

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

(A Nonprofit Corporation)

Compiled Financial Statements

Year ended June 30, 2020

**Henson & Murtha, LLC
Certified Public Accountants**

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

(A Nonprofit Corporation)

Compiled Financial Statements

Year ended June 30, 2020

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
YEAR ENDED JUNE 30, 2020**

TABLE OF CONTENTS

	<u>Page</u>
Accountant's Compilation Report.....	A1
Statement of Financial Position.....	1
Statement of Activities and Changes in Net Assets.....	2
Statement of Cash Flows.....	3-4
Statement of Functional Expenses.....	5-6
Notes to Financial Statements.....	8-15



5315 8th Street, Zephyrhills, FL 33542
813-782-0580

ACCOUNTANT'S COMPILATION REPORT

January 14, 2020

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, 2020 and 2019, 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.

Henson & Murtha, CPAs

Henson & Murtha, CPAs

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION
June 30, 2020 and 2019

ASSETS:	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 464,171	\$ 369,412
Accounts Receivable (No allowance deemed necessary)	4,381	11,516
Construction in Process	402,019	704,140
Inventory - Restore	3,850	20,487
Inventory of Lots for Development	689,638	369,753
Prepaid Expenses	-	-
Non-Interest Bearing Mortgage Loans	1,553,434	1,520,291
Discount on Non-Interest Bearing Mortgage Loans	(734,477)	(738,483)
Equipment, Property and Improvements - Net	363,216	378,157
Escrow Funds	76,703	68,372
Other Assets	410	410
Total Assets	\$ 2,823,345	\$ 2,704,055
LIABILITIES AND NET ASSETS:		
Liabilities		
Accounts Payable	\$ 168,569	\$ 18,942
Escrow Liability	86,030	77,411
Equipment Note Payable	19,805	27,713
Bank Line of Credit	-	50,766
Note Payable-Pasco County	126,302	128,272
Total Liabilities	400,706	303,104
Net Assets		
Without Donor Restrictions		
Undesignated	1,603,682	1,619,143
Designated	818,957	781,808
Total Net Assets	2,422,639	2,400,951
Total Liabilities and Net Assets	\$ 2,823,345	\$ 2,704,055

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, 2020 and 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions:		
Support and Revenues:		
Support:		
County Financial Assistance	\$ 45,141	\$ 292,938
Tax Incentives	-	187,500
Contributions and Memorials	299,823	244,698
Transfer to Homeowners	210,000	386,335
Contributions In-Kind	4,600	3,600
Mortgage Loan Discount Amortization	54,516	57,475
Rental - Housing	20,860	37,230
Payroll Protection Program Proceeds	105,000	
Gain on Sale of Equipment	-	
Land for Development Sold	845,100	12,100
Total Support	1,585,040	1,221,876
Revenues:		
Restore Revenues	570,843	569,403
Restore Operating Cost	(449,204)	(433,217)
Restore Net Revenue	121,639	136,186
Fundraising Receipts	3,280	18,994
Interest Revenue	305	249
Other	9,952	12,546
Total Other Revenue	13,537	31,789
Total Support and Revenues	1,720,216	1,389,851
Expenses and Losses:		
Program Services	896,995	1,373,890
Supporting Services:		
Fundraising	4,345	3,487
Management and General	49,374	60,585
Cost of Other Land Sold	747,814	
Loss on sale of equipment	-	-
Total Expenses and Losses	1,698,528	1,437,962
Increase (Decrease) in Net Assets	21,688	(48,111)
Increase (Decrease) in Net Assets Without Donor Restrictions	21,688	(48,111)
Net Assets at Beginning of Year	2,400,951	2,449,062
Net Assets at End of Year	\$2,422,639	\$2,400,951

