



**AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

**MID-COAST HABITAT FOR HUMANITY**

**AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

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**FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITORS' REPORT

December 8, 2025

To the Board of Directors  
Mid-Coast Habitat for Humanity  
Rockport, Maine

### Opinion

We have audited the accompanying financial statements of Mid-Coast Habitat for Humanity (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid-Coast Habitat for Humanity as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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



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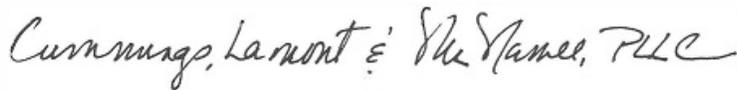
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In performing an audit in accordance with generally accepted auditing standards, we:

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



**Certified Public Accountants**  
**Kennebunk, Maine**

**MID-COAST HABITAT FOR HUMANITY**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2025**

	Net Assets Without Restrictions	Net Assets With Restrictions	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 935,803	\$ 523,431	\$ 1,459,234
Pledges receivable	-	40,990	40,990
Current portion of mortgage notes receivable, (net of discount of \$31,730)	22,764	-	22,764
Current portion of partner family loan receivable	4,500	-	4,500
Construction in progress, home building program	989,916	-	989,916
Land held for development	357,942	-	357,942
Prepaid expenses	4,357	-	4,357
Total Current Assets	2,315,282	564,421	2,879,703
<b>Property and Equipment</b>			
Land	104,000	-	104,000
Equipment	92,114	-	92,114
Buildings and improvements	261,615	-	261,615
	457,729	-	457,729
Less accumulated depreciation	174,528	-	174,528
Total Property and Equipment	283,201	-	283,201
<b>Other Assets</b>			
Mortgage notes receivable, net of current portion (net of discount of \$610,217)	419,374	-	419,374
Investments held for long-term use	195,816	-	195,816
Escrow funds	3,393	-	3,393
Partner family loan receivable, net of current portion	20,306	-	20,306
Other receivable	30,477	-	30,477
Total Other Assets	669,366	-	669,366
Total Assets	\$ 3,267,849	\$ 564,421	\$ 3,832,270

*See Notes to Financial Statements*

**MID-COAST HABITAT FOR HUMANITY**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2025**

	Net Assets Without Restrictions	Net Assets With Restrictions	Total
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 55,876	\$ -	\$ 55,876
Sales tax payable	1,638	-	1,638
Accrued payroll and paid time off	23,933	-	23,933
Escrow	3,393	-	3,393
Deferred revenue	11,522	-	11,522
Credit cards	1,172	-	1,172
Current portion of long-term debt	7,924	-	7,924
Total Current Liabilities	<u>105,458</u>	<u>-</u>	<u>105,458</u>
Long-Term Liabilities			
Long-term debt, net of current portion	<u>575,118</u>	<u>-</u>	<u>575,118</u>
Total Long-Term Liabilities	<u>575,118</u>	<u>-</u>	<u>575,118</u>
Total Liabilities	<u>680,576</u>	<u>-</u>	<u>680,576</u>
NET ASSETS			
Net assets without restrictions	2,587,273	-	2,587,273
Net assets with restrictions	<u>-</u>	<u>564,421</u>	<u>564,421</u>
Total Net Assets	<u>2,587,273</u>	<u>564,421</u>	<u>3,151,694</u>
Total Liabilities and Net Assets	<u>\$ 3,267,849</u>	<u>\$ 564,421</u>	<u>\$ 3,832,270</u>

