

CITY OF SAN MARCOS COMMUNITY DEVELOPMENT BLOCK GRANT PY2026-2027 PROJECT APPLICATION

NOTE: This form IS NOT TO BE USED by applicants seeking funds to support social services programs. A separate application form for “Public Services” is available and should be used for programs of that nature.

I. APPLICANT SUMMARY INFORMATION

Please spell out organization name and program name completely, without acronyms.

Applicant Organization: Austin Habitat for Humanity, Inc.

Contact Name, Title: Kate Reznick, Director of Grants

Telephone: 512-884-5149

Contact E-Mail Address: kreznick@ahfh.org

Website: <https://www.austinhabitat.org>

Mailing Address: 500 West Ben White Blvd., Austin, TX 78704 (San Marcos: 2521 S. IH-35, San Marcos, TX 78666)

Who is authorized to execute program documents? (Name, Title) Michele Anderson, Chief Executive Officer

PROJECT SUMMARY INFORMATION

Project Name: Home Repair Program

Project Location: Various – client homes, addresses TBD

Amount of CDBG Funds Requested: \$137,500

What percentage of the cost of this project is requested as funding through this application? 9.7%

A. PROJECT SCOPE:

Please check all statements that apply to this project:

- ☐ All project design work is complete for this project (plans, specifications, etc.)
- ☒ This project will include selection of professional service providers (architect, engineer, etc.)
- ☐ This project includes acquisition of real property
- ☒ This project includes the rehabilitation of existing buildings
- ☐ This project includes new construction
- ☐ This project includes demolition of existing structures
- ☐ This project includes a public facility (such as a senior center)

II. SHORT ESSAY QUESTIONS

All questions must be answered. Please type your answers. Application evaluations will be based on, but not necessarily limited to the criteria stated in each section.

OVERVIEW

1. Summarize the project for which funding is being requested, the benefit it provides, and the people it serves.

Austin Habitat for Humanity (AHFH) works with older adults, people with disabilities, veterans and other vulnerable homeowners to provide for continued safety and independence through our Home Repair Program. Now in its 20th year, Home Repair has supported nearly 500 families with critical repairs (like replacement of damaged roofs or unsafe electrical and plumbing systems) and accessibility modifications (like bathroom conversions and wheelchair ramps). We work with each family and our skilled contractor partners to perform the repairs that will provide the most benefit to the health and safety of the household, and our program can make the difference between continued independent living in a long-time family home and an unwanted move to a nursing home or other institutional setting. Our team has recognized an increase in community need for these vital repairs as the cost of living has increased, and wages and fixed income payments have not kept pace. Currently, there are more than 500 families on our interest list, including 23 in San Marcos, and we have committed to increasing our home repairs from an average of 21 in the first 18 years of the program to 50 this year. All of the households we serve are low-to-moderate income, earning no more than 80% of the annual median income (AMI) for the area, with an average of 48% AMI in 2025. The majority of the households we serve have at least one member who is an older adult, a person with disabilities, a veteran or all of the above.

COMMUNITY NEED AND JUSTIFICATION –20 POINTS

Evaluation: documentation and justification of the need for the project in the City of San Marcos.

1. Describe in detail the need for this project in San Marcos.

The AHFH Home Repair team has recognized a strong need for critical repairs in San Marcos, based on increases in the number of residents joining our interest list for repairs over the past several years across the region and in the City of San Marcos, and research into the demographics of the people and characteristics of the housing in the City.

The City of San Marcos was one of the fastest-growing cities in the United States for several years, and has seen its population rise from less than 45,000 in 2010 to 67,000 in 2020 and nearly 75,000 in 2024. Approximately 11% of this population consists of older adults age 65 and older, a group that represents more than half of our Home Repair clients program wide. In addition, more than 12% of residents under age 65 have a disability, another population that tends to require more home repairs to create or increase accessibility. The median household income in San Marcos is approximately \$51,000, although this estimate may be driven lower by the presence of a significant percentage of university students. More than 26% of the City's residents live below the poverty line.

Although the presence of the university changes some of the demographic characteristics of the area, there are still more than 10,000 owner-occupied homes in the City. Nearly 40% of all San Marcos homes were built more than 35 years ago, likely making these older homes more in need of repair. The San Marcos 2025-29 Consolidated Plan shows that about 9% of owners surveyed reported that their homes were in fair or poor condition and 43% of all residents of the city with disabilities said they had outstanding accessibility needs. More than 330 San Marcos homeowners reported severe cost burden from housing (50% or more of monthly income) and 700 reported cost burden from housing (30%). This report also noted that although many lower-income households have housing issues, Black and Hispanic households are more likely to have housing problems, particularly if they are low-income.

2. Has the need for this project been increasing in recent years?

As costs for construction materials and labor have continued to rise, and supply chain issues and tariffs have strained the market, low-income homeowners have seen their homes falling into disrepair. We have seen an uptick of need for critical home repairs based on our interest list, which previously numbered about 300 homeowners and is now more than 500, including 23 in the City of San Marcos.

IMPLEMENTATION –15 POINTS

Evaluation:

- *The application demonstrates that resources needed to manage the proposed project are available and ready.*
- *Applicant has clearly defined objectives focusing on results and measurable outcomes*
- *Past performance on projects funded by CDBG has met expectations.*

1. Are all resources in place to be able to implement this project? If not, what is missing?

Yes. AHFH has provided critical home repairs and accessibility modifications for 20 years, supporting nearly 500 homeowners in need, and AHFH employs a seasoned team of professionals with expertise in home repairs, direct client service, community partnerships, and grant management. We have recently entered a significant growth phase with a goal of providing 50 repairs in 2026 with funding from more than 15 sources, including repairs in San Marcos to be supported by funds under our existing CDBG contract for this fiscal year. We have identified sources of funding, primarily existing sources, to support the 50 repairs and continue to grow if possible. As we launch our FY2026 home repair program in San Marcos after the recent signing of our agreement with the City, we have been in contact with multiple potential program participants for the two repairs we will perform under our existing CDBG award. We will draw from our list of trusted contractors, skilled tradespeople and other professionals to continue providing high-quality home repair services in San Marcos.

2. What specific, measurable outcomes or results do you hope to achieve with this project?

We plan to provide critical repairs to five households through this grant, measuring success through several channels to ensure that we are providing the best possible service to San Marcos homeowners in need.

- First, we set a goal of number of home repairs to complete during each year. In the past, we have generally completed 15-25 repairs annually. In 2025, we completed 30 repairs, and are looking to ramp up to 50 in 2026. With the amount requested above, we would look to perform give critical repairs in San Marcos during the funding period, although this number may vary depending on the total costs of each repair.
- We also look at each repair to ensure that all work is completed correctly, on time and on budget. Each home is inspected by the local authority as required as well as our project team/contractor partners, and each homeowner signs off that they are satisfied with the work completed.
- We collect before-and-after evaluation forms from homeowners measuring satisfaction with the overall program, but they also help us look at the homeowner's ability to access their entire home, pride in the home, ability to welcome visitors, and other factors. We find that more than 90% of respondents respond positively to our surveys.
- We collect anecdotal stories to show the impact of our programs on a more personal level. Recently, for example, we recently worked with an older adult in Hays County who needed a new roof and other major repairs to continue living safely in her home, and then worked with her adult daughter, a single mom, and another of their friends from the community to restore the safety and stability of their homes.

IMPACT AND COST EFFECTIVENESS –20 POINTS

Evaluation:

- *impact on the identified need*
- *implementation costs compared to impact*
- *use of available resources (financial, staff, volunteer)*
- *impact compared to other applicants*

1. Describe in detail the impact this project will have on the identified need and on San Marcos residents.

AHFH plans to provide five critical home repairs to support San Marcos residents, as part of our overall goal of providing 50 repairs. Each repair is different, but we recognize a number of common positive impacts that this initiative has on our communities, including San Marcos. For the households who receive home repairs and/or accessibility modifications through Austin Habitat's Home Repair program, the difference can be as profound as the ability to continue living safely and effectively at home instead of being forced to accept an unwanted move to a nursing home or other institutional placement. Many of the homeowners in our program have been in their homes for decades, having raised families there, often with a spouse who has passed away. For other families, they are able to stay in the same area, school district, church, and community where they have often been for many years, without the disruption of an unwanted move.

The homeowners we support want to remain in their homes, but they recognize that conditions have become untenable. Our program participants often describe being unable to access parts of their own homes; suffering health consequences of mold and leaking windows; living without proper cooling or heating; and being in danger from outdated electrical systems, deteriorating roofs, and unsafe plumbing. Our program works to determine the most vital repairs for each family and provide them within 90 days of program acceptance, which can instantly change the lives of the people who live in each home.

For other area residents, the benefits include more orderly looking homes and curb appeal in the neighborhood, particularly if the repairs impact the roof, windows or other external features of the home. Repairs can keep up continuity of ownership in an area by keeping homes in families, ideally for generations. Long-time community members are able to stay in the area and maintain relationships with neighbors and the community at large.

2. Briefly describe other funding sources, volunteers, or in-kind donations that will be used for this project.

AHFH has approximately 15 grant funding sources for Home Repair, including federal support (USDA Rural Development), state support (Texas Veterans Commission) and additional municipal governments (City of Austin and City of Kyle). We also receive private and corporate support including Texas State Affordable Housing Corporation (TSAHC), CenterPoint Energy Foundation, Isla Carroll Turner Charitable Trust, and more. We are working to diversify our funding sources as we grow the program, in the form of additional grants, larger grants and non-grant support including individual gifts. In addition, AHFH receives in-kind donations of construction materials in general, although not specifically designated for home repair. Our home repair program does have the ability to use volunteers on some homes for lighter external finish work like painting and landscaping.

COMMUNITY SUPPORT – 15 POINTS

Evaluation:

- *A minimum of three letters of reference that indicate strong local support for the project and the agency's ability to implement it as described in the application. Letters must be in support of the specific project requesting funding, not the agency as a whole. Letters will preferably be from San Marcos residents as well as direct beneficiaries of the project.*
- *Evidence that board members are actively involved in and supportive of the agency*

1. What actions do Board members take to support the programs of the agency?

Members of the AHFH Board support the organization financially and through their expertise and community connections. In 2025, 100% of our Board members supported AHFH financially, through personal donations or their businesses or both. We also rely on Board members to join committees where their expertise can help the organization move forward; for example, we have a Real Estate Committee that may recommend parcels of buildable land and help us with acquisitions, and a Development Committee focused on fundraising. In addition, we expect Board members to ensure that their networks are aware of our mission and initiatives, and to champion our cause for funding and other support from their connections.

COUNCIL PRIORITIES - 20 POINTS

1. How long has this agency served San Marcos residents? (10 points if at least 2 years)

AHFH began working in San Marcos in 2018, when our organization merged with the San Marcos Habitat affiliate, which had been in existence for more than ten years prior. As AHFH, we have now built 12 homes in the City and provided housing counseling and education to City residents through earlier CDBG awards, and we have provided several home repairs when we had a strong need and available funding that was not restricted to other jurisdictions.

2. In what ways does your agency actively conduct outreach to engage San Marcos residents in its programs and services? How will San Marcos residents access those services? (up to 10 points)

AHFH has an in-house Marketing & Communications team that provides outreach throughout our five-county area, with targeted outreach to specific geographic areas (including San Marcos) if needed. We reach out to the community through social media, primarily Facebook, LinkedIn and Instagram; traditional media like newspapers and television (including Spanish media); appearances at community fairs and other events; and contacts with other nonprofits, local governments, and organizations that have mission alignment with AHFH and/or are likely to see families in need.

RISK - 10 POINTS

1. How many years' experience does the agency have in implementing a project of this size and complexity? (5 points if more than 5 years)

AHFH has been implementing Home Repair for 20 years, and we have grown the program in recent years as part of our organization-wide growth plan, supporting 38 repairs in 2025 with 50 expected this year. Our Home Repair team is all strongly experienced and each has been with the organization for 5+ years. We have also been implementing our Affordable Homeownership Program (new construction) for more than 40 years, providing access to 1,000 homes through construction and community partnerships, including building 12 homes in San Marcos with a new 11-home development to launch in 2026.

2. What percentage of the project's funding is non-City? (5 points if at least 50%)

In 2026, approximately 96% of the Home Repair budget is funded by sources outside of the City of San Marcos. In the funding cycle for which we are currently applying, assuming full award of CDBG funding under this application, approximately 91% of the Home Repair budget is funded by non-City sources.

III. BENEFICIARIES

The CDBG program allows several different methods of documenting that a project benefits low to moderate income persons. *Direct Benefit* projects provide services directly to an individual or family; for example, a housing rehabilitation project is a Direct Benefit project. *Area Benefit* projects benefit a geographic location; for example, a Sidewalk Project.

A. DIRECT BENEFIT PROJECTS:

Applicant must be able to document that at least 51% of the beneficiaries have an annual income that is at or below 80% of the Area Median Income and are San Marcos residents.

1. How many unduplicated individuals or households are expected to be served by this project? Five

Presumed Benefit: Activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit a population in which at least 51% of the population is low-to-moderate income. Individual income verification is not required, although residency and other client statistics must be collected. The Presumed Benefit categories are:

a. Elderly persons (62 or older)	e. Battered spouses
b. Homeless persons	f. Abused children
c. Persons living with AIDS	g. Migrant farm workers
d. Illiterate persons (includes non-English speakers)	h. Severely disabled adults (Census Bureau definition)

2. Will all the program's beneficiaries be in a Presumed Benefit Category? ____ Yes or X No

If "yes", list the categories: _____

3. If the program's beneficiaries cannot be considered "Presumed", how will income eligibility be determined?

X Projection of the individual or family's income based on family size; or,

____ Other. Please provide details of how eligibility will be determined:

B. AREA BENEFIT PROJECTS:

Some projects, such as a senior center or a park, serve an area rather than individual persons. HUD defines an area benefit project as an activity which is available to benefit all the residents of an area which is primarily residential. To meet the eligibility requirement of benefitting low to moderate persons, the area served must be an area where at least 51% of the residents are low/mod income persons. Most, but not all, San Marcos residential neighborhoods are low/mod.

1. Will this project be available to benefit all persons in the service area? ____ Yes ____ N/A ____ No
2. Are the neighborhoods that will benefit from this project primarily residential? ____ Yes ____ N/A ____ No

If "No", please explain: Austin Habitat for Humanity is not proposing an area benefit project.