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, 2020 and 2019**

Operating Activities	<u>2020</u>	<u>2019</u>
Increase (Decrease) in Net Assets	\$ 21,688	\$ (48,111)
Adjustments to reconcile support and revenue over expenses to net cash provided by operating activities:		
Transfers to Homeowners (Net)	(82,130)	(41,574)
Mortgage Loan Discount Amortization	(54,516)	(57,475)
Depreciation	21,057	21,132
Non-Cash Donations	(4,600)	(3,600)
Gain on Sale of Real Estate	(97,286)	-
Effect of Changes in Other Assets and Liabilities		
Decrease (Increase) In Construction in Process (net)	302,121	192,866
(Increase) Decrease in Restore Inventory	16,637	(19,234)
Decrease (Increase) in Inventory Lots for Development (net)	(319,885)	27,439
Decrease (Increase) in Other Assets and Prepaid Expenses	-	(410)
(Decrease) Increase in Accounts Receivable	7,135	107,744
Increase (Decrease) in Accounts Payable & Accrued Expenses	149,927	(30,122)
Net Cash Provided (Used) by Operations	<u>(39,852)</u>	<u>148,655</u>
Investing Activities		
Proceeds from sale of Real Estate	845,100	255,000
Cost of Real Estate Sold	(747,814)	(253,775)
Property and Equipment Additions	(6,116)	(231,983)
Mortgage Principal Payments Received	103,797	92,710
Net Cash Provided (Used) by Investing Activities	<u>194,967</u>	<u>(138,048)</u>
Financing Activities		
Proceeds from notes payable	-	-
Payments on notes payable	(7,908)	(137,050)
Proceeds of Line of Credit	15,000	55,766
Payments on Line of Credit	(65,766)	(15,000)
Proceeds from Mortgage Note	-	130,000
Principal Repayments on Mortgage Note	(1,970)	(8,576)
Net Escrow Funds/liability	288	141
Net Cash Provided (Used) by Financing Activities	<u>(60,356)</u>	<u>25,281</u>
Net Increase (Decrease) in Cash	94,759	35,888
Cash Balance at Beginning of Year	<u>369,412</u>	<u>333,524</u>
Cash Balance at End of Year	<u>\$ 464,171</u>	<u>\$ 369,412</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, 2020 and 2019

Supplemental Disclosure of Non-Cash Activities

	<u>2020</u>	<u>2019</u>
Issuance of Non-Interest Bearing Mortgage Loans	\$ (210,000)	\$ (132,229)
Discount on Non-Interest Bearing Mortgage Loans	105,312	76,163
Take back of Mortgage (net)	<u>22,558</u>	<u>14,492</u>
Net Transfer to Homeowners	.	
Subject to Non-Interest Bearing Mortgage Loans	<u>\$ (82,130)</u>	<u>\$ (41,574)</u>

Non-Cash Contributions and Expense Amounts:

Professional Accounting Services	<u>\$ 4,600</u>	<u>\$ 3,600</u>
Interest Paid During the Year	<u>\$ 7,792</u>	<u>\$ 9,892</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, 2020

	Program Services				Support Services			Total Expenses
	Home Construction & Rehabilitation	Family Support Education Ministries	Discounts on Mortgage Originations	Total	Fundraising	Management & General	Total	
Salaries	\$ 258,996	\$ -	\$ -	\$ 258,996	\$ -	\$ 28,000	\$ 28,000	\$ 286,996
Payroll Taxes and Benefits	20,958	-	-	20,958	-	2,265	2,265	23,223
Contracted Services	3,160	-	-	3,160	-	-	-	3,160
Travel, Food & Lodging	1,299	-	-	1,299	-	-	-	1,299
Fundraising Supplies/Exp	-	-	-	-	4,345	-	4,345	4,345
Building Materials, Lots & Supplies	342,818	-	-	342,818	-	-	-	342,818
Development Expenses	-	-	-	-	-	-	-	-
Mortgage Discounts	-	-	105,312	105,312	-	-	-	105,312
Tithing Share with HFHI	-	10,000	-	10,000	-	-	-	10,000
Family Services	-	534	-	534	-	-	-	534
Depreciation	6,159	-	-	6,159	-	6,159	6,159	12,318
Taxes & Insurance	44,797	-	-	44,797	-	-	-	44,797
Bank and Credit Card Charges	-	-	-	-	-	-	-	-
Books Subscriptions	1,781	-	-	1,781	-	950	950	2,731
Office Supplies	20,527	-	-	20,527	-	550	550	21,077
Printing & Postage	768	-	-	768	-	250	250	1,018
Professional Fees	20,206	-	-	20,206	-	3,700	3,700	23,906
Telephone & Fax	8,793	-	-	8,793	-	1,950	1,950	10,743
Volunteer Services	10,073	-	-	10,073	-	-	-	10,073
Car and Truck Expenses	3,044	-	-	3,044	-	1,000	1,000	4,044
Utilities	7,553	-	-	7,553	-	2,500	2,500	10,053
Misc. Equipment & Repairs	10,340	-	-	10,340	-	1,800	1,800	12,140
Interest Expense	6,738	-	-	6,738	-	-	-	6,738
Promotion & Advertising	4,130	-	-	4,130	-	-	-	4,130
HFHI - SOSI Fee	7,500	-	-	7,500	-	-	-	7,500
Other Expenses	1,509	-	-	1,509	-	250	250	1,759
Total	\$ 781,149	\$ 10,534	\$ 105,312	\$ 896,995	\$ 4,345	\$ 49,374	\$ 53,719	\$ 950,714

