

**FLOWER CITY HABITAT FOR
HUMANITY, INC.**

**Financial Statements
as of June 30, 2015 and 2014
Together with
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

October 22, 2015

To the Board of Directors of
Flower City Habitat for Humanity, Inc.:

We have audited the accompanying financial statements of Flower City Habitat for Humanity, Inc. (a New York non-profit corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and change in net assets 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 audits 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 Flower City Habitat for Humanity, Inc. as of June 30, 2015 and 2014 and the change in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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FLOWER CITY HABITAT FOR HUMANITY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>	LIABILITIES AND NET ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 359,549	\$ 146,628	Current portion of notes payable - affiliate	\$ 60,189	\$ 57,509
Current portion of mortgages receivable	178,695	185,817	Line-of-credit	203,928	111,827
Accounts receivable, net	194,056	147,500	Current portion of capital lease obligation	3,029	2,630
Grants receivable	225,977	220,000	Accounts payable	111,271	96,600
Prepaid expenses and other current assets	<u>4,345</u>	<u>2,387</u>	Accrued expenses and other payables	<u>35,851</u>	<u>43,062</u>
Total current assets	<u>962,622</u>	<u>702,332</u>	Total current liabilities	<u>414,268</u>	<u>311,628</u>
PROPERTY AND EQUIPMENT:					
Land	40,000	40,000			
Building and improvements	769,035	767,569			
Vehicles	109,337	109,337			
Office equipment	137,585	119,133			
Building equipment	<u>67,563</u>	<u>66,213</u>	LONG-TERM LIABILITIES:		
	1,123,520	1,102,252	Notes payable - affiliate, net of current portion	169,175	229,345
Less: accumulated depreciation	<u>(458,479)</u>	<u>(406,960)</u>	Capital lease obligation, net of current portion	<u>3,961</u>	<u>5,310</u>
	<u>665,041</u>	<u>695,292</u>	Total long-term liabilities	<u>173,136</u>	<u>234,655</u>
OTHER ASSETS:			Total liabilities	<u>587,404</u>	<u>546,283</u>
Mortgages receivable, net of current portion	2,437,505	2,516,433	NET ASSETS:		
Construction in progress	472,149	97,487	Unrestricted net assets	4,023,689	3,657,452
Homes available for sale, net of discount of \$190,994 and \$302,850 in 2015 and 2014, respectively	171,422	254,837	Temporarily restricted net assets	<u>355,753</u>	<u>351,572</u>
Cash and investments restricted for tithe fund	231,184	247,142	Total net assets	<u>4,379,442</u>	<u>4,009,024</u>
Cash and investments restricted for building reserve fund	9,569	24,430			
Assets that are limited to use	<u>17,354</u>	<u>17,354</u>			
Total other assets	<u>3,339,183</u>	<u>3,157,683</u>			
	<u>\$ 4,966,846</u>	<u>\$ 4,555,307</u>		<u>\$ 4,966,846</u>	<u>\$ 4,555,307</u>

The accompanying notes are an integral part of these statements.

FLOWER CITY HABITAT FOR HUMANITY, INC.

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
SUPPORT:		
House sponsorships	\$ 485,348	\$ 404,456
Fundraising and donations	825,857	848,080
Homebuilding grants	75,977	190,000
Other support	<u>2,743</u>	<u>25,644</u>
	<u>1,389,925</u>	<u>1,468,180</u>
REVENUES:		
Sale of homes	495,000	444,306
Mortgage receivable discount amortization	211,713	219,157
ReStore income	487,741	497,592
(Loss) Gain on investments	(13,699)	18,844
Interest income	8,739	6,899
Miscellaneous income	<u>62,508</u>	<u>37,691</u>
	<u>1,252,002</u>	<u>1,224,489</u>
NET ASSETS PLACED UNDER RESTRICTION	<u>(4,181)</u>	<u>(14,172)</u>
Total increases	<u>2,637,746</u>	<u>2,678,497</u>
EXPENSES:		
Cost of homes sold	743,109	822,082
Discount on mortgages receivable	247,625	246,215
Change in discount on homes available for sale	(111,856)	74,360
Program services:		
ReStore	412,737	408,857
Construction overhead and other	405,692	391,920
General and administrative	308,258	428,452
Fundraising	<u>265,944</u>	<u>243,390</u>
Total decreases	<u>2,271,509</u>	<u>2,615,276</u>
INCREASE IN UNRESTRICTED NET ASSETS	366,237	63,221
TEMPORARILY RESTRICTED NET ASSETS		
NET ASSETS PLACED UNDER RESTRICTION	<u>4,181</u>	<u>14,172</u>
CHANGE IN NET ASSETS	370,418	77,393
NET ASSETS, beginning of year	<u>4,009,024</u>	<u>3,931,631</u>
NET ASSETS, end of year	<u>\$ 4,379,442</u>	<u>\$ 4,009,024</u>

The accompanying notes are an integral part of these statements.