*See Notes to Financial Statements*

**MID-COAST HABITAT FOR HUMANITY**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**YEAR ENDED JUNE 30, 2025**

	Net Assets Without Restrictions	Net Assets With Restrictions	Total
<b>OPERATING REVENUES AND OTHER SUPPORT</b>			
Contributions of cash and other financial assets	\$ 62,280	\$ 542,108	\$ 604,388
Contributed services, land and materials	54,724	-	54,724
Special events, net of expenses	143,352	-	143,352
Interest and dividends, net	30,229	-	30,229
Construction services	2,235,670	-	2,235,670
Sales to homeowners, net of mortgage discount of \$195,978	119,022	-	119,022
Gain on sale of property	167,755	-	167,755
Mortgage and loan discount amortization	31,715	-	31,715
ReStore, contributions of non-financial assets	464,104	-	464,104
ReStore sales and direct costs, net	(58,862)	-	(58,862)
Miscellaneous income and fees	14,208	-	14,208
Net assets released from restrictions	85,772	(85,772)	-
<b>Total Revenues and Other Support</b>	<b>3,349,969</b>	<b>456,336</b>	<b>3,806,305</b>
<b>EXPENSES</b>			
Program Services	2,730,250	-	2,730,250
Supporting Services:			
Management and general	261,681	-	261,681
Fundraising	238,852	-	238,852
Unallocated payments: Habitat International tithe and fees	20,000	-	20,000
<b>Total Expenses</b>	<b>3,250,783</b>	<b>-</b>	<b>3,250,783</b>
<b>NON-OPERATING ACTIVITIES</b>			
Realized and unrealized gains (losses) on investments	16,025	-	16,025
<b>Total Non-Operating Activities</b>	<b>16,025</b>	<b>-</b>	<b>16,025</b>
Changes in Net Assets	115,211	456,336	571,547
NET ASSETS, Beginning of Year (as restated)	2,472,062	108,085	2,580,147
NET ASSETS, End of Year	<u>\$ 2,587,273</u>	<u>\$ 564,421</u>	<u>\$ 3,151,694</u>

*See Notes to Financial Statements*

**MID-COAST HABITAT FOR HUMANITY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2025**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Construction services	\$ 2,265,670	\$ -	\$ -	\$ 2,265,670
Wages and benefits	191,222	111,454	189,595	492,271
Costs of home sold and repaired	227,794	-	-	227,794
Professional fees	3,497	67,889	5,100	76,486
Payroll taxes	10,239	16,089	13,830	40,158
Office expense	1,222	17,858	7,569	26,649
Insurance	14,260	3,319	-	17,579
Depreciation	-	16,922	-	16,922
Fees, taxes and licenses	2,052	4,361	9,211	15,624
Occupancy	1,302	10,333	900	12,535
Fundraising events	-	-	11,723	11,723
Travel	3,259	4,891	279	8,429
Interest	-	7,218	-	7,218
Volunteer expenses	7,016	-	177	7,193
All other	1,735	801	-	2,536
Advertising	982	546	468	1,996
	<u>\$ 2,730,250</u>	<u>\$ 261,681</u>	<u>\$ 238,852</u>	<u>\$ 3,230,783</u>

*See Notes to Financial Statements*

**MID-COAST HABITAT FOR HUMANITY**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2025**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 571,547
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Amortization of mortgages and other receivable	(31,713)
Discount on new mortgages	195,978
Depreciation	16,922
Realized and unrealized gains (losses) on investments	(16,025)
Changes in assets and liabilities that used (provided) cash:	
Pledges receivable	(40,825)
Mortgage notes receivable	(262,264)
Construction in progress, home building program	1,469,745
Land held for development	303,957
Prepaid expenses	(3,475)
Escrow funds	(308)
Partner family loan	4,125
Accounts payable	(98,327)
Sales tax payable	(516)
Accrued payroll and paid time off	6,884
Escrow	308
Deferred revenue	(1,547,863)
Credit cards	1,172
	<u>569,322</u>
Net cash provided by (used in) operating activities	<u>569,322</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of investments	(4,126)
Payments for the purchase of property and equipment	(13,713)
Net cash provided by (used in) investing activities	<u>(17,839)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Principal payments on long-term debt	(6,627)
Net cash provided by (used in) investing activities	<u>(6,627)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>544,856</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>914,378</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,459,234</b>
<b>Cash Summary:</b>	
Cash, unrestricted	\$ 935,803
Cash, restricted	523,431
	<u>\$ 1,459,234</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Interest expense	\$ <u>7,218</u>
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There was no cash paid during 2025 for taxes on income.

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:**

There were no noncash investing and financing activities for the year ended June 30, 2025

*See Notes to Financial Statements*

# MID-COAST HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

### Note 1 - Nature of Organization

Mid-Coast Habitat for Humanity (the Organization) is a Maine non-profit corporation organized in 1990 with headquarters in Rockport, Maine. It is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a global nondenominational nonprofit organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience for people everywhere. The Organization is directly responsible for its own operations. It receives assistance from Habitat International in a variety of ways including assistance with information technology, training, and publications. The Organization is exempt from income taxes under the Internal Revenue Service Code Section 501(c)(3) under a group exemption letter granted to Habitat International.

