

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West
110th, LLC
Cleveland, Ohio

Opinion

We have audited the accompanying consolidated financial statements of Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC's ability to continue as a going concern within 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 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC'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 Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2025, on our consideration of Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC's internal control over financial reporting and compliance.

Zinner & Co. LLP

Beachwood, Ohio

May 19, 2025

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 2,383,456	\$ 1,572,420
Cash designated for home builds and other operational costs	530,493	437,779
Investments	2,115,117	2,293,530
Receivables		
Mortgages receivable	12,516,500	10,414,951
Escrows receivable	48,184	51,926
Discount and reserves for mortgages and escrows receivables	(3,104,819)	(2,858,058)
Unconditional promises to give - Without donor restrictions, net	465,152	409,832
Unconditional promises to give - With donor restrictions, net	264,163	175,000
Other receivables	193,568	105,308
Prepaid expenses and deposits	67,163	55,270
Inventories		
Materials inventory	70,094	50,168
ReStore inventory	560,852	520,368
Construction in progress	6,652,731	3,800,740
Anticipated loss on home builds	(47,192)	(470)
Property and equipment, net	4,711,027	4,800,766
Assets to be place in service	103,293	0
Operating right-of-use-assets	642,285	791,108
Deposits and other assets	58,996	77,149
NMTC Investment	1,796,881	1,815,648
Total Assets	<u>\$ 30,027,944</u>	<u>\$24,513,435</u>
Liabilities		
Accounts payable	\$ 429,839	\$ 95,794
Accrued expenses	320,037	276,652
Notes payable - Related parties	1,700,000	1,000,000
Operating lease obligations	642,285	791,108
Finance lease obligations	14,773	30,409
Loans payable NMTC, net of unamortized loan origination fees	2,372,867	2,367,035
Notes payable, net of unamortized debt issuance costs	9,404,531	6,484,625
Total Liabilities	<u>14,884,331</u>	<u>11,045,623</u>
Net Assets		
Without Donor Restrictions		
Available for programs and services	7,765,355	6,380,582
Allocated to affordable housing programs	6,583,602	6,474,451
Total Net Assets Without Donor Restrictions	<u>14,348,957</u>	<u>12,855,033</u>
With Donor Restrictions	<u>794,656</u>	<u>612,779</u>
Total Net Assets	<u>15,143,613</u>	<u>13,467,812</u>
Total Liabilities and Net Assets	<u>\$ 30,027,944</u>	<u>\$24,513,435</u>

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 4,552,885	\$ 680,665	\$ 5,233,550
Grant funding	2,819,676	0	2,819,676
Home sales	3,187,000	0	3,187,000
ReStore sales activity			
Gross sales	2,692,629	0	2,692,629
Donated inventory	2,451,362	0	2,451,362
Less: Cost of sales	(2,545,792)	0	(2,545,792)
Special events			
Gross revenue	155,924	0	155,924
Less: Direct expenses	(42,704)	0	(42,704)
Rental income	259,500	0	259,500
Investment income	194,617	0	194,617
Service fees and other income	178,731	0	178,731
	<u>13,903,828</u>	<u>680,665</u>	<u>14,584,493</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	498,788	(498,788)	0
Total Reclassifications	498,788	(498,788)	0
Total Support and Revenues	<u>14,402,616</u>	<u>181,877</u>	<u>14,584,493</u>
Expenses			
Program services	11,426,318	0	11,426,318
General and administrative	840,290	0	840,290
Fundraising and development	642,084	0	642,084
Total Expenses	<u>12,908,692</u>	<u>0</u>	<u>12,908,692</u>
Change in Net Assets	1,493,924	181,877	1,675,801
Net Assets at Beginning of Year	<u>12,855,033</u>	<u>612,779</u>	<u>13,467,812</u>
Net Assets at End of Year	14,348,957	794,656	15,143,613
Net Assets With Donor Restrictions	0	(794,656)	(794,656)
Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs	<u>(6,583,602)</u>	<u>0</u>	<u>(6,583,602)</u>
Net Assets Without Donor Restrictions Available for Programs and Services	<u>\$ 7,765,355</u>	<u>\$ 0</u>	<u>\$ 7,765,355</u>

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	\$ 3,285,344	\$ 313,136	\$ 3,598,480
Grants funding	595,000	0	595,000
Home sales	1,112,000	0	1,112,000
ReStore sales activity			
Gross sales	2,848,124	0	2,848,124
Donated inventory	2,323,526	0	2,323,526
Less: Cost of sales	(2,551,823)	0	(2,551,823)
Other donated goods and services	400,000	0	400,000
Special events			
Gross revenue	141,152	0	141,152
Less: Direct expenses	(36,922)	0	(36,922)
Investment loss	406,538	0	406,538
Service fees and other income	348,572	0	348,572
	<u>8,954,455</u>	<u>313,136</u>	<u>9,267,591</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	293,188	(293,188)	0
Total Reclassifications	<u>293,188</u>	<u>(293,188)</u>	<u>0</u>
Total Support and Revenues	9,247,643	19,948	9,267,591
Expenses			
Program services	6,978,262	0	6,978,262
General and administrative	501,442	0	501,442
Fundraising and development	430,454	0	430,454
Total Expenses	<u>7,910,158</u>	<u>0</u>	<u>7,910,158</u>
Change in Net Assets	1,337,485	19,948	1,357,433
Net Assets at Beginning of Year	<u>11,517,548</u>	<u>592,831</u>	<u>12,110,379</u>
Net Assets at End of Year	12,855,033	612,779	13,467,812
Net Assets With Donor Restrictions	0	(612,779)	(612,779)
Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs	<u>(6,474,451)</u>	<u>0</u>	<u>(6,474,451)</u>
Net Assets Without Donor Restrictions Available for Programs and Services	<u>\$ 6,380,582</u>	<u>\$ 0</u>	<u>\$ 6,380,582</u>

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development	
Salaries and Related Expenses				
Salaries	\$ 2,686,880	\$ 279,416	\$ 319,936	3,286,232
Payroll taxes	307,733	32,002	36,643	376,378
Employee benefits	494,776	51,453	58,915	605,144
Total Salaries and Related Expenses	3,489,389	362,871	415,494	4,267,754
Other Operating Expenses				
Advertising	49,610	24,717	24,986	99,313
Banking fees and charges	54,754	508	0	55,262
Costs of home construction	5,161,814	0	0	5,161,814
Critical home repairs	1,045,111	0	0	1,045,111
Debt issuance costs	23,984	0	0	23,984
Depreciation, net of redistribution to CIP	115,017	0	0	115,017
Dues and subscriptions	2,547	1,900	520	4,967
Equipment rental	13,514	13,258	0	26,772
Gifts and awards	28,416	0	0	28,416
Insurance	95,690	7,723	8,805	112,218
Interest	40,299	2,212	2,518	45,029
Miscellaneous operating expenses	83,861	7,417	105,667	196,945
Mortgage portfolio costs				
Present value discount on mortgages issued	437,766	0	0	437,766
Imputed interest	(233,363)	0	0	(233,363)
Other portfolio costs	111,107	0	0	111,107
Office and computer supplies	22,541	1,850	2,103	26,494
Postage and delivery	16,642	3,566	3,566	23,774
Professional fees and contract services	205,939	134,996	40,842	381,777
Property management	158,260	196,704	11,186	366,150
Rent and insurance	258,520	18,042	7,732	284,294
Repairs and maintenance	95,511	8,157	4,894	108,562
Security	4,467	460	276	5,203
Telephone	39,513	4,129	4,129	47,771
Travel, mileage and lodging	46,184	42,824	6,937	95,945
Utilities	115,506	14,798	4,933	135,237
Vehicle expense	27,423	0	0	27,423
Total Other Operating Expenses	8,020,633	483,261	229,094	8,732,988
Total Expenses	11,510,022	846,132	644,588	13,000,742
Less Eliminations	(83,704)	(5,842)	(2,504)	(92,050)
Total Consolidated Expenses	\$ 11,593,726	\$ 851,974	\$ 647,092	\$ 13,092,792
	89%	6%	5%	100%

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHF FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising and Development	
Salaries and Related Expenses				
Salaries	\$ 2,288,063	\$ 211,662	\$ 271,514	\$ 2,771,239
Payroll taxes	277,455	25,667	32,924	336,046
Employee benefits	379,527	35,109	45,037	459,673
Total Salaries and Related Expenses	2,945,045	272,438	349,475	3,566,958
Other Operating Expenses				
Advertising	48,103	320	6,460	54,883
Banking fees and charges	62,668	1,700	0	64,368
Costs of home construction	2,364,704	0	0	2,364,704
Critical home repairs	57,822	0	0	57,822
Debt issuance costs	35,976	0	0	35,976
Depreciation, net of redistribution to CIP	60,559	0	0	60,559
Dues and subscriptions	828	3,608	310	4,746
Equipment rental	12,436	11,288	0	23,724
Gifts and awards	20,038	0	0	20,038
Insurance	92,927	7,496	5,010	105,433
Interest	19,341	0	0	19,341
Miscellaneous operating expenses	71,700	2,111	1,589	75,400
Mortgage portfolio costs				
Present value discount on mortgages issued	489,252	0	0	489,252
Imputed interest	(241,071)	0	0	(241,071)
Other portfolio costs	29,673	0	0	29,673
Office and computer supplies	24,395	1,002	2,801	28,198
Postage and delivery	15,582	3,339	3,339	22,260
Professional fees and contract services	189,569	47,779	28,153	265,501
Property management	51,382	63,868	3,627	118,877
Rent and insurance	342,488	37,558	16,096	396,142
Repairs and maintenance	91,004	3,700	2,220	96,924
Security	2,618	240	144	3,002
Telephone	27,938	2,523	4,573	35,034
Travel, mileage and lodging	34,475	33,127	3,680	71,282
Utilities	124,564	10,800	3,600	138,964
Vehicle expense	17,510	0	0	17,510
Total Other Operating Expenses	4,046,481	230,459	81,602	4,358,542
Total Expenses	6,991,526	502,897	431,077	7,925,500
Less Eliminations	13,264	1,455	623	15,342
Total Consolidated Expenses	\$ 6,978,262	\$ 501,442	\$ 430,454	\$ 7,910,158
	89%	6%	5%	100%

