

**TWIN CITIES HABITAT FOR HUMANITY, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
AND SINGLE AUDIT COMPLIANCE REPORTS**

**YEARS ENDED JUNE 30, 2025 AND 2024**



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YEARS ENDED JUNE 30, 2025 AND 2024**

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## INDEPENDENT AUDITORS' REPORT

Finance Committee  
Twin Cities Habitat for Humanity, Inc.  
St. Paul, Minnesota

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Twin Cities Habitat for Humanity, Inc. (a nonprofit organization), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Twin Cities Habitat for Humanity, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Twin Cities Habitat for Humanity, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Twin Cities Habitat for Humanity, 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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated 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 9, 2025, on our consideration of Twin Cities Habitat for Humanity, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Twin Cities Habitat for Humanity, Inc.'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 Twin Cities Habitat for Humanity, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 9, 2025

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 16,328,193	\$ 19,936,985
Investments (Note 14)	13,732,661	10,751,212
Accounts Receivable	1,006,474	706,378
Down Payment Assistance Loans Receivable	5,970,034	798,180
Mortgage Servicing Asset, Net (Note 16)	2,833,509	2,384,476
Contributions Receivable, Net (Note 2)	3,974,978	16,712,691
Inventory (Note 3)	42,300,570	31,356,045
Land Held in Trust	3,819,633	2,849,633
Prepaid and Other Assets	2,271,323	1,209,741
Right-of-Use Asset, Net (Note 9)	7,082,869	1,560,899
Leveraged Loan Receivable (Note 5)	12,830,510	6,303,251
Property and Equipment, Net (Note 4)	7,914,560	7,851,212
Mortgages Receivable (Note 6):		
Mortgages Receivable Held, at Face Value	34,825,761	38,555,748
Mortgages Receivable Held for Sale, at Face Value	2,095,800	3,257,100
Less: Unamortized Discount and Allowance	<u>(9,332,570)</u>	<u>(10,849,837)</u>
Mortgages Receivable, Net	<u>27,588,991</u>	<u>30,963,011</u>
 Total Assets	 <u><u>\$ 147,654,305</u></u>	 <u><u>\$ 133,383,714</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,918,200	\$ 882,564
Accrued Expenses	1,837,955	1,885,417
Lease Liability (Note 9)	7,227,643	1,364,093
Line of Credit (Note 8)	11,017,923	7,151,545
Unearned Grant Revenue	3,862,417	7,926,035
Long-Term Notes Payable (Note 7):		
Long-Term Notes Payable, at Face Value	41,532,444	30,818,137
Less: Unamortized Discount and Origination Fees	<u>(2,733,994)</u>	<u>(2,746,261)</u>
Long-Term Notes Payable, Net	<u>38,798,450</u>	<u>28,071,876</u>
 Total Liabilities	 66,662,588	 47,281,530
<b>NET ASSETS</b>		
Without Donor Restrictions	66,979,232	64,479,318
With Donor Restrictions (Note 12 and 13)	<u>14,012,485</u>	<u>21,622,866</u>
Total Net Assets	<u>80,991,717</u>	<u>86,102,184</u>
 Total Liabilities and Net Assets	 <u><u>\$ 147,654,305</u></u>	 <u><u>\$ 133,383,714</u></u>

See accompanying Notes to Consolidated Financial Statements.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE AND SUPPORT</b>			
Operating Revenue:			
Home Sales (Mortgages Received)	\$ 10,471,069	\$ -	\$ 10,471,069
Investment Income	455,372	178,895	634,267
ReStore Revenue (Inclusive of In-Kind Contributions of \$2,839,307, Net of Direct Expense of \$6,887,794)	193,390	-	193,390
Servicing Fee Revenue	1,305,676	-	1,305,676
Other	561,455	-	561,455
Total Operating Revenue	12,986,962	178,895	13,165,857
Support:			
Contributions	12,302,854	4,633,537	16,936,391
Contributions - Down Payment Assistance Programs	5,830,690	-	5,830,690
Public Sector Funds	8,503,675	-	8,503,675
In-Kind Contributions (Note 10)	5,178,704	583,028	5,761,732
Special Events, Cash	701,766	106,750	808,516
Special Events, Donated Goods and Services	112,470	-	112,470
Less Costs of Direct Benefits to Donors	(502,478)	-	(502,478)
Total Special Events	311,758	106,750	418,508
Total Support	32,127,681	5,323,315	37,450,996
Net Assets Released from Restrictions (Note 12)	13,112,591	(13,112,591)	-
Total Operating Revenue and Support	58,227,234	(7,610,381)	50,616,853
<b>OPERATING EXPENSES</b>			
Program Services	47,484,974	-	47,484,974
Management and General	4,834,851	-	4,834,851
Fundraising	4,460,452	-	4,460,452
Total Operating Expenses	56,780,277	-	56,780,277
<b>OPERATING INCREASE (DECREASE) IN NET ASSETS</b>	1,446,957	(7,610,381)	(6,163,424)
<b>NONOPERATING ACTIVITIES</b>			
Gain on Fixed Asset Disposal	3,900	-	3,900
Amortization of Discount on Mortgages	1,448,196	-	1,448,196
Amortization of Discount on Long-Term Notes Payable	(399,139)	-	(399,139)
<b>NONOPERATING INCREASE IN NET ASSETS</b>	1,052,957	-	1,052,957
<b>TOTAL CHANGE IN NET ASSETS</b>	2,499,914	(7,610,381)	(5,110,467)
Net Assets - Beginning of Year	64,479,318	21,622,866	86,102,184
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 66,979,232</u>	<u>\$ 14,012,485</u>	<u>\$ 80,991,717</u>

See accompanying Notes to Consolidated Financial Statements.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE AND SUPPORT</b>			
Operating Revenue:			
Home Sales (Mortgages Received)	\$ 10,321,635	\$ -	\$ 10,321,635
Investment Income	1,098,191	158,847	1,257,038
ReStore Revenue (Inclusive of In-Kind Contributions of \$2,831,262, Net of Direct Expense of \$6,309,751)	522,326	-	522,326
Other	1,175,987	-	1,175,987
Total Operating Revenue	13,118,139	158,847	13,276,986
Support:			
Contributions	19,438,408	15,749,499	35,187,907
Contributions - Down Payment Assistance Programs	822,180	-	822,180
Public Sector Funds	7,239,869	-	7,239,869
In-Kind (Note 10)	1,717,138	-	1,717,138
Special Events, Cash	752,270	44,200	796,470
Special Events, Donated Goods and Services	161,069	-	161,069
Less Costs of Direct Benefits to Donors	(566,467)	-	(566,467)
Total Special Events	346,872	44,200	391,072
Total Support	29,564,467	15,793,699	45,358,166
Net Assets Released from Restrictions (Note 12)	3,563,401	(3,563,401)	-
Total Operating Revenue and Support	46,246,007	12,389,145	58,635,152
<b>OPERATING EXPENSES</b>			
Program Services	38,736,974	-	38,736,974
Management and General	4,147,610	-	4,147,610
Fundraising	3,505,411	-	3,505,411
Total Operating Expenses	46,389,995	-	46,389,995
<b>OPERATING INCREASE (DECREASE) IN NET ASSETS</b>	(143,988)	12,389,145	12,245,157
<b>NONOPERATING ACTIVITIES</b>			
Loss on Fixed Asset Disposal	(15,581)	-	(15,581)
Amortization of Discount on Mortgages	1,643,172	-	1,643,172
Amortization of Discount on Long-Term Notes Payable	(444,206)	-	(444,206)
<b>NONOPERATING INCREASE IN NET ASSETS</b>	1,183,385	-	1,183,385
<b>TOTAL CHANGE IN NET ASSETS</b>	1,039,397	12,389,145	13,428,542
Net Assets - Beginning of Year	63,439,921	9,233,721	72,673,642
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 64,479,318</u>	<u>\$ 21,622,866</u>	<u>\$ 86,102,184</u>

See accompanying Notes to Consolidated Financial Statements.