Creating affordable homeownership is the primary program. The Organization serves Knox County, Maine, partnering with low-income families to make safe, decent, and affordable housing a matter of community conscience and action. The Organization builds market-quality homes, utilizing volunteer labor and in-kind labor and some materials, selling each home to a qualifying low-income family for little or no cash down under a 20-30-year non-interest bearing mortgage. Homebuyers are selected based on need, ability to repay a mortgage, and willingness to partner by fulfilling sweat equity requirements. The Organization also tithes a portion of its general donations to Habitat for Humanity International for use in building homes outside the United States.

### Note 2 - Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Organization follows the provisions of FASB Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. In accordance with these provisions, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets and 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 restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that 1) may or will be met either by actions of the Organization and/or the passage of time or 2) they be maintained permanently by the Organization.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. The Organization maintains cash balances at several banks. From time to time during the year ended June 30, 2025, The Organization's bank account balances may have exceeded federally insured limits. Management has evaluated this risk and considers it to be a normal business risk.

Donated Assets – Donated assets have uncertain values as fair market values are not readily determinable at time of receipt. The Organization records donations of items to the ReStore when they are determined to have value based on their sale. ReStore sales are recognized as revenue at the time merchandise is transferred to the customer with a corresponding cost to cost of goods sold. The ReStore's sales of donated items and corresponding cost of goods sold totaled \$464,104 for the year ended June 30, 2025 . During the year ended June 30, 2025 construction material donations totaled \$47,541. These amounts are shown net on the Statement of Activities and Changes in Net Assets.

# MID-COAST HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

### Note 2 - Summary of Significant Accounting Policies (continued)

Donated Services – Donated services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

These services are utilized in the Organization’s home construction program and administratively for accounting support. Contributed services totaled \$7,183 for the year ended June 30, 2025.

A substantial number of volunteers have donated significant amounts of their time to the Organization’s program services, such as painting, landscaping and other construction tasks that do not require skilled labor. No amount has been recorded for these services in the Statement of Activities and Changes in Net Assets.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Prepaid Expenses – Payments to vendors that will benefit periods beyond the current fiscal year are recorded as prepaid expenses. For the Organization, these prepaid expenses are most commonly made up of insurance premiums paid in advance of the period of benefit.

Income Tax Status – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The federal informational tax return of the Organization is subject to examination, generally for three years after the returns are filed.

Mortgages Receivable – Mortgages receivable consist of non-interest-bearing notes received from homebuyers in connection with the sales of homes constructed or renovated by the Organization. The notes are secured by real estate and payable in monthly installments. Mortgages are to be paid back over an established and mutually agreed period of time varying from 25 to 30 years. These mortgages have been discounted at the prevailing market rates for low-income housing at the time of origination as calculated by Habitat for Humanity International. The discount rates on mortgages range from 7.23% to 8.34%. Interest income (amortization of discount) is recorded using the effective interest method over the lives of the mortgages. Deeds to the homes are held by the Organization. Management has not provided a provision for credit losses as of June 30, 2025 because the fair market value of the homes exceeds the related mortgage balances.

In addition to the mortgage receivable included on the statements of financial position, the Organization holds non-interest bearing second and third mortgages. These mortgages originate at the same time as the first mortgage and reflect the difference between the sales price and the fair market value of the home and the closing costs paid for the homeowner. These mortgages are legal documents executed for protection against homeowners who may sell their house for profit before the mortgage is repaid and to protect the homeowner by preventing predatory lenders from paying off the first mortgage and saddling the homeowners with an onerous new mortgage. For the year ended June 30, 2025, the Organization recognized \$0 for these mortgages. The mortgage payoff is considered less than probable or remote and therefore no receivable has been recorded in the statements of financial position.

The idea of paying it forward is a key component of the Organization’s work. In order to ensure that the Organization’s housing program is sustainable, the Organization requires a Share Appreciation Agreement with each sale. The agreement states that the homeowner and the Organization will share in the difference between the fair market value at the date of purchase and the fair market value at the time of sale, refinance, foreclosure, or other traditional or non-traditional sale of the property. The Organization’s share is based on the following schedule:

0-5 years (0-60 months)	100% of the Appreciation
6-10 years (61-120 months)	90% of Appreciation
11-15 years (121-180 months)	80% of the Appreciation
16-100 years (181-1200 months)	50% of the Appreciation

**MID-COAST HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

**Note 2 - Summary of Significant Accounting Policies (continued)**

The mortgage payoff is considered less than probable or remote and therefore no receivable has been recorded in the statements of financial position for the shared appreciation.