3. What neighborhoods will benefit from this project? Please list either individual neighborhoods or describe the boundaries that will define the service area:

Austin Habitat for Humanity is not proposing an area benefit project.

C. PUBLIC FACILITY PROJECTS

In the CDBG program, Public Facilities are broadly interpreted to include all improvements and facilities that are either publicly owned or that are traditionally provided by the government, or owned by non-profit organizations, and operated so as to be open to the general public. Facilities providing shelter for persons having special needs are also considered to be public facilities.

- *Public facility projects cannot include the costs of operating and maintaining public facilities, costs of purchasing construction equipment, the costs of furnishings and other personal items such as uniforms, or new construction of public housing.*
- *Public facilities are intended to benefit all the residents of an area; thus, in most cases it must serve an area having at least 51% low/mod population.*
- *Public facilities owned by a nonprofit must be made available to the general public and must be open for use by the general public during all normal hours of operation.*
- *Reasonable fees may be charged for the use of the facilities assisted with CDBG funds, but charges, such as excessive membership fees, which will have the effect of precluding low/mod income persons from using the facilities, are not permitted.*

1. Who is/will be the owner of the facility? Austin Habitat for Humanity is not proposing a Public Facilities project.
2. Will fees be charged for the use of the facility? ☐ Yes or ☐ N/A ☐ No
If yes, please attach a fee schedule.
3. How will the facility be made available to the general public? Austin Habitat for Humanity is not proposing a Public Facilities Project.

FUNDING HISTORY

1. Has your organization received CDBG funding in the past 5 years? ☒ Yes ☐ No
2. If yes, how were the funds used? Funding supported Housing Counseling for potential Austin Habitat homebuyers who were residents of the City of San Marcos. In addition, we have been approved for funding through CDBG for Home Repair this year in the amount of \$50,000 and recently received our agreement.
3. Is the project complete? ☐ Yes ☒ No If no, explain status and expected completion date:
We recently received our agreement for CDBG funding to support Home Repair and are beginning to work with local homeowners. We expect to have the project completed by September 30, 2026 as required.

IV. PROJECT BUDGET

The CDBG program requires that a project be completed and serving beneficiaries within a reasonable time – preferably within one year of award date. Thus, it is important for any additional funds needed to complete the project to be secured prior to award of CDBG funds or shortly thereafter.

1. Estimated total project cost: \$ 150,000 CDBG Funds requested: \$ 137,500
2. Funds from all other sources that will be available on or before October 1: \$5,000
3. How will budget shortfalls be addressed? We expect to cover any shortfall from operational funds (ReStore revenues), other grants without geographic restrictions and/or individual giving.
4. Are any additional funds for this project being requested from the City of San Marcos?
_____ Yes ☒ No. If “yes”, please describe type and amount requested: \$ _____
Type of funds requested: _____

LINE ITEM BUDGET

Please use the following format to present your proposed line-item budget. Secured funds are funds on-hand, pledged, or awarded. City Council has waived fees for Construction Permitting and Development Code Processes for CDBG projects. Impact fee charges, when applicable, are not waived. Round budget numbers to the nearest dollar.

CDBG funds cannot be spent or obligated until final environmental clearance for the project has been obtained. HUD has interpreted "obligated" to mean that we cannot execute contracts or take bids as that will "obligate" funds. The environmental review is generally prepared by the City's CDBG staff. .

Budget Item	Total Budget	CDBG Funding Proposed	Other Funding Source(s)	Secured Funds available at project start	Additional Funds Needed to Complete Project
Project Soft Costs					
Professional Services					
Publication Costs					
Direct Service Labor Costs	25,000	12,500	AHFH Internal Support	12,500	0
Project Hard Costs					
Environmental Testing (lead paint, etc.)					
Dumpsters / Fencing/ Portable Toilets, etc.					
Demolition / Clearance Expenses					
Rehabilitation or New Construction Costs	125,000	125,000	N/A	0	0
Property Acquisition					
BUDGET TOTAL	150,000	137,500		12,500	125,000

V. PROJECTED IMPLEMENTATION SCHEDULE WITH PERFORMANCE GOALS

The first activity should be environmental review. Projects that do not impact the physical environment generally take about 15 days for environmental review – this would include public services, professional services, homebuyer assistance.

Projects that will potentially have a physical impact on the environment (construction or demolition, for example) generally take 45 to 60 days for environmental review. If the project is in a FEMA floodplain, add 30 additional days.

Please include reasonable time for competitive procurement activities, including procurement of professional service providers.

Projected Start Date: 11/01/2026

Projected Completion Date:12/31/2027

[illegible]

VI. ORGANIZATION INFORMATION

BACKGROUND INFORMATION

1. Organization Type:

☒ 501(c) Non-Profit Corporation ☐ Public Corporation ☐ Government Entity

Other: _____

2. Name and title of Board of Directors chair or president: Mason Ayer, Board Chair

3. How many years has your organization been in business? 41

4. Organization's Taxpayer Identification Number (EIN): 74-2373217

5. Organization's Unique Entity Identifier Number (if available): FE1UZN8Z4N18

6. Is organization currently registered in the federal System for Award Management (SAM)? ☒ Yes ☐ No

FINANCIAL INFORMATION

1. What is the date of your fiscal year end? December 31

2. Does your organization have a purchasing policy? ☒ Yes ☐ No

3. Has your organization currently or within the past five years had any litigation that is pending or has been resolved?
☒ Yes ☐ No

If "Yes", please attach a summary of the litigation and its status, including any outstanding judgments.

4. Has your organization filed a petition for bankruptcy or has a petition for bankruptcy been filed against your organization? ☐ Yes ☒ No

If "Yes", please attach an explanation that includes the status.

5. During the last fiscal year, did your organization spend \$750,000 or more in Federal financial assistance?
☐ Yes ☒ No

6. What level of financial review does your organization obtain from an independent source? Select from the following options:

☐ Single Audit

☒ Audited Financial Statement

☐ Reviewed Financial Statement

☐ Compiled Financial Statement

☐ No independent review

☐ Other (describe):

7. What period was covered by your most recent financial review? _____

8. Has your organization received City of San Marcos funding in the past two years? ☒ Yes ☐ No

If yes, please attach a short summary of the purpose and amount of City funding.

PERSONNEL AND POLICIES

1. Name and Title of your chief administrator Michele Anderson, Chief Executive Officer

Number of years in this position? Four

2. Total number of current employees at all locations 102

3. Total number of current employees who will be involved in this project Three

4. Total number of new employees expected to be hired for the project None

5. Does your organization have a personnel policy manual? ☒ Yes ☐ No

Does it include a procedure for filing grievances? ☒ Yes ☐ No

Does it include a non-discrimination clause? ☒ Yes ☐ No

6. Does your organization maintain a written code or standards of conduct that governs the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds?

☒ Yes ☐ No

7. Separation of duties for financial transactions regarding this project (respond with job title):

a. Who will approve payment of incurred expenses? Chief Impact Officer (leads all direct service programs)

b. Who will prepare the payment check? Accounting Team

c. Who will sign checks paying project expenses? Chief Executive Officer or Chief Financial Officer

d. Who posts the transaction to your financial records? Accounting Team

e. Who reconciles monthly bank statements? Accounting Team

ACCESSIBILITY OF PROGRAMS AND SERVICES

1. Are all facilities to be served by the program ADA Accessible? ☒ Yes ☐ No

2. Do you have a Section 504 (ADA) Self-Evaluation on file? ☒ Yes ☐ No

3. How will you provide services to persons with Limited English proficiency? We employ several staff people who are bilingual in Spanish, including a member of the Home Repair team. For other languages, including sign language, we use professional interpretation services.

INSURANCE, BONDING, AND WORKER'S COMPENSATION

1. Does your organization have liability insurance coverage? ☒ Yes ☐ No

2. If yes, in what amount? \$1,000,000 per occurrence; \$2,000,000 general aggregate, \$5,000,000 umbrella

3. Does your organization pay worker's compensation in accordance with Federal and state laws?

☒ Yes ☐ No ☐ N/A

4. Does your organization have fidelity bond coverage for principal staff members who handle the organization's accounts? ☒ Yes ☐ No

5. Will vehicles owned by the organization be used in conjunction with the proposed project?

☒ Yes ☐ No

6. If yes, what level of liability insurance is maintained on the vehicles? \$1,000,000

VII. CONFLICTS OF INTEREST (24 CFR 570.611; 24 CFR 85.36; AND 24 CFR 84.42)

Two sets of conflict-of-interest provisions apply to activities carried out with CDBG funding. The first set, applicable to the procurement of goods and services by subrecipients (*funded applicants*), is the procurement regulation found in the *Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards as codified in Title 2, Part 200 of the Code of Federal Regulations*. The second set of provisions is located at 24 CFR 570.611(a)(2).

With respect to procurement activities, the subrecipient must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must:

1. Require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict would be involved. Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for an award:
 - An employee, officer, or agent of the subrecipient;
 - Any member of an employee's, officer's, or agent's immediate family;
 - An employee's, agent's, or officer's partner; or
 - An organization which employs or is about to employ any of the persons listed in the preceding sections.
2. Require that employees, agents, and officers of the subrecipient neither solicit nor accept gratuities, favors, or anything of value from contractors or parties to sub-agreements. However, subrecipients may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value.
3. Provide for disciplinary actions to be applied for any violation of such standards by employees, agents, or officers of the subrecipient.

With respect to all other CDBG-assisted activities, the general standard is that no employee, agent, or officer of the subrecipient who exercises decision-making responsibility with respect to CDBG funds and activities is allowed to obtain a financial interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds for the activities. Specific provisions include that:

- The requirement applies to any person who is an employee, agent, consultant, officer, or elected or appointed official of the City, a designated public agency, or a subrecipient, and to their immediate family members and business partners.
- The requirement applies to such persons during their tenure and for a period of one year after leaving the grantee or subrecipient organization.
- Upon written request, exceptions may be granted by HUD on a case-by-case basis.

CONFLICT OF INTEREST QUESTIONNAIRE

NOTE: For the purpose of this form, a "covered person" includes any person who is an employee, agent, consultant, officer or elected or appointed official of the City of San Marcos, your organization, or any designated public agency.

Name of Organization: Austin Habitat for Humanity, Inc.

1. Does your organization maintain a written code or standards of conduct that governs the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds?

Yes X No If "No" is checked, please explain how you will comply with this requirement:

2. Are any of your Board Members or employees that are responsible for carrying out this project or members of their immediate families or their business associates also:

a. Employed by the City of San Marcos? Yes No X

b. Members of or closely related to members of the San Marcos City Council? Yes No X

c. Members of or closely related to an employee of the City of San Marcos? Yes No X

d. Current beneficiaries or related to beneficiaries of the project for which funds are requested?

Yes No X

e. Paid providers of goods or services to the program or having other financial interest in the program or related to such individuals? Yes No X

3. For **each** relationship described above, please answer the following questions: (attach additional page if necessary)

a. Name of employee or official: Not Applicable

b. Is this person receiving or likely to receive taxable income from your organization?

Yes No

c. Is your organization receiving or likely to receive taxable income from or at the direction of the employee or official AND the taxable income is not from the City of San Marcos?

Yes No

d. Is your organization affiliated with a corporation or other business entity in which the employee or official serves as an officer or director, or holds an ownership interest of 10% or more?

Yes No

4. Describe any other affiliation or business relationship that might cause a conflict of interest with respect to CDBG funds and activities. Not Applicable.

5. Will any of your organization's employees, officers, board members, or members of their immediate family or business partners have a financial interest in any contract, subcontract, or agreement regarding CDBG funded activities?

Yes No X . If yes, please attach an explanation.

VIII. APPLICANT ASSURANCES AND CERTIFICATIONS

The applicant hereby assures and certifies with respect to this project or program, by the submission of this application, that the following are true statements:

1. It possesses legal authority to apply for the grant and to finance the proposed request; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
2. It will comply with the Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards as codified in Title 2, Part 200 of the Code of Federal Regulations (UAR) and agrees to adhere to the accounting principles and procedures required therein, utilizing adequate internal controls and maintaining necessary source documentation for all costs incurred.
3. If it expends \$750,000 or more of federal funds in a fiscal year, it will comply with the Single Audit Act of 1984.
4. It will comply with the provisions of Executive Order 11988, relating to evaluation of flood hazards, and Executive Order 11990, relating to protection of wetlands. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, and approved December 31, 1976. Section 102(a).
5. It will have sufficient funds available or the ability to obtain the non-federal share of the cost for construction projects. Sufficient funds will be available when construction is completed to assure effective operation and maintenance of the facility for the purposes constructed.
6. It will give the City and the Comptroller General, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.
7. It will cause work on the project to be commenced within a reasonable time after receipt of notification from the City that funds have been approved and that the project will be performed to completion with reasonable diligence.
8. It will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and in accordance with Title VI of that Act, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives federal financial assistance and will immediately take any measures necessary to effectuate this agreement.
9. It will comply with the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646), which provides for fair and equitable treatment of persons displaced because of federal and federally-assisted programs.
10. It will comply with the provisions of the Hatch Act, which limit the political activity of employees.
11. It will comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act as they apply.
12. It will insure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the project are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the city/federal grantor agency of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be utilized in the project is under consideration for listing by the EPA.
13. It will assist the city/federal grantor agency in its compliance with Section 106 of the National Historic Preservation Act of 1966 as amended (16 U.S.C. 470), Executive Order 11593, and the Archeological and Historic Preservation Act of 1966 (16 U.S.C. 469a-1 et seq.).

