

**NEW ORLEANS AREA HABITAT  
FOR HUMANITY, INC.**

Audits of Consolidated Financial Statements

June 30, 2025 and 2024

## **Contents**

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<b>Independent Auditor's Report</b>	1 - 3
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### **Consolidated Financial Statements**

Consolidated Statements of Financial Position	4 - 5
Consolidated Statements of Activities and Changes in Net Assets	6 - 7
Consolidated Statements of Functional Expenses	8 - 9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	11 - 27

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### **Supplementary Information**

Consolidating Statement of Financial Position	29 - 30
Consolidating Statement of Activities and Changes in Net Assets	31
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	32

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<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	33 - 34
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<b>Schedule of Findings and Responses</b>	35
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<b>Summary Schedule of Prior Audit Findings</b>	36
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## **Independent Auditor's Report**

To the Board of Directors  
New Orleans Area Habitat for Humanity, Inc.  
New Orleans, Louisiana

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of New Orleans Area Habitat for Humanity, Inc. and its subsidiaries (Habitat), which comprise the consolidated statement of financial position as of June 30, 2025, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Habitat as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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'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'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.

## **Prior Period Financial Statements**

The consolidated financial statements of Habitat, as of and for the year ended June 30, 2024, were audited by other auditors, whose report dated December 18, 2024, expressed an unmodified opinion on those consolidated financial statements. The summarized comparative information presented herein as of and for the year ended June 30, 2024 is, in our opinion, in all material respects, consistent with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The consolidating schedules and schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of Habitat's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Habitat's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC". The signature is written in black ink and is positioned to the right of the date and location text.

Covington, LA  
December 19, 2025

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidated Statements of Financial Position**  
**June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,450,000	\$ 5,580,744
Restricted Cash	1,971,696	423,268
Accounts Receivable	207,297	274,619
Investments	6,486,049	8,935,814
Mortgage Notes Receivable, Current Portion, Net	372,663	289,261
Construction in Progress and Inventory	7,495,956	4,774,776
ReStore Inventory	152,222	193,917
Prepaid Expenses	110,708	164,826
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>18,246,591</b>	<b>20,637,225</b>
<b>Property and Equipment</b>		
Buildings and Land	6,614,075	10,786,020
Rental Houses	5,537,221	5,641,180
Furniture and Fixtures	-	146,461
Tools and Equipment	498,698	481,795
Vehicles	441,190	555,683
	<hr/>	<hr/>
	<b>13,091,184</b>	<b>17,611,139</b>
Less: Accumulated Depreciation	<b>(2,868,361)</b>	<b>(3,324,942)</b>
	<hr/>	<hr/>
<b>Total Property and Equipment, Net</b>	<b>10,222,823</b>	<b>14,286,197</b>
<b>Other Assets</b>		
Mortgage Notes Receivable, Long-Term Portion, Net	2,906,696	2,236,224
Note Receivable - State Investment Fund	3,630,400	3,630,400
Lot Inventory	366,243	369,432
Deposits	-	11,938
	<hr/>	<hr/>
<b>Total Other Assets</b>	<b>6,903,339</b>	<b>6,247,994</b>
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 35,372,753</b>	<b>\$ 41,171,416</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidated Statements of Financial Position (Continued)**  
**June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 222,763	\$ 951,825
Other Liabilities	209,605	291,761
Notes Payable, Current Portion	59,472	1,061,260
	<hr/>	<hr/>
<b>Total Current Liabilities</b>	<b>491,840</b>	<b>2,304,846</b>
<b>Long-Term Liabilities</b>		
QLICI A Note Payable	5,000,000	5,000,000
QLICI B Note Payable	1,547,500	1,547,500
Notes Payable, Long-Term Portion, Net	382,994	3,296,922
	<hr/>	<hr/>
<b>Total Long-Term Liabilities</b>	<b>6,930,494</b>	<b>9,844,422</b>
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>7,422,334</b>	<b>12,149,268</b>
<b>Net Assets</b>		
Without Donor Restrictions	24,506,512	27,583,930
With Donor Restrictions	3,443,907	1,438,218
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>27,950,419</b>	<b>29,022,148</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$ 35,372,753</b>	<b>\$ 41,171,416</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Support</b>			
Home Sales			
Sales Revenue	\$ 2,708,732	\$ -	\$ 2,708,732
Mortgage Notes Receivable Discount	(501,701)	-	(501,701)
Contributions	862,418	-	862,418
In-kind Contributions	992,119	-	992,119
Grant Revenue	85,621	2,413,000	2,498,621
Amortization of Mortgage Notes Receivable Discount	192,874	-	192,874
Investment Return, Net	634,878	-	634,878
ReStore Revenues	1,067,429	-	1,067,429
Rental Revenues	703,651	-	703,651
Loss on Sales of Mortgage Notes Receivable	(256,666)	-	(256,666)
Loss on Sale of Property and Equipment	(999,968)	-	(999,968)
Other Income, Net	179,168	-	179,168
<b>Total</b>	<b>5,668,555</b>	<b>2,413,000</b>	<b>8,081,555</b>
<b>Net Assets Released from Restrictions</b>	<b>407,311</b>	<b>(407,311)</b>	<b>-</b>
<b>Total Revenues, Gains, and Support</b>	<b>6,075,866</b>	<b>2,005,689</b>	<b>8,081,555</b>
<b>Expenses</b>			
<b>Program Services</b>			
Housing	5,687,907	-	5,687,907
ReStore	1,738,897	-	1,738,897
<b>Supporting Services</b>			
Management and General	1,153,289	-	1,153,289
Fundraising	573,191	-	573,191
<b>Total Expenses</b>	<b>9,153,284</b>	<b>-</b>	<b>9,153,284</b>
<b>Change in Net Assets</b>	<b>(3,077,418)</b>	<b>2,005,689</b>	<b>(1,071,729)</b>
<b>Net Assets, Beginning of Year</b>	<b>27,583,930</b>	<b>1,438,218</b>	<b>29,022,148</b>
<b>Net Assets, End of Year</b>	<b>\$ 24,506,512</b>	<b>\$ 3,443,907</b>	<b>\$ 27,950,419</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Support</b>			
Home Sales			
Sales Revenue	\$ 2,231,787	\$ -	\$ 2,231,787
Mortgage Notes Receivable Discount	(627,885)	-	(627,885)
Contributions	695,118	-	695,118
In-kind Contributions	1,332,608	-	1,332,608
Grant Revenue	1,314,847	757,913	2,072,760
Amortization of Mortgage Notes Receivable Discount	159,317	-	159,317
Investment Return, Net	938,774	-	938,774
ReStore Revenues	1,314,588	-	1,314,588
Rental Revenues	778,782	-	778,782
Gain on Sales of Mortgage Notes Receivable	102,338	-	102,338
Other Income, Net	42,067	-	42,067
<b>Total</b>	<b>8,282,341</b>	<b>757,913</b>	<b>9,040,254</b>
<b>Net Assets Released from Restrictions</b>	<b>305,585</b>	<b>(305,585)</b>	<b>-</b>
<b>Total Revenues, Gains, and Support</b>	<b>8,587,926</b>	<b>452,328</b>	<b>9,040,254</b>
<b>Expenses</b>			
<b>Program Services</b>			
Housing	6,941,203	-	6,941,203
ReStore	2,137,858	-	2,137,858
<b>Supporting Services</b>			
Management and General	1,139,787	-	1,139,787
Fundraising	455,678	-	455,678
<b>Total Expenses</b>	<b>10,674,526</b>	<b>-</b>	<b>10,674,526</b>
<b>Change in Net Assets</b>	<b>(2,086,600)</b>	<b>452,328</b>	<b>(1,634,272)</b>
<b>Net Assets, Beginning of Year</b>	<b>29,670,530</b>	<b>985,890</b>	<b>30,656,420</b>
<b>Net Assets, End of Year</b>	<b>\$ 27,583,930</b>	<b>\$ 1,438,218</b>	<b>\$ 29,022,148</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2025**

