

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

HABITAT FOR HUMANITY
OF CITRUS COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Citrus County, Inc.

Report on the Financial Statements

We have audited the accompanying statements of financial position of Habitat For Humanity of Citrus County, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2014 and the related statement of activities, functional expenses and cash flows for the year then ended.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat For Humanity of Citrus County, Inc. as of June 30, 2014 and the statement of activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Habitat For Humanity of Citrus County, Inc. as of June 30, 2013 were audited by other auditors whose report dated August 22, 2013 expressed an unmodified opinion on those statements.


Certified Public Accountant *UP*

Orlando, FL
August 28, 2014

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

ASSETS

	As of June 30,	
	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	\$ 251,705	\$ 138,807
Mortgages receivable-net, current portion	219,518	55,495
Prepaid insurance	12,664	4,215
Land inventory	340,270	552,797
Homes under construction	99,037	204,273
	<u>923,194</u>	<u>955,587</u>
NON-CURRENT ASSETS:		
Property and equipment - net	991,362	1,005,865
Mortgages receivable-net, non-current portion	2,405,768	1,999,613
	<u>3,397,130</u>	<u>3,005,478</u>
Total assets	<u>\$ 4,320,324</u>	<u>\$ 3,961,065</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 36,944	\$ 13,191
Homeowner escrow	58,457	75,872
Deposits	19,050	12,250
Short-term debt	52,674	362,118
	<u>167,125</u>	<u>463,431</u>
LONG-TERM LIABILITIES:		
Long-term debt	1,513,616	930,181
	<u>1,680,741</u>	<u>1,393,612</u>
Net assets - unrestricted	<u>2,639,583</u>	<u>2,567,453</u>
Total liabilities and net assets	<u>\$ 4,320,324</u>	<u>\$ 3,961,065</u>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENT OF ACTIVITIES

	For the Years Ended June 30,	
	2014	2013
UNRESTRICTED SUPPORT:		
Contributions	\$ 372,640	\$ 414,555
Grants	252,985	82,543
Contributions in-kind	350,473	287,717
Sales of residences - net	633,893	674,067
Mortgage loan discount amortization	110,829	70,556
Home store sales	773,720	700,408
Fundraising	48,512	36,177
Sale of land	88,343	(5,364)
Rental income - net	-	2,726
Other (expense) income	(10,379)	8,070
	<u>2,621,016</u>	<u>2,271,455</u>
FUNCTIONAL EXPENSES:		
Program services	1,704,240	1,238,139
Fundraising:		
Home store	715,590	492,803
Other	12,624	9,955
Administrative and general	116,432	49,492
	<u>2,548,886</u>	<u>1,790,389</u>
Increase in unrestricted net assets	72,130	481,066
NET ASSETS - BEGINNING OF YEAR - unrestricted	<u>2,567,453</u>	<u>2,086,387</u>
NET ASSETS - END OF YEAR - unrestricted	<u>\$ 2,639,583</u>	<u>\$ 2,567,453</u>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	Program Services	Fundraising			Admin & General	Total
		Home Store	Other			
Advertising and promotional	\$ -	\$ 36,335	\$ -	\$ -	\$ -	\$ 36,335
Auto and truck	6,565	22,998	-	-	-	29,563
Annual audit expense	-	-	-	6,853	-	6,853
Annual meeting expense	-	-	-	2,174	-	2,174
Bank charges	-	13,728	-	-	-	13,728
Construction costs	1,553,696	-	-	-	-	1,553,696
Dues and subscriptions	-	-	-	4,624	-	4,624
Fundraising	-	-	12,624	-	-	12,624
Insurance	21,295	13,676	-	-	-	34,971
Interest expense	-	45,645	-	6,513	-	52,158
Licenses and Permits	-	-	-	39	-	39
Miscellaneous	633	-	-	-	-	633
Office expense	10,000	11,391	-	51,823	-	73,214
Payroll taxes	-	20,552	-	-	-	20,552
Postage and freight	-	-	-	1,443	-	1,443
Professional fees	-	-	-	12,628	-	12,628
Public relations	28,242	-	-	-	-	28,242
Rent, space	-	47,599	-	-	-	47,599
Repairs and maintenance	1,200	8,547	-	-	-	9,747
Salaries and wages	33,964	475,379	-	-	-	509,343
Telephone	4,943	6,813	-	-	-	11,756
Tithe - Habitat International	-	-	-	20,000	-	20,000
Travel	-	102	-	95	-	197
Training	3,074	-	-	693	-	3,767
Utilities	4,404	12,825	-	-	-	17,229
Volunteer picnic	-	-	-	9,547	-	9,547
Total functional expenses before depreciation and amortization	\$ 1,668,016	\$ 715,590	\$ 12,624	\$ 116,432	\$ -	\$ 2,512,662
Depreciation and amortization	36,224	-	-	-	-	36,224
Total functional expenses	\$ 1,704,240	\$ 715,590	\$ 12,624	\$ 116,432	\$ -	\$ 2,548,886