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,675,801	\$ 1,357,433
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	193,391	95,941
Gain on fixed asset dispositions	0	(28,557)
Change in reserves for mortgages and escrows receivable	22,650	(51,790)
Amortization of mortgage loan discount	(213,655)	(189,080)
Change in measurement of operating leases	0	(13,012)
Discount on mortgages issued	437,766	489,252
Noncash contribution of building purchase value	0	(400,000)
Cash provided (used) by changes in certain assets and liabilities:		
Mortgage receivable - New mortgages issued	(3,119,652)	(1,112,095)
Mortgage receivable - Payments received	1,036,184	885,275
Escrow receivable	3,742	11,845
Unconditional promises to give	(144,483)	377,466
Other receivables	(88,260)	183,704
Materials Inventory	(19,926)	2,789
ReStore inventory	(40,484)	34,226
Homes under construction	(2,851,991)	(1,830,479)
Anticipated loss on future home sales	46,722	(183,324)
Prepaid expenses and deposits	(11,893)	(13,246)
Deposits and other assets	18,153	27,229
Accounts payable	334,045	(12)
Accrued expenses	43,385	(187,398)
Net Cash Used by Operating Activities	(2,678,506)	(543,833)
Cash Flows from Investing Activities		
Investment activity, net	178,413	1,699,471
Proceeds from the sale of vacant lots	0	89,425
Proceeds from asset disposal	0	28,557
Investment in NMTC	18,767	28,137
Purchase of fixed assets	(206,945)	(2,945,114)
Net Cash Used by Investing Activities	(9,765)	(1,099,524)

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(CONTINUED FROM PREVIOUS PAGE)

	<u>2024</u>	<u>2023</u>
Cash Flows from Financing Activities		
Net payments on accelerated asset recovery loans	\$ (18,081)	\$ (21,724)
Proceeds from loans payable NMTC, net of loan origination fees	5,832	8,747
(Payments)proceeds from Note payable - Related party	700,000	1,000,000
Net proceeds (repayments) on long-term debt	2,919,906	1,693,759
Payments under finance lease obligations	<u>(15,636)</u>	<u>(23,219)</u>
Net Cash Provided by Financing Activities	<u>3,592,021</u>	<u>2,657,563</u>
Net Increase in Cash, Cash Equivalents and Designated Cash	903,750	1,014,206
Cash, Cash Equivalents and Designated Cash at Beginning of Year	<u>2,010,199</u>	<u>995,993</u>
Cash, Cash Equivalents and Designated Cash at End of Year	<u><u>\$ 2,913,949</u></u>	<u><u>\$ 2,010,199</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 45,029	\$ 19,341
Supplemental Disclosure of Non-Cash Transactions:		
Non-cash contributions of inventory received at fair market value	\$ 2,451,362	\$ 2,323,526
Non-cash cost of sales recognized	2,545,792	2,551,823

A portion of the purchase price of the building purchased by GCHFH in 2023, in the amount of \$400,000, was donated by the seller.

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

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Greater Cleveland Habitat for Humanity, Inc. (GCHFH), a not-for-profit organization, is an affiliate of Habitat for Humanity International, Inc., a non-denominational Christian not-for-profit 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. While Habitat for Humanity International, Inc. assists with informational resources, training, publications, prayer, support, and in other ways, GCHFH is primarily and directly responsible for its own operations.

GCHFH, through its many volunteers, constructs and rehabilitates affordable housing and transfers the homes to qualified families at appraised value and provides non-interest bearing mortgage loans. GCHFH is primarily responsible for the legal, organizational, fundraising, family selection and nurture, financial and construction aspects of the work.

During 2018 Habitat established the GCHFH Funding Company, LLC (Funding Company) under common control of the Habitat Board of Directors. Funding Company was formed to engage in the activity of acquiring and holding mortgage loans originated by Greater Cleveland Habitat for Humanity, Inc., the sole member, which are acquired and held in compliance with note purchase agreements between Greater Cleveland Habitat for Humanity, Inc. and financial institutions (See Note E).

During 2023, GCHFH purchased a building at 2110 West 110th Street in Cleveland, Ohio. The building functions as the main operating headquarters of GCHFH. GCHFH previously leased this same space from an unrelated third party landlord. GCHFH established 2110 West 110th, LLC (2110 West) under common control of the GCHFH Board of Directors, for the purposes of purchasing the building and renting out and operating the building. GCHFH is the sole member of 2110 West. GCHFH is a tenant of 2110 West and intercompany rental revenues and expenses are eliminated in consolidation. 2110 West also leases office space within its building to a third party tenant.

The accompanying consolidated financial statements of GCHFH include the operations of GCHFH, Funding Company and 2110 West and are collectively referred to as GCHFH, unless specifically noted. All significant intercompany transactions have been eliminated in consolidation.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, GCHFH 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. ASC 958-205 requires board-designated funds to be reported as part of net assets without donor restrictions; accordingly, GCHFH reports designations of voluntary board-approved segregations of net assets without donor restrictions for specific purposes as a classification of net assets without donor restrictions.

Basis of Accounting

The consolidated financial statements of GCHFH have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, GCHFH considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash accounts designated by GCHFH for home builds and other operational costs.

The following table provides a reconciliation of cash and cash equivalents reported within the Consolidated Statements of Financial Position to the Consolidated Statements of Cash Flows as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,383,456	\$ 1,572,420
Cash designated for home builds and other operational costs	<u>530,493</u>	<u>437,779</u>
	<u>\$ 2,913,949</u>	<u>\$ 2,010,199</u>

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Unconditional Promises to Give (Continued)

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. GCHFH uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance deemed necessary for uncollectible promises to give as of December 31, 2024 and 2023.

Mortgages Receivable, Discounts, and Allowances

As constructed and completed homes are transferred to qualified families, GCHFH allows qualified families to purchase the homes at appraised value subject to mortgages which bear no interest. Mortgages receivable consist of non-interest bearing mortgages secured by real estate and payable in monthly installments over the life of the mortgage. These mortgages are for terms generally between 15 and 30 years. The mortgages are recorded at the gross amount of payments to be received over the life of the mortgage and are discounted at various rates ranging from 7.23% to 9.00% based on the prevailing market rates at the inception of the mortgage as established by Habitat for Humanity International, Inc. A discount on the mortgages is recorded to reflect the economic benefit of the zero-interest-mortgage to the qualified families. Discounts are amortized over the life of the mortgage using the effective interest method.

Mortgages Receivable, Discounts, and Allowances

Mortgages receivable are periodically reviewed for uncollectibility based on past history and current economic conditions. GCHFH also holds a second mortgage on some properties that represents the difference between the estimated fair market value of the house and the first mortgage balance as of the transfer date.

The second mortgage is in place to mitigate the risk of the homeowner selling the home for a profit. In the event that a homeowner sells the home in less than ten years from the initial sale, GCHFH will receive the prorated portion of the mortgage amount from the proceeds of the sale. Due to the uncertainty regarding the potential for collection related to second mortgages, no amounts have been recorded in these consolidated financial statements. Proceeds from second mortgages would be recorded as income in the period collected.

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**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Mortgages Receivable, Discounts, and Allowances (Continued)

GCHFH has established several reserves to account for the risk of mortgage default. The reserve for loan loss is based on prior collection history of mortgages receivable. As of December 31, 2024 and 2023, GCHFH estimates that 2% of the loans issued will fall into foreclosure. The reserve balance is based on the total mortgages receivable less the present value discount and less the value of the mortgages that have fallen into pre-foreclosure as of year-end multiplied by the aforementioned percentage. As of December 31, 2024 and 2023, the reserve for loan loss was \$194,700 and \$157,100, respectively. The anticipated loss on foreclosed properties reserve has been established for delinquent mortgages that have entered the pre-foreclosure stage. GCHFH estimates that the resale value of a foreclosed home is \$25,000. The anticipated loss on foreclosed properties reserve is the difference between the balance due on the mortgage in pre-foreclosure, any escrow receivable and the sum of the present-value reserve for that home and the \$25,000 expected resale value as estimated by GCHFH. As of December 31, 2024, there was 1 home in pre-foreclosure with a balance totaling \$61,594. As of December 31, 2023, there were 2 homes in pre-foreclosure with balances due of \$106,061. As of December 31, 2024 and 2023, the reserve for anticipated loss on foreclosed properties was \$15,900 and \$29,400, respectively.

