

**HABITAT FOR HUMANITY OF EAST &  
CENTRAL PASCO COUNTY, INC.**

**(A Nonprofit Corporation)**

**Compilation Financial Statements**

**Year ended June 30, 2017**

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**John E. Henson, CPA, PA  
Certified Public Accountant**

**HABITAT FOR HUMANITY OF EAST &  
CENTRAL PASCO COUNTY, INC.**

**(A Nonprofit Corporation)**

**Compilation Financial Statements**

**Year ended June 30, 2017**

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.  
YEAR ENDED JUNE 30, 2017**

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**JOHN E. HENSON, CPA, PA**  
**CERTIFIED PUBLIC ACCOUNTANT**

5315 Eighth Street  
Zephyrhills, FL 33542

(813) 782-0580  
FAX (813) 782-5914

[www.cpazhills.com](http://www.cpazhills.com)

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**ACCOUNTANT'S COMPILATION REPORT**

October 30, 2017

Board of Directors  
Habitat for Humanity of  
East & Central Pasco County, Inc.  
Dade City, FL33525

Management is responsible for the accompanying financial statements of Habitat for Humanity of East & Central Pasco County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We are not independent with respect to these financial statements.

John E. Henson, CPA, PA

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

ASSETS:	2017	2016
Cash and Cash Equivalents	\$ 270,310	\$ 16,250
Accounts Receivable (No allowance deemed necessary)	50,483	17,173
Construction in Process	634,457	699,963
Inventory - Restore	890	-
Inventory of Lots for Development	233,549	378,609
Prepaid Expenses	-	63
Non-Interest Bearing Mortgage Loans	1,600,431	1,667,285
Discount on Non-Interest Bearing Mortgage Loans	(881,557)	(904,864)
Equipment, Property and Improvements - Net	142,347	381,349
Escrow Funds	133,024	131,737
Other Assets	-	45,315
<b>Total Assets</b>	<b>\$2,183,934</b>	<b>\$2,432,880</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities		
Accounts Payable	\$ 22,914	\$ 69,106
Escrow Liability	140,706	138,044
Bank Mortgage Payable	-	127,398
Bank Line of Credit	50,000	150,000
<b>Total Liabilities</b>	<b>213,620</b>	<b>484,548</b>
Net Assets		
Unrestricted		
Undesignated	1,251,440	1,185,911
Designated	718,874	762,421
<b>Total Unrestricted</b>	<b>1,970,314</b>	<b>1,948,332</b>
Temporarily Restricted	-	-
<b>Total Net Assets</b>	<b>1,970,314</b>	<b>1,948,332</b>
<b>Total Liabilities and Net Assets</b>	<b>\$2,183,934</b>	<b>\$2,432,880</b>

See accompanying notes and accountant's compilation report

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Years Ended June 30, 2017 and 2016**

	2017	2016
Changes in Unrestricted Net Assets:		
Support and Revenues:		
Support:		
County Financial Assistance	\$ 371,069	\$ 124,902
Contributions and Memorials	308,240	312,785
Transfer to Homeowners	69,994	296,479
Contributions In-Kind	3,600	-
Mortgage Loan Discount Amortization	65,800	67,202
Rental - Housing	19,406	15,850
Land for Development Sold	60,000	-
Total Support	898,109	817,218
Revenues:		
Restore Revenues	578,320	636,050
Restore Operating Cost	(509,014)	(667,569)
Restore Net Revenue	69,306	(31,519)
Fundraising Receipts	24,486	5,330
Interest Revenue	181	91
Other	10,493	12,589
Total Other Revenue	35,160	18,010
Total Support and Revenues	1,002,575	803,709
Expenses and Losses:		
Program Services	852,811	1,272,897
Supporting Services:		
Fundraising	3,622	2,916
Management and General	112,692	92,203
Loss on sale of equipment	11,468	-
Total Expenses and Losses	980,593	1,368,016
(Decrease) in Unrestricted Net Assets	21,982	(564,307)
Increase (Decrease) in Net Assets	21,982	(564,307)
Net Assets at Beginning of Year	1,948,332	2,512,639
Net Assets at End of Year	\$ 1,970,314	\$ 1,948,332

See accompanying notes and accountant's compilation report

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended June 30, 2017 and 2016**

