

# Alachua Habitat for Humanity, Inc.

Financial Statements  
And  
Independent Auditors' Report

June 30, 2015 and 2014

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# Kattell and Company, P.L.

*Certified Public Accountants Serving the Nonprofit Community*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Alachua Habitat for Humanity, Inc.

### REPORT ON THE FINANCIAL STATEMENTS

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We have audited the accompanying financial statements of Alachua Habitat for Humanity, Inc. (the Corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements.***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditors' Responsibility.***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion.***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2015 and 2014, 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.

*Kattell and Company, P.L.*

December 16, 2015  
Gainesville, Florida

*"Not everything that counts can be counted, and not everything that can be counted counts."*

-Albert Einstein

**Statements of Financial Position**  
**June 30, 2015 and 2014**  
**Alachua Habitat for Humanity, Inc.**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash	\$ 428,678	\$ 227,632
Inventory	17,500	20,500
Accounts Receivable	5,505	7,325
Grants Receivable	17,167	188,433
Deposits – AmeriNational	79,768	68,030
Prepaid Expenses	13,548	3,428
Home Held for Sale	--	68,490
Construction in Progress	345,057	322,689
Mortgage Notes Receivable, Net	1,486,030	1,631,170
Property and Equipment, Net	653,536	329,524
Land Held for Future Use	<u>240,450</u>	<u>140,291</u>
<b>Total Assets</b>	<b><u>\$ 3,287,239</u></b>	<b><u>\$ 3,007,512</u></b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Line of Credit	\$ 33,712	\$ 34,000
Accounts Payable	2,978	18,011
Accrued Expenses	27,460	20,978
Deposits Held	8,900	5,862
Mortgage Escrow	<u>76,091</u>	<u>67,426</u>
<b>Total Liabilities</b>	<b>149,141</b>	<b>146,277</b>
Net Assets:		
Unrestricted	2,882,729	2,789,762
Temporarily Restricted	<u>255,369</u>	<u>71,473</u>
<b>Total Net Assets</b>	<b><u>3,138,098</u></b>	<b><u>2,861,235</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,287,239</u></b>	<b><u>\$ 3,007,512</u></b>

*See accompanying notes.*

**Statement of Activities**  
**For the Year Ended June 30, 2015**  
**Achua Habitat for Humanity, Inc.**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue:</b>			
Contributions:			
Individuals	\$ 47,849	\$ 60,000	\$ 107,849
Businesses	32,446	105,000	137,446
Foundations	34,899	--	34,899
Churches	31,136	19,911	51,047
Women's Build	--	46,281	46,281
United Way	37,855	--	37,855
Signature Event	61,519	--	61,519
In Kind	285,860	--	285,860
Other	12,752	28,098	40,850
Interest Income - Mortgages	110,635	--	110,635
Government Grants	94,031	--	94,031
National Mortgage Settlement Grant	74,797	--	74,797
Sales – Resale Center	332,225	--	332,225
Sale of Homes	547,864	--	547,864
Other Support and Revenue	59,129	--	59,129
Satisfaction of Program Restrictions	75,394	(75,394)	--
<b>Total Support and Revenue</b>	<b>1,838,391</b>	<b>183,896</b>	<b>2,022,287</b>
<b>Expenses:</b>			
Program:			
ReStore	313,057	--	313,057
Home Ownership	1,341,114	--	1,341,114
Management and General	119,536	--	119,536
Fundraising	71,084	--	71,084
<b>Total Expenses</b>	<b>1,844,791</b>	<b>--</b>	<b>1,844,791</b>
<b>Excess Revenues over Expenses</b>	<b>(6,400)</b>	<b>183,896</b>	<b>177,496</b>
Gain on Sale of Assets	99,367	--	99,367
<b>Change in Net Assets</b>	<b>92,967</b>	<b>183,896</b>	<b>276,863</b>
<b>Net Assets, Beginning of Year</b>	<b>2,789,762</b>	<b>71,473</b>	<b>2,861,235</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,882,729</b>	<b>\$ 255,369</b>	<b>\$ 3,138,098</b>