**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2025**

	Program Services						Support Services			
	Homeownership				Community	Total			Total	Total All
	Creating	Financing	Preserving	ReStores	Engagement	Program Services	Management and General	Fundraising	Support Services	All Services
Cost of Homes - Sold	\$ 20,878,233	\$ -	\$ 275,149	\$ -	\$ -	\$ 21,153,382	\$ -	\$ -	\$ -	\$ 21,153,382
Cost of Homes - In-Kind	1,190,693	124	3,635	84,046	46	1,278,544	177	233	410	1,278,954
Salaries, Taxes, and Benefits	6,514,722	1,160,680	1,731,189	1,785,567	648,463	11,840,621	3,443,516	2,827,512	6,271,028	18,111,649
Professional Fees	674,836	180,276	165,659	15,044	48,605	1,084,420	503,798	442,289	946,087	2,030,507
Printing and Media	100,474	1	2	141,464	5,868	247,809	153,172	786,677	939,849	1,187,658
Postage	12,046	996	1,449	2,694	2,515	19,700	12,757	16,534	29,291	48,991
Insurance	305,254	63,658	76,485	-	15,572	460,969	60,426	79,553	139,979	600,948
Telephone	54,017	3,495	6,383	6,670	1,247	71,812	4,215	4,608	8,823	80,635
Occupancy	691,677	13,029	53,636	820,462	6,288	1,585,092	161,196	67,270	228,466	1,813,558
Vehicle Fleet	69,245	4,245	11,060	62,391	1,697	148,638	6,598	8,158	14,756	163,394
General Supplies, Tools, and Site Supplies	1,054,355	8,716	17,410	48,763	4,922	1,134,166	32,063	188,030	220,093	1,354,259
Equipment Lease and Maintenance	585,134	1,640	2,762	6,235	692	596,463	3,729	9,066	12,795	609,258
Meals and Travel	521,635	7,841	19,143	4,327	59,403	612,349	65,128	280,445	345,573	957,922
Staff Development	267,080	48,932	80,881	953	21,706	419,552	248,127	92,304	340,431	759,983
Resale Merchandise	-	-	-	3,696,359	-	3,696,359	-	-	-	3,696,359
Habitat International Tithe and Fees	320,000	-	-	-	-	320,000	-	-	-	320,000
Loan Servicing and Bank Fees	121	285,983	1,190	105,832	143	393,269	37,692	59,164	96,856	490,125
Miscellaneous	112,102	1,138,586	150,287	22,930	3,026	1,426,931	16,417	35,851	52,268	1,479,199
Affordability Gap and Closing Cost Subsidies	-	6,112,935	-	-	-	6,112,935	-	-	-	6,112,935
Interest Expense and Discount Amortization	-	1,754,147	-	-	-	1,754,147	36,289	-	36,289	1,790,436
Depreciation & Amortization	184,156	70,609	63,137	84,057	12,790	414,749	49,551	65,236	114,787	529,536
Total	<u>\$ 33,535,780</u>	<u>\$ 10,855,893</u>	<u>\$ 2,659,457</u>	<u>\$ 6,887,794</u>	<u>\$ 832,983</u>	<u>\$ 54,771,907</u>	<u>\$ 4,834,851</u>	<u>\$ 4,962,930</u>	<u>\$ 9,797,781</u>	<u>\$ 64,569,688</u>
Operating	\$ 33,535,780	\$ 10,456,754	\$ 2,659,457	\$ -	\$ 832,983	\$ 47,484,974	\$ 4,834,851	\$ 4,460,452	\$ 9,295,303	\$ 56,780,277
Nonoperating - Amortization of Discount on Long-Term Notes Payable	-	399,139	-	-	-	399,139	-	-	-	399,139
Expenses Netted Against Revenues	-	-	-	6,887,794	-	6,887,794	-	502,478	502,478	7,390,272
Total	<u>\$ 33,535,780</u>	<u>\$ 10,855,893</u>	<u>\$ 2,659,457</u>	<u>\$ 6,887,794</u>	<u>\$ 832,983</u>	<u>\$ 54,771,907</u>	<u>\$ 4,834,851</u>	<u>\$ 4,962,930</u>	<u>\$ 9,797,781</u>	<u>\$ 64,569,688</u>
Percentage	<u>51.94 %</u>	<u>16.81 %</u>	<u>4.12 %</u>	<u>10.67 %</u>	<u>1.29 %</u>	<u>84.83 %</u>	<u>7.49 %</u>	<u>7.69 %</u>	<u>15.17 %</u>	<u>100.00 %</u>

See accompanying Notes to Consolidated Financial Statements.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2024**

	Program Services					Support Services				Total All All Services
	Homeownership			ReStores	Community Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	
	Creating	Financing	Preserving							
Cost of Homes - Sold	\$ 16,545,827	\$ -	\$ 154,978	\$ -	\$ -	\$ 16,700,805	\$ 150	\$ -	\$ 150	\$ 16,700,955
Cost of Homes - In-Kind	957,583	1,378	7,912	6,225	821	973,919	3,766	3,546	7,312	981,231
Salaries, Taxes, and Benefits	5,755,169	962,184	1,426,326	1,561,549	550,865	10,256,093	2,891,856	2,617,602	5,509,458	15,765,551
Professional Fees	148,306	95,194	127,308	6,714	39,051	416,573	509,381	474,353	983,734	1,400,307
Printing and Media	905	11	5,027	128,946	732	135,621	264,475	306,967	571,442	707,063
Postage	5,081	907	1,199	4,150	467	11,804	12,529	15,561	28,090	39,894
Insurance	201,468	46,216	48,077	-	16,294	312,055	49,731	70,365	120,096	432,151
Telephone	57,749	3,465	5,241	7,295	1,543	75,293	4,599	5,775	10,374	85,667
Occupancy	465,830	10,541	38,821	789,280	11,080	1,315,552	31,414	66,763	98,177	1,413,729
Vehicle Fleet	63,808	3,088	8,965	43,248	2,407	121,516	6,173	9,072	15,245	136,761
General Supplies, Tools, and Site Supplies	455,039	4,228	11,521	20,898	4,914	496,600	28,460	225,398	253,858	750,458
Equipment Lease and Maintenance	19,156	1,111	1,914	4,791	668	27,640	2,487	7,545	10,032	37,672
Meals and Travel	51,601	5,259	17,225	4,499	16,530	95,114	47,352	272,453	319,805	414,919
Staff Development	42,552	7,598	12,334	954	12,597	76,035	195,487	18,769	214,256	290,291
Resale Merchandise	-	-	-	3,543,523	-	3,543,523	-	-	-	3,543,523
Habitat International Tithe and Fees	300,000	-	-	-	-	300,000	-	-	-	300,000
Loan Servicing and Bank Fees	22,510	228,577	1,265	94,095	149	346,596	38,210	41,834	80,044	426,640
Miscellaneous	530,977	181,812	5,886	217	2,437	721,329	19,751	(137,989)	(118,238)	603,091
Affordability Gap and Closing Cost Subsidies	3,531,468	2,436,420	1,765,734	-	-	7,733,622	-	-	-	7,733,622
Interest Expense and Discount Amortization	-	1,424,744	-	-	-	1,424,744	-	-	-	1,424,744
Depreciation & Amortization	198,704	46,351	50,883	93,367	17,192	406,497	41,789	73,864	115,653	522,150
Total	<u>\$ 29,353,733</u>	<u>\$ 5,459,084</u>	<u>\$ 3,690,616</u>	<u>\$ 6,309,751</u>	<u>\$ 677,747</u>	<u>\$ 45,490,931</u>	<u>\$ 4,147,610</u>	<u>\$ 4,071,878</u>	<u>\$ 8,219,488</u>	<u>\$ 53,710,419</u>
Operating	\$ 29,353,733	\$ 5,014,878	\$ 3,690,616	\$ -	\$ 677,747	\$ 38,736,974	\$ 4,147,610	\$ 3,505,411	\$ 7,653,021	\$ 46,389,995
Nonoperating - Amortization of Discount on Long-Term Notes Payable	-	444,206	-	-	-	444,206	-	-	-	444,206
Expenses Netted Against Revenues	-	-	-	6,309,751	-	6,309,751	-	566,467	566,467	6,876,218
Total	<u>\$ 29,353,733</u>	<u>\$ 5,459,084</u>	<u>\$ 3,690,616</u>	<u>\$ 6,309,751</u>	<u>\$ 677,747</u>	<u>\$ 45,490,931</u>	<u>\$ 4,147,610</u>	<u>\$ 4,071,878</u>	<u>\$ 8,219,488</u>	<u>\$ 53,710,419</u>
Percentage	54.65 %	10.16 %	6.87 %	11.75 %	1.26 %	84.70 %	7.72 %	7.58 %	15.30 %	100.00 %