<b>Operating Activities</b>	<u>2017</u>	<u>2016</u>
Increase (Decrease) in Net Assets	\$ 21,982	\$ (564,307)
Adjustments to reconcile support and revenue over expenses to net cash provided by operating activities:		
Transfers to Homeowners (Net)	(27,501)	(115,723)
Mortgage Loan Discount Amortization	(65,800)	67,202
Depreciation	26,725	46,809
Non-Cash Donations	(3,600)	-
Loss on disposals of Assets	72,126	-
Effect of Changes in Other Assets and Liabilities		
Increase (Decrease) In Construction in Process (net)	65,506	(63,287)
Increase (Decrease) in Restore Inventory	(890)	(2,615)
Other Changes in Lots for Development (net)	145,060	3,376
Decrease (Increase) in Other Assets and Prepaid Expenses	45,378	1,078
Decrease (Increase) in Accounts Receivable	(33,310)	19,345
Increase (Decrease) in Accounts Payable & Accrued Expenses	(46,192)	3,977
Net Cash Provided (Used) by Operations	<u>199,484</u>	<u>(604,145)</u>
 <b>Investing Activities</b>		
Proceeds from disposal of fixed assets	151,134	-
Property and Equipment Additions	(10,983)	(13,427)
Mortgage Principal Payments Received	136,848	307,191
Net Cash Provided (Used) by Investing Activities	<u>276,999</u>	<u>293,764</u>
 <b>Financing Activities</b>		
Proceeds of Line of Credit	-	150,000
Payments on Line of Credit	(100,000)	-
Principal Repayments on Mortgage Payable	(127,398)	(8,181)
Net Escrow Funds/liability	4,975	(11,083)
Net Cash Provided (Used) by Financing Activities	<u>(222,423)</u>	<u>130,736</u>
Net Increase (Decrease) in Cash	254,060	(179,645)
Cash Balance at Beginning of Year	<u>16,250</u>	<u>195,895</u>
Cash Balance at End of Year	<u>\$ 270,310</u>	<u>\$ 16,250</u>

See accompanying notes and accountant's compilation report

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended June 30, 2017 and 2016**

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**Supplemental Disclosure of Non-Cash Activities**

	<u>2017</u>	<u>2016</u>
Issuance of Non-Interest Bearing Mortgage Loans	\$ (69,994)	\$ (294,170)
Discount on Non-Interest Bearing Mortgage Loans	<u>42,493</u>	<u>178,447</u>
Transfer to Homeowners Subject to Non-Interest Bearing Mortgage Loans	<u>\$ (27,501)</u>	<u>\$ (115,723)</u>
Non-Cash Contributions and Expense Amounts:		
Professional Accounting Services	<u>\$ 3,600</u>	<u>\$ 3,600</u>
Non-Cash Contributions of Building Lots & Other	<u>\$ -</u>	<u>\$ -</u>
Interest Paid During the Year	<u>\$ 9,136</u>	<u>\$ 12,098</u>
Taxes on Income Paid During the Year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and accountant's compilation report



**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2017**

	Program Services				Support Services			
	Home Construction & Rehabilitation	Family Support Education Ministries	Discounts on Mortgage Originations	Total	Fundraising	Management & General	Total	Total Expenses
Salaries	\$ 213,050	-	\$ -	\$ 213,050	\$ -	\$ 23,672	\$ 23,672	\$ 236,722
Payroll Taxes	17,141	-	-	17,141	-	1,905	1,905	19,046
Fringe Benefits	1,194	-	-	1,194	-	133	133	1,327
Contracted Services	2,288	-	-	2,288	-	-	-	2,288
Travel, Food & Lodging	2,451	-	-	2,451	-	613	613	3,064
Fundraising Supplies/Exp	-	-	-	-	3,449	-	3,449	3,449
Car and Truck Expense	9,494	-	-	9,494	-	545	545	10,039
Building Materials, Lots & Supplies	417,034	-	-	417,034	-	-	-	417,034
Development Expenses	5,049	-	-	5,049	-	-	-	5,049
Mortgage Discounts	-	-	42,493	42,493	-	-	-	42,493
Tithing Share with HFHI	-	(385)	-	(385)	-	-	-	(385)
Family Services	-	1,390	-	1,390	-	-	-	1,390
Depreciation	7,683	-	-	7,683	-	7,683	7,683	15,366
Taxes & Insurance	50,310	-	-	50,310	-	-	-	50,310
Books Subscriptions	11,533	-	-	11,533	-	-	-	11,533
Office Supplies	14,345	-	-	14,345	-	1,594	1,594	15,939
Printing & Postage	615	-	-	615	-	236	236	851
Professional Fees	652	-	-	652	-	3,100	3,100	3,752
Telephone & Fax	7,267	-	-	7,267	-	1,250	1,250	8,517
Volunteer Services	5,593	-	-	5,593	-	-	-	5,593
Utilities	25,576	-	-	25,576	-	2,250	2,250	27,826
Misc. Equipment & Repairs	5,287	-	-	5,287	-	720	720	6,007
Interest Expense	9,136	-	-	9,136	-	-	-	9,136
Promotion & Advertising	1,176	-	-	1,176	-	-	-	1,176
Rent	-	-	-	-	-	52,370	52,370	52,370
Other Expenses	2,439	-	-	2,439	173	16,621	16,794	19,233
<b>Total</b>	<b>\$ 809,213</b>	<b>\$ 1,005</b>	<b>\$ 42,493</b>	<b>\$ 852,811</b>	<b>\$ 3,622</b>	<b>\$ 112,692</b>	<b>\$ 116,314</b>	<b>\$ 969,125</b>

