



HABITAT FOR HUMANITY OF OMAHA, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2024)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Omaha, Inc.
Omaha, Nebraska

Opinion

We have audited the consolidated financial statements of Habitat for Humanity of Omaha, Inc. (the Organization), a Nebraska non-profit corporation, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Restatement

As discussed in Note S to the consolidated financial statements, the summarized comparative information as of and for the year ended December 31, 2024 has been restated to correct a misstatement. Our opinion on the 2025 consolidated financial statements is not modified with respect to this matter.

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.

INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of Management for the Consolidated Financial Statements (Continued)

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 Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

INDEPENDENT AUDITORS' REPORT (Continued)

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 22, 2025. As described in Note S, those consolidated financial statements have been restated to correct a misstatement. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived, after giving effect to the restatement.

BLAND + ASSOCIATES, P.C.

Omaha, Nebraska
June 1, 2026

**HABITAT FOR HUMANITY OF OMAHA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

December 31,

2025 2024 (As Restated)

ASSETS

Cash and Cash Equivalents	\$ 6,469,888	\$ 8,199,103
Restricted Cash	19,649,842	16,390,902
Investments	5,156,033	4,693,811
Mortgage and Home Repair Loans, less Allowance for Credit Losses of \$578,000 and \$477,860, respectively	51,387,858	37,560,983
Unconditional Promises to Give, net	3,562,131	5,067,949
Other Receivables	645,081	3,322,275
Investments in Joint Venture	2,103,702	2,101,273
Property Plant & Equipment, net	4,980,088	5,332,726
Right of Use Asset, net	2,264,253	2,615,954
Construction In Progress	8,401,479	13,708,105
Land Held for Development	10,804,613	7,482,104
Materials Inventory	95,867	102,128
Other Assets	275,625	229,112
TOTAL ASSETS	\$ 115,796,460	\$ 106,806,425

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 738,745	\$ 1,554,970
Accrued Payroll & Compensation	1,615,657	1,372,674
Accrued Expenses	1,793,276	2,498,524
Operating Lease Liability	2,487,913	2,840,790
Long Term Debt, net	47,931,696	39,703,839
TOTAL LIABILITIES	54,567,287	47,970,797

NET ASSETS

Net Assets without Donor Restrictions	47,120,513	45,493,201
Net Assets with Donor Restrictions	14,108,660	13,342,427
TOTAL NET ASSETS	61,229,173	58,835,628

TOTAL LIABILITIES AND NET ASSETS	\$ 115,796,460	\$ 106,806,425
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The accompanying notes to Consolidated Financial Statements are an integral part of these statements

HABITAT FOR HUMANITY OF OMAHA, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(With Summarized Comparative Information For 2024)

	Years Ended December 31,			2024
	2025			
	Without Donor/Grantor Restrictions	With Donor/Grantor Restrictions	Total	
OPERATING REVENUES AND SUPPORT				
Contributions	\$ 4,971,637	\$ 9,008,279	\$ 13,979,916	\$ 10,240,236
Sales to Homeowners	20,447,207	-	20,447,207	15,805,338
Grants	8,067,402	1,811,030	9,878,432	15,198,081
ReStore Sales	2,337,513	-	2,337,513	2,561,333
Investment Income	2,255,612	112,920	2,368,532	1,929,190
In-Kind Contributions	1,019,007	-	1,019,007	783,281
Revenue from Homeowners - Home Repair	661,180	-	661,180	723,198
Event Income	648,492	-	648,492	582,454
Loan Discount Interest Income	500,675	-	500,675	691,047
Other Income	1,481,124	-	1,481,124	3,183,425
Satisfaction of Donor Restrictions	10,165,996	(10,165,996)	-	-
Total Operating Revenues and Support	<u>52,555,845</u>	<u>766,233</u>	<u>53,322,078</u>	<u>51,697,584</u>
OPERATING EXPENSES				
Program Services	46,286,053	-	46,286,053	37,182,927
Management and General	2,676,700	-	2,676,700	2,273,321
Fundraising	1,965,780	-	1,965,780	1,653,232
Total Operating Expenses	<u>50,928,533</u>	<u>-</u>	<u>50,928,533</u>	<u>41,109,480</u>
CHANGES IN NET ASSETS	<u>1,627,312</u>	<u>766,233</u>	<u>2,393,545</u>	<u>10,588,104</u>
NET ASSETS - BEGINNING OF YEAR, As Previously Stated	39,548,071	19,287,557	58,835,628	48,247,524
Reclassification of Net Assets	5,945,130	(5,945,130)	-	-
NET ASSETS - BEGINNING OF YEAR, Restated	<u>45,493,201</u>	<u>13,342,427</u>	<u>58,835,628</u>	<u>48,247,524</u>
NET ASSETS - END OF YEAR	<u>\$ 47,120,513</u>	<u>\$ 14,108,660</u>	<u>\$ 61,229,173</u>	<u>\$ 58,835,628</u>

The accompanying notes to Consolidated Financial Statements are an integral part of these statements

HABITAT FOR HUMANITY OF OMAHA, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025
(With Summarized Comparative Information For 2024)

	Program Services				Supporting Services			Totals	
	Construction	Home Repair	ReStores	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	2025	2024
Cost of Projects	\$ 28,255,986	\$ 3,004,273	\$ 271,172	\$ 31,531,431	\$ -	\$ -	\$ -	\$ 31,531,431	\$ 23,914,783
ReStore Cost of Goods Sold	-	-	204,253	204,253	-	-	-	204,253	265,520
Salaries and Benefits	5,981,226	911,048	1,649,986	8,542,259	1,321,331	1,176,977	2,498,308	11,040,567	9,595,665
Contract Services	290,576	19,322	59,220	369,118	208,923	126,754	335,677	704,795	518,281
Tithe to Habitat for Humanity International	215,000	-	-	215,000	-	-	-	215,000	206,000
Community Improvement	568,601	2,500	-	571,101	-	2,995	2,995	574,096	683,744
Mortgage and Loan Discounts	59,926	214,748	-	274,674	-	-	-	274,674	343,108
Mortgage Assistance for Homeowners	146,489	-	-	146,489	-	-	-	146,489	122,418
Other Expenses	988,443	7,166	103,792	1,099,401	6,082	2,176	8,258	1,107,659	562,761
Facilities and Equipment Expense	819,258	80,990	229,700	1,129,948	295,698	161,333	457,031	1,586,979	1,521,882
Travel and Meeting Expense	51,841	4,351	4,879	61,071	51,351	89,246	140,597	201,668	116,417
Administrative Expense	157,437	9,900	82,499	249,836	125,327	255,912	381,239	631,075	698,562
Information Technology	309,534	24,840	93,115	427,489	192,454	63,959	256,413	683,902	691,200
Interest Expense	680,985	-	4,795	685,780	274,317	-	274,317	960,097	855,299
Credit Losses	50,000	63,455	-	113,455	-	60,000	60,000	173,455	221,951
Depreciation and Amortization	224,608	-	172,507	397,116	199,418	-	199,418	596,534	565,422
	38,799,910	4,342,593	2,875,918	46,018,421	2,674,900	1,939,352	4,614,252	50,632,673	40,883,013
In-Kind Expense	169,089	98,543	-	267,632	1,800	26,428	28,228	295,860	226,467
TOTAL FUNCTIONAL EXPENSE	\$ 38,968,999	\$ 4,441,136	\$ 2,875,918	\$ 46,286,053	\$ 2,676,700	\$ 1,965,780	\$ 4,642,480	\$ 50,928,533	\$ 41,109,480

The accompanying notes to Consolidated Financial Statements are an integral part of these statements

HABITAT FOR HUMANITY OF OMAHA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(With Summarized Comparative Information For 2024)

	December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,393,545	\$ 10,588,104
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows Used by Operating Activities:		
Sales to and Revenues from Homeowners, Net of Discount	(23,429,342)	(17,826,565)
Loan Discount Interest Income and Recovery	(500,675)	(1,249,788)
Realized and Unrealized Gain on Investments	(294,528)	(190,915)
Increase in Construction in Progress	5,306,626	(8,077,698)
Depreciation and Amortization	596,533	565,421
Increase in Allowance for Credit Losses	100,140	67,385
Income from Debt Extinguishment	-	(1,463,886)
Operating Lease Activity	(1,177)	12,592
Other	(13,988)	171,145
Changes in Operating Assets and Liabilities		
Unconditional Promises to Give	1,505,818	(45,417)
Other Assets	2,653,524	(1,738,284)
Accounts Payable	(816,218)	967,128
Accrued Expenses and Other Liabilities	(461,905)	1,345,443
Refundable Advances	(364)	(2,161,999)
Net Cash Used by Operating Activities	(12,962,011)	(19,037,334)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments, Net	(167,691)	2,310,826
(Purchase) Sale of Land Held for Development, Net	(3,322,510)	1,343,394
Mortgage and Home Repair Loans Sold	7,848,029	8,204,068
Principal Received on Mortgage and Home Repair Loans	2,154,974	1,826,136
Purchase of Property and Equipment	(239,883)	(672,875)
Cash Payments Received From Joint Ventures	(2,428)	25,170
Net Cash Provided by Investing Activities	6,270,491	13,036,719
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	10,123,607	13,583,492
Payments on Long-Term Debt	(1,902,362)	(1,153,084)
Net Cash Provided by Financing Activities	8,221,245	12,430,408
Net Increase in Cash, Cash Equivalents and Restricted Cash	1,529,725	6,429,793
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
BEGINNING OF YEAR	24,590,005	18,160,212
END OF YEAR	\$ 26,119,730	\$ 24,590,005
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Interest Paid	\$ 953,485	\$ 607,187