	<u>Program Expenses</u>		<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total Supporting Services</u>
	<u>Housing Program</u>	<u>Restore Program</u>		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 869,671	\$ 397,781	\$ 1,267,452	\$ 499,818	\$ 370,096	\$ 869,914
Payroll Taxes	63,835	29,774	93,609	37,334	27,600	64,934
Benefits	118,764	69,834	188,598	53,913	29,259	83,172
Personnel Development	49,520	40,544	90,064	30,898	9,383	40,281
Vista/AmeriCorps	19,592	-	19,592	-	-	-
Contract Labor	30,238	-	30,238	2,000	-	2,000
<b>Total Personnel Costs</b>	<b>1,151,620</b>	<b>537,933</b>	<b>1,689,553</b>	<b>623,963</b>	<b>436,338</b>	<b>1,060,301</b>
Cost of Homes Sold	2,217,258	-	2,217,258	-	-	-
Cost of Merchandise Sold	-	1,002,269	1,002,269	-	-	-
Professional Services	130,856	3,774	134,630	74,324	31,494	105,818
Insurance	339,498	33,024	372,522	5,192	810	6,002
Occupancy Costs	128,712	13,001	141,713	1,767	1,985	3,752
Transportation	20,521	82,933	103,454	69	636	705
Supplies	22,804	4,140	26,944	1,514	748	2,262
Equipment	20,284	4,634	24,918	119	241	360
Home and Repair Costs	614,290	6,284	620,574	-	125	125
Special Events	(2,008)	8,660	6,652	-	54,445	54,445
Marketing	4,710	-	4,710	248	33,315	33,563
Program Expenses	130,991	7,776	138,767	117,533	10,436	127,969
Other Expenses	974,925	28,387	1,003,312	324,549	2,618	327,167
Depreciation and Amortization	435,147	6,082	441,229	4,011	-	4,011
<b>Total Functional Expenses</b>	<b>6,189,608</b>	<b>1,738,897</b>	<b>7,928,505</b>	<b>1,153,289</b>	<b>573,191</b>	<b>1,726,480</b>
Sales Discounts Included with Revenues on the Consolidated Statement of Activities and Changes in Net Assets	(501,701)	-	(501,701)	-	-	-
<b>Total Expenses Included in the Expense Section on the Consolidated Statement of Activities and Changes in Net Assets</b>	<b>\$ 5,687,907</b>	<b>\$ 1,738,897</b>	<b>\$ 7,426,804</b>	<b>\$ 1,153,289</b>	<b>\$ 573,191</b>	<b>\$ 1,726,480</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**