See accompanying notes and accountant's compilation report

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2016**

	Program Services				Support Services			Total Expenses
	Home Construction & Rehabilitation	Family Support Education Ministries	Discounts on Mortgage Originations	Total	Fundraising	Management & General	Total	
Salaries	\$ 333,445	-	\$ -	\$ 333,445	\$ -	\$ 28,995	\$ 28,995	\$ 362,440
Payroll Taxes and Benefits	27,424	-	-	27,424	-	2,933	2,933	30,357
Contracted Services	15,525	-	-	15,525	-	-	-	15,525
Travel, Food & Lodging	3,700	-	-	3,700	-	925	925	4,625
Fundraising Supplies/Exp	-	-	-	-	2,916	-	2,916	2,916
Building Materials, Lots & Supplies	477,353	-	-	477,353	-	-	-	477,353
Development Expenses	14,842	-	-	14,842	-	-	-	14,842
Mortgage Discounts	-	-	178,447	178,447	-	-	-	178,447
Tithing Share with HFHI	-	14,625	-	14,625	-	-	-	14,625
Family Services	-	5,593	-	5,593	-	-	-	5,593
Depreciation	14,772	-	-	14,772	-	9,181	9,181	23,953
Taxes & Insurance	43,652	-	-	43,652	-	-	-	43,652
Bank and Credit Card Charges	-	-	-	-	-	778	778	778
Books Subscriptions	6,764	-	-	6,764	-	-	-	6,764
Office Supplies	21,591	-	-	21,591	-	2,399	2,399	23,990
Printing & Postage	2,125	-	-	2,125	-	236	236	2,361
Professional Fees	10,044	-	-	10,044	-	16,631	16,631	26,675
Telephone & Fax	9,153	-	-	9,153	-	1,018	1,018	10,171
Volunteer Services	20,571	-	-	20,571	-	-	-	20,571
Car and Truck Expenses	15,146	-	-	15,146	-	797	797	15,943
Utilities	17,846	-	-	17,846	-	1,983	1,983	19,829
Misc. Equipment & Repairs	13,065	-	-	13,065	-	2,306	2,306	15,371
Interest Expense	12,098	-	-	12,098	-	-	-	12,098
Promotion & Advertising	3,415	-	-	3,415	-	-	-	3,415
Rent	-	-	-	-	-	23,635	23,635	23,635
Other Expenses	11,701	-	-	11,701	-	386	386	12,087
<b>Total</b>	<b>\$ 1,074,232</b>	<b>\$ 20,218</b>	<b>\$ 178,447</b>	<b>\$ 1,272,897</b>	<b>\$ 2,916</b>	<b>\$ 92,203</b>	<b>\$ 95,119</b>	<b>\$ 1,368,016</b>

See accompanying notes and accountant's compilation report

# **Notes to Financial Statements**

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 1. ORGANIZATION AND PURPOSE**

Habitat for Humanity of East & Central Pasco County, Inc., (“Habitat”) (a Florida not-for-profit corporation) was created by way of merger of East Pasco Habitat for Humanity, Inc. and Habitat for Humanity of Central Pasco County, Inc. on April 14, 2010. The organization is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations. The geographical area served by the organization covers central and eastern Pasco County and a portion of Hernando County, Florida.