The accompanying notes to Consolidated Financial Statements are an integral part of these statements

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025
(With Summarized Comparative Information For 2024)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Presentation

Habitat for Humanity of Omaha, Inc. (Habitat Omaha), a Nebraska non-profit corporation, was incorporated in 1984, and operates as an affiliate under the guidelines of Habitat for Humanity International, Inc. (Habitat International). Habitat International's primary activities, mission, and vision are summarized as follows:

- Habitat International is a global nonprofit housing organization working in local communities across all 50 states in the U.S. and in approximately 70 countries.
- Habitat International's vision is a world where everyone has a decent place to live, and works toward this vision by building strength, stability, and self-reliance in partnership with families in need of decent and affordable housing.
- Habitat International's homeowners help build their own homes alongside volunteers and pay an affordable mortgage.
- Habitat International's advocacy efforts focus on policy reform to remove systemic barriers preventing low-income and historically underserved families from accessing adequate, affordable shelter.

Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat Omaha is primarily and directly responsible for its own operations.

The consolidated financial statements presented herein include the accounts of Habitat Omaha and the entities under Habitat Omaha's control (described below), which hereafter are all referred to collectively as "Habitat". Intercompany transactions and accounts have been eliminated in the accompanying consolidated financial statements.

This summary of significant accounting policies of Habitat is presented to assist in understanding Habitat's consolidated financial statements. The consolidated financial statements and notes are representations of Habitat's management, who are responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements

Controlled Entities

The entities under Habitat Omaha's control through their respective organizational documents and ownership structure are included in these consolidated financial statements, which are summarized as follows:

- 1701, LLC, a wholly owned subsidiary of Habitat Omaha, was incorporated in 2012. 1701, LLC was organized to purchase the main warehouse and office facilities and aid Habitat in completing Tax Increment Financing arrangements.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025
(With Summarized Comparative Information For 2024)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Controlled Entities (Continued)

- HFHO Real Estate Holdings, Inc. (HFHO REH), a Nebraska non-profit corporation, was incorporated in 2013. HFHO REH was organized to acquire and operate certain assets previously owned by Habitat Omaha, for the purpose of qualifying for the benefits of the New Market Tax Credit (NMTC) transaction that occurred in 2013 (See Note H). As part of the 2013 NMTC transaction, HFHO REH purchased Habitat Omaha's ReStore retail stores and Habitat Omaha's main warehouse and office facilities, which are being leased back to Habitat Omaha.
- Habitat for Humanity of Sarpy County, Inc. (Habitat Sarpy), a Nebraska non-profit corporation, was incorporated in 1994. Habitat Sarpy operated as an independent affiliate of Habitat International through June 30, 2020, in Sarpy County, Nebraska, which is the county adjacent to Habitat Omaha's geographic service area. Effective July 1, 2020, the Habitat Sarpy operations merged into Habitat Omaha through a restructuring agreement in which Habitat Sarpy's operations came under control of Habitat Omaha. As a result, Habitat Sarpy's assets, liabilities, net assets, and results of operations subsequent to the merger were included in Habitat's consolidated financial statements.

On September 11, 2024, Habitat Sarpy's Board of Directors voted to formally dissolve the entity. Upon the final dissolution of Sarpy County, which was completed in 2024, the amount of the residual assets distributed to Habitat Omaha and Habitat Omaha Affordable Mortgage Solutions during 2024 was \$1.0 million, and \$0.4 million, respectively.

- Habitat Omaha Affordable Mortgage Solutions, Inc. (HOAMS), a Nebraska non-profit corporation, was incorporated in 2021. HOAMS was organized by Habitat Omaha to provide affordable home mortgages to low- and moderate-income families who lack access to capital, with the purpose of providing services that expand homeownership opportunities to underserved individuals and families. HOAMS was formed as a "spin off" of Habitat Omaha's previous mortgage lending activities. The spin off included the legal assignment and transfer of Habitat Omaha's mortgage assets, debt obligations, and certain operating contracts transacted during 2021 from Habitat Omaha to HOAMS effective August 1, 2021. Effective August 1, 2021, HOAMS began its mortgage lending practices as a separate legal entity.

In January 2023, HOAMS received its designation as a certified Community Development Financial Institution (CDFI) from the U.S. Department of Treasury (USDT). The CDFI certification has enhanced HOAMS' affordable financing offerings to the communities it serves. During 2023, the USDT announced that all previously certified CDFIs must reapply for certification as part of the USDT's plan to improve the overall quality of its CDFI program. HOAMS reapplied during the latter part of 2025. Until the application is processed, HOAMS will: (i) retain its status as a certified CDFI; and (ii) remain eligible to apply for all CDFI Fund programs where CDFI certification is an eligibility requirement, provided it remains in compliance with any CDFI reporting requirements and it has no material event affecting its CDFI certification status. Management believes HOAMS will be successful in its CDFI recertification process in 2026.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025
(With Summarized Comparative Information For 2024)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Habitat is required to provide consolidated financial statements, which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Habitat maintains its accounts on the accrual basis of accounting.

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

Net Assets Without Donor/Grantor Restriction:

- Net assets which are not subject to any donor/grantor-imposed restrictions.
- Income that is limited to specific uses by donor/grantor restrictions is reported as increases in net assets without donor/grantor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Net Assets With Donor/Grantor Restrictions:

- Net assets subject to donor/grantor-imposed restrictions that may or will be met by actions of Habitat for a specific purpose and/or the passage of time.

Summary of Operations

Habitat's geographic service area for its various program services includes communities within the following counties in Nebraska: Burt, Cass, Douglas, Sarpy, and Washington. In addition, HOAMS provides its mortgage financing solutions to other Habitat for Humanity affiliates in a broader geographic service area to include several counties in and around Fremont, Nebraska, Lincoln, Nebraska, and Council Bluffs, Iowa.

Since 1984, Habitat Omaha has worked to create and preserve affordable housing solutions through innovative homeownership opportunities and a holistic programming approach to neighborhood rehabilitation. Over its 42 years of work, Habitat Omaha has sold more than 1,000 homes, completed almost 1,500 repairs on existing homes, and served over 6,000 households across all of its programs. Thousands of donors and volunteers have worked together with future homeowners to make these opportunities a reality, building stronger neighborhoods and effecting measurable change in the community.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025
(With Summarized Comparative Information For 2024)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Operations (Continued)

Habitat's operations consist mainly of the following activities:

Homeownership Program. Habitat's primary operating activity consists of building and selling new and remodeled homes to low- and moderate-income families that are not able to afford the purchase and financing of a home through traditional means of homeownership. The sales price of a home is generally based on its appraised value (which is generally below the total cost of construction). The cost of construction generally consists of the following: (i) land and/or property acquisition and development costs, (ii) various third-party construction costs, (iii) in-kind donations of materials and labor by third parties, and/or (iv) Habitat resources at a cost estimated to approximate third-party construction costs.

The sales price consideration provided by the family for a home purchase typically consists of 275 hours of sweat equity, a small down payment, and the first mortgage amount (see additional discussion below on mortgage lending). Home sales may also include one or more forms of down payment assistance, which are funded by grants and/or donations.

Habitat provides various ancillary programs and services to assist homeowners in both obtaining and maintaining the benefits of homeownership, such as the following: (i) mortgage readiness program (referred to as the "Home Journey" program), (ii) home maintenance programs, (iii) financial literacy programs, (iv) transfer of deed upon death clinics, and (v) neighborhood revitalization initiatives. Habitat is also a strong community advocate for affordable homeownership and related laws and systems.

Mortgage Lending. Habitat originates affordable residential home mortgage loans to eligible first-time, low- to moderate-income homebuyers. Eligible households typically use the Habitat mortgage loan to purchase a home built or rehabilitated by Habitat (as discussed directly above), or by an approved Habitat partner affiliate in the region, but a Habitat loan can also be used to purchase any other eligible home in the Omaha Metro area on the open market.

Consistent with industry practices and the needs of its borrowers, Habitat evaluates the viability of mortgage applicants based on four general measures as follows: (i) financial means to take on a mortgage (e.g., income, employment history, savings, and monthly debt payments), (ii) workable cash flows reserved to manage their finances, (iii) credit and payment history, and (iv) mortgage loan collateral.

Habitat's current terms of its first mortgage loans are as follows: (i) a 30-year term, fully amortizing loan with monthly payments, (ii) a 2.625% fixed interest rate, and (iii) fully collateralized by the underlying property being financed.