	<u>Program Expenses</u>		<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total Supporting Services</u>
	<u>Housing Program</u>	<u>Restore Program</u>		<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 1,820,104	\$ 535,348	\$ 2,355,452	\$ 691,938	\$ 287,476	\$ 979,414
Payroll Taxes	132,203	39,466	171,669	50,640	22,817	73,457
Benefits	260,116	62,746	322,862	80,464	36,093	116,557
Personnel Development	175,137	42,409	217,546	9,638	8,680	18,318
Vista/AmeriCorps	48,765	-	48,765	-	-	-
Contract Labor	30,138	-	30,138	2,100	-	2,100
<b>Total Personnel Costs</b>	<b>2,466,463</b>	<b>679,969</b>	<b>3,146,432</b>	<b>834,780</b>	<b>355,066</b>	<b>1,189,846</b>
Cost of Homes Sold	1,498,510	-	-	-	-	-
Cost of Merchandise Sold	-	1,187,844	1,187,844	-	-	-
Professional Services	207,235	5,747	5,747	80,464	48,555	129,019
Insurance	386,952	21,024	21,024	6,568	451	7,019
Occupancy Costs	192,326	14,796	14,796	2,783	1,664	4,447
Transportation	59,416	119,586	119,586	4,168	3,086	7,254
Supplies	43,640	4,270	4,270	2,363	2,754	5,117
Equipment	51,716	4,322	4,322	948	445	1,393
Home and Repair Costs	935,828	11,259	11,259	1,706	1,168	2,874.00
Special Events	109,316	-	-	-	-	-
Marketing	51,264	35,965	35,965	1,621	11,313	12,934
Program Expenses	257,238	10,218	10,218	138,495	26,076	164,571
Other Expenses	846,387	32,231	32,231	62,491	5,100	67,591
Depreciation and Amortization	462,797	10,627	10,627	3,400	-	3,400
<b>Total Functional Expenses</b>	<b>7,569,088</b>	<b>2,137,858</b>	<b>4,604,321</b>	<b>1,139,787</b>	<b>455,678</b>	<b>1,595,465</b>
Sales Discounts Included with Revenues on the Consolidated Statement of Activities and Changes in Net Assets	(627,885)	-	(627,885)	-	-	-
<b>Total Expenses Included in the Expense Section on the Consolidated Statement of Activities and Changes in Net Assets</b>	<b>\$ 6,941,203</b>	<b>\$ 2,137,858</b>	<b>\$ 3,976,436</b>	<b>\$ 1,139,787</b>	<b>\$ 455,678</b>	<b>\$ 1,595,465</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	2025	2024
<b>Cash Flows from Operating Activities</b>		
Changes in Net Assets	(1,071,729)	\$ (1,634,272)
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Used in Operating Activities		
Depreciation and Amortization	445,240	476,824
Amortization of Mortgage Notes Receivable Discount	(192,874)	(159,317)
Mortgage Note Receivable Discount	501,701	627,885
Debt Issuance Costs	92,321	(890,996)
Non-Cash Income from Investments		
Realized and Unrealized Gain on Investments, Net	(618,926)	(1,012,333)
Interest and Dividends Reinvested	-	(15,947)
Loss (Gain) on Sales of Mortgage Notes Receivable	256,666	(102,338)
Loss on Sale of Property and Equipment	999,968	(4,356)
(Increase) Decrease in Assets		
Accounts Receivable	67,322	323,206
Mortgage Notes Receivable	(544,118)	(736,962)
Construction in Progress and Inventory	(2,721,180)	(2,065,173)
ReStore Inventory	41,695	(67,756)
Lot Inventory	3,189	(78,043)
Prepaid Expenses	54,118	(6,512)
Deposits	11,938	(4,563)
Note Receivable - State Investment Fund	-	(3,630,400)
Increase (Decrease) in Liabilities		
Accounts Payable	(729,062)	880,761
Other Liabilities	(82,156)	(5,661)
<b>Net Cash Used in Operating Activities</b>	<b>(3,485,887)</b>	<b>(8,105,953)</b>
Purchases of Property and Equipment	(326,833)	(58,636)
Proceeds from Sale of Investments	3,068,691	4,543,023
Proceeds from Sale of Fixed Assets	2,944,999	5,802
Repurchase of Mortgage Notes Receivable	(882,788)	(289,986)
Proceeds from the Sale of Mortgage Notes Receivable	107,539	274,003
<b>Net Cash Provided by Investing Activities</b>	<b>4,911,608</b>	<b>4,474,206</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Notes Payable	-	11,465,000
Payments on Notes Payable	(4,008,037)	(1,089,532)
Proceeds from Margin Loan	-	105,077
Payments on Margin Loan	-	(2,432,203)
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(4,008,037)</b>	<b>8,048,342</b>
<b>Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(2,582,316)</b>	<b>4,416,595</b>
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>	<b>6,004,012</b>	<b>1,587,417</b>
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<b>3,421,696</b>	<b>\$ 6,004,012</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash Paid During the Year for Interest	311,351	\$ 255,708
Non-Cash Donations	992,119	\$ 1,332,608

The accompanying notes are an integral part of these consolidated financial statements.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

##### Organization

New Orleans Area Habitat for Humanity, Inc. (Habitat) is a 501(c)3 organization incorporated in 1983 as an independent affiliate of Habitat for Humanity International (HFHI). Since its inception, Habitat has been working in partnership with hard-working, low-income families in New Orleans and surrounding areas to build and finance new, safe, affordable homes. The program makes homeownership possible for families who cannot qualify for traditional home loans but have a stable job, good or no credit, and the willingness to contribute 250 hours of sweat equity to the building of Habitat homes. Habitat has been a beacon of hope - rebuilding and deploying tens of thousands of volunteers to construct new homes in damaged, blighted neighborhoods following Hurricane Katrina. The support of volunteers, donors, and partners across the country, and even the world, has contributed to making Habitat one of the largest builders of homes in Louisiana. Habitat's leadership skills and construction capacity allow us to rapidly scale up in response to emergencies and/or other opportunities.

Programs offered by Habitat include:

- **First Time Homebuyers Program (FTHP):** Hard-working local families partner with Habitat to become homebuyers with a 0% interest mortgage and a monthly payment of no more than 30% of their income. They provide 250 hours of sweat equity in place of a down payment by building Habitat homes or working at a Habitat ReStore. All FTHP families must show a need for housing, the ability to repay a mortgage, and the willingness to partner with Habitat. In addition to their contribution of sweat equity hours, homebuyers take financial literacy classes, home maintenance training, and save a minimum of \$2,500 towards their escrow account.
- **A Brush With Kindness (ABWK):** ABWK is a program for homeowners in the New Orleans area who cannot afford necessary home improvements or repairs or are unable to complete those repairs due to age, disability, or other circumstances. Habitat prefers ABWK partners to complete eight hours of sweat equity and be present if possible, during the repairs, but Habitat can waive the requirement based on the partner's circumstances. There is a great need for home repair services in the New Orleans area, especially for the elderly or disabled homeowners whose homes are at risk because of structural issues. The ABWK program brings affordable home repairs to those in our area who need it most while also helping preserve our neighborhoods. Many ABWK projects suffer from decades of deferred maintenance. In some instances, the required repairs can jeopardize the partners' ability to maintain and keep their homeowner's insurance in place. Whether ABWK partners are a dock worker or a retired teacher, the ABWK program lets Habitat provide these repairs through a grant, allowing the partner to age in place in their current home.
- **Rental Program:** Over one-third of New Orleans renters spend 50% of their income or more on rent. By providing affordable rentals, Habitat addresses a growing need and helps families achieve the financial stability needed to redirect funds to education, healthcare, and savings, and in some cases, to go on to homeownership.

# NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

## Notes to Consolidated Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Organization (Continued)

- ReStore: Habitat owns and operates a ReStore at the home office on Elysian Fields Avenue in New Orleans. Habitat ReStore accepts donations of new or gently used furniture, appliances, and other household items and sells them to the public at a fraction of the retail price. Proceeds are used to help build strength, stability, self-reliance, and shelter in the New Orleans area by funding the mission of Habitat. In June 2023, the Restore located in Kenner was closed.

NOAHH MC, Inc. (MC) and NOAHH SO, Inc. (SO), are wholly-owned subsidiaries of Habitat (collectively, Habitat) and are each 501(c)(3) exempt organizations. MC was incorporated in the State of Louisiana in March 2009. SO was incorporated in the State of Louisiana in December 2013. These subsidiaries' exclusive purpose is to benefit and support Habitat.

#### Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

#### Principles of Consolidation

The financial statements include the accounts of Habitat and its wholly-owned subsidiaries, MC and SO. All significant intercompany balances and transactions have been eliminated in consolidation.

#### Basis of Presentation

Habitat follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounts Standards Board (FASB) Accounting Standards Codification (ASC). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Habitat and changes thereto are classified and reported as:

*Net Assets Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) imposed restrictions. These net assets may be used at the discretion of Habitat's management and board of directors.