14. It will comply with Texas Civil Statutes, Article 5996a, by ensuring that no officer, employee, or member of the applicant's governing body or of the applicant's contractor shall vote or confirm the employment of any person related within the second degree by affinity or third degree by consanguinity to any member of the governing body or to any other officer or employee authorized to employ or supervise such person. This prohibition shall not prohibit the employment of a person who shall have been continuously employed for a period of two years prior to the election or appointment of the officer, employee, or governing body member related to such person in the prohibited degree.
15. It will ensure that all information collected, assembled or maintained by the applicant relative to this project shall be available to the public during normal business hours in compliance with Texas Civil Statutes, Article 6252-17a, unless otherwise expressly provided by law.
16. It will conduct and administer the program in conformity with the Fair Housing Act (42 USC Section 3901 et. Seq.) and that it will affirmatively further fair housing.
17. It will minimize displacement of persons because of activities assisted with CDBG funds. If displacement of residential dwellings will occur in connection with a grant-assisted project, it will follow a residential anti-displacement and relocation assistance plan as specified by the City of San Marcos.
18. It certifies that it is not now, nor has it ever been, on the Federal List of Debarred Contractors.
19. It will not attempt to recover any capital costs of public improvements assisted in whole or in part with such funds by assessing any amount against properties owned and occupied by persons of LMI, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless (a) such funds are used to pay the proportion of such fee or assessment that related to the capital costs of such public improvements that are financed from revenue sources other than such funds; or (b) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, applicant certifies that it lacks sufficient funds under this contract to comply with the requirements of clause (a).
20. It agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG)) including subpart J and subpart K of these regulations, except that (1) the Agency does not assume the recipient's environmental responsibilities described in 24 CFR 570.604 and (2) Agency does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR Part 52. Agency also agrees to comply with all other applicable Federal, State, and local laws, regulations, and policies governing the funds provided. Agency further agrees to utilize funds available to supplement rather than supplant funds otherwise available. Agency shall comply with all applicable Federal laws, regulations, and requirements, which include compliance with the provisions of the HCD Act and all rules, regulations, guidelines, and circulars promulgated by the various Federal departments, agencies, administrations, and commissions relating to the CDBG Program. The applicable laws and regulations include, but are not limited to:
 - 24 CFR Part 570;
 - 24 CFR Parts 84 and 85;
 - The Davis-Bacon Fair Labor Standards Act;
 - The Contract Work Hours and Safety Standards Act of 1962;
 - Copeland "Anti-Kickback" Act of 1934;
 - Sections 104(b) and 109 of the Housing and Community Development Act of 1974;
 - Section 3 of the Housing and Urban Development Act of 1968;
 - Equal employment opportunity and minority business enterprise regulations established in 24 CFR part 570.904;
 - Non-discrimination in employment, established by Executive Order 11246 (as amended by Executive Orders 11375 and 12086);
 - Section 504 of the Rehabilitation Act of 1973 Uniform Federal Accessibility Standards;
 - The Architectural Barriers Act of 1968;
 - The Americans with Disabilities Act (ADA) of 1990;
 - The Age Discrimination Act of 1975, as amended;

- National Environmental Policy of 1969 (42 USC 4321 et seq.) as amended;
- Lead Based paint regulations established in 24 CFR Parts 35, 570.608, and 24 CFR 982.401;
- Asbestos guidelines established in CPD Notice 90-44;
- HUD Environmental Criteria and Standards (24 CFR Part 51);
- The Energy Policy and Conservation Act (Public Law 94-163) and 24 CFR Part 39
- Flood Disaster Protection Act of 1973;
- Colorado House Bill 06-1023 and 06-1043;
- Procurement Standards (2 CFR 200.322);
- Rights to Inventions Made Under a Contract or Agreement (37 CFR 401.2 (a));
- Energy Efficiency (2 CFR Part 200 Appendix II); and
- Recycling (2 CFR Part 200 Appendix II).

CERTIFICATIONS REGARDING LOBBYING:

21. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
22. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard form – “Disclosure Form to Report Lobbying”, in accordance with its instructions.
23. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
24. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

GENERAL CERTIFICATIONS:

25. The information, exhibits, and schedules contained in this application are true and accurate statements and represent fairly the financial condition of our organization;
26. Our organization is eligible to receive federal funding and has not been placed in a debarred or otherwise ineligible status under the provisions of CFR Part 24;
27. Our organization prohibits discrimination in accordance with Title VI of the Civil Rights Act of 1964; and,
28. Our governing body has duly authorized submission of this document. If funded, we agree to comply with the procedures outlined in the “Playing by the Rules” handbook that will be supplied by the City of San Marcos.

CITY OF SAN MARCOS FUNDING RESTRICTIONS:

29. All CDBG funding will be spent on San Marcos residents.
30. Funding requested is not more than 50% of the total funding for the agency.
31. Funding will not be used to fund more than 20% of a full time position.
32. Agency has been in existence for at least 2 years. (This can include serving communities other than San Marcos.)

I, the duly authorized representative of the applicant organization, certify that the foregoing statements are true to the best of my knowledge and belief:

CERTIFIED BY:

Signature:  Date Signed: February 25, 2026

Printed Name: Michele Anderson

Title: CEO

Organization Name: Austin Habitat for Humanity, Inc.

SUPPLEMENTAL ITEM CHECKLIST
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
DUE DATE: MARCH 2, 2026

BUDGETS

- Y Project Budget for current fiscal year
- N Project Budget proposed for next fiscal year – AHFH is on the calendar year and will not have this until 4Q.
- Y Budget Table showing the proposed uses of CDBG funding, to be included in the contract. Included in Application.

BOARD OF DIRECTORS INFORMATION

- Y Board of Directors membership roster –must include city of residence for each Board member

ORGANIZATION INFORMATION

- Y Current IRS Form 990, pages 1 and 2 (not required for churches)(if applicable)
- Y Non-discrimination policy statement

PROJECT INFORMATION

- N Service area boundary for area benefit projects – AHFH is using direct benefit
- Y Description of how applicant income will be determined if there are direct beneficiaries

LETTERS OF SUPPORT

- Y Letters of support
 - about the specific project requesting funding and the agency's ability to implement it
 - preferably from members of the San Marcos Community
 - preferably including letters from direct clients of previous projects
 - minimum of three

SPECIFIC TO THE CDBG APPLICATION

- Y Contact numbers for Board Chair or President and Treasurer – included in application
- Y Resolution or Board Minutes showing approval to apply and designation of person who will sign documents on behalf of the organization
- Y Most Recent audit or CPA prepared review
- Y Brief explanation of any lawsuits, judgments, or bankruptcy proceedings within the last 5 years

Austin Habitat for Humanity		
Home Repair -- 2026		
Category	Budget	Actual (to be completed)
Salaries	\$ 253,582	
Fringe Benefits	\$ 59,552	
Payroll Tax	\$ 19,817	
Other Personnel	\$ 13,709	
Travel		
Mileage/Fuel	\$ 1,211	
Business Meals	\$ 145	
Supplies	\$ 200	
Occupancy	\$ 13,356	
Computer Expense	\$ 4,108	
Vehicle/Equipment	\$ 1,745	
Depreciation/Amortization	\$ 16,339	
Program Expense (Contractors/Repairs)	\$ 999,996	
Dues & Fees	\$ 4,327	
Interest Expense	\$ 20,364	
Bank Charges/Fees	\$ 135	
Other		
Total	\$ 1,408,586	

Austin Habitat Board	Gender	Race	Employer	Title	City	Zip	Work Phone	Cell Phone	Email
Ayer, Mason (Chair)	Male	White	Kerbey Lane Café	Chief Executive Officer	Austin	78704		512-447-3769	mason.ayer@kerbeylanecafe.com
Bland, Collin	Male	White	Joe Bland Construction	President & CEO	Austin	78757			
Bukowski, Sean	Male	White	Bukowski Law Firm	Principal	Austin	78701			
Chao, Elizabeth	Female	Asian	Ting Tsung and Wei Fong Chao Foundation		Houston	77056			
Cunningham, Kevin	Male	White		Entrepreneur	Austin				
Day, Donna	Female	White	Sunflower Bank	Regional Market President	Austin	78705			
Diya-Bernhard, Mia	Female	Hispanic	Aeparmia Engineering	President & CEO	Austin	78758			
Dixon, John	Male	White	Silicon Labs	Chief Marketing Officer & VP America Sales	Austin	78701			
Dupuis, Lauren	Female	White	Endeavor Real Estate	SVP, Capital Markets	Austin	78701			
Fang, Fang	Female	Asian	Big Plan LLC	Founder & CEO					
Garcia, Tami	Female	White	Tokyo Electron	VP, Human Resources	Austin	78741			
Garvey, Melinda	Female	White	Austin Woman Magazine	Publisher	Austin	78739			
Horton, Daryl, Rev.	Male	Black	Mt. Zion Baptist	Pastor	Austin	78702			
Jammal, JC	Male	Other	The Home Depot	VP, Technology	Austin	78753			
Lee, Robert	Male	Asian	Pearlstone Partners	Chief Executive Officer	Austin	78702			
Lockingen, Kevin (Treasurer)	Male	White	Austin Telco Credit Union	Chief Financial Officer	Austin	78759	512-302-5555		
Marcum, Kristin	Female	White	ECPR	Chief Executive Officer	Austin	78759			
Mattox, Ryan	Male	White	Taylor Morrison	VP, Land Acquisition	Austin	78752			
Mellott, Abby	Female	White	Austin Business Journal	Publisher	Austin	78701			
Nelson, Jessica	Female	White	Jessica Rash Nelson Consulting	Chief Executive Officer	Austin	78703			
Nosek, Nicole	Female	White	Texans for Reasonable Solutions	Board Chair	Austin	78741			
Pfeiffer, Peter	Male	White	Barley Pfeiffer Architecture	Principal	Austin	78703			
Rios, Christopher	Male	Hispanic	Wells Fargo	VP	Austin	78701			
Roberts, Bob	Male	White	Stewart Title	Senior VP	Austin	78703			
Sampat, Neha	Female	Asian	Contentstack	Chief Executive Officer	Austin	78702			
Sellers, Charmane	Female	Black	Aleon Properties	President & CEO	Austin	78758			
Toups, Laura (Secretary)	Female	White	Dunaway/UDG	Senior Engagement Mgr.	Austin	78735			
Valdes, Alex	Male	Hispanic	Winstead PC	Partner	Austin	78701			

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Form **990**

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public.
Go to www.irs.gov/Form990 for instructions and the latest information.

2024

Open to Public
Inspection

A For the 2024 calendar year, or tax year beginning and ending

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending	C Name of organization AUSTIN HABITAT FOR HUMANITY, INC. Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 500 W. BEN WHITE BLVD. City or town, state or province, country, and ZIP or foreign postal code AUSTIN, TX 78704 F Name and address of principal officer: MICHELE ANDERSON SAME AS C ABOVE	D Employer identification number 74-2373217 E Telephone number (512) 472-8788 G Gross receipts \$ 38,940,066. H(a) Is this a group return for subordinates? ☐ Yes ☒ No H(b) Are all subordinates included? ☐ Yes ☐ No If "No," attach a list. See instructions H(c) Group exemption number I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () (insert no.) ☐ 4947(a)(1) or ☐ 527 J Website: WWW.AUSTINHABITAT.ORG K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other L Year of formation: 1985 M State of legal domicile: TX
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Part I Summary

1	Briefly describe the organization's mission or most significant activities: VISION: A WORLD WHERE EVERYONE HAS A DECENT, AFFORDABLE PLACE TO LIVE. MISSION: THROUGH FAITH IN		
2	Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.		
3	Number of voting members of the governing body (Part VI, line 1a)	3	26
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	26
5	Total number of individuals employed in calendar year 2024 (Part V, line 2a)	5	186
6	Total number of volunteers (estimate if necessary)	6	12305
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,285,596.
7b	Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0.
8	Contributions and grants (Part VIII, line 1h)	8	12,026,164.
9	Program service revenue (Part VIII, line 2g)	9	7,489,018.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	10	225,379.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11	1,670,862.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	12	21,411,423.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	13	81,500.
14	Benefits paid to or for members (Part IX, column (A), line 4)	14	0.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	15	9,184,262.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	16a	0.
16b	Total fundraising expenses (Part IX, column (D), line 25)	16b	2,343,821.
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	17	13,433,330.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	18	22,699,092.
19	Revenue less expenses. Subtract line 18 from line 12	19	-1,287,669.
20	Total assets (Part X, line 16)	20	54,529,741.
21	Total liabilities (Part X, line 26)	21	22,692,599.
22	Net assets or fund balances. Subtract line 21 from line 20	22	31,837,142.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer DONALD K. MCPHEE, CHIEF FINANCIAL OFFICER Type or print name and title	Date
Paid Preparer Use Only	Preparer's name STEPHANIE LEW	Preparer's signature
	Date	Check ☐ if self-employed PTIN P01080011
	Firm's name CHERRY BEKAERT ADVISORY LLC	Firm's EIN 88-2730877
	Firm's address 221 W. 6TH STREET, STE 1900 AUSTIN, TX 78701	Phone no. 512-479-6000

May the IRS discuss this return with the preparer shown above? See instructions ☒ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

☒**1** Briefly describe the organization's mission:

THROUGH FAITH IN ACTION, AUSTIN HABITAT FOR HUMANITY BRINGS PEOPLE TOGETHER TO BUILD HOMES, COMMUNITIES AND HOPE.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 10,559,327. including grants of \$ 101,000.) (Revenue \$ 5,568,034.)

HOME CONSTRUCTION - HOME CONSTRUCTION PROGRAM FOR AUSTIN HABITAT FOR HUMANITY (AHFH) SERVES FAMILIES EARNING 50% - 80% OF MEDIAN INCOME. AHFH OFFERS QUALIFIED FAMILIES THE OPPORTUNITY TO BUILD AND PURCHASE A HOME AT AN AFFORDABLE PRICE WITH AN AFFORDABLE MORTGAGE PAYMENT. AHFH HOMES EARN 3 STARS UNDER THE AUSTIN GREEN BUILDING PROGRAM, LOWERING UTILITY COSTS AND IMPROVING THE ENVIRONMENT. PARTNER FAMILIES DONATE 300 'SWEAT EQUITY' HOURS TOWARD THE CONSTRUCTION OF OTHER PARTNER HOMES AS WELL AS THEIR FUTURE HOME. PARTNER FAMILIES ALSO PARTICIPATE IN 8 COURSES OF HOMEBUYER EDUCATION AND FINANCIAL LITERACY EDUCATION TO PREPARE FOR THE TRANSITION TO HOMEOWNERSHIP. COUNSELING AND OTHER ASSISTANCE IS OFFERED THROUGHOUT THEIR HOMEOWNERSHIP. THE ONE-ON-ONE HOUSING COUNSELING PROVIDED SINCE 2004 HAS BEEN KEY TO SUSTAINING THE

4b (Code:) (Expenses \$ 6,368,403. including grants of \$) (Revenue \$ 133,289.)

RESTORE - AHFH HAS OPERATED A RESTORE SINCE 1991. RESTORE OFFERS NEW AND USED HOME GOODS AND BUILDING MATERIALS AT A REDUCED RATE FOR SALE TO THE PUBLIC. THE RECYCLING PROGRAM HAS DIVERTED 47,000,000 POUNDS FROM LANDFILLS SINCE 1992.