See accompanying Notes to Consolidated Financial Statements.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (5,110,467)	\$ 13,428,542
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation & Amortization	529,536	522,150
Interest Received on Leveraged Loan Receivable	36,816	36,616
In-Kind Contributions of Goods	(4,924,467)	(1,588,123)
Amortization of Discounts on Mortgages Receivable	(1,448,196)	(1,643,172)
Recognition of Earned Advanced Grant Funds	(4,958,141)	(1,990,715)
Origination of Mortgages Held for Sale	(23,308,503)	(27,964,950)
Proceeds from Sale of Mortgages Held for Sale	24,441,981	28,904,468
Amortization of Discount on Long-Term Notes Payable	1,056,197	444,206
Gain on Sale for Mortgage Servicing Rights	(449,033)	(423,579)
Other	(151,717)	(125,847)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(300,096)	938,758
Down Payment Assistance Loans Receivable	(5,171,854)	(798,180)
Contributions Receivable, Net	12,737,713	(9,380,764)
Inventory	(6,990,058)	(2,853,729)
Prepaid and Other Assets	(1,061,582)	(203,805)
Accounts Payable	3,035,636	(981,842)
Accrued Expenses	(47,462)	194,291
Lease Liability	341,580	(15,438)
Unearned Grant Revenue	894,523	4,191,206
Net Cash Provided (Used) by Operating Activities	(10,847,594)	690,093
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Issuance of Leveraged Loan Receivable	(6,564,075)	(2,827,000)
Payments Received on Mortgages Held	3,660,916	3,717,227
Purchase of Investments	(20,825,070)	(7,332,224)
Proceeds from Sale of Investments	18,019,260	9,000,000
Proceeds from the Sale of Property and Equipment	3,900	2,000
Purchases of Property and Equipment	(592,884)	(362,439)
Net Cash Provided (Used) by Investing Activities	(6,297,953)	2,197,564
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Proceeds (Payments) on Line of Credit	1,866,378	(1,612,053)
Payments on Long-Term Notes Payable	(2,983,193)	(1,378,902)
Borrowings on Long-Term Notes Payable	14,653,570	7,978,788
Net Cash Provided by Financing Activities	13,536,755	4,987,833
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(3,608,792)	7,875,490
Cash and Cash Equivalents - Beginning of Year	19,936,985	12,061,495
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 16,328,193</u>	<u>\$ 19,936,985</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	<u>\$ 1,134,121</u>	<u>\$ 877,936</u>
<b>NONCASH ITEMS</b>		
Contributions and Pledge Payments of Investment Securities	<u>\$ 8,923,315</u>	<u>\$ 3,080,941</u>

See accompanying Notes to Consolidated Financial Statements.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organizational Purpose**

Twin Cities Habitat for Humanity, Inc. is a Minnesota nonprofit corporation, incorporated in 1985. The mission of Twin Cities Habitat for Humanity (TCHFH or the Organization) is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. TCHFH fulfills its mission through five major program initiatives which address homeownership needs in the community while engaging the community in the issues of affordable homeownership.

Creating affordable homeownership is the primary program. TCHFH builds or renovates homes utilizing volunteer labor, donated materials, and contributed funds. The homes are then sold to pre-qualified, low-and moderate-income households. Homebuyers are selected based on need, ability to repay the TCHFH mortgage, and willingness to partner. The Organization also tithes a portion of its general donations to Habitat for Humanity International to improve the housing conditions for people living in poverty around the world.

Long-term mortgage financing is a key component which makes Habitat homes affordable. Homes are sold to local low-income buyers with affordable mortgages provided by TCHFH Lending Inc. based on households paying no more than 30% of their monthly income for housing costs. The mortgages are profit-free.

Preserving homeownership includes three activities which allow existing homeowners in the community to remain in their home. "A Brush with Kindness" and "Age Well at Home" programs offer painting and critical remodeling services throughout the metropolitan area, serving low-income, elderly, or disabled homeowners seeking to stay in an affordable home. Volunteers, staff, and subcontractors provide these services. In circumstances where repairs are more extensive, homeowners take out a loan through Federal Home Loan Bank sources. The Mortgage Foreclosure Prevention Program is available for homeowners in need of foreclosure prevention counseling or intervention.

TCHFH operates two ReStore Home Improvement Outlets, which sell donated building materials and supplies to the general public. The ReStore Outlets rely significantly on volunteers to staff store operations, providing them with an opportunity to advance the TCHFH mission. Through the activities of the ReStore Outlets, TCHFH is also able to divert tons of usable materials from landfills each year. ReStore outlet net profits help fund TCHFH programs.

Community engagement is a program initiative which runs throughout the activities of the Organization. These initiatives include soliciting and coordinating volunteers, educating the public about affordable housing, advocating for housing issues and community outreach.

**Basis of Consolidation**

The consolidated financial statements include the activities of TCHFH Lending, Inc. and Habitat Heights, LLC as TCHFH is the sole member.

All intercompany transactions and accounts have been eliminated in the consolidated financial statements.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consolidated Financial Statement Presentation**

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Resources over which the board of directors has discretionary control.

*Net Assets With Donor Restrictions* – Net assets subject to donor-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.

The Organization has elected to present net assets that have no donor-stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met with the same reporting period, as without donor-restricted support.

Nonoperating activities include all noncash activities relating to discounting mortgages receivable, debt and contributions for capital purposes, and the close out of a previous new market tax credit transaction.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents, unless held for reinvestment as part of the investment portfolio or otherwise restricted or designated.

The Organization maintains checking and savings accounts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed the FDIC insurable limits of \$250,000. As of June 30, 2025 and 2024, the Organization had approximately \$11,000,000 and \$16,000,000, respectively, in excess of FDIC insurance limits. To date, the Organization has not experienced losses in any of these accounts.

**Investments**

Investments consist of stocks, mutual funds, fixed income, certificates of deposit, and exchange-traded and closed-end funds. Certificates of deposit are valued using original deposit value and stated interest rates for accrued interest. All other investments are recorded at fair value.

The Organization also holds restricted equity securities that do not have readily determinable fair values. These securities are measured at cost less any impairment. The Organization evaluates these securities for impairment at each reporting period.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

In accordance with fair value measurements, the Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the consolidating balance sheets are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Organization has the ability to access the holding and quoted prices as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

**Down Payment Assistance Loans Receivable and Contribution Revenue**

The Organization received contributions that were restricted for down payment and entry cost assistance from various entities. Funding was provided to other entities by the Organization to originate loans and utilize the down payment assistance. The down payment assistance is in the form of a 0% interest secured mortgage forgiven over five years, with no monthly payment. It is forgiven at a rate of 20% per year, with the prorated balance repayable upon certain conditions. The Organization is assigned the mortgage upon closing from the loan originators.

**Accounts Receivable and Allowance for Credit Losses**

The Organization's allowance for credit losses is that amount considered adequate to absorb probable losses based on management's evaluations of the size and current risk characteristics of the mortgage loan portfolios. Such evaluations consider historical and current portfolio performance information, inflation, and experience with clients. Specific allowances for credit losses are established for large-impaired notes on an individual basis. A note is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments when due according to the contractual terms of the promissory note. The specific allowances established for these loans are based on a thorough analysis of the most probable source of repayment, including the estimated fair value of the underlying collateral. As of June 30, 2025 and 2024, no allowance for credit losses was necessary for accounts receivable. Accounts receivable as of June 30, 2023 was \$1,645,136.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Mortgages Receivable**

Mortgage notes receivable entered into at rates substantially below market rates are discounted to net present value. The discounts are charged directly to operations at the inception of the mortgage and amortized over the life of the contract. Discount amortization is reported as amortization of discount on mortgages on the consolidated statements of activities in the period amortized.

Mortgage receivables held with the intention of selling the mortgages are reported as mortgages held for sale on the consolidated balance sheets, while those held without the intention of being sold are reported as mortgages receivable held.

**Mortgages Held for Sale**

Mortgages held for sale are mortgages originated with the intent to be sold and are carried at the lower of book or estimated fair value. The Organization has an agreement with one financial institution to purchase the loans at cost. No gain or loss on the loan corpus is recognized on the sale, however a gain may be recognized on the sale related to the servicing rights.

**Allowance for Credit Losses on Mortgages**

The allowance for credit losses on mortgages is a valuation account that is deducted from the amortized cost basis of mortgages to present the net amount expected to be collected. The allowance for credit losses on mortgages is adjusted through the provision for credit losses to the amount of amortized cost basis not expected to be collected at the balance sheet date. Mortgage losses are charged off against the allowance for credit losses on mortgages when the Organization determines the mortgage balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses on mortgages.

The measurement of expected credit losses encompasses 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 differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, current information and events, probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreements, or delinquencies.

**Valuation of Servicing Rights**

The Organization recognizes assets for the rights to service loans for others that result from the sale of loans it originates (asset transfers) at fair value in accordance with Accounting Standards Codification (ASC) 860. Servicing rights from asset transfers are initially capitalized and recorded at fair value. The Organization determines the fair value of servicing rights using a valuation model that calculates the present value of estimated future net servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds (including housing price volatility), discount rate, default rates, cost to service (including delinquency and foreclosure costs) and contractual servicing fee income.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Valuation of Servicing Rights (Continued)**

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses. Impairment is determined by assessing risk characteristics, such as interest rate and loan types. The Organization did not recognize any impairment on servicing rights for the years ended June 30, 2025 and 2024.