*Net Assets With Donor Restrictions:* Net assets subject to donor-(or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Estimates are used primarily for the allowance for credit losses, discount on mortgage notes receivable and fair value of investments.

##### **Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, Habitat considers all highly liquid bank money market funds and investments available for current use with an initial maturity of three months or less to be cash equivalents.

##### **Accounts Receivable**

Accounts receivable primarily consist of contributions and grants receivable. Accounts receivable is stated at the amount Habitat expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable. There was no allowance for doubtful accounts at June 30, 2025 or 2024.

##### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions or net assets with donor restrictions depending if their use is restricted by donor stipulations or law. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Realized and unrealized gains and losses and interest and dividends earned are reported net of fees as investment return, net in the consolidated statements of activities and changes in net assets.

Debt securities with a fair value less than its amortized cost basis are considered impaired. Management evaluates debt securities in an unrealized loss position on an annual basis, and more frequently when economic or market conditions warrant such evaluation. If Habitat has the intent to sell the security, or it is more likely than not that Habitat will be required to sell the security, the total impairment loss is recognized as an adjustment to the amortized cost basis of the investment and reflected in the consolidated statements of activities and changes in net assets. The new amortized cost basis is not adjusted for subsequent recoveries in fair value. If Habitat does not have the intent to sell and determines that it is more likely than not that it will be required to sell the security, management evaluates whether the decline in fair value is the result of credit losses or other factors.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Investments (Continued)**

In making the assessment, management may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the rating of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. To the extent that the security's amortized cost basis exceeds the present value of cash flows expected to be collected, an allowance for credit losses is recorded. Recoveries of credit losses can be reversed in subsequent periods. At June 30, 2025, there was no allowance for credit loss related to debt securities.

##### **Mortgage Notes Receivable**

Mortgage notes receivable consists of non-interest-bearing mortgage notes which are collateralized by real estate in the New Orleans area and payable in monthly installments over the life of the mortgage loans. Mortgage notes receivable are net of discounts, which represent the difference between the stated amount of the mortgage notes and the present value based on an imputed amount of interest. The mortgage discount interest rate is set annually by HFHI. The rate is calculated by taking the average rate for twelve months, as published by the Internal Revenue Service (IRS) under the Index of Applicable Federal Rates (AFR) Rulings for Low-Income Housing Tax Credits. The imputed interest rates used approximate the rates that independent borrowers and lenders would have negotiated in a similar transaction. The discounts are amortized over the lives of the mortgage loans using the interest method. Mortgage notes receivable are considered past due if payments are more than 30 days late.

The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of mortgage notes receivable to present the net amount expected to be collected. The measurement of expected credit losses includes information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Qualitative adjustments to historical loss information are made for factors such as economic factors or delinquencies. All mortgage notes receivables are collateralized by residential property. Management believes the discount rate set by HFHI, as well as collateral values in excess of mortgage notes, appropriately covers the risk of credit losses and there was no allowance for credit losses recorded as of June 30, 2025 and 2024.

##### **Construction in Progress and Inventory**

Construction inventory consists of land, materials, and other costs associated with houses under construction. Construction in progress is recorded at cost. Purchased inventory is recorded at the lower of cost or net realizable value determined by the specific identification method. Gift in-kind inventory is recorded at fair value on the date of receipt based on the specific identification method.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Construction in Progress and Inventory (Continued)

When homes are sold, costs of homes sold are considered program services expense. As of June 30, 2025 and 2024, construction in progress and inventory included:

	2025	2024
Construction in Progress	\$ 7,454,955	\$ 4,704,707
Materials Inventory and Prepaid Supplies	41,001	70,069
<b>Total</b>	<b>\$ 7,495,956</b>	<b>\$ 4,774,776</b>

##### ReStore Inventory

Inventory represents goods to be sold in the ReStore and is recorded at the lower of cost or net realizable value.

##### Property and Equipment

Property and equipment are recorded at cost when purchased and at their estimated fair market value when received as a donation. Improvements and major repairs, which extend and enhance the useful life of the asset, are capitalized. Expenditures for maintenance and repairs are expensed as incurred. Habitat has established a policy capitalizing all expenditures for property and equipment in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over 39.5 years and rental houses are depreciated over 27.5 years. The useful lives of other fixed assets range from three to seven years. The costs and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the change in net assets. For the years ended June 30, 2025 and 2024, depreciation and amortization expense totaled \$445,241 and \$476,824, respectively.

##### Lot Inventory

Land held for future home sites consists of purchased lots that will be used in future development of houses to be sold. The land is carried at cost and reclassified to construction in progress once construction has begun.

##### Home Sales

Revenues from the sale of houses are recognized at the date of closing as the closing date is the point in time in which the home is transferred to the customer.

##### Contributions

Contributions are recognized when the donor makes an unconditional promise to give. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions were made. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Contributions (Continued)**

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

##### **Grant Revenue**

Expense-driven grants are recognized as grant revenue in the change in net assets when the qualifying expenses have been incurred and all other requirements have been met.

##### **ReStore Revenues**

Habitat has a resale store that sells primarily donated goods. The sales revenue is not restricted and is recognized at a point-in-time when the goods are exchanged for cash consideration and transferred to the customer. ReStore in-kind contributions totaled \$912,632 and \$1,144,621 for the years ended June 30, 2025 and 2024, respectively. See Note 8.

##### **Rental Revenues**

Tenants sign lease agreements for rental housing owned by Habitat. Lease terms are typically one year with automatic renewal on a month-to-month basis unless notification to terminate the lease is received from the tenant. Leases may contain extension and termination options that are predominantly at the sole discretion of the lessee, provided certain conditions are satisfied. Rental revenues are recognized monthly over the term of the lease. Any amounts received in advance of services provided are deferred and recognized when services have been provided.

Topic 842 provides lessors a practical expedient, applicable by class of underlying asset, to not separate non-lease components from the associated lease component if certain criteria are met. An underlying asset is an asset that is the subject of a lease for which the right to use that asset has been conveyed to a lessee. Habitat considers rental houses as a class of underlying assets.

Lease components are elements of an arrangement that provide the lessee with the right to use an identified asset. Non-lease components are distinct elements of a contract that are not related to securing the use of the leased asset and revenue is recognized in accordance with Topic 606, *Revenue from Contracts with Customers*. In the case of Habitat's business, the identified asset would be the rental house. As of June 30, 2025 and 2024, leases for rental houses do not contain any non-lease components.

