Assets at Fair Value as of June 30, 2025			
	Level 1	*Level 2*	*Level 3*	*Total*
Cash and cash equivalents	$ 108,041	$ -	$ -	$ 108,041
Mutual funds – bond funds	1,859,471	-	-	1,859,471
Mutual funds – equities including exchange traded funds	5,454,521	-	-	5,454,521
Land leases	-	-	486,683	486,683
Total assets at fair value	$ 7,422,033	$ -	$ 486,683	$ 7,908,716

NOTE I: FAIR VALUE MEASUREMENT (Continued)

Following is a reconciliation of activity for the 2025 assets measured at fair value on a nonrecurring basis, based on significant unobservable (non-market) information using the common level ratio real estate valuation factors:

	Land Leases
Balance, July 1, 2024	$ 346,393
Transfer of homes sold into land lease program	140,290
Balance, June 30, 2025	$ 486,683

	Assets at Fair Value as of June 30, 2024			
	Level 1	*Level 2*	*Level 3*	*Total*
Cash and cash equivalents	$ 919,497	$ -	$ -	$ 919,497
Mutual funds - bond funds	1,606,322	-	-	1,606,322
Mutual funds - equities including exchange traded funds	5,132,061	-	-	5,132,061
Land leases	-	-	346,393	346,393
Total assets at fair value	$ 7,657,880	$ -	$ 346,393	$ 8,004,273

NOTE J: LINE OF CREDIT

The line is renewable annually and is secured by the Organization's deposits and marketable securities held by the investment company, which are used as collateral. The interest rate is variable and was 6.20% and 7.13% at June 30, 2025 and 2024, respectively. At June 30, 2025 the available unused credit line was approximately $4,823,000. There were no outstanding balances at June 30, 2025 or 2024.

NOTE K: LONG-TERM DEBT

	2025	2024
Notes payable, due March 31, 2025, 1% interest only, paid quarterly, principal due at maturity. Proceeds used to support the predevelopment costs of the Walnut Street project. Paid in full by June 30, 2025.	$ -	$ 100,000
Less: current portion	(-)	(100,000)
Long-term debt	$ -	$ -

The Organization follows the policy of capitalizing construction interest as a component of the construction in progress. During the years ended June 30, 2025 and 2024, interest expense capitalized to construction in progress was $- and $1,000, respectively.

NOTE L: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions available for use in future periods for restricted purposes at June 30, 2025 and 2024 were as follows.

	2025	2024
Purpose	$ 123,205	$ 71,999

Net assets with donor restrictions released for the years ended June 30, 2025 and 2024 were as follows.

	2025	2024
Purpose	$ 203,794	$ 170,517

NOTE M: FUND RAISING ACTIVITIES

The Organization has an annual Signature Event and other fundraising events. The support received and expenses incurred for these events were as follows.

	2025	2024
Gross receipts	$ 211,448	$ 194,162
Expenses	48,172	48,959
	$ 163,276	$ 145,203

NOTE N: RESTORE ACTIVITY

The Organization has three ReStore locations. The ReStores have sales from both donated and purchased products. The ReStores had the following activity for the years ended June 30, 2025 and 2024.

	2025	2024
ReStore sales	$4,216,502	$ 4,920,616
Purchased inventory sold	(269,439)	(528,896)
Change in inventory	(18,330)	(48,680)
ReStore activity	$ 3,928,733	$ 4,343,040

NOTE N: RESTORE ACTIVITY (continued)

The donated contributions of goods to the ReStore were $3,578,759 and $4,170,444 for the years ending June 30, 2025 and 2024, respectively.

ReStore gross revenue represents approximately 47% and 52% of total support and revenue for the years ending June 30, 2025 and 2024, respectively.

NOTE O: TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL

The Organization annually remits a portion of its contributions (excluding in-kind contributions) to HFHI. These funds are used to construct homes and provide housing solutions in economically depressed areas around the world. For the years ended June 30, 2025 and 2024, the Organization voluntarily contributed $38,129 and $32,754, respectively, to HFHI. These amounts are included in program services expense in the statement of activities.

In addition, for the year ended June 30, 2024, the Organization paid $15,000 to HFHI to offset a portion of the costs associated with efforts that benefit all affiliates; efforts such as brand protection and promotion, and regulatory advocacy. This payment was included in program services expense in the statement of activities. This payment was discontinued for the year ended June 30, 2025, due to the introduction of the Collaborative Operating Model (COM).

The Collaborative Operating Model (COM) is a partnership model between HFHI and affiliates for managing donors in the respective affiliate's area. This partnership started during the year ended June 30, 2025. The Organization paid HFHI $105,000 for the year ended June 30, 2025. This amount is included in fundraising expense in the statement of activities. Support received from individuals related to the COM program was $141,059 for the year ending June 30, 2025 and is included in contributions on the statement of activities.

