



**Housing
Development
Fund
And Affiliates**

**COMBINED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Contents
June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors of
Housing Development Fund, Inc. and Affiliates:

Opinion

We have audited the combined financial statements of Housing Development Fund, Inc. (a Connecticut corporation, not for profit) and Affiliates (collectively, the Organization), which comprise the combined statements of financial position as of June 30, 2025 and 2024, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Housing Development Fund, Inc. and Affiliates as of June 30, 2025 and 2024, and the changes in their net assets and their 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 (GAAS). 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 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information shown on pages 29 through 32 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information shown on pages 29 through 32 is fairly stated in all material respects in relation to the combined financial statements as a whole.

AAFCPA, Inc.

Boston, Massachusetts
October 16, 2025

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Combined Statements of Financial Position
June 30, 2025 and 2024

Assets	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 14,935,292	\$ 4,426,721
Short-term investments	2,473,269	8,856,616
Government grants and contracts receivable	1,036,758	718,258
Current portion of loans receivable, net of allowance for credit losses of \$60,466 and \$43,679 as of June 30, 2025 and 2024, respectively	1,954,189	1,171,275
Interest receivable	150,517	191,447
Prepaid expenses and other	160,542	134,529
Total current assets	20,710,567	15,498,846
Other Assets:		
Restricted deposits	5,670,878	6,472,464
Loans receivable, net of current portion and allowance for credit losses of \$2,570,656 and \$2,352,732 as of June 30, 2025 and 2024, respectively	44,585,011	39,482,898
Property and equipment, net	862,891	1,174,959
Total other assets	51,118,780	47,130,321
Total assets	\$ 71,829,347	\$ 62,629,167
Liabilities and Net Assets		
Current Liabilities:		
Current portion of notes payable	\$ 657,752	\$ 668,591
Accounts payable, accrued expenses and other	150,061	171,236
Accrued interest payable	123,011	107,213
Total current liabilities	930,824	947,040
Other Liabilities:		
Conditional grant advances	2,238,000	3,235,000
Notes payable, net of current portion	29,021,886	26,936,481
Total other liabilities	31,259,886	30,171,481
Total liabilities	32,190,710	31,118,521
Net Assets:		
Without donor restrictions:		
Operating	7,164,710	7,813,055
Board designated	28,302,301	19,051,178
Net investment in real estate	882,553	1,194,700
Total without donor restrictions	36,349,564	28,058,933
With donor restrictions	3,289,073	3,451,713
Total net assets	39,638,637	31,510,646
Total liabilities and net assets	\$ 71,829,347	\$ 62,629,167

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

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HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Combined Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Operating Revenues and Support:				
Earned revenue:				
Financial revenue:				
Interest income - loans	\$ 1,495,056	\$ -	\$ 1,247,890	\$ -
Loan related fees	607,496	-	445,024	-
Investment return	475,717	-	484,358	-
Interest income - bank deposits	449,089	-	78,677	-
Less - write-off of loans receivable	(87,746)	-	(32,638)	-
Recovery of (provision for) credit losses	(234,711)	-	10,719	-
Less - interest expense	(526,273)	-	(466,744)	-
Net financial revenue	2,178,628	-	1,767,286	-
Rental revenue	36,660	-	66,960	-
Total earned revenue	2,215,288	-	1,834,246	-
Public support:				
Grants and contributions	8,459,479	837,000	718,346	4,318,258
Net assets released from restrictions	999,640	(999,640)	1,706,105	(1,706,105)
Total public support	9,459,119	(162,640)	2,424,451	2,612,153
Total operating revenues and support	11,674,407	(162,640)	4,258,697	2,612,153
Operating Expenses:				
Program services	1,782,918	-	1,683,815	-
General and administrative	911,058	-	921,172	-
Fundraising and communication	394,427	-	280,740	-
Total operating expenses	3,088,403	-	2,885,727	-
Changes in net assets from operations	8,586,004	(162,640)	1,372,970	2,612,153
Non-Operating Revenue (Expense):				
Capital grants	-	-	80,000	-
Loss on sale of property and equipment	-	-	(21,409)	-
Impairment of property and equipment	(295,373)	-	-	-
Total non-operating revenue (expense)	(295,373)	-	58,591	-
Changes in net assets	8,290,631	(162,640)	1,431,561	2,612,153
Net Assets:				
Beginning of year	28,058,933	3,451,713	27,275,243	839,560
Cumulative adjustment from adoption of new credit loss standard	-	-	(647,871)	-
End of year	\$ 36,349,564	\$ 3,289,073	\$ 28,058,933	\$ 3,451,713
				\$ 31,510,646

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

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 8,127,991	\$ 4,043,714
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	28,989	35,453
Unrealized gain on investments	(88,372)	(4,189)
Provision for (recovery of) credit losses	234,711	(10,719)
Write-off of loans receivable	87,746	32,638
Deferred origination fees	32,083	14,360
Capital grants	-	(80,000)
Loss on sale of property and equipment	-	21,409
Impairment of property and equipment	295,373	-
Changes in operating assets and liabilities:		
Government grants and contracts receivable	(318,500)	(718,258)
Interest receivable	40,930	(5,781)
Prepaid expenses and other	(26,013)	37,918
Accounts payable, accrued expenses and other	(21,175)	41,178
Accrued interest payable	15,798	19,201
Conditional grant advances	(997,000)	3,196,472
Net cash provided by operating activities	<u>7,412,561</u>	<u>6,623,396</u>
Cash Flows from Investing Activities:		
Principal payments on loans receivable	1,638,141	1,763,477
Issuance of loans receivable	(7,877,708)	(8,230,011)
Purchase of investments	(29,963,034)	(34,522,221)
Proceeds from sale of investments	36,346,381	35,007,016
Payments for construction in progress	-	(45,313)
Payments for property and equipment	(12,294)	(21,246)
Proceeds from sale of property and equipment	-	305,000
Net cash provided by (used in) investing activities	<u>131,486</u>	<u>(5,743,298)</u>
Cash Flows from Financing Activities:		
Capital grant proceeds	-	80,000
Proceeds from notes payable	2,717,298	6,368,570
Principal payments on notes payable	(642,732)	(1,280,918)
Net cash provided by financing activities	<u>2,074,566</u>	<u>5,167,652</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	9,618,613	6,047,750
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	<u>9,769,550</u>	<u>3,721,800</u>
End of year	<u>\$ 19,388,163</u>	<u>\$ 9,769,550</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combined Statements of Financial Position:		
Cash and cash equivalents	\$ 14,935,292	\$ 4,426,721
Restricted deposits	5,670,878	6,472,464
Less - restricted deposits classified as investments	<u>(1,218,007)</u>	<u>(1,129,635)</u>
Total cash, cash equivalents and restricted cash shown in the combined statements of cash flows	<u>\$ 19,388,163</u>	<u>\$ 9,769,550</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 510,475</u>	<u>\$ 447,543</u>

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Summarized Comparative Totals for the Year Ended June 30, 2024)

	2025										2024	
	Program Services					Support Services					Total	
	Multi-Family Housing	Homebuyer Assistance Underwriting	Homebuyer Assistance Counseling	HDF Community Works, LLC	HDF Community Land Trust, Inc.	Total Program Services	General and Administrative	Fundraising and Communication	Total Support Services	Total		
Personnel and Related Costs:												
Salaries and wages	\$ 282,961	\$ 381,215	\$ 380,569	\$ -	\$ -	\$ 1,044,745	\$ 538,544	\$ 212,024	\$ 750,568	\$ 1,795,313	\$ 1,765,273	
Employee benefits	10,686	45,819	52,356	-	-	108,861	84,064	25,889	109,953	218,814	194,340	
Payroll taxes	22,017	36,594	42,146	-	-	100,757	62,170	27,358	89,528	190,285	194,433	
Total personnel and related costs	315,664	463,628	475,071	-	-	1,254,363	684,778	265,271	950,049	2,204,412	2,154,046	
Other:												
Information technology	10,576	73,124	15,764	-	-	99,464	64,012	10,491	74,503	173,967	128,925	
Professional and consulting fees	5,737	19,347	8,509	-	2,500	36,093	75,585	22,916	98,501	134,594	181,943	
Unrecoverable development costs	109,238	-	-	-	-	109,238	-	-	-	109,238	-	
Office expenses and other	2,518	37,100	32,212	6	1,535	73,371	29,720	4,892	34,612	107,983	89,445	
Insurance	8,625	21,514	12,792	7,208	4,451	54,590	19,018	7,385	26,403	80,993	90,641	
Lending related expenses	13,644	66,290	-	-	-	79,934	-	-	-	79,934	60,231	
Marketing	303	203	160	-	-	666	209	59,560	59,769	60,435	12,657	
Occupancy	2,274	5,671	3,372	27,143	-	38,460	7,939	-	7,939	46,399	71,030	
Dues and subscriptions	627	4,169	1,929	-	-	6,725	20,704	2,186	22,890	29,615	34,895	
Depreciation	2,991	7,583	3,101	7,762	-	21,437	5,518	2,034	7,552	28,989	35,453	
Event expenses	-	-	-	-	-	-	-	18,093	18,093	18,093	12,855	
Telephone	1,571	3,922	3,084	-	-	8,577	3,575	1,599	5,174	13,751	13,606	
Total operating expenses	\$ 473,768	\$ 702,551	\$ 555,994	\$ 42,119	\$ 8,486	\$ 1,782,918	\$ 911,058	\$ 394,427	\$ 1,305,485	\$ 3,088,403	\$ 2,885,727	