In addition, under Topic 842, lessors will only capitalize incremental direct leasing costs. These costs are expensed as incurred and are included within other expenses on the consolidated statements of functional expenses.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Sales of Mortgage Notes Receivable**

Habitat sells existing mortgages to third-party banks. Such revenues are recognized at the date of sale as this is the point in time in which the performance obligation of transferring the mortgage note receivable to the bank has been satisfied.

##### **Donated Services and In-Kind Donations**

Volunteers contribute significant amounts of time to Habitat's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services as management has determined that the requirements for recording in-kind services have not been satisfied. Contributed goods are recorded at fair value at the date of donation. See Note 8.

##### **Income Taxes**

Habitat is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is exempt from Louisiana income tax under Section 121(5) of Title 47 of the Louisiana Revised Statute of 1950.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity and its tax returns that might be uncertain. Habitat believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in interest expense.

##### **Sales Tax**

State of Louisiana and Orleans Parish or Jefferson Parish impose a combined sales tax on all sales to non-exempt customers. The combined sales tax rate is 10% for Orleans Parish and 9.2% for Jefferson Parish. Habitat collects that sales tax from customers and remits the entire amount to the State of Louisiana. For the years ended June 30, 2025 and 2024, Habitat remitted state sales taxes totaling \$95,364 and \$137,620, respectively. Sales tax collected and paid is not reported as revenues and expenses on the consolidated statements of activities and changes in net assets.

##### **Advertising Expense**

Habitat uses advertising to promote ReStore operations and fundraising activities. The costs of advertising are expensed as incurred. For the years ended June 30, 2025 and 2024, advertising costs totaled \$8,602 and \$7,723, respectively.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Functional Allocated Expenses

Expenses are summarized on a functional basis. The consolidated statements of functional expenses present the natural classification detail of expense by function. Salaries and related payroll expenses are allocated based upon the time spent for each function.

Allocation of all other shared expenses is based upon management's estimates of the usage applicable to conducting various program or support activities. Other shared expenses that are allocated include professional services, transportation, insurance, occupancy, program expense, marketing, supplies, special events, and other expenses.

#### Note 2. Liquidity and Availability

Habitat regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next twelve months, Habitat operates with a budget to monitor resources and spending. As of June 30, 2025, financial assets available for general operating purposes within one year of the consolidated statements of financial condition date consisted of the following:

	2025	2024
Cash, Cash Equivalents, and Restricted Cash	\$ 3,421,696	\$ 6,004,012
Accounts Receivable	207,297	274,619
Investments	6,486,049	8,935,814
Mortgage Notes Receivable, Current Portion, Net	372,663	289,261
	<u>10,487,705</u>	<u>15,503,706</u>
Less: Amounts Not Available to be Used Within Twelve Months:		
Net Assets with Donor Restrictions	(3,443,907)	(1,438,218)
Less: Cash Restricted	(1,971,696)	(423,268)
	<u>(5,415,603)</u>	<u>(1,861,486)</u>
<b>Total</b>	<b>\$ 5,072,102</b>	<b>\$ 13,642,220</b>

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 3. Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sum to the total of the same amounts shown in the consolidated statements of cash flows:

	2025	2024
Cash and Cash Equivalents	\$ 1,450,000	\$ 5,580,744
Restricted Cash	1,971,696	423,268
<b>Total</b>	<b>\$ 3,421,696</b>	<b>\$ 6,004,012</b>

Habitat services the mortgages on the homes it sells. Restricted cash consists of escrow deposits and reserves funding for fees and interest in connection with the QLICI loans.

#### Note 4. Mortgage Notes Receivable

Habitat sells its completed homes to individual and family partners in exchange for a mortgage note secured by the residence with typical repayment terms over 20 to 30 years and bearing -0-% interest. As of June 30, 2025 and 2024, there are no loans pledged as collateral to secure notes payable.

During the years ended June 30, 2025 and 2024, Habitat sold two of its mortgage notes receivables at their face value of \$622,780 and \$274,003, respectively. The loans are considered to be delinquent after 90 days of non-payment of principal. Habitat will repurchase or replace any delinquent loans if those loans are called by the financial institution. Habitat has retained servicing of these loans, which is performed by a third-party financial institution. During the years ended June 30, 2025 and 2024, Habitat repurchased twenty-seven loans with a gross carrying value of \$882,788 and nineteen loans with a gross carrying value of \$289,986, respectively.

As of June 30, 2025 and 2024, a summary of the mortgage notes receivable was:

	2025	2024
Mortgage Notes Receivable	\$ 5,469,473	\$ 4,141,448
Unamortized Discount (Imputed Rates 6.0% - 8.02%)	(2,190,114)	(1,615,963)
<b>Mortgage Notes Receivable, Net</b>	<b>3,279,359</b>	<b>2,525,485</b>
Less: Current Portion	(372,663)	(289,261)
<b>Total</b>	<b>\$ 2,906,696</b>	<b>\$ 2,236,224</b>

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 4. Mortgage Notes Receivable (Continued)

As of June 30, 2025, contractual maturities of mortgage notes receivable were as follows:

Year Ending June 30,	Amount
2026	\$ 372,663
2027	366,868
2028	357,056
2029	325,933
2030	308,645
Thereafter	<u>3,738,308</u>
<b>Total</b>	<u><u>\$ 5,469,473</u></u>

#### Note 5. Rising Oaks Project and New Market Tax Credit

SO as the owner of certain real property located in Gretna, Louisiana donated the property to Habitat for the development of affordable for-sale housing and related infrastructure improvements (the Property). Habitat intends to develop the Property in three or more phases of development, known as Rising Oaks at Terrytown (Rising Oaks Project or the Project). Phase 1 of the Project consists of donation of the Property, construction of 68 homes, and the sale and use of those homes. In connection with Phase 1 of the Project, Habitat and SO entered into a financing transaction to utilize state and federal new market tax credits (the NMTC Transaction) pursuant to the Louisiana New Markets Tax Credits Act and Section 45D of the IRC. Habitat intends to operate a separate portion of its business (Habitat POB) as a qualified active low-income community business. Proceeds of the NMTC Transaction, cash on hand, fundraising and grant proceeds and proceeds from the sale of houses developed in Phase 1 will be used to finance the Project.