See independent auditors' report and notes to financial statements.

FRENDEL, BROWN & WEISSMAN LLP
CERTIFIED PUBLIC ACCOUNTANTS

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.

STATEMENT OF CASH FLOWS

	For the Years Ended	
	June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in unrestricted net assets	\$ 72,130	\$ 481,066
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	36,224	30,502
Loss on disposal of equipment	(13,006)	-
Amortization of mortgage discount	(110,829)	(70,566)
New mortgages transferred to owners - net	(631,167)	(494,707)
Donated land	(250,856)	(260,838)
Land used in construction of homes	463,382	192,318
Changes in operating assets and liabilities:		
Decrease in other receivables	-	1,831
Decrease in prepaid insurance	(8,449)	5,500
(Decrease) Increase in homes under construction	105,236	(129,441)
Increase in accounts payable and accrued expenses	23,754	987
Decrease in homeowner escrow	(17,415)	(11,654)
Decrease in deposits	<u>6,800</u>	<u>-</u>
Net cash used in operating activities	(324,196)	(255,002)
Cash flows from investing activities:		
Purchase of equipment	(8,715)	(32,773)
Payments received on mortgages	<u>171,818</u>	<u>88,390</u>
Net cash provided by investing activities	163,103	55,617
Cash flows from financing activities:		
Principal payments on long-term debt	(1,510,290)	(38,168)
Proceeds from long-term debt	<u>1,784,281</u>	<u>262,814</u>
Net cash provided by financing activities	<u>273,991</u>	<u>224,646</u>
Net increase in cash and cash equivalents	112,898	25,261
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>138,807</u>	<u>113,546</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 251,705</u>	<u>\$ 138,807</u>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 STATEMENT OF CASH FLOWS - Continued

	For the Years Ended	
	June 30,	
	<u>2014</u>	<u>2013</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES:		
Non-interest bearing mortgage notes:		
Issuance of non-interest bearing mortgage notes	\$ 1,075,275	\$ 832,774
Discounts on newly issued non-interest bearing mortgage notes	<u>(444,108)</u>	<u>(338,067)</u>
Net non-interest bearing mortgage notes	<u>\$ 631,167</u>	<u>\$ 494,707</u>
Interest paid	<u>\$ 70,024</u>	<u>\$ 66,406</u>

See independent auditors' report and notes to financial statements.

HABITAT FOR HUMANITY
OF CITRUS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Habitat for Humanity of Citrus County, Inc., ("Habitat") is an affiliate of Habitat of Humanity International, Inc. ("Habitat International"), a nondenominational Christian not-for-profit organization whose goal is to eliminate poverty housing and homelessness worldwide, but is primarily and directly responsible for its own operations.

To help finance its operations, Habitat operates two Home Stores, which sells household items, including appliances, furnishings, and building materials to the general public. The stores are located in Citrus County, Florida.

The Organization is a Florida not-for-profit Corporation (501 (c)(3)) that is funded through donations, federal and state grants, corporate sponsorship and other not-for-profit corporations.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards codification 958-205, Financial Statement of Not-For-Profit Organizations. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted Net Assets - Net assets that are not restricted by donors, or the donor imposed restrictions have expired.
- Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that can be fulfilled by actions of the organization pursuant to those stipulations or by the passage of time.
- Permanently Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. Generally, the donors of such assets permit the organization to use all or part of the income earned by such assets.

