

HABITAT COMMUNITY CAPITAL
(FORMERLY EBSV COMMUNITY DEVELOPMENT, INC.)
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2025 AND 2024

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

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Board of Directors
Habitat Community Capital
Oakland, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Habitat Community Capital, formerly EBSV Community Development, Inc., a California nonprofit public benefit corporation, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat Community Capital as of June 30, 2025 and 2024, 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 Financial Statements section of our report. We are required to be independent of Habitat Community Capital and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Related-party Transactions

As discussed in Note 1 to the financial statements, Habitat Community Capital is controlled by the Board of Directors of Habitat for Humanity East Bay/Silicon Valley. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Lindquist, von Husen and Joyce LLP

December 9, 2025

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash	\$ 2,158,094	\$ 374,831
Receivables, net:		
Related-party (Note 6)	-	1,000,000
Mortgages receivable, net – current portion (Note 3)	426,231	273,343
Prepaid expenses	12,500	14,706
Total current assets	2,596,825	1,662,880
Mortgages receivable, net – net of current portion (Note 3)	14,627,023	6,839,995
Construction note receivable	170,100	-
Property and equipment – net (Note 4)	11,407	16,127
Deferred costs – net (Note 5)	138,295	132,015
Total assets	\$ 17,543,650	\$ 8,651,017
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 31,861	\$ 13,808
Related-party payable (Note 6)	22,608	66,236
Notes payable – current portion (Note 8)	1,178,914	131,912
Line of credit (Note 7)	1,021,000	-
Total current liabilities	2,254,383	211,956
Notes payable – net of current portion (Note 8)	10,959,476	3,762,880
Other subordinate debt (Note 9)	4,211,695	4,192,963
Total liabilities	17,425,554	8,167,799
Net assets:		
Without donor restrictions	118,096	483,218
Total net assets	118,096	483,218
Total liabilities and net assets	\$ 17,543,650	\$ 8,651,017

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

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2025 AND 2024

	<i>Without Donor Restrictions</i>	
	2025	2024
Support and revenue:		
Grants and contributions	\$ -	\$ 100,000
Total support and revenue	-	100,000
Expenses:		
Program services	891,626	628,469
Management and general	36,893	19,477
Total expenses	928,519	647,946
Change in net assets before other revenue	(928,519)	(547,946)
Other revenue (expense):		
Interest and other income (Note 11)	485,096	156,955
Mortgage discount amortization	78,301	70,530
Other expense	-	(28)
Total other revenue and expense	563,397	227,457
Change in net assets	(365,122)	(320,489)
Net assets, beginning of year	483,218	803,707
Net assets, end of year	\$ 118,096	\$ 483,218

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

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	<i>Program Services</i>	<i>Management and General</i>	<i>Total</i>	<i>Program Services</i>	<i>Management and General</i>	<i>Total</i>
Homeowner relations	\$ 24,000	\$ -	\$ 24,000	\$ 24,000	\$ -	\$ 24,000
Professional services	372,086	17,759	389,845	308,749	8,488	317,237
Interest (Note 8)	456,220	-	456,220	262,622	-	262,622
Depreciation and amortization	4,720	8,720	13,440	6,785	8,386	15,171
Miscellaneous	34,600	10,414	45,014	26,313	2,603	28,916
Total expenses as shown in the statements of activities	891,626	36,893	928,519	628,469	19,477	647,946
Other expenses	-	-	-	28	-	28
Total expenses	\$ 891,626	\$ 36,893	\$ 928,519	\$ 628,497	\$ 19,477	\$ 647,974

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

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (365,122)	\$ (320,489)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Mortgage discount amortization	(78,301)	(70,530)
Depreciation and amortization	13,440	15,171
Interest expense – permanent loan cost amortization	169,664	158,667
(Increase) decrease in assets:		
Other receivable	-	7,820
Prepaid expenses	2,206	(14,706)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	18,053	(27,866)
Related-party payable	(43,628)	25,911
	(283,688)	(226,022)
Net cash used in operating activities		
Cash flows from investing activities:		
Issuance/acquisition of mortgages receivable	(8,105,618)	(3,942,825)
Collection of mortgages receivable	244,003	301,018
Issuance of construction note receivable, including interest	(1,115,646)	-
Collection of construction note receivable	945,546	-
Collection of related-party receivable	1,000,000	245,000
Payment of loan to related-party	-	(1,000,000)
Deferred costs paid	(15,000)	(16,000)
	(7,046,715)	(4,412,807)
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from line of credit	1,021,000	-
Proceeds from notes payable	8,683,995	3,063,300
Repayment of note payable	(484,429)	(80,140)
Payment of permanent loan fees	(106,900)	(164,900)
	9,113,666	2,818,260
Net cash provided by financing activities		
Net increase (decrease) in cash	1,783,263	(1,820,569)
Cash, beginning of year	374,831	2,195,400
Cash, end of year	\$ 2,158,094	\$ 374,831
Supplementary information:		
Cash paid for interest	\$ 286,556	\$ 103,955