*See accompanying notes.*

**Statement of Activities**  
**For the Year Ended June 30, 2014**  
**Alachua Habitat for Humanity, Inc.**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions:			
Individuals	\$ 42,001	\$ --	\$ 42,001
Businesses	30,338	31,456	61,794
Foundations	--	23,440	23,440
Churches	--	17,015	17,015
Women's Build	--	22,438	22,438
United Way	42,508	--	42,508
Signature Event	55,863	--	55,863
In Kind – Land & Homes	210,400	--	210,400
Other	30,240	--	30,240
Interest Income - Mortgages	96,539	--	96,539
Government Grants:			
CDBG – HOME	15,975	--	15,975
Capacity Building	21,150	--	21,150
SHIP	40,000	--	40,000
National Mortgage Settlement Grant	285,203	--	285,203
Sales – Resale Center	315,922	--	315,922
Sale of Homes	427,850	--	427,850
Other Support and Revenue	46,587	--	46,587
Satisfaction of Program Restrictions	236,746	(236,746)	--
<b>Total Support and Revenue</b>	<b>1,897,322</b>	<b>(142,397)</b>	<b>1,754,925</b>
Expenses:			
Program:			
ReStore	311,843	--	311,843
Home Ownership	896,892	--	896,892
Management and General	86,339	--	86,339
Fundraising	86,441	--	86,441
<b>Total Expenses</b>	<b>1,381,515</b>	<b>--</b>	<b>1,381,515</b>
<b>Excess Revenues over Expenses</b>	<b>515,807</b>	<b>(142,397)</b>	<b>373,410</b>
Gain on Sale of Asset	50,835	--	50,835
Loss on Value of Land	(412,822)	--	(412,822)
<b>Change in Net Assets</b>	<b>153,820</b>	<b>(142,387)</b>	<b>11,423</b>
<b>Net Assets, Beginning of Year</b>	<b>2,635,942</b>	<b>213,870</b>	<b>2,849,812</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,789,762</b>	<b>\$ 71,473</b>	<b>\$ 2,861,235</b>

*See accompanying notes.*

**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**  
**Alachua Habitat for Humanity, Inc.**

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 276,863	\$ 11,423
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Donated Land Held for Future Use	(159,600)	(40,700)
Cost of Land Sold	--	28,000
Depreciation	17,515	13,637
Losses on Investment Assets	1,750	412,822
Changes in:		
Inventory – Resale Center	3,000	2,900
Accounts Receivable	1,820	(325)
Grant Receivable	171,266	(182,183)
Deposits – AmeriNational	(11,738)	10,846
Prepaid Expenses	(10,120)	1,431
Construction in Progress	54,123	(129,399)
Mortgage Notes Receivable	145,140	(183,162)
Home Held for Sale	68,490	(38,612)
Accounts Payable	(15,033)	2,735
Accrued Expenses	6,482	5,022
Deposits Held	3,038	190
Mortgage Escrow Funds Held	8,665	(10,985)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>561,661</b>	<b>(96,360)</b>
Cash Flows From Investing Activities:		
Purchases of Fixed Assets	(343,777)	(5,576)
Sale of Vehicle	500	--
Purchase of Land Held for Future Use	(17,050)	(10,891)
<b>Cash Flows From Investing Activities</b>	<b>(360,327)</b>	<b>(16,467)</b>
Cash Flows From Financing Activities:		
Payments on Line of Credit	(82,931)	(152,212)
Borrowings Under Line of Credit	82,643	140,000
<b>Net Cash Used in Financing Activities</b>	<b>(288)</b>	<b>(12,212)</b>
<b>Net Change in Cash</b>	<b>201,046</b>	<b>(125,039)</b>
<b>Cash, Beginning of Year</b>	<b>227,632</b>	<b>352,671</b>
<b>Cash, End of Year</b>	<b>\$ 428,678</b>	<b>\$ 227,632</b>

Supplemental Disclosures

Cash Paid for Interest	\$ 1,858	\$ 3,120
Value of Land Held for Future Use transferred to Construction in Progress	\$ 76,491	\$ --