HFHI makes donated merchandise available to ReStores. The Organization pays an acquisition fee. For the years ended June 30, 2025 and 2024, the Organization incurred fees of $864 and $-, respectively for donated merchandise.

NOTE P: ADDITIONAL INFORMATION

	2025	2024
Donated goods program	$ 11,175	$ 10,337
Donated services program	$ 23,715	$ 14,000
Donated stock	$ 55,394	$ -
Advertising expense	$ 215,652	$ 114,879
Employer matching retirement contribution	$ 49,351	$ 42,953
401(K) administration costs	$ 1,573	$ 1,226

On June 30, 2025, The Organization had remaining available award balances on conditional reimbursement grants and contracts for sponsored projects totaling approximately $921,000. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and expenses related to the reimbursement grants are incurred.

NOTE Q: OPERATING LEASES

The Organization leases a vehicle as well as building space in Warminster, Langhorne, and Quakertown under operating leases expiring in various years through 2031. The building leases also include a monthly charge for operating expenses. Operating leases are included in operating right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position. A lease liability and a ROU asset was recorded at the present value of future lease payments at the discounted incremental borrowing rates of 1.84%, 6.46%, and 7.11%.

In May 2025, the Organization signed a lease extension for the Langhorne ReStore location beginning in March 2026. This agreement extends the lease through February 28, 2031. The initial rent is $21,001 per month with annual increases for each year thereafter.

The Organization's lease terms may include options to extend or terminate the lease. When it is reasonably certain that the Organization will exercise that option, adjustments will be recorded to the right of use asset & liability. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as office space, the Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of utilities and real estate taxes, are recognized as operating expenses in the period in which the obligation for those payments was incurred.

The Warminster location has a sublease. The sublease renews annually unless terminated each March 31. The monthly rent to be received by the Organization was $2,956, beginning August 1, 2024. The prior monthly rent, since August of 2023, was $3,252. Rental income received for the years ended June 30, 2025 and 2024 was $35,473 and $35,412, respectively.

The Organization also leases a piece of equipment through 2026. Monthly payments of $203 are expensed as incurred.

Total rent expense for the years ending June 30, 2025 and 2024 was $906,082 and $870,220, respectively.

NOTE Q: OPERATING LEASES (continued)

Minimum future rental payments under non-cancellable operating leases having remaining terms in excess of one year as of June 30 for each of the next five years, thereafter, and in the aggregate, are as follows:

Years ending June 30	Amount
2026	$ 619,199
2027	461,126
2028	463,575
2029	404,238
2030	411,831
Thereafter	377,258
	$ 2,737,227

The maturities of the right of use lease liabilities as of June 30 for the next five years, thereafter, and in the aggregate, are as follows:

Years ending June 30	Amount
2026	$ 561,670
2027	418,012
2028	432,838
2029	383,565
2030	399,482
Thereafter	373,538
	$ 2,569,105

The Organization also has land leases with certain homeowners. When the Organization sells a property, it retains ownership of the land and subsequently leases the land to the homeowners who purchased the related building (See Note A). The land is reflected on the statement of financial position in non-current assets. Monthly rent expense for each lease is approximately $75. The Organization determines if the arrangement is a lease at inception. The Organization currently has ten executed land lease arrangements and expects to collect $75 per month per lease over 99 years. Total lease income for the years ended June 30, 2025 and 2024 is $7,132 and $3,311, respectively.

NOTE R: SERVICE AGREEMENTS

The Organization has a contract for voice and data services through June 2027. Total expense for the years ending June 30, 2025 and 2024 was $12,085 and $5,124, respectively.

Minimum future payments for the services are as follows:

Year ending June 30	Amount
2026	$ 12,085
2027	12,085
	$ 24,170

NOTE S: LIQUIDITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Financial assets in excess of daily cash requirements are invested in money market accounts, certificates of deposit, and other short or long term investments.

The following table reflects the Organizations' financial assets as of June 30, 2025 and 2024 that are available to meet cash needs for operating expenditures within one year.

	2025	2024
Cash	$ 622,464	$ 265,106
Mortgages receivable, current	110,540	99,876
Notes and loans receivable, current	6,217	5,347
Other receivables and pledges	202,077	252,795
Cash – money market	108,041	919,497
Marketable securities	7,313,992	6,738,383
Total	8,363,331	8,281,004
Less: Net assets with donor restrictions	(123,205)	(71,999)
Financial assets available to meet general expenditures over the next twelve months	$ 8,240,126	$ 8,209,005

In the event of an unanticipated liquidity need, the Organization can also draw upon approximately $4,823,000 of an available line of credit.

NOTE T: PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for the year ended June 30, 2024 have been restated to correct an error in the valuation discount for mortgages receivable. This correction increased beginning net assets by approximately $15,000, decreased support and revenue by approximately $900, and decreased homeownership program expenses by approximately $16,000.

NOTE U: SUBSEQUENT EVENTS

In October 2025, the Organization purchased property at 604 Hickory Street, Telford for $95,000.