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

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services					Support Services			Total
	Multi-Family Housing	Homebuyer Assistance Underwriting	Homebuyer Assistance Counseling	HDF Community Works, LLC	HDF Community Land Trust, Inc.	General and Administrative	Fundraising and Communication	Total Support Services	
Personnel and Related Costs:									
Salaries and wages	\$ 331,170	\$ 335,863	\$ 378,973	\$ -	\$ -	\$ 542,390	\$ 176,877	\$ 719,267	\$ 1,765,273
Employee benefits	7,914	37,165	43,072	-	-	85,593	20,596	106,189	194,340
Payroll taxes	21,710	37,567	42,990	-	-	66,053	26,113	92,166	194,433
Total personnel and related costs	360,794	410,595	465,035	-	-	694,036	223,586	917,622	2,154,046
Other:									
Information technology	5,934	52,182	10,860	-	-	51,882	8,067	59,949	128,925
Professional and consulting fees	17,477	46,513	14,473	-	24,550	67,003	11,927	78,930	181,943
Office expenses and other	2,081	10,853	34,417	57	56	38,904	3,077	41,981	89,445
Insurance	7,364	31,985	13,913	6,882	5,186	17,358	7,953	25,311	90,641
Lending related expenses	5,000	55,231	-	-	-	-	-	-	60,231
Marketing	250	2,932	1,287	-	-	-	8,188	8,188	12,657
Occupancy	2,132	17,144	13,740	18,406	-	19,608	-	19,608	71,030
Dues and subscriptions	5,814	4,899	945	-	-	22,106	1,131	23,237	34,895
Depreciation	3,509	10,372	4,388	7,531	-	6,889	2,764	9,653	35,453
Event expenses	-	-	154	-	-	-	12,701	12,701	12,855
Telephone	1,281	4,861	2,732	-	-	3,386	1,346	4,732	13,606
Total operating expenses	\$ 411,636	\$ 647,567	\$ 561,944	\$ 32,876	\$ 29,792	\$ 921,172	\$ 280,740	\$ 1,201,912	\$ 2,885,727

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

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

1. OPERATIONS AND NONPROFIT STATUS

Housing Development Fund, Inc. (HDF) is a Connecticut not-for-profit corporation established in 1989, which facilitates the development of affordable housing, both rental and homeownership, and assists households to become owners of affordable homes. HDF accomplishes this by providing low-interest, flexible financing and technical assistance to developers; by providing homebuyer assistance financing and homeownership counseling to homebuyers; and by working with the private sector, not-for-profit and government organizations to facilitate the creation of more affordable housing. HDF believes that all households and families should have the opportunity and access to affordable housing, and that affordable housing and economic diversity are beneficial to communities.

HDF has been granted status as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury (the Treasury), which allows HDF to qualify for certain awards and loan support from the Treasury.

Combined Affiliates

HDF Community Works, LLC (Community Works) is a Connecticut limited liability company established in 2008 to own and operate real property. HDF is the sole member of Community Works and, as a result, Community Works is classified as a disregarded entity for tax purposes.

HDF Community Land Trust, Inc. (the Trust) is a Connecticut not-for-profit corporation, which shares a majority of its Board of Directors with HDF. The Trust was established in 2020 to provide housing opportunities to low and moderate-income households in an array of urban, suburban, and rural communities. To date, the Trust acquired and developed real property located at 287 Washington Boulevard, Stamford, Connecticut (the South End Project now known as Washington Crossing), and developed a program whereby housing units of the South End Project were sold to qualifying households.

The accompanying combined financial statements include the accounts of HDF, Community Works, and the Trust (collectively, the Organization). All significant intercompany balances and transactions have been eliminated in the accompanying combined financial statements.

Non-Profit Status

HDF and the Trust are individually exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). HDF and the Trust are also exempt from state income taxes. Contributions made to HDF and the Trust are deductible by donors within the requirements of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, Restricted Deposits and Concentration of Credit Risk

The Organization considers all highly liquid investments originated with a maturity of three months or less and that are available for current operations, to be cash and cash equivalents. Those highly liquid resources that are not generally available for current operations, or otherwise are restricted, are classified as restricted deposits. For the purpose of the combined statements of cash flows, cash and restricted cash include cash and restricted deposits with an initial maturity of three months or less.

The Organization maintains its cash balances in high credit quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures balances at each financial institution up to certain amounts. At certain times during the year, cash balances may exceed the insured amounts. The Organization has not experienced any losses in such accounts. The Organization periodically assesses the financial condition of these financial institutions and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Short-Term Investments

Short-term investments consist entirely of U.S. Treasury bills (debt securities) with maturities through September 2025 and at maturity the proceeds of these short-term investments were reinvested in similar securities. The Organization classifies its debt securities as held-to-maturity or available-for-sale at the time of purchase. Held-to-maturity securities are those debt securities which management has the intent and the Organization has the ability to hold to maturity and are reported at amortized cost. All short-term investments are classified as held-to-maturity as of June 30, 2025 and 2024.

The Organization, under ASU 2016-13, elected the practical expedient of zero loss estimates for securities issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major agencies and have a long history of no credit losses. As such, there was no allowance for credit losses pertaining to short-term investments as of June 30, 2025 and 2024.

Investments Included in Restricted Deposits

Long-term investment balances are included in restricted deposits (see Note 4) in the accompanying combined statements of financial position and consist of the Organization's holdings of marketable financial securities held for purposes of financial returns (see Note 4). The Organization records long-term investments included in restricted deposits at fair value. The fair value of municipal bonds is determined using observable inputs from similar securities, which are categorized as Level 2 inputs in the fair value hierarchy (see page 14).

Interest, dividends, and other income from these investments are recorded when earned or declared. Gains and losses are recognized as incurred on sale or based on fair value changes during the period.

Government Grants and Contracts Receivable and Allowance

Unconditional promises to give that are expected to be collected within one year are recorded at the date the promise is received and are included in government grants and contracts receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows net of an allowance for doubtful accounts. An allowance for doubtful government grants and contracts receivable is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible. There was no allowance deemed necessary as of June 30, 2025 and 2024.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable

Loans receivable are presented net of allowances for credit losses (see Note 6) and third-party loan participations qualifying as loan sales under ASC Topic 860, *Accounting for Transfers and Servicing of Assets and Liabilities*. Loan participations qualify as loan sales if the Organization surrenders control over the participated portion of the loan receivable and the participation agreement meets certain other criteria. All of the Organization's loan participations qualify for treatment as loan sales.

Below-Market Rate Loans

U.S. GAAP requires nonprofit organizations to record interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense. Interest rates on notes payable are disclosed in Note 7. Interest rates on loans receivable are disclosed in Note 5. The Organization believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. Consequently, no adjustments have been made to the accompanying combined financial statements to reflect rate differentials.