**Contributions Receivable**

Contributions receivable are recorded at net realizable value. Conditional pledges are not included as support until such time as the conditions are substantially met. Donor-advised funds (DAF) are controlled by the fund, not the individual donor, so individual pledges from a DAF are not recorded until they are received or pledged from the fund. Receivables are assessed individually for collectability based on the surrounding facts and circumstances and management's past history. When all collection efforts have been exhausted, the accounts are written off against the related allowance. As of June 30, 2025 and 2024, the allowance for doubtful accounts was \$83,065 and \$159,581, respectively.

**Inventory**

Inventories are valued at cost based on a specific identification method. In-kind inventory is recorded at its estimated market value when received. Inventory for homeownership is expensed to cost of production sold at time of sale to homeowners.

**Land Held in Trust**

Land held in trust represents the cost basis of land for homes sold where the land that the home is built upon is placed in a land trust to be held for a period of 99 years.

**Property and Equipment**

Property and equipment purchased are stated at cost. The Organization capitalizes items over \$5,000. Contributed items are recorded at fair market value at date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of property and equipment are recorded as without donor restriction. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

**In-Kind Contributions**

In-kind contributions consist of donated land, homes, materials, and specialized labor. Donated land is valued using independent appraisals, or if unavailable, comparative market analysis or the tax appraisal values. Donated materials and specialized labor are valued at market value on the date of donation.



**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Home Sales**

Nearly all sales to homeowners have been financed by TCHFH or its subsidiary TCHFH Lending, Inc. and are recorded when title is transferred. The amount of the first mortgage for homes TCHFH developed is classified as operating revenues and the related discount is recorded at the same time as nonoperating activity. Noninterest-bearing mortgages have been discounted based upon prevailing market rates for low-income housing at the inception of the mortgages. Utilizing the effective interest method, this discount will be recognized as income over the term of the mortgage. Interest-bearing mortgages are evaluated at inception for potential discount. Interest-bearing mortgages have been deemed to be at a market rate thus far and no discount has been recognized on these mortgages.

**Contributions**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

**Restore Revenue**

The Organization recognizes revenue from merchandise sales at the point in time when control of the goods is transferred to the customer. This typically occurs upon delivery of the merchandise to the customer or when the customer takes possession of the goods, depending on the terms of the sale. Revenue is measured based on the transaction price, which is the amount of consideration the Organization expects to receive in exchange for the merchandise. The Organization assesses each contract to determine the performance obligations and recognizes revenue when those obligations are satisfied.

**Public Sector Funds**

A portion of the Organization's revenue is derived from cost reimbursable federal, state and local government contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned grant revenue in the consolidated statement of financial position. The Organization has been awarded cost reimbursable grants of \$31,094,165 that have not been recognized as revenue at June 30, 2025 because qualifying expenditures have not yet been incurred, with an advance payment of \$2,039,637 recognized in the consolidated statement of financial position as unearned grant revenue.

**Income Taxes**

The Organization and TCHFH Lending, Inc. have exempt status relative to federal and Minnesota corporate income taxes under Internal Revenue Code Section 501(c)(3) and applicable state statutes. The Organization is not a private foundation and contributions to the Organization qualify as charitable tax deductions by the contributor. TCHFH Lending, Inc. is a supporting organization of the Organization.

**TWIN CITIES HABITAT FOR HUMANITY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the consolidated financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization as a result of the implementation of this standard. The Organization's returns are subject to review and examination by federal and state authorities.

**Functional Allocation of Expense**

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses which are not directly identifiable by program or support service, are allocated based on the best estimates of management. Expenses that are not directly identifiable by program or support service that are allocated based on personnel time spent on the activity include certain professional fees, tools and site supplies, and occupancy costs including rent, maintenance and utilities. Depreciation expenses are allocated based on personnel costs specifically related to the utilization of property and equipment assets.

**Unearned Grant Revenue**

Advance payments received on certain public sector funds and conditional contributions are recorded as unearned grant revenue until the conditions of the grant agreement have been met, at which time the payments received are recognized as revenue.

**Leases**

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the consolidated balance sheets.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated balance sheet.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

**Estimates**

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). 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.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 9, 2025, the date the consolidated financial statements were available to be issued.

**NOTE 2 CONTRIBUTIONS RECEIVABLE**

The present value of the contributions receivable was summarized as follows at June 30:

	2025	2024
Gross Contributions Receivable	\$ 4,109,030	\$ 17,064,894
Less: Allowance for Doubtful Accounts	(83,065)	(159,581)
Less: Present Value Discount - 3%	(50,987)	(192,622)
Net Contributions Receivable	<u>\$ 3,974,978</u>	<u>\$ 16,712,691</u>
Amounts Due in:		
Less Than One Year	\$ 2,880,764	\$ 14,234,190
One to Five Years	1,228,266	2,830,704
Total	<u>\$ 4,109,030</u>	<u>\$ 17,064,894</u>

At June 30, 2025 and 2024, two and one contributors comprised 33% and 67%, respectively, of the contributions receivable.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 3 INVENTORY**

Inventory consists of the following at June 30:

	2025	2024
Home in Progress	\$ 28,708,875	\$ 16,150,943
Land and Acquired Property	12,446,505	14,476,047
Building Material	743,702	439,275
Held for Resale	401,488	289,780
Total Inventory	<u>\$ 42,300,570</u>	<u>\$ 31,356,045</u>

There was a construction contract signed during the year ended June 30, 2025 for multiple blocks of homes, which has a remaining contract amount of approximately \$5,481,000 not expended as of year-end.

**NOTE 4 PROPERTY AND EQUIPMENT**

A summary of the property and equipment costs and related accumulated depreciation at June 30 is as follows:

	2025		
	Cost	Accumulated Depreciation	Life
Land	\$ 1,598,545	\$ -	N/A
Construction in Progress	288,078	-	N/A
Buildings and Improvements	8,509,144	3,294,310	5 to 39 Years
Furniture and Equipment	1,562,634	1,359,219	5 to 7 Years
Vehicles	1,227,887	618,199	3 to 5 Years
Total	<u>\$ 13,186,288</u>	<u>\$ 5,271,728</u>	
Property and Equipment, Net		<u>\$ 7,914,560</u>	

  

	2024		
	Cost	Accumulated Depreciation	Life
Land	\$ 1,570,872	\$ -	N/A
Buildings and Improvements	8,495,066	3,009,273	5 to 39 Years
Furniture and Equipment	1,493,895	1,258,870	5 to 7 Years
Vehicles	1,108,220	548,698	3 to 5 Years
Total	<u>\$ 12,668,053</u>	<u>\$ 4,816,841</u>	
Property and Equipment, Net		<u>\$ 7,851,212</u>	

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 5 LEVERAGED LOAN RECEIVABLE**

At June 30, the composition of leveraged loans receivable was as follows:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Investment in Leveraged Lender, 0.719004%. Due in interest-only installments through September 29, 2030. Commencing June 5, 2031 due in semi-annual installments with principal due on September 29, 2043.	\$ 2,827,000	\$ 2,827,000
Investment in Leveraged Lender, 0.694151%. Due in interest-only installments through May 5, 2025. Commencing August 23, 2025 due in semi-annual installments of \$38,120 with principal due on August 22, 2048.	3,439,435	3,476,251
Investment in Leveraged Lender, 0.721598%. Due in interest-only installments through September 26, 2031. Commencing September 26, 2024 due in semi-annual installments with principal due on September 26, 2054.	6,235,871	-
Investment in Leveraged Lender, 0.721598%. Due in interest-only installments through September 26, 2031. Commencing September 26, 2024 due in semi-annual installments with principal due on September 26, 2054.	<u>328,204</u>	<u>-</u>
Total	<u>\$ 12,830,510</u>	<u>\$ 6,303,251</u>

The loans are secured by substantially all assets of the borrower. As of June 30, 2025 and 2024, the Organization has not reserved any allowance for losses on the leveraged loan receivable, as this loan is being collected consistent with its payment terms.

**NOTE 6 MORTGAGES RECEIVABLE**

An Organization-developed home is considered sold when a formal closing transaction has been finalized. Homes are priced at fair market value based on an appraisal of the property. Contract periods span 20 to 30 years, and monthly payments are no greater than 30% of the family's income at the time of sale. At June 30, 2025 and 2024, the Organization had 666 and 697 mortgages outstanding, respectively.