Escrow Receivables and Liabilities

GCHFH uses a third-party service provider to both collect and remit escrow amounts on behalf of qualified families for the payments of taxes and insurance. At times, GCHFH, will make advance payments for certain escrows due, such as forced placement insurance resulting in receivables from the applicable qualified families. During the closing process GCHFH, will receive escrow amounts from the title company that are then remitted to the third-party service provider for the payments of taxes and insurance. Any amounts temporarily held at year end are recorded as liabilities.

Homes Held for Rehab

If a partner family has difficulty making their mortgage payments, GCHFH will reclaim their home. In doing so, the value of the home when it is reclaimed is based on the mortgage receivable and escrow receivable balances due as of the date the home was reclaimed. A reclaimed home is considered construction in progress. While a home is held for rehab, GCHFH may incur costs associated with real estate tax, insurance, and securing the home.

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**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Inventories

Inventories consist of purchased and donated raw materials used in the construction of partner-family homes. The value of in-kind donations included in inventory is recorded at an estimated fair market value, as determined by management, at the time of receipt. All other inventory items are valued at the lower of cost or market. Purchased inventory is recorded at cost. ReStore (retail stores for sale of donated goods) inventory consists of contributed inventory, small furnishings, and tools. The value of the donated goods is determined based on the sales price received by GCHFH. At year end, the ReStore inventory value is determined based on management's estimation of the value of the inventory on hand.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at estimated fair market value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Expenditures for replacements and improvements are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are expensed currently. GCHFH's capitalization threshold varies based on the type of expense incurred. Depreciation is computed using the straight-line method, utilizing the following lives:

Class	Years
Office furniture	3 - 5
Equipment	5
Vehicles	5
Building and improvements	20 - 40

Investments

Investments are valued at fair value. Investment activity is generally comprised of large volumes with quick turnover and is therefore netted together on the Consolidated Statements of Cash Flows

Donated investments are reflected as contributions at their fair values at date of receipt. Dividend and interest income and gains and losses on investments are reflected in current activities without donor restrictions unless restricted by the donor, either by law or explicit donor stipulation, in which case they would be reported in activities with donor restrictions.

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**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Anticipated Loss on Future Home Builds

Losses are accrued on homes that GCHFH has committed to build for qualified families. This loss is determined by estimating the difference between the sale price of the homes and the total cost of construction.

Vacation Pay

Vacation pay is expensed when paid. Any accrual of vacation pay as of December 31, 2024 and 2023 is not material to the consolidated financial statements.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. GCHFH report gifts of cash and other assets as revenue with donor 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, the net assets are reclassified as net assets without donor restrictions and are reported in the Consolidated Statements of Activities as net assets released from restrictions. In situations where GCHFH meets all donor-imposed restrictions on amounts contributed for a specific purpose in the same reporting period in which the contribution was received, the contribution is reported as without donor restrictions support.

Donated Services

GCHFH receives various non-construction related services each year. These services do not meet the criteria for recognition under ASC 958-605 and are not reflected in the consolidated financial statements.

Revenue and Support With and Without Donor Restrictions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions. Funds received related to conditional grants are classified as refundable advances until expended for the purposes of the grants.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Revenue Recognition for Contracts with Customers

GCHFH's revenue streams under contracts with customers consists primarily of revenues under the following categories:

ReStore sales: GCHFH operates ReStore locations to sell donated goods. All sales are recognized at the point in time the products are sold.

Transfers to homeowners: GCHFH transfers completed newly constructed or rehabilitated homes to homeowners in exchange for an interest free mortgage. Sales revenue is recognized at the point in time that the home transfers.

Rental income: 2110 West rents space to GCHFH and 3rd parties. Rental income is recognized over a period of time on a monthly basis as the space is made available to tenants. Inter-company rental income and expense are eliminated in consolidation.

Other income: At times, GCHFH generates revenues from one-time transactions such as sales of fixed assets, refunds, programmatic charges and revenues which are recognized at the point in time such a transaction occurs.

Revenue recognition for each of the revenue streams identified above are subject to the satisfaction of performance obligations. Revenue is recognized when performance obligations are satisfied over a period of time or at a point in time. Revenue is measured as the amount of consideration Habitat expects to receive in exchange for providing services. Any payments received in advance of satisfaction of performance obligations are recorded as deferred revenue until such obligation is met.

New Markets Tax Credit Financing

During 2021, GCHFH invested in two New Markets Tax Credit (NMTC) financing joint ventures with two other Habitat affiliates, to take advantage of tax credit equity financing (see Note R).

Advertising

Advertising costs are expensed as incurred. During the years ended December 31, 2024 and 2023, advertising costs were \$114,862 and \$59,895, respectively.

Functional Allocation of Expenses

Costs of providing various programs and supporting services are allocated based on specific identification, if practical. Certain categories of expenses are attributable to more than one program or supporting function.

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**NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Functional Allocation of Expenses (Continued)

Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include insurance, rent, repairs and maintenance, security, and depreciation, which are allocated on a square-footage basis, as well as, salaries, payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

Description of Functional Expenses

Program Services:

GCHFH strives to eliminate sub-standard housing through family development, neighborhood development and raising awareness of housing issues and solutions. GCHFH constructs affordable housing, transfers the homes to qualified families at appraisal value, and provides non-interest bearing mortgage loans. These homes serve as a catalyst for comprehensive neighborhood development projects that are supported by family and volunteer educational activities. In addition, the ReStore (retail store for sale of donated goods) program's primary goal is to raise money for GCHFH, while reducing the amount of building materials deposited in landfills. This will also provide materials and products at a reduced cost to local contractors and do-it-yourselfers.

General and Administrative:

Expenses are incurred in the day-to-day operations of GCHFH.

Fundraising and Development:

Expenses are incurred in raising additional funds for GCHFH.

Pervasiveness of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

Financial instruments that potentially subject GCHFH to concentrations of credit risk consist primarily of cash and equivalents and promises to give. GCHFH maintains its cash and equivalents with financial institutions and although at times they may have invested amounts in excess of any federal insurance limits, management does not feel that it is exposed to any substantial credit risk. Concentrations with respect to promises to give are limited due to the large number of donors comprising GCHFH's donor base and the variety of GCHFH's funding sources. As of December 31, 2024 and 2023, GCHFH had no other significant concentrations of credit risk.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires entities to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the consolidated financial statements at the net amount expected to be collected. On January 1, 2023, GCHFH adopted the new accounting standard and all of the related amendments using the modified retrospective method. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no significant impact on GCHFH's consolidated financial statements.

Subsequent Events

GCHFH has evaluated its December 31, 2024 consolidated financial statements for subsequent events through May 19, 2025, the date the consolidated financial statements were available to be issued and all relevant subsequent information is included within the applicable notes to the consolidated financial statements.

NOTE B - PROMISES TO GIVE

Unconditional promises to give as of December 31, 2024 and 2023 consist of the following:

	2024	2023
Promises to give without donor restrictions	\$ 484,350	\$ 447,400
Restricted for neighborhood revitalization, home builds and rehabs	275,000	175,000
Total unconditional promises to give	759,350	622,400
Less: Unamortized discount	(30,035)	(37,568)
Net Unconditional Promises to Give	<u>\$ 729,315</u>	<u>\$ 584,832</u>
	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 459,350	\$ 312,400
One to five years	300,000	310,000
Total Amounts Due	<u>\$ 759,350</u>	<u>\$ 622,400</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE B - PROMISES TO GIVE (CONTINUED)

Conditional promises to give at December 31, 2024 and 2023 consist of:

	2024	2023
Ohio Environmental Protection Agency - Truck purchase	\$ 0	\$ 50,000
Total Conditional Promises to Give	\$ 0	\$ 50,000

NOTE C - CONSTRUCTION IN PROGRESS

Costs incurred relating to homes under construction but not completed at the end of each year are recorded as construction in progress. Construction costs include the cost of labor and materials purchased by GCHFH. Donated materials are recorded based on their estimated value at the time of receipt. No amounts have been recorded in construction in progress for donated services, as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the construction of the homes.

NOTE D - MORTGAGES RECEIVABLE

As homes are transferred to qualified families, GCHFH allows qualified families to purchase homes at appraised value subject to mortgages which bear no interest. These mortgages are for terms generally between 15 and 30 years. A discount on the mortgages is recorded in order to reflect the economic benefit of the zero-interest mortgage to the qualified families.