Allowance for Credit Losses

Allowance for Credit Losses – General

The allowance for credit losses represents management's judgement of an estimated amount of lifetime expected losses that may be incurred on outstanding loans at the combined statement of financial position date. This estimate is based on the risk characteristics of the loan portfolio, historical losses and defaults, an expectation of supportable future economic conditions, and payment performance of the Organization's borrowers. The allowance is measured and recorded upon the initial recognition of a financial asset. The allowance is then reduced by charge-offs (net of recoveries of previous losses), and is increased and decreased by a provision (recovery) for credit losses, which is recorded as a current period expense (revenue). Such allowance is based on credit losses over the contractual term of the loan adjusted for expected prepayments.

The Organization made an accounting election under ASU 2016-13 to exclude interest receivable from the measurement of the allowance for credit losses and implemented a non-accrual policy to reverse any accrued, uncollected interest income as loans are moved to non-accrual status. The Organization considers the length of time without payment from the borrower and other triggering events when determining that a loan should be moved to non-accrual status and no longer recognize interest revenue on the loan.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

Allowance for Credit Losses – Performing Loans

The methodology for estimating the allowance for loans that are deemed to be performing includes a collective quantified reserve, a collective qualitative reserve, and individual allowances on specific credits. Loans are pooled into segments based on similar characteristics of borrowers, contract terms, collateral types, types of associated industries, and business purposes of the loans. Management of the Organization has concluded that performing loans will be characterized as four pools when calculating allowance for credit losses, one for Multifamily loans, one for Homebuyer Assistance loans, one for Smart Move loans, and one for MacArthur Energy Efficiency loans. The Organization utilizes applicable data available to recognize expected losses, based on changes in the behavior of the portfolio in response to interest rates and economic conditions, the composition of the loan portfolio and the financial condition of the respective borrowers, future additions to the allowance may be necessary. Accordingly, the determination of the appropriateness of the allowance is complex and applies significant and highly subjective estimates. The use of significant judgement and the estimates of expected lifetime losses in the loan portfolio may vary significantly from actual amounts incurred. Loans that do not share the risk characteristics of performing loans are evaluated on an individual basis. There were no loans evaluated on an individual basis as of June 30, 2025 and 2024.

The Organization applies the weighted-average remaining life to maturity (WARM) method to estimate the collective quantified component of the allowance for each of its performing loan pools. The WARM methodology utilizes the Organization's historical default and loss experience adjusted for future economic forecasts. The Organization has elected to utilize a ten-year lookback period for Multifamily and MacArthur Energy Efficiency loan pools and a five-year lookback period for Homebuyer Assistance and Smart Move loan pools based on a lending portfolio that is comprised of amortizing loans to borrowers with varying maturities from the date of issuance. The respective lookback periods align with the most accurate depiction of management's assessment of history of loss and available quality data in their lending database. The reasonable and supportable forecast period represents a one year economic outlook for each loan pool for the applicable economic variables. At the end of the reasonable and supportable forecast period, assumption variables revert to the average of historical values over the lifetime of the loans based on the Organization's elected lookback period. Management of the Organization considered significant factors that could affect the expected future collectability of the amortized cost basis of the portfolio and determined that the primary factors are Federal interest rate fluctuation and changes to the Consumer Pricing Index. See Note 6 for disclosure of the Organization's qualitative reserve factor for each loan pool as of June 30, 2025 and 2024.

Off-Balance Sheet Credit Exposures

Unfunded lending commitments are reviewed to determine if they are considered unconditionally cancellable. The Organization establishes reserves for unfunded commitments that do not meet that criteria as a liability in the combined statements of financial position. Changes to the liability are recorded through the provision for credit losses in the combined statements of activities and changes in net assets. The allowance for credit losses for unfunded lending commitments is estimated using the same methodologies as portfolio loans, taking into consideration management's assumption of the likelihood that funding will occur. The Organization, from time to time, has unfunded loan commitments on closed loans where all or a portion of the total commitment has yet to be drawn (see Note 5).

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses (Continued)

Off-Balance Sheet Credit Exposures (Continued)

There is no credit exposure with this type of commitment as the Organization is not legally obligated to fund the remainder of the exposed loan if the borrowers do not meet certain milestones or provide proper requisitions for the funding. The borrower does not have the unilateral right to draw down additional funds without proper approvals by the Organization. As such, there were no unfunded lending commitments that required a reserve for credit losses as of June 30, 2025 and 2024.

Property and Equipment and Depreciation

Property and equipment are recorded at cost (see Note 3), if purchased, or at fair value at the time of donation. Improvements and major repairs are capitalized, while ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Leasehold improvements	40 years
Furniture and equipment	5 years

Land is not depreciated.

The Organization accounts for the carrying value of its property and equipment in accordance with standards pertaining to ASC Topic 360, *Property, Plant and Equipment*, under U.S. GAAP. The carrying value is evaluated annually for impairment (see Note 3).

Investment in Affiliate

Investment in affiliate consists of cash investments totaling \$1,158,405 HDF has made into Community Works as its sole member. Investment in affiliate is accounted for using the cost method and is reviewed annually for impairment. Under the cost method, an investment is carried at its original cost and cash distributions of profits are reported as income. No impairment loss was recognized in fiscal years 2025 and 2024. The balance of investment in affiliate is eliminated in the accompanying combined statements of financial position.

Net Assets

Net assets without donor restrictions include those net resources of the Organization that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

- **Operating** net assets represent those net resources that are considered substantially liquid and available for general operations.
- **Board designated** net assets represent those net resources the Organization's Board of Directors have designated for the following purposes:

Revolving Loan Fund - Homebuyer Assistance Loans reserve is intended to provide an internal source of capital to fund loans to qualifying individuals to purchase a home. Collections of outstanding balances from loans funded with these funds are deposited back into this reserve and subsequently used for a similar purpose, upon approval from the Board of Directors.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Board designated (Continued)

Future Projects Fund reserve is intended to fund future development projects of the Organization. During fiscal year 2025, the Board of Directors elected to repurpose a portion of this fund balance to other Board designated funds.

Revolving Loan Fund - Flexible Funding for Multifamily Loans reserve is intended to provide an internal source of capital to fund loans to purchase multifamily homes. Collections of outstanding balances from loans funded with these funds are deposited back into this reserve and subsequently used for a similar purpose, upon approval from the Board of Directors.

Homeownership Equity Fund and *CT Forever Home Fund* are intended to fund down payment assistance loans for first time homebuyers. These are not revolving loan funds.

HDF Hardship Fund is intended to fund financial hardship loans for qualifying employees of the Organization. This is not a revolving loan fund.

Board designated net assets consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Revolving Loan Fund - Homebuyer Assistance Loans	\$ 16,344,032	\$ 13,928,081
Future Projects Fund	7,286,482	1,798,827
Revolving Loan Fund - Flexible Funding for Multifamily Loans	3,815,368	3,267,020
CT Forever Home Fund	831,419	-
Homeownership Equity Fund	20,000	52,250
HDF Hardship Fund	<u>5,000</u>	<u>5,000</u>
	<u>\$ 28,302,301</u>	<u>\$ 19,051,178</u>

- ***Net investment in real estate*** net assets represent the portion of resources invested in long-term productive property and equipment (that is not donor restricted), net of related liabilities.

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purposes (purpose restricted), and amounts for unrestricted use in future periods (time restricted).

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions were as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Operating time restricted:		
Fair value of donated lease (see Note 3)	\$ 321,148	\$ 334,854
Lending purpose restricted:		
Loan Capital - CDFI Equitable Recovery Program (ERP)	1,939,925	2,565,859
Loan Capital - CDFI Capital Magnet Fund (see Note 10)	837,000	-
Loan Capital - Homeownership Equity Fund down payment assistance	140,000	500,000
Revolving Loan Capital - down payment assistance	<u>51,000</u>	<u>51,000</u>
Total lending purpose restricted	<u>2,967,925</u>	<u>3,116,859</u>
	<u>\$ 3,289,073</u>	<u>\$ 3,451,713</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by occurrence of the passage of time, and other events specified by the donors as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating time restricted:		
Fair value of donated lease (see Note 3)	\$ 13,706	\$ 13,706
Lending purpose restricted:		
Loan Capital - CDFI Equitable Recovery Program (ERP)	625,934	1,152,399
Loan Capital - Homeownership Equity Fund down payment assistance	360,000	100,000
Loan Capital - Live Where You Work (see Note 5)	<u>-</u>	<u>440,000</u>
Total lending purpose restricted	<u>985,934</u>	<u>1,692,399</u>
	<u>\$ 999,640</u>	<u>\$ 1,706,105</u>

During fiscal year 2024, the Organization was awarded \$3,718,258 under the CDFI Fund's Equitable Recovery Program (ERP). During the years ended June 30, 2025 and 2024, the Organization expended a total of \$625,934 and \$1,152,399, respectively, by utilizing the funds as capital for issuing loans receivable to borrowers as prescribed in the agreement. The remaining unspent balance of this CDFI Fund award totaling \$1,939,925 and \$2,565,859, is included in net assets with donor restrictions in the accompanying combined statements of financial position as of June 30, 2025 and 2024, respectively, and is expected to be deployed or committed for qualifying projects through fiscal year 2026.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic 820, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Combined Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and support and operating expenses in the accompanying combined statements of activities and changes in net assets. Peripheral or incidental transactions are reported as non-operating revenue (expense).