As part of the NMTC Transaction, Habitat POB received two loans in the aggregate amount of \$6,547,500, which are included on the consolidated statements of financial position as QLICI A note payable and QLICI B note payable. Proceeds are used to reimburse Habitat for prior expenses related to the Project, pay transaction fees and expenses, fund reserves for fees and interest payable during the 7-year NMTC compliance period and develop a disbursement account to be used on construction and other expenses related to the Project. The loans bear interest at 1.25858% and have a term of 30 years, maturing on March 25, 2054. The loans are secured by a controlled deposit account and a reserve account. Debt issuance costs totaled \$798,675 and \$826,455 at June 30, 2025 and 2024, respectively, and will be amortized over the life of the loan. See Note 6.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### **Note 5. Rising Oaks Project and New Market Tax Credit (Continued)**

As part of the NTMC Transaction, Habitat used the reimbursement proceeds received from the loans above to make a donation to SO in the amount of \$3,630,400 and SO, as the leverage lender of the NTMC Transaction, used the proceeds to make a leverage loan of \$3,630,400 to the State Investment Fund, which is included on the consolidated statements of financial position as note receivable - state investment fund. The note bears interest at 1.228377% and has a term of 25 years. Advances are used to reimburse bridge funding for the NMTC Transaction provided by the State Investment Fund and its members.

#### **Note 6. Notes Payable**

On June 16, 2020, Habitat entered into a note payable agreement with the Small Business Administration (SBA) for the amount of \$114,500. The loan proceeds are to be used solely as working capital to alleviate economic injury caused by disaster that occurred in January 2020. The agreement calls for principal and interest payments of \$489 per month beginning June 16, 2021. The loan bears interest at 2.75%, matures June 16, 2050 and is secured by Habitat's assets. In May of 2020, Habitat received an economic injury disaster loan advance from the SBA in the amount of \$10,000. As of June 30, 2025 and 2024, the loan and advance amount totaled \$100,494 and \$109,461, respectively.

On June 19, 2020, Habitat entered into several note payable agreements with a financial institution for a total of \$387,000 with maturity dates of June of 2035, bearing interest of 3%, and is secured by real estate. On August 26, 2021, Habitat entered into several note payable agreements with a financial institution for a total of \$408,000 with maturity dates of August 26, 2036, bearing interest of 3% and is secured by real estate. On March 27, 2023, Habitat entered into several note payable agreements with a financial institution for a total of \$619,650 with a maturity date of March 26, 2038, bearing interest of 3% and is secured by real estate. As of June 30, 2025 and 2024, the loans totaled \$1,140,648 and \$1,222,395, respectively.

On January 1, 2023, Habitat entered into a note payable agreement with HFHI for a total of \$17,500 with a maturity date of July 1, 2030. The note does not bear interest and is unsecured. As of June 30, 2025 and 2024, the loan totaled \$-0- and \$17,500, respectively.

On January 29, 2024, Habitat entered into a note payable agreement with a financial institution for a total of \$2,900,000 with a maturity date of July 28, 2028, bearing interest of 8.25%, and is secured by real estate. As of June 30, 2025 and 2024, the loans totaled \$-0- and \$1,222,395, respectively.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 6. Notes Payable (Continued)

On June 27, 2024, Habitat entered into a loan agreement with Habitat Capital, LLC for a total of \$2,000,000 with a maturity date of June 30, 2026, bearing interest of 3.25%, and is unsecured. The purpose of the loan is the construction of the Rising Oaks Project. As of June 30, 2025 and 2024, the loan totaled \$-0- and \$2,000,000, respectively. Debt issuance costs totaled \$-0- and \$65,541 at June 30, 2025 and 2024, respectively, and will be amortized over the life of the loan.

At June 30, 2025, principal payments for the five years and thereafter which follow for the above notes payable and QLICI notes payable (see Note 5) are:

Year Ending June 30,	Amount
2026	\$ 59,472
2027	62,118
2028	64,823
2029	67,652
2030	70,546
Thereafter	<u>6,665,355</u>
<b>Total</b>	<u><u>\$ 6,989,966</u></u>

Total debt issuance costs for the above notes payable and Total interest expense for the above notes payable totaled \$311,351 and \$255,708 for the years ended June 30, 2025 and 2024, respectively. Habitat is subject to various financial covenants as part of the notes payable agreements. Habitat was in compliance with covenants as of June 30, 2025.

#### Note 7. Net Assets With Donor Restrictions

As of June 30, 2025 and 2024, Habitat's net assets with donor restrictions of \$3,443,907 and \$1,438,218, respectively, are restricted for the use of constructing or financing certain future houses and recovery of hurricane damage. Net assets released from restrictions totaled \$407,311 and \$305,585, respectively, and relate to expiration of events imposed by the donor.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 8. In-kind Contributions

For the years ended June 30, 2025 and 2024, the following nonfinancial assets were contributed and recognized within the consolidated statements of activities and changes in net assets:

	2025	2024
Restore Inventory	\$ 912,632	\$ 1,144,621
Construction Inventory	34,025	112,939
Loan Servicing	43,762	45,416
Supplies	1,700	29,632
<b>Total</b>	<b>\$ 992,119</b>	<b>\$ 1,332,608</b>

Habitat recognizes contributed nonfinancial assets within revenue including contributed inventory, equipment and supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed inventory will be held for sale in the ReStore. Inventory is valued at an estimated price of similar products based on data available for similar products considering the condition at the time of contribution, adjusted for an overall discount factor calculated using number of days of donated inventory on hand.

Contributed construction inventory consists of land, materials and other items that are used in homes under construction. Contributed construction inventory is recorded at fair value at the date of donation based on recent comparable sales in the respective area or current prices of similar materials or other items.

Contributed loan servicing consists of fees and services that were part of a new loan agreement that occurred during the year ended June 30, 2025. Loan servicing is valued at the costs of these fees and services.

Contributed supplies are used in Habitat's home building program or fundraising activities. Contributed supplies are recorded at fair value at the date of donation based on current prices of similar supplies.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 9. Commitments and Contingencies

##### Contingent Mortgage Notes Receivable

To encourage homeowners to fulfill their commitment to homeownership, second mortgage notes receivable (for the difference between the selling price and the estimated fair value at date of sale) are held by Habitat on most houses sold after March 1998. Mortgage note payments under these “soft” second mortgages are not due as long as the homeowners retain ownership and are current in their payments.

If the homeowners are current on the first mortgage notes, then after certain specified years, the principal balances of the second mortgage notes will be reduced over various time periods so that at the end of the amortization period the principal balances of the mortgage notes will be zero. For the fiscal years ended June 30, 2025 and 2024, Habitat recognized income from second mortgages totaling \$28,325 and \$83,078, respectively (the unforgiven portion), and this income is included in home sales revenue in the consolidated statements of activities and changes in net assets.