All first mortgage loans are sized so monthly payments (including principal, interest, taxes, and insurance) are no greater than 30% of a household gross income, and total monthly debt payments (including monthly mortgage payments) are no greater than 42% of household gross income. Mortgage loans are also set with a maximum 105% Loan to Value (LTV). See Note I for additional discussion of Habitat's home mortgage loans.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025
(With Summarized Comparative Information For 2024)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Operations (Continued)

Home Repair and Improvement Program. Habitat undertakes various home repair and improvement projects (e.g., roof repairs, furnace replacements, plumbing repairs, energy efficiencies, etc.) for low- and moderate-income families that would not typically be able to afford such repairs without assistance. The projects are critical in maintaining the satisfactory living condition and/or energy efficiency of a home and typically are in the range of \$10,000 to \$35,000. These projects are financed with shorter-term, zero-percent interest rate, unsecured loans with homeowners, and/or are funded by grants and/or donations.

ReStore Operations. Habitat operates two retail stores (ReStores) which sell primarily used and donated building materials, home décor, furnishings, appliances and other goods at discounted prices to the general public. The operations of the ReStores generate a small net profit, which is used to help fund other programs and the general operations of Habitat. Subsequent to year-end, Habitat sold substantially all of the assets associated with the ReStores and ceased operations (see Note V).

Measure of Operations

In the consolidated statements of activities and changes in net assets, Habitat includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, are recognized as operating support, revenues, gains, and losses.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2024 consolidated financial statements have been reclassified to conform to the 2025 presentation.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, Habitat considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents are included with cash and cash equivalents in the consolidated statements of cash flows.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025
(With Summarized Comparative Information For 2024)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Habitat has classified certain cash that is restricted for specific purposes as restricted cash. Certain cash amounts are required to be held in separate bank accounts under contractual arrangements with third parties.

Investments and Investments in Joint Ventures

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Any unrealized gains and losses are reported in the consolidated statements of activities and changes in net assets as a change in net assets without donor/grantor restrictions.

Investments in joint ventures, such as partnerships that are not consolidated (see Note H), but over which Habitat exercises significant influence, are accounted for under the equity method of accounting. Whether or not Habitat exercises significant influence with respect to a specified investment depends on an evaluation of several factors including, among others, representation on the joint venture partnership's board of directors and ownership level, which is generally a 20% to 50% interest in the voting securities of the respective partnership.

If Habitat's carrying value in an equity method investment is reduced to zero, subsequent losses are not recorded in Habitat's consolidated financial statements unless Habitat guaranteed obligations of the joint venture partnership or has committed additional funding. If the joint venture partnership subsequently reports income, Habitat will not record its share of such income until it equals the amount of its share of losses not previously recognized.

Allowance for Credit Losses

Habitat follows Accounting Standards Codification (ASC) Topic 326, *Financial Instruments—Credit Losses (CECL)*, which requires the recognition of expected lifetime credit losses for financial assets measured at amortized cost and of certain off-Balance Sheet (Off-BS) credit exposures. Under this guidance, Habitat records an allowance for credit losses ("ACL") to reflect the net amount expected to be collected on these financial instruments.

- For on-Balance Sheet (On-BS) financial assets, the ACL is recorded as a valuation allowance deducted from the related asset's amortized cost.
- For off-BS credit exposures related to guaranteed mortgage loans, which are not recorded on Habitat's consolidated statements of financial position, the ACL is recorded as a liability within accrued expenses.

Expected credit losses are estimated over the contractual term of the underlying financial assets and consider expected recoveries from collateral and recoveries of amounts previously written off. The estimate is based on historical loss experience, adjusted for current conditions and reasonable and supportable forecasts of future economic conditions. Given the inherent uncertainty in estimating future credit losses, management applies qualitative adjustments for factors not fully captured in the quantitative model, including model limitations, economic assumption uncertainty, and emerging risks.

HABITAT FOR HUMANITY OF OMAHA, INC.
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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Receivables

Other receivables are recorded at net realizable value. Habitat uses the CECL methodology to determine uncollectible receivables. As of January 1, 2025, and 2024, other receivables were \$3.3 million and \$1.6million, respectively. As of December 31, 2025, and 2024, other receivables were \$0.6 million and \$3.3 million, respectively. Taking into consideration historical information and current and forecasted conditions, Habitat does not expect to incur any credit losses on these receivables; accordingly, no provision for credit losses has been included in these financial statements.

Land Held for Home Construction Activities

Habitat occasionally acquires land for use in its homeownership program. The cost to acquire the land, and any carrying costs and/or land development costs necessary to prepare the land for its intended use, are recorded at cost as incurred. Donated land is treated as an in-kind contribution and is recorded at its estimated fair value when received.

Costs attributed to a specific piece of land are assigned to construction in progress when a home construction project begins. For determining the specific land costs within large land developments (see Note R), the total land acquisition and development costs for the overall development are evenly distributed amongst all lots.

Property and Equipment

Property (including land held for internal use) and equipment are recorded at cost. Expenditures for additions and betterments are capitalized, and expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets disposed, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Major classes of property and equipment are as follows:

	Estimated Useful Life	2025	2024
Buildings	5-40	\$ 6,486,653	\$ 6,446,673
Equipment and Furniture	3-15	1,235,052	1,352,671
Vehicles	5-10	1,460,939	1,350,171
Land		570,700	570,700
		9,753,344	9,720,215
Less accumulated depreciation		(4,773,256)	(4,387,490)
		<u>\$ 4,980,088</u>	<u>\$ 5,332,726</u>

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025
(With Summarized Comparative Information For 2024)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Leases

Key tenets of Habitat's lease accounting policies are summarized as follows:

- Right of Use (ROU) assets represent Habitat's right to use an underlying asset for the lease term and the lease liability represents Habitat's obligation to make lease payments arising from the lease.
- Operating lease ROU assets and related lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term.
- Key estimates and judgments followed by Habitat in its lease accounting are as follows: (i) the interest rate used to discount the unpaid lease payments to present value, (ii) the lease term, and (iii) the lease payments incurred.
- Unless specifically included in the monthly lease payments (i.e., gross lease), lease payments related to common area maintenance, utilities, and real estate taxes and insurance (i.e., net lease) are not included in the determination of the present value of the lease payments, and instead are accounted for separately and are recognized in operating expenses in the period in which the obligation for those payments is incurred.
- Habitat's lease terms may include options to extend or terminate the lease when it is reasonably certain that Habitat will exercise that option.
- Lease expense for lease payments is recognized on a straight-line basis over the lease term, with a portion of the periodic lease expense representing the required accretion in the lease liability, and the remaining amount representing the reduction in the ROU asset due to the timing and amount of annual payments.
- Habitat's lease agreements do not contain any material residual value guarantees or material restrictive covenants.
- Operating lease ROU assets are presented as an operating lease ROU asset on the consolidated statements of financial position.

Construction in Progress

Habitat carries the cost incurred in conjunction with home construction in construction in progress (CIP) until the properties are sold to homeowners. Homes purchased for the purpose of rehabilitation are included in CIP when purchased. CIP consists of in-kind donations, purchased items, land costs (as discussed above), carrying and holding property costs, and construction and rehabilitation costs. When the corresponding homes are completed and sold to homeowners, these costs are expensed.

Habitat received cash from several grants tied directly to specific construction addresses and/or construction purposes. The cash funds attributed to these construction grants as of December 31, 2025, and 2024, respectively, were \$9.0 million and \$6.5 million, which are reflected as restricted cash in the accompanying consolidated financial statements.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(With Summarized Comparative Information For 2024)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction in Progress (Continued)

During 2022, Habitat purchased twenty (20) low-income rental properties in Northeast Omaha for \$2.5 million as part of its home rehabilitation program, with the expectation to remodel these homes and then eventually sell the homes to the existing residents once they qualify for an affordable mortgage, with the residents being allowed to rent these properties until they are able to purchase the home. Through December 31, 2025, nine (9) of these homes were sold to the resident families. The remaining homes are carried at cost in CIP at \$1.8 million and \$1.5 million as of December 31, 2025, and 2024. Habitat is targeting these homes to be purchased by the residents by the end of 2026.

Measurement of Homeowner Loans

Home mortgage loans and home repair and improvement loans that are originated, closed, and held by Habitat are initially recorded at a discounted cost basis which generally reflects the present value of contractual cash flows, net of any ACL.

The interest rate used to calculate the discounted cash flow value for each loan is determined based on various business and market factors, including the holding period of the loan, credit risk, market factors, and liquidity plans for the loans.

The initial discount is amortized over the life of the loan, utilizing a straight-line basis. See Notes I and J for additional information regarding loan discounts, including key interest rate assumptions utilized in recognizing the initial discount amounts.

From time-to-time, Habitat will sell home mortgage loans and home repair and improvement loans to financial institutions. If a loan is sold, the unamortized balance of the loan discount is immediately recorded as income on the consolidated statement of activity and changes in net assets as discount recovery on the sale of mortgage loans.

Compensated Absences

Employees of Habitat are entitled to certain amounts of paid personal time off. In the event of termination, an employee is reimbursed for accumulated unused paid time off.

Contingent Equity and Sales to Homeowners

Habitat requires a \$500 cash down payment (contingent equity) that is applied toward the purchase of the home at the time the purchase contract is signed.

Habitat recognizes revenue on homebuilding activities upon the closing of the sale. Sales to homeowners are recorded at the gross first mortgage amount, plus contingent equity payments and certain forms of down payment assistance homebuyers receive as part of the home sale process.