Revenue Recognition

Financial Revenue

Financial revenue is generally recognized as revenue without donor restrictions as earned or when services are provided. Interest on loans is presented net of amounts collected on behalf of loan participants. Where significant, the Organization generally amortizes loan origination fees for loans with terms greater than one year in length over the term of the loans. Unamortized deferred loan fees are included as an adjustment to the carrying value of loans receivable in the accompanying combined statements of financial position. Net loan origination fees of the Organization that are not significant or which are for short-term loans are not amortized.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Public Support

In accordance with ASC Subtopic 958-605, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional advance liabilities until such conditions are met. See Note 10 for disclosures of the Organization's conditional grants. Government grants and contracts (included in grants and contributions) are generally within the scope of Topic 958 as described above.

Grants and contributions without donor restrictions are recognized as revenue when unconditionally received or pledged. Donor restricted grants and contributions with time or purpose restrictions are transferred to net assets without donor restrictions as such gifts are used in accordance with donor restrictions. Grants and contributions restricted for capital purposes (if applicable) are released from restrictions when the completed capital project is placed in service.

Rental Income

Rental income is accounted for in accordance with Topic 842 and is recognized on a straight-line basis over the terms of the respective leases. Advance receipts of rental income are classified as liabilities (prepaid rent) until earned. The Organization leases residential space to various tenants for a period of twelve months or less. The lease agreements may contain renewals for a period of twelve months or less and do not require any variable lease payments. Based on the uncertainty of tenant renewals and the existence of a mutual termination clause in the lease agreements, the Organization treats its leases as short-term.

Leases

The Organization rents office space (see Note 8) and assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Organization also determines lease classification at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with terms, including renewal options, of twelve months or less are treated as short-term leases and are not recorded in the accompanying combined statements of financial position. Lease expense is recognized by the Organization on a straight-line basis over the term of the lease.

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the accompanying combined statements of functional expenses. The combined statements of functional expenses present the natural classification detail of expenses by function, including supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, occupancy, insurance, telephone, office expenses and other, professional and consulting fees, dues and subscriptions, conferences and training, marketing, and information technology, which are allocated based on level of employee effort for each function as based on timesheets.

Marketing Costs

The Organization expenses marketing costs as they are incurred.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic 740, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2025 and 2024. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through October 16, 2025, which is the date the combined financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the combined financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 430,521	\$ 651,969
Leasehold improvements **	548,240	548,240
Buildings and improvements	140,780	207,103
Furniture and equipment	<u>26,407</u>	<u>21,715</u>
	1,145,948	1,429,027
Less - accumulated depreciation	<u>283,057</u>	<u>254,068</u>
	<u>\$ 862,891</u>	<u>\$ 1,174,959</u>

** The Organization received an in-kind contribution of a ninety-nine-year leasehold interest in its Stamford office space. The leasehold interest has been recorded at its fair value of \$548,240 at the time of donation as property and equipment and net assets with donor restriction (see Note 2). The Organization records annual releases of net assets with donor restrictions over the useful life of the asset.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

3. PROPERTY AND EQUIPMENT (Continued)

During fiscal year 2025, an appraisal was conducted on the properties owned by Community Works (see Note 1) and it was determined that the properties' net realizable value was \$525,000. As the realizable value was less than the properties' net book value, the Organization recognized an impairment loss totaling \$295,373, which is reflected as impairment of property and equipment in the accompanying fiscal year 2025 combined statement of activities and changes in net assets.

4. RESTRICTED DEPOSITS

The fair value of restricted deposits is as follows at June 30:

<u>Restricted Deposit Type</u>	<u>2025</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and cash equivalents:				
MacArthur note payable proceeds (see Note 7)	\$ 2,214,871	\$ -	\$ -	\$ 2,214,871
Conditional grant advances (see Note 10)	<u>2,238,000</u>	<u>-</u>	<u>-</u>	<u>2,238,000</u>
	<u>4,452,871</u>	<u>-</u>	<u>-</u>	<u>4,452,871</u>
Municipal bonds - MacArthur note payable proceeds (see Note 7)	<u>-</u>	<u>1,218,007</u>	<u>-</u>	<u>1,218,007</u>
	<u>\$ 4,452,871</u>	<u>\$ 1,218,007</u>	<u>\$ -</u>	<u>\$ 5,670,878</u>
<u>Restricted Deposit Type</u>	<u>2024</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and cash equivalents:				
MacArthur note payable proceeds (see Note 7)	\$ 2,107,829	\$ -	\$ -	\$ 2,107,829
Conditional grant advances (see Note 10)	<u>3,235,000</u>	<u>-</u>	<u>-</u>	<u>3,235,000</u>
	<u>5,342,829</u>	<u>-</u>	<u>-</u>	<u>5,342,829</u>
Municipal bonds - MacArthur note payable proceeds (see Note 7)	<u>-</u>	<u>1,129,635</u>	<u>-</u>	<u>1,129,635</u>
	<u>\$ 5,342,829</u>	<u>\$ 1,129,635</u>	<u>\$ -</u>	<u>\$ 6,472,464</u>

Investment return on restricted deposits and short-term investments (consisting entirely of U.S. Treasury bills held-to-maturity) consist of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 387,345	\$ 480,169
Unrealized gains - municipal bonds	<u>88,372</u>	<u>4,189</u>
Investment return	<u>\$ 475,717</u>	<u>\$ 484,358</u>

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

5. LOANS RECEIVABLE

The Organization lends primarily in Connecticut and New York, and loan products vary by type and presence of collateral, risk level, loan size, and presence of designated subsidized funding sources. As a result, interest rates on loans receivable at June 30, 2025 and 2024, ranged from 0% to 8.99%. At June 30, 2025 and 2024, HDF's loan receivables are primarily made of the following:

Multifamily Loans

This is the Organization's largest loan program which consists of primarily first mortgages financed by consortium lenders (see Note 7), grants, and Board designated net assets. The loans are primarily due in monthly installments based on a thirty-year amortization schedule, maturing from April 15, 2027 to July 1, 2055.

Smart Move Loans (Smart Move I, II and New York Homeownership)

This program provides low-interest second mortgages up to 20% of the purchase price to first-time homebuyers. Each pool of approximately \$250,000 to \$1,000,000 of loans was funded internally by HDF.