East Pasco Habitat for Humanity, Inc. was originally incorporated in Florida on July 13, 1994, and Habitat for Humanity of Central Pasco County, Inc., was incorporated in Florida on December 3, 2001.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES**

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:

Financial statement presentation follows the recommendations of the ASC 958, Not-for-Profit Entities. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Support, Revenues and Expenses:

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. 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 activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONT'D)**

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Functional Allocation of Expenses:

The cost of providing services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, support services, and fundraising functions.

Donated Services, Goods, and Facilities:

A substantial number of volunteers have donated significant hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services (which include accounting and construction services) are reflected in the statement of activities at their fair value.

Materials and other assets received as donations, for use in home construction, are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

The Organization operates two retail establishments called Habitat Restore (Restore) which sells at retail, various remodeling and building supplies to the general public. The stores are staffed principally by paid persons, but principally sell items donated to East Pasco Habitat for Humanity, Inc. Donations to Restore are not valued nor treated as inventory items used for financial reporting purposes in accordance with provisions of ASC 958-605-25-4. A major uncertainty about the existence of value precludes donated items from being recognized at time of donation.

Purchased Goods:

Goods purchased for sale in the Restore are stated at the lower of cost or market on a first in, first out basis.

Cash and Cash Equivalents:

Habitat considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. No funds were on deposit in excess of balances covered by FDIC insurance at June 30, 2017.

Accounts Receivable:

Accounts receivable amounts represent certain rehabilitation costs incurred in conjunction with properties transferred to homeowners. Management anticipates that all amounts are collectible and no provision for doubtful accounts is deemed necessary.

Equipment, Property, and Improvements:

The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost, and contributed property and equipment at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Mortgages Receivable:

Mortgages receivable consists of non-interest bearing mortgages which are secured by real estate and payable in monthly installments over the life of the mortgage. Escrow accounts are maintained for each homeowner (restricted bank account) to fund the annual insurance and property tax amounts owed on the respective properties. No allowance for uncollectible amounts is deemed necessary.

Fair value of these mortgages is estimated by discounting the future cash flows using current rate, when the mortgage is issued, at which similar loans would be made to borrowers with similar credit ratings for the same maturity period.

Net Assets:

Net assets consist of unrestricted and temporarily restricted amounts as of June 30, 2017 and 2016. The unrestricted amount consists of:

	2017	2016
Unrestricted/Undesignated	\$ 1,251,440	\$ 1,185,911
Unrestricted/Designated	718,874	762,421
Unrestricted Net Assets Total	\$ 1,970,314	\$ 1,948,332

The designated portion of the unrestricted net assets consists of the net amount of non-interest bearing mortgages held on property transferred to homeowners.

Temporarily Restricted Net Assets Total: \$ -0-

There are no Permanently Restricted net assets as of June 30, 2017 or 2016.

Transfers to Homeowners:

Transfers to homeowners are recorded at the gross amount of payments to be received by Habitat over the lives of mortgages. Non-interest bearing mortgages have been discounted at 7.58% for the current year based upon prevailing market rates at the inception of the mortgages. Discounts are amortized using the straight line method over the lives of the mortgages.

In addition to the first mortgages, which are recorded as indicated, the organization also receives second or third mortgages and notes related to the transferred properties in an amount which approximates the excess of the fair market value of the homes over the actual amount to be repaid. As long as all terms and conditions related to the first mortgage are satisfied, this amount is forgiven annually based on the expected repayment terms of the first mortgage. No amounts for these second mortgages have been recorded on these financial statements.

Other Revenues:

Other revenue consists of merchandise sales and other fundraising efforts net of direct costs and gross rental revenue.

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Home Construction Costs:

Costs incurred in conjunction with home construction are expensed when the home is transferred to the owner.

Following is a summary of home building activity for 2017:

	<u>Number</u>	<u>Cost</u>
Homes Under Construction July 1, 2016	18	\$ 699,963
Plus: New Homes Started and additional Construction in 2017	4	185,428
Homes Transferred to Homeowners in 2017	3	<u>(250,934)</u>
Total Homes Under Construction, June 30, 2017	19	<u>\$ 634,457</u>

Income Taxes:

Habitat has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code under a group exemption letter granted to Habitat International. The Organization has a for profit retail operation (Homestore) which may be subject to tax on unrelated business income. During the current year, the store generated more than 85% of its gross revenues from donated goods and is not subject to the tax or unrelated income for the year.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization's status as a not-for-profit organization. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated financial statements. The Organization's income tax returns for the past three years are subject to examination by the tax authorities, and may change upon examination.