There are no temporarily or permanently restricted net assets at June 30, 2014 or 2013.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

Habitat considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash balances in excess of \$250,000 per financial institution are not federally insured. Balances may exceed insured amounts at various times during the year.

Accounts Receivable

Accounts receivable are stated at their net uncollected balance at year end. There were no outstanding accounts receivable at June 30, 2014 and 2013.

Concentrations of Credit Risk

All of Habitat's mortgage loans are to low income individuals and are secured by real estate located in Citrus County, Florida.

Mortgages Receivable

Mortgages receivable consist of non-interest bearing mortgages that are secured by real estate and payable in monthly installments. The mortgages have original maturities of twenty to thirty years and arose in connection with Habitat's homebuilding initiatives in Citrus County, Florida. These receivables have been discounted at rates of 5%. Mortgage loan discount amortization income is recorded using the straight-line method of amortization. These mortgages are secured by the underlying real estate that is located primarily in Citrus County, Florida. Past due and delinquent mortgage loans are assessed at the discretion of the Board of Directors.

Included in mortgages receivable is one interest-bearing mortgage at a rate of 6%. The mortgage was entered into on September 30, 2013 with an original balance of \$155,000 and a term of thirty years.

Land Inventory

Inventory consists of residential lots for use in building Habitat homes. Residential lots donated are recorded at assessed value for county tax purposes at time of gift; purchased lots are recorded at cost. Because of the inherent uncertainties of real estate valuation, market value may differ significantly.

Homes under Construction

Homes under construction consist of building materials and construction costs, excluding labor. Purchased items are recorded at cost; donated items are recorded at fair market value. Costs incurred in conjunction with home construction, excluding labor, are expensed when the home is transferred to the homeowner.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of receipt. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are charged to expense as incurred, while renewals and betterments are capitalized. Gains and losses on sales are credited or charged to operations in the year of sale. Depreciation expense is calculated using the straight line method over their estimated useful lives ranging from five to seven years on equipment, and thirty nine years on commercial real estate and leasehold improvements.

Homeowner Escrow

Homeowner escrow consists of amounts collected from homeowners on a monthly basis for property taxes, hazard insurance premiums, and termite bonds. These funds are collected to protect Habitat's interest in the underlying property, and are disbursed in a manner that ensures the maximum tax discount available is obtained for property taxes and that insurance coverage and termite protection does not lapse.

Deposits

Deposits consist of down payments made by future homeowners. The deposits are held until the date of closing, at which time they are applied to the closing costs of the home. Deposits are refunded if the Habitat program is not successfully completed.

Contributed Goods and Services

Habitat records the fair value of donated goods when there is an objective basis available to measure their value as contributions in-kind in the accompanying statement of activities. Habitat does not record the fair value of donated building supplies and materials that are subsequently sold in the Home Store. These items are recorded as revenue as the items are sold to the public.

A substantial number of volunteers have made significant contributions of their time to Habitat's program and supporting services. The value of this contributed time is not reflected in the financial statements since it does not require a specialized skill.

However, other contributed services that require specialized skills, provided by individuals possessing those skills, which would otherwise need to be purchased if not provided by donations, are recognized as revenue and expense.

Sales of Residences

Sales of residences represent the sale of houses built by Habitat. The resulting mortgages are non-interest bearing and have been discounted based upon prevailing market rates for low income housing at the inception of the mortgages. The discount used for mortgages closed during the years ended June 30, 2014 and 2013 was 5% and 5% respectively. The sales to homeowners presented in the statement of activities are net of this discount for the years ended June 30, 2014 and 2013 the discount was \$444,107 and \$338,067, respectively.

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Expense Allocations

The costs of various programs and activities have been summarized on a functional basis in the statement of activities. Within each group, transactions are recorded in specific expense categories, and apportioned, when applicable, among the programs and supporting services benefitted.

Fair Value of Financial Instruments

Habitat's financial instruments include cash, mortgages receivable, accounts payable, line of credit, and a note payable. The carrying values of these financial instruments approximate their fair values at June 30, 2014 and 2013.