The Organization may decide to leverage a mortgage in an Affordable Mortgage Loan Program with a partner bank. The Organization and the lending institution each hold a mortgage that totals the sales price of the home. The Organization receives a discounted cash amount in exchange for the mortgage. Under these circumstances, the Organization is liable to repurchase or replace a mortgage transferred to the bank in the event that the homeowner does not make the required payments.

The difference between the cash received and the gross mortgage receivable is recorded as capitalized interest on discounted mortgages receivable on the statement of financial position. The receivable is amortized over the term of the discounted mortgage at the partner bank using the straight-line method. The liability in the event that the homeowner does not make the required payments is a contingent liability and is not shown on the statements until a known default has occurred. The Organization would take ownership of the home through the default and the fair market value of the homes exceeds the related mortgage balances.

The Organization's concentration of credit risk with respect to mortgage loans receivable depends on its partner families' ability to repay, which varies with economic conditions in this geographic area. The affiliate maintains a rigorous credit procedure as part of its family selection process. Each buyer is provided pre-purchase and post-purchase homeowner education and counseling.

Construction in Progress and Land Held for Development – Construction in progress is stated at cost and includes all direct material, labor, and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tools. Land costs are stated at the lower of cost or fair value at the date of contribution or purchase. They are recorded on the statement of financial position as they are incurred. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the statement of activities and changes in net assets as program costs.

Property and Equipment – Property and equipment of the Organization includes land, buildings, building improvements, equipment, and all other tangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. All improvements to property and equipment which add to the value or materially extend the life of the asset are capitalized. All property and equipment of the Organization is recorded at historical cost.

The historical cost of these assets includes not only the cost of the asset, but also may include capitalized interest charges and other direct costs associated with placing the asset into its intended location and its intended use.

The Organization maintains a capitalization threshold of \$1,000 for all property and equipment. Donated property and equipment are reported at their estimated fair value at the time of acquisition plus other direct costs associated with placing the assets into their intended location and use.

Land is not depreciated. All other individual property and equipment of the Organization are depreciated over their estimated useful lives using the straight-line method. Under this method, the recorded cost of property and equipment, less any estimated residual value, is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its useful life.

The following is a summary of methods and useful lives by category:

Building	Straight line	39 Years
Building improvements	Straight line	20 Years
Equipment and vehicles	Straight line	5-15 Years

# MID-COAST HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

### Note 2 - Summary of Significant Accounting Policies (continued)

Partner Family Loan – In April 2024, the partner family began bankruptcy proceedings and the bank exercised its right to withdraw monies from the Organization’s assigned account to pay the balance of the homeowner’s personal loan (see Cash, Cash Equivalents and Restricted Cash). The partner family has verbally agreed to make monthly payments of \$375 to repay the debt at no interest. The first payment was made in July 2024. The Organization is named as beneficiary for a portion of the partner family’s life insurance policy to provide additional security over this debt. The balance of the note was \$24,806 at June 30, 2025.

Accrued Payroll and Paid Time Off – Payroll earned in one period, but paid in a subsequent period, is recorded in the period earned as accrued payroll. Payroll taxes payable and employee deductions payable differs from accrued expenses in that they represent payroll taxes and other deductions accrued and withheld as of the end of the fiscal year, but are not yet paid to the respective agencies. Paid time off is accrued for amounts earned that are available and expected to be used in the following fiscal year.

Contributions and Unconditional Promises to Give – Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Unconditional promises to give due in subsequent years are recorded at their present value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. All amounts are current at June 30, 2025. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported as net assets with restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Restricted contributions which are both received and released within the same year are recorded as net assets without restrictions. A portion of the contributions received by the Organization are restricted for a specified geographic area. It is the Organization’s policy to use such funds for the specified purpose as soon as practical and prudent.

Revenue Recognition – To best match the timing of the transfer of goods and services, The Organization recognizes revenue from sales to homebuyers, affordable mortgage proceeds, contributions and grants and sales to ReStore customers when performance obligations are satisfied, which is at the time completed homes are transferred to new owners and ReStore goods are purchased. All prices are fixed and there are no financing terms with the Organization. There are no significant warranties of return, refund or discount obligations related to any contracts with homebuyers or ReStore customers. For each of the year ended June 30, 2025, the greatest economic factor effecting contract revenue has been the state of the economy and inflation. For the year ended June 30, 2025, there were no contract assets or liabilities. Activities are detailed in their respective notes.