*See accompanying notes.*

**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**  
**Alachua Habitat for Humanity, Inc.**

	Program Services		Supporting Activities		Total
	ReStore	Home Ownership	Management and General	Fundraising	
Salaries and Benefits	\$ 228,732	\$ 210,258	\$ 65,980	\$ 33,014	\$ 537,984
Advertising	8,741	9,352	--	--	18,093
Automobile Expenses	6,534	6,055	158	681	13,428
Supplies & Equipment	8,775	18,352	2,750	17,001	46,878
Bank/Credit Card/Other Fees	5,650	--	63	--	5,713
Insurance	11,914	24,622	2,780	397	39,713
Repairs & Maintenance	2,475	42,005	70	--	44,550
Office Expenses	2,574	41,196	3,605	4,120	51,495
Occupancy	21,281	11,096	3,414	1,707	37,498
Cost of Homes Sold	--	582,007	--	--	582,007
Cost of Home Repairs	--	77,809	--	--	77,809
Payments to Affiliates	--	1,154	802	--	1,956
Professional Services	1,500	2,138	33,142	433	37,213
Contract Services	1,483	15,005	2,309	4,617	23,414
Mortgage Servicing Fees	--	11,798	--	--	11,798
Printing & Postage	389	--	375	7,071	7,835
Meeting Expenses	1,213	7,868	1,935	968	11,984
Interest Expense	--	1,858	--	--	1,858
Depreciation	7,447	6,845	2,148	1,075	17,515
Grants/Assistance to Individuals- Mortgage Discount	--	271,696	--	--	271,696
Miscellaneous	4,349	--	5	--	4,354
<b>Total Expenses</b>	<b>\$ 313,057</b>	<b>\$ 1,341,114</b>	<b>\$ 119,536</b>	<b>\$ 71,084</b>	<b>\$1,844,791</b>

*See accompanying notes.*

**Statement of Functional Expenses**  
**For the Year Ended June 30, 2014**  
**Alachua Habitat for Humanity, Inc.**

	Program Services		Supporting Activities		Total
	ReStore	Home Ownership	Management and General	Fundraising	
Salaries and Benefits	\$ 218,399	\$ 180,417	\$ 52,226	\$ 23,738	\$ 474,780
Advertising	2,532	--	--	--	2,532
Automobile Expenses	12,018	7,669	3,095	532	23,314
Supplies & Equipment	11,210	17,314	699	19,377	48,600
Bank/Credit Card Fees	4,836	--	235	--	5,071
Insurance	9,862	20,673	2,360	393	33,288
Repairs & Maintenance	3,564	2,881	455	682	7,582
Office Expenses	3,752	12,387	897	1,099	18,135
Occupancy	29,798	11,606	3,998	2,269	47,671
Cost of Homes Sold	--	382,725	--	--	382,725
Costs of Home Repairs	--	80,579	--	--	80,579
Credit Checks	--	529	--	--	529
Community Awareness	--	861	--	--	861
Payments to Affiliates	--	844	2,710	--	3,554
Professional Services	3,200	8,875	11,100	12	23,187
Mortgage Servicing Fees	--	11,643	--	--	11,643
Printing & Duplication	645	1,364	42	8,448	10,499
Penalties & Fees	--	--	304	--	304
Postage & Shipping	974	788	124	187	2,073
Meeting Expenses	--	1,520	2,546	179	4,245
Training Expenses	--	--	1,610	--	1,610
Interest Expense	--	--	3,120	--	3,120
Depreciation	6,409	5,182	818	1,228	13,637
Grants/Assistance to Individuals- Mortgage Discount	--	149,035	--	--	149,035
Miscellaneous	4,644	--	--	--	4,644
Signature Event Expenses	--	--	--	28,297	28,297
<b>Total Expenses</b>	<b>\$ 311,843</b>	<b>\$ 896,892</b>	<b>\$ 86,339</b>	<b>\$ 86,441</b>	<b>\$1,381,515</b>

*See accompanying notes.*



**Notes to Financial Statements**  
**June 30, 2015 and 2014**  
**Alachua Habitat for Humanity, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Alachua Habitat for Humanity, Inc. (the Corporation), a not-for-profit corporation, provides affordable housing to low-income families in the Alachua County area. Qualified families have a demonstrated need, an ability to repay an interest-free mortgage, and a willingness to volunteer 400 hours of their time.

**Income Taxes**

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Corporation qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Corporation is operated exclusively for charitable, scientific and educational purposes. The Corporation holds no uncertain tax positions and, therefore, has no policy for evaluating them.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with standards applicable to voluntary health and welfare organizations.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

**Cash**

The Corporation considers all checking and savings accounts to be cash. The Corporation had \$209,427 and \$0 of deposits in excess of amounts insured by the Federal Deposit Insurance Corporation at June 30, 2015 and June 30, 2014, respectively.

**Inventory – Resale Center**

All items sold in the resale center are donated to the Corporation. Donated items are valued at their fair value at the time of contribution and are typically sold or otherwise disposed of shortly after being donated.

**Construction in Progress**

Construction in progress consists of the accumulated costs of construction of single-family houses. Accumulated costs may include goods or services purchased or the fair value of goods or services received through donation. The single-family homes will be sold to qualified persons as part of the Corporation's home ownership program.