When the first mortgage on each home is less than the market value, the Organization also provides a second mortgage for the difference between the first mortgage and market value. The second mortgage, which is forgiven at the end of the first mortgage term, is assumed to have no economic value and, accordingly, is not recognized in the Organization's financial statements unless such mortgage becomes collectible in accordance with the terms of the mortgage agreement.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 6 MORTGAGES RECEIVABLE (CONTINUED)**

The Organization has two portfolios of mortgages receivable outstanding: loans held by the Organization and loans held for sale. The mortgages receivable within the held portfolio primarily consist of no-interest first mortgages provided on homes that the Organization developed and sold to homebuyers through October 2016. The mortgages receivable held for sale portfolio includes interest-bearing first mortgages originated since November 2016 by TCHFH Lending Inc. with intent to sell to outside partner investors. These mortgages are originated to homebuyers purchasing a home developed by the Organization as well as mortgages provided to homebuyers purchasing a home on the open market. The unpaid principal balance of loans serviced as of June 30, 2025 and 2024 was \$144,178,698 and \$121,504,433, respectively.

The outstanding mortgages receivable held for sale portfolio is \$2,095,800 and \$3,257,100 at June 30, 2025 and 2024, respectively. This portfolio has no delinquent mortgages and is considered to be fully collectible within the coming year, so the Organization has not recorded an allowance or discount on the mortgages receivable held for sale portfolio as of June 30, 2025 and 2024.

For the held portfolio, the mortgage loans receivable are interest-bearing mortgages. At June 30, the composition of mortgages receivable held is as follows:

	2025	2024
Mortgages Receivable Held	\$ 34,825,761	\$ 38,555,748
Less: Unamortized Discount	(9,332,570)	(10,780,766)
Less: Allowance for Credit Losses	-	(69,071)
Total	<u>\$ 25,493,191</u>	<u>\$ 27,705,911</u>

The held mortgages receivable have been discounted in order to reflect their economic value. The interest rates used to determine the discount range from 3.74% to 8.1% based on prevailing market rates in the year the mortgage originated. These original discounts and related amortization are reflected as a nonoperating activity in the consolidated statement of activities.

The allowance for credit losses and recorded investment in loans is as follows:

	2025	2024
Allowance for Credit Losses:		
Balance at Beginning of the Year	\$ 69,071	\$ 69,071
Provision for Loan Losses	(69,071)	-
Loans Charged-Off	-	-
Recoveries on Sales of Loans	-	-
Balance at End of Year	<u>\$ -</u>	<u>\$ 69,071</u>

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 6 MORTGAGES RECEIVABLE (CONTINUED)**

The following tables show an aging analysis of the mortgages receivable held loan portfolio by time past due:

2025			
	Current	30-89 Days Past Due	90 Days or More Past Due
Total			
Mortgages Receivable	<u>\$ 34,596,052</u>	<u>\$ 39,748</u>	<u>\$ 189,961</u>
	<u>\$ 34,825,761</u>		
2024			
	Current	30-89 Days Past Due	90 Days or More Past Due
Total			
Mortgages Receivable	<u>\$ 38,358,727</u>	<u>\$ 47,240</u>	<u>\$ 149,781</u>
	<u>\$ 38,555,748</u>		

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 7 LONG-TERM NOTES PAYABLE**

Long-term notes payable consists of the following as of June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Note Payable, 2.83%, secured by Specifically Identified Mortgages Receivable, due in monthly installments of \$88,977 through September 1, 2040 (a)	\$ 8,291,635	\$ 9,007,917
Note Payable, 4.37%, unsecured, annual interest-only payments of \$43,700 with principal balance due on December 31, 2032	1,000,000	1,000,000
Note Payable, 1.5%, unsecured, quarterly interest-only payments of \$3,750 with principal balance due on January 31, 2028	1,000,000	1,000,000
Note Payable, 2.86%, 2.55% and 2.38% based on date of funds were drawn, unsecured, annual interest-only payments of \$22,880 with principal balance due on September 30, 2025	800,000	800,000
Note Payable, 1%, unsecured, quarterly interest-only payments of \$250 with principal balance due on December 31, 2024	-	100,000
Note Payable, 2.75%, unsecured, quarterly interest-only payments with principal balance due on June 30, 2025	-	1,000,000
Note Payable, 4.75%, unsecured, quarterly interest-only payments with principal balance due on November 30, 2024, subsequently extended to November 30, 2025	-	2,500,000
Note Payable, 4%, unsecured, principal payment of \$500,000 due April 30, 2027, along with interest accrued Remaining unpaid principal and accrued interest due on December 31, 2039	1,000,000	-
Note Payable, 2%, unsecured, quarterly interest-only payments commencing on January 1, 2025 All unpaid principal, along with accrued and unpaid interest due on December 31, 2027	<u>2,000,000</u>	<u>-</u>
Subtotal - Interest-Bearing Notes	14,091,635	15,407,917



**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)**

Qualified Low Income Community Investment Notes:

Harbor Community Fund XXXIII, LLC Note Payable interest only payments until September 2030 at 0.719004%. Loan matures in September 2043. Secured by assets acquired from the project loan proceeds.	\$ 2,695,000	\$ 2,695,000
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USBCDE Sub-CDE 254, LLC Note Payable interest only payments until September 2030 at 0.719004%. Loan matures in September 2043. Secured by assets acquired from the project loan proceeds.	1,237,500	1,237,500
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QLICI Note Payable, 0.694151%, secured by notes receivable of \$3,623,316, due in semi-annual interest-only installments of \$18,410 through May 5, 2025. Due in semi-annual principal and interest installments through August 22, 2048.	5,304,335	5,304,335
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QLICI Note Payable, 0.721598%, due in semi-annual interest only installments of \$21,215 through September 26, 2031. Due in semi-annual interest installments through September 26, 2054. Secured by assets acquired from the project loan proceeds.	3,217,500	-
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QLICI Note Payable, 0.721598%, due in semi-annual interest only installments of \$11,609 through September 26, 2031. Due in semi-annual interest installments through September 26, 2054. Secured by assets acquired from the project loan proceeds.	5,880,000	-
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Subtotal - Qualified Low Income Community Investment Notes	18,334,335	9,236,835
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Noninterest Bearing Notes:

Notes Payable, noninterest-bearing, secured by Specifically Identified Mortgages Receivable, due in monthly installments based on the term of the loans, current monthly installments of \$68,938 with balances due through June 1, 2043 (a)	4,908,463	5,565,401
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Notes Payable, noninterest-bearing, unsecured, due in monthly installments to Habitat for Humanity International for the SHOP program over 48 months	1,411	4,717
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(a) Notes Payable due to Habitat for Humanity of Minnesota, Inc., an affiliate of Habitat for Humanity International

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)**

<u>Description (Continued)</u>	<u>2025</u>	<u>2024</u>
<u>Noninterest Bearing Notes (Continued):</u>		
Note Payable, noninterest-bearing, unsecured, amount due in yearly installments of \$6,667 through January 1, 2036	\$ 73,327	\$ 79,994
 Note Payable, noninterest-bearing, secured, interest due quarterly, principal due on February 13, 2030	 1,100,000	 -
 Note Payable, noninterest-bearing, secured, interest due quarterly, principal due on August 27, 2029	 <u>2,500,000</u>	 <u>-</u>
Subtotal - Noninterest Bearing Notes	8,583,201	5,650,112
 <u>Forgivable Notes:</u>		
Notes Payable, noninterest-bearing, unsecured, no payments required, forgivable between July 1, 2032 and June 1, 2038 contingent on specific requirements being met	<u>523,273</u>	<u>523,273</u>
Subtotal - Forgivable Notes	<u>523,273</u>	<u>523,273</u>
Total	41,532,444	30,818,137
Less: Unamortized Discount	(2,655,233)	(2,346,883)
Less: Unamortized Origination Fees	<u>(78,761)</u>	<u>(399,378)</u>
Long-Term Notes Payable, Net	<u>\$ 38,798,450</u>	<u>\$ 28,071,876</u>

Maturities of long-term notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Repayable</u>	<u>Forgivable</u>
2026	\$ 2,200,915	\$ -
2027	1,921,015	-
2028	4,441,781	-
2029	3,963,586	-
2030	3,086,006	-
Thereafter	<u>25,395,868</u>	<u>523,273</u>
Total	<u>\$ 41,009,171</u>	<u>\$ 523,273</u>

The interest-bearing notes payable were made to the Organization at rates below the prevailing market rates and are discounted at the prevailing market rate at time of origination. These discounts are reflected as contributions in the year of origination.

These original discounts and related amortization are reflected as nonoperating activity in the consolidated statement of activities.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

Certain note payable agreements required the Organization to meet certain financial and other covenants of which they were in compliance as of June 30, 2025 or have obtained a waiver.

**NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)**

**New Market Tax Credit Financing**

In August 2018, the Organization participated in a NMTC program. The program provides tax credits to eligible organizations for investment in “qualified low-income community investments.” Program compliance requirements included creation of a promissory note and investment in a qualified community development activity (CDE). Tax credit recapture is required if compliance requirements are not met over a seven-year period. The Organization originally recorded its 24.44% investment in Twain Investment Fund 306, LLC at the cost of \$3,691,733. The Organization’s corresponding note payable is \$5,304,335, consisting of one QLICI loan. In August 2025, under the terms of the put option agreement, the put option will be exercised. Exercise of the option will effectively allow the Organization to extinguish its outstanding debt owed to the Fund.