4c (Code:) (Expenses \$ 0. including grants of \$) (Revenue \$ 0.)

HOMEBASE TEXAS - AHFH PROVIDES MANAGEMENT SERVICES TO ITS RELATED ORGANIZATION THAT PROVIDES AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES TO HOMEOWNERS BY PARTNERING WITH OUTSIDE DEVELOPERS, BUILDERS, AND AGENCIES.

4d Other program services (Describe on Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 16,927,730.

Form 990 (2024)

Anti-Discrimination Policy

UNLAWFUL DISCRIMINATION OR HARASSMENT

PURPOSE

This Policy outlines Austin Habitat for Humanity's position on aspects of prohibited discrimination directed at employees, volunteers, current partner families or potential partner families and reporting procedures for such complaint.

POLICY

Austin Habitat for Humanity expects all staff, board and volunteers to behave in a way that reinforces the mission and founding principles of the organization.

Austin Habitat for Humanity, therefore, prohibits any actions or conduct which may discriminate against or harass other employees, harass any partner family or applicant for a Habitat home. Habitat does not tolerate any actions, words, jokes, or comments based on an individual's sex, sexual orientation, race, ethnic background, age, religion, physical condition, or other legally protected characteristic. Any comments or actions, therefore, which demean or are hurtful to people of a certain sex, sexual orientation, race, ethnic background, age, religion or certain physical condition are prohibited. Any such conduct may result in disciplinary action, including immediate discharge for employees. Volunteers exhibiting this behavior may be asked to end their volunteer relationship with the organization.

If an individual believes he/she is being harassed or discriminated against, he/she should immediately report the perceived harassment according to the following:

Immediately report the incident to one of the following individuals: your supervisor and HR (for employees), the CEO or the Chairman of the Board (for volunteers/families).

This procedure does not require reports to be made to your supervisor or to anyone who you believe is participating in the conduct. Instead, you may choose from the above-listed individuals the person with whom you would be most comfortable speaking.

All reports of alleged harassment or retaliation will be investigated. Under no condition will the investigation be conducted by or under the direction of the person reported to have engaged in the alleged harassment or retaliation.

Retaliation against employees who report perceived unlawful harassment, or who participate in investigations as witnesses or in other capacities, also violates the law and our policy. Such retaliation is prohibited and will not be tolerated.

Supervisors and managers who become aware of perceived harassment or retaliation must immediately report such matters to the CEO or the board chair. Disciplinary action up to and including termination of employment may result against supervisors and managers who fail to respond immediately and appropriately to the allegations.

BOARD APPROVED: August 31, 2022

INCOME CALCULATIONS WORKSHEET-OVERVIEW

Applicant Name: _____
 Property Address: _____

Program: _____ GO
 Household Size: _____ 1
 Date: _____ 10/20/2025

TOTAL INCOME	
Total Income	\$0.00
Income from Assets	\$0.00
Total Annual Income	\$0.00
Total Monthly Income	\$0.00
MFI (Income/ 100% MFI)	0.00%

Program Limits Effective 06/01/2025	
MFI: Household of	1
30% MFI	\$28,150
50% MFI	\$46,850
80% MFI	\$72,950
100% MFI	\$93,650

INCOME CALCULATIONS

Projected Income from All Sources

Income Earner	Source	Frequency	Amount	Pay Periods	Annual Total
		Monthly	\$0.00	X 12	\$0.00
		Other	\$0.00	X	\$0.00
		Other	\$0.00		\$0.00
		Other	\$0.00		\$0.00
					\$0.00
		Other	Unstable Income - Source 1		\$0.00
		Other	Unstable Income- Source 2		\$0.00
Total Employment Income					\$0.00

Income of full-time students >18 (not homeowner)- only count up to \$480

See Income Calculation Worksheet 2 for Unstable Income Calculations & Details

Assets

Family Member	Asset	Current Net Value	Actual Income
		\$0.00	\$0.00
		\$0.00	\$0.00
		\$0.00	\$0.00
Totals		\$0.00	\$0.00
If Total Net Cash Value of Assets is > \$5000, multiply by .40% (Passbook Rate)			\$0.00
Use the higher value of above 2 values as income from assets			\$0.00

*See Income Calculation Worksheet 2 for average checking account balance

HUD INCOME LIMITS - AUSTIN-ROUND-ROCK-SAN MARCOS - EFFECTIVE 06/01/2025

Income Limit	1	2	3	4	5	6	7	8
30%	\$28,150	\$32,150	\$36,150	\$40,150	\$43,400	\$46,600	\$49,800	\$53,000
50%	\$46,850	\$53,550	\$60,250	\$66,900	\$72,300	\$77,650	\$83,000	\$88,350
60%	\$56,220	\$64,260	\$72,300	\$80,280	\$86,760	\$93,180	\$99,600	\$106,020
80%	\$72,950	\$83,400	\$93,800	\$104,200	\$112,550	\$120,900	\$129,250	\$137,550
100%	\$93,650	\$107,050	\$120,400	\$133,800	\$144,500	\$155,200	\$165,900	\$176,600

HUD rounds to the nearest \$50 dollars

MFI Chart was expanded to include other percentages used by NHCD

Income Calculation Worksheet (2)

Unstable Income- Source 1

Income Earner	Source			Frequency	Pay Periods/ Yr				
				Semi-monthly	24				
Pay Date	Regular	Overtime							
									\$0.00
									\$0.00
									\$0.00
									\$0.00
									\$0.00
									\$0.00
Averages	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Calculated Annual Income= Total Average Paid * Number of Pay Periods									\$0.00
Explanation:									

Unstable Income- Source 2

Income Earner	Source			Frequency	Pay Periods/ Yr				
				Annually	1				
Pay Date	Regular	Overtime	Misc.						
									\$0.00
									\$0.00
									\$0.00
									\$0.00
									\$0.00
									\$0.00
Averages*	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Calculated Annual Income= Total Average Paid * Number of Pay Periods									\$0.00
Explanation:									

* Averages are calculated by using the sum of that type of income (i.e. overtime) and dividing that by the number of pay periods used

Using Year-to-Date

Gross YTD	Last pay date	Days in month	TOTAL

ASSETS- Checking Accounts

Account 1:

Statement Date	Balance
Average	\$0.00

Account 2:

Statement Date	Balance
Average	\$0.00

Wages:

Date	Balance
Average	\$0.00

Account 3:

Statement Date	Balance
Average	\$0.00

Account 4:

Statement Date	Balance
Average	\$0.00

Date	Balance
Average	\$0.00



February 26, 2026

Ms. Carol Griffith
Housing and Community Development Manager
City of San Marcos
630 E. Hopkins Street
San Marcos, TX 78666

Dear Ms. Griffith,

I am submitting this letter of support for Austin Habitat for Humanity (AHFH) and their Home Repair program. As a developer of affordable and market-rate homes in Central Texas, including San Marcos, for more than 35 years and over 35,000 units, and a former member of the AHFH Board of Directors, I have seen firsthand the impact of AHFH's programs on the community, and I am happy for their team as they grow their mission throughout the region. I recognize the importance of supporting low-income homeowners to maintain their independence, age in place and live safely in their family homes, and I believe AHFH will continue to provide high-quality, compassionate support to all families who need a safe and affordable place to call home. Affordable housing often includes repairing existing homes so residents may stay in their homes – often the most-cost effective solution to housing problems.

For more than 23 years, I have served as President of Momark Development, a community-focused real estate developer based in Austin. We create housing of all types from affordable projects to market rate homes to luxury high rise homes like The Austonian, as well as mixed-use neighborhoods in Central Texas. Neighborhoods are more than buildings; they are about people and relationships, and they are, in essence, “living beings” as they constantly are changing – sometimes for the better and sometimes for the worse. We focus on excellence, aesthetic value, and meaningful community-building in all of our communities, and we create tools for homeowners and businesses to manage the community so that the community will improve through the ages. Home repair plays a key role to improve overall community values and spirit.

Our service mentality and person-centered design principles have led us to support affordable housing in numerous forms. We have partnered with AHFH and its HomeBase affiliate to build affordable homes for purchase in South Austin at Canopy at Westgate Grove, supporting 147 low-to-moderate income families with new homes. We have also worked in San Marcos to develop a former church site into affordable rental housing for Texas State students, Sanctuary Lofts. Each community has its own issues, and it is our job – as it is with AHFH – to design solutions that fit each community.

As part of my community commitment, I served on the AHFH Board of Directors for more than six years, supporting the organization's commitment to their own homebuyers through affordable home sales and home repairs, as well as their commitment to systemic change through their tireless advocacy for quality housing for all. During the time I have been involved with AHFH, I have seen the organization continue to grow to meet community needs, and their work expanding home repairs in San Marcos is no different. The AHFH team has a strong positive impact on our communities, and I am pleased to recommend them for this support.

There is no organization of which I am aware that is making a more positive impact on affordable housing than AHFH.

Thank you again for this opportunity.

Sincerely,

Terry Mitchell
Manager



February 20, 2026

Ms. Carol Griffith
Housing and Community Development Manager
City of San Marcos
630 E. Hopkins Street
San Marcos, TX 78666

Dear Ms. Griffith,

On behalf of the team at American YouthWorks (AYW), our YouthBuild program our participants, thank you for the opportunity to submit this letter of support for Austin Habitat for Humanity (AHFH). The AYW team has worked alongside AHFH for many years, helping AHFH create high-quality affordable homes for purchase by hardworking San Marcos residents and other community members, while training young people for successful futures.

AYW has 50 years of experience helping young people re-connect with education and build lifelong success. The YouthBuild program was launched in 1994 and has assisted with the construction of 100 affordable homes as well as positively impacting the economic and social mobility of low-income young adults. Pre-apprenticeship programs serve about 150 young people each year, with approximately 50 taking part in the construction training program. Key outcomes include earning GEDs, high school diplomas, and/or industry-recognized occupational certifications; securing employment; pursuing post-secondary education and training, leading to significantly higher incomes; maintaining employment; and reducing rates of recidivism for those involved with the justice system.

Our team has been grateful to AHFH for offering their affordable housing build sites, including in San Marcos, for on-the-job training in construction and site support. We have assisted in building more than two homes in San Marcos and have been thrilled to attend home dedications where we see hardworking families in the Habitat program walk through their homes for the first time and know their lives are about to change for the better.

We enjoy working in the San Marcos community and supporting families there alongside AHFH, and we are excited that AHFH is growing their local offerings through home repair. We recognize that San Marcos residents are committed to their community and we are excited that AHFH will be able to ramp up their ability to not just create new San Marcos

Houston, TX
3130 Rogerdale Rd, Ste. 190
Houston, TX 77042

Austin, TX
1901 East Ben White Blvd.
Austin, TX 78741

Baton Rouge, LA
6032 Fieldstone Dr, Ste. B
Baton Rouge, LA 70809



homes, but to help longtime residents stay in their homes and continue accessing this vibrant community.

Please feel free to get in touch if you have any questions about this partnership. Thank you for the opportunity to provide a letter of support.

Sincerely,

David N Clauss

David N Clauss, LMSW
Senior Director Workforce Development Programs
512.431.2605; dclauss@ayw.org

Houston, TX

3130 Rogerdale Rd, Ste. 190
Houston, TX 77042

Austin, TX

1901 East Ben White Blvd.
Austin, TX 78741

Baton Rouge, LA

6032 Fieldstone Dr, Ste. B
Baton Rouge, LA 70809

February 25, 2026

Ms. Carol Griffith
Housing and Community Development Manager
City of San Marcos
630 E. Hopkins Street
San Marcos, TX 78666

Dear Ms. Griffith,

Thank you for the opportunity to submit this letter of support for Austin Habitat for Humanity (AHFH) and their Home Repair program. As a leader of iACT Hands on Housing, which also provides home repairs to families in need in Central Texas and has worked with AHFH for many years, I am happy to support the AHFH team's application for CDBG funding from the City of San Marcos. This program provides a major benefit to homeowners in need of critical home repairs, and I am glad that the team has expanded to San Marcos and plans to provide more support there next year if they receive continued support.

Here at Interfaith Action of Central Texas (iACT) our mission is to cultivate peace and respect through service, dialogue and celebration. iACT's Hands on Housing utilizes volunteers and skilled professionals to repair the homes of senior citizens and disabled individuals who are living in deep poverty. Our goal is to keep our homeowners safe and help them remain in the homes and neighborhoods they love. We believe that repairing homes restores hope to those who need it most and changes the hearts of those who do the work. Hands on Housing is a transformational expression of compassion in action.

Our Home Repair team has worked with AHFH for more than a decade as members of the Austin Home Repair Coalition, and we recognize the resilience of local low-to-moderate income families and their strong desire to continue living safely and independently in their homes. We have worked with AHFH and other team members to preserve affordable housing in Central Texas, help homeowners age in place, create accessible homes for people with disabilities, and support other homeowners in need. We know that the cost of home repairs is well outside the affordable range for many local families, including those who are living on fixed incomes or those who are unable to work full-time due to disabilities. Our program provides a bridge to continued independence, and we are happy to have AHFH as a partner.

iACT Hands on Housing is happy to support the AHFH team in growing the program so that more homeowners, including families in San Marcos, are able to receive the support they need to continue living safely in their homes. Thank you again for the opportunity to support the AHFH application, and for providing this funding in our communities.

Sincerely,

Claire Meade
Hands on Housing Program Director
Interfaith Action of Central Texas

February 19, 2026

Ms. Carol Griffith
Housing and Community Development Manager
City of San Marcos
630 E. Hopkins Street
San Marcos, TX 78666

Dear Ms. Griffith,

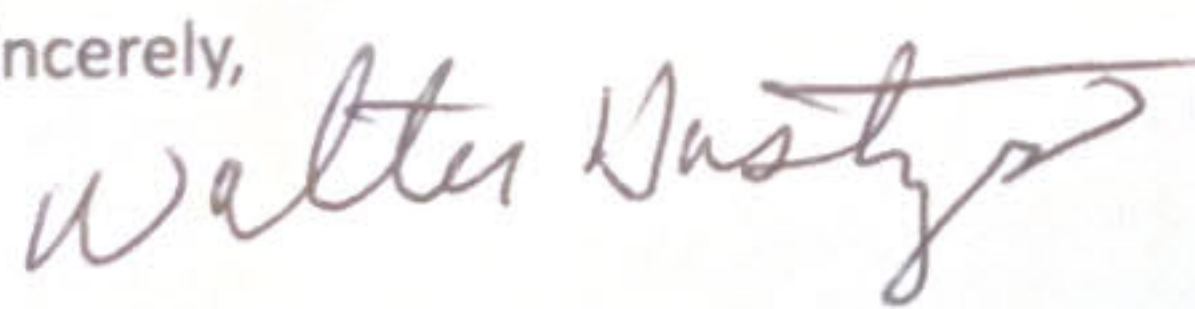
Thank you for the opportunity to submit this letter of support for Austin Habitat for Humanity (AHFH) and their Home Repair program. As a homeowner who has benefited from this important program, I am happy to support the AHFH team's application for CDBG funding from the City of San Marcos. This program provides a major benefit to homeowners in need of critical home repairs, and I am glad that the team has expanded to San Marcos and plans to provide more support there next year if they are funded.