##### Recourse Mortgage Notes

Habitat occasionally sells its non-interest bearing mortgage notes receivable. The sales have a provision which requires Habitat to repurchase the notes in the event of default. At June 30, 2025 and 2024, the total recourse mortgage notes receivable had face value of \$11,927,083 and \$14,354,010, respectively. In the event the notes are repurchased, Habitat has the right to foreclose and resell or repurpose the associated property.

##### Contract Commitments

In October 2023, Habitat entered into an agreement with a contractor to develop a residential subdivision. The agreement requires monthly payments in proportion to services performed by the contractor. Total estimated cost to complete the project is approximately \$168,000 which was paid subsequent to year-end.

#### Note 10. Related-Party Transactions

A member of Habitat’s board of directors and finance committee is an executive of a financial institution who holds recourse mortgage notes that were purchased from Habitat (see Note 9). Habitat entered into a note payable agreement with the financial institution for a total of \$2,900,000 during the year ended June 30, 2024 and the financial institution contributed loan servicing as part of the loan transaction. The note was paid off during the year ended June 30, 2025 (see Notes 6 and 8).

#### Note 11. Concentration of Credit Risk

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, investments, and mortgage notes receivable. Cash and cash equivalents are placed with financial institutions to minimize risk. Investments consist of money market funds that are primarily backed by U.S. government securities and other securities are typically invested in large international corporations.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 11. Concentration of Credit Risk (Continued)

Habitat's mortgage notes receivable base is limited to primarily New Orleans, Louisiana. Homeowners insurance and flood insurance are required on all homes securing the mortgage notes, thus mitigating risk.

Habitat has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2025, Habitat has cash totaling \$2,867,368 held at financial institutions in excess of the \$250,000 limit insured by the FDIC. Habitat has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Habitat's investments are held with a large national brokerage firm and are covered by Securities Investor Protection Corporation (SIPC) up to \$500,000. Excess SIPC coverage has been purchased, at no cost to Habitat, from an international insurance firm, to cover amounts not covered under FDIC and SIPC limits.

#### Note 12. Fair Value Measurements

Habitat follows the provisions of FASB ASC, *Fair Value Measurement* Topic. Fair value is defined as the price that would be received by Habitat for an asset or paid by Habitat to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. The guidance establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on inputs as follows:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgement.
- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.
- Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity. The inputs into this determination of fair value require significant management judgement or estimation.

In some instances, the inputs used to measure fair value may fall into different levels within the fair value hierarchy. In such instances, the level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 12. Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used for the years ended June 30, 2025 and 2024.

*Money Market Funds:* Stated at cost, plus accrued interest, which approximates fair value.

*Common Stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Exchange-Traded Products:* Valued at the daily closing price as reported by the mutual fund. Mutual funds held by Habitat are closed-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Habitat are deemed to be actively traded.

*Mortgage-Backed Securities:* Valued based on trade history in like securities or using an option-adjusted discounted cash flow model.

*Government and Corporate Bonds:* Valued based on observable trades in exact securities or using a discounted cash flow model when observable trades are not available.

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

The following tables set forth by level, within the fair value hierarchy, Habitat's assets at fair value as of June 30, 2025 and 2024:

June 30, 2025	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 987,500	\$ -	\$ -	\$ 987,500
Common Stocks	1,308,739	-	-	1,308,739
Mutual Funds	4,189,810	-	-	4,189,810
<b>Total Assets at Fair Value</b>	<b>\$ 6,486,049</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,486,049</b>

June 30, 2024	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 255,968	\$ -	\$ -	\$ 255,968
Common Stocks	2,967,416	-	-	2,967,416
Mutual Funds	4,460,345	-	-	4,460,345
Mortgage-Backed Securities	-	438,017	-	438,017
Government and Corporate Bonds	797,350	16,718	-	814,068
<b>Total Assets at Fair Value</b>	<b>\$ 8,481,079</b>	<b>454,735</b>	<b>\$ -</b>	<b>\$ 8,935,814</b>

## NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.

### Notes to Consolidated Financial Statements

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#### Note 13. Benefit Plan

Habitat provides a 401(k) contribution plan to all employees who are at least 21 years of age. Employees are automatically enrolled in the plan upon hire unless they elect to opt out of the plan. Plan participants are fully vested after one year of service. During the years ended June 30, 2025 and 2024, matching contributions to the plan were \$55,770 and \$91,428, respectively.

#### Note 14. Leases

Habitat's housing is leased to tenants under operating leases. Lease terms are typically one year with automatic renewal on a month-to-month basis unless notification to terminate the lease is received from the tenant.

Habitat's rental income is primarily composed of payments defined under each lease agreement and are either subject to scheduled fixed increases or adjustments in rent based on the consumer price index.

Services directly reimbursed by lessees are presented on a gross basis in revenues and expenses. Rental revenue in the amount of \$703,651 and \$778,782 and expenses in the amount of \$-0- were recognized for the years ended June 30, 2025 and 2024, respectively, and is included in the consolidated statements of activities and changes in net assets.

Future undiscounted cash flows to be received for each of the following years as of June 30, 2025 are as follows:

Year Ending June 30,	Amount
2026	\$ 202,632
2027	<u>24,278</u>
<b>Total</b>	<u><u>\$ 226,910</u></u>

#### Note 15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2025, and determined the following events require disclosure:

In September 2025, Habitat sold 32 rental properties for approximately \$612,000 resulting in a loss on sale of approximately \$1,169,000.