In 2023, the Organization participated in a New Markets Tax Credit (NMTC) program. The program provides funds to eligible organizations for investment in “qualified low-income community investment”. Program compliance requirements included creation of a promissory note and investment in a qualified community development entity (CDE). Tax credit recapture is required if compliance requirements are not met over a seven-year period. The Organization originally recorded its 25% investment in Harbor Habitat Leverage IV, LLC at the cost of \$2,827,200. In September 2030, Twain Investment Fund 537, LLC (the Fund), and the upstream effective owner of Harbor Community Fund XXXIII, LLC and USBCDE Sub-CDE 254, LLC (holder of the promissory notes due from the Organization) is expected to exercise its put option. Under the terms of the put option agreement Harbor Habitat Leverage IV, LLC is expected to purchase the ownership interest of the Fund. Exercise of the option will effectively allow the Organization to extinguish its outstanding debt owed to the Fund.

In 2024, the Organization participated in a New Markets Tax Credit (NMTC) program. The program provides funds to eligible organizations for investment in “qualified low-income community investment”. Program compliance requirements included creation of a promissory note and investment in a qualified community development entity (CDE). Tax credit recapture is required if compliance requirements are not met over a seven-year period. The Organization has recorded its 95% investment in Heights 23 Leverage, LLC at the cost of \$6,235,871.25. In September 2031, Twain Investment Fund 434 LLC (the Fund), and the upstream effective owner of HFHI NMTC VIII, LLC and USBCDE Sub-CDE 276, LLC (holder of the promissory notes due from the Organization) is expected to exercise its put option. Under the terms of the put option agreement Heights 23 Leverage, LLC is expected to purchase the ownership interest of the Fund. Exercise of the option will effectively allow the Organization to extinguish its outstanding debt owed to the Fund.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 8 LINE OF CREDIT**

The Organization has two lines of credit with interest rates ranging from 1.00% to the Prime rate less 1.50%, never to drop below 3.25%. One revolving line of credit, which expires in June 2028, permits borrowings up to \$25,000,000. The agreement is unsecured. There was an outstanding balance of \$9,026,913 and \$4,057,300 as of June 30, 2025 and 2024, respectively. The Organization's subsidiary, TCHFH Lending, Inc., has a warehouse line of credit to borrow up to \$7,000,000. The line of credit expires in April 2026. The agreement is secured by mortgage loans in transit. As of June 30, 2025 and 2024, there is an outstanding balance of \$1,991,010 and \$3,094,245, respectively.

**NOTE 9 LEASES**

The Organization leases a warehouse facility and three outlet stores under noncancelable operating lease agreements. The leases expire at various dates through 2040. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs. Some lease agreements also require the Organization to comply with certain covenants and to maintain certain financial ratios. As of June 30, 2025 and 2024, the Organization believes they are in compliance with all ratios and covenants.

During the year ending June 30, 2025, the Organization entered into new long-term facility leases, resulting in recognition of approximately \$5.2 million of new operating lease right-of-use assets and corresponding liabilities.

The following table provides the Organization's right of use assets and lease liability for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Right-of-Use Assets:		
Operating Leases, Net	\$ 7,082,869	\$ 1,302,564
Lease Liabilities:		
Current:		
Operating Leases	731,308	653,567
Noncurrent:		
Operating Leases	6,496,335	710,526
Total	<u>\$ 7,227,643</u>	<u>\$ 1,364,093</u>

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 9 LEASES (CONTINUED)**

The following table provides quantitative information concerning the Organization's leases for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Lease Costs:		
Operating Lease Costs	\$ 691,236	\$ 580,562
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 683,138	\$ 596,000
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 5,151,826	\$ 181,824
Weighted-Average Remaining Lease Term - Operating Leases	11.8 Years	2.6 Years
Weighted-Average Discount Rate - Operating Leases	3.54%	2.98%

The future minimum lease payments under noncancelable leases with terms greater than one year are listed below as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Operating</u>
2026	\$ 972,619
2027	986,275
2028	778,088
2029	709,407
2030	727,354
Thereafter	4,911,682
Undiscounted Cash Flows	9,085,425
Less: Imputed Interest	(1,857,782)
Total Present Value	<u>\$ 7,227,643</u>

**NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended June 30, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	<u>2025</u>	<u>2024</u>
Land and Building Materials	\$ 1,127,764	\$ 802,994
Tools and Equipment	3,796,703	690,506
Specialized Labor	184,210	129,015
Below-Market Interest Contribution	653,055	-
Subtotal Contributed Nonfinancial Assets	5,761,732	1,622,515
Clothing and Household Goods (ReStore)	2,839,307	2,831,262
Special Event Donated Material	112,470	161,069
Total Contributed Nonfinancial Assets	<u>\$ 8,713,509</u>	<u>\$ 4,614,846</u>

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)**

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Donated land, building materials, and tools and equipment received by the Organization are used to repair or build homes. The Organization estimates the value of donated land using fair value of similar land parcels. The value of building materials, tools and equipment is determined using purchase price of similar materials, tools and equipment.

Donated specialized labor received by the organization is valued and reported at the estimated fair value based on current rates for similar specialized labor services. The Organization also receives a significant amount of donated services from unpaid volunteers who assist in special projects. No amounts have been recognized in the consolidated statements of activities for these services because the criteria for recognition have not been satisfied.

Donated appliances, building materials, and furniture (ReStore) received by the Organization is sold in the ReStore stores. The Organization estimates the value of donated appliances, building materials, and furniture using the sale price of the goods.

Donated special event material recognized comprise donated items or services donated to the Organization to be sold during the live auction of the special event. Donated goods and services were valued and reported at the estimated fair value based on the current rates for similar goods and services.

**NOTE 11 DEFINED CONTRIBUTION PLAN**

The Organization sponsors a 401(k) and profit sharing plan. Under this plan, eligible employees may elect to defer up to 80% of their eligible compensation.

Under the plan, the Organization contributes an amount on behalf of each eligible participant equal to 100% of their contribution up to 3% of the employees' contributions. Contributions to these plans by the Organization were \$423,111 and \$340,926 for the years ended June 30, 2025 and 2024, respectively.

**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at June 30:

	2025	2024
Time Restricted Pledges	\$ 4,006,254	\$ 16,790,518
Time Restricted Unamortized Discount	583,028	-
Restricted for Program Purposes	7,593,039	3,181,079
Unappropriated Endowment Earnings	633,105	454,210
Endowment to be Held in Perpetuity	1,197,059	1,197,059
Total	<u>\$ 14,012,485</u>	<u>\$ 21,622,866</u>

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets released from restriction consist of the following at June 30:

	2025	2024
Net Pledges Received	\$ 7,356,475	\$ 3,240,033
Program Expenditures Incurred	5,756,116	323,368
Total Releases from Restriction	<u>\$ 13,112,591</u>	<u>\$ 3,563,401</u>

**NOTE 13 ENDOWMENT**

**Donor-Restricted Endowments**

The composition of endowment funds by type of fund are as follows at June 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 1,830,164</u>	<u>\$ 1,830,164</u>

  

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 1,651,269</u>	<u>\$ 1,651,269</u>

The summary of changes in endowment net assets is as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance, June 30, 2024	\$ -	\$ 1,651,269	\$ 1,651,269
Contributions	-	-	-
Investment Gain	-	178,895	178,895
Appropriations	-	-	-
Endowment Fund Balance, June 30, 2025	<u>\$ -</u>	<u>\$ 1,830,164</u>	<u>\$ 1,830,164</u>

  

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance, June 30, 2023	\$ -	\$ 1,492,422	\$ 1,492,422
Contributions	-	-	-
Investment Gain	-	158,847	158,847
Appropriations	-	-	-
Endowment Fund Balance, June 30, 2024	<u>\$ -</u>	<u>\$ 1,651,269</u>	<u>\$ 1,651,269</u>

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 13 ENDOWMENT (CONTINUED)**

**Donor-Restricted Endowments (Continued)**

This donor-restricted endowment fund was established for the purpose of securing the Organization's long-term financial viability. As required by GAAP, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors has interpreted the state's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as maintaining the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

**Investment Objectives and Strategies**

The Organization has adopted an investment policy to guide the investing of this single donor endowment asset. Under the approved policy this endowment asset is invested in a manner that is intended to maintain its principal, in accordance with the donors' wishes.