I have lived in my home in San Marcos since 1999 and have always been happy to have a home of my own. But as I've gotten older and my home has also gotten older, I've realized that many of the repairs needed are too expensive on my fixed income. I was concerned that my home was becoming unsafe and that I would have no choice but to move. After 27 years in my home, it was important to me to do anything I could to stay in it.

I found out about the Home Repair program at AHFH from a family friend and talked with their team about getting repairs done on my home. It was great to speak with someone who understood what I needed and could help me stay in my home without paying for expensive repairs. Their team and the general contractor worked together to do the repairs as quickly as possible and made sure that there was as little disruption as possible during the process.

I am grateful to the AHFH team and glad that this program exists, and I am excited to support the team in growing the program so that more homeowners, including families in San Marcos, are able to receive the support I received and continue living safely in their homes. Thank you again for the opportunity to support the AHFH application, and for providing this funding in our communities.

Sincerely,



February 20, 2026

Ms. Carol Griffith
Housing and Community Development Manager
City of San Marcos
630 E. Hopkins Street
San Marcos, TX 78666

Dear Ms. Griffith,

Thank you for the opportunity to submit this letter of support for Austin Habitat for Humanity (AHFH) and their Home Repair program. As a homeowner who has benefited from this important program, I am happy to support the AHFH team's application for CDBG funding from the City of San Marcos. This program provides a major benefit to homeowners in need of critical home repairs, and I am glad that the team has expanded to San Marcos and plans to provide more support there next year if they are funded.

I have lived in my home in Travis County since 2001 and have always been happy to have a home of my own. My husband and I raised four children here during that time, so the house got a lot of love. But as my home has gotten older and needed more work, I have realized that many of the repairs needed are too expensive on my income from my job, as I am the only one able to hold a full-time job in our household. I was concerned that my home was becoming unsafe and that I would have no choice but to move. After 25 years in my home, it was important to me to do anything I could to stay.

I found out about the Home Repair program at AHFH from the City of Austin website and talked with their team about getting repairs done on my home. It was great to speak with someone who understood what I needed and could help me stay in my home without paying for expensive repairs. Their team and José worked together to do the repairs as quickly as possible and made sure that there was as little disruption as possible during the process.

I am grateful to the AHFH team and glad that this program exists, and I am excited to support the team in growing the program so that more homeowners, including families in San Marcos, are able to receive the support I received and continue living safely in their homes. Thank you again for the opportunity to support the AHFH application, and for providing this funding in our communities.

Sincerely,

Kat Constable



**McCOY CORPORATION
HEADQUARTERS**

1350 I.H. 35 North
P.O. Box 1028
San Marcos, Texas 78666

512-353-5400
mccoys.com

February 27, 2026

Ms. Carol Griffith
Housing and Community Development Manager
City of San Marcos
630 E. Hopkins Street
San Marcos, TX 78666

Dear Ms. Griffith,

Thank you for the opportunity to submit this letter of support for Austin Habitat for Humanity (AHFH) and their Home Repair program's request for continued funding from the City of San Marcos. McCoy's strives to make a difference in the communities where we work and live, and we are honored to support AHFH's mission throughout Central Texas.

Over the years, McCoy's team members have served on the AHFH Board of Directors, and our local store has donated to the San Marcos ReStore and provided in-kind and event support. In 2022, we made a gift of \$1 million to help AHFH purchase land in Hays and Caldwell Counties. This contribution supported AHFH's regional strategy, helping ensure their ability to build high-quality affordable homes as the region continues to grow, including the addition of 11 San Marcos homes to be built beginning in 2027.

We also recognize the vital importance of preserving existing housing for San Marcos families with limited incomes and are grateful that the AHFH Home Repair program has supported local homeowners in need. This program provides a major benefit to homeowners in need of critical home repairs – primarily seniors, people with disabilities, and veterans – helping them remain safe and independent at home. As a member of this community and a provider of building materials and supplies, McCoy's is proud to share in that mission. We are excited to see that the AHFH team has expanded to provide repairs specifically to members of our San Marcos community, and plans to provide more support here next year if they receive continued funding through the City's CDBG program.

McCoy's is delighted to support the AHFH team in growing this and other programs so that more homeowners, including families in San Marcos, can receive the help they need to continue living safely in their homes. Thank you again for the opportunity to champion the AHFH application, and for providing this funding in our communities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Meagan", with a large, flowing loop at the end.

Meagan McCoy Jones
President and CEO, McCoy's Building Supply

CERTIFICATE OF CORPORATE RESOLUTION

We, Mason Ayer, Chair, and Laura Toups, Secretary, of Austin Habitat for Humanity, Inc., a corporation, hereby certify that:

1. Austin Habitat for Humanity, Inc. is organized and existing under the laws of the State of Texas;
2. All franchise and other taxes required to maintain its corporate existence have been paid and no taxes are delinquent;
3. No proceedings are pending for the forfeiture of its certificate of incorporation or for its dissolution, voluntarily or involuntarily;
4. It is in good standing with the State of Texas;
5. There are no provisions in the articles of incorporation or bylaws of this corporation limiting the power of its Board of Directors to pass the resolution set forth below;
6. A quorum of the Board of Directors have consented to the action proposed at the Board of Directors meeting on February 25, 2026; and
7. As a result of this affirmative vote, the following resolution was adopted:

BE IT RESOLVED that the Austin Habitat for Humanity Board of Directors authorizes the Chief Executive Officer or whomever that person deems appropriate at their sole discretion to have the authority to apply for grant funding from the City of San Marcos, including pass through funds from Federal, State and Local sources, funds directly from City of San Marcos Sources, in-kind donations and any other source(s) of support; and

It is further RESOLVED that the Board of Directors authorizes the Chief Executive Officer or her designee to execute any agreements or other documents regarding City of San Marcos funding as described above.

We certify that the above resolution has not been altered, amended, rescinded or repealed and is now in full force and effect. We also certify that Mason Ayer is the Char of the corporation and Laura Toups is the Secretary.

Signed on 2/25/2026, 2026 by the Chair of the Corporation.

DocuSigned by:

CE733BF9BF34405...
Mason Ayer, Chair

Signed by:

62A1C2C43F874D6...
Laura Toups, Secretary

Austin Habitat for Humanity – Pending Litigation

As of February 20, 2026, Austin Habitat for Humanity is a party to two legal actions. One relates to an accident in one of our ReStores and is being handled by counsel for our insurance carrier. The other is an administrative action with the National Labor Relations Board which is currently inactive but has not been discharged.

Board Members

Mason Ayer, **Chair** | Collin Bland | Sean Bukowski | Elizabeth Chao | Kevin Cunningham | Donna Day | John Dixon | Mia Diya-Bernhard | Lauren Dupuis | Fang Fang | Tami Garcia | Melinda Garvey | Rev. Dr. Daryl Horton | JC Jammal | Kevin Lockingen | Ryan Mattox | Abby Mellott | Kristin Marcum | Jessica Nelson | Nicole Nosek | Peter Pfeiffer | Christopher Rios | Bob Roberts | Neha Sampat | Charmane Sellers | Laura Touns | Alex Valdes



Together, we build brighter futures for Central Texans.

Austin Habitat for Humanity – Previous City of San Marcos Support

In the past two years, we have completed a CDBG public service grant for our Housing Counseling program and started a CDBG project grant for our home repair program. We will begin to provide services under the current CDBG project grant after our agreement is signed shortly.

Board Members

Mason Ayer, **Chair** | Collin Bland | Sean Bukowski | Elizabeth Chao | Kevin Cunningham | Donna Day | John Dixon | Mia Diya-Bernhard | Lauren Dupuis | Fang Fang | Tami Garcia | Melinda Garvey | Rev. Dr. Daryl Horton | JC Jammal | Kevin Lockingen | Ryan Mattox | Abby Mellott | Kristin Marcum | Jessica Nelson | Nicole Nosek | Peter Pfeiffer | Christopher Rios | Bob Roberts | Neha Sampat | Charmane Sellers | Laura Touns | Alex Valdes

500 W Ben White Blvd, Austin, TX 78704 | 512-472-8788 | austinhabitat.org

**AUSTIN HABITAT FOR HUMANITY, INC.
(A NONPROFIT CORPORATION)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

As of and for the Years Ended December 31, 2024 and 2023

And Report of Independent Auditor

AUSTIN HABITAT FOR HUMANITY, INC.
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Report of Independent Auditor

To the Board of Directors
Austin Habitat for Humanity, Inc.
Austin, Texas

Opinion

We have audited the accompanying consolidated financial statements of Austin Habitat for Humanity, Inc. and its subsidiaries (collectively, the "Organization"), 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 the Organization 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. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 the Organization'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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in the consolidating schedule of financial position and consolidating schedule of activities on pages 24 through 27, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Cherry Bekaert LLP

Austin, Texas
May 29, 2025

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 15,672,791	\$ 9,868,536
Accounts receivable, net	682,316	262,338
Pledges receivable, net	2,967,739	185,250
Mortgages receivable, current portion, net	355,219	384,300
ReStore inventory	1,264,039	2,269,678
Home construction in progress	18,789,721	2,579,793
Prepaid expenses and other current assets	1,012,541	541,123
Total Current Assets	40,744,366	16,091,018
Land held for development	-	9,358,758
Land held for investment, at fair value	1,900,000	1,900,000
Investment in HFHI NMTC Leverage Lender 2024, LLC	4,113,784	-
Pledges receivable, long-term portion, net	3,229,962	-
Mortgages receivable, long-term portion, net	7,547,619	8,022,549
Operating lease right-of-use assets	3,362,266	3,940,829
Property and equipment, net	14,391,610	14,801,113
Total Assets	\$ 75,289,607	\$ 54,114,267
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 368,418	\$ 1,094,410
Accrued expenses	1,352,875	782,375
Deferred revenue	10,008,404	3,563,621
Financing lease obligation, current portion	37,545	39,799
Operating lease liability, current portion	573,842	554,023
Line of credit	3,000,000	3,000,000
Notes payable - TDHCA, net, current portion	103,509	106,959
Long-term debt, current portion	276,225	264,071
Total Current Liabilities	15,720,818	9,405,258
Financing lease obligation, long-term portion	-	43,303
Operating lease liability, net, long-term portion	2,908,853	3,482,695
Notes payable - TDHCA, net, long-term portion	1,155,982	1,223,406
New market tax credit - promissory note	5,500,238	-
Long-term debt, net, long-term portion	8,280,416	8,537,937
Total Liabilities	33,566,307	22,692,599
Net Assets:		
Without donor restrictions	28,306,982	30,520,249
With donor restrictions	13,416,318	901,419
Total Net Assets	41,723,300	31,421,668
Total Liabilities and Net Assets	\$ 75,289,607	\$ 54,114,267

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

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions and Other Income:			
Contributions	\$ 2,661,253	\$ 13,450,855	\$ 16,112,108
Home building sponsorship revenues	2,144,298	-	2,144,298
Investment return, net	293,648	-	293,648
Other income	896,036	-	896,036
Net assets released from restrictions	935,956	(935,956)	-
Total Contributions and Other Income	6,931,191	12,514,899	19,446,090
ReStore Revenues:			
ReStore sales	9,473,609	-	9,473,609
In-kind donation of inventory	5,118,465	-	5,118,465
Cost of goods sold	(7,654,543)	-	(7,654,543)
Sales discounts and refunds	(412,768)	-	(412,768)
Total ReStore Revenues, Net	6,524,763	-	6,524,763
Low-Cost Housing Revenues:			
Home sales	5,185,200	-	5,185,200
In-kind contributions of labor and construction materials	771,073	-	771,073
Mortgage discount and amortization	365,174	-	365,174
Other housing revenues	51,850	-	51,850
Cost of homes sold	(6,371,347)	-	(6,371,347)
Total Low-Cost Housing Revenues, Net	1,950	-	1,950
Total Revenues	13,457,904	12,514,899	25,972,803
Expenses:			
Low-cost housing program	4,935,425	-	4,935,425
ReStore program	6,368,403	-	6,368,403
Fundraising	2,343,821	-	2,343,821
Management and general	2,023,522	-	2,023,522
Total Expenses	15,671,171	-	15,671,171
Change in net assets	(2,213,267)	12,514,899	10,301,632
Net assets, beginning of year	30,520,249	901,419	31,421,668
Net assets, end of year	\$ 28,306,982	\$ 13,416,318	\$ 41,723,300

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

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions and Other Income:			
Contributions	\$ 3,296,635	\$ 7,101	\$ 3,303,736
Home building sponsorship revenues	2,630,989	-	2,630,989
Investment return, net	217,114	-	217,114
Other income	1,535,349	-	1,535,349
Net assets released from restrictions	331,764	(331,764)	-
Total Contributions and Other Income	8,011,851	(324,663)	7,687,188
ReStore Revenues:			
ReStore sales	10,451,924	-	10,451,924
In-kind donation of inventory	10,945,829	-	10,945,829
Cost of goods sold	(13,862,980)	-	(13,862,980)
Sales discounts and refunds	(415,567)	-	(415,567)
Total ReStore Revenues, Net	7,119,206	-	7,119,206
Low-Cost Housing Revenues:			
Home sales	7,203,000	-	7,203,000
In-kind contributions of labor and construction materials	1,411,089	-	1,411,089
Mortgage discount and amortization	291,728	-	291,728
Other housing revenues	13,010	-	13,010
Cost of homes sold	(8,707,759)	-	(8,707,759)
Total Low-Cost Housing Revenues, Net	211,068	-	211,068
Total Revenues	15,342,125	(324,663)	15,017,462
Expenses:			
Low-cost housing program	4,762,801	-	4,762,801
ReStore program	7,289,905	-	7,289,905
Fundraising	1,427,400	-	1,427,400
Management and general	1,346,927	-	1,346,927
Total Expenses	14,827,033	-	14,827,033
Change in net assets	515,092	(324,663)	190,429
Net assets, beginning of year	30,776,740	1,226,082	32,002,822
Change in accounting principle (Note 2)	(771,583)	-	(771,583)
Net assets, end of year	\$ 30,520,249	\$ 901,419	\$ 31,421,668

