

**HABITAT FOR HUMANITY  
OF HILLSBOROUGH COUNTY FLORIDA, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2018**



FINANCIAL STATEMENTS  
JUNE 30, 2018

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## 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, 2018, 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.

### Auditors' 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, 2018, 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, 2018

**HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

**ASSETS**

Cash and cash equivalents	\$	787,363
Grants receivable		29,177
Unconditional promises to give		5,050
Due from related party		202,283
Other receivables		7,433
Prepaid expenses		30,093
Inventory - construction and ReStore		161,066
Assets held in escrow		81,722
Mortgages receivable, net		524,007
Land held for development		157,443
Property and equipment, net		946,936
Deposits		32,429
Total assets	\$	2,965,002

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable and accrued expenses	\$	161,989
Deferred rent		63,430
Escrow deposits		81,722
Agency payable		38,530
Note payable - related party		15,875
Notes payable		221,262
Total liabilities		582,808

Net assets

Unrestricted		2,382,194
Temporarily restricted		-
Total net assets		2,382,194

Total liabilities and net assets	\$	2,965,002
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*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, 2018**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions			
Cash	\$ 66,196	\$ 734,947	\$ 801,143
Donated lots	78,673	76,790	155,463
In-kind	388,986	26,623	415,609
Transfers to homeowners	1,919,410	-	1,919,410
Mortgage discount amortization	36,684	-	36,684
Sales - Habitat ReStore	1,755,228	-	1,755,228
Foundations and grants	281,629	-	281,629
Fundraising events	15,603	-	15,603
Other	129,267	-	129,267
Net assets released from restrictions	851,741	(851,741)	-
 Total support and revenue	 5,523,417	 (13,381)	 5,510,036
 <b>EXPENSES</b>			
Program services			
Rehab/Construction and mortgage discounts	2,717,100	-	2,717,100
Homeowner services	319,134	-	319,134
Habitat ReStore	1,659,521	-	1,659,521
Supporting services:			
Management and general	263,773	-	263,773
Fundraising	242,187	-	242,187
 Total expenses	 5,201,715	 -	 5,201,715
 <b>Change in net assets before Other Changes</b>	 321,702	 (13,381)	 308,321
 <b>Other changes - Revenue (Expense)</b>			
Interest expense	(12,310)	-	(12,310)
Gain/(Loss) on sale of mortgages	(237,407)	-	(237,407)
Total other changes	(249,717)	-	(249,717)
 <b>Change in net assets</b>	 71,985	 (13,381)	 58,604
 Net assets, beginning of year	 2,310,209	 13,381	 2,323,590
 <b>Net assets, end of year</b>	 \$ 2,382,194	 \$ -	 \$ 2,382,194

*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, 2018**

	Program Services				Supporting Services				TOTAL
	Rehab/ Construction	Mortgage Discounts	Homeowner Services	Habitat ReStore	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Personnel expenses	\$ 529,309	\$ -	\$ 168,148	\$ 1,046,790	\$ 1,744,247	\$ 174,934	\$ 86,440	\$ 261,374	\$ 2,005,621
Other Expenses									
Admin and general	28,749	-	144,800	134,317	307,866	48,557	103,692	152,249	460,115
Cost of home/land sales	1,889,477	-	-	-	1,889,477	-	-	-	1,889,477
Facilities	10,690	-	776	344,486	355,952	562	58,749	59,311	415,263
Cost of goods sold, Restore	-	-	-	77,457	77,457	-	-	-	77,457
Home rehabilitation	57,910	-	-	-	57,910	-	-	-	57,910
Mortgage discounts	-	148,702 *	-	-	148,702	-	-	-	148,702
Special events	5,249	-	-	-	5,249	13,260	179	13,439	18,688
Other	35,240	-	4,555	-	39,795	4,106	(324)	3,782	43,577
Total expenses before other non-cash items	2,556,624	148,702	318,279	1,603,050	4,626,655	241,419	248,736	490,155	5,116,810
Depreciation	11,774	-	855	56,471	69,100	768	15,037	15,805	84,905
Total Functional Expenses	\$ 2,568,398	\$ 148,702	\$ 319,134	\$ 1,659,521	\$ 4,695,755	\$ 242,187	\$ 263,773	\$ 505,960	\$ 5,201,715

\* See Note 4

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

**HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 58,604
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Amortization of mortgage discounts	(29,374)
Loss on sale of mortgages	237,407
Loss on disposal of equipment	4,850
Discounts on new mortgages transferred to owners	148,702
Donated land for development	(23,960)
Bad debt expense	8,900
Depreciation	84,905
(Increase) decrease in assets:	
Assets held in escrow	5,484
Grants receivable	(4,223)
Unconditional promises to give	215
Due from CHDO - related party	(183,283)
Other receivables	(1,984)
Prepaid expenses	(55)
Mortgage notes receivable, net	(103,122)
Inventory - construction and ReStore	41,317
Land held for development	18,670
Deposits	(8,428)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	16,531
Deferred rent	(5,143)
Escrow funds payable	(5,484)
Agency payable	(33,764)
Net cash from operating activities	<u>226,765</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Acquisition of property and equipment	(186,793)
Net cash used in investing activities	<u>(186,793)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments on note payable	(85,772)
Proceeds from notes payable	15,875
Net cash used in financing activities	<u>(69,897)</u>

Net change in cash and cash equivalents	(29,925)
Cash and cash equivalents, beginning of year	817,288
Cash and cash equivalents, end of year	<u>\$ 787,363</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Transfer of property to homeowners	<u>\$ 1,919,410</u>
Cash paid during the year for interest	<u>\$ 12,310</u>

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

**HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 homeowner 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, 2018, 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



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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, 2018 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 2018.