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

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Habitat Community Capital (HCC), formerly EBSV Community Development, Inc., is a California nonprofit public benefit corporation, which was formed on May 25, 2016. Habitat for Humanity East Bay/Silicon Valley (HEBSV), a California nonprofit public benefit corporation, is affiliated with and has majority board control of HCC, which was formed as an instrument to further HEBSV's organizational objectives. HCC's purpose is to meet the affordable housing-related credit and service needs of very-low, low-, and moderate-income families. HCC obtained Community Development Financial Institution certification of the CDFI Fund of the U.S. Department of Treasury on May 5, 2017.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Methods

HCC uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

HCC reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions. Accordingly, all net assets are accounted for as net assets without donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of HCC.
- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. HCC has no net assets with non-expiring donor restrictions as of June 30, 2025 and 2024.

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Revenue Recognition

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If donors' restrictions are satisfied in the same period that the contribution is received, the contribution is reported as support without donor restrictions. Contributions restricted for the purchase of long-lived assets, are reported as without donor restriction when the assets are placed in service, unless continuing use restrictions apply.

Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand.

Mortgages Receivable

Mortgages receivable consist of mortgages originated by HCC, as well as mortgages acquired by HCC. Mortgages originated by HCC bear interest ranging from 4.25% to 6.32%. Mortgages acquired by HCC generally bear no interest and are discounted to reflect imputed interest over the lives of the mortgages. For acquired mortgages, the discount is calculated as the difference between the gross value of the mortgages acquired and the acquisition price. The discount rates based on this calculation which is used to impute interest range between 2.50% and 6.26%. Mortgages are reported net of unamortized discount and amortization is recognized on a straight-line basis. Management estimates that the difference between amortization calculated using the straight-line method and the effective interest method is not material.

Management may sell a portion of the mortgages. Due to the uncertainty of the timing and amount of each sale of those mortgage receivables, any loss resulting from such transactions will be recorded when the transactions are settled or when amounts can be reasonably estimated.

Management estimates an allowance for credit losses on mortgages receivable balances that may not be collected which is an estimate based upon current and projected economic conditions, prior loan loss experience, the value of the underlying collateral, continuing review of the loan, and evaluation of credit risk. The allowance is increased or decreased by a provision (recapture) for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. Management has determined mortgages receivable were fully collectible and as such, no allowance for mortgage losses was deemed necessary as of June 30, 2025 and 2024, respectively.

Property and Equipment

Property and equipment are stated at cost of acquisition, or fair market value if donated. The costs of maintenance and repairs below \$3,000 that neither significantly add to the permanent value of property and equipment nor prolong its intended useful life are charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

The useful lives of the assets are estimated as follows:

Office equipment	5 years
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Deferred Costs

Deferred costs were incurred in order to acquire mortgages. Deferred costs are amortized on a straight-line basis over the term of the acquired mortgages.

HABITAT COMMUNITY CAPITAL
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Notes Payable

GAAP requires that notes payable bearing no interest are discounted to reflect imputed interest using the effective interest method over the lives of the loan, if the financial statement impact is material. Notes payable to governmental entities are exempt from the requirement to impute interest.

Permanent Loan Costs

Costs incurred in order to obtain permanent financing are stated at cost and amortized on a straight-line basis into interest expense over the term of the loan. Permanent loan costs are reported as a direct deduction from the face amount of the related debt.

Income Taxes

HCC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections, except on net income derived from unrelated business activities.

HCC believes that it has appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. HCC's federal and state information returns for the years 2021 through 2024 are subject to examination by regulatory agencies, generally for three years and four years after they were filed federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources. Directly identifiable expenses are charged to programs and supporting services.

Subsequent Events

Management has evaluated subsequent events through December 9, 2025, the date on which the financial statements were available to be issued.