**Spending Policy**

The board of directors authorized appropriations as it deems prudent. The Organization has a practice of appropriating for distribution only investment earnings in excess of original endowment principal. Unappropriated earnings were \$633,105 and \$454,210 as of June 30, 2025 and 2024, respectively.

**NOTE 14 INVESTMENTS**

Investments consisted of the following at June 30:

	2025	2024
Cash	\$ 25,250	\$ -
Mutual Funds	791,438	592,848
Stocks	442,610	419,092
Fixed Income	536,528	477,402
Certificate of Deposit	11,730,497	9,099,943
Stock Investment in FHLB - Restricted	172,000	-
Exchange-Traded and Closed-End Funds	34,338	161,927
Total	<u>\$ 13,732,661</u>	<u>\$ 10,751,212</u>



**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 14 INVESTMENTS (CONTINUED)**

The Organization has acquired 1,720 shares of Class B stock with a par value of \$100 per share totaling \$172,000 in the Federal Home Loan Bank (FHLB). This is a requirement pursuant to FHLB's Capital Plan in which members are required to acquire their stock at 4.50% of the total loans issued to the Organization. The stock is not traded on any open market, is valued at cost, and is redeemable once the loan is paid off. The total stock value of \$172,000 represents 4.50% of total loan advances outstanding of \$3,600,000 at June 30, 2025.

**NOTE 15 FAIR VALUE HIERARCHY**

The following table presents the fair value hierarchy for the balances of financial assets and liabilities the Organization measured at fair value on a recurring basis as of June 30.

2025				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 791,438	\$ -	\$ -	\$ 791,438
Stocks	442,610	-	-	442,610
Fixed Income	-	536,528	-	536,528
Exchange-Traded and Closed-End Funds	34,338	-	-	34,338
Mortgage Servicing Asset	-	2,833,509	-	2,833,509
Total	<u>\$ 1,268,386</u>	<u>\$ 3,370,037</u>	<u>\$ -</u>	<u>\$ 4,638,423</u>

  

2024				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 592,848	\$ -	\$ -	\$ 592,848
Stocks	419,092	-	-	419,092
Fixed Income	-	477,402	-	477,402
Exchange-Traded and Closed-End Funds	161,927	-	-	161,927
Mortgage Servicing Asset	-	2,384,476	-	2,384,476
Total	<u>\$ 1,173,867</u>	<u>\$ 2,861,878</u>	<u>\$ -</u>	<u>\$ 4,035,745</u>

**NOTE 16 MORTGAGE SERVICING RIGHTS**

The Organization's subsidiary, TCHFH Lending Inc., has mortgage servicing rights on mortgages that it originated and sold with servicing retained. The value of these rights was \$2,833,509 and \$2,384,476 as of June 30, 2025 and 2024, respectively. The servicing asset for June 30, 2025 was determined using a weighted-average note rate of 3.59%, discount rate of 14.50%, and conditional prepayment rate of 4.25%. The servicing asset for June 30, 2024 was determined using a weighted-average note rate of 3.17%, discount rate of 14.88%, and conditional prepayment rate of 4.18%.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 16 MORTGAGE SERVICING RIGHTS (CONTINUED)**

The following revenues related to servicing rights are recognized as Other Revenue during the years ended June 30:

	2025	2024
Servicing Fees Earned	\$ 678,916	\$ 571,688
Gain on Loan Sales	449,033	423,579

Activity for servicing rights is as follows for the years ended June 30:

	2025	2024
Balance - Beginning of the Year	\$ 2,384,476	\$ 1,960,897
Additions	623,222	566,890
Payoffs	(22,122)	(8,623)
Change in Fair Value	(152,067)	(134,688)
Balance - End of the Year	<u>\$ 2,833,509</u>	<u>\$ 2,384,476</u>

**NOTE 17 LIQUIDITY AND AVAILABILITY**

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenses. The Organization regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the return on its available funds. The Organization has a few sources of liquidity at its disposal, including cash and cash equivalents and lines of credit. See Note 8 for information about the Organization's lines of credit.

For purposes of analyzing resources available to meet general expenses over a 12-month period, the Organization considers all expenses related to its ongoing program and support activities to be general expenses. If assets are not available to meet current operating needs, then they are not included in our analysis below. Inventory and Mortgages held for resale are not included in our analysis because they require the Organization to sell the assets.

In addition to financial assets available to meet general expenses over the next 12 months, the Organization operates within its budget and anticipates collecting sufficient funding to cover general expenses not covered by donor-restricted resources.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 17 LIQUIDITY AND AVAILABILITY (CONTINUED)**

As of June 30, 2025 and 2024, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenses:

	<u>2025</u>	<u>2024</u>
Available Assets		
Cash and Cash Equivalents	\$ 16,328,193	\$ 19,936,985
Investments	9,960,661	10,751,212
Accounts Receivable	1,006,474	706,378
Contributions Receivable, Due in One Year	2,880,764	14,234,190
Mortgages Held for Sale	2,095,800	3,257,100
Mortgages Held, Due in One Year	2,800,000	2,800,000
Total	<u>35,071,892</u>	<u>51,685,865</u>
Other Balances		
Less: Restricted Cash Accounts	(6,353)	(45,831)
Less: Endowment Investments	(1,830,164)	(1,651,269)
Less: Program Restricted Funds	<u>(7,593,039)</u>	<u>(3,181,079)</u>
Total Available Assets, Net	<u><u>\$ 25,642,336</u></u>	<u><u>\$ 46,807,686</u></u>
Line of Credit Balances Available for General Operations	<u><u>\$ 20,982,077</u></u>	<u><u>\$ 24,848,455</u></u>

**NOTE 18 RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2025 and 2024, board members have contributed approximately \$255,000 and \$214,000 to the Organization, respectively. As of June 30, 2025 and 2024, there was approximately \$217,000 and \$345,000 of outstanding pledges receivable due from board members, respectively.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**CONSOLIDATING BALANCE SHEET**  
**JUNE 30, 2025**

	Twin Cities Habitat for Humanity, Inc.	Lending, Inc.	Habitat Heights, LLC	Eliminations	Consolidated
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 11,991,091	\$ 3,686,917	\$ 650,185	\$ -	\$ 16,328,193
Investments	9,960,661	3,772,000	-	-	13,732,661
Accounts Receivable	807,432	199,042	-	-	1,006,474
Down Payment Assistance Loans Receivable	-	5,970,034	-	-	5,970,034
Mortgage Servicing Asset, Net	-	2,833,509	-	-	2,833,509
Contributions Receivable, Net	3,934,978	-	40,000	-	3,974,978
Related Entity Receivable	-	-	1,414,111	(1,414,111)	-
Inventory	16,417,201	-	25,883,369	-	42,300,570
Land Held in Trust	3,819,633	-	-	-	3,819,633
Prepaid and Other Assets	1,576,575	14,136	680,612	-	2,271,323
Leveraged Loan Receivable	12,502,306	328,204	-	-	12,830,510
Property and Equipment, Net	7,914,560	-	-	-	7,914,560
Right-of-Use Asset, Net	7,082,869	-	-	-	7,082,869
Mortgages Receivable:					
Mortgages Receivable Held, at Face Value	33,843,815	981,946	-	-	34,825,761
Mortgages Receivable Held for Sale, at Face Value	-	2,095,800	-	-	2,095,800
Less: Unamortized Discount and Allowance	(9,332,570)	-	-	-	(9,332,570)
Mortgages Receivable, Net	<u>24,511,245</u>	<u>3,077,746</u>	<u>-</u>	<u>-</u>	<u>27,588,991</u>
Total Assets	<u>\$ 100,518,551</u>	<u>\$ 19,881,588</u>	<u>\$ 28,668,277</u>	<u>\$ (1,414,111)</u>	<u>\$ 147,654,305</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 769,762	\$ 109,029	\$ 3,039,409	\$ -	\$ 3,918,200
Accrued Expenses	1,813,476	4,643	19,836	-	1,837,955
Lease Liability	7,227,643	-	-	-	7,227,643
Related Entity Payable	688,961	725,150	-	(1,414,111)	-
Line of Credit	9,026,913	1,991,010	-	-	11,017,923
Unearned Grant Revenue	1,229,180	2,633,237	-	-	3,862,417
Long-Term Notes Payable:					
Long-Term Notes Payable at Face Value	25,834,944	3,600,000	12,097,500	-	41,532,444
Less: Unamortized Discount and Origination Fees	<u>(2,288,512)</u>	<u>(583,028)</u>	<u>137,546</u>	<u>-</u>	<u>(2,733,994)</u>
Long-Term Notes Payable, Net	<u>23,546,432</u>	<u>3,016,972</u>	<u>12,235,046</u>	<u>-</u>	<u>38,798,450</u>
Total Liabilities	44,302,367	8,480,041	15,294,291	(1,414,111)	66,662,588
<b>NET ASSETS</b>					
Without Donor Restrictions	49,890,783	10,818,519	6,269,930	-	66,979,232
With Donor Restrictions	<u>6,325,401</u>	<u>583,028</u>	<u>7,104,056</u>	<u>-</u>	<u>14,012,485</u>
Total Net Assets	<u>56,216,184</u>	<u>11,401,547</u>	<u>13,373,986</u>	<u>-</u>	<u>80,991,717</u>
Total Liabilities and Net Assets	<u>\$ 100,518,551</u>	<u>\$ 19,881,588</u>	<u>\$ 28,668,277</u>	<u>\$ (1,414,111)</u>	<u>\$ 147,654,305</u>