**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

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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 delinquent, 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

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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, 2018 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, 2018, there were no 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

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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, 2018, Habitat recorded donation revenue of approximately \$416,000 related to donations of building materials and services and \$155,000 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 \$49,000 for the year ended June 30, 2018.

**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, 2018.

**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

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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, *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, 2018. 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, 2018:

Construction in process	\$ 142,299
ReStore inventory	5,819
Supplies and materials	<u>12,948</u>
Total inventory	<u>\$ 161,066</u>

**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, 2018 are as follows:

Non-interest bearing loans at face value	\$ 927,973
Less: Unamortized discount based on imputed interest	<u>(403,966)</u>
Mortgage notes receivable, net of discounts	<u>\$ 524,007</u>

During the year ended June 30, 2018, Habitat transferred 10 properties to qualified buyers at a zero-interest mortgage that is being financed by Habitat, and recorded a discount of approximately \$790,000 on these mortgages. Some of these mortgages were subsequently sold during the year. In those cases, the discount expense was reversed. The remaining discount expense on homes sold in which Habitat holds the mortgage at June 30, 2018, in the amount of approximately \$149,000, shows 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 mortgages by collecting payments from

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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 \$39,000 as of June 30, 2018. This reflects the homeowner payments held by Habitat that must be subsequently remitted to the purchasing financial institutions. For the year ended June 30, 2018, Habitat sold 11 of its mortgages.

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2018:

Building	\$ 533,472
Land	364,550
Leasehold improvements	199,996
Automobile	77,140
Equipment	73,172
Office equipment	56,112
	1,304,442
Less accumulated depreciation	(357,506)
Total property and equipment, net	\$ 946,936

Depreciation expense for the year ended June 30, 2018 was approximately \$85,000.

**NOTE 6 OPERATING LEASES**

Habitat had multiple lease obligations during the year ended June 30, 2018, 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, 2018 was approximately \$280,000.

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

Year ending June 30,	Amount
2019	267,358
2020	271,517
2021	257,038
2022	162,140
Thereafter	61,314
Total	\$ 1,019,367

**NOTE 7 NOTE PAYABLE – RELATED PARTY**

During 2017, Habitat entered into a promissory note agreement with HFHI under which it could borrow up to \$15,875. This promissory note agreement was entered into as part of the Self-Help Homeownership Opportunity Program (“SHOP”) affiliate sub-grant

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agreement in which, through HFHI, Habitat was awarded \$63,500 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, 2018, the total amount due to HFHI was \$15,875, 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, 2024. Principal payments do not begin until January 1, 2020.

**NOTE 8 NOTE PAYABLE**

Note payable consists of the following as of June 30, 2018:

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, at which time a balloon payment of approximately \$155,000 is due.	\$ 159,439
Note payable in monthly installments of \$4,924, including interest at 3.52% per annum, beginning August 2015 through September 2018.	14,542
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.	15,414
Note payable in monthly installments of \$634, including interest at 3.90% per annum, beginning January 2017 through December 2022.	<u>31,867</u>
Total notes payable	\$ 221,262
Less current portion	<u>(185,260)</u>
Notes payable, less current portion	<u>\$ 36,002</u>

Future principal maturities on the note payable are as follows:

Year ending June 30,	Amount
2019	185,260
2020	11,735
2021	12,209
2022	7,746
2023	<u>4,312</u>
Total	<u>\$ 221,262</u>

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**NOTE 9 LINE OF CREDIT**

Habitat has a line of credit with a lending institution. The line is in the amount of \$250,000 with no maturity date. As of June 30, 2018, 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 \$30,000 to Habitat International during the year ended June 30, 2018. This amount is included in program services expense in the statement of activities.

**NOTE 11 RELATED PARTY TRANSACTIONS**

Habitat constructs homes for a related party. Habitat was paid approximately \$416,000 for the year end June 30, 2018 for those services.

Habitat advances a related party, funds throughout the year to begin construction on homes. The related party owes Habitat approximately \$202,000 as of June 30, 2018. That amount is included as a due from related party on the accompanying statement of financial position.

**NOTE 12 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 13 SUBSEQUENT EVENTS**

Habitat has evaluated the need for adjustments and/or disclosure resulting from subsequent events in these financial statements through October 2, 2018, 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.