Reclassification

Certain amounts previously reported in the 2024 financial statements were reclassified to conform to the 2025 presentation for comparative purposes.

NOTE 3 – MORTGAGES RECEIVABLE

Mortgages receivable are summarized as follows:

	2025	2024
Mortgage receivable, gross	\$ 16,813,530	\$ 8,685,177
Less: unamortized discount	(1,760,276)	(1,571,839)
	15,053,254	7,113,338
Less: current portion	(426,231)	(273,343)
Long-term portion	\$ 14,627,023	\$ 6,839,995

HABITAT COMMUNITY CAPITAL
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YEARS ENDED JUNE 30, 2025 AND 2024

HCC had 126 and 84 1st lien mortgages outstanding in 2025 and 2024, respectively. Mortgages were purchased from and originated for the following Habitat for Humanity organizations:

	2025	2024
	<i>Number of Mortgages</i>	
<i>Purchased:</i>		
HEBSV	16	16
Habitat for Humanity Fresno	42	29
Habitat for Humanity Tulare/Kings Counties	12	13
Habitat for Humanity Calaveras	6	6
Habitat for Humanity San Benardino	2	2
Habitat for Humanity Honolulu	2	2
 <i>Origination/Issued:</i>		
HEBSV	25	3
Habitat for Humanity Inland Valley	4	1
Habitat for Humanity San Gabriel Valley	7	2
Habitat for Humanity San Diego	10	10
	126	84
	126	84

HEBSV (a related party):

14 mortgages with an aggregate balance of \$1,611,837 purchased at a discount of 29% in July 2016. Monthly payments of \$4,817 as adjusted based on collections anticipated through 2045.

2 mortgages with an aggregate balance of \$296,892 purchased at a discount of 25% in June 2023. Monthly payments of \$1,073 as adjusted based on collections anticipated through 2050.

Habitat for Humanity Fresno:

14 mortgages with an aggregate balance of \$684,183 purchased at a discount of 23% in February 2019. Monthly payments of \$5,633 as adjusted based on collections anticipated through 2033. One mortgage was paid off in full in January 2023 and another was paid off in full in May 2023. As of June 30, 2025 and 2024, there are 12 mortgages with an aggregate balance of \$645,610 with required monthly payments of \$4,844.

9 mortgages with an aggregate balance of \$474,755 purchased at a discount of 34% in September 2020. Monthly payments of \$2,528 as adjusted based on collections anticipated through 2043. One mortgage was paid off in full in May 2024. As of June 30, 2025 and 2024, there are 8 mortgages with an aggregate balance of \$459,766 with required monthly payments of \$2,178.

9 mortgages with an aggregate balance of \$654,200 purchased at a discount of 36% in July 2021. Monthly payments of \$3,094 as adjusted based on collections anticipated through 2042.

13 mortgages with an aggregate balance of \$620,476 purchased at a discount of 43% in February 2025. Monthly payments of \$2,867 as adjusted based on collections anticipated through 2054.

HABITAT COMMUNITY CAPITAL
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Habitat for Humanity Tulare/Kings Counties:

14 mortgages with an aggregate balance of \$382,673 purchased at a discount of 23% in June 2020. Monthly payments of \$3,738 as adjusted based on collections anticipated through 2036. One mortgage was paid off in full in August 2023 and another was paid off in full in July 2024. As of June 30, 2025 and 2024, respectively, there are 12 and 13 mortgages with an aggregate balance of \$356,760 and \$371,012, with required monthly payments of \$3,443 and \$3,738.

Habitat for Humanity Calaveras:

6 mortgages with an aggregate balance of \$511,661 purchased at a discount of 40% in April 2023. Monthly payments of \$2,208 as adjusted based on collections anticipated through 2050.

Habitat for Humanity San Bernardino:

2 mortgages with an aggregate balance of \$551,271 purchased at a discount of 60% in September 2023. Monthly payments of \$1,145 as adjusted based on collections anticipated through 2063.

Habitat for Humanity Honolulu:

2 mortgages with an aggregate balance of \$285,733 purchased at a discount of 48% in November 2023. Monthly payments of \$933 as adjusted based on collections anticipated through 2049.