Advertising Expense – The Organization expenses advertising costs as incurred. Advertising expense was \$1,996 for the year ended June 30, 2025.

### Note 3 - Fair Values of Assets

Effective January 1, 2008, the Organization adopted Statement of Financial Accounting Standards, *Fair Value Measurements* which provides a framework for measuring fair value under GAAP. This standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. This standard also established a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other resources;

**MID-COAST HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

**Note 3 - Fair Values of Assets (continued)**

- B) Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Assets itemized below were measured at fair value during the year ended June 30, 2025 using the market approach. There have been no changes in valuation techniques.

Fair Value Measurements Using

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 7,999	\$ 7,999	\$ -	\$ -
Fixed Income/Fixed Income ETFs	64,537	64,537	-	-
Equities/Equity ETFs	<u>123,280</u>	<u>123,280</u>	-	-
Total Assets	\$ <u>195,816</u>	\$ <u>195,816</u>	\$ -	\$ -

Fair value for investments is determined by reference to quoted market prices and other relevant information generated by market transactions.

**Note 4 – Transactions with Knox County Homeless Coalition and Maine State Housing Authority**

During fiscal year ended June 30, 2020, the Organization purchased land as part of an agreement with Knox County Homeless Coalition (Homeworthy) and Maine State Housing Authority (MaineHousing) to develop a low-income housing community in Rockland, Maine. “Building Community Together” will include six “small equity builders” and two “affordable rental duplexes (four families)” built by the Organization and managed and owned by Homeworthy; as well as three single family homes to be sold to partner families. Purchase of the land was made in June 2020 and is included in Land Held for Development. In June 2022 MaineHousing released additional monies to be used to develop the land. These costs are included in Construction in Progress. When MaineHousing issued the additional funds, they extended the repayment terms for the original funds to meet the terms of the development funds as a 3-year deferred, forgivable loan. Both are forgivable upon completion of project, and repayable upon failure to develop project by July 15, 2025 or to meet development deadlines at an interest rate of 10%. Management feels it will be able to satisfy the "forgiveness" provision of the loan and has not escrowed any funds accordingly.

The project was completed during 2025 and current year and deferred revenue of \$2,235,670 was recognized as construction services revenue at that time. This represented 50.6% of current year revenue.

# MID-COAST HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

### Note 5 – Transactions with Habitat International

The Organization annually remits a portion of its unrestricted contributions (excluding in-kind contributions) and net fundraising income to Habitat for Humanity International, Inc. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2025 the Organization contributed \$20,000.

### Note 6 – Mortgages Notes Receivable

Mortgages receivable are as follows at June 30, 2025:

Mortgages receivable at face value	\$	1,084,085
Less unamortized discount		<u>641,947</u>
Mortgages receivable, net	\$	<u>442,138</u>
Mortgages receivable are due as follows:		
Due in one year	\$	22,764
Due after one year		<u>419,374</u>
	\$	<u>442,138</u>

### Note 7 – Investments

Investments as of June 30, 2025, are summarized as follows:

	Cost	Fair Value
Corporate stocks	\$ 7,999	\$ 7,999
Fixed Income/Fixed Income ETFs	56,204	64,537
Equities/Equity ETFs	<u>53,578</u>	<u>123,280</u>
Total	\$ <u>117,781</u>	\$ <u>195,816</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2025:

Interest and dividends	\$	30,864
Investment management fee		(635)
Realized and unrealized gains (losses) on investments		<u>16,025</u>
Total investment return	\$	<u>46,254</u>

**MID-COAST HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

**Note 8 – Line of Credit**

The Organization has a \$150,000 line of credit agreement with Camden National Bank through February 2026. The line is a demand note with a variable rate of interest based on the index rate (Wall Street Journal Prime Rate + 1.5%), currently 10%. There was no outstanding balance on the Camden National Bank line of credit as of June 30, 2025.

In August 2025 the Organization opened a new \$250,000 line of credit agreement with Machias Savings Bank. The line is a demand note with a variable interest rate the borrower’s savings current savings rate plus 3.00% adjusted every six months thereafter with a floor of 3.00%.