Compensated Absences

Employees of Habitat are entitled to paid vacation, depending on length of service. It is impractical to estimate the amount of compensation for absences, and accordingly, no liability has been recorded in the accompanying financial statements. The costs of compensated absences are recognized when paid to the employees.

Advertising Costs

It is the policy of the Organization to expense advertising costs when incurred. For the years ended June 30, 2014 and 2013 advertising costs were \$36,335 and \$24,305 respectively.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2014

NOTE 2 - MORTGAGES RECEIVABLE - Net

Mortgages receivable at June 30, 2014 and 2013, consist of the following:

	<u>2014</u>	<u>2013</u>
Mortgages receivable at face value	\$ 4,538,330	\$ 3,634,873
Less: Unamortized discount	<u>(1,913,044)</u>	<u>(1,579,765)</u>
Mortgages receivable, net	<u>\$ 2,625,286</u>	<u>\$ 2,055,108</u>
Current portion of mortgages receivable	\$ 219,518	\$ 55,495
Non-current portion of mortgages receivable	<u>2,405,768</u>	<u>1,999,613</u>
TOTAL	<u>\$2,625,286</u>	<u>\$2,055,108</u>

Habitat holds a "silent second" mortgage on each completed home. The second mortgage notes will become payable if, prior to the expiration of twenty to thirty years from the date of its making, the maker transfers, sells, refinances or assigns the maker's right, title, or interest in and to the real property securing the second mortgage or ceases to occupy the real property as the maker's principal residence, in which case it will become immediately due and payable; without notice. No value has been recorded in these financial statements for these notes. For the years ended June 30, 2014 and 2013, the value of the silent mortgages was \$3,044,276 net of accumulated forgiveness of \$670,711 and \$3,034,275 net of accumulated forgiveness of \$539,604, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

At June 30, 2014 and 2013, property and equipment comprised:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Vehicles, Home Store	\$ 34,363	\$ 54,325
Equipment, Home Store	17,296	17,296
Improvements, Home Store	88,518	88,518
Building, Home Store	350,882	350,882
Land, Home Store	269,118	269,118
Building, Rental Property	267,640	262,026
Vehicles, Construction	31,562	31,562
Equipment	<u>51,167</u>	<u>48,066</u>
	1,110,546	1,121,793
Less: accumulated depreciation and amortization	<u>(119,184)</u>	<u>(115,928)</u>
	<u>\$ 991,362</u>	<u>\$1,005,865</u>

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$36,224 and \$30,052 respectively.

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2014

NOTE 4 - LONG-TERM DEBT

Long-term debt was comprised of the following:

	As of June 30,	
	2014	2013
1) Line of credit payable to bank, secured by mortgages receivable on a 3 to 1 ratio, \$550,000 limit, prime plus 2% interest, matures on January 15, 2019 (Satisfied)	\$ -	\$ 325,000
2) Mortgage payable to a bank, secured by real property and mortgages receivable on a 3 to 1 ratio 6.5% interest for five years with a monthly payment of \$1,941, variable interest rate with a monthly payment of \$1,716 therefore, balloon payment of \$217,683, matures November 10, 2020. (Satisfied)	-	272,329
3) Note payable to a bank, secured by personal property, 6.75% interest, monthly payments of \$630, matures January 10, 2015	4,317	14,750
4) Note payable to a bank, secured by personal property, 5% interest, monthly payments of \$377, matures May 12, 2018	15,661	19,464
5) Mortgage payable to a bank, secured by real property, 5.5% interest, monthly payments of \$3,167, matures October 29, 2020 (Satisfied)	-	444,330
6) Mortgage payable to an individual, secured by real property, 5.5% interest, monthly payments of \$1,912, matures October 6, 2026 (Satisfied)	-	216,426
7) Mortgage payable to a bank, secured by real property and mortgages receivable, 4.5% interest, interest only payments of \$3,592 to April 13, 2015 then monthly P&I payments of \$8,616.14, matures March 13, 2034. (Additional \$500,000 available)	928,943	-
8) Note payable to a bank, secured by real property and mortgages receivable, 4.25% interest, monthly payments of \$3,866, matures March 13, 2034	<u>617,369</u>	<u>-</u>
Total	1,566,290	1,292,299
Less current portion	<u>(52,674)</u>	<u>(362,118)</u>
Long-term debt, net of current portion	<u>\$1,513,616</u>	<u>\$ 930,181</u>

HABITAT FOR HUMANITY OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2014

NOTE 4 - LONG-TERM DEBT - Continued

Current maturities of long-term debt for each of the next five years and thereafter are as follows:

2015	\$ 52,674
2016	123,984
2017	129,389
2018	134,154
2019	128,311
Thereafter	<u>997,778</u>
Total long-term debt	<u>\$1,566,290</u>

Interest expense associated with long-term debt for the years ended June 30, 2014 and 2013 was \$45,645 and \$48,306, respectively.