No events occurring after December 19, 2025 have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidating Statement of Financial Position**  
**June 30, 2025**

	New Orleans Area Habitat for Humanity, Inc.	NOAHH SO, Inc.	NOAHH MC, Inc.	Eliminations/ Reclassifications	Consolidated
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 1,450,000	\$ -	\$ -	\$ -	\$ 1,450,000
Restricted Cash	1,971,696	-	-	-	1,971,696
Accounts Receivable	207,297	-	-	-	207,297
Investments	6,486,049	-	-	-	6,486,049
Mortgage Notes Receivable, Current Portion, Net	372,663	-	-	-	372,663
Construction in Progress and Inventory	7,495,956	-	-	-	7,495,956
ReStore Inventory	152,222	-	-	-	152,222
Prepaid Expenses	110,708	-	-	-	110,708
Due from NOAHH, Inc.	-	568,013	-	568,013	-
<b>Total Current Assets</b>	<b>18,246,591</b>	<b>568,013</b>	<b>-</b>	<b>568,013</b>	<b>18,246,591</b>
<b>Property and Equipment</b>					
Buildings and Land	6,614,075	-	-	-	6,614,075
Rental Houses	5,537,221	-	-	-	5,537,221
Tools and Equipment	498,698	-	-	-	498,698
Vehicles	441,190	-	-	-	441,190
	13,091,184	-	-	-	13,091,184
Less: Accumulated Depreciation	2,868,361	-	-	-	2,868,361
<b>Total Property and Equipment, Net</b>	<b>10,222,823</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,222,823</b>
<b>Other Assets</b>					
Mortgage Notes Receivable, Long-Term Portion, Net	2,906,696	-	-	-	2,906,696
Note Receivable - State Investment Fund	-	3,630,400	-	-	3,630,400
Lot Inventory	366,243	-	-	-	366,243
Deposits	-	-	-	-	-
<b>Total Other Assets</b>	<b>3,272,939</b>	<b>3,630,400</b>	<b>-</b>	<b>-</b>	<b>6,903,339</b>
<b>Total Assets</b>	<b>\$ 31,742,353</b>	<b>\$ 4,198,413</b>	<b>\$ -</b>	<b>\$ 568,013</b>	<b>\$ 35,372,753</b>

See independent auditors' report.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidating Statement of Financial Position (Continued)**  
**June 30, 2025**

	New Orleans Area Habitat for Humanity, Inc.	NOAHH SO, Inc.	NOAHH MC, Inc.	Eliminations/ Reclassifications	Consolidated
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 220,388	\$ -	\$ 2,375	\$ -	\$ 222,763
Other Liabilities	209,605	-	-	-	209,605
Notes Payable, Current Portion	59,472	-	-	-	59,472
Due to NOAHH SO, Inc.	568,013	-	-	568,013	-
<b>Total Current Liabilities</b>	<b>1,057,478</b>	<b>-</b>	<b>2,375</b>	<b>568,013</b>	<b>491,840</b>
<b>Long-Term Liabilities</b>					
QLICI A Note Payable	5,000,000	-	-	-	5,000,000
QLICI B Note Payable	1,547,500	-	-	-	1,547,500
Notes Payable, Long-Term Portion, Net	382,994	-	-	-	382,994
<b>Total Long-Term Liabilities</b>	<b>6,930,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,930,494</b>
<b>Total Liabilities</b>	<b>7,987,972</b>	<b>-</b>	<b>2,375</b>	<b>568,013</b>	<b>7,422,334</b>
<b>Net Assets</b>					
Without Donor Restrictions	20,310,474	4,198,413	(2,375)	-	24,506,512
With Donor Restrictions	3,443,907	-	-	-	3,443,907
<b>Total Net Assets</b>	<b>23,754,381</b>	<b>4,198,413</b>	<b>(2,375)</b>	<b>-</b>	<b>27,950,419</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 31,742,353</b>	<b>\$ 4,198,413</b>	<b>\$ -</b>	<b>\$ 568,013</b>	<b>\$ 35,372,753</b>

See independent auditors' report.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Consolidating Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2025**

	New Orleans Area Habitat for Humanity, Inc.	NOAHH SO, Inc.	NOAHH MC, Inc.	Eliminations/ Reclassifications	Consolidated
<b>Revenues, Gains, and Support</b>					
Home Sales					
Sales Revenue	\$ 2,708,732	\$ -	\$ -	\$ -	\$ 2,708,732
Mortgage Notes Receivable Discount	(501,701)	-	-	-	(501,701)
Contributions	862,418	-	-	-	862,418
In-kind Contributions	992,119	-	-	-	992,119
Grant Revenue	2,498,621	-	-	-	2,498,621
Amortization of Mortgage Notes Receivable Discount	192,874	-	-	-	192,874
Investment Return, Net	589,044	45,834	-	-	634,878
ReStore Revenues	1,067,429	-	-	-	1,067,429
Rental Revenues	703,651	-	-	-	703,651
Loss on Sales of Mortgage Notes Receivable	(256,666)	-	-	-	(256,666)
Loss on Sale of Property and Equipment	(999,968)	-	-	-	(999,968)
Other Income, Net	179,168	-	-	-	179,168
<b>Total Revenues, Gains, and Support</b>	<b>8,035,721</b>	<b>45,834</b>	<b>-</b>	<b>-</b>	<b>8,081,555</b>
<b>Expenses</b>					
<b>Program Services</b>					
Housing	\$ 5,687,907	-	-	-	5,687,907
ReStore	1,738,897	-	-	-	1,738,897
<b>Supporting Services</b>					
Management and General	1,153,289	-	-	-	1,153,289
Fundraising	573,191	-	-	-	573,191
<b>Total Expenses</b>	<b>9,153,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,153,284</b>
<b>Change in Net Assets</b>	<b>(1,117,563)</b>	<b>45,834</b>	<b>-</b>	<b>-</b>	<b>(1,071,729)</b>
<b>Net Assets, Beginning of Year</b>	<b>24,871,944</b>	<b>4,152,579</b>	<b>(2,375)</b>	<b>-</b>	<b>29,022,148</b>
<b>Net Assets, End of Year</b>	<b>\$ 23,754,381</b>	<b>\$ 4,198,413</b>	<b>\$ (2,375)</b>	<b>\$ -</b>	<b>\$ 27,950,419</b>

See independent auditors' report.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Schedule of Compensation, Benefits, and Other Payments to**  
**Agency Head or Chief Executive Officer**  
**For the Year Ended June 30, 2025**

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Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement or local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head**  
Marguerite Oestreicher, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditors' report.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors  
New Orleans Area Habitat for Humanity, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of New Orleans Area Habitat for Humanity, Inc. (Habitat) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 19, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Habitat's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Habitat consolidated financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Habitat's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Covington, LA  
December 19, 2025

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2025**

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**Part I - Summary of Auditor's Results**

**Financial Statements**

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued:                          | Unmodified    |
| 2. Internal control over financial reporting:                |               |
| • Material weakness(es) identified?                          | No            |
| • Significant deficiency(ies) identified?                    | None Reported |
| 3. Noncompliance material to the financial statements noted? | No            |

Federal Awards - Not applicable

**Part II - Financial Statement Findings**

None noted.

**Part III - Findings and Questioned Costs for Federal Awards**

Not applicable.

**NEW ORLEANS AREA HABITAT FOR HUMANITY, INC.**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2025**

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None noted.