Homebuyer Assistance Loans

- **Down Payment Assistance Loans** - HDF makes down payment assistance loans in the range of \$5,000 to \$20,000 to first-time low and moderate-income homebuyers. The loans are secured by second or third mortgages on the related residential properties. These loans become due when the property is sold, title is transferred, or the first mortgage is paid off.
- **Homeownership Equity Fund** - This program was funded with various philanthropic grants sources. Down payment assistance loans of up to \$20,000 are disbursed to qualifying first-time homebuyers with an interest rate of 0%. These loans become due when the property is sold, title is transferred, or the first mortgage is paid off.
- **CT Forever Home Fund** - This program was funded with grant proceeds from the CDFI Capital Magnet award (see Note 10). Downpayment assistance loans of up to \$28,000 are disbursed to qualifying first-time homebuyers located in Connecticut with an interest rate of 1%. These loans become due when the property is sold, title is transferred, or the first mortgage is paid off.
- **Live Where You Work** - HDF receives a series of awards from the Housing Tax Credit Program administered by the CHFA. The tax credits are then sold to a Connecticut corporation in exchange for a contribution to the Organization equal to each award. With these funds, HDF has made loans with terms consistent with down payment assistance loans noted above. In order to qualify for this loan funding, borrowers must purchase a home located in the city or town that they current work in.
- **LIFT** - This is a down payment assistance loan program funded by a grant from Wells Fargo. The remaining outstanding loans are forgivable over a five-year period, and therefore, are fully reserved. The remaining loans are expected to be forgiven through June 30, 2029.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

5. LOANS RECEIVABLE (Continued)

MacArthur Energy Efficiency Loans

This loan program is funded by the MacArthur Foundation loan (see Note 7) and the loans are made for clean energy and energy related health and safety improvements to multifamily affordable rental housing properties. These loans are secured by subordinate mortgages on the respective multifamily properties. At June 30, 2025 and 2024, this loan program consists of two loans with various maturity dates through May 15, 2036. Connecticut Green Bank guarantees complete payment on these loans. Based on this guarantee, the Organization has not established an allowance for credit losses for this portion of the loan portfolio (see Note 6) as these loans are stated at their net realizable value.

Loans receivable classified by loan product, net of participations and other transfers qualifying as loan sales, are as follows as of June 30:

	2025		
	<u>Gross Loan Receivables</u>	<u>Participations and Transfers</u>	<u>Net of Participations and Transfers</u>
Multifamily Loans	\$ 28,400,407	\$ -	\$ 28,400,407
Smart Move Loans:			
Smart Move I Homeownership	4,289,358	4,278,406	10,952
Smart Move II Homeownership	27,817,099	24,478,641	3,338,458
Smart Move New York Homeownership	<u>3,459,106</u>	<u>3,354,006</u>	<u>105,100</u>
Sub-total	<u>35,565,563</u>	<u>32,111,053</u>	<u>3,454,510</u>
Homebuyer Assistance Loans:			
Down Payment Assistance	7,755,497	-	7,755,497
Equity Fund	2,383,426	-	2,383,426
CT Forever Home Fund	831,419	-	831,419
Live Where You Work	4,916,654	-	4,916,654
LIFT	<u>45,600</u>	<u>-</u>	<u>45,600</u>
Sub-total	<u>15,932,596</u>	<u>-</u>	<u>15,932,596</u>
MacArthur Energy Efficiency Loans	<u>1,455,129</u>	<u>-</u>	<u>1,455,129</u>
Gross loans receivable	<u>\$ 81,353,695</u>	<u>\$ 32,111,053</u>	49,242,642
Less - allowance for credit losses			(2,631,122)
Less - deferred origination fees			<u>(72,320)</u>
Sub-total			46,539,200
Less - current portion (net of allowance for credit losses)			<u>(1,954,189)</u>
Loans receivable, net			<u>\$ 44,585,011</u>

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

5. LOANS RECEIVABLE (Continued)

	2024		
	Gross Loan Receivables	Participations and Transfers	Net of Participations and Transfers
Multifamily Loans	\$ 25,377,576	\$ -	\$ 25,377,576
Smart Move Loans:			
Smart Move I Homeownership	5,441,622	5,418,070	23,552
Smart Move II Homeownership	22,844,625	20,815,850	2,028,775
Smart Move New York Homeownership	<u>2,562,298</u>	<u>2,562,298</u>	<u>-</u>
Sub-total	<u>30,848,545</u>	<u>28,796,218</u>	<u>2,052,327</u>
Homebuyer Assistance Loans:			
Down Payment Assistance	7,864,946	-	7,864,946
Equity Fund	1,491,176	-	1,491,176
Live Where You Work	4,679,625	-	4,679,625
LIFT	<u>63,000</u>	<u>-</u>	<u>63,000</u>
Sub-total	<u>14,098,747</u>	<u>-</u>	<u>14,098,747</u>
MacArthur Energy Efficiency Loans	<u>1,562,171</u>	<u>-</u>	<u>1,562,171</u>
Gross loans receivable	<u>\$ 71,887,039</u>	<u>\$ 28,796,218</u>	43,090,821
Less - allowance for loan losses			(2,396,411)
Less - deferred origination fees			<u>(40,237)</u>
Sub-total			40,654,173
Less - current portion (net of allowance for credit losses)			<u>(1,171,275)</u>
Loans receivable, net			<u>\$ 39,482,898</u>

Schedule of Repayments

Scheduled principal repayments of gross loans receivable, net of amounts owed to participants as of June 30, 2025, are as follows for the fiscal years ending June 30:

2026	\$ 2,014,655
2027	1,544,121
2028	1,025,807
2029	1,057,677
2030	1,089,124
Thereafter	<u>42,511,258</u>
Total	<u>\$ 49,242,642</u>

Loan Escrow Accounts

In connection with certain loan agreements, the Organization has required the borrower to maintain escrow reserve accounts. The balance of these escrow accounts was \$142,425 and \$233,230 as of June 30, 2025 and 2024, respectively. The escrow reserve accounts are held by the borrowers and controlled by a third-party trustee, and therefore, are not included in the accompanying combined financial statements.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

5. LOANS RECEIVABLE (Continued)

Loan Receivable Aging Analysis

As of June 30, 2025, the Organization had loans receivable totaling \$1,327,071 that have been outstanding for greater than ninety days. The remaining balance of loans receivable as of June 30, 2025, totaling \$47,915,571 was current. There were no past due loans as of June 30, 2024.

Nonaccrual Loans

A loan receivable is placed on nonaccrual status at the time any principal or interest payments become more than ninety days delinquent (no payments received by the Organization). Interest accrued but not received for a loan receivable placed on nonaccrual status is reversed against interest income. Loans receivable of \$1,327,071 that have been delinquent beyond ninety days (see above) were all on non accrual status as of June 30, 2025. There were no loans on nonaccrual status as of June 30, 2024.

Commitments to Lend

Loan commitments represent arrangements to lend funds at specified terms and interest rates and contain fixed expiration dates or other termination clauses. There were no unfunded loan commitments to borrowers at June 30, 2025 or 2024.

6. ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the lack of collectability of a loan balance is confirmed.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in interest rates or other relevant factors. After the reasonable and supportable forecast period, the Organization's model reverts to historical loss trends. As described below, the Organization has analyzed its loan portfolio using the WARM method for each of its four loan pools (see Note 2).

Current Loans under WARM Method

The Organization grouped its performing loans into four risk pools (see Note 2) and applied the WARM method to calculate the respective lifetime historical loss rates for each pool of assets. The Organization's historical average annual loss rates for the respective lookback periods (see Note 2), already factors in prepayment history, which management expects to remain unchanged. Based on the historical average annual loss rates of each risk pool, the Organization's lifetime historical loss rates before any qualitative adjustments are summarized on page 22 as of June 30, 2025 and 2024. To adjust the lifetime loss rates to reflect the effects of changes in current economic conditions and forecasted changes in portfolio performance, management applied a positive 200 basis-point qualitative reserve factor (Q-Factor) to the quantified lifetime loss rate of the Multifamily loan pool as of June 30, 2025 and 2024 (see page 22). Management concluded that no Q-Factor would be applied to the quantified lifetime loss rate of the Homebuyer Assistance, Smart Move, or MacArthur Energy Efficiency loan pools as of June 30, 2025 and 2024, as a result of no forecasted changes in portfolio performance over the elected supportable forecast period (see Note 2).

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

6. ALLOWANCE FOR CREDIT LOSSES (Continued)

Current Loans under WARM Method (Continued)

Management believes this methodology most faithfully reflects the expected credit losses for the loan portfolio which is performing without any signs of weakness or deterioration. Management is using a loss rate method adjusted for prepayments that are probable. This assessment is an estimation technique that is most practical and relevant to the Organization's current circumstances.