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Under Revenue from Contracts with Customers (Topic 606), Habitat recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration which Habitat expects to receive in exchange for those goods or services. To determine proper revenue recognition for arrangements, Habitat performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) Habitat satisfies the performance obligation.

Habitat only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, Habitat assesses the goods or services promised within each contract and determines those that are performance obligations. Habitat then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Other Revenue Recognition Policies.

- Unconditional promises to give are recognized as revenues or gains in the period received, or when a notification of a beneficial interest is received, and as assets, decreases of liabilities, or expenses depending on the form of the consideration or benefits received.
- Receipts of unconditional promises to give with payments due in future periods are reported as donor-restricted support unless donor stipulations or circumstances surrounding the receipt of the promise make clear that the donor intended it to be used to support activities of the period received. At December 31, 2025, and 2024, Habitat considered its unconditional promises to give to be 100% collectible; therefore, no allowance for uncollectible amounts has been established.
- Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.
- A significant portion of Habitat's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenues when Habitat has incurred expenditures in compliance with specific contract or grant provisions.
- Revenue for home repairs is recognized based on contractual agreement of expected project costs, and Habitat is entitled to payment from the homeowner.
- ReStore sales are recognized at the time the transaction occurs in the store.
- Habitat records event income as events are held.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Donor/Grantor Restrictions. All support and revenues are considered net assets without donor/grantor restrictions unless stipulated by the grantor.

Net assets are released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donor/grantors. When the net assets are released, such net assets are reclassified within the applicable classes of net assets.

Contributions received and investment income with donor/grantor restrictions that are met in the same reporting period are reported as revenue and an increase in net assets without donor/grantor restrictions. Habitat's support comes primarily from individual and foundation donor contributions and grants which can vary in concentration at any time depending on the year.

In-Kind Contributions and Donated Services

Contributions of gifts in-kind that can be used by Habitat are recorded at estimated fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

A substantial number of volunteers have made significant contributions of their time to Habitat's program and supporting services, which do not meet the above criteria. The value of this contributed time is not reflected in these consolidated financial statements since there is not an objective measure or valuation of these services.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of functional expenses. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, certain expenses require allocation on a reasonable basis that is consistently applied.

Material expenses that are allocated include the following: (i) certain depreciation, which is allocated based on a square footage basis, (ii) certain occupancy, professional services, office/warehouse, and information technology costs, which are allocated based on headcount, and, (iii) certain management wages and benefits, which are allocated based on estimates of time and effort.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services

Program services include construction, home repairs, ReStore operations, discounts on mortgage originations, support of families, mortgage lending and servicing activities, and education of the general public. Program services also include the cost of homes sold to homeowners.

Advertising

Habitat uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expenses were \$0.2 million and \$0.3 million for the years ended December 31, 2025, and 2024.

Income Taxes

Habitat Omaha, Habitat Sarpy, HOAMS, and HFHO REH have each received exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are not classified as private foundations. As such, no provision for income taxes is reflected in the consolidated financial statements. 1701, LLC is a disregarded entity for income tax purposes, so it is considered a part of Habitat Omaha's tax exemption.

Habitat is required to file separate Form 990's, Return of Organization Exempt from Income Tax, for each of its tax-exempt entities. During 2024, the Habitat Sarpy entity was dissolved and is no longer required to file a Form 990. Habitat's returns are subject to review and examination by federal authorities.

As of December 31, 2025, Habitat is not aware of any uncertain tax positions that would qualify for either recognition or disclosure in the consolidated financial statements. Tax years subsequent to 2022 remain subject to examination by major tax jurisdictions. Habitat has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Habitat's consolidated financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through June 1, 2026, which is the date the consolidated financial statements were available to be issued.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE B – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position which sum to the total shown in the consolidated statements of cash flows for the years ended December 31:

	2025	2024
Cash and Cash Equivalents	\$ 6,469,888	\$ 8,199,103
Restricted Cash	19,649,842	16,390,902
Total Cash, Cash Equivalents and Restricted Cash	\$ 26,119,730	\$ 24,590,005

A summary of the key components of restricted cash as of December 31 are as follows:

	2025	2024
Designated Construction Funds (Note A)	\$ 9,015,086	\$ 6,468,444
Mortgage Capital (Note I)	7,949,369	6,316,147
Contractual Loan Loss Reserves (Note I)	2,158,660	2,131,318
Endowment Fund (Note G)	310	310
Facilities	49,691	361,952
NMTC (Note H)	46,323	66,911
All Other	430,403	1,045,820
Total Restricted Cash	\$ 19,649,842	\$ 16,390,902

NOTE C – CONCENTRATION RISKS

Credit Risk. Financial instruments that potentially subject Habitat to credit risk consist of cash, investments, receivables, home mortgage loans, home repair and improvement loans, and unconditional promises to give.

Habitat maintains cash balances in financial institutions in which balances sometimes exceed the federally insured limits. Habitat utilizes a distributed money-market sweep account to mitigate its exposure for certain deposits that would exceed federally insured limits without the use of the sweep account. Habitat's credit risk related to its home mortgage loans and home repair and improvement loans, and related lending activities, including various recourse obligations, as described in Notes I and J, are concentrated with low- and moderate-income borrowers for homes financed within the greater Omaha metro area.

Mortgage Capital Concentration Risk. Historically, Habitat has relied heavily on mortgage capital from various financial institutions, either through its Loan Pool Participation Agreements, or through direct mortgage loan purchase agreements (see Note I). During 2025, of the \$23 million of mortgage loans closed, \$15.7 million was ultimately funded with mortgage capital from 24 of Habitat's financial partners.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE C – CONCENTRATION RISKS (Continued)

Habitat’s mortgage capital commitments from its financials partners, and the cost of this capital, are generally renewed on an annual basis, typically in the fourth quarter of the year. The loss of a significant portion of these third-party financial commitments, and/or renewals at a substantially higher cost of capital due to interest rate market pressures, would have a significant negative impact on Habitat’s ability to continue to close and fund its annual mortgage lending activities at its current levels. To mitigate this risk, Habitat continues to expand the sources of its mortgage capital to include additional financial investors and increase funding opportunities from both private donors and government grants.

Revenue Concentration Risks. For the year ended December 31, 2025, Habitat received grant revenue from one agency totaling \$7 million, which was awarded under three (3) separate programs. The funding represents 13% of total 2025 operating revenues and support. Habitat regularly reviews funding opportunities and continually works to expand its revenue base to actively mitigate reliance from any single funding source.

NOTE D – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that have scheduled payments beyond one year are carried at their present value using an estimated fair market interest rate. The discount rate used for 2025 and 2024, respectively, was 3.52% and 4.27% (the 3-year Treasury bill rate). Unconditional promises to give at December 31 are as follows:

	2025	2024
Corporate and Foundation	\$ 2,360,700	\$ 3,385,000
Other Donations	1,267,895	1,898,429
Total Unconditional Promises to Give	3,628,595	5,283,429
Less Discount	(66,464)	(215,480)
Net Carrying Value	\$ 3,562,131	\$ 5,067,949

The maturities of unconditional promises to give at December 31, 2025, are as follows:

Receivable Due in:	
Less than One Year	\$ 2,742,196
One to Five Years	886,399
Total Unconditional Promises to Give	\$ 3,628,595

Habitat has also received \$0.3 million in conditional pledges that it has not recognized as revenue because the conditions have not been met as of December 31, 2025. The conditional pledges relate to completion of a certain number of construction projects.

HABITAT FOR HUMANITY OF OMAHA, INC.
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NOTE E – INVESTMENTS

Habitat’s investments at December 31, 2025, and 2024, consist of the following:

	2025	2024
Cash Equivalents	\$ 1,245,690	\$ 1,192,739
U.S. Treasury and Corporate Notes	1,924,724	1,813,782
Equity Mutual Funds	1,985,619	1,687,290
	\$ 5,156,033	\$ 4,693,811

In connection with the sale of certain mortgage loans, Habitat is required to pledge certain investments of its portfolio to another party as security for Habitat’s recourse obligations related to the sale of the mortgage loans. Such security rights restrict the ability of Habitat to use such funds unless and until the associated mortgage loans are repaid. See Note I for additional discussion of these recourse obligations.

NOTE F – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurement Policies. FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described as follows.

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Habitat has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

HABITAT FOR HUMANITY OF OMAHA, INC.
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NOTE F – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

As of December 31, 2025, and 2024, all of the above-mentioned investments were within Level 1 of the fair value hierarchy. There were no transfers in and out of Levels 1, 2, and 3 in years 2025 and 2024.