**Land Held for Future Use**

Land held for future use is comprised of purchased and contributed lots held for future development or sale to qualified persons. Additionally, land held for future use represents development costs incurred for infrastructure for the Celebration Oaks residential subdivision in Alachua County. The lots owned by the Corporation will be used to build single-family houses for qualified persons.

**Notes to Financial Statements**  
**June 30, 2015 and 2014**  
**Alachua Habitat for Humanity, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property, Plant and Equipment**

Property, plant and equipment are valued at cost when purchased, or at fair value at the time of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis. Estimated useful lives range from three to seven years for equipment and thirty years for buildings. The Corporation's policy is to capitalize items with a cost or estimated fair value greater than \$1,000.

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is measured by comparing the carrying amount of the asset to the sum of expected future cash flows (undiscounted and without interest charges) resulting from use of the asset and its eventual disposition.

**Advertising**

The Corporation expenses advertising costs as they are incurred.

**Concentration**

The Corporation relies heavily on donations from individuals, churches, and organizations from the North Central Florida area.

**Net Assets**

The Corporation's net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

*Permanently Restricted* – Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions, which do not expire by passage of time or cannot be fulfilled by actions of the Corporation. The Corporation does not have any permanently restricted net assets.

*Temporarily Restricted* – Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions, which expire by passage of time or are fulfilled by actions of the Corporation.

*Unrestricted* – Those net assets that are neither permanently or temporarily restricted.

**Revenue Recognition**

*Contributions.* Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded at their estimated fair values. The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. However, contributions that are restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year in which the contributions are recognized.

*Contributed Services.* Contributions of services are recognized when received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Notes to Financial Statements**  
**June 30, 2015 and 2014**  
**Alachua Habitat for Humanity, Inc.**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**Revenue Recognition (continued)**

*Government Grants* – Government grants consist primarily of a cost reimbursement contracts. Revenues are recognized when the Corporation incurs allowable costs. The Corporation reports grants receivable to the extent that funding is received after allowable costs are incurred.

*Donated Materials* – Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt.

*Inventory – Resale Center* – The Corporation operates a thrift shop where donated household furniture, clothing and other goods are held for resale. Items donated are reflected as resale center sales in the statement of activities or as inventory on the statement of financial position.

*Imputed Interest on Mortgages* – The Corporation sells the homes it builds and takes a mortgage note receivable with zero percent interest. The Corporation imputes interest at a risk adjusted rate by computing a discount on the note when signed. As payments are received, a portion of the payment is credited to interest income using the effective interest method of discount amortization.

**Functional Expenses**

Direct expenses are assigned to the various functional categories based on the purpose achieved by each expense. Indirect expenses are allocated to more than one functional category in accordance with an estimate of the relative benefit received by the expenses. Indirect expenses consist mainly of certain personnel and occupancy costs. Expenses are classified in the following functional categories:

*ReStore.* The Corporation owns and operates a resale store, which provides discounted building supplies and furnishings to low income families to enable them to better maintain their homes. This operation provides a vehicle for accepting, distributing and selling donated goods. Also, revenue from the store generates financial resources for funding programs.

*Home Ownership* – The Corporation builds new homes that are made available for sale to eligible home buyers. The Corporation facilitates a loan program that is available to eligible home buyers to finance the purchase of their home. In addition, the Corporation assists homeowners with home repairs.

*Management and General* – These expenses include the costs of operations which do not relate specifically to other functional categories, but benefit all functions indirectly.

*Fundraising* – These expenses include the costs of fundraising efforts.

**NOTE 2 – MORTGAGE ESCROW DEPOSITS**

The Corporation contracts with AmeriNational to service its mortgages. Under the agreement, AmeriNational collects mortgage payments and administers the escrow funds on behalf of the Corporation. The amount held by AmeriNational is reported as Deposits – AmeriNational on the Statements of Financial Position. The amount held on behalf of mortgagors is reported as Mortgage Escrow on the Statements of Financial Position.

**Notes to Financial Statements**  
**June 30, 2015 and 2014**  
**Alachua Habitat for Humanity, Inc.**

**NOTE 3 – INVESTMENT PROPERTIES**

The Corporation's home ownership program includes the acquisition and development of properties. The following represents the Corporation's investment in these properties:

	2015	2014
Construction in Progress	\$ 345,057	\$ 322,689
Purchased Land Parcels	\$ 33,800	\$ 28,691
Donated Land Parcels	206,650	111,600
Total Land Held for Future Use	\$ 240,450	\$ 140,291

*Construction in Progress* – Includes the construction costs of six properties at June 30, 2014, and nine properties at June 30, 2015.