FLOWER CITY HABITAT FOR HUMANITY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Support and contributions received	\$ 1,383,948	\$ 1,368,180
Mortgage payments received	370,329	369,226
Proceeds from sale of home	60,710	17,307
Cash received from ReStore sales	487,741	497,592
Interest and other income received	71,247	44,590
Cash paid to suppliers	(826,900)	(824,107)
Cash paid to employees	(678,793)	(780,248)
Cash paid for operating expenses	(341,460)	(385,645)
Cash paid for fundraising events	(64,594)	(59,963)
Cash paid for ReStore expenses	(186,079)	(145,848)
Cash paid for homeowner escrow deficiencies	(75,141)	(42,282)
Interest paid	<u>(17,600)</u>	<u>(16,731)</u>
Net cash flow from operating activities	<u>183,408</u>	<u>42,071</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Net withdrawals from tithe fund	2,259	4,672
Net withdrawals from building reserves fund	14,861	20,000
Purchases of property and equipment	<u>(21,268)</u>	<u>(27,112)</u>
Net cash flow from investing activities	<u>(4,148)</u>	<u>(2,440)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings on line-of-credit, net	92,101	69,850
Repayment of notes payable - affiliate	(57,490)	(96,983)
Borrowings of capital lease obligation	1,423	7,940
Repayment of capital lease obligation	(2,373)	(18,615)
Net change in due from affiliate	<u>-</u>	<u>6,142</u>
Net cash flow from financing activities	<u>33,661</u>	<u>(31,666)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	212,921	7,965
CASH AND CASH EQUIVALENTS - beginning of year	<u>146,628</u>	<u>138,663</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 359,549</u>	<u>\$ 146,628</u>

(Continued)

The accompanying notes are an integral part of these statements.

FLOWER CITY HABITAT FOR HUMANITY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(Continued)

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 370,418	\$ 77,393
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	51,519	48,348
Discount on mortgages receivable	247,625	246,215
Amortization of discount on mortgages receivable	(211,713)	(219,157)
Change in discount on homes available for sale	(111,856)	74,360
Loss (gain) on investments	13,699	(18,844)
Bad debts	28,585	16,400
Change in:		
Mortgages receivable	50,138	(41,647)
Accounts receivable	(75,141)	(42,282)
Grants receivable	(5,977)	(100,000)
Prepaid expenses and other current assets	(1,958)	1,335
Construction in progress	(374,662)	118,163
Homes available for sale	195,271	(150,970)
Accounts payable	14,671	12,594
Accrued expenses and other payables	<u>(7,211)</u>	<u>20,163</u>
Net cash flow from operating activities	<u>\$ 183,408</u>	<u>\$ 42,071</u>

The accompanying notes are an integral part of these statements.

FLOWER CITY HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

1. ORGANIZATION

Flower City Habitat for Humanity, Inc. (the Organization) was established and incorporated in November 1984. The Organization is a non-profit corporation whose purpose is to develop a better habitat in which to work and live for economically disadvantaged people. This is accomplished by working with these people to build or rehabilitate homes and subsequently providing non-interest bearing mortgages on these residences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting -

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Financial Reporting -

The Organization categorizes net assets and activities as unrestricted, temporarily restricted, or permanently restricted. At June 30, 2015 and 2014, the Organization reported net assets as follows:

- Unrestricted - Unrestricted net assets include operating resources available for the support of operating activities.
- Temporarily Restricted - Temporarily restricted net assets include resources donated to the Organization subject to time or purpose restrictions as defined by the donor.
- Permanently Restricted - Permanently restricted net assets include resources subject to donor-imposed restrictions that may be maintained permanently by the Organization. There were no permanently restricted net assets at June 30, 2015 or 2014.

Cash and Cash Equivalents -

The Organization's cash and cash equivalents consist of bank deposit and money market accounts. These accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable -

Accounts receivable consists of amounts to be received from the Organization's mortgage servicer for deficiencies in homeowner's escrow accounts that are paid by the Organization initially, and reimbursed through homeowner escrow payments. The Company recorded an allowance for doubtful accounts of \$19,200 and \$16,400 at June 30, 2015 and 2014, respectively, based on historical collections and management's review of specific account balances.

Grants Receivable -

Grants receivable consists of Government and New York State grants awarded to the Organization to assist in subsidizing the cost of homebuilding. The grant revenue is earned by the Organization upon the sale of a home. As of June 30, 2015 and 2014, there was \$225,977 and \$220,000, respectively, of grants that had not been received by the Organization as of year-end. Management believes that all amounts will be fully collectible and therefore no allowance for doubtful accounts is deemed necessary.

Construction in Progress -

Construction in progress consists of homes owned by the Organization that are currently under construction or renovation. These homes are valued at the lower of cost or anticipated sales price.

Homes Available for Sale -

Homes available for sale consist of homes owned by the Organization that are valued at the lower of cost or anticipated sales price. As of the statement of financial position date, these homes are either awaiting closing or the current tenants are in a probationary period prior to being eligible for ownership.

Mortgages Receivable -

The Organization discounts its mortgages receivable. In accordance with instructions from Habitat for Humanity International, Inc., the Organization does not charge interest on the mortgages on houses sold to homeowners. By discounting the mortgages receivable, the Organization records the mortgages at the present value of the note payments to be received in the future. Imputed rates of interest that are used in computing the discount vary between 6% and 10% depending on the origination date of the mortgage, and are provided to the Organization by Habitat for Humanity International, Inc. on an annual basis. The difference between the face amount of the mortgage and its present value is accounted for as a discount and charged to expense in the initial year of the mortgage. The discount is then amortized over the life of the mortgage using the interest method and is reported as mortgage discount amortization revenue in the statement of activities and change in net assets.

Property and Equipment -

It is the Organization's policy to capitalize property and equipment over \$1,000. Purchased property and equipment is stated at cost and depreciated using the straight-line method. The assets are depreciated over their estimated useful lives, ranging from three to thirty-nine years. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash and Investments -

Cash and investments restricted for the Organization's title and building reserve funds represent cash and investments restricted for certain purposes. The cash and investments consist of money market and mutual funds.

The Organization's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

All of the Organizations' investments are measured at fair value on a recurring basis utilizing level one inputs, as defined below.

Support and Revenue -

Contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor.

Grants and other contributions of cash and other assets are reported as temporarily 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 in the statement of activities as net assets released from restrictions.

Endowment contributions are recorded as permanently restricted. Investment earnings available for distribution are recorded in temporarily restricted net assets until appropriated for use. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions. The Organization has not received any endowment contributions.

Contributions of non-cash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Fair Value Measurement -

The Organization follows the provisions of Accounting Standards Codification (ASC) Topic 820-10, *Fair Value Measurements*. ASC Topic 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC Topic 820-10 are described below:

- Level 1 - Valuations based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access.

All of the Organization's investments are valued utilizing level 1 inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued) -

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

The Organization has no assets or liabilities that are valued utilizing level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization has no assets or liabilities that are valued utilizing level 3 inputs.

Events Occurring After Reporting Date -

The Organization has evaluated events and transactions that occurred between June 30, 2015 and October 22, 2015, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. No such events or transactions were identified.

Income Taxes -

The Organization has received a letter of determination from the Internal Revenue Service advising it that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization follows the provisions of ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. As of June 30, 2015 and 2014, the Organization has not recorded any provisions for accrued interest and penalties related to uncertain tax positions. By statute, tax years 2011 through 2014 remain open to examination by the major taxing jurisdictions to which the Organization is subject.

Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications -

Certain amounts have been reclassified in the prior year to conform to the current year presentation.

3. MORTGAGES RECEIVABLE

Mortgages receivable secured by real estate, due on various dates with no interest, consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Mortgages receivable	\$ 5,408,379	\$ 5,503,418
Discounts on non-interest bearing notes	<u>(2,792,179)</u>	<u>(2,801,168)</u>
	2,616,200	2,702,250
Less: Current portion	<u>(178,695)</u>	<u>(185,817)</u>
	<u>\$ 2,437,505</u>	<u>\$ 2,516,433</u>

The following are future maturities of mortgages receivable, net of discount, as of June 30, 2015:

	<u>Mortgage</u>	<u>Discount</u>	<u>Net</u>
2016	\$ 381,774	\$ (203,079)	\$ 178,695
2017	376,960	(194,786)	182,174
2018	365,674	(185,126)	180,548
2019	353,167	(178,007)	175,160
2020	337,523	(171,939)	165,584
Thereafter.....	<u>3,593,281</u>	<u>(1,859,242)</u>	<u>1,734,039</u>
	<u>\$ 5,408,379</u>	<u>\$(2,792,179)</u>	<u>\$ 2,616,200</u>

4. LINE-OF-CREDIT

The Organization has a line of credit agreement with a bank. Under the terms of the agreement, the Organization may borrow up to \$200,000. The agreement was amended in October 2014, which increased the available borrowings to \$300,000. Amounts borrowed bear interest at the prime rate (3.25% as of June 30, 2015 and 2014) and are due on demand. The line-of-credit is secured by substantially all present and future assets of the Organization. There was \$203,928 and \$111,827 outstanding at June 30, 2015 and 2014, respectively.

5. NOTES PAYABLE - AFFILIATE

The following notes are payable to Habitat for Humanity International, Inc. as of June 30:

	<u>2015</u>	<u>2014</u>
Note payable in the original principal amount of \$285,200 requiring monthly payments of \$4,038 including interest at 4.95%. Final payment is due June 2018.	\$ 134,325	\$ 174,870
Note payable in the original principal amount of \$128,300 requiring monthly payments of \$1,747 including interest at 3.80%. Final payment is due June 2020.	<u>95,039</u>	<u>111,984</u>
	229,364	286,854
Less: Current portion	<u>(60,189)</u>	<u>(57,509)</u>
	<u>\$ 169,175</u>	<u>\$ 229,345</u>

The notes payable are collateralized by security interests in specific mortgage receivables. The Organization is required to meet financial covenants of maintaining minimum net assets of \$250,000 and raising at least 50% of its annual support from local sources. The Organization was in compliance with these covenants as of and for the years ended June 30, 2015 and 2014, respectively.

Future required payments due under the terms of these notes are as follows at June 30, 2015:

	<u>Amount</u>
2016	\$ 60,189
2017	63,015
2018	65,976
2019	19,712
2020	<u>20,472</u>
	<u>\$ 229,364</u>

6. COMMITMENTS

Capital Lease Obligation -

The Organization has entered into a capital lease obligation as follows:

	<u>2015</u>	<u>2014</u>
Capital lease obligation entered into during 2014 to finance the acquisition of computers. The lease requires monthly payments of \$302, including interest at 10.56%, through August 2017. The related computer equipment is collateral to the obligation.	\$ 6,990	\$ 7,940
Less: Current portion	<u>(3,029)</u>	<u>(2,630)</u>
	<u>\$ 3,961</u>	<u>\$ 5,310</u>

Future required payments due under the terms of the capital lease obligation are as follows at June 30, 2015:

	<u>Amount</u>
2016	\$ 3,623
2017	3,623
2018	<u>604</u>
	7,850
Less: amounts representing interest	<u>(860)</u>
	<u>\$ 6,990</u>

Facility Rent -

The Organization entered into a lease agreement with a third party for additional storage space for the ReStore. Monthly payments required under the terms on the lease agreement are \$1,375 through October 2015.

Future required payments under the terms of the lease agreement totaled \$5,500 to be paid in fiscal 2016.

7. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30:

	<u>2015</u>	<u>2014</u>
Tithe fund	\$ 231,184	\$ 247,142
Building reserves fund	104,569	104,430
Vehicles	<u>20,000</u>	<u>-</u>
	<u>\$ 355,753</u>	<u>\$ 351,572</u>

Temporarily restricted net assets (released from) placed under restriction were as follows during the years ended June 30:

	<u>2015</u>	<u>2014</u>
Vehicles	\$ 20,000	\$ -
Tithe fund	(15,958)	(14,172)
Building reserves fund	<u>139</u>	<u>-</u>
	<u>\$ 4,181</u>	<u>\$ (14,172)</u>

The tithe fund amounts are restricted by the donor for use in supplementing the Organization's tithing to Habitat for Humanity International. Annually, amounts are released to unrestricted funds for this purpose based on the discretion of the Organization's Board of Directors.

The building reserves fund is restricted by the donor for use as an internal line-of-credit that is used by the Organization to fund the construction of homes while awaiting infrastructure, federal home loan payments, and other post-closing government grant funding. The fund is replenished as soon as these payments are received, with the balance in the fund equaling a minimum of \$100,000 plus interest earned thereon. At June 30, 2015 and 2014, the temporarily restricted amount totaled \$104,569 and \$104,430, respectively, which included principal of \$100,000 and earnings of \$4,569 and \$4,430, respectively. At June 30, 2015 and 2014, the Organization had loans of \$95,000 and \$80,000, respectively, from this fund.

8. ASSETS THAT ARE LIMITED TO USE

Assets that are limited to use include amounts set aside as required by Habitat for Humanity International, Inc. for future repayment of debt.

The debt service reserve accounts held by Habitat for Humanity International, Inc. are available for unrestricted use in:

	<u>Amount</u>
Periods after June 30, 2018	\$ 12,114
Periods after June 30, 2020	<u>5,240</u>
	<u>\$ 17,354</u>

9. DONATED SERVICES

The Organization values all donations of materials and professional services at fair market value when received. Revenue and expenses related to donated goods and services are recognized at the time such goods are received or services are rendered. Total contributed goods and services were \$2,743 and \$25,644 for the years ended June 30, 2015 and 2014, respectively.

The Organization also receives a significant amount of donated services from unpaid volunteers who assist in home rehabilitation/construction, fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been met.

10. EMPLOYEE BENEFIT PLAN

The Organization sponsors a defined contribution plan. All employees are eligible for participation in the plan upon hire, and may voluntarily elect to contribute a percentage of their compensation to the plan, subject to the terms of the plan and certain established federal limitations. The Organization makes no matching or discretionary contributions to the plan at this time.

11. COMMITMENTS AND CONTINGENCIES

Under loan commitment agreements with an affiliate, the Organization is required to set aside unrestricted funds equal to one quarterly loan payment (see Note 8). The amount is being held by the affiliate in a reserve account. These funds are to be returned to the Organization upon full payment of the outstanding principal balance of the loan.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Totals for 2014)

	Program			Total			
	ReStore	Construction	Total	General and Administrative	Fundraising	2015	2014
		Overhead and Other					
Salaries	\$ 194,829	\$ 130,945	\$ 325,774	\$ 158,699	\$ 106,345	\$ 590,818	\$ 697,240
Insurance	29,296	59,121	88,417	22,739	9,096	120,252	72,367
Employee benefits	21,430	20,215	41,645	18,057	21,062	80,764	92,624
Fundraising events	-	-	-	-	73,394	73,394	60,683
Payroll taxes	20,605	7,545	28,150	17,605	14,653	60,408	65,064
Depreciation and amortization	5,152	25,759	30,911	10,304	10,304	51,519	48,348
Legal and accounting	-	32,326	32,326	7,615	-	39,941	39,790
Small tools and supplies	31,111	7,278	38,389	-	-	38,389	29,600
Equipment maintenance	8,298	7,156	15,454	11,021	7,156	33,631	36,168
Bad debts	-	28,585	28,585	-	-	28,585	16,400
Utilities	20,711	-	20,711	-	-	20,711	26,677
Mortgage outsourcing fees	-	10,270	10,270	10,270	-	20,540	20,983
Tithe and support fees paid to Habitat International	-	20,000	20,000	-	-	20,000	45,492
Bank charges	10,504	-	10,504	3,628	4,612	18,744	20,130
Temporary help and consulting	288	2,760	3,048	14,079	1,438	18,565	42,920
Interest	7,305	-	7,305	10,295	-	17,600	16,731
Auto	9,611	7,042	16,653	-	-	16,653	20,086
Telephone	3,676	5,656	9,332	2,504	4,215	16,051	15,033
Office supplies and expenses	1,925	3,814	5,739	4,087	4,121	13,947	17,542
Training and seminars	2,387	363	2,750	5,375	5,130	13,255	3,955
Family support	10,012	-	10,012	2,503	-	12,515	6,022
Lease expense	6,188	6,188	12,376	-	-	12,376	-
Building repair and maintenance	10,419	-	10,419	-	-	10,419	17,807
Travel and entertainment	139	6,295	6,434	1,321	1,320	9,075	5,991
Real estate taxes	2,082	6,170	8,252	-	-	8,252	5,381
Membership dues	-	4,018	4,018	1,005	-	5,023	2,500
Postage and delivery	756	1,135	1,891	945	1,890	4,726	4,548
Promotion and public relations	2,006	1,217	3,223	402	304	3,929	3,943
Payroll processing fees	560	1,121	1,681	1,494	560	3,735	3,561
Property management	-	3,497	3,497	-	-	3,497	3,814
Cleaning	705	-	705	2,115	-	2,820	2,820
Dues and subscriptions	-	344	344	171	344	859	329
Social media	-	-	-	-	-	-	172
Miscellaneous	12,742	6,872	19,614	2,024	-	21,638	27,898
	<u>\$ 412,737</u>	<u>\$ 405,692</u>	<u>\$ 818,429</u>	<u>\$ 308,258</u>	<u>\$ 265,944</u>	<u>\$ 1,392,631</u>	<u>\$ 1,472,619</u>

The accompanying notes are an integral part of this exhibit.