Valuation Methodologies Used for Assets Measured at Fair Value. Common stocks, equity mutual funds, corporate bonds, and United States Government securities are valued at the closing price reported on the active market on which the individual securities are traded. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Habitat believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE G – ENDOWMENTS

Habitat established an endowment fund (“the Fund”) in 2021 to provide capital for long-term sustainability of Habitat to further its mission. The Fund is managed and administered by an appointed Endowment Fund Committee (Fund Committee), under the guidelines of a Fund agreement (Fund Agreement), which is approved and controlled by Habitat’s Board of Directors. The Fund consists of individual gifts established by donors to support annual funding for program services. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Habitat has interpreted the Uniform Prudent Management of Institutions Act (UPMIFA) as requiring the assets of an endowment fund to be donor-restricted until approved for spending, unless otherwise specifically stated by the donor. As a result of this interpretation, Habitat classifies net assets with donor restrictions as follows: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The investment and spending of endowment assets are governed by the Fund agreement. The Fund Committee has adopted a formal investment policy and engaged a professional asset manager to invest the Fund in accordance with established return and risk objectives. The investment strategy seeks to preserve the Fund’s purchasing power over time while supporting Habitat’s annual spending needs and achieving a reasonable rate of return without undue risk.

The Fund agreement permits annual spending to support program activity of up to 5% of the Fund’s market value as of December 31 of the preceding year, or the Fund’s net income, whichever is greater. From time to time, the fair value of the Fund may be less than the amount required to be maintained (underwater endowments). In extreme circumstances, Habitat’s Board of Directors may approve withdrawals from the corpus, as permitted under UPMIFA.

HABITAT FOR HUMANITY OF OMAHA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE G – ENDOWMENTS (Continued)

Endowment net assets composition by type of fund as of December 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	\$ -	\$ 960,780	\$ 960,780
Board-designated	-	-	-
	<u>\$ -</u>	<u>\$ 960,780</u>	<u>\$ 960,780</u>

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	\$ -	\$ 825,215	\$ 825,215
Board-designated	-	-	-
	<u>\$ -</u>	<u>\$ 825,215</u>	<u>\$ 825,215</u>

In accordance with the objectives and policies of the restricted endowment funds, Habitat's intent is to preserve the majority of original donor restricted assets of \$0.7 million in order to provide for a steady stream of income in the future.

Changes in Endowment Net Assets for the year ended December 31, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	\$ -	\$ 825,215	\$ 825,215
Endowment Contributions	-	22,645	22,645
Investment Return, Net	-	112,920	112,920
Ending Balance	<u>\$ -</u>	<u>\$ 960,780</u>	<u>\$ 960,780</u>

Changes in Endowment Net Assets for the year ended December 31, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	\$ -	\$ 666,895	\$ 666,895
Endowment Contributions	-	87,394	87,394
Investment Return, Net	-	70,926	70,926
Ending Balance	<u>\$ -</u>	<u>\$ 825,215</u>	<u>\$ 825,215</u>

HABITAT FOR HUMANITY OF OMAHA, INC.
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NOTE G – ENDOWMENTS (Continued)

As of December 31, 2025, and 2024, Endowment Net Assets consists of the following:

	2025	2024
Cash and Cash Equivalents	\$ 310	\$ 310
Investments	948,470	812,905
Pledges Receivable	12,000	12,000
Ending Balance	\$ 960,780	\$ 825,215

NOTE H – NEW MARKET TAX CREDITS (NMTC) AND ASSOCIATED JOINT VENTURES

NMTC transactions provide funds to eligible organizations to make qualified low-income community investments. Such funds are the result of outside investors who effectively purchase the tax credits associated with Habitat's community investment. Habitat's qualifying NMTC investments consist primarily of homes built for low-income families. The tax credits produced by these transactions are subject to recapture if compliance requirements are not met over a seven (7)-year transaction period.

NMTC transaction participation by Habitat includes the creation of promissory notes (see Note M) and an associated investment in, or associated loan made to, a qualified community development entity through a joint venture. The transactions are designed to unwind without the need for any material cash flows at the end of the seven (7)-year term of each NMTC, at which time Habitat's investment in the joint venture, or the associated note receivable from the joint venture, are effectively exchanged for the related promissory notes. At that time, those exchanges resulted in gains on extinguishment of debt which were recognized in the consolidated statements of activities and changes in net assets as income from debt extinguishment. Such gains on extinguishment of debt effectively represent the net cash benefit to Habitat from entering into the respective NMTC transactions. The cash benefit is received at the inception of the NMTC transaction but is not recognized in the consolidated statements of activities and changes in net assets until the benefit becomes certain with the unwinding of the structures.

A summary of the remaining two (2) NMTC transactions impacting the 2025 and 2024 accompanying consolidated financial statements are summarized as follows:

- An investment of \$3 million for its 13.79% ownership of a 5th joint venture in 2017 (which was unwound in 2024);
- An investment of \$2.1 million for its 34.34% ownership of a 6th joint venture in 2021.

During 2024, the 2017 NMTC transaction was unwound without material cash flows. As a result, Habitat's investment in the joint venture was effectively exchanged for the related promissory note (see Note L). Habitat recognized income from the extinguishment of debt of \$1.4 million in 2024, which is included as other income in the consolidated statement of activities and changes in net assets.

HABITAT FOR HUMANITY OF OMAHA, INC.
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NOTE H – NEW MARKET TAX CREDITS (NMTC) AND ASSOCIATED JOINT VENTURES
(Continued)

In 2028, the entities that are the effective owners of Habitat’s remaining NMTC promissory notes are expected to exercise put options whereby the promissory notes will become the property of the associated joint venture. Similar to the unwinding of the transactions described above, the exercise of the put options will effectively allow Habitat to extinguish the outstanding debt and realize its joint venture investments without further material cash flow activity.

After investment earnings and distributions, the investments in joint venture balance totaled \$2.1 million as of December 31, 2025, and 2024.

NOTE I – MORTGAGE LOANS

Mortgage Loan Structure and Lending Activities

Structure. Prior to 2018, Habitat financed its home sales with 30-year mortgage loans with no interest. Beginning in 2018, Habitat began charging 2.625% interest on its 30-year mortgages. Both of these loan products were considered to have “below-market” interest rates at the loan origination date, based mainly on credit risk levels of the borrowers and the expected 30-year payment stream of the mortgage. As a result, these below-market loans were recorded at their estimated fair value at inception using a discount rate ranging from 7.4% to 9.0%, as estimated by Habitat International for similar market transactions.

Beginning in 2021, Habitat implemented various mortgage monetization programs (discussed below) through loan and purchase agreements with third parties allowing for liquidity of the mortgage balance shortly after closing. Because of this immediate committed source of liquidity at 100% of the face amount of these mortgages, management believes these mortgage loans are “at-market” interest rates for similar type loans pursued by certain investors, and therefore, it is not necessary to record any discount on the loans at the origination date.

Composition. During the years ended December 31, 2025, and 2024, Habitat had the following home mortgage loan lending activities:

	2025	2024
Loan Profile		
Loans Originated	104	85
Total Value of Loans	\$ 22,982,191	\$ 17,383,959
Average Size of Loan	\$ 220,983	\$ 204,517
Weighted Average Loan to Value	83%	84%
Borrower's Profile		
Average Area Median Income (AMI)	65%	64%
Average Credit Score	708	709
Borrowers without a Credit Score	6	3
Percentage of Minority Borrowers	86%	89%

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NOTE I – MORTGAGE LOANS (Continued)

Home Mortgage Loans (HMLs) Held

Composition. The HML lending activity during 2025 and 2024, and the total number of HMLs as of December 31, 2025, and 2024, were as follows:

	2025	2024
Lending Activities for HMLs:		
Loans Originated	76	58
Total Value of Loans	\$ 17,039,884	\$ 11,846,380
Average Size of Loan	\$ 224,209	\$ 204,248
 Total HMLs at December 31:		
Below-Market	145	148
At-Market	270	203
Total	415	351

Composition. The net carrying value of HMLs as of December 31, 2025, and 2024, were as follows:

	2025	2024
Carrying Value at December 31:		
Below-Market	\$ 8,681,800	\$ 9,257,505
Discount	(5,388,843)	(5,737,199)
Net of Discount	3,292,957	3,520,306
At-Market	47,619,849	33,665,521
Net Amortized Cost	50,912,806	37,185,827
Allowance for Credit Losses	(525,000)	(475,000)
Net Carrying Value	50,387,806	36,710,827
Current portion	(1,830,651)	(2,780,667)
Long-term portion	\$ 48,557,155	\$ 33,930,160
 Average Size of HMLs at Net Amortized Cost at December 31:		
Below-Market	\$ 22,710	\$ 23,786
At-Market	\$ 176,370	\$ 165,840
Total	\$ 122,681	\$ 105,943

Loan Pool Purchase Agreements (LPPAs). As a means to provide greater and near-term liquidity from its mortgage portfolio, and to allow for reinvestment back into its programs, Habitat has leveraged certain HMLs bearing 2.625% interest to obtain debt from a consortium of lenders equal to 100% of the total loan values under two LPPAs, both of which have a 2.0% interest rate payable to the lenders, for a 30-year period coterminous with the underlying loans.

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NOTE I – MORTGAGE LOANS (Continued)

Home Mortgage Loans (HMLs) Held (Continued)

The monthly cash flows from the underlying loans are used to service the monthly principal and interest payments of the associated debt.

During 2025, and 2024, respectively, Habitat utilized 43 and 42 HMLs to obtain debt of \$10.1 million and \$8.6 million.