NOTE 5 - OPERATING LEASES

Habitat leases a retail store under a lease that expires March 1, 2015. Under the lease agreement which came into effect on March 2, 2012 rent is \$3,700 per month until the lease expires in March of 2015.

Total rent expense for the fiscal years ended June 30, 2014 and 2013 was \$47,599 and \$43,632, respectively.

NOTE 6 - GRANTS

Habitat earned the following grant monies during the years ended:

	<u>June 30.</u>	
	<u>2014</u>	<u>2013</u>
Citrus County SHIP Grant	\$ -	\$36,258
Florida Housing Finance (HOP)	175,292	-
State of Florida (MSF)	60,000	-
Softwood Lumber (HFH)	3,193	33,285
Publix	11,000	11,000
Capital City Bank Foundation	1,000	1,000
Minneapolis Foundation	-	1,000
Regions Bank	<u>2,500</u>	<u>-</u>
	<u>\$ 252,985</u>	<u>\$82,543</u>

This grant is subject to certain conditions (see Note 8 receipts are included in "Sales of Residences" on the accompanying financial statements).

NOTE 7 - COMMUNITY CONTRIBUTION TAX CREDITS

Florida Statue 220.183 allows business entities that make contributions to programs or organizations that support projects to provide home ownership to low income households to use a community contribution credit to offset tax due in any one year. This contribution must be either, 1) cash or other liquid assets, 2) real property, 3) goods or inventory or, 4) other physical resources as identified by the Florida Department of Revenue. These contributions must be verified by the sponsoring organization in an application that verifies receipt of the contribution and this verification must accompany the application for tax credit.

NOTE 8 - CONTINGENCIES

Habitat receives grant money from Citrus County under the State Housing Initiative Program ("SHIP") for eligible homeowners. Use of funds is restricted to infrastructure only and is credited towards the down payment on the home at closing. A lien is placed on the property at closing by Citrus County and is forgiven after a period of twenty years. In the event of homeowner default, Habitat would be required to repay these funds from the proceeds of the sale of foreclosed homes. The lien is subordinate to Habitat's position as first and second mortgage holder.

NOTE 9 - IN-KIND CONTRIBUTIONS

The value of donated goods and services included in the financial statements for the years ended is summarized as follows:

	<u>June 30.</u>	
	<u>2014</u>	<u>2013</u>
Construction costs	\$ 54,284	\$ 26,879
Donated Goods	45,333	-
Donated Land	<u>250,856</u>	<u>260,838</u>
Total	<u>\$ 350,473</u>	<u>\$ 287,717</u>

NOTE 10 - TRANSACTIONS WITH HABITAT FOR HUMANITY INTERNATIONAL

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat for Humanity International on an annual basis. These funds are used to construct homes in economically depressed areas around the world.

For the years ended June 30, 2014 and 2013, Habitat made contributions of \$20,000 and \$20,000 respectively, the amount of which has been included in program services expense in the Statement of Activities.

NOTE 11 - UNRELATED BUSINESS INCOME

Habitat purchased land and a building for purposes of leasing office space and producing rental income. The accompanying statement of activities includes rental income, net of related expense. For the years ended June 30, 2014 and 2013, unrelated business income tax was zero and \$290 respectively.

NOTE 12 - LOSS OF INVENTORY

For each of the fiscal years ended June 30, 2014 and 2013 the Organization adjusted all properties held in inventory to the 2013 certified tax roll, which was the most currently available certified tax roll. The result was zero for 2014 and a loss of \$53,205 for 2013 on the write down of the land inventory.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2014, the date on which financial statements were available for issue.