Collected payments from the mortgages are remitted to HCC through a loan servicing agent or the Habitat for Humanity organizations who continue to service the loans. Mortgages were issued by HCC related to homes sold by the following Habitat for Humanity organizations:

HEBSV (a related party):

2 mortgages with an aggregate balance of \$921,976 and 1 mortgage with a balance of \$402,000 issued in June 2023 and May 2024, respectively. Monthly payments of \$4,536 and \$2,097 are due through 2053 and 2054, respectively.

5 mortgages with an aggregate balance of \$1,296,863, 6 mortgages with a balance of \$1,778,851, 6 mortgages with a balance of \$1,728,952, 4 mortgages with a balance of \$875,538, 1 mortgage with a balance of \$448,775 issued in October 2024, November 2024, December 2024, January 2025, and June 2025, respectively. Monthly payments of \$6,765, \$9,279, \$9,019, \$4,567 and \$2,341 are due through 2054 and 2055, respectively.

Habitat for Humanity Inland Valley:

1 mortgage with a balance of \$275,000 issued in January 2024. Monthly payments of \$1,475 are due through 2054.

1 mortgage with a balance of \$220,000, 1 mortgage with a balance of \$205,000 and 1 mortgage with a balance of \$225,000 issued in August 2024, October 2024 and December 2024. Monthly payments of \$1,180, \$1,100 and \$1,858 are due through 2054 and 2055.

Habitat for Humanity San Gabriel Valley:

2 mortgages with balances of \$270,000 and \$222,000 issued in December 2023 and May 2024, respectively. Monthly payments of \$2,638 are due through 2054.

2 mortgages with an aggregate balance of \$390,000, 1 mortgage with a balance of \$320,000, and 2 mortgages with an aggregate balance of \$433,000 issued in October 2024, March 2025 and April 2025, respectively. Monthly payments of \$2,094, \$1,716 and \$2,322 are due through 2054 and 2055.

Habitat for Humanity San Diego:

10 mortgages with an aggregate balance of \$2,402,500 issued in June 2024. Monthly payments of \$13,641 are due through 2054.

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2025	2024
Office equipment	\$ 23,600	\$ 23,600
Less: accumulated depreciation	(12,193)	(7,473)
Total property and equipment	\$ 11,407	\$ 16,127

NOTE 5 – DEFERRED COSTS

Deferred costs are summarized as follows:

	2025	2024
Mortgage acquisition costs	\$ 178,850	\$ 163,850
Less: accumulated amortization	(40,555)	(31,835)
Total deferred costs	\$ 138,295	\$ 132,015

NOTE 6 – RELATED-PARTY TRANSACTIONS

Expenses paid to related parties included on the statement of activities are summarized as follows:

	2025	2024
HEBSV:		
Outsourced services ⁽¹⁾	\$ 344,548	\$ 297,069
Community counseling services ⁽¹⁾	24,000	24,000
Total	\$ 368,548	\$ 321,069

⁽¹⁾ HCC contracted HEBSV to provide the following services to residents of Alameda County, Contra Costa County and Santa Clara County: pre-purchase counseling; pre-purchase homebuyers education workshops; financial management counseling; financial, budgeting and credit workshops and non-delinquency post purchase workshops. HCC also pays HEBSV for outsourced services related to contracted labor related to certain officers and other employee positions.

The operating advances owed to HEBSV as of June 30, 2025 and 2024 amounted to \$22,608 and \$66,236, respectively.

In August 2022, HCC entered into a loan agreement with HEBSV in the amount of \$670,000, accruing interest at the rate of 5.0% per annum. HCC was entitled to receive monthly interest payments of \$2,792 through August 2023, at which time the remaining principal and interest were paid in full.

HABITAT COMMUNITY CAPITAL
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NOTES TO FINANCIAL STATEMENTS
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In January 2024, HCC entered into a loan agreement with HEBSV in the maximum amount of \$1,500,000, accruing interest at the rate of 6.0% per annum. HCC is entitled to receive monthly interest payments of \$6,000 through January 2025, at which time the remaining principal and interest were paid in full. The remaining principal was \$-0- and \$1,000,000 as of June 30, 2025 and 2024, respectively.

NOTE 7 – LINE OF CREDIT

HCC has a revolving line of credit with Commercial Bank of California (formerly Community Bank of the Bay) of \$1,021,000, which was outstanding as of June 30, 2025, bearing interest at 5% for the first six months, 5.5% for the next three months, and 6% for the remaining term of its initial maturity of one year in August 2025.