Estimates in the Financial Statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from the estimates.

Subsequent Event:

The Organization has evaluated subsequent events through October 30, 2017, the date when the financial statements were available to be issued.

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.

(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

**NOTE 3. FAIR VALUE MEASUREMENTS**

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The Organization measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

*Level 2:* Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

*Level 3:* Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, accounts payable, short-term borrowings, and other short-term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short-term maturity of these instruments. For mortgages, fair value is estimated as shown in Note 2.

**NOTE 4. EQUIPMENT, PROPERTY AND IMPROVEMENTS**

Equipment, property and improvements at June 30, 2017 and 2016 consist of the following:

	2017	2016
Restore Improvements and Equipment	\$ 78,863	\$ 167,237
Construction Equipment	122,589	80,474
Office Equipment	40,413	106,866
Volunteer Housing	-	165,798
Land	49,686	106,322
	<u>\$ 291,551</u>	<u>\$ 626,697</u>
Less Accumulated Depreciation	(149,204)	(245,348)
Net Equipment, Property, and Improvements	<u>\$ 142,347</u>	<u>\$ 381,349</u>

Depreciation is provided principally by the straight line method over the item's estimated useful life. Charges to operations totaled \$26,725 and \$46,809 for the years ended June 30, 2017 and 2016 respectively.



**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**  
**(A Nonprofit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended June 30, 2017 and 2016**

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**NOTE 5. BANK LINE OF CREDIT**

Habitat has entered into a line of credit arrangement with the First National Bank of Pasco. The available line is \$150,000 and has a variable interest rate of one-half percent below the Wall Street Journal Prime Rate, currently 3.95%. As of June 30, 2017, Habitat had drawn \$50,000 against the line.

This line is a revolving line and Habitat has agreed not to sell, pledge or otherwise encumber its current pool of mortgage loans.

**NOTE 6. MORTGAGE PAYABLE - VOLUNTEER HOUSING**

In a prior year, Habitat borrowed \$142,732, from an area bank for the purpose of financing the volunteer housing facilities developed. The mortgage bears interest at 4.25% per annum and requires monthly interest and principal payments of \$1,078.15, and is secured by property with a cost of \$165,798.

The debt was repaid in total during the year ended June 30, 2017.

**NOTE 7. TRANSACTIONS WITH HABITAT INTERNATIONAL**

Habitat annually remits a portion of its contributions (excluding in-kind, designated and any restricted contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2017 and 2016, Habitat contributed \$0 and \$14,625 to Habitat International. Such amount is included in program services expense in the Statements of Activities and Changes in Net Assets.

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.

(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

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**NOTE 8. OPERATING LEASES**

Habitat leases its administrative office location and two restore locations. The office and restore locations leased and current rent as of June 30, 2017 are as follows:

	<u>Monthly</u>	<u>Annually</u>
Administrative Office		
36739 SR 52, Ste 107, Dade City, FL	\$ 1,500	\$ 18,700
Restore II Location		
4740 Allen Road, Zephyrhills, FL	8,505	102,530
	<u>10,005</u>	<u>121,230</u>
Office Equipment acquired under Operating Lease	<u>200</u>	<u>2,400</u>
Totals	<u>\$ 10,205</u>	<u>\$ 123,630</u>

For the current year, lease expenses are reported:

Office Location	\$ 52,370
Restore	<u>113,090</u>
	<u>165,460</u>

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.**

**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2017 and 2016**

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**NOTE 9. RESTORE OPERATIONS**

Restore operating costs consisted of the following amounts:

	<u>2017</u>	<u>2016</u>
Cost of Goods Sold	\$ 31,408	\$ 24,379
Salaries and Wages	189,246	296,470
Payroll Taxes	18,085	28,505
Store Rent	113,090	154,805
Contracted Services	20,969	-
Advertising	1,716	23,904
Bank and Credit Card Fees	6,191	9,652
Car and Truck Expenses	17,770	17,321
Travel	-	2,323
Food and Lodging	72	428
Office Supplies	9,065	14,821
Utilities	15,814	34,511
Telephone and Fax	2,405	3,684
Small Equipment and Repairs	8,169	7,941
Volunteer Services	-	89
Depreciation	11,358	22,855
Fringe Benefits	1,114	-
Taxes and Insurance	18,298	25,076
Fixed Assets Abandoned	44,101	-
Other	143	805
Total:	<u>\$ 509,014</u>	<u>\$ 667,569</u>