The discount recorded has been estimated based on the prevailing interest, as determined by Habitat for Humanity, International, Inc., at the point of inception. A portion of the discount is amortized as interest each year that the mortgage is outstanding. The discounted mortgages receivable balance is considered to be representative of fair value.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE D - MORTGAGES RECEIVABLE (CONTINUED)

The mortgage receivable balance as of December 31, 2024 and 2023 is comprised of the following items:

	2024		
	Total	Current Portion	Long-Term Portion
Mortgage receivable - Gross	\$ 12,516,500	\$ 948,151	\$ 11,568,349
Less:			
Discount on mortgages receivable	(2,888,799)	(437,436)	(2,451,363)
Allowance for foreclosure risk	(15,900)	0	(15,900)
Allowance for loan loss on non-AAR loans	(194,700)	0	(194,700)
Allowance for substitutions on AAR loans	(5,420)	0	(5,420)
Mortgage receivable - Net	<u>\$ 9,411,681</u>	<u>\$ 510,715</u>	<u>\$ 8,900,966</u>
	2023		
	Total	Current Portion	Long-Term Portion
Mortgage receivable - Gross	\$ 10,414,951	\$ 860,246	\$ 9,554,705
Less:			
Discount on mortgages receivable	(2,664,688)	(385,140)	(2,279,548)
Allowance for foreclosure risk	(29,400)	0	(29,400)
Allowance for loan loss on non-AAR loans	(157,100)	0	(157,100)
Allowance for substitutions on AAR loans	(6,870)	0	(6,870)
Mortgage receivable - Net	<u>\$ 7,556,893</u>	<u>\$ 475,106</u>	<u>\$ 7,081,787</u>

During the year ended December 31, 2024, 24 homes were sold to qualified families recognizing \$3,187,000 of revenue from the sales.

During the year ended December 31, 2023, 11 homes were sold to qualified families recognizing \$1,112,000 of revenue from the sale. In addition, one home was constructed and sold to a not-for-profit organization, based on a Memorandum of Understanding agreement, to assist the not-for-profit organization with its mission to empower women with children to become homeowners. GCHFH earned \$180,000 from the not-for-profit organization for the completed home, with the remaining costs covered by a grant from the City of Cleveland HUD HOME funds and additional funds raised by GCHFH.

As discussed in Note E, GCHFH entered into agreements with several local banks through which certain mortgages receivable were sold by GCHFH to the banks.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE E - ACCELERATED ASSET RECOVERY LOANS

As discussed in Note D, in prior years, certain mortgage receivables were sold by GCHFH to banks at discounted rates ranging from 51% to 70% of the outstanding balance. As a term of the agreements, GCHFH agreed to service the loans for the banks at no additional cost. Additionally, if any mortgage becomes more than 60 days delinquent, GCHFH has agreed to substitute the delinquent mortgage for a current mortgage. As such, an allowance for substitutions has been established as of December 31, 2024 and 2023 in the amount of \$5,420 and \$6,870, respectively.

As the years ended December 31, 2024 and 2023, there were 5 and 7 mortgages, respectively, funding the portfolio balance with these financial institutions. The balance the banks expect GCHFH to collect and subsequently remit to them over the life of these sold mortgages amounted to \$67,763 and \$85,844, respectively, as of December 31, 2024 and 2023. Once these outstanding balances to the banks are fulfilled, any future mortgage collections on these mortgages will be retained by GCHFH. During the years ended December 31, 2024 and 2023 no banks exercised rights of recourse.

During 2018, the Funding Company issued and sold a secured note to an institutional purchaser pursuant to a note purchase agreement (see Note K) in the amount of \$1,204,938 and used the proceeds to purchase 27 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and were pledged to the note purchaser as security for the secured note. A gain of \$62,020 was recognized on the transaction. The mortgage notes are still being serviced by GCHFH, who also provides credit support.

During 2019, the Funding Company issued and sold a secured note to an institutional purchaser pursuant to a note purchase agreement (see Note K) in the amount of \$1,985,230 and used the proceeds to purchase 33 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and were pledged to the note purchaser as security for the secured note. The mortgage notes are still being serviced by GCHFH, who also provides credit support.

During 2021, the Funding Company issued and sold a secured note to an institutional purchaser pursuant to a note purchase agreement (see Note K) in the amount of \$2,022,191 and used the proceeds to purchase 25 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and were pledged to the note purchaser as security for the secured note. The mortgage notes are still being serviced by GCHFH, who also provides credit support.

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DECEMBER 31, 2024 AND 2023

NOTE E - ACCELERATED ASSET RECOVERY LOANS (CONTINUED)

During 2021, the Funding Company issued and sold a secured note to an institutional purchaser pursuant to a note purchase agreement (see Note K) in the amount of \$514,928 and used the proceeds to purchase 5 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and were pledged to the note purchaser as security for the secured note. The mortgage notes are still being serviced by GCHFH, who also provides credit support.

During 2024, the Funding Company issued and sold a secured note to an institutional purchaser pursuant to a note purchase agreement (see Note K) in the amount of \$1,414,109 and used the proceeds to purchase 18 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and were pledged to the note purchaser as security for the secured note. The mortgage notes are still being serviced by GCHFH, who also provides credit support.

During 2024, the Funding Company issued and sold a secured note to an institutional purchaser pursuant to a note purchase agreement (see Note K) in the amount of \$1,147,267 and used the proceeds to purchase 9 homeowner notes from GCHFH. The homeowner notes are owned by Funding Company and were pledged to the note purchaser as security for the secured note. The mortgage notes are still being serviced by GCHFH, who also provides credit support.

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment, as of the year ended December 31, 2024 and 2023 are comprised of the following:

	2024	2023
Land	\$ 847,592	\$ 847,592
Office and ReStore equipment	172,229	169,009
Building	3,731,207	3,731,208
Leasehold improvements	125,714	105,855
Finance lease right-of-use-assets	62,060	146,921
Vehicles	525,820	360,385
Construction equipment	107,031	107,031
	<u>5,571,653</u>	<u>5,468,001</u>
Less: Accumulated depreciation	<u>860,626</u>	<u>667,235</u>
	<u>\$ 4,711,027</u>	<u>\$ 4,800,766</u>

Depreciation expense, net of redistribution to CIP for the years ended December 31, 2024 and 2023 totaled \$115,017 and \$60,559, respectively.

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NOTE G - INVESTMENTS

The following is a summary of costs and fair values of assets held in GCHFH's investment portfolio as of December 31, 2024 and 2023.

	2024		
	Cost	Fair Value	Unrealized Loss
Cash equivalents	\$ 260,176	\$ 260,176	\$ 0
Mutual funds	1,012,914	972,728	(40,186)
Exchange traded funds	882,579	882,213	(366)
	<u>\$ 2,155,669</u>	<u>\$2,115,117</u>	<u>\$ (40,552)</u>
	2023		
	Cost	Fair Value	Unrealized Loss
Cash equivalents	\$ 225,580	\$ 225,580	\$ 0
Mutual funds	1,420,739	1,304,951	(115,788)
Exchange traded funds	780,460	762,999	(17,461)
	<u>\$ 2,426,779</u>	<u>\$2,293,530</u>	<u>\$ (133,249)</u>

NOTE H -FAIR VALUE MEASUREMENTS

GCHFH uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

In accordance with ASC 820-10, GCHFH has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that GCHFH has the ability to access. These include investments that are recorded at fair value on a recurring basis and fair value measurement is based upon quoted prices, if available. Securities valued using Level 1 inputs include those traded on an active exchange and other exchange trade securities.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for subsequently the full term of the asset or liability.

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NOTE H -FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table presents GCHFH's fair value hierarchy by level for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023.

	2024			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	\$ 260,176	\$ 260,176	\$ 0	\$ 0
Mutual funds	972,728	972,728	0	0
Exchange traded	882,213	882,213	0	0
Total investments at fair value	2,115,117	2,115,117	0	0
Donated inventory at fair value	560,852	0	0	560,852
Total assets at fair value	<u>\$2,675,969</u>	<u>\$2,115,117</u>	<u>\$ 0</u>	<u>\$ 560,852</u>
	2023			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	\$ 225,580	\$ 225,580	\$ 0	\$ 0
Mutual funds	1,304,951	1,304,951	0	0
Exchange traded	762,999	762,999	0	0
Total investments at fair value	2,293,530	2,293,530	0	0
Donated inventory at fair value	520,368	0	0	520,368
Total assets at fair value	<u>\$2,813,898</u>	<u>\$2,293,530</u>	<u>\$ 0</u>	<u>\$ 520,368</u>

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. GCHFH receives donated goods which are recorded at fair value (level 3) which is determined by a calculation which values donated materials using a method which estimates inventory based on factors such as net sales and inventory turnover. There have been no changes in valuation techniques and related inputs during the current periods.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE I - ASSETS HELD FOR RESALE

Property and land donated to GCHFH for the purpose of resale are recorded on the balance sheet at their estimated market value. GCHFH reviews all assets held for resale (as well as property and equipment) for impairment whenever changes in circumstances indicate that the carrying value of the assets may not be recoverable. As of December 31, 2024 and 2023 there are no assets held for resale.

NOTE J - LINE OF CREDIT

On March 25, 2019, GCHFH entered into a line of credit agreement with a bank in the amount of \$250,000. The line of credit bears interest at the Wall Street Journal Prime Rate (7.50% and 8.50% as of December 31, 2024 and 2023, respectively) and is collateralized by essentially all the assets of GCHFH. Amounts outstanding were \$0 as of both the years ended December 31, 2024 and 2023.