While the cash flows from the loans are used to service the underlying LPPA debt, the LPPA debt is not secured by any individual loan. Habitat retains the real estate collateral position underlying the loan. For any of these loans that end up in default (defined contractually as delinquent by 120 days), Habitat is required to pay off the corresponding debt obligation upon such default. Habitat is contractually required to maintain restricted cash for potential losses on the bank debt due to defaulted mortgage loans. As of December 31, 2025, and 2024, respectively, Habitat had such reserves included in restricted cash of approximately \$1.3 million each year. See Note L for additional discussion of the LPPA funding arrangements.

Middle-Income Workforce Housing Fund (MWHF) HMLs. During 2024, HOAMS was awarded a \$5 million mortgage capital grant from a State of Nebraska housing agency, for which HOAMS matched this award with \$2.5 million in funding from various sources, for a total of \$7.5 million program funds. This MWHF can only be used for certain types of home mortgage financing transactions specific to the grant. All principal and interest payments (at 2%) on HMLs funded from the MWHF program, as well as any HMLs sold to third parties that were funded by the MWHF program, are required to be paid back into the MWHF to be used again for future program lending use. The balance of the MWHF at December 31, 2025, is \$2.5 million, which is reflected as restricted cash and cash equivalents in the accompanying consolidated financial statements.

Off-Balance Sheet Home Mortgage Loans (Off-BS HMLs) With Credit Risk

Off-BS HMLs Related to Sold Loans. From time to time, Habitat has sold some of its loan portfolio to financial institutions as a source of liquidity. There are no carrying amounts on Habitat's consolidated statement of financial position for mortgage loans sold. However, Habitat has a contingent recourse obligation (i.e., a loan guarantee) to the purchaser for the remaining unpaid mortgage balance for any Off-BS HMLs that ends up in default, which is contractually defined, and currently ranges from 90-150 days of payment delinquency. Upon repurchase of a defaulted Off-BS HML, Habitat receives full ownership rights to the loan for loss recovery purposes, which helps mitigate Habitat's financial exposure related to these transactions. This guarantee arrangement with the purchasers of Habitat's loans represents an "off-balance sheet" credit loss exposure subject to quantification under Topic 326.

In connection with the sale of a certain portion of these loans, Habitat is contractually required to pledge certain investments of its portfolio to the purchaser as security for Habitat's recourse obligations. The amount of pledged investments subject to these security rights was approximately \$1.0 and \$0.9 million as of December 31, 2025, and 2024.

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NOTE I – MORTGAGE LOANS (Continued)

Off-Balance Sheet Home Mortgage Loans (Off-BS HMLs) With Credit Risk (Continued)

Composition. During 2025 and 2024, Habitat sold the following mortgage loans to third parties at 100% of the then current outstanding balance. The total number of the Off-BS HMLs subject to credit loss exposure quantification under Topic 326, and the outstanding balances of these loans, as of December 31, 2025, and 2024, were as follows:

	2025	2024
Loans Sold During Year:		
Loans Sold	37	38
Total Balance	\$ 7,942,249	\$ 7,546,494
Average Size of Loan	\$ 214,655	\$ 198,592
Off-BS HMLs at December 31:	448	418
Outstanding Balance at December 31:	\$ 43,509,120	\$ 37,653,419

As of December 31, 2025, and 2024, respectively, there was one (1) and six (6) mortgage loans held for a total of \$0.2 million and \$1.0 million for which Habitat had initiated the process to sell such loans under existing purchase agreements with third parties, which were cash settled in the first quarter of the following year.

ACL for Home Mortgage Loans

Scope. Habitat evaluates its credit loss exposure for both its HMLs held and Off-BS HMLs under Topic 326. Because business processes and credit risks associated with HMLs held and Off-BS HMLs are the same, Habitat utilizes similar processes to estimate the respective credit loss exposure. HMLs held and Off-BS HMLs are referred to collectively hereafter as “Home Mortgage Loans” (HMLs).

ACL Reserve Estimation. Habitat’s ACL for its HMLs is based on historical loss experience, current borrower risk characteristics, current economic conditions, reasonable forward-looking expectations of future conditions, and other relevant factors. Habitat utilizes a probability of default approach in calculating its credit loss exposures for its HMLs, using an estimate of loan default rates, and an estimate of the credit loss given a default (considering collateral recovery benefits), applied against portfolio exposure (with each of these three components varying by the year of loan origination), to yield an estimated credit loss exposure.

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NOTE I – MORTGAGE LOANS (Continued)

ACL for Home Mortgage Loans (Continued)

The activity related to Habitat’s ACL for HMLs, and its Off-BS HMLs portfolio are as follows:

	HMLs	Off-BS HMLs
ACL Balance at December 31, 2023:	\$ 325,000	\$ 175,000
Provision for Credit Losses	150,000	100,000
ACL Balance at December 31, 2024:	475,000	275,000
Provision for Credit Losses	50,000	-
ACL Balance at December 31, 2025:	<u>\$ 525,000</u>	<u>\$ 275,000</u>

ACL Ratio:

December 31, 2024:

Total Portfolio Risk	\$ 37,185,827	37,653,419
ACL to Portfolio	1.3%	0.7%

December 31, 2025:

Total Portfolio Risk	\$ 50,912,806	43,509,120
ACL to Portfolio	1.0%	0.6%

NOTE J – HOME REPAIR AND IMPROVEMENT LOANS (HRL)

Structure of HRLs. Habitat undertakes certain home repairs and improvements for program participants in exchange for HRLs with no interest, which are also generally unsecured. These loan products are considered to have “below-market” interest rates at the loan origination date, based mainly on credit risk levels of the borrowers and the expected payment stream over the life of the loan. As a result, these were recorded at their estimated fair value at inception using a discount rate ranging from 7.2% to 8.02%, as estimated by Habitat International for similar market transactions.

From time to time, Habitat has sold some of its HRL portfolio to financial institutions as a source of liquidity. There are no carrying amounts on Habitat’s consolidated statement of financial position for HRLs sold. However, Habitat has provided a contingent recourse obligation (i.e., a loan guarantee) to the purchaser for the remaining unpaid balance for any HRL that ends up in default, which is contractually defined. This guarantee arrangement with the purchasers of Habitat’s HRLs represents an “off-balance sheet” credit loss exposure subject to quantification under Topic 326 (hereafter referred to “Off-BS HRLs”).

Composition. The HRL lending activity during 2025 and 2024 was as follows:

	2025	2024
Loan Profile		
Loans Originated	58	63
Total Value of Loans	\$ 721,925	\$ 785,325
Average Size of Loan	\$ 12,447	\$ 12,465

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NOTE J – HOME REPAIR AND IMPROVEMENT LOANS (HRL) (Continued)

Composition. The total number of the HRLs held with their net carrying value, as well as the outstanding balances of the Off-BS HRLs with credit loss exposure as of December 31, 2025, and 2024, were as follows:

	2025	2024
Carrying Value at December 31:		
Loans Outstanding	194	174
Balance	\$ 1,549,940	\$ 1,227,550
Discount	(496,887)	(374,534)
Net of Discount	1,053,053	853,016
Allowance for Credit Losses	(53,000)	(2,860)
Net Carrying Value	1,000,053	850,156
Current portion	(248,061)	(210,574)
Long-term portion	<u>\$ 751,992</u>	<u>\$ 639,582</u>
 Total Off-BS HRLs at December 31:		
Loans	106	119
Balance	\$ 715,561	\$ 945,827

ACL Reserve Estimation Process. Because business processes and credit risks associated with HRLs and Off-BS HRLs are the same, Habitat utilizes similar processes to estimate the respective credit loss exposure. HRLs and Off-BS HRLs are referred to collectively hereafter as “Home Repair Loans”.

Habitat’s ACL for its Home Repair Loans is based on historical loss experience, current borrower risk characteristics, current economic conditions, reasonable forward-looking expectations of future conditions, and other relevant factors. Habitat utilizes a probability of default approach in calculating its credit loss exposures for its Home Repair Loans, utilizing an estimate of loan default rates, applied against portfolio exposure, to yield an estimated credit loss exposure.

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NOTE J – HOME REPAIR AND IMPROVEMENT LOANS (HRL) (Continued)

The activity related to Habitat’s ACL for HRLs and the liability related to the credit loss exposure on its Off-BS HRLs portfolio are as follows:

	HRLs	Off-BS HRLs
ACL Balance at December 31, 2023:	\$ 85,475	\$ 7,500
Provision for Credit Losses	(82,615)	39,791
ACL Balance at December 31, 2024:	2,860	47,291
Provision for Credit Losses	74,216	(11,291)
Charge-offs	(24,076)	-
ACL Balance at December 31, 2025:	<u>\$ 53,000</u>	<u>\$ 36,000</u>

ACL Ratio:

December 31, 2024:

Total Portfolio Risk	\$ 850,156	945,827
ACL to Portfolio	0.3%	5.0%

December 31, 2025:

Total Portfolio Risk	\$ 1,000,053	715,561
ACL to Portfolio	5.3%	5.0%

NOTE K – BANK REVOLVING LINE OF CREDIT

At December 31, 2025, and 2024, Habitat had two (2) bank revolving lines of credit (LOC) agreements as follows:

- Total available amount of \$2 million, which was amended in 2024 to be payable on July 10, 2026, including interest at 0.25% below the national prime rate, with a minimum rate of 3.5%. The interest rate at December 31, 2025, was 7.25%. Habitat had no outstanding balance at December 31, 2025, and 2024.
- Total available amount of \$1.5 million, which was amended in 2025 to be payable on January 12, 2026, including interest at the national prime rate, with a minimum rate of 3%. Subsequent to year end, the agreement was again amended to be payable on January 12, 2027. The interest rate at December 31, 2025, was 7.5%. Habitat had no outstanding balance at December 31, 2025, and 2024.