NOTE 8 – NOTES PAYABLE

Notes payable consist of the following:

	2025	2024
Northern Trust, in the original amount of \$1,383,612, bears no interest, with monthly installments of \$4,817, due in full in May 2045.	\$ 1,123,517	\$ 1,181,315
Heritage Bank of Commerce, in the original amount of \$1,158,986, On June 26, 2025 the loan was amended and increased to \$7,546,870, bears interest of 1.75%, with monthly payments of \$27,496, due in full in July 2055.	7,560,522	1,136,645
Commercial Bank of California (formerly Community Bank of the Bay), in the original amount of \$1,904,314. On January 23, 2025, the loan was amended and increased to \$2,904,558, bears interest of 2.5%, with monthly payments of \$11,681, due in full in November 2054.	2,881,968	1,904,314
Habitat Capital, LLC, in the original amount of \$1,141,110, bears interest of 3.75%, payable due in full in December 2025.	855,833	-
Total	12,421,840	4,222,274
Less: unamortized permanent loan costs ⁽¹⁾	(283,450)	(327,482)
Net	12,138,390	3,894,792
Less: current portion	(1,178,914)	(131,912)
Long-term portion	\$ 10,959,476	\$ 3,762,880

⁽¹⁾ Costs incurred in order to obtain permanent financing were \$696,726 and \$589,826 as of June 30, 2025 and 2024, respectively, and are amortized on a straight-line basis into interest expense over the term of the notes. Interest expense for amortization of permanent loan costs was \$150,932 and \$139,935 in 2025 and 2024, respectively.

HABITAT COMMUNITY CAPITAL
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

Scheduled principal payments on the notes payable for the next five years are estimated as follows:

	<i>Year Ending June 30,</i>
2026	\$ 1,178,914
2027	331,150
2028	336,513
2029	341,984
2030	347,565
Thereafter	9,885,714
 Total	 \$ 12,421,840

NOTE 9 – OTHER SUBORDINATE DEBT

In June 2016, HCC entered into a subordinated equity note agreement with Heritage Bank of Commerce. The agreement provides for Heritage Bank of Commerce to purchase from HCC a subordinated equity note at a purchase price of \$350,000 which is structured as a subordinated unsecured equity equivalent investment (EQ2). The EQ2 requires quarterly interest-only payments at a rate of 2.50% per annum. The original maturity date of the EQ2 was April 1, 2021, which is expected to be extended annually through April 2041. Currently, the extended maturity date is April 1, 2030. The EQ2 was made subordinate to all other obligations of HCC. The interest expense was \$6,667 and \$8,873 for 2025 and 2024, respectively.

A second EQ2, in the amount of \$2,000,000 was obtained by HCC from City National Bank in November 2016. The EQ2 bears quarterly interest-only payments at a rate of 2.50% per annum. The loan was originally due in full on January 1, 2022, which is expected to be extended annually through January 1, 2042. Currently, the extended maturity date is January 1, 2030. The interest expense was \$50,000 in both 2025 and 2024.

A third EQ2, in the amount of \$2,000,000 was obtained by HCC from Western Alliance Bank in October 2021. The EQ2 bears quarterly interest-only payments at a rate of 1.50% per annum and had an original maturity date of January 1, 2027, which was extended to January 1, 2029. The interest expense was \$30,000 in both 2025 and 2024.

Costs incurred in order to obtain permanent financing were \$236,875 and are amortized on a straight-line basis into interest expense over the term of the subordinate debts. The unamortized permanent loan costs balance was \$138,305 and \$157,037 as of June 30, 2025 and 2024, respectively. Interest expense for amortization of permanent loan costs was \$18,732 for both 2025 and 2024.

NOTE 10 – LIQUIDITY AND AVAILABILITY

The following financial assets can be readily made available within one year of the statements of financial position date to meet general expenditures:

	2025	2024
Cash	\$ 2,158,094	\$ 374,831
Related party receivable	-	1,000,000
Mortgage receivable – current portion	426,231	273,343
 Total	 \$ 2,584,325	 \$ 1,648,174

HABITAT COMMUNITY CAPITAL
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 11 – INTEREST AND OTHER INCOME

Interest and other income are summarized as follows:

	<u>2025</u>	<u>2024</u>
Interest income	\$ 465,363	\$ 130,350
Miscellaneous other income	19,733	26,605
Total	<u>\$ 485,096</u>	<u>\$ 156,955</u>