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, 2019

	Program Services				Support Services			
	Home Construction & Rehabilitation	Family Support Education Ministries	Discounts on Mortgage Originations	Total	Fundraising	Management & General	Total	Total Expenses
Salaries	\$ 300,292	\$ -	\$ -	\$ 300,292	\$ -	\$ 30,000	\$ 30,000	\$ 330,292
Payroll Taxes	23,169	-	-	23,169	-	2,400	2,400	25,569
Fringe Benefits	527	-	-	527	-	53	53	580
Contracted Services	1,980	-	-	1,980	-	-	-	1,980
Travel, Food & Lodging	5,476	-	-	5,476	-	1,825	1,825	7,301
Fundraising Expense	-	-	-	-	3,487	-	3,487	3,487
Donations	800	-	-	800	-	-	-	800
Car and Truck Expense	2,580	-	-	2,580	-	860	860	3,440
Building Materials, Lots & Supplies	784,851	-	-	784,851	-	-	-	784,851
Development Expenses	956	-	-	956	-	-	-	956
Mortgage Discounts	-	-	76,163	76,163	-	-	-	76,163
Tithing Share with HFHI	-	13,470	-	13,470	-	-	-	13,470
Family Services	-	363	-	363	-	-	-	363
Depreciation	4,247	-	-	4,247	-	4,247	4,247	8,494
Taxes & Insurance	47,219	-	-	47,219	-	-	-	47,219
Books Subscriptions	7,393	-	-	7,393	-	-	-	7,393
Office Supplies	20,255	-	-	20,255	-	2,000	2,000	22,255
Printing & Postage	558	-	-	558	-	100	100	658
Professional Fees	5,861	-	-	5,861	-	3,600	3,600	9,461
Telephone & Fax	8,408	-	-	8,408	-	1,500	1,500	9,908
Volunteer Services	7,662	-	-	7,662	-	-	-	7,662
Utilities	12,836	-	-	12,836	-	2,000	2,000	14,836
Misc. Equipment & Repairs	7,728	-	-	7,728	-	1,000	1,000	8,728
Interest Expense	9,161	-	-	9,161	-	-	-	9,161
Promotion & Advertising	7,122	-	-	7,122	-	-	-	7,122
Rent	-	-	-	-	-	9,000	9,000	9,000
Cost of Land Sold	13,283	-	-	13,283	-	-	-	13,283
Other Expenses	11,530	-	-	11,530	-	2,000	2,000	13,530
Total	\$ 1,283,894	\$ 13,833	\$ 76,163	\$ 1,373,890	\$ 3,487	\$ 60,585	\$ 64,072	\$ 1,437,962

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, 2020 and 2019

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:

The financial statements of Habitat For Humanity of East & Central Pasco County, Inc. have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require Habitat to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Habitat For Humanity of East & Central Pasco County, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Habitat For Humanity of East & Central Pasco County, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2020 and 2019

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

restrictions 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 without donor restrictions 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 with donor restrictions 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.

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 a retail establishment 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 Habitat for Humanity of East & Central Pasco County, 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. Uncertainty about the 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. Funds of about \$290,000 were on deposit in excess of balances covered by FDIC insurance at June 30, 2020.

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.

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2020 and 2019

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

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 with donor restrictions support. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restrictions support.

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 without donor restrictions amounts as of June 30, 2020 and 2019. The unrestricted amount consists of:

	2020	2019
With No Donor Restrictions/Undesignated	\$ 1,603,682	\$ 1,619,143
With No Donor Restrictions/Designated	818,957	781,808
Total	\$ 2,422,639	\$ 2,400,951

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

There are no With Donor Restriction net assets as of June 30, 2020 or 2019.

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 7.57% 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.

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2020 and 2019

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

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.