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NOTE L – LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	2025	2024
Interest-free promissory notes payable to Habitat International. Monthly payments range from \$143 to \$1,171 and due dates range from June 2024 to June 2028.	\$ 54,414	\$ 94,434
Notes payable to HFHI NMTC Sub-CDE IV, LLC and HFHI NMTC Sub-CDE V, LLC, semi-annual interest only payments until 2028 at 0.74% and 0.79%, respectively, then semi-annual payments in amounts sufficient to fully amortize the remaining balances by March 2051. The associated agreements include a put option feature that is exercisable in 2028. The notes are secured by substantially all assets acquired from the project loan proceeds (see Note H).	\$ 2,864,764	\$ 2,864,764
A 15-year, \$5 million note payable to a nonprofit organization. Quarterly, interest-only payments of 2% through 2024 with annual principal payments of \$185,000 beginning 2025 and a balloon payment of \$2.78 million in 2037. The note is unsecured and carries no prepayment penalty. The note includes annual liquidity and debt service coverage ratio covenants, with which HFHO was in compliance as December 31, 2025 and 2024. Loan proceeds were utilized to fund land development costs for HFHO's Bluestem Prairie I home development project.	\$ 4,815,000	\$ 5,000,000
A 6-year, \$5 million note payable to a nonprofit organization. Annual interest-only payments of 3% beginning in 2025, with annual principal payments of \$2.5 million in 2029 and 2030. The note is secured by two (2) Redevelopment Promissory Notes issued by the City of Omaha and carries no prepayment penalty. The note includes annual liquidity and debt service coverage ratio covenants, with which HFHO was in compliance as December 31, 2025 and 2024. Loan proceeds were utilized to fund land development costs for HFHO's Bluestem Prairie II home development project.	\$ 5,000,000	\$ 5,000,000

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NOTE L – LONG-TERM DEBT (Continued)

	2025	2024
Notes payable under the LPPAs, monthly principal payments totaling \$0.2 million for 2024, and increasing through the scheduled amortization of the note through its final maturity in 2054, reaching the highest annual payment level of \$0.4 million in 2052, at 2%. The notes are unsecured, with principal and interest payments serviced by the cash flows from certain mortgage loans (see Note I).	\$ 35,364,519	\$ 26,918,711
Total Long Term Debt	\$ 48,098,697	\$ 39,877,909
Less Debt Issuance Costs	(167,001)	(174,069)
Less Current Portion of Long-Term Debt	(1,081,303)	(883,133)
Long-Term Portion	\$ 46,850,393	\$ 38,820,707

The aggregate maturities of long-term debt for the years ending after December 31, 2025, are as follows:

Years Ending December 31,	
2026	\$ 1,081,303
2027	1,093,739
2028	1,113,423
2029	3,638,090
2030	3,663,412
Thereafter	37,508,730
	\$ 48,098,697

NOTE M – TRANSACTIONS WITH HABITAT INTERNATIONAL

Habitat annually remits a portion of its contributions (excluding in-kind contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the years ended December 31, 2025, and 2024, Habitat contributed \$0.2 million to Habitat International. This amount is included in the program services expense in the consolidated statements of activities and changes in net assets.

In addition, Habitat paid Habitat International approximately \$63,000 and \$16,000 during the years ended December 31, 2025, and 2024, respectively, as part of a Collaborative Operating Model, which requires an annual network fee for direct marketing efforts by Habitat International.

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NOTE N – IN-KIND CONTRIBUTIONS

Included in the consolidated financial statements are in-kind contributions and corresponding expenses, which consisted of the following during the years ended December 31:

	2025		2024	
	Contribution	Expense	Contribution	Expense
Construction in Progress	\$ 695,630	\$ -	\$ 531,814	\$ -
Professional Fees	195,563	195,563	138,900	138,900
Property and Equipment	27,838	-	25,000	-
Miscellaneous	99,976	100,297	87,567	87,567
Total In-Kind Contributions	<u>\$ 1,019,007</u>	<u>\$ 295,860</u>	<u>\$ 783,281</u>	<u>\$ 226,467</u>

In valuing in-kind contributions, Habitat estimated the fair value at the wholesale prices of identical or similar products purchased in the area, along with current rates for similar services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

NOTE O – RETIREMENT PLAN

Habitat participates in a 403(b) retirement savings plan covering substantially all employees. Habitat's contributions are discretionary. Habitat contributed \$234,630 and \$168,097 for the years ended December 31, 2025, and 2024, respectively.

NOTE P – COMMITMENTS AND CONTINGENCIES

Habitat is subject to possible monitoring reviews by federal and state authorities that determine compliance with terms, conditions, laws, and regulations governing grants given to Habitat in the current and prior years. Habitat believes any disallowed or unexpended claims, which would require return of funds to the grantor agency, to be immaterial.

NOTE Q – LIQUIDITY AND AVAILABILITY

Key Sources and Uses of Operating Liquidity. Habitat manages its liquidity needs to pay its obligations as they become due from its normal, annual operating cycle. Habitat's annual operating liquidity uses relate primarily to its program activities, with the largest need related to its home construction activities and related programs. The source of funds comes from a combination of the following key sources:

- Existing cash, cash equivalents, investments, accounts receivables, and HMLs currently held;
- Current year revenue sources related to its operating activities, consisting primarily of donations and grants;
- Habitat's ability to monetize its mortgage loans shortly after they are closed provides a critical source of current year liquidity for Habitat related to its house sales (as discussed in Note I).

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NOTE Q – LIQUIDITY AND AVAILABILITY (Continued)

- Through the following sources, Habitat believes it will be able to substantially monetize all of its 2026 Home Mortgage Loans shortly after they are closed:
 - Habitat has commitments from third parties to purchase up to approximately \$10.3 million of its Home Mortgage Loans closed in 2026, which compares to \$7.5 million for 2025;
 - Habitat has lending commitments under its LPPA for up to \$10.5 million for its HMLs closed in 2026, which compares to \$9.8 million for 2025; and
- A number of Tax Increment Financing (TIF) agreements with local governmental agencies that are expected to provide cash inflow to Habitat from certain property taxes (from homes sold or to be sold by Habitat) over the next 20 years. These future cash inflows, which approximate \$13.5 million on an undiscounted basis as of December 31, 2025, could be used as collateral to obtain loans if needed for unanticipated liquidity needs. Due to uncertainty regarding the amount and timing of collection, these amounts have not been recorded as accounts receivable in the accompanying consolidated financial statements.
- From time to time, Habitat may utilize long-term debt sources to assist in larger capital needs. In particular, Habitat has borrowed \$10 million to date from a nonprofit organization to primarily help fund the costs of large development properties.
- To help manage unanticipated liquidity needs, Habitat has two (2) lines of credit totaling \$3.5 million, which it could draw upon, and it maintains a Board designated operating reserve fund of approximately \$2.5 million, which is included in investments in the accompanying consolidated financial statements (see Note K).

The current restrictions imposed by donors and grantors with time or purpose restrictions are, in all material respects, for normal annual operating purposes such as the acquisition, demolition, construction, or remodeling of homes in certain neighborhoods and/or acquisition of properties from certain owners. Therefore, those restricted funds are effectively expected to be used for normal operating purposes in Habitat's annual operating cycle.

Habitat has relatively small cash flow needs for anything other than its current operational purposes, as noted above. While Habitat has total financed debt of approximately \$48 million at December 31, 2025, \$38 million of this debt has a direct funding source as follows:

- The debt service cash requirements associated with the NMTC loans of \$2.8 million (see Note H) are funded by the investment return on the associated investment in joint ventures.
- The debt service cash requirements associated with the LPPAs of \$35.3 million (see Notes I and L) are directly funded from the cash flows from the corresponding mortgage loans underlying the debt.

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NOTE Q – LIQUIDITY AND AVAILABILITY (Continued)

Detailed Sources and Uses Table. The following table reflects Habitat’s financial assets as of December 31, 2025, and 2024, reduced by amounts not available for general use within one year of those dates because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating reserve that could be drawn upon if the Board approves that action.

Habitat considers cash with restrictions for use in current programs which are ongoing, major, and central to its annual operations (such as construction-related activities) to be available to meet cash needs for general expenditures. As a result, for purposes of these disclosures, general expenditures include administrative and general expenses, fundraising expenses, and construction-related expenses.