Based on the various accounting policy elections made by the Organization in connection with the application of the WARM method (see Note 2), the rate used to calculate the allowance for credit losses applied to the amortized cost basis of loans receivable was comprised of the following inputs:

Multifamily		
	June 30, 2025	June 30, 2024
Average Annual Loss Rate	<u>0.00%</u>	<u>0.00%</u>
Lifetime Historical Loss Rate (before Q-Factor)	0.00%	0.00%
Q-Factor Adjustment	<u>2.00</u>	<u>2.00</u>
Allowance for Credit Losses - Rate	<u>2.00%</u>	<u>2.00%</u>
Smart Move		
	June 30, 2025	June 30, 2024
Average Annual Loss Rate	<u>0.34%</u>	<u>0.67%</u>
Lifetime Historical Loss Rate (before Q-Factor)	3.93%	9.59%
Q-Factor Adjustment	<u>0.00</u>	<u>0.00</u>
Allowance for Credit Losses - Rate	<u>3.93%</u>	<u>9.59%</u>
Homebuyer Assistance		
	June 30, 2025	June 30, 2024
Average Annual Loss Rate	<u>0.51%</u>	<u>0.51%</u>
Lifetime Historical Loss Rate (before Q-Factor)	12.28%	12.00%
Q-Factor Adjustment	<u>0.00</u>	<u>0.00</u>
Allowance for Credit Losses - Rate	<u>12.28%</u>	<u>12.00%</u>
MacArthur Energy Efficiency		
	June 30, 2025	June 30, 2024
Average Annual Loss Rate	<u>0.00%</u>	<u>0.00%</u>
Lifetime Historical Loss Rate (before Q-Factor)	0.00%	0.00%
Q-Factor Adjustment	<u>0.00</u>	<u>0.00</u>
Allowance for Credit Losses - Rate	<u>0.00%</u>	<u>0.00%</u>

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

6. ALLOWANCE FOR CREDIT LOSSES (Continued)

Current Loans under WARM Method (Continued)

MacArthur Energy Efficiency loans are fully guaranteed by the Connecticut Green Bank (see Note 5) and the Organization has experienced no credit (loan) losses since the inception of the program. As such, there is no average annual loss rate, lifetime historical loss rate, Q-factor adjustment, or allowance for credit losses rate as of June 30, 2025 and 2024.

The Organization applied the allowance for credit loss rates noted above to the balance of loans receivable in each respective performing loan pool (excluding the MacArthur Energy Efficiency pool that does not have any calculated ACL as of June 30, 2025 and 2024) as follows:

Multifamily			
<u>Date</u>	<u>Loan Receivable Balance</u>	<u>ACL Rate</u>	<u>Calculated ACL</u>
June 30, 2025	\$ 28,400,407	2.00%	\$ 568,008
June 30, 2024	\$ 25,377,576	2.00%	\$ 507,552
Smart Move			
<u>Date</u>	<u>Loan Receivable Balance</u>	<u>ACL Rate</u>	<u>Calculated ACL</u>
June 30, 2025	\$ 3,454,510	3.93%	\$ 135,720
June 30, 2024	\$ 2,052,327	9.59%	\$ 196,853
Homebuyer Assistance			
<u>Date</u>	<u>Loan Receivable Balance</u>	<u>ACL Rate</u>	<u>Calculated ACL</u>
June 30, 2025	\$ 15,932,596	12.28%	\$ 1,927,394
June 30, 2024	\$ 14,098,747	12.00%	\$ 1,692,006

Credit Loss Activity

A summary of the activity within the allowance for credit losses is as follows for the years ended June 30, 2025 and 2024:

	<u>Multifamily</u>	<u>Homebuyer Assistance</u>	<u>Smart Move</u>	<u>MacArthur Energy Efficiency</u>	<u>Total</u>
Allowance for loan losses, June 30, 2023	\$ 642,683	\$ 1,056,169	\$ 60,407	\$ -	\$ 1,759,259
Cumulative adjustment from adoption of new credit loss standard	(248,573)	703,907	192,537	-	647,871
Provision for (recovery of) credit losses	<u>113,442</u>	<u>(68,070)</u>	<u>(56,091)</u>	<u>-</u>	<u>(10,719)</u>
Allowance for credit losses, June 30, 2024	507,552	1,692,006	196,853	-	2,396,411
Provision for (recovery of) credit losses	<u>60,456</u>	<u>235,388</u>	<u>(61,133)</u>	<u>-</u>	<u>234,711</u>
Allowance for credit losses, June 30, 2025	<u>\$ 568,008</u>	<u>\$ 1,927,394</u>	<u>\$ 135,720</u>	<u>\$ -</u>	<u>\$ 2,631,122</u>

In addition to the allowance for credit loss activity noted in the table above, the Organization wrote-off loan principal totaling \$87,746 and \$32,638 during the years ended June 30, 2025 and 2024, respectively.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

6. ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality Indicators

Allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The loan products offered by the Organization that are deemed to be performing are split into four distinct risk pools to determine the allowance for credit losses. The Organization monitors credit quality indicators on a quarterly basis to determine if any of their loans need to be evaluated separately from their core loan pool. The credit quality indicators assessed by management include security of the loan, debt service coverage, current and leverage ratios of the borrower, customer concentrations of the borrower, credit history of ownership of the borrower, and collateral coverage.

7. NOTES PAYABLE

MacArthur Foundation

The Organization entered into an unsecured \$5,000,000 note payable agreement with the MacArthur Foundation, which bears interest at 1% through February 2031 (maturity). Interest-only payments are due quarterly through February 2028, at which time annual principal payments are due as follows:

2028	\$ 750,000
2029	750,000
2030	1,500,000
2031	<u>2,000,000</u>
Total	<u>\$ 5,000,000</u>

The outstanding balance on the note payable was \$5,000,000 at June 30, 2025 and 2024. Interest expense on the note payable was \$50,000 for the years ended June 30, 2025 and 2024. The proceeds of the loan were used to finance clean energy and energy related health and safety improvements to multifamily affordable rental housing properties.

As of June 30, 2025 and 2024, two loans have been issued and are outstanding with balances totaling \$1,455,129 and \$1,562,171, respectively (see Note 5). In addition, the proceeds of the loan were used to purchase \$1,330,000 of municipal bonds (see Note 4). Unspent proceeds of the note payable totaling \$2,214,871 and \$2,107,829 as of June 30, 2025 and 2024, respectively, are included in restricted deposits in the accompanying combined statements of financial position (see Note 4).

The Organization must comply with various covenants under this agreement. The Organization was in compliance with these covenants at June 30, 2025 and 2024.

Consortium Banks

The Organization entered into a master loan agreement (Master Loan Agreement) with twenty banks (Consortium Lenders), under which note advances bear interest at 2% through June 30, 2027, at which time additional advances are no longer permitted. Advances are used to make loans to create housing opportunities for low and moderate-income families (see Note 5) and have been used principally in the Organization's multifamily and Smart Move programs.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

7. NOTES PAYABLE (Continued)

Consortium Banks (Continued)

Payments of principal and interest are due quarterly in an amount equal to the total principal and interest collected on notes and interest receivable funded with proceeds from the Consortium notes payable. Payments are due to the Consortium Lenders within thirty days of end of each calendar quarter end. The Consortium notes payable are secured by all loans receivable (see Note 5) funded with Consortium Lender capital and all related assets pledged to the Organization in connection with issuance of the respective loans.

Total notes payable outstanding from the Consortium Lenders as of June 30, 2025 and 2024, was \$24,679,638 and \$22,605,072, respectively. Interest expense on the Consortium notes payable was \$476,273 and \$416,744 for the years ended June 30, 2025 and 2024, respectively. Accrued interest payable on these notes payable was \$123,011 and \$107,213 as of June 30, 2025 and 2024, respectively, and is reflected as such in the accompanying combined statements of financial position. As of June 30, 2025, the Consortium Lenders committed total capital to the Organization of \$38,750,000.

The Organization must comply with various covenants under the Master Loan Agreement. The Organization was in compliance with these covenants at June 30, 2025 and 2024.