*Purchased Land* – Includes the costs incurred to purchase parcels of land in the years ending June 30, 2015 and 2014. The carrying values for parcels of land purchased prior to July 1, 2013, are based on an estimate of fair value after a one-time impairment adjustment in 2014.

*Donated Land* – Includes the fair market value of parcels donated in the years ending June 30, 2015 and 2014, as measured on the date of donation. The carrying values of parcels of land donated prior to July 1, 2013, are based on an estimate of fair value after a one-time impairment adjustment in 2014.

During 2014, the Corporation determined that Land Held for Future Use would not be recoverable at recorded amounts and recognized a permanent impairment to both Purchased Land and Donated Land. The properties were adjusted to estimated fair values by reference to valuations published by the Alachua County Property Appraiser.

**NOTE 4 – MORTGAGE NOTES RECEIVABLE**

The Corporation provides interest-free mortgage loans on single-family houses that are sold to qualified buyers as part of the Home Ownership program. When the purchase of a home is closed, the Corporation computes the net present value of the expected future cash flows of the loan. The difference between the face amount of the loan and the net present value is recorded as a discount and as Grants/Assistance to Individuals – Mortgage Discount expense.

These loans are discounted by imputing a rate of interest that is estimated to be the prevailing market rate of interest at the time the loan is closed. Discounts are amortized using the effective interest method over the term of the mortgages. Discount amortization is reported as Interest Income in the Statement of Activities.

The majority of the mortgages have an original maturity of twenty to thirty years, although some are longer. No allowance for uncollectible accounts is considered necessary due to collateralization of loans by single-family houses. Management estimates that the value of the houses is sufficient to adequately collateralize the receivables. For this reason, the amount and impact of impaired loans is not considered material to the financial statements. Future assessments of the allowance for uncollectible loans is dependent on the real estate sector of Alachua County, Florida.

**Notes to Financial Statements**  
**June 30, 2015 and 2014**  
**Alachua Habitat for Humanity, Inc.**

**NOTE 4 – MORTGAGE NOTES RECEIVABLE (concluded)**

In addition, at the closing date, all homebuyers sign a second mortgage with the Corporation for the difference between the market value and the purchase price. (The Corporation sells its homes at its cost, not to exceed market value.) As a result, the purchase price is always equal to or less than market value. The second mortgage is forgiven in a variety of ways, including either on a periodic basis over a period of time, or at the conclusion of the first mortgage. If the homeowner sells the home during the period the second mortgage is being forgiven, the homeowner must pay the difference between the original amount of the second mortgage and the portion forgiven to the Corporation. The Corporation does not report revenue and a related asset at the time of sale since historical data indicates that the likelihood of future receipts from these second mortgages is remote.

Mortgage notes receivable and the related discounts are as follows:

	<u>2015</u>	<u>2014</u>
Mortgage notes receivable	\$ 2,481,608	\$ 2,747,300
Discount at 6.5%	<u>(995,578)</u>	<u>(1,116,130)</u>
<b>Net</b>	<b><u>\$ 1,486,030</u></b>	<b><u>\$ 1,631,170</u></b>

Changes in the discount are as follows:

	<u>2015</u>	<u>2014</u>
Discount, Beginning of Year	\$ 1,116,130	\$ 1,063,634
Discount on Homes Sold	271,696	149,035
Discount on Mortgages Sold	(281,612)	--
Amortization	<u>(110,636)</u>	<u>(96,539)</u>
<b>Discount, End of Year</b>	<b><u>\$ 995,578</u></b>	<b><u>\$ 1,116,130</u></b>

Mortgages receivable are expected to be received as follows:

	<u>2015</u>	<u>2014</u>
Less than 1 year	\$ 199,787	\$ 207,226
1 to 5 years	800,370	870,429
6 to 10 years	678,566	747,750
11 to 15 years	421,585	491,758
16 to 20 years	233,921	265,953
21 to 25 years	116,292	135,284
25 to 30 years	<u>31,087</u>	<u>28,900</u>
<b>Total</b>	<b><u>\$ 2,481,608</u></b>	<b><u>\$ 2,747,300</u></b>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 45,000	\$ 45,000
Buildings and Improvements	798,918	455,141
Furniture, Fixtures, and Equipment	21,004	25,503
Accumulated Depreciation	<u>(211,386)</u>	<u>(196,120)</u>
<b>Net Property and Equipment</b>	<b><u>\$ 653,536</u></b>	<b><u>\$ 329,524</u></b>