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

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Low-Cost Housing	ReStore	Fundraising	Management and General	Total
Salaries and related	\$ 3,132,360	\$ 3,843,762	\$ 1,149,123	\$ 1,024,580	\$ 9,149,825
Advertisements	19,352	184,963	34,666	65,905	304,886
Office expenses	100,225	324,614	15,223	40,702	480,764
Information technology	66,984	100,062	12,948	39,736	219,730
Occupancy	73,813	996,097	6,368	13,832	1,090,110
Travel	19,813	48,344	10,575	31,019	109,751
Conference, conventions, and meetings	43,363	14,254	8,904	35,618	102,139
Tithe to Habitat for Humanity International	101,000	-	-	-	101,000
Interest and amortization	79,561	204,847	6,704	96,707	387,819
Depreciation	160,729	361,683	24,600	78,455	625,467
Insurance	183,673	199,619	3,419	6,885	393,596
Warranty work	35,636	-	-	1	35,637
Tools and equipment	20,470	332	-	-	20,802
Professional services	105,097	35,154	169,214	375,278	684,743
Dues and subscriptions	81,391	45,795	133,589	208,742	469,517
Home repair program	693,194	-	-	430	693,624
Other expense	18,764	8,877	768,488	5,632	801,761
Total	<u>\$ 4,935,425</u>	<u>\$ 6,368,403</u>	<u>\$ 2,343,821</u>	<u>\$ 2,023,522</u>	<u>\$ 15,671,171</u>

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

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Low-Cost Housing	ReStore	Fundraising	Management and General	Total
Salaries and related	\$ 3,175,801	\$ 4,640,151	\$ 985,192	\$ 849,644	\$ 9,650,788
Advertisements	6,986	219,452	260,517	11,303	498,258
Office expenses	103,904	437,484	19,290	42,572	603,250
Information technology	74,598	82,336	22,690	33,679	213,303
Occupancy	67,250	980,992	5,866	9,354	1,063,462
Travel	25,509	49,051	15,011	18,784	108,355
Conference, conventions, and meetings	53,525	30,813	9,321	56,733	150,392
Tithe to Habitat for Humanity International	81,500	-	-	-	81,500
Interest and amortization	76,901	220,626	6,967	8,783	313,277
Depreciation	118,207	383,264	10,860	48,552	560,883
Insurance	101,513	164,747	3,399	5,725	275,384
Warranty work	72,296	-	-	-	72,296
Tools and equipment	34,989	2,037	-	48	37,074
Professional services	123,698	44,553	14,917	173,765	356,933
Dues and subscriptions	54,752	27,252	52,686	76,992	211,682
Home repair program	588,434	-	-	-	588,434
Other expense	2,938	7,147	20,684	10,993	41,762
Total	<u>\$ 4,762,801</u>	<u>\$ 7,289,905</u>	<u>\$ 1,427,400</u>	<u>\$ 1,346,927</u>	<u>\$ 14,827,033</u>

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

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 10,301,632	\$ 190,429
Adjustments to reconcile change in net assets to net cash flows from operations:		
Amortization expense	14,495	14,496
Depreciation	625,467	560,883
Financing discount on notes payable - TDHCA	59,296	58,419
Gain on sale of land held for investment	-	(405,718)
Change in operating assets and liabilities:		
Accounts receivable	(419,978)	18,282
Pledges receivable	(6,012,451)	(17,750)
Mortgages receivable	504,011	478,762
ReStore inventory	1,005,639	(159,207)
Home construction in progress	(16,209,928)	(990,850)
Prepaid expenses and other current assets	(471,418)	80,115
Land held for development	9,358,758	(4,708,167)
Other long-term assets	-	214,702
Accounts payable	(725,992)	612,961
Accrued expenses	570,500	(256,156)
Deferred revenue	6,444,783	205,860
Pass-through donations payable	-	(331,000)
Net change in lease assets and liabilities	24,540	40,553
Net cash from operating activities	<u>5,069,354</u>	<u>(4,393,386)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(215,964)	(1,092,777)
Purchase of investment in HFHI NMTC Leverage Lender 2024, LLC	(4,113,784)	-
Net cash from investing activities	<u>(4,329,748)</u>	<u>(1,092,777)</u>
Cash flows from financing activities:		
Net proceeds on line of credit	-	1,000,000
Payments on long-term debt	(259,862)	(253,489)
Payments on financing lease obligation	(45,557)	(38,625)
Proceeds from issuance of New Market Tax Credit promissory note	5,500,238	-
Payments on notes payable - TDHCA	(130,170)	(109,001)
Net cash from financing activities	<u>5,064,649</u>	<u>598,885</u>
Change in cash and cash equivalents	5,804,255	(4,887,278)
Cash, cash equivalents, and restricted cash, beginning of year	9,868,536	14,755,814
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 15,672,791</u>	<u>\$ 9,868,536</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 329,325</u>	<u>\$ 298,774</u>
Prior period change to mortgage and notes receivable, second liens, due to change in accounting principle	<u>\$ -</u>	<u>\$ 771,583</u>

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

AUSTIN HABITAT FOR HUMANITY, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1—Organization

Austin Habitat for Humanity, Inc. (“AHFH”) is a nonprofit, affordable housing developer driven by the vision that everyone needs a place to live in and around Austin, Texas. It is affiliated with Habitat for Humanity International, Inc. (“HFHI”) based in Americus, Georgia. AHFH was incorporated in 1985 under the laws of the state of Texas. While adhering to the policies and procedures prescribed by HFHI, AHFH exists as a separate corporation with its own Board of Directors (the “Board”). Local policies, strategies, operations, and fundraising are the responsibility of the affiliate.

Austin Neighborhood Alliance for Habitat, Inc., (the “Alliance”) is a wholly-owned non-profit corporation formed to support AHFH. The Alliance receives federal financial assistance to acquire land and develop infrastructure for homes.

HomeBase Texas (“HomeBase”) is a wholly-owned non-profit corporation that provides affordable homeownership opportunities to homeowners by partnering with outside developers, builders, and agencies.

AHFH maintains separate accounting records for its Place of Business (“POB”) operations, which encompasses the financing and construction activities related to Persimmon Point. While the POB is not a separate legal entity, management tracks and reports these activities separately to provide visibility into the debt provided by NMTC to Persimmon Point’s financial performance and cash flows. The POB’s financial results are consolidated within the AHFH’s primary legal entity for reporting purposes.

Low-Cost Housing Program – To be considered for home ownership, families must be low-income families who demonstrate a need for housing, an ability to make mortgage payments, and a willingness to work in partnership with AHFH. The partnership consists, in part, of each family completing 300 hours of “sweat equity” and meeting monthly mortgage payments. AHFH acquires the land, finds and qualifies the families, raises the funding, finds and supervises construction volunteers, and builds the houses. While AHFH previously funded the mortgages directly, they now sell the completed homes through a third-party mortgage company. By policy of HFHI, AHFH may accept government support for land, infrastructure improvements and construction.

ReStore Program – AHFH operates three ReStores, two in Austin and one in San Marcos, as well as an online store, ShopAustinRestore.com. The ReStore program provides access to new and used building materials, household goods, clothing, etc., to the general public to help them create a better human habitat in which to live and work. The ReStore receives donated materials, purchases items, and sells them.

Note 2—Summary of significant accounting policies

Basis of Presentation – The consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Consolidation – The Alliance, HomeBase and POB financial statements are consolidated into the financial statements of AHFH because AHFH has control over and an economic interest in the Alliance, HomeBase and POB. AHFH and its affiliates, the Alliance HomeBase and POB, are collectively referred to as the “Organization”. All significant interorganization accounts and transactions have been eliminated in consolidation.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Net Asset Classification – In accordance with FASB ASC Topic 958, *Not-for-Profit Entities*, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets that are not subject to stipulations. Net assets without donor stipulations may be used for any purpose or designated for specific purposes by the Organization. The Organization has reserved \$100,000 as board-designated net assets for reserves at December 31, 2024 and 2023.

Net Assets With Donor Restrictions – Net assets at are subject to donor-imposed stipulations, which limit their use by the Organization to a specific purpose and/or the passage of time.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the fair value of investments, allowances for uncollectable receivables, useful lives of property and equipment, functional expense allocation, and the valuation of in-kind services and materials.

Advertising Costs – Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2024 and 2023 were \$304,886 and \$498,258, respectively.

Fair Value Measurements – The Organization measures and discloses fair value measurements in accordance with the authoritative literature. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 – Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 – Unobservable inputs that reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – Accounts receivable is recorded at the amount the Organization expects to collect on outstanding balances. Accounts receivable at January 1, 2023 were \$280,620. The allowance for credit losses is based on the Organization's assessment of the collectability of customer accounts receivable. In accordance with ASC Topic 326: *Financial Instruments - Credit Losses*, the Organization makes ongoing estimates relating to the collectability of accounts receivable and records an allowance for estimated losses expected from the inability of its customers to make required payments. The Organization establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivable are written off when there is no reasonable expectation of recovery. As of December 31, 2024 and 2023, the allowance for credit losses was immaterial to the consolidated financial statements.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Pledges Receivable – The Organization records unconditional pledges receivable that are expected to be collected within one year at net realizable value. Unconditional pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. Allowance for uncollectible pledges receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges receivable are written off when deemed uncollectable. At December 31, 2024 and 2023, the allowance was \$741,042 and \$-0-, respectively.

Home Sales and Mortgages Receivable – Home sales represent the sale of houses built in Central Texas or the Greater Austin Area by the Organization to qualified families. Homes are sold at affordable prices and the sales are financed by third party mortgage companies. Prior to 2021, the Organization financed the sale of home utilizing non-interest bearing 15- to 30-year mortgages due in monthly installments from the families. The mortgages are secured by the underlying real estate and are carried at the unpaid principal balances. On certain older loans, a “soft” (0% interest, deferred, forgivable after 30 years) second mortgage was used to secure the difference between the affordable mortgage amount and the market value. This practice ended in 2016 with the addition of a deed restriction that effectively locked this equity into the property, making it inaccessible to the homeowner at resale.

Mortgages receivable is discounted based upon prevailing market interest rates for low-income housing at the inception of the mortgages. The financing discounts are amortized and reflected as mortgage discount and amortization in the accompanying consolidated statements of activities when mortgage payments are collected.

Notes Receivable, Second Liens – Notes receivable is a deferred repayable second lien with the first payment due after 30 years, amortizing over five years thereafter. The second lien is attached to a home sale to qualified applicants under the HomeBase program. The first lien is provided for by a traditional third party lender. The second lien is due and payable between 20 to 30 years to allow for the first lien to have been paid off and provides a subsidy that allows the home sale to meet the affordability requirements of the HomeBase program. These notes are discounted based upon prevailing market interest rates for low-income housing at the inception of the mortgages.

Reserve for Credit Losses on Mortgage and Notes Receivable – Mortgages receivable and notes receivable, second liens collectability are evaluated using a combination of factors, including past due status based on contractual terms, trends in write-offs and changes in the general market or business conditions that the Organization has exposure to. Specific events, such as bankruptcies, are also considered when applicable. Adjustments to the reserve for credit losses are made, when necessary, based on the results of analysis, the aging of receivables and historical and industry trends. The Organization periodically evaluates the impact of observable external factors on the collectability of the mortgages receivable and notes receivable, second liens to determine if adjustments to the reserve for credit losses should be made based on current conditions or reasonable and supportable forecasts.

The Organization recorded a reserve for credit losses of \$126,055 and \$88,055 at December 31, 2024 and 2023, respectively, for mortgages receivable and \$1,025,476 and \$952,583 at December 31, 2024 and 2023, respectively, for notes receivable, second liens. However, the Organization will consider foreclosure proceedings on any delinquent accounts if the partner family ceases to have the ability to pay and make payments on the mortgage. At December 31, 2024 and 2023, the Organization had no investment in foreclosed loans.

ReStore Inventory – ReStore inventory consists of donated building materials, household items and clothing as well as purchased building materials available for sale. Donated inventory is recorded as in-kind contributions at fair value when received based on estimated sales value. There are no donor-imposed restrictions associated with donated inventory. Purchased inventory is stated at the lower of cost or market determined by the first-in first-out method.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Home Construction in Progress – Home construction in progress represents home construction and land costs incurred on homes in progress and completed homes not yet conveyed to the recipient family. Once sold and conveyed, the home costs are expensed to cost of homes sold in the accompanying consolidated statements of activities.

Land Held for Development and Investment – Land held for development and investment includes the costs of purchasing and developing land. Costs incurred to improve land are capitalized when incurred. Interest incurred on related debt during the construction period is capitalized as incurred. Once construction of a home on a lot is completed, the cost of the associated lot and house is expensed in cost of homes sold on the accompanying consolidated statements of activities.

Land held for investment is recorded at fair value, net of future selling costs. Land held for investment was valued using the sales comparison approach and inputs were considered Level 3 under the fair value hierarchy.

Property and Equipment – Property and equipment consists of land, buildings, and equipment. Property and equipment additions are recorded at cost if purchased or estimated fair value if donated less accumulated depreciation. The Organization capitalizes all additions over \$1,000 and expenses maintenance and repairs that do not improve or extend the useful lives of the respective assets. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Estimated useful lives are three to five years for computer equipment; five years for building improvements, software, and vehicles; three to seven years for tools and construction equipment; and twenty to forty years for completed buildings. Property and equipment under financing leases are amortized over the shorter of the lease term or the expected useful life of the asset.

Long-lived assets subject to depreciation and amortization are reviewed for impairment whenever events or circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset exceeds fair value, if the carrying amount of the asset is not recoverable. Management believes there has been no impairment of such assets as of December 31, 2024 and 2023.

Debt Issuance Costs – Debt issuance costs associated with long-term debt are recorded as a reduction of the related debt balance and amortized to interest expense over the term of the related arrangement.