Schedule of Repayments

Scheduled principal repayments of notes payable are as follows for the fiscal years ending June 30:

	<u>MacArthur Foundation</u>	<u>Consortium Banks</u>	<u>Total</u>
2026	\$ -	\$ 657,752	\$ 657,752
2027	-	728,547	728,547
2028	750,000	769,509	1,519,509
2029	750,000	812,088	1,562,088
2030	1,500,000	856,598	2,356,598
Thereafter	<u>2,000,000</u>	<u>20,855,144</u>	<u>22,855,144</u>
Total	<u>\$ 5,000,000</u>	<u>\$ 24,679,638</u>	<u>\$ 29,679,638</u>

8. LEASE AGREEMENTS

Short-Term Leases - Lessee

The Organization had a lease agreement for office space in Bridgeport, Connecticut that expired in December 2023 and was not renewed (see Note 13) in addition to other active leases that were for a period of twelve months or less or contain renewal periods of twelve months or less. The Organization was also responsible for its share of real estate taxes and operating expenses under this agreement. The Organization has elected the practical expedient to not include these leases as operating ROU assets and lease liabilities in the accompanying combined statements of financial position. Rent expense under these leases totaled \$27,554 for the year ended June 30, 2024, and is included in occupancy in the accompanying fiscal year 2024 combined statement of functional expenses. There was no rent expense incurred during fiscal year 2025.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

9. EMPLOYEE BENEFIT PLANS

Retirement Plan

The Organization maintains a qualified salary reduction 401(k) plan (the 401(k) Plan). Employees may contribute up to the IRC limitations of their eligible earnings. The Organization may elect to make a discretionary matching contribution equal to 100% of the first 2% contributed by each employee. During the years ended June 30, 2025 and 2024, the Organization elected to make a matching contribution to the 401(k) Plan.

The 401(k) Plan also allows for a non-elective employer contribution equal to 3% of eligible employees' compensation, paid annually. Employees are eligible when they have worked a minimum of 1,000 hours and completed one year of employment. Additionally, effective January 1, 2025, the Organization added a profit-sharing component for employees making less than \$75,000 per year to increase their non-elective employer contribution to \$2,250. The Organization's contributions totaled \$79,297 and \$67,695 during fiscal years 2025 and 2024, respectively, and are included in employee benefits in the accompanying combined statements of functional expenses.

10. CONDITIONAL AWARDS

The Organization received grants and contributions that contained donor-imposed conditions that represent barriers that must be overcome, as well as a right of return of the assets transferred (see Note 2). The Organization recognizes these grants and contributions only when donor-imposed conditions are substantially met. Accordingly, the ending balance of conditional advances included in the accompanying combined statements of financial position pertains to cash received by the Organization in advance of meeting the necessary conditions. Conditional advances consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
CDFI Capital Magnet award (see below)	\$ 2,013,000	\$ 3,000,000
Other conditional awards	<u>225,000</u>	<u>235,000</u>
Conditional grant advances	<u>\$ 2,238,000</u>	<u>\$ 3,235,000</u>

During fiscal year 2024, the Organization was awarded \$3,000,000 under the CDFI Fund's Capital Magnet program. Proceeds from this award are to be used to make loans to qualified borrowers and the CDFI Fund requires that the proceeds be revolved for recurring use during the investment term of the agreement. Accordingly, the expended grant proceeds plus applicable donor-designated accumulations remain in net assets with donor restrictions until depleted by loan losses or until the five-year investment period expires in fiscal year 2029.

The Organization records the amount of proceeds from the Capital Magnet award which it has not committed to qualifying borrowers or expended as an administrative fee, as a conditional grant advance as mandated by the agreement. During fiscal year 2025, the Organization recognized an administrative fee of 5% of the Capital Magnet award, or \$150,000, as revenue without donor restrictions. In addition, during fiscal year 2025, the Organization committed \$837,000 to qualifying projects and this amount was added to net assets with donor restrictions. The total available funds of \$2,013,000 and \$3,000,000 were not committed to qualifying borrowers as of June 30, 2025 and 2024, respectively, and are included in conditional grant advances in the accompanying combined statements of financial position. The conditional grant advance related to the Capital Magnet award is expected to be deployed or committed to qualifying borrowers through fiscal year 2027.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

10. CONDITIONAL AWARDS (Continued)

The unspent balance of conditional grant advances as of June 30, 2025 and 2024, totaling \$2,238,000 and \$3,235,000, respectively, is included in restricted deposits in the accompanying combined statements of financial position (see Note 4).

11. LIQUIDITY

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the combined statements of financial position date, comprise the following at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 14,935,292	\$ 4,426,721
Short-term investments	2,473,269	8,856,616
Government grants and contracts receivable	1,036,758	718,258
Current portion of loans receivable	1,954,189	1,171,275
Interest receivable	<u>150,517</u>	<u>191,447</u>
	20,550,025	15,364,317
Less - required principal repayment of notes payable	(657,752)	(668,591)
Less - required interest repayment of notes payable	(123,011)	(107,213)
Less - cash and cash equivalents and government grants and contracts receivable with donor restrictions (see Note 2):		
Loan Capital - CDFI Equitable Recovery Program (ERP)	(1,939,925)	(2,565,859)
Loan Capital - Equity Fund down payment assistance	(140,000)	(500,000)
Revolving Loan Capital - down payment assistance	<u>(51,000)</u>	<u>(51,000)</u>
Total	<u>\$ 17,638,337</u>	<u>\$ 11,471,654</u>

The Organization's cash management objectives are to ensure that it has sufficient liquidity and resources to carry out the Organization's mission. Effective cash management enhances the Organization's capacity to increase access to capital for the benefit of low and moderate-income people through the partnerships with lending, government, and philanthropic institutions. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Management regularly monitors the availability of resources required to manage liquidity, using a variety of reports and practices to manage asset-liability matching and to identify liquidity concerns.

12. FUNDING AND CONCENTRATIONS

Funding

Grants and contracts from governmental agencies are subject to audit by the respective governmental authorities. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined statements of financial position of the Organization as of June 30, 2025 and 2024, or on the combined statements of activities and changes in net assets for the years then ended.

Concentrations

Approximately 61% and 63% of the Organization's combined total operating revenues and support for the years ended June 30, 2025 and 2024, respectively, was from two donors.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2025 and 2024

13. RELATED PARTY TRANSACTIONS

The Organization has entered into the following transactions with related parties during the years ended June 30, 2025 and 2024:

- The Organization had entered into a lease agreement to rent space in Bridgeport, Connecticut (see Note 8) from a member of the Board of Directors. This Board member did not participate in the vote to approve the lease agreement. Rent expense under this lease agreement was \$25,169 for the year ended June 30, 2024. Management of the Organization is of the opinion that the lease payments were at fair value. The lease expired in December 2023, and was not renewed.
- There are various banks involved in the Consortium note payable agreement (see Note 7). A senior member of management at two of these Consortium banks is also a member of the Board of Directors of the Organization. These individuals do not participate in lending decisions that pertain to the Consortium note payable agreement of which the Organization is a beneficiary of loan proceeds.

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Combining Statement of Financial Position
June 30, 2025

Assets	Housing Development Fund, Inc.	HDF Community Works, LLC	HDF Community Land Trust, Inc.	Eliminations	Total
Current Assets:					
Cash and cash equivalents	\$ 14,815,006	\$ 120,286	\$ -	\$ -	\$ 14,935,292
Short-term investments	2,473,269	-	-	-	2,473,269
Government grants and contracts receivable	1,036,758	-	-	-	1,036,758
Current portion of loans receivable, net of allowance for credit losses of \$60,466	1,954,189	-	-	-	1,954,189
Interest receivable	150,517	-	-	-	150,517
Prepaid expenses and other	140,924	19,459	159	-	160,542
Due from affiliates	-	243,648	-	(243,648)	-
Total current assets	20,570,663	383,393	159	(243,648)	20,710,567
Other Assets:					
Investment in affiliate	1,158,405	-	-	(1,158,405)	-
Restricted deposits	5,670,878	-	-	-	5,670,878
Loans receivable, net of current portion and allowance for credit losses of \$2,570,656	44,585,011	-	-	-	44,585,011
Property and equipment, net	337,891	525,000	-	-	862,891
Total other assets	51,752,185	525,000	-	(1,158,405)	51,118,780
Total assets	\$ 72,322,848	\$ 908,393	\$ 159	\$ (1,402,053)	\$ 71,829,347
Liabilities and Net Assets					
Current Liabilities:					
Current portion of notes payable	\$ 657,752	\$ -	\$ -	\$ -	\$ 657,752
Accounts payable, accrued expenses and other	136,640	10,970	2,451	-	150,061
Accrued interest payable	123,011	-	-	-	123,011
Due to affiliates	214,327	-	29,321	(243,648)	-
Total current liabilities	1,131,730	10,970	31,772	(243,648)	930,824
Other Liabilities:					
Conditional grant advances	2,238,000	-	-	-	2,238,000
Notes payable, net of current portion	29,021,886	-	-	-	29,021,886
Total other liabilities	31,259,886	-	-	-	31,259,886
Total liabilities	32,391,616	10,970	31,772	(243,648)	32,190,710
Net Assets:					
Without donor restrictions:					
Operating	7,164,710	-	-	-	7,164,710
Board designated	28,302,301	-	-	-	28,302,301
Net investment in real estate	1,175,148	897,423	(31,613)	(1,158,405)	882,553
Total without donor restrictions	36,642,159	897,423	(31,613)	(1,158,405)	36,349,564
With donor restrictions	3,289,073	-	-	-	3,289,073
Total net assets	39,931,232	897,423	(31,613)	(1,158,405)	39,638,637
Total liabilities and net assets	\$ 72,322,848	\$ 908,393	\$ 159	\$ (1,402,053)	\$ 71,829,347