NOTE K - NOTES PAYABLE AND NOTES PAYABLE – RELATED PARTIES

Notes payable and notes payable – related parties as of December 31, 2024 and 2023 are comprised of the following:

	<u>2024</u>	<u>2023</u>
Note payable to a bank, with an original amount of \$1,204,938, secured by 27 homeowner mortgages (See Note E). Payments due in monthly installments of \$6,456, without interest until August 2024 at which time payments decrease to \$6,153 per month through January 2029. Commencing in February 2029, the monthly payments decline gradually until the maturity date of May 2042.	\$ 754,317	\$ 830,299
Note payable to a bank, with an original amount of \$1,985,230, secured by 33 homeowner mortgages (See Note E). Payments due in monthly installments of \$10,474, without interest until January 2024 at which time payment decreases to \$10,351 for one month and then to \$10,127 per month until August 2028. Commencing in September 2028, the monthly payments decline gradually until the maturity date of December 2043.	1,208,505	1,422,064

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE K - NOTES PAYABLE AND NOTES PAYABLE – RELATED PARTIES (CONTINUED)

Notes payable and notes payable – related parties as of December 31, 2024 and 2023 are comprised of the following:

	<u>2024</u>	<u>2023</u>
Note payable to a bank, with an original amount of \$2,022,191, secured by 25 homeowner mortgages (See Note E). Payments due in monthly installments of \$10,691, without interest until March 2025 at which time the payment gradually decreases until the maturity date of July 2046.	\$ 1,594,560	\$ 1,722,849
Note payable to a bank, with an original amount of \$514,928, secured by 5 homeowner mortgages (See Note E). Payments due in monthly installments of \$2,466, without interest until November 2036 at which time the payment gradually decreases until the maturity date of October 2044.	428,614	458,208
Note payable to a bank, with an original amount of \$1,414,109, secured by 18 homeowner mortgages (See Note E). Payments due in monthly installments of \$6,833, without interest until September 2034 at which time the payment gradually decreases until the maturity date of April 2054.	1,359,442	0
Note payable to a bank, with an original amount of \$1,147,267, secured by 9 homeowner mortgages (See Note E). Payments due in monthly installments of \$4,199, without interest until May 2042 at which time the payment gradually decreases until the maturity date of July 2054.	1,130,472	0
Note payable to a HFHI, a related party, with an original amount of \$1,000,000, for the construction of approximately 10 affordable for-sale homes. Secured by 12 homeowner mortgages. Interest only payments are due quarterly at 4.25%, with a final balloon payment due on the maturity date of December 2025. See also Note N.	1,000,000	0
Note payable to a Community Foundation, with an original amount of \$500,000. The note is unsecured and has 0% interest and no repayment terms. Repayment is due in full by April 15, 2027.	500,000	0

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE K - NOTES PAYABLE AND NOTES PAYABLE – RELATED PARTIES (CONTINUED)

	<u>2024</u>	<u>2023</u>
Note payable to a related party Board member, with an original amount of \$1,000,000. The note is unsecured and has 0% interest and no repayment terms. The loan is expected to be repaid in full in 2025. See also Note N.	\$ 700,000	\$ 1,000,000
Note payable bridge loan with a bank, with an original amount of \$1,000,000. Secured by an assignment of rents on real property located in Lorain County, Ohio, an open end mortgage dated July 2024 to lender on real property located in Lorain County, Ohio and a commercial security agreement dated July 2024 on equipment, general intangibles and fixtures. Interest only payments due in monthly installments of \$5,067, with a final principal and interest payment of \$1,005,067 on the maturity date of July 2025. The note has a one year extension option.	1,000,000	0
Mortgage note payable with a bank in the original amount of \$2,240,000. The mortgage bears monthly interest at 6.44% and requires 119 monthly payments in the amount of \$15,040.77, with a final balloon payment due on October 5, 2033. The mortgage is collateralized by the building located at 2110 W. 110th Street.	1,454,264	2,058,945
Total Notes Payable and Notes Payable - Related Parties	11,130,174	7,492,365
Less: Unamortized debt issuance costs	25,643	7,740
	11,104,531	7,484,625
Less: Current portion	3,064,182	401,921
Notes payable and notes payable - related parties, net	<u>\$ 8,040,349</u>	<u>\$ 7,082,704</u>
Required annual principal payments for the next five years as of December 31, 2024 are as follows:		
2025	\$ 3,264,183	
2026	568,273	
2027	1,074,028	
2028	580,330	
2029	579,989	
Thereafter	5,063,371	
Total	<u>\$ 11,130,174</u>	

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE L –LEASES COMMITMENTS

As of December 31, 2024 and 2023, GCHFH has financing lease agreements to finance the purchase of various vehicles used in operations. The property is capitalized at the present value of the minimum lease payments.

The original capitalized cost of the property still under lease purchase agreements amounted to \$62,060 and \$146,921 as of the years ended December 31, 2024 and 2023, respectively. Accumulated depreciation on the property amounted to \$42,178 and \$102,063 as of December 31, 2024 and 2023, respectively.

The following is a schedule of the future minimum lease payments required under the financing leases and the present value of the minimum lease payments as of December 31, 2024:

2025	\$ 12,746
2026	2,124
2027	0
2028	0
2029	0
	<hr/> 14,870
Less: Amount representing interest	<hr/> 97
Present value of minimum lease payments	<hr/> <u>\$ 14,773</u>

GCHFH leases office space, copiers and warehouse space through operating lease agreements which expire through March 2030, with a weighted-average remaining lease term in years of 3.80 as of December 31, 2024.

The net present value of the lease commitments are calculated using the risk free rate practical expedient resulting in discount rates ranging from .96% to 4.63%, with a weighted-average discount rate of 4.09%. The right-of-use assets and operating lease liabilities are being amortized over the respective lives of the leases. As of December 31, 2024 and 2023, the unamortized right-of-use assets were valued at \$642,285 and \$791,108, respectively and the unamortized operating lease liabilities were valued at \$642,285 and \$791,108, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE L –LEASES COMMITMENTS (CONTINUED)

As of December 31, 2024, the future minimum lease commitments under operating leases are as follows:

2025	\$ 213,155
2026	165,725
2027	149,915
2028	146,615
2029	20,949
Thereafter	<u>2,388</u>
Total minimum future rental payments	698,747
Less: Imputed interest	<u>56,462</u>
Total operating lease liability	<u><u>\$ 642,285</u></u>

Rent expense under operating leases amounted to \$211,468 and \$369,662 for the years ended December 31, 2024 and 2023, respectively.

As further described in Notes A and K, GCHFH began renting its main office space from 2110 West, which was formed in 2023 as an LLC for the purpose of acquiring the building that is GCHFH's main operating headquarters. GCHFH is the sole member of 2110 West. Prior to the acquisition, GCHFH rented its main office space from an unrelated landlord. Rental income and rent expense between 2110 West and GCHFH totaling \$92,050 and \$15,342 for the years ended December 31, 2024 and 2023, respectively, were eliminated in consolidation.

2110 West also leases office space within its building to a third party with a lease term that extends through March 31, 2027. The lease was transferred from the previous landlord during the transaction to purchase the building at 2110 West 110th Street.

The following is a schedule by years of future minimum lease revenues required to be paid to 2110 West under operating leases with initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2024:

2025	\$ 259,500
2026	259,500
2027	64,875
2028	<u>0</u>
	<u><u>\$ 583,875</u></u>

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE M – BOARD DESIGNATED FUNDS AND RESTRICTIONS ON NET ASSETS

It is the policy of the Board of Directors of GCHFH to designate appropriate sums of net assets without donor restrictions to ensure timely payment of certain liabilities. Since the board-designated funds resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. Net assets with donor restrictions as of December 31, 2024 and 2023 are available for the following purposes:

	2024	2023
Restricted for future home rehabs	\$ 678,165	\$ 477,822
Restricted for mortgage relief	64,239	80,946
Restricted for international projects	0	0
Restricted for Neighborhood Clean Up	52,252	54,011
Total Net Assets With Donor Restrictions	<u>\$ 794,656</u>	<u>\$ 612,779</u>

NOTE N – RELATED PARTY TRANSACTIONS AND NOTE PAYABLE – RELATED PARTY

GCHFH is an affiliate of Habitat for Humanity International (HFHI) and Habitat for Humanity Ohio (HFH). As an affiliate, GCHFH is encouraged to contribute a portion of its revenue to Habitat for Humanity International, for use in carrying out its mission across the world. GCHFH paid such fees amounting to \$50,000 and \$85,000 for the years ended December 31, 2024 and 2023, respectively. As of 2014 GCHFH was required to pay an annual affiliate fee. During the years ended December 31, 2024 and 2023, an annual affiliate fee of \$12,500 and \$25,000, respectively was charged by Habitat for Humanity International. The annual affiliate fee ended during 2024, when GCHFH elected to join the Habitat 2.0 program.

Habitat 2.0 is a joint fundraising program between HFHI and Affiliates. Affiliates pay an annual fee based on a population band and a 3-year rolling average revenue band, established by HFHI. Affiliates, upon joining the program, are required to share certain contact information with HFHI to be used for marketing and communication purposes going forward. Any funds raised by HFHI relating to GCHFH's operational area are shared with GCHFH. For the fiscal year ended December 31, 2024, GCHFH received \$75,993 in shared contributions and recognized \$43,919 in shared marketing expense. In additions, GCHFH incurred \$112,500 in fee expense to join the program, which represents a prorated 6 months of the annual fee of \$225,000.