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 2020:

	<u>Number</u>	<u>Cost</u>
Homes Under Construction July 1, 2019	23	\$ 704,140
Plus: New Homes Started and additional Construction in 2020	3	278,097
Homes Transferred to Homeowners in 2020	7	<u>(580,218)</u>
Total Homes Under Construction, June 30, 2020	19	<u>\$ 402,019</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 operates a for profit retail operation. During the current year, the store generated more than 85% of its gross revenues from donated goods and, accordingly, 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.

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2020 and 2019

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

Subsequent Event:

The Organization has evaluated subsequent events through January 14, 2021, the date when the financial statements were available to be issued.

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:

NOTE 3. FAIR VALUE MEASUREMENTS (CON'T

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

During 2019, the organization purchased and remodeled a building in Dade City, Florida for use as the organization's program and administration building.

Fixed assets at June 30, 2020 and 2019 consist of the following:

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2020 and 2019

NOTE 4. EQUIPMENT, PROPERTY AND IMPROVEMENTS (CONT'D)

	2020	2019
Building	\$ 230,689	\$ 230,689
Restore Improvements and Equipment	118,863	118,863
Construction Equipment	125,945	125,945
Office Equipment	42,051	42,051
Other Assets	6,116	-
Land	49,686	49,686
	\$ 573,350	\$ 567,234
Less Accumulated Depreciation	(210,134)	(189,077)
Net Equipment, Property, and Improvements	\$ 363,216	\$ 378,157

Depreciation is provided principally by the straight line method over the item's estimated useful life. Charges to operations totaled \$21,057 and \$21,132 for the years ended June 30, 2020 and 2019 respectively.

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 which is currently 4.25 %. As of June 30, 2020, Habitat did not have a balance due on 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. EQUIPMENT NOTE PAYABLE

In connection with the acquisition of a commercial box truck, Habitat issued a money purchase note to a local bank. The note originated at \$40,000, bears interest at 4.50%, with payments of \$746.90 per month. Recurring payments are as follows:

Fiscal Year Ended	
June 30	
2021	8,260
2022	8,639
2023	2,906
	\$ 19,805

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2020 and 2019

NOTE 7. MORTGAGE NOTE PAYABLE

In connection with the purchase of the program and administrative building in 2019, Habitat entered into a mortgage agreement with 1st National Bank of Pasco. The note calls for monthly payments including principal and interest of \$704. The 360 month term note carries interest at 5.0%.

Future principle payments on this note are as follows:

Fiscal Year Ended June 30	
2021	2,085
2022	2,193
2023	2,307
2024	2,428
Thereafter	117,289
	\$ 126,302

NOTE 8. 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, 2020 and 2019, Habitat contributed \$17,500 and \$13,470 to Habitat International. Such amount is included in program services expense in the Statements of Activities and Changes in Net Assets.

NOTE 9. OPERATING LEASES

Habitat leases its restore location and leases some equipment. Current rent as of June 30, 2020 are as follows:

	Monthly	Annually
Restore Location		
4740 Allen Road, Zephyrhills, FL	8,505	102,060
Office Equipment acquired under Operating Lease	213	2,772
Totals	\$ 8,718	\$ 104,832

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2020 and 2019

NOTE 10. SUBSEQUENT EVENTS

As of the date of this report management has reported no significant events subsequent to June 30, 2020.

NOTE 11. RESTORE OPERATIONS

Restore operating costs consisted of the following amounts:

	<u>2020</u>	<u>2019</u>
Cost of Goods Sold	\$ 58,778	\$ 37,235
Salaries and Wages	211,897	202,591
Payroll Taxes	17,172	17,507
Store Rent	102,060	102,060
Contracted Services	-	326
Advertising	1,795	6,506
Bank and Credit Card Fees	10,046	8,724
Car and Truck Expenses	5,419	7,892
Travel	-	134
Food and Lodging	304	261
Public Relations	-	1,533
Office Supplies	5,087	3,441
Utilities	4,656	8,622
Telephone and Fax	2,180	2,520
Small Equipment and Repairs	2,327	3,185
Depreciation	8,739	12,638
Fringe Benefits	690	87
Taxes and Insurance	16,894	16,025
Books and Subscriptions	-	1,188
Interest Expense	1,054	-
Other	106	742
Total:	<u>\$ 449,204</u>	<u>\$ 433,217</u>