Notes Payable – TDHCA – The Texas Department of Housing and Community Affairs Department (“TDHCA”) administers the Owner – Builder Loan Program, also known as the Texas Bootstrap Loan Program (“Bootstrap Program”). The Bootstrap Program is a self-help housing construction program that provides the owners and builders of very low-income families an opportunity to purchase or refinance real property on which to build new housing or repair their existing homes through “sweat equity.” Owner builder’s household income may not exceed 60% of Area Median Family Income. The Bootstrap Program notes payable are discounted based upon prevailing market interest rates at the inception of the mortgage. The financing discounts are amortized and reflected as mortgage discount and amortization in the accompanying consolidated statements of activities as the mortgage payments are made.

ReStore Sales Revenue – The Organization operates three thrift retail stores and has an online presence with its ShopAustinReStore.com website. The stores provide access to building materials, new and used household goods, clothing, furnishings, and other construction materials and is open to the general public. The stores receive donated materials and purchase items for resale. Sales are recognized on a daily basis as they occur.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Contribution Revenue – All contributions, including home building sponsorship revenues, government grant revenue, and noncash contributions, are recorded as revenue when received. Conditional contributions, that is those with a measurable performance or other barrier and a right of return or release, are recognized only when the conditions on which they depend are substantially met. Noncash contributions are recorded at fair value and are considered to be available for operations of the Organization unless specifically restricted by the donor. Unconditional contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related net assets are reclassified to net assets without donor restrictions. This is reported in the accompanying consolidated statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received.

Government Grant Revenue – The Organization receives funding from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statements of financial position.

The Organization also receives funding in the form of forgivable loans from the City of Austin through the Austin Housing Finance Corporation for the purpose of constructing, rehabilitating, and preserving affordable housing. The Organization recognizes revenue at the time the loan is forgiven which is when a home is sold to an income qualified buyer.

Home Building Sponsorship Revenues – The Organization sells sponsorship opportunities to local businesses and organizations to underwrite the costs of constructing a house. In addition to recognition as an Austin Habitat for Humanity partner, typically the sponsorship includes the option for the entity to volunteer on the build site. Sponsorship revenues are recognized in the year they are received.

In-Kind Contributions of Labor and Construction Materials – A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. Donated services are recognized as contributions if the services: (1) create or enhance non-financial assets, or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Under those criteria, volunteer time and professional services donated to construct homes is recognized as contribution revenue and capitalized as home construction in progress. Volunteer time and professional services donated to construct homes are valued and reported at the estimated fair value in the consolidated financial statements based on current market rate for similar professional services. Contributed construction materials are valued and reported at the estimated fair value in the consolidated financial statements based on estimated fair values. There are no donor-imposed restrictions associated with in-kind contributions of labor and constructions materials. When homes are transferred to recipient families, home construction in progress is recorded as a component of cost of homes sold within the accompanying consolidated statements of activities.

Functional Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain expenses are allocated between functional categories based on management's estimates. Expenses relating to more than one function are allocated to low-cost housing program, ReStore program, fundraising, and management and general based on employee time and effort estimates. Allocations to low-cost housing and ReStore programs are for activities that result in services being distributed to beneficiaries, donors, or others that fulfill the mission of the Organization. Allocations to management and general expenses include accounting, general management and oversight, audit, budgeting, human resources, legal and admin support of the Board. Allocations for fundraising are primarily for fundraising activities for operations. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction of the Organization.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Federal Income Taxes – AHFH, the Alliance, and HomeBase are all non-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to any unrelated business income. AHFH, the Alliance and Home Base did not incur any tax liabilities for unrelated business income during the years ended December 31, 2024 or 2023. The Organization assesses uncertainties in income taxes in its consolidated financial statements and uses a threshold of more likely than not for recognition and derecognition of tax positions taken. Management determined no uncertain tax positions have been taken. There is no provision or liability for federal income taxes in the accompanying consolidated financial statements related to the Organization. AHFH, the Alliance, and Home Base file Form 990 tax returns in the U.S. federal jurisdiction and are subject to routine examinations of its returns. However, there are no examinations currently in progress.

Note 3—Liquidity and availability of resources

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditure, that is, without donor or other restrictions limiting their use, are as follows at December 31:

	2024	2023
Cash and cash equivalents	\$ 15,672,791	\$ 9,868,536
Accounts receivable, net	682,316	262,338
Pledges receivable, net	6,197,701	185,250
Mortgages receivable, current portion, net	355,219	384,300
	<u>22,908,027</u>	<u>10,700,424</u>
Less amounts not available to be used for general expenditures within one year:		
Subject to donor purpose restrictions	(13,416,318)	(901,419)
Subject to board designations	(100,000)	(100,000)
Financial assets available to meet general expenditures within one year	<u>\$ 9,391,709</u>	<u>\$ 9,699,005</u>

For purposes of analyzing resources available to meet general expenditures over a one-year period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Receivable balances are expected to be collected within one year. Total net assets without donor restrictions as of December 31, 2024 were approximately \$28,300,000. The Organization also maintains an available line of credit of \$5,000,000 with Sunflower Bank and a \$3,000,000 with Frost Bank that is available for draw, see Note 12.

Note 4—Concentrations of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and its receivables.

As of December 31, 2024, the Organization had cash and cash equivalents in excess of insured limits of approximately \$9,915,792. Management believes no significant risk exists with respect to cash and cash equivalents.

The Organization does not maintain collateral for its receivables except for mortgages and notes receivable and does not believe significant risk exists at December 31, 2024 or 2023. Credit risk for mortgages and notes receivable is concentrated because substantially all of the balances are due from individuals located in the same geographic region. Management considered the collateral pledged from mortgages and notes receivable to be adequate at December 31, 2024 and 2023.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 5—Related party transactions and affiliations

Contributions from members of the Board for the years ended December 31, 2024 and 2023 were \$332,142 and \$155,686, respectively. Pledges receivable from the Board and employees of AHFH for the years ended December 31, 2024 and 2023 were \$97,000 and \$110,000, respectively. Expenses paid by the Organization for services provided by Board related businesses for the years ended December 31, 2024 and 2023 were \$295,300 and \$651,786, respectively.

The Organization operates within a covenant agreement with HFHI. The Organization tithes to support HFHI's international homebuilding work. Tithes to HFHI totaled \$101,000 and \$81,500 for the years ended December 31, 2024 and 2023, respectively.

Note 6—Mortgages and notes receivable, net

Mortgages receivable consisted of the following at December 31:

	2024	2023
Gross mortgages receivable	\$ 11,930,300	\$ 12,820,781
Financing discount based on imputed interest at rates ranging from 3.72% to 8.00%	(3,901,407)	(4,325,877)
Mortgages receivable, net of unamortized financing discount	8,028,893	8,494,904
Current portion of mortgages receivable	(355,219)	(384,300)
Reserve for credit losses	(126,055)	(88,055)
	<u>\$ 7,547,619</u>	<u>\$ 8,022,549</u>

Mortgages receivable were valued using the income approach and inputs were considered Level 2 under the fair value hierarchy. Gross undiscounted future mortgage payments scheduled to be collected at December 31, 2024 are as follows:

2025	\$ 691,870
2026	684,838
2027	666,883
2028	641,356
2029	627,654
Thereafter	8,617,699
	<u>\$ 11,930,300</u>

Notes receivable on second liens consisted of the following at December 31:

	2024	2023
Gross notes receivable for second liens	\$ 2,746,756	\$ 2,746,756
Financing discount based on imputed interest at rates ranging from 3.73% to 4.22%	(1,721,280)	(1,794,173)
Notes receivable on second liens, net of unamortized financing discount	1,025,476	952,583
Reserve for credit losses	(1,025,476)	(952,583)
	<u>\$ -</u>	<u>\$ -</u>

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 7—ReStore inventory

ReStore inventory consisted of the following at December 31:

	2024	2023
Donated goods	\$ 425,586	\$ 452,825
Purchased materials	838,453	1,816,853
	<u>\$ 1,264,039</u>	<u>\$ 2,269,678</u>

Note 8—Property and equipment, net

Property and equipment consisted of the following at December 31:

	2024	2023
Land	\$ 3,678,393	\$ 3,678,393
Buildings and improvements	12,300,286	12,340,430
Equipment	1,155,607	1,196,226
Trucks	426,425	426,425
	17,560,711	17,641,474
Accumulated depreciation	<u>(3,169,101)</u>	<u>(2,840,361)</u>
Total property and equipment, net	<u>\$ 14,391,610</u>	<u>\$ 14,801,113</u>

Property and equipment financed under financing lease obligations totaled \$37,545 and \$83,102, net of accumulated amortization of \$322,152 and \$276,595, as of December 31, 2024 and 2023, respectively. Total depreciation expense was \$625,467 and \$560,883 for the years ended December 31, 2024 and 2023, respectively.

Note 9—Pledges receivable, net

The Organization received pledges to fund new ReStores and future purchases of land. Pledges are stated at their realizable value, net of an allowance for uncollectible pledges. The Organization did not record a discount on long term pledges given the nominal impact on the consolidated financial statements.

Net pledges receivable consisted of the following at December 31:

	2024	2023
Pledges receivable	\$ 7,410,417	\$ 185,250
Less allowance for doubtful collections	(741,042)	-
Less pledge discount (3.8% and 0%)	(471,674)	-
Pledges receivable, net	<u>\$ 6,197,701</u>	<u>\$ 185,250</u>

Pledges receivable maturity dates at December 31 were as follows:

	2024	2023
Less than one year	\$ 3,297,489	\$ 185,250
One to five years	4,112,928	-
	<u>\$ 7,410,417</u>	<u>\$ 185,250</u>

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 10—Fair value measurement

The following table represents the Organization's fair value hierarchy for its asset valued at fair value on a recurring basis as of December 31, 2024:

	Fair Value Measurement Using:			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Asset:				
Land held for investment	\$ -	\$ -	\$ 1,900,000	\$ 1,900,000
Total asset in fair value hierarchy	\$ -	\$ -	\$ 1,900,000	\$ 1,900,000

The following table represents the Organization's fair value hierarchy for its asset valued at fair value on a recurring basis as of December 31, 2023:

	Fair Value Measurement Using:			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Asset:				
Land held for investment	\$ -	\$ -	\$ 1,900,000	\$ 1,900,000
Total asset in fair value hierarchy	\$ -	\$ -	\$ 1,900,000	\$ 1,900,000

The changes in the Level 3 asset measured at fair value on a recurring basis is summarized as follows:

	Land Held for Investment
Balance, January 1, 2023	\$ 1,494,282
Additions	-
Changes in fair value	405,718
Balance, December 31, 2023	1,900,000
Additions	-
Changes in fair value	-
Balance, December 31, 2024	\$ 1,900,000

Valuation methodology of asset is based on appraised value.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 11—Long-term debt

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

	2024	2023
Promissory note to a banking institution	\$ 6,641,115	\$ 6,848,965
Construction loan payable to a banking institution	1,988,002	2,040,014
Total debt	8,629,117	8,888,979
Unamortized debt issuance costs	(72,476)	(86,971)
Total debt, net of unamortized debt issuance costs	8,556,641	8,802,008
Current portion of debt, net	(276,225)	(264,071)
Long-term debt, net	<u>\$ 8,280,416</u>	<u>\$ 8,537,937</u>

On December 30, 2019, the Organization refinanced a loan with Frost Bank. The loan has a fixed interest rate of 3.03% and matures on December 30, 2029. Interest only shall be due and payable monthly on the last day of the month beginning on January 30, 2020 until December 30, 2022 at which time monthly installments of both principal and interest will be due and payable until the maturity date. This note is secured by the Austin ReStore's land and building and a warehouse in south Austin. The principal amount outstanding for this note is \$6,641,115 and \$6,848,965 at December 31, 2024 and 2023, respectively.

On November 3, 2021, the Organization entered into a promissory construction note for \$2,100,000 with a financial institution. The note has a fixed interest rate of 3.97% per annum and matures on November 3, 2031. Interest only shall be due and payable monthly on the third day of the month beginning on December 3, 2021 until December 3, 2022 at which time monthly installments of both principal and interest will be due and payable until the maturity date. The Organization has an outstanding balance of \$1,988,002 and \$2,040,014 as of December 31, 2024 and 2023, respectively.

Future maturities of long-term debt at December 31, 2024 are as follows:

2025	\$ 273,230
2026	282,162
2027	291,390
2028	300,924
2029	5,786,757
Thereafter	1,694,654
	<u>\$ 8,629,117</u>

The credit facility (see Note 12), notes payable, and other long-term debt agreements contain certain financial covenants, including requirements for liquidity, earnings, and fixed charge coverage. The agreements also contain additional conditions limiting indebtedness, capital expenditures, and various other covenants as defined in the agreements. Failure to comply with the covenants could result in the debt being called by the lenders. As of December 31, 2024, and through the date of this report, the Organization was in compliance with such covenants.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 12—Credit facility and letters of credit

On December 30, 2019, the Organization entered into a credit facility with Frost Bank. The credit facility has a maximum principal amount available of \$2,000,000. The credit facility was amended in December 2023 to extend the maturity date to February 28, 2025 and increased the value of principal from \$2,000,000 to \$3,000,000. No amounts have been drawn against this facility at December 31, 2024.

During the normal course of business, the Organization entered into letters of credit with financial institutions totaling \$615,609 at December 31, 2024 and 2023, pursuant to subdivision construction agreements with the city of Austin. The letters of credit have expiration dates through January 2025. The letters specify that amounts may be drawn by the city of Austin. There have been no amounts drawn under these letters of credit as of December 31, 2024 or 2023.

On September 21, 2022, the Organization entered into revolving line of credit agreement with a community foundation with a rate of 2.00% per annum prior to maturity date on the outstanding balance and 12% per annum on the unpaid balance. Quarterly interest-only payments are required beginning January 1, 2023 and continue through maturity, September 21, 2024. All unpaid principal and accrued but unpaid interest is due and payable upon maturity. The Organization renewed the revolving line of credit on October 30, 2024, with the community foundation with a rate of 3.00%, through maturity of October 30, 2026. As of December 31, 2024 and 2023, AHFH had an outstanding balance of \$3,000,000 and \$3,000,000 on this revolving line of credit and an unused balance of \$-0- at December 31, 2024 and 2023, respectively.