Habitat also pays minor ReStore fees to Habitat for Humanity International and at times other one-time fees to both Habitat for Humanity International and Habitat for Humanity Ohio.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

**NOTE N – RELATED PARTY TRANSACTIONS AND NOTE PAYABLE – RELATED PARTY
(CONTINUED)**

During 2024, GCHFH obtained a short-term loan in the amount of \$1,000,000 from Habitat for Humanity International. The loan is to finance the construction costs of 10 affordable homes. Interest only payments are due quarterly at 4.25%, with a final balloon payment due on the maturity date of December 2025. The loan is secured by the mortgages of 12 homes. The loan balance amounts to \$1,000,000 and \$0 as of the year ended December 31, 2024 and 2023, respectively. See also Note K.

During 2023, GCHFH obtained a short-term loan in the amount of \$1,000,000 from a Board member. The loan was applied in 2024 to the down payment for 19 modular homes. The loan is non-interest bearing, with no incremental payment terms. In 2024, \$300,000 was repaid on the loan, leaving a \$700,000 balance expected to be repaid in 2025. See also Note K.

All amounts outstanding under this note are due no later than December 31, 2025, the maturity date, although the maturity date may be extended by mutual agreement between GCHFH and the payee. GCHFH may make, from time to time, additional payments to the payee in amounts of not less than \$1,000. The loan is classified as a short-term liability.

As further discussed in Note L, GCHFH began renting its main office space from 2110 West once the building was purchased by 2110 West from the previous owner. GCHFH is the sole member of 2110 West, an LLC. Rental income and expense between 2110 West and GCHFH totaling \$92,050 and \$15,342 for the years ended December 31, 2024 and 2023, respectively, were eliminated in consolidation.

NOTE O - DONATED GOODS AND SERVICES

The value of donated goods and services included in the consolidated financial statements for the years ended December 31, 2024 and 2023, are as follows:

	2024	2023
Inventory contributed for sale at <i>ReStore</i>	<u>\$ 2,451,362</u>	<u>\$2,323,526</u>
	<u><u>\$ 2,451,362</u></u>	<u><u>\$2,323,526</u></u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific projects and administration. These services do not meet the criteria for recognition under ASC 958-605.

During 2023 GCHFH purchased its main operating location building from its former landlord, as previously described in the notes to the consolidated financial statements. The purchase agreement terms stated that the purchase price included a donated value of \$400,000. Therefore, \$400,000 was recognized as other donated goods and services in the Consolidated Statements of Activities during the year ended December 31, 2023.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE P – RETIREMENT PLAN

GCHFH adopted a 401(k) retirement plan effective January 1, 2016, which was most recently restated and amended effective December 29, 2023. The Plan is a safe harbor 401(k) plan and covers substantially all employees, as defined in the Plan Agreement. Participating employees may elect to contribute, on a tax-deferred basis or to an In-Plan Roth IRA, a portion of their compensation in accordance with section 401(k) of the Internal Revenue Code. Employees must have completed 6 months of service and be at least 18 years of age to be eligible on the entry date, which is the first date of each quarter. Participants may make rollover contributions into the Plan and rollover contributions can be withdrawn by participants at any time. GCHFH provides matching contributions of 100% of each participant's elected deferral, not to exceed 4% of an employee's compensation, plus 25% of each employee's elective deferral in excess of 4% but not in excess of 6% of the participant's compensation. For the years ended December 31, 2024 and 2023, GCHFH's contributions, net of forfeitures, amount to \$136,582 and \$115,065, respectively. The plan provides for a traditional automatic contribution arrangement for all employees who become participants on or after the effective date of the Automatic Deferral provision of January 1, 2020. Unless an employee makes an affirmative election, GCHFH will withhold 4% of compensation, as defined in the Plan Agreement, for each payroll period, with no escalation of the automatic deferral amount.

NOTE Q - INCOME TAXES

GCHFH qualifies as a charitable organization under Section 501(c)(3) of the Internal Revenue Code, under a group exemption granted by Habitat for Humanity International, Inc. and operates as a public charity and accordingly, is exempt from income taxes.

Funding Company and 2110 West were formed as single member LLCs and are disregarded entities for the purposes of filing with the Internal Revenue Service.

As of January 1, 2023 and for the years ended December 31, 2024 and 2023, GCHFH had not engaged in any activity which management considers to be activity that could result in a loss of its 501(c)(3) IRS designation.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE Q - INCOME TAXES (CONTINUED)

For the years ended December 31, 2024 and 2023, there was no tax interest or penalties reflected in the Consolidated Statements of Activities or in the Consolidated Statements of Financial Position. GCHFH follows GAAP for Uncertainty in Income Taxes. GCHFH's income tax filings are subject to audit by various taxing authorities. In evaluating GCHFH's activities, GCHFH believes its position of tax-exempt status is appropriate based on current facts and circumstances

NOTE R – NEW MARKETS TAX CREDIT INVESTMENT AND LOANS PAYABLE

In 2021 GCHFH invested, along with two other Habitat affiliates, into two joint ventures named HFHI NMTC SUB-CDE IV, LLC (IV CDE) and HFHI NMTC SUB-CDE V, LLC (V CDE) to take advantage of NMTC financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new markets tax credits to be applied against their federal tax liability.

GCHFH invested a combination of cash (\$1,051,945) and construction in progress (\$824,734) totaling \$1,876,679 for a 30.28% share of project proceeds and secured a loan in the amount of \$2,273,349 payable to IV CDE and \$252,594 payable to V CDE. The net proceeds resulting from the joint venture totaled \$347,252 and are being used solely for the purpose of construction and selling qualified housing properties to low-income residents. GCHFH recorded a loan payable to IV CDE in the amount of \$2,273,349 and a loan payable to V CDE in the amount of \$252,594 as part of the NMTC financing transaction. Both loans have accounting periods of 7-years bearing interest at .737931% and .789723%, respectively, per annum and requiring semi-annual interest-only payments in May and November through March 2028. At the end of the 7-year term the loans will be forgiven. Interest expense on the loans for both the years ended December 31, 2024 and 2023 was \$18,771. Amortization of the debt issuance costs amounted to \$5,832 and \$8,747 for the years ended December 31, 2024 and 2023, respectively.

Interest only payments on the original principal amounts are required to be repaid as follows:

2025	\$	18,771
2026		18,771
2027		18,771
2028		4,640
2029		0
Thereafter		0
Total	\$	<u>60,953</u>

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

**NOTE R – NEW MARKETS TAX CREDIT INVESTMENT AND LOANS PAYABLE
(CONTINUED)**

HFHI withheld an Affiliate Guaranty Fee of \$127,068 at the onset of the NMTC transaction. The fee is earned and paid back to GCHFH on a semi-annual basis in June and December over the 7-year accounting period of NMTC. GCHFH has earned \$68,072 and \$49,919 as of December 31, 2024 and 2023, respectively.

GCHFH incurred certain debt issuance costs, which are being amortized over the 7-year note terms. At the loan origination date GCHFH incurred debt issuance costs of \$94,080 for a HFHI Structuring Fee and \$80,864 for NMTC Closing Fees.

Unamortized debt issuance costs are reported as a direct reduction of the loan as of and for the years ended December 31, 2024 and 2023, as summarized below:

	2024	2023
HFHI NMTC SUB-CDE IV, LLC - Loan Payable	\$2,273,348	\$2,273,348
HFHI NMTC SUB-CDE V, LLC - Loan Payable	<u>252,593</u>	<u>252,593</u>
Total NMTC Loans Payable	\$2,525,941	\$2,525,941
Original HFHI Structuring Fee	(94,079)	(94,079)
Less: Accumulated amortization	<u>11,760</u>	<u>8,624</u>
Net Unamortized HFHI Structuring Fee	(82,319)	(85,455)
Original NMTC Closing Fees	(80,863)	(80,863)
Less: Accumulated amortization	<u>10,108</u>	<u>7,412</u>
Net Unamortized Closing Fees	<u>(70,755)</u>	<u>(73,451)</u>
Total Loan payable NMTC, net	<u><u>\$2,372,867</u></u>	<u><u>\$2,367,035</u></u>

NOTE S – BENFICIAL INTEREST IN FOUNDATION FUND

During 2014, LCHFH established the Lorain County Habitat for Humanity Fund (the Fund) with funds contributed by various donors. An irrevocable and absolute assignment of the property funds was made to the Community Foundation of Lorain County (the Foundation). Upon donation of all LCHFH assets and interests to GCHFH in 2022, GCHFH became the beneficiary of the income distributions of the Fund.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE S – BENFICIAL INTEREST IN FOUNDATION FUND (CONTINUED)

The Fund assists with fulfilling general public charitable goals. The Foundation's Board can vote to distribute all or a portion of the fund's income to the donor agency, which is now GCHFH, for such purposes. The principal of the Fund is an asset of the Foundation. If GCHFH ceases to carry on its general public charitable goals, ceases to operate in Lorain County, or if distribution of the funds by the Foundation become inconsistent with the charitable intentions of the agreement, the Board of Directors of the Foundation is authorized to distribute said income to other organizations that will substantially carry out the original purposes of the donors.