	2025	2024
Cash and cash equivalents	\$ 6,469,888	\$ 8,199,103
Restricted cash	19,649,842	16,390,902
Investments	5,156,033	4,693,811
Current portion of unconditional promises to give	2,742,196	3,047,995
Current portion of mortgage loans	1,830,651	2,780,667
Current portion of home repair loans	248,061	210,574
Other receivables	645,081	3,322,275
Total financial assets	\$ 36,741,752	\$ 38,645,327
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Cash restricted by contract	(2,161,477)	(2,140,697)
Restricted investments	(1,967,556)	(1,762,043)
Board designations:		
Operating reserves	(3,188,472)	(2,931,768)
Financial assets available to meet cash needs for general expenditures within one year	\$ 29,424,247	\$ 31,810,818

NOTE R – LAND HELD FOR CONSTRUCTION ACTIVITIES

Individual Lots Available for Construction Use. Habitat owns various individual properties within the greater-Omaha area which can be built upon at Habitat’s discretion. As of December 31, 2025, and 2024, respectively, Habitat held 180 and 230 individual lots of land available for construction use with a carrying value of approximately \$1.0 million and \$1.1 million at December 31, 2025, and 2024, respectively.

Land Development Projects. Land Held for Home Construction Activities includes several items related to Habitat’s planned expansion of its homeownership program over the next several years. Following is a summary of projects and related capitalized costs as of December 31, 2025, and 2024:

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NOTE R – LAND HELD FOR CONSTRUCTION ACTIVITIES (Continued)

	<u>2025</u>	<u>2024</u>
Total land acquisition and development costs for Habitat’s 26-acre development project in Northeast Omaha, which is referred to as Bluestem Prairie II (Phase 1). Construction of 64 homes is planned to begin in 2026.	\$ 5,424,069	\$ 3,909,581
Land acquisition costs for 26 acres of undeveloped land located in Northeast Omaha, which is located adjacent to the Bluestem Prairie development areas and is referred to as Bluestem Prairie III. The development on this land is currently in the planning stage.	\$ 2,045,594	\$ 1,317,723
Land acquisition costs related to the purchase of 10 “shovel-ready” lots in Washington County. Habitat utilized 7 lots for house construction in 2024, with the remaining 3 lots to be used over the next 3 years.	\$ 173,127	\$ 287,912
Land acquisition and holding costs of related to 14 acres of undeveloped land located in Sarpy County. The timing and estimated costs of any development on this land are currently in the planning stage	\$ 819,893	\$ 819,893
Land acquisition costs for 30 "shovel-ready lots" in Sarpy County. Construction on 30 homes is planned to begin in 2026.	\$ 1,299,940	\$ -
Total Land Development Projects	<u>\$ 9,762,623</u>	<u>\$ 6,335,109</u>

Any forward-looking statements regarding future estimates and timing of activities noted above are based on Habitat’s current planning activities and estimates. The actual activities and amounts are dependent upon many factors, including Habitat’s operational capabilities, contractual commitments, and access to funding sources. Thus, these time frames and estimates are likely to change as Habitat continues to modify and execute against its multi-year operational plan.

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NOTE 5 – NET ASSETS

Reclassification and Restatement of Net Assets

During 2025, Habitat completed a review of the classification of contributions received under the MWHF grant. It was determined that certain amounts previously reported as net assets with donor restrictions had satisfied all donor-imposed conditions in a prior period. Accordingly, these amounts have been reclassified to net assets without donor restrictions.

As a result, Habitat restated its statement of financial position as of December 31, 2024 to correct the classification of net assets. Net assets with donor restrictions were overstated by \$6.0 million, and net assets without donor restrictions were understated by \$6.0 million. The correction had no impact on total net assets, total revenues, expenses, or change in net assets for the year.

The following table summarizes the effect of the restatement on the statement of financial position as of December 31, 2024.

	Previously Stated	Reclassification	As Restated
Net Assets with Donor Restrictions	\$ 19,287,557	\$ (5,945,130)	\$ 13,342,427
Net Assets without Donor Restrictions	39,548,071	5,945,130	45,493,201
Total Net Assets	<u>\$ 58,835,628</u>	<u>\$ -</u>	<u>\$ 58,835,628</u>

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following as of December 31, 2025, and 2024:

	2025	2024 (As Restated)
Undesignated	\$ 36,061,627	\$ 37,344,958
Board Designated for Operating Reserves	3,188,472	2,931,768
Board Designated for Mortgage Capital	2,949,370	1,905,353
Board Designated for Construction	4,921,044	3,311,122
Net Assets Without Donor Restrictions	<u>\$ 47,120,513</u>	<u>\$ 45,493,201</u>

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NOTE S – NET ASSETS (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2025, and 2024:

	2025	2024 (As Restated)
Endowment Funds	\$ 960,780	\$ 825,215
Contributions Receivable which are unavailable for expenditure until due	3,616,096	5,842,429
Purpose restrictions:		
Construction & Neighborhood Revitalization	4,129,181	1,131,100
Mortgage Capital	5,000,000	4,822,254
Homeowner Education & Support	125,128	181,274
Building Fund - Campus	49,690	361,952
General Operations and Other	227,785	178,203
Net Assets with Donor Restrictions	<u>\$ 14,108,660</u>	<u>\$ 13,342,427</u>

As of December 31, 2025, and 2024, \$2.5 million and \$4.2 million, respectively, of the time restricted net assets also have purpose restrictions and were included as contributions receivable at year-end and in the table above.

NOTE T – LEASES

Operating Lease

In 2023, Habitat entered into an operating sublease for approximately 23,000 square feet of office space, which serves as its headquarters and primary operating location. The sublease commenced in July 2023, and is coterminous with the expiration of the underlying master lease in December 2030. The sublease includes annual rent escalations and requires Habitat to pay its proportionate share of common area costs, which are included in lease payments for accounting purposes.

The sublease is with the prior tenant rather than the building's master landlord. The sublandlord has a contractual right to terminate the master lease in December 2027, which would also terminate Habitat's sublease; however, exercise of this right is not considered reasonably likely due to significant economic penalties. Accordingly, Habitat determined the lease term to be the full period from July 2023 through December 2030 for lease accounting purposes.

To mitigate the risk of early termination, Habitat entered into a memorandum of understanding with the master landlord requiring the landlord to negotiate a direct lease with Habitat under substantially similar terms if the sublease is terminated prior to December 2030. The MOU also provides for renewal options beginning in 2031; however, these renewal options were not included in the lease term as Habitat is not reasonably certain they would be exercised.

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NOTE T – LEASES (Continued)

Operating Lease (Continued)

As the sublease does not provide an implicit interest rate, Habitat used its estimated incremental borrowing rate of 8.25% to measure the lease liability. The operating lease right-of-use asset and liability also include a related parking lease.

Lease expense for the years ended December 31, 2025, and 2024, were \$0.5 million and \$0.5 million, respectively, which consisted of a straight-line, monthly recognition of the total lease payments expected under the Sublease.

Amounts reported on the consolidated statement of financial position related to operating lease ROU assets and liabilities as of December 31, 2025, and 2024, were as follows:

	2025	2024
Operating Lease ROU asset	\$ 2,264,253	\$ 2,615,954
Operating Lease Liability	\$ 2,487,913	\$ 2,840,790

Maturities of the lease liability as of December 31, 2025, are as follows:

	Building	Parking	Total
2026	\$ 577,471	\$ 5,940	\$ 583,411
2027	591,961	-	591,961
2028	606,704	-	606,704
2029	621,894	-	621,894
2030	583,014	-	583,014
Thereafter	-	-	-
Total Undiscounted Payments	2,981,043	5,940	2,986,983
Less Imputed Interest	(498,910)	(160)	(499,070)
Total Lease Liability	\$ 2,482,133	\$ 5,780	\$ 2,487,913

Sublease Income

During 2024, Habitat entered into a sublease agreement for approximately 6,000 square feet of its building located at 1701 North 24th Street, Omaha NE, to a third party. The agreement runs from January 15, 2024, through March 31, 2029, and is renewable for an additional two (2)-year term. Sublease income is recognized as earned when payments are received, in accordance with the terms of the agreement.

During the years ended December 31, 2025, and 2024, Habitat recognized sublease income of \$79,340 and \$42,635, respectively.

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NOTE T – LEASES (Continued)

Sublease Income (Continued)

Future minimum rental income to be received under the sublease agreement as of December 31, 2025, is as follows:

2026	\$	67,399
2027		70,199
2028		71,954
2029		18,099
Total Future Sublease Income	<u>\$</u>	<u>227,651</u>

NOTE U – EMPLOYEE RETENTION CREDIT

During 2023, Habitat submitted Employee Retention Credit claims for \$2.8 million under the CARES Act. During 2025, approximately \$0.4 million was received against the claim, plus interest of approximately \$0.1 million, and recorded as income. The processing of remaining claims is pending by the IRS and remains uncertain at this time. Because of the uncertainty of the outcome of this matter, Habitat has not recorded any other amounts in the 2025 or 2024 consolidated financial statements.

NOTE V – SUBSEQUENT EVENTS

Subsequent to year-end, Habitat entered into an agreement to sell substantially all assets associated with its ReStore operations to a third-party buyer. The sale was completed on March 31, 2026, for total consideration of \$3.82 million. As part of the transaction, Habitat received a promissory note of \$1.028 million, payable over five (5) years at an interest rate of 8%. The assets sold included all buildings, inventory, equipment, vehicles, and other assets used in the operations.

Subsequent to year-end, Habitat entered into a \$1.5 million note payable agreement to support the purchase and rehabilitation of single-family homes. The agreement calls for a single balloon payment at December 31, 2027 and carries a 0% interest rate.