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

 Combining Statement of Financial Position
 June 30, 2024

Assets	Housing Development Fund, Inc.	HDF Community Works, LLC	HDF Community Land Trust, Inc.	Eliminations	Total
Current Assets:					
Cash and cash equivalents	\$ 3,973,920	\$ 150,166	\$ 302,635	\$ -	\$ 4,426,721
Short-term investments	8,856,616	-	-	-	8,856,616
Government grants and contracts receivable	718,258	-	-	-	718,258
Current portion of loans receivable, net of allowance for credit losses of \$43,679	1,171,275	-	-	-	1,171,275
Interest receivable	191,447	-	-	-	191,447
Prepaid expenses and other	119,445	11,228	3,856	-	134,529
Due from affiliates	99,374	227,587	-	(326,961)	-
Total current assets	<u>15,130,335</u>	<u>388,981</u>	<u>306,491</u>	<u>(326,961)</u>	<u>15,498,846</u>
Other Assets:					
Investment in affiliate	1,158,405	-	-	(1,158,405)	-
Restricted deposits	6,472,464	-	-	-	6,472,464
Loans receivable, net of current portion and allowance for credit losses of \$2,352,732	39,482,898	-	-	-	39,482,898
Property and equipment, net	354,426	820,533	-	-	1,174,959
Total other assets	<u>47,468,193</u>	<u>820,533</u>	<u>-</u>	<u>(1,158,405)</u>	<u>47,130,321</u>
Total assets	<u>\$ 62,598,528</u>	<u>\$ 1,209,514</u>	<u>\$ 306,491</u>	<u>\$ (1,485,366)</u>	<u>\$ 62,629,167</u>
Liabilities and Net Assets					
Current Liabilities:					
Current portion of notes payable	\$ 668,591	\$ -	\$ -	\$ -	\$ 668,591
Accounts payable, accrued expenses and other	157,320	11,259	2,657	-	171,236
Accrued interest payable	107,213	-	-	-	107,213
Due to affiliates	-	-	326,961	(326,961)	-
Total current liabilities	<u>933,124</u>	<u>11,259</u>	<u>329,618</u>	<u>(326,961)</u>	<u>947,040</u>
Other Liabilities:					
Conditional grant advances	3,235,000	-	-	-	3,235,000
Notes payable, net of current portion	26,936,481	-	-	-	26,936,481
Total other liabilities	<u>30,171,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,171,481</u>
Total liabilities	<u>31,104,605</u>	<u>11,259</u>	<u>329,618</u>	<u>(326,961)</u>	<u>31,118,521</u>
Net Assets:					
Without donor restrictions:					
Operating	7,813,055	-	-	-	7,813,055
Board designated	19,051,178	-	-	-	19,051,178
Net investment in real estate	1,177,977	1,198,255	(23,127)	(1,158,405)	1,194,700
Total without donor restrictions	<u>28,042,210</u>	<u>1,198,255</u>	<u>(23,127)</u>	<u>(1,158,405)</u>	<u>28,058,933</u>
With donor restrictions	3,451,713	-	-	-	3,451,713
Total net assets	<u>31,493,923</u>	<u>1,198,255</u>	<u>(23,127)</u>	<u>(1,158,405)</u>	<u>31,510,646</u>
Total liabilities and net assets	<u>\$ 62,598,528</u>	<u>\$ 1,209,514</u>	<u>\$ 306,491</u>	<u>\$ (1,485,366)</u>	<u>\$ 62,629,167</u>

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Combining Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025

	Housing Development Fund, Inc.	HDF Community Works, LLC	HDF Community Land Trust, Inc.	Eliminations	Total
Operating Revenues and Support:					
Earned revenue:					
Financial revenue:					
Interest income - loans	\$ 1,495,056	\$ -	\$ -	\$ -	\$ 1,495,056
Loan related fees	607,496	-	-	-	607,496
Investment return	475,717	-	-	-	475,717
Interest income - bank deposits	449,089	-	-	-	449,089
Less - write-off of loans receivable	(87,746)	-	-	-	(87,746)
Less - provision for credit losses	(234,711)	-	-	-	(234,711)
Less - interest expense	(526,273)	-	-	-	(526,273)
Net financial revenue	2,178,628	-	-	-	2,178,628
Rental revenue	-	36,660	-	-	36,660
Total earned revenue	2,178,628	36,660	-	-	2,215,288
Public support:					
Grants and contributions	9,296,479	-	-	-	9,296,479
Total operating revenues and support	11,475,107	36,660	-	-	11,511,767
Operating Expenses:					
Program services	1,732,313	42,119	8,486	-	1,782,918
General and administrative	911,058	-	-	-	911,058
Fundraising and communication	394,427	-	-	-	394,427
Total operating expenses	3,037,798	42,119	8,486	-	3,088,403
Changes in net assets from operations	8,437,309	(5,459)	(8,486)	-	8,423,364
Non-Operating Expense:					
Impairment of property and equipment	-	(295,373)	-	-	(295,373)
Changes in net assets	8,437,309	(300,832)	(8,486)	-	8,127,991
Net Assets:					
Beginning of year	31,493,923	1,198,255	(23,127)	(1,158,405)	31,510,646
End of year	\$ 39,931,232	\$ 897,423	\$ (31,613)	\$ (1,158,405)	\$ 39,638,637

HOUSING DEVELOPMENT FUND, INC. AND AFFILIATES

Combining Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2024

	Housing Development Fund, Inc.	HDF Community Works, LLC	HDF Community Land Trust, Inc.	Eliminations	Total
Operating Revenues and Support:					
Earned revenue:					
Financial revenue:					
Interest income - loans	\$ 1,247,890	\$ -	\$ -	\$ -	\$ 1,247,890
Loan related fees	445,024	-	-	-	445,024
Investment return	484,358	-	-	-	484,358
Interest income - bank deposits	78,677	-	-	-	78,677
Less - write-off of loans receivable	(32,638)	-	-	-	(32,638)
Add - recovery of credit losses	10,719	-	-	-	10,719
Less - interest expense	(466,744)	-	-	-	(466,744)
Net financial revenue	1,767,286	-	-	-	1,767,286
Rental revenue	-	48,470	18,490	-	66,960
Total earned revenue	1,767,286	48,470	18,490	-	1,834,246
Public support:					
Grants and contributions	5,036,604	-	-	-	5,036,604
Total operating revenues and support	6,803,890	48,470	18,490	-	6,870,850
Operating Expenses:					
Program services	1,621,147	32,876	29,792	-	1,683,815
General and administrative	921,172	-	-	-	921,172
Fundraising and communication	280,740	-	-	-	280,740
Total operating expenses	2,823,059	32,876	29,792	-	2,885,727
Changes in net assets from operations	3,980,831	15,594	(11,302)	-	3,985,123
Non-Operating Revenue (Expense):					
Capital grants	-	-	80,000	-	80,000
Loss on sale of property and equipment	-	-	(21,409)	-	(21,409)
Total non-operating revenue (expense)	-	-	58,591	-	58,591
Changes in net assets	3,980,831	15,594	47,289	-	4,043,714
Net Assets:					
Beginning of year	28,160,963	1,182,661	(70,416)	(1,158,405)	28,114,803
Cumulative adjustment from adoption of new credit loss standard	(647,871)	-	-	-	(647,871)
End of year	\$ 31,493,923	\$ 1,198,255	\$ (23,127)	\$ (1,158,405)	\$ 31,510,646