As a community foundation, the Foundation has variance power with respect to this Fund and has absolute discretion over the funds. As such, the GCHFH has not recorded the value of this Fund as an asset and revenue was not recorded by LCHFH when contributed by the donors to establish the Fund. Interest income is recorded annually upon distribution by the Foundation. There were no interest distributions to GCHFH during the fiscal years ended December 31, 2024 and 2023.

NOTE T – LIQUIDITY

GCHFH's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,383,456	\$ 1,572,420
Receivables	193,568	105,308
Mortgages receivable		
Current portion of mortgages receivable	948,151	860,246
Less: Current portion of discount on mortgages receivable	(437,436)	(385,140)
Unconditional promises to give - Without donor restrictions, due within one year	284,350	137,400
Investments	<u>2,115,117</u>	<u>2,293,530</u>
	<u>\$ 5,487,206</u>	<u>\$ 4,583,764</u>

In addition to the financial assets noted above, Habitat has \$530,493 and \$437,779 as of December 31, 2024 and 2023, respectively of cash that is board designated for home builds and other operational costs, which may be used with consent of the board at any time. Habitat currently maintains ReStore locations in which inventory is readily sold for unrestricted cash to be used for operations. Net assets with donor restrictions will generally be used in the next fiscal year on various purposes closely related to home builds and other operational costs. As described in Note J, Habitat has an available line of credit in the amount of \$250,000 which may be utilized for general expenditures.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATING FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

	GCHFH	Funding Company	2110 WEST 110TH, LLC	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 2,213,547	\$ 68,989	\$ 100,920	\$ 0	\$ 2,383,456
Cash designated for home builds and other operational costs	530,493	0	0	0	530,493
Investments	14	2,115,103	0	0	2,115,117
Receivables					
Mortgages receivable	6,066,112	6,450,388	0	0	12,516,500
Escrows receivable	48,184	0	0	0	48,184
Discount and reserves for mortgages and escrows receivables	(3,104,819)	0	0	0	(3,104,819)
Unconditional promises to give - Without donor restrictions, net	465,152	0	0	0	465,152
Unconditional promises to give - With donor restrictions, net	264,163	0	0	0	264,163
Other receivables	176,068	0	17,500	0	193,568
Prepaid expenses and deposits	67,163	0	0	0	67,163
Investment in subsidiary	1,958,995	0	0	(1,958,995)	0
Inventories					
Materials inventory	70,094	0	0	0	70,094
ReStore inventory	560,852	0	0	0	560,852
Construction in progress	6,652,731	0	0	0	6,652,731
Anticipated loss on home builds	(47,192)	0	0	0	(47,192)
Property and equipment, net	1,584,540	0	3,126,487	0	4,711,027
Assets to be place in service	0	0	103,293	0	103,293
Operating right-of-use-assets	642,285	0	0	0	642,285
Intercompany receivable (payable)	460,416	0	0	(460,416)	0
Deposits and other assets	58,996	0	0	0	58,996
NMTC Investment	1,796,881	0	0	0	1,796,881
Total Assets	<u>\$20,464,675</u>	<u>\$ 8,634,480</u>	<u>\$ 3,348,200</u>	<u>\$(2,419,411)</u>	<u>\$30,027,944</u>
Liabilities					
Accounts payable	\$ 429,839	\$ 0	\$ 0	\$ 0	\$ 429,839
Intercompany (receivable) payable	0	143,486	316,930	(460,416)	0
Accrued expenses	294,749	0	25,288	0	320,037
Notes payable - Related party	1,700,000	0	0	0	1,700,000
Operating lease obligations	642,285	0	0	0	642,285
Finance lease obligations	14,773	0	0	0	14,773
Loans payable NMTC, net of unamortized loan origination fees	2,372,867	0	0	0	2,372,867
Notes payable, net of unamortized debt issuance costs	1,480,692	6,475,910	1,447,929	0	9,404,531
Total Liabilities	<u>6,935,205</u>	<u>6,619,396</u>	<u>1,790,147</u>	<u>(460,416)</u>	<u>14,884,332</u>
Net Assets					
Without Donor Restrictions					
Available for programs and services	6,125,690	81,612	1,558,053	0	7,765,355
Allocated to affordable housing programs	6,609,124	(25,522)	0	0	6,583,602
	<u>12,734,814</u>	<u>56,090</u>	<u>1,558,053</u>	<u>0</u>	<u>14,348,957</u>
Donated capital	0	1,958,995	0	(1,958,995)	0
Total Net Assets Without Donor Restrictions	<u>12,734,814</u>	<u>2,015,085</u>	<u>1,558,053</u>	<u>(1,958,995)</u>	<u>14,348,957</u>
With Donor Restrictions	<u>794,656</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>794,656</u>
Total Net Assets	<u>13,529,470</u>	<u>2,015,085</u>	<u>1,558,053</u>	<u>(1,958,995)</u>	<u>15,143,613</u>
Total Liabilities and Net Assets	<u>\$20,464,675</u>	<u>\$ 8,634,480</u>	<u>\$ 3,348,200</u>	<u>\$(2,419,411)</u>	<u>\$30,027,944</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

	GCHFH	Funding Company	2110 WEST 110TH, LLC	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 1,530,721	\$ 1,743	\$ 39,956	\$ 0	\$ 1,572,420
Cash designated for home builds and other operational costs	437,779	0	0	0	437,779
Investments	810,072	1,483,458	0	0	2,293,530
Receivables					
Mortgages receivable	6,061,966	4,352,985	0	0	10,414,951
Escrows receivable	51,926	0	0	0	51,926
Discount and reserves for mortgages and escrows receivables	(2,858,058)	0	0	0	(2,858,058)
Unconditional promises to give - Without donor restrictions, net	409,832	0	0	0	409,832
Unconditional promises to give - With donor restrictions, net	175,000	0	0	0	175,000
Other receivables	103,700	0	1,608	0	105,308
Prepaid expenses and deposits	55,270	0	0	0	55,270
Investment in subsidiary	1,397,619	0	0	(1,397,619)	0
Inventories					
Materials inventory	50,168	0	0	0	50,168
ReStore inventory	520,368	0	0	0	520,368
Construction in progress	3,800,740	0	0	0	3,800,740
Anticipated loss on home builds	(470)	0	0	0	(470)
Property and equipment, net	1,615,469	0	3,185,297	0	4,800,766
Operating right-of-use-assets	791,108	0	0	0	791,108
Intercompany Receivable	(27,487)	0	0	27,487	0
Deposits and other assets	77,149	0	0	0	77,149
NMTC Investment	1,815,648	0	0	0	1,815,648
Total Assets	<u>\$16,818,520</u>	<u>\$5,838,186</u>	<u>\$3,226,861</u>	<u>\$(1,370,132)</u>	<u>\$24,513,435</u>
Liabilities					
Accounts payable	\$ 95,674	\$ 0	\$ 120	\$ 0	\$ 95,794
Intercompany payable	(69,161)	(27,487)	69,161	27,487	0
Accrued expenses	224,726	0	51,926	0	276,652
Notes payable - Related party	1,000,000	0	0	0	1,000,000
Operating lease obligations	791,108	0	0	0	791,108
Finance lease obligations	30,409	0	0	0	30,409
Loans payable NMTC, net of loan origination fees	2,367,035	0	0	0	2,367,035
Notes payable	0	4,433,419	2,051,206	0	6,484,625
Total Liabilities	<u>4,439,791</u>	<u>4,405,932</u>	<u>2,172,413</u>	<u>27,487</u>	<u>11,045,623</u>
Net Assets					
Without Donor Restrictions					
Available for programs and services	5,211,065	115,069	1,054,448	0	6,380,582
Allocated to affordable housing programs	6,554,885	(80,434)	0	0	6,474,451
	<u>11,765,950</u>	<u>34,635</u>	<u>1,054,448</u>	<u>0</u>	<u>12,855,033</u>
Donated capital	0	1,397,619	0	(1,397,619)	0
Total Net Assets Without Donor Restrictions	<u>11,765,950</u>	<u>1,432,254</u>	<u>1,054,448</u>	<u>(1,397,619)</u>	<u>12,855,033</u>
With Donor Restrictions	612,779	0	0	0	612,779
Total Net Assets	<u>12,378,729</u>	<u>1,432,254</u>	<u>1,054,448</u>	<u>(1,397,619)</u>	<u>13,467,812</u>
Total Liabilities and Net Assets	<u>\$16,818,520</u>	<u>\$5,838,186</u>	<u>\$3,226,861</u>	<u>\$(1,370,132)</u>	<u>\$24,513,435</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

**CONSOLIDATING STATEMENT OF ACTIVITIES –
WITHOUT DONOR RESTRICTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2024