**Note 9 – Long-term Debt**

Long-term debt consists of the following at June 30,:

	<u>2025</u>
<i>Camden National Bank</i>	
A term loan with monthly payments of \$1,169, with variable interest at .50% above the high prime rates quoted in the Wall Street Journal, currently 9.00%. The note is secured by property in Rockport, Maine. The maturity date is November 2033.	\$ 83,042
<i>Maine State Housing Authority</i>	
A \$500,000 loan forgivable upon completion of a housing project and bearing no interest through July 15, 2025. The note is secured by land in Rockland, Maine. The note is repayable upon failure to complete the project in accordance with its terms.	<u>500,000</u>
Total Debt	583,042
Less current portion	<u>7,924</u>
Long-term debt	\$ <u>575,118</u>

Interest expense paid on the loan totaled \$7,218 for the year ended June 30, 2025.

In July 2025 the \$500,000 Maine State Housing Authority loan was discharged.

Future minimum principal payments under the agreement is as follows for the year ended June 30,:

2026	\$ 7,924
2027	8,247
2028	8,583
2029	8,933
2030	9,297
Thereafter	<u>40,058</u>
	\$ <u>83,042</u>

**MID-COAST HABITAT FOR HUMANITY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

**Note 10 – Restrictions and Limitations of Net Asset Balances**

Net assets with donor restrictions consisted of the following at June 30, 2025:

Subject to expenditure for specified purpose or passage of time:

Weatherization	\$	216,069
New construction hire		62,212
Broad Reach Fund		10,000
270 Commercial		195,050
Pledges receivable		40,990
Lincolnvile Affordable Housing		<u>40,100</u>
Total net assets with donor restrictions	\$	<u>564,421</u>

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors were as follows for the years ended June 30, 2025:

Weatherization	\$	1,599
Knox County Homeless Coalition collaboration		30,000
New construction hire		37,788
Tool grant		417
270 Commercial		<u>15,968</u>
	\$	<u>85,772</u>

Net assets without donor restrictions consisted of the following at June 30, 2025:

Undesignated	\$	<u>2,587,273</u>
Total net assets without donor restrictions	\$	<u>2,587,273</u>

**Note 11 – ReStore**

The Organization operates a retail thrift store that specializes in selling surplus new and used building and home improvement materials, appliances, and furniture to the public. The ReStore receives donated usable materials from retail businesses, contractors, individuals and other organizations.

All net proceeds from the operation of the ReStore flow into the Organization and help to enhance the home development activities by covering administrative costs for the Organization. Payroll costs related to the ReStore are reported as fundraising costs in the statements of activities.

Gross revenues and expenses (excluding store manager's salary) for the year ended June 30, 2025:

Gross proceeds	\$	464,104
Less, ReStore operating costs		58,862
Less, Cost of goods sold		<u>464,104</u>
ReStore Sales and Direct Costs, Net	\$	<u>(58,862)</u>

# MID-COAST HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

### Note 12 – Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses include wages and benefits, travel, professional services, supplies and activities, occupancy, depreciation, insurance, and other. Wages and benefits, travel, professional services, and other are allocated based on time and effort. Supplies and activities are allocated based on cost and use. Occupancy, depreciation, and insurance are allocated based on square footage.

### Note 13 – Retirement Plan

Beginning October 1, 2018, the Organization provides a Savings Incentive Match Plan for Employees (SIMPLE) IRA Plan. The plan is available to employees in the year following the first year they reach \$5,000 in wages. The Organization matches employee contributions to the plan up to 3% of each participant's qualified wages for the fiscal year. SIMPLE expense for the year ended June 30, 2025 totaled \$10,419. The expense appears within the line item "Wages and benefits" on the statement of functional expenses.

### Note 14 – Liquidity and Availability of Resources

The Organization has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditure:

Cash and cash equivalents	\$	935,803
Investments		<u>195,816</u>
Total	\$	<u>1,131,619</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### Note 15 – Prior Period Adjustment

The Organization has historically provided mortgages at low to zero interest rates. During 2025 it was determined that a portion of the discounted loans on the books were being amortized and likely never to be repaid. As a result these loans were removed from the books. This correction has no effect on the results of current year's activities; however, the cumulative effect decreases beginning net assets without donor restrictions for 2025 by \$874,133.

### Note 16 – Subsequent Events

Subsequent events have been evaluated by management through December 8, 2025 which is the date the financial statements were available to be issued. Other than the new line of credit above in Note 8 and the loan forgiveness in Note 9, there were no subsequent events that were material to the financial statements at December 8, 2025.