**TWIN CITIES HABITAT FOR HUMANITY, INC.  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

	Twin Cities Habitat for Humanity, Inc.		Lending, Inc.		Habitat Heights, LLC			Consolidated	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions
<b>OPERATING REVENUE AND SUPPORT</b>									
Operating Revenue:									
Home Sales (Mortgages Received)	\$ 10,286,069	\$ -	\$ -	\$ -	\$ 185,000	\$ -	\$ -	\$ 10,471,069	\$ -
Investment Income	29,966	178,895	194,521	-	230,885	-	-	455,372	178,895
ReStore Revenue (Inclusive of In-Kind Contributions of \$2,839,307, Net of Direct Expense of \$6,887,794)	193,390	-	-	-	-	-	-	193,390	-
Servicing Fee Revenue	-	-	1,305,676	-	-	-	-	1,305,676	-
Other	662,623	-	14,098	-	-	-	(115,266)	561,455	-
Total Operating Revenue	11,172,048	178,895	1,514,295	-	415,885	-	(115,266)	12,986,962	178,895
Support:									
Contributions	11,177,604	4,107,175	2,225,351	-	-	526,362	(1,100,101)	12,302,854	4,633,537
Contributions - Down Payment Assistance Programs			5,830,690	-	-	-	-	5,830,690	-
Public Sector Funds	7,475,575	-	1,028,100	-	-	-	-	8,503,675	-
In-Kind Contributions	2,846,409	-	73,777	583,028	2,258,518	-	-	5,178,704	583,028
Special Events, Cash	701,766	106,750	-	-	-	-	-	701,766	106,750
Special Events, Donated Goods and Services	112,470	-	-	-	-	-	-	112,470	-
Less: Costs of Direct Benefits to Donors	(502,478)	-	-	-	-	-	-	(502,478)	-
Total Special Events	311,758	106,750	-	-	-	-	-	311,758	106,750
Total Support	21,811,346	4,213,925	9,157,918	583,028	2,258,518	526,362	(1,100,101)	32,127,681	5,323,315
Net Assets Released from Restrictions	8,649,074	(8,649,074)	-	-	4,463,517	(4,463,517)	-	13,112,591	(13,112,591)
Total Operating Revenue and Support	41,632,468	(4,256,254)	10,672,213	583,028	7,137,920	(3,937,155)	(1,215,367)	58,227,234	(7,610,381)
<b>OPERATING EXPENSES</b>									
Program Services	43,514,066	-	4,262,988	-	855,330	-	(1,147,410)	47,484,974	-
Management and General	4,502,056	-	400,752	-	-	-	(67,957)	4,834,851	-
Fundraising	4,460,452	-	-	-	-	-	-	4,460,452	-
Total Operating Expenses	52,476,574	-	4,663,740	-	855,330	-	(1,215,367)	56,780,277	-
<b>OPERATING INCREASE (DECREASE) IN NET ASSETS</b>	(10,844,106)	(4,256,254)	6,008,473	583,028	6,282,590	(3,937,155)	-	1,446,957	(7,610,381)
<b>NONOPERATING ACTIVITIES</b>									
Loss on Fixed Asset Disposal	3,900	-	-	-	-	-	-	3,900	-
Amortization of Discount on Mortgages	1,448,196	-	-	-	-	-	-	1,448,196	-
Amortization of Discount on Long-Term Notes Payable	(399,139)	-	-	-	-	-	-	(399,139)	-
<b>NONOPERATING INCREASE IN NET ASSETS</b>	1,052,957	-	-	-	-	-	-	1,052,957	-
<b>TOTAL CHANGE IN NET ASSETS</b>	(9,791,149)	(4,256,254)	6,008,473	583,028	6,282,590	(3,937,155)	-	2,499,914	(7,610,381)
Net Assets - Beginning of Year	59,681,932	10,581,655	4,810,046	-	(12,660)	11,041,211	-	64,479,318	21,622,866
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 49,890,783</u>	<u>\$ 6,325,401</u>	<u>\$ 10,818,519</u>	<u>\$ 583,028</u>	<u>\$ 6,269,930</u>	<u>\$ 7,104,056</u>	<u>\$ -</u>	<u>\$ 66,979,232</u>	<u>\$ 14,012,485</u>



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

Finance Committee  
Twin Cities Habitat for Humanity, Inc.  
St. Paul, Minnesota

We have audited, in accordance with the 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 Twin Cities Habitat for Humanity, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, 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 9, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Twin Cities Habitat for Humanity, Inc.'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Twin Cities Habitat for Humanity, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Twin Cities Habitat for Humanity, Inc.'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Twin Cities Habitat for Humanity, Inc.'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 consolidated 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 9, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Finance Committee  
Twin Cities Habitat for Humanity, Inc.  
St. Paul, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Twin Cities Habitat for Humanity, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Twin Cities Habitat for Humanity, Inc.'s major federal programs for the year ended June 30, 2025. Twin Cities Habitat for Humanity, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Twin Cities Habitat for Humanity, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Twin Cities Habitat for Humanity, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Twin Cities Habitat for Humanity, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Twin Cities Habitat for Humanity, Inc.'s federal programs.



### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Twin Cities Habitat for Humanity, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Twin Cities Habitat for Humanity, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Twin Cities Habitat for Humanity, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Twin Cities Habitat for Humanity, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Twin Cities Habitat for Humanity, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Twin Cities Habitat for Humanity, Inc. as of and for the year ended June 30, 2025, and have issued our report thereon dated December 9, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 9, 2025

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Corporation for National and Community Service:</b>			
AmeriCorps (Passed-through ServeMinnesota)	94.006	20ESHMN0010001	\$ 35,077
AmeriCorps (Passed-through ServeMinnesota)	94.006	23ESEMNO010002	<u>168,705</u>
Total U.S. Corporation for National and Community Services			203,782
<b>U.S. Department of Agriculture:</b>			
Urban and Community Forestry Program	10.675	22-DG-11094200-140	<u>33,902</u>
Total U.S. Department of Agriculture			33,902
<b>U.S. Department of Treasury:</b>			
Community Development Financial Institutions Fund Equitable Recovery Program	21.033		1,028,100
COVID-19: Coronavirus State and Local Fiscal Recovery Funds (Passed-through City of Minneapolis)	21.027	PR00004392	<u>4,161</u>
Total U.S. Department of Treasury			1,032,261
<b>U.S. Department of Housing and Urban Development:</b>			
Housing Counseling Assistance Program (Passed-through Minnesota Homeownership Center)	14.169	FY23-1016	27,993
Community Development Block Grant - Passed-Through:			
Ramsey County	14.218	N/A	15,000
Dakota County	14.228	N/A	93,500
HOME Program - Passed-Through:			
Anoka County	14.239	C0009145	3,000
Anoka County	14.239	C0009906	99,000
City of Minneapolis	14.239	COM0007151	154,889
City of Minneapolis		COM0007148	102,595
Washington County	14.239	N/A	<u>5,000</u>
Subtotal			<u>364,484</u>
Total U.S. Department of Housing and Urban Development			500,977
 Total Federal Awards			 <u><u>\$ 1,770,922</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**TWIN CITIES HABITAT FOR HUMANITY, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2025**

**NOTE 1 BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Twin Cities Habitat for Humanity, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations Twin Cities Habitat for Humanity, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Twin Cities Habitat for Humanity, Inc.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. No amounts included in the Schedule above were passed through to subrecipients.

**TWIN CITIES HABITAT FOR HUMANITY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2025**

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***Section I – Summary of Auditors' Results***

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***Consolidated Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes            x       no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes            x       none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes            x       no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes            x       no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes            x       none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes            x       no

***Identification of Major Federal Programs***

**Assistance Listing Number(s)**  
21.033

**Name of Federal Program or Cluster**  
Community Development Financial Institutions  
Fund Equitable Recovery Program

Dollar threshold used to distinguish between Type A and Type B programs:

Type A - \$750,000

Auditee qualified as low-risk auditee?

      x       yes      \_\_\_\_\_ no

**TWIN CITIES HABITAT FOR HUMANITY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2025**

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***Section II – Consolidated Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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