	GCHFH	Funding Company	2110 WEST 110TH, LLC	Eliminations	Total
Support and Revenues					
Contributions	\$ 4,045,385	\$ 0	\$ 507,500	\$ 0	\$ 4,552,885
Grant funding	2,819,676	0	0	0	2,819,676
Home sales	3,187,000	0	0	0	3,187,000
ReStore sales activity					
Gross sales	2,692,629	0	0	0	2,692,629
Donated inventory	2,451,362	0	0	0	2,451,362
Less: Cost of sales	(2,545,792)	0	0	0	(2,545,792)
Special events					
Gross revenue	155,924	0	0	0	155,924
Less: Direct expenses	(42,704)	0	0	0	(42,704)
Rental income	0	0	351,550	(92,050)	259,500
Investment income	49,761	144,856	0	0	194,617
Service fees and other income	168,026	0	10,705	0	178,731
	<u>12,981,267</u>	<u>144,856</u>	<u>869,755</u>	<u>(92,050)</u>	<u>13,903,828</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	498,788	0	0	0	498,788
Total Reclassifications	<u>498,788</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>498,788</u>
Total Support and Revenues	<u>13,480,055</u>	<u>144,856</u>	<u>869,755</u>	<u>(92,050)</u>	<u>14,402,616</u>
Expenses					
Program services	11,510,022	0	0	(83,704)	11,426,318
General and administrative	356,581	123,401	366,150	(5,842)	840,290
Fundraising and development	644,588	0	0	(2,504)	642,084
Total Expenses	<u>12,511,191</u>	<u>123,401</u>	<u>366,150</u>	<u>(92,050)</u>	<u>12,908,692</u>
Change in Net Assets	<u>968,864</u>	<u>21,455</u>	<u>503,605</u>	<u>0</u>	<u>1,493,924</u>
Net Assets at Beginning of Year	<u>11,765,950</u>	<u>34,635</u>	<u>1,054,448</u>	<u>0</u>	<u>12,855,033</u>
Net Assets at End of Year	<u>12,734,814</u>	<u>56,090</u>	<u>1,558,053</u>	<u>0</u>	<u>14,348,957</u>
Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs	<u>(6,583,602)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,583,602)</u>
Net Assets Without Donor Restrictions Available for Programs and Services	<u>\$ 6,151,212</u>	<u>\$ 56,090</u>	<u>\$ 1,558,053</u>	<u>\$ 0</u>	<u>\$ 7,765,355</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

**CONSOLIDATING STATEMENT OF ACTIVITIES –
WITHOUT DONOR RESTRICTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2023

	GCHFH	Funding Company	2110 WEST 110TH, LLC	Eliminations	Total
Support and Revenues					
Contributions	\$ 2,610,344	\$ 0	\$ 675,000	\$ 0	\$ 3,285,344
Grants funding	595,000	0	0	0	595,000
Home sales	1,112,000	0	0	0	1,112,000
ReStore sales activity					
Gross sales	2,848,124	0	0	0	2,848,124
Donated inventory	2,323,526	0	0	0	2,323,526
Less: Cost of sales	(2,551,823)	0	0	0	(2,551,823)
Other donated goods and services	0	0	400,000	0	400,000
Special events					
Gross revenue	141,152	0	0	0	141,152
Less: Direct expenses	(36,922)	0	0	0	(36,922)
Rental income	0	0	98,286	(15,342)	82,944
Investment gain	183,315	223,223	0	0	406,538
Service fees and other income	348,533	0	39	0	348,572
	<u>7,573,249</u>	<u>223,223</u>	<u>1,173,325</u>	<u>(15,342)</u>	<u>8,954,455</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	293,188	0	0	0	293,188
Total Reclassifications	293,188	0	0	0	293,188
Total Support and Revenues	<u>7,866,437</u>	<u>223,223</u>	<u>1,173,325</u>	<u>(15,342)</u>	<u>9,247,643</u>
Expenses					
Program services	6,991,526	0	0	(13,264)	6,978,262
General and administrative	377,431	6,589	118,877	(1,455)	501,442
Fundraising and development	431,077	0	0	(623)	430,454
Total Expenses	<u>7,800,034</u>	<u>6,589</u>	<u>118,877</u>	<u>(15,342)</u>	<u>7,910,158</u>
Change in Net Assets	<u>66,403</u>	<u>216,634</u>	<u>1,054,448</u>	<u>0</u>	<u>1,337,485</u>
Net Assets at Beginning of Year	<u>11,699,547</u>	<u>(181,999)</u>	<u>0</u>	<u>0</u>	<u>11,517,548</u>
Net Assets at End of Year	<u>11,765,950</u>	<u>34,635</u>	<u>1,054,448</u>	<u>0</u>	<u>12,855,033</u>
Net Assets Without Donor Restrictions Allocated to Affordable Housing Programs	<u>(6,474,451)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,474,451)</u>
Net Assets Without Donor Restrictions Available for Programs and Services	<u>\$ 5,291,499</u>	<u>\$ 34,635</u>	<u>\$ 1,054,448</u>	<u>\$ 0</u>	<u>\$ 6,380,582</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

**CONSOLIDATING STATEMENT OF ACTIVITIES –
WITH DONOR RESTRICTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>GCHFH</u>	<u>Funding Company</u>	<u>2110 WEST 110TH, LLC</u>	<u>Eliminations</u>	<u>Total</u>
Support and Revenues					
Contributions	\$ 680,665	\$ 0	\$ 0	\$ 0	\$ 680,665
	680,665	0	0	0	680,665
Net assets released from restrictions:					
Satisfaction of program restrictions	(498,788)	0	0	0	(498,788)
Total Reclassifications	(498,788)	0	0	0	(498,788)
Total Support and Revenues	181,877	0	0	0	181,877
Change in Net Assets	181,877	0	0	0	181,877
Net Assets at Beginning of Year	612,779	0	0	0	612,779
Net Assets at End of Year	<u>\$ 794,656</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 794,656</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

**CONSOLIDATING STATEMENT OF ACTIVITIES –
WITH DONOR RESTRICTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>GCHFH</u>	<u>Funding Company</u>	<u>Eliminations</u>	<u>Total</u>
Support and Revenues				
Contributions	\$ 313,136	\$ 0	\$ 0	\$ 313,136
	313,136	0	0	313,136
Net assets released from restrictions:				
Satisfaction of program restrictions	(293,188)	0	0	(293,188)
Total Reclassifications	(293,188)	0	0	(293,188)
Total Support and Revenues	19,948	0	0	19,948
Change in Net Assets	19,948	0	0	19,948
Net Assets at Beginning of Year	592,831	0	0	592,831
Net Assets at End of Year	<u>\$ 612,779</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 612,779</u>

See accompanying independent auditor's report on consolidating information.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

UNIFORM GUIDANCE REQUIREMENTS

DECEMBER 31, 2024

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal ALN Number	Provided To Subrecipients	Total Federal Expenditures
US Department of the Treasury			
Passed through the State of Ohio Department of Development:			
American Rescue Plan Act (ARPA) - Coronavirus State and Local Fiscal Recovery Funds (SLFRF)			
Ohio American Rescue Plan Act	21.027	\$ 644,833	\$ 1,130,000 *
Passed through Habitat for Humanity of Ohio:			
American Rescue Plan Act (ARPA) - Coronavirus State and Local Fiscal Recovery Funds (SLFRF)			
Ohio American Rescue Plan Act - Critical Home Repairs(CHR)	21.027	<u>0</u>	<u>20,264</u>
Total Expenditures of Federal Awards		<u>\$ 644,833</u>	<u>\$ 1,150,264</u>

*Tested as a Major Program

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE B - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC (GCHFH) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GCHFH, it is not intended to and does not present the financial position, changes in net assets, or cash flows of GCHFH.

NOTE C - INDIRECT COST RATE

GCHFH has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

GCHFH provided \$644,833 in federal awards to subrecipients during the year ended December 31, 2024.

NOTE E – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

GCHFH received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2024.

GCHFH had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2024.

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

Board of Directors,
Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th,
LLC (GCHFH)
Cleveland, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of GCHFH (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 19, 2025.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Zinner & Co. LLP

Beachwood, Ohio

May 19, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors

Greater Cleveland Habitat for Humanity, Inc., GCHFH Funding Company, LLC and 2110 West 110th, LLC (GCHFH)
Cleveland, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited GCHFH's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of GCHFH's major federal programs for the year ended December 31, 2024. GCHFH's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, GCHFH complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of GCHFH and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of GCHFH's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GCHF's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GCHF's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GCHF's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Zinner & Co., LLP

Beachwood, Ohio

May 19, 2025

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFH FUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2024

There were no audit findings in the prior year.

**GREATER CLEVELAND HABITAT FOR HUMANITY, INC.,
GCHFUNDING COMPANY, LLC AND 2110 WEST 110TH, LLC**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2024

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Greater Cleveland Habitat for Humanity.
2. No material weaknesses were identified and no significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Greater Cleveland Habitat for Humanity were disclosed during the audit.
4. No material weaknesses were identified and no significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by The Uniform Guidance.
5. The auditor's report on compliance for the major federal award program for Greater Cleveland Habitat for Humanity expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award program for Greater Cleveland Habitat for Humanity were reported in this Schedule.
7. The programs tested as major programs were:
US Department of the Treasury:
American Rescue Plan Act - Coronavirus State and Local Fiscal
Recovery Funds (SLFRF) (ALN# 21.027)
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Greater Cleveland Habitat for Humanity did not qualify to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE