HABITAT FOR HUMANITY
OF HILLSBOROUGH COUNTY FLORIDA, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2017

FINANCIAL STATEMENTS
JUNE 30, 2017

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Habitat for Humanity of Hillsborough County Florida, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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.

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 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 Habitat for Humanity of Hillsborough County Florida, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Accell Audit & Compliance, PA

Tampa, Florida
October 2, 2017

4806 West Gandy Boulevard • Tampa, Florida 33611 • 813.440.6380

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS		
Cash and cash equivalents	$	817,288
Grants receivable		24,954
Unconditional promises to give		5,265
Other receivables		33,349
Prepaid expenses		30,038
Inventory - construction and ReStore		178,423
Assets held in escrow		87,206
Mortgages receivable, net		777,620
Land held for development		176,113
Property and equipment, net		849,898
Deposits		24,001
Total assets	$	3,004,155
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$	145,458
Deferred rent		68,573
Escrow deposits		87,206
Agency payable		72,294
Note payable - related party		383
Notes payable		306,651
Total liabilities		680,565
Net assets		
Unrestricted		2,310,209
Temporarily restricted		13,381
Total net assets		2,323,590
Total liabilities and net assets	$	3,004,155

See independent auditors' report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions			
Cash	$ 107,838	$ 408,069	$ 515,907
Donated lots	-	23,960	23,960
In-kind	279,006	44,192	323,198
Transfers to homeowners	1,743,212	-	1,743,212
Mortgage discount amortization	29,374	-	29,374
Sales - Habitat ReStore	1,707,973	-	1,707,973
Foundations and grants	323,570	-	323,570
Fundraising events	23,563	-	23,563
Other	19,771	-	19,771
Net assets released from restrictions	613,819	(613,819)	-
Total support and revenue	4,848,126	(137,598)	4,710,528
EXPENSES			
Program services			
Rehab/Construction and mortgage discounts	3,011,025	-	3,011,025
Family services	223,332	-	223,332
Habitat ReStore	1,383,935	-	1,383,935
Supporting services:			
Management and general	256,425	-	256,425
Fundraising	188,213	-	188,213
Total expenses	5,062,930	-	5,062,930
Change in net assets before Other Changes	(214,804)	(137,598)	(352,402)
Other changes - Revenue (Expense)			
Interest expense	(15,175)	-	(15,175)
Gain on sale of mortgages	493,610	-	493,610
Total other changes	478,435	-	478,435
Change in net assets	263,631	(137,598)	126,033
Net assets, beginning of year	2,046,578	150,979	2,197,557
Net assets, end of year	$ 2,310,209	$ 13,381	$ 2,323,590

See independent auditors' report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services					Supporting Services			
	Rehab/ Construction	Mortgage Discounts	Family Services	Habitat ReStore	Total Program Services	Fundraising	Management and General	Total Supporting Services	TOTAL
Personnel expenses	$ 413,878	$ -	$ 145,614	$ 908,397	$ 1,467,889	$ 112,571	$ 59,656	$ 172,227	$ 1,640,116
Other Expenses									
Admin and general	24,881	-	76,477	81,462	182,820	30,186	124,553	154,739	337,559
Cost of home/land sales	1,679,785	-	-	-	1,679,785	-	280	280	1,680,065
Facilities	14,495	-	558	276,252	291,305	371	47,571	47,942	339,247
Cost of goods sold, Restore	-	-	-	57,379	57,379	-	-	-	57,379
Home rehabiliation	84,246	-	-	-	84,246	-	-	-	84,246
Mortgage discounts	-	777,507 *	-	-	777,507	-	-	-	777,507
Special events	3,156	-	89	-	3,245	18,582	1,826	20,408	23,653
Other	3,919	-	407	24,680	29,006	26,241	13,139	39,380	68,386
Total expenses before Other non-cash items	2,224,360	777,507	223,145	1,348,170	4,573,182	187,951	247,025	434,976	5,008,158
Depreciation	9,158	-	187	35,765	45,110	262	9,400	9,662	54,772
Total Functional Expenses	$ 2,233,518	$ 777,507	$ 223,332	$ 1,383,935	$ 4,618,292	$ 188,213	$ 256,425	$ 444,638	$ 5,062,930

* See Note 4

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 126,033
Adjustments to reconcile change in net assets	
to net cash flows from operating activities:	
Amortization of mortgage discounts	(29,374)
Gain on sale of mortgages	(493,610)
Discounts on new mortgages transferred to owners	777,507
Donated land for development	(23,960)
Bad debt expense	8,900
Depreciation	54,772
(Increase) decrease in assets:	
Assets held in escrow	6,033
Grants receivable	(4,309)
Unconditional promises to give	(5,265)
Other receivables	(17,763)
Prepaid expenses	(18,074)
Mortgage notes receivable, net	(171,693)
Inventory - construction and ReStore	15,434
Land held for development	(106,668)
Deposits	(4,415)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	28,989
Deferred rent	(1,912)
Escrow funds payable	(6,223)
Agency payable	(17,573)
Net cash from operating activities	116,829
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(94,185)
Net cash used in investing activities	(94,185)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on note payable - related party	(81,402)
Proceeds from notes payable	37,444
Net cash used in financing activities	(43,958)
Net change in cash and cash equivalents	(21,314)
Cash and cash equivalents, beginning of year	838,602
Cash and cash equivalents, end of year	$ 817,288
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Transfer of Property to Homeowners	$ 1,743,212
Cash Paid During the Year for Interest	$ 14,975

See independent auditors' report and accompanying notes to the financial statements.

NOTE 1 NATURE OF ORGANIZATION

Habitat for Humanity International, Inc. ("HFHI") was founded in 1976 by Millard and Linda Fuller. The concept of Habitat for Humanity is that each Habitat Affiliate and those in need of adequate shelter would work side-by-side with volunteers to build affordable, decent homes. Habitat for Humanity of Hillsborough County Florida, Inc. ("Habitat" or the "Organization") became an Affiliate in 1987 and is a tax-exempt Not-for-Profit organization. Seeking to put God's love into action, Habitat brings people together to build homes, communities, and hope.

Habitat's Program Services include its home construction program, a thrift retail operation (d.b.a. the ReStore), and family service programs, all of which are provided principally to residents in Hillsborough County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Habitat have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Habitat has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 958, *Not-for-Profit Entities* ("ASC 958"). Under ASC 958, Habitat is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, Habitat reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and, if applicable, permanently restricted net assets.

Cash and Cash Equivalents

Habitat considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Assets Held in Escrow

Habitat currently services the mortgage notes on the homes it sells. Included in assets held in escrow are cash amounts received for insurance and property taxes on such homes. These cash amounts are recorded as an asset, which is offset by a related liability.

Fair Value of Financial Instruments

At June 30, 2017, the following methods, assumptions, and accounting principles are used to estimate fair value of each of the following classes of financial instruments for which it is practical to estimate value:

Cash and cash equivalents - the carrying amount reported in the consolidated statement of financial position approximates fair value because of the short maturity of those instruments.

Unconditional promises to give - the fair value is determined as the present value of the amount pledged based on the interest rates applicable in the year the promises were received.

Mortgage receivables - the fair value is determined at the present value of the loan.

Accounts payable and accrued expenses - the carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Notes payable - the carrying amount reported in the statement of financial position approximates fair value because the Organization can obtain similar loans of comparable maturities and rates by the Organization's financial institution.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to Habitat that is, in substance, unconditional. Unconditional contributions that are restricted by the donor are reported as increases in unrestricted net assets, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, or when a pledge becomes due, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give were approximately $5,000 as of June 30, 2017 and are included on the statement of financial position.

Habitat uses the allowance method to determine uncollectible unconditional promises. The allowance is based on prior years' experience and management's analysis of specific promises made.

Homes Under Construction

Homes under construction consist of labor, material, and lot costs using the specific identification method. It also includes indirect construction costs incurred during the construction period. Habitat transferred 10 homes to homeowners in 2017.

Land Held for Development

Land held for development includes the cost of land and improvements to land or, if donated, the approximate fair value of the land at the date of the donation, held for future construction of homes.

Mortgage Notes Receivable

Mortgages receivable consist predominantly of non-interest bearing residential first mortgages secured by real estate and payable in monthly installments over the life of the mortgage, generally over 30 years. All of the mortgages are related to new construction or the rehabilitation of existing homes rehabilitated by Habitat. These mortgages receivable are shown on the statement of financial position discounted by the prevailing interest rates for low income housing at the inception of each mortgage.

In addition to the mortgages receivable included in the statement of financial position, Habitat also enters into equity creation agreements with certain homebuyers. These equity creation agreements known as a "silent second mortgage" originate at the same time of the first mortgage and reflect the difference between the purchase price and the fair market value of the house. This equity creation agreement is part of the mortgage document and is executed for protection against homeowners who may sell their house for a profit before the mortgage is repaid and to protect the homeowner by preventing predatory lenders from paying off the first mortgage and saddling the homeowners with an onerous new mortgage. This amount is considered forgiven by the mortgagee over the life of the mortgage and the mortgagor agrees that the remaining balance is secured by the mortgage until forgiven in full. Habitat does not record a value for the equity creation agreements as it is unlikely that the amount will ever be collected.

Habitat uses established underwriting criteria to ensure that only families who meet Habitat’s financial and credit criteria are approved to be partner families and receive a non-interest bearing mortgage loan from Habitat. This includes, but is not limited to, a thorough review of each prospective homeowner's credit report, sources of income, and financial history. Habitat regularly reviews its mortgages receivable and monitors the accounts for delinquencies. Habitat has documented delinquency procedures that are followed starting with 10-15 days after the payment due date. Once a payment is 120 days or more late, Habitat will turn the file over to its attorney who will send a letter or other notice as required by law. If the homeowner does not cure the default, foreclosure proceedings are initiated.

Non-interest bearing mortgages originated are discounted based on prevailing market rates at the time of the sale, which results in the net mortgage receivable balances being generally less than 50% of the home's fair market value. Therefore, Habitat believes that losses resulting from non-payment of mortgage notes receivable, given its collateral value, are not likely. Accordingly, Habitat has not recorded an allowance for mortgages receivable.

Inventory

ReStore inventory, which consists of merchandise donated by building supply stores and by individuals in the community, is stated at lower of cost or market value. With few exceptions, the donated items are used, resulting in an undeterminable market value. For these items, inventory is not recorded. The sale of these items, referred to as ReStore sales on the statement of activities, is recorded at point of sale.

Habitat’s inventory also includes construction inventory, construction in process, and land held for construction which is recorded at the lower of cost or market value.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. Habitat has a policy of capitalizing expenditures for property and equipment with costs greater than $500. Depreciation is provided using the straight-line method over the estimated useful lives of assets which range from 3 to 39 years. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Net Assets

Habitat's net assets for the year ended June 30, 2017 are classified into two categories: (1) unrestricted net assets, which include no donor-imposed restrictions and (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future.

The unrestricted net assets consist of operating funds available for any purpose authorized by the Board of Directors (the "Board").

Temporarily restricted net assets consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent. At June 30, 2017, Habitat had $13,381 of temporarily restricted net assets.

Concentration of Credit Risk

Financial instruments that potentially subject Habitat to concentrations of credit risk consist primarily of bank deposits and mortgages receivable.

Habitat maintains bank accounts with balances which, at times, may exceed federally insured limits. Habitat has not experienced any losses on such accounts, and believes it is not exposed to any significant risk on bank deposit accounts.

Habitat has the ability to foreclose on delinquent mortgages, reducing the risk of loss to the Organization.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

Habitat recognizes revenue from home sales when a closing occurs. A closing is considered to occur when title, possession, and other attributes of ownership have been transferred to the buyer; and the Organization is not obligated to perform significant activities after the sale.

Federal, state and local government, and other grants are recognized as support when performance occurs pursuant to the contract agreement.

Donated Services

Donated services and materials are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. These are reflected in the accompanying statement of activities, at their estimated fair market values at the date of receipt. Contributions of services are recorded if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2017, Habitat recorded donation revenue of approximately $311,000 related to donations of building materials and services and $24,000 in donated lots from various financial institutions and donors recorded at their tax assessed just market value which approximates fair value.

ReStore sales are recognized as revenue at the time merchandise is transferred to the customer. Historically, sales returns have not been significant.

Transfers to Homeowners

Transfers to homeowners are recorded at the gross mortgage amount plus down payment received. Non-interest bearing mortgages have been discounted based upon prevailing market rates for low income housing at the inception of the mortgages. Utilizing the effective interest method, this discount will be recognized as mortgage discount amortization income over the term of the mortgage.

Advertising Costs

Advertising costs are expensed as incurred and were approximately $21,000 for the year ended June 30, 2017.

Impairment on Long-Lived Assets

Habitat's long-lived assets, such as land, building, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value of the asset.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position. Habitat recognized no impairment for the year ended June 30, 2017.

Functional Expenses

Certain direct, indirect, and administrative expenses are incurred which benefit more than one program. The Organization, therefore, allocates these expenses accordingly using time charged to employees and other various methods.

Federal Income Tax

Habitat is organized as a nonprofit corporation under the laws of the State of Florida and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and corresponding Florida provisions. Donors of cash and/or property are entitled to the maximum charitable contribution deduction allowed by law. Habitat follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for Habitat for the year ended June 30, 2017. Habitat is not currently under examination by any taxing jurisdiction. Habitat's federal returns are generally open for examination for three years following the date filed.

NOTE 3 INVENTORY

Inventory consists of the following as of June 30, 2017:

Construction in process	$	116,237
ReStore inventory		53,332
Supplies and materials		8,854
Total inventory	$	178,423

NOTE 4 MORTGAGES RECEIVABLE

The initial amount of each mortgage loan approximates Habitat's cost to build the house, plus mortgage discount expense. The notes on these mortgages are non-interest bearing, payable in equal monthly installments, and are secured by deeds of trust on the properties. The payments collected on these mortgages are used to help fund future home construction. The notes have been discounted at the prevailing market rate at the inception of the mortgage using the effective interest method over the lives of the mortgages. As mortgage payments are made, Habitat recognizes the amortization of the discount as revenue.

Mortgages receivable as of June 30, 2017 are as follows:

Non-interest bearing loans at face value	$	1,302,314
Less: Unamortized discount based on imputed interest		(524,694)
Mortgage notes receivable, net of discounts	$	777,620

During the year ended June 30, 2017, Habitat transferred 10 properties to qualified buyers at a zero-interest mortgage that is being financed by Habitat, and recorded a discount of approximately $778,000 on these mortgages that show as a non-cash expense on the Statement of Functional Expenses (See page 4).

Periodically, Habitat sells individually identified mortgages receivable to financial institutions. Habitat continues to service these receivables by collecting payments from homeowners on behalf of the purchasing financial institutions. Homeowner payments are remitted by Habitat to the purchasing financial institutions in arrears. Accordingly, Habitat has reported an agency payable liability in the amount of approximately $72,000 as of June 30, 2017. This reflects the homeowner payments held by Habitat that must be subsequently remitted to the purchasing financial institutions. For the year ended June 30, 2017, Habitat sold 15 of its mortgages.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2017:

Building	$ 458,876
Land	364,550
Leasehold improvements	127,662
Automobile	86,586
Equipment	54,556
Office equipment	43,073
	1,135,303
Less accumulated depreciation	(285,405)
Total property and equipment, net	$ 849,898

Depreciation expense for the year ended June 30, 2017 was approximately $55,000.

NOTE 6 OPERATING LEASES

Habitat had multiple lease obligations during the year ended June 30, 2017, which expire on various future dates. These leases include rent, a copy machine, and three trucks. Lease expense for these operating leases for the year ended June 30, 2017 was approximately $151,000.

The following is a schedule by years of the future minimum lease payments:

Year ending June 30,	Amount
2018	189,089
2019	192,358
2020	196,517
2021	200,788
2022	162,140
Thereafter	61,314
Total	$ 1,002,206

NOTE 7 NOTE PAYABLE – RELATED PARTY

During 2011, Habitat entered into a promissory note agreement with HFHI under which it could borrow up to $22,500. This promissory note agreement was entered into as part of the Self-Help Homeownership Opportunity Program ("SHOP") affiliate sub-grant agreement in which, through HFHI, Habitat was awarded $90,000 to be used to pay eligible expenses with respect to land acquisition and infrastructure improvements, with

25% of the award due to HFHI. As of June 30, 2017, the total amount due to HFHI was $383, and is recorded as a note payable – related party on the statement of financial position. This promissory note is non-interest bearing with the total principal to be paid in full before January 1, 2018.

NOTE 8 NOTE PAYABLE

Note payable consists of the following as of June 30, 2017:

Note payable, collateralized by a mortgage, payable in monthly installments of $2,126, including interest at 4.67% per annum, beginning November 2013 through October 2018.	$ 177,089
Note payable in monthly installments of $4,924, including interest at 3.52% per annum, beginning August 2015 through September 2018.	72,097
Note payable, collateralized by a vehicle, payable in monthly installments of $443, including interest at 3.98% per annum, beginning August 2015 through July 2021.	20,021
Note payable in monthly installments of $634, including interest at 3.90% per annum, beginning January 2017 through December 2022.	37,444
Total notes payable	$ 306,651
Less current portion	(86,088)
Notes payable, less current portion	$ 220,563

Future principal maturities on the note payable are as follows:

Year ending June 30,	Amount
2018	$ 86,088
2019	185,219
2020	11,735
2021	12,209
2022	7,746
Thereafter	3,654
Total	$ 306,651

NOTE 9 LINE OF CREDIT

Habitat has a line of credit with a lending institution. The line is in the amount of $50,000 with no maturity date. As of June 30, 2017, there were no amounts outstanding on the line of credit.

NOTE 10 TRANSACTIONS WITH HABITAT INTERNATIONAL

Habitat remits a portion of its unrestricted contributions to Habitat International as tithe to support its operations. Habitat contributed approximately $23,000 to Habitat International during the year ended June 30, 2017. This amount is included in program services expense in the statement of activities.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Habitat is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on Habitat's financial position or the results of its operations.

NOTE 12 SUBSEQUENT EVENTS

Habitat has evaluated the need for adjustments and/or disclosure resulting from subsequent events in these financial statements through October 2, 2017, the date the financial statements were available to be issued. Habitat is not aware of any subsequent events which would require recognition or disclosures in the financial statements.