In June 2021, the Organization entered into a guidance line of credit with Sunflower Bank. The guidance line of credit has a maximum borrowing capacity of \$5,000,000 and borrowings bear interest at the floating Sunflower Bank Prime Rate (3.25% at the time of the agreement). The guidance line of credit is available beginning on the date of close and for the next 12 months. Individual notes issued under the guidance line of credit mature three years from the date each note closes. Monthly interest only payments are required beginning the first month after the individual notes are issued and continue through maturity. All unpaid principal and accrued but unpaid interest is due and payable upon each maturity date. As of December 31, 2024 and 2023, AHFH had a balance of \$-0- outstanding on this guidance line of credit.

Subsequent to year end on January 2, 2025, the line of credit with Sunflower Bank was amended to extend the maturity date through January 2, 2028 with a fixed interest rate of 6.5% through March 2, 2025. Thereafter, commencing on March 2, 2025, and adjusting on the second calendar day of each and every subsequent calendar month (the "Adjustment Date") thereafter until maturity, interest shall accrue on the unpaid principal balance at a fixed rate equal to the lesser of (i) the Prime Rate as defined in the agreement in effect on the most recent Adjustment Date minus 1.00% (the "Stated Rate"), or (ii) the Maximum Lawful Rate; provided, however, the Stated Rate shall never be less than 4.50%.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 13—Notes payable – TDHCA

Notes payable to TDHCA consisted of the following at December 31:

	2024	2023
Gross notes payable - TDHCA	\$ 1,843,152	\$ 1,973,322
Financing discount based on imputed interest at rates ranging from 3.72% to 6.62%	(583,661)	(642,957)
Notes payable - TDHCA, net of unamortized discount	1,259,491	1,330,365
Current portion of notes payable - TDHCA, net	(103,509)	(106,959)
	<u>\$ 1,155,982</u>	<u>\$ 1,223,406</u>

Notes payable to TDHCA were valued using the income approach and inputs were considered Level 2 under the fair value hierarchy. Gross undiscounted future mortgage payments scheduled to be collected from mortgagees and remitted to TDHCA at December 31, 2024 are as follows:

2025	\$ 103,509
2026	102,734
2027	99,615
2028	97,274
2029	97,274
Thereafter	1,342,746
	<u>\$ 1,843,152</u>

Note 14—New market tax credit transaction

In March 2024, the Organization entered into a debt agreement for \$5,880,000 with HFHI NMTC Sub-CDE VI, LLC ("Sub-CDE VI") (i) to finance reasonable and customary closing costs (ii) to finance certain hard and soft costs incurred by, or on behalf of, Persimmon Point in connection with the Persimmon Points' acquisition, rehabilitation and/or construction of certain single-family residences and/or multi-family for-sale residences; and (iii) providing working capital to finance Persimmon Point' construction and/or rehabilitation of the remaining improvements in connection with the project. The loan has a fixed interest rate of 1.00% and matures on March 14, 2054. Interest only payments shall be due and payable semi-annually beginning on March 14, 2024 until March 13, 2031 at which time semi-annual installments of both principal and interest will be due and payable until the maturity date. This note is secured by the land and construction on Persimmon Point. As of December 31, 2024 and 2023, AHFH had an outstanding balance of \$5,500,238, net of debt issuance costs of \$379,762 and \$-0-, respectively, on this debt.

As part of the transaction, AHFH acquired a 38.562% ownership interest in HFHI NMTC Leverage Lender 2024, LLC ("Leverage Lender 2024") for \$4,150,983 less \$37,199 of transaction costs. Leverage Lender 2024 issued a \$10,764,450 loan to Twain Investment Fund 782, LLC ("Twain Investment Fund"). Twain Investment Fund owns 99.99% of Sub-CDE VI. Although AHFH owns more than 20% of Leverage Lender 2024, AHFH does not have the ability to significantly influence the operating and financial policies of Leverage Lender 2024, and as a result, AHFH's investment in Leverage Lender 2024 is carried at cost.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 15—Net assets with donor restrictions

Net assets with donor restrictions were available for the following purposes at December 31:

	2024	2023
The University of Texas at Austin campus chapter	\$ 19,892	\$ 17,608
Purchase land in Hayes County	748,232	883,811
General operating grant - restricted time	40,000	-
Women build donors 3 year payoff 2024-26	16,000	-
Women build - time restriction	10,000	-
Capital campaign	12,020,192	-
Carter work project 2025	70,000	-
2025 house sponsorship	12,000	-
Texas stars grant	5,000	-
Time restriction - 3 year payoff	400,000	-
2025 Builders Ball	75,000	-
	<u>\$ 13,416,316</u>	<u>\$ 901,419</u>

Net assets released from restrictions consisted of the following at December 31:

	2024	2023
Special events	\$ -	\$ (211,580)
The University of Texas at Austin campus chapter	(3,854)	(3,995)
Purchase land in Hayes County	(135,579)	(116,189)
General operating grant - restricted time	(20,000)	-
Women build donors 3 year payoff 2024-26	(7,000)	-
Time restriction - 3 year payoff	(200,000)	-
2024 Builders Ball	(569,523)	-
Net assets released from restrictions	<u>\$ (935,956)</u>	<u>\$ (331,764)</u>

Note 16—Retirement plan

The Organization sponsors a 401(k) plan that covers substantially all employees. The Organization's contributions to the plan for the years ended December 31, 2024 and 2023 were \$307,365 and \$281,434, respectively.

Note 17—Operating lease commitments

The Organization leases retail space, a construction warehouse, telephone equipment, and a copier under various noncancelable operating leases. The Organization determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on relative standalone prices.

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 17—Operating lease commitments (continued)

Right-of-use (“ROU”) assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by the Organization. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Organization uses the implicit rate when it is readily determinable.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization does not have leases where it is involved with the construction or design of an underlying asset. The Organization has no material obligation for leases signed but not yet commenced as of December 31, 2024. The Organization does not have any material sublease activities.

Future minimum payments under operating leases consisted of the following as of December 31, 2024:

Years Ending December 31,

2025	\$	624,937
2026		625,188
2027		632,579
2028		587,771
2029		438,562
Thereafter		<u>746,542</u>
Total undiscounted cash flows		3,655,579
Less present value discount		<u>(172,884)</u>
Total lease liabilities	\$	<u><u>3,482,695</u></u>

The components of the operating lease commitments are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 638,639	\$ 638,639
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 614,100	\$ 598,087
Weighted-average remaining lease term for operating leases	6.01 years	6.93 years
Weighted-average discount rate for operating leases	1.61%	1.60%

AUSTIN HABITAT FOR HUMANITY, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 18—Finance lease commitments

The Organization has a noncancelable finance lease agreement for solar panels. Future minimum payments under the finance lease consisted of the following as of December 31, 2024:

Year Ending December 31,

2025	\$ 38,111
Total minimum lease payments	38,111
Less amount representing interest (3% annually)	<u>(566)</u>
Total capital lease obligations	37,545
Less current portion of capital lease obligations	<u>(37,545)</u>
Long term portion of capital lease obligation	<u>\$ -</u>

The components of the finance lease commitments are as follows:

	<u>2024</u>	<u>2023</u>
Interest on finance lease liabilities	\$ 1,776	\$ 2,951
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases (interest)	\$ 1,776	\$ 2,951
Financing cash flows from finance leases (principal portion)	\$ 39,799	\$ 38,624
Weighted-average remaining lease term for finance leases	0.84 years	1.84 years
Weighted-average discount rate for finance leases	3.00%	3.00%

Note 19—Contingencies

The Organization receives government grants for specific purposes that are subject to review and audit by government agencies. The Organization is also funded by grants and contracts that are subject to review and audit by the grantor agencies. These contracts have certain compliance requirements and, should audits by the government or grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs.

Note 20—Federal income taxes

The Organization is subject to federal income taxes on unrelated business income, which consists of ReStore sales of purchased materials. As of December 31, 2024 and 2023, the Organization has incurred cumulative net operating losses of approximately \$8,866,555 and \$6,176,000, respectively, for federal income tax purposes. These net operating losses may be used to offset future taxable unrelated business income. If not utilized, approximately \$2,182,000 of these losses will expire beginning in 2027. A full valuation allowance has been recorded as utilization is uncertain. The net change in the total valuation allowance for the years ended December 31, 2024 and 2023 was approximately \$2,690,469 and \$651,000, respectively.

Note 21—Subsequent events

Other than the debt amendment disclosed in Note 12, the Organization has evaluated subsequent events through May 29, 2025, the date the consolidated financial statements were available to be issued and identified no other subsequent events.

SUPPLEMENTARY INFORMATION

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2024

	Austin Habitat for Humanity	Austin Neighborhood Alliance for Habitat, Inc.	HomeBase Texas	POB	Eliminations	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 15,383,798	\$ -	\$ 288,926	\$ 67	\$ -	\$ 15,672,791
Accounts receivable, net	585,266	-	97,050	-	-	682,316
Pledges receivable, net	2,967,739	-	-	-	-	2,967,739
Mortgages receivable, current portion, net	355,219	-	-	-	-	355,219
ReStore inventory	1,264,039	-	-	-	-	1,264,039
Home construction in progress	4,325,685	-	-	14,464,036	-	18,789,721
Prepaid expenses and other current assets	775,531	-	-	237,010	-	1,012,541
Total Current Assets	25,657,277	-	385,976	14,701,113	-	40,744,366
Land held for development	10,378,691	-	(883,753)	(9,494,938)	-	-
Land held for investment, at fair value	1,900,000	-	-	-	-	1,900,000
Investment in HFHI NMTC Leverage Lender 2024, LLC	4,113,784	-	-	-	-	4,113,784
Pledges receivable, long-term portion, net	3,229,962	-	-	-	-	3,229,962
Mortgages receivable, long-term portion, net	7,547,619	-	-	-	-	7,547,619
Operating lease right-of-use assets	3,362,266	-	-	-	-	3,362,266
Property and equipment, net	14,391,610	-	-	-	-	14,391,610
Total Assets	\$ 70,581,209	\$ -	\$ (497,777)	\$ 5,206,175	\$ -	\$ 75,289,607

See report of independent auditor.

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2024

	Austin Habitat for Humanity	Austin Neighborhood Alliance for Habitat, Inc.	HomeBase Texas	POB	Eliminations	Total
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 368,418	\$ -	\$ -	\$ -	\$ -	\$ 368,418
Accrued expenses	1,352,875	-	-	-	-	1,352,875
Deferred revenue	10,008,404	-	-	-	-	10,008,404
Financing lease obligation, current portion	37,545	-	-	-	-	37,545
Operating lease liability, current portion	573,842	-	-	-	-	573,842
Line of credit	3,000,000	-	-	-	-	3,000,000
Notes payable - TDHCA, net, current portion	103,509	-	-	-	-	103,509
Long-term debt, current portion	276,225	-	-	-	-	276,225
Total Current Liabilities	15,720,818	-	-	-	-	15,720,818
Operating lease liability, net, long-term portion	2,908,853	-	-	-	-	2,908,853
Notes payable - TDHCA, net, long-term portion	1,155,982	-	-	-	-	1,155,982
New market tax credit - promissory note	-	-	-	5,500,238	-	5,500,238
Long-term debt, net, long-term portion	8,280,416	-	-	-	-	8,280,416
Total Liabilities	28,066,069	-	-	5,500,238	-	33,566,307
Net Assets:						
Without donor restrictions	29,098,822	-	(497,777)	(294,063)	-	28,306,982
With donor restrictions	13,416,318	-	-	-	-	13,416,318
Total Net Assets	42,515,140	-	(497,777)	(294,063)	-	41,723,300
Total Liabilities and Net Assets	\$ 70,581,209	\$ -	\$ (497,777)	\$ 5,206,175	\$ -	\$ 75,289,607

See report of independent auditor.

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Austin Habitat for Humanity	Austin Neighborhood Alliance for Habitat, Inc.	HomeBase Texas	POB	Eliminations	Total
Revenues:						
Contributions and Other Income:						
Contributions	\$ 16,112,108	\$ -	\$ -	\$ -	\$ -	\$ 16,112,108
Home building sponsorship revenues	2,144,298	-	-	-	-	2,144,298
Investment return, net	256,416	-	-	37,232	-	293,648
Other income	282,744	-	613,292	-	-	896,036
Total Contributions and Other Income	18,795,566	-	613,292	37,232	-	19,446,090
ReStore Revenues:						
ReStore sales	9,473,609	-	-	-	-	9,473,609
In-kind donation of inventory	5,118,465	-	-	-	-	5,118,465
Cost of goods sold	(7,654,543)	-	-	-	-	(7,654,543)
Sales discounts and refunds	(412,768)	-	-	-	-	(412,768)
Total ReStore Revenues, Net	6,524,763	-	-	-	-	6,524,763
Low-Cost Housing Revenues:						
Home sales	5,005,200	-	-	180,000	-	5,185,200
In-kind contributions of labor and construction materials	689,668	-	-	81,405	-	771,073
Mortgage discount and amortization	365,174	-	-	-	-	365,174
Other housing revenues	-	-	51,850	-	-	51,850
Cost of homes sold	(5,983,301)	-	-	(388,046)	-	(6,371,347)
Total Low-Cost Housing Revenues, Net	76,741	-	51,850	(126,641)	-	1,950
Total Revenues	25,397,070	-	665,142	(89,409)	-	25,972,803

See report of independent auditor.

AUSTIN HABITAT FOR HUMANITY, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)

YEAR ENDED DECEMBER 31, 2024

	Austin Habitat for Humanity	Austin Neighborhood Alliance for Habitat, Inc.	HomeBase Texas	POB	Eliminations	Total
Expenses:						
Low-cost housing program	\$ 3,983,326	\$ -	\$ 747,445	\$ 204,654	\$ -	\$ 4,935,425
ReStore program	6,368,403	-	-	-	-	6,368,403
Fundraising	2,343,821	-	-	-	-	2,343,821
Management and general	2,023,522	-	-	-	-	2,023,522
Total Expenses	14,719,072	-	747,445	204,654	-	15,671,171
Change in net assets	10,677,998	-	(82,303)	(294,063)	-	10,301,632
Net assets, beginning of year	31,837,142	-	(415,474)	-	-	31,421,668
Net assets, end of year	<u>\$ 42,515,140</u>	<u>\$ -</u>	<u>\$ (497,777)</u>	<u>\$ (294,063)</u>	<u>\$ -</u>	<u>\$ 41,723,300</u>

See report of independent auditor.