**Notes to Financial Statements**  
**June 30, 2015 and 2014**  
**Achua Habitat for Humanity, Inc.**

**NOTE 6 – LINE OF CREDIT**

The Corporation entered into a line of credit agreement with a bank for a maximum amount of \$400,000. Monthly payments of interest are due at a fixed interest rate of 5%. The line of credit expires February 2016. The line of credit is collateralized by the Corporation's mortgage notes receivable.

**NOTE 7 – DEPOSITS HELD**

The Corporation collects deposits which are applied towards future home purchases. At June 30, 2015 and 2014, the Corporation held \$8,900 and \$5,862, respectively.

**NOTE 8 – HOMES SALES**

The Corporation sold five homes during the year ended June 30, 2015, and five during the year ended June 30, 2014. A comparison of sales and cost of sales related to these transactions follows:

	<u>2015</u>	<u>2014</u>
Home Sales Revenues	\$ 547,864	\$ 449,100
Cost of Home Sales	<u>(537,750)</u>	<u>(382,725)</u>
<b>Net Gain on Home Sales</b>	<b><u>\$ 10,114</u></b>	<b><u>\$ 66,375</u></b>

Sales revenues were comprised of the following:

	<u>2015</u>	<u>2014</u>
Mortgage Loans	\$ 527,452	\$ 409,371
Cash	<u>20,412</u>	<u>39,729</u>
<b>Total Proceeds</b>	<b><u>\$ 547,864</u></b>	<b><u>\$ 449,100</u></b>

**NOTE 9 – HOME REPAIRS**

Home repairs were comprised of the following for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Critical Home Repairs	9	5
A Brush with Kindness	<u>12</u>	<u>2</u>
<b>Total Projects</b>	<b><u>21</u></b>	<b><u>7</u></b>

**NOTE 10 – GAIN ON SALE OF ASSETS**

Amounts reported as Gain on Sale of Assets consists of the following:

	<u>2015</u>	<u>2014</u>
Mortgage Loans Sold – Face Value	\$ (602,280)	\$ --
Mortgage Loans Sold – Discount	281,612	--
Mortgage Loans Sold – Sales Proceeds	<u>426,363</u>	<u>--</u>
Net Gain on Sale of Mortgage Loans	105,695	--
Net Gain/(Loss) on Sale of Other Assets	<u>(6,328)</u>	<u>50,835</u>
<b>Net Gain on Sale of Assets</b>	<b><u>\$ 99,367</u></b>	<b><u>\$ 50,835</u></b>

**Notes to Financial Statements**  
**June 30, 2015 and 2014**  
**Alachua Habitat for Humanity, Inc.**

**NOTE 11 – DONATED SERVICES**

The Corporation received 16,685 hours in 2015 and 22,023 hours in 2014 of donated services that supported program services, including volunteering in the ReStore and construction of homes. The Corporation also received 279 hours in 2015 and 270 hours in 2014 of volunteer time from its board members. These donations supported the general and administrative activities of the Corporation. At \$21.61 per hour in 2015, this amounts to \$366,592 in 2015, and at \$22.55 per hour in 2014, this amounts to \$496,619 in 2014, of additional contributions and expenses. These hourly rates are the estimated value per hour of volunteer time for Florida as provided by Independent Sector, [www.independentsector.org/volunteer\\_time](http://www.independentsector.org/volunteer_time).

**NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of donations received where the donors have restricted the gifts for the construction costs of a particular house. These amounts are purpose restricted and are expected to be used by the Corporation in the subsequent year.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

The Corporation made contributions as a tithe of \$6,695 and \$3,554 in 2015 and 2014 respectively to Habitat for Humanity International, a worldwide organization with whom the Corporation is affiliated.

The Corporation received grants of \$88,653 in 2015 and \$306,353 in 2014 from affiliated agencies and executed a note payable of \$7,050 to an affiliate.

The Corporation paid \$14,692 for goods or services delivered by board members for the year ended June 30, 2015.

**NOTE 14 – SUBSEQUENT EVENTS**

The Corporation has evaluated events and transactions for potential recognition or disclosure through December 16, 2015, which is the date the financial statements were available to be issued.