

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

(A Nonprofit Corporation)

Compilation Financial Statements

Year ended June 30, 2018

**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, 2018

**HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
YEAR ENDED JUNE 30, 2018**

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ACCOUNTANT'S COMPILATION REPORT

October 19, 2018

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, 2018 and 2017, 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, 2018 and 2017**

ASSETS:	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 333,524	\$ 270,310
Accounts Receivable (No allowance deemed necessary)	119,260	50,483
Construction in Process	897,006	634,457
Inventory - Restore	1,253	890
Inventory of Lots for Development	397,192	233,549
Prepaid Expenses	-	-
Non-Interest Bearing Mortgage Loans	1,498,554	1,600,431
Discount on Non-Interest Bearing Mortgage Loans	(735,178)	(881,557)
Equipment, Property and Improvements - Net	167,306	142,347
Escrow Funds	78,231	133,024
Other Assets	-	-
Total Assets	<u>\$2,757,148</u>	<u>\$2,183,934</u>
 LIABILITIES AND NET ASSETS:		
Liabilities		
Accounts Payable	\$ 39,346	\$ 22,914
Escrow Liability	87,129	140,706
Equipment Note Payable	34,561	-
Bank Line of Credit	10,000	50,000
Note Payable-Pasco County	137,050	-
Total Liabilities	<u>308,086</u>	<u>213,620</u>
 Net Assets		
Unrestricted		
Undesignated	1,685,686	1,251,440
Designated	763,376	718,874
Total Unrestricted	<u>2,449,062</u>	<u>1,970,314</u>
Temporarily Restricted	-	-
Total Net Assets	<u>2,449,062</u>	<u>1,970,314</u>
Total Liabilities and Net Assets	<u>\$2,757,148</u>	<u>\$2,183,934</u>

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, 2018 and 2017

	2018	2017
Changes in Unrestricted Net Assets:		
Support and Revenues:		
Support:		
County Financial Assistance	\$ 176,233	\$ 371,069
Contributions and Memorials	412,723	308,240
Transfer to Homeowners	27,350	69,994
Contributions In-Kind	3,600	3,600
Mortgage Loan Discount Amortization	154,690	65,800
Rental - Housing	40,250	19,406
Land for Development Sold	-	60,000
Total Support	814,846	898,109
Revenues:		
Restore Revenues	649,602	578,320
Restore Operating Cost	(463,641)	(509,014)
Restore Net Revenue	185,961	69,306
Fundraising Receipts	38,821	24,486
Interest Revenue	338	181
Other	29,591	10,493
Total Other Revenue	68,750	35,160
Total Support and Revenues	1,069,557	1,002,575
Expenses and Losses:		
Program Services	522,877	852,811
Supporting Services:		
Fundraising	5,671	3,622
Management and General	62,261	112,692
Loss on sale of equipment	-	11,468
Total Expenses and Losses	590,809	980,593
Increase (Decrease) in Unrestricted Net Assets	478,748	21,982
Increase (Decrease) in Net Assets	478,748	21,982
Net Assets at Beginning of Year	1,970,314	1,948,332
Net Assets at End of Year	\$2,449,062	\$1,970,314

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, 2018 and 2017**

Operating Activities	<u>2018</u>	<u>2017</u>
Increase (Decrease) in Net Assets	\$ 478,748	\$ 21,982
Adjustments to reconcile support and revenue over expenses to net cash provided by operating activities:		
Transfers to Homeowners (Net)	(14,076)	(27,501)
Mortgage Loan Discount Amortization	(154,960)	(65,800)
Depreciation	18,741	26,725
Non-Cash Donations	(3,600)	(3,600)
Loss on disposals of Assets	-	72,126
Effect of Changes in Other Assets and Liabilities		
Increase (Decrease) In Construction in Process (net)	(262,549)	65,506
Increase (Decrease) in Restore Inventory	(363)	(890)
Other Changes in Lots for Development (net)	(163,543)	145,060
Decrease (Increase) in Other Assets and Prepaid Expenses		45,378
Decrease (Increase) in Accounts Receivable	(68,777)	(33,310)
Increase (Decrease) in Accounts Payable & Accrued Expenses	16,432	(46,192)
Net Cash Provided (Used) by Operations	<u>(153,947)</u>	<u>199,484</u>
Investing Activities		
Proceeds from disposal of fixed assets	-	151,134
Property and Equipment Additions	(43,700)	(10,983)
Mortgage Principal Payments Received	128,034	136,848
Net Cash Provided (Used) by Investing Activities	<u>84,334</u>	<u>276,999</u>
Financing Activities		
Proceeds from notes payable	177,050	-
Proceeds of Line of Credit	21,000	-
Payments on Line of Credit	(61,000)	(100,000)
Principal Repayments on Notes Payable	(5,439)	(127,398)
Net Escrow Funds/liability	1,216	4,975
Net Cash Provided (Used) by Financing Activities	<u>132,827</u>	<u>(222,423)</u>
Net Increase (Decrease) in Cash	63,214	254,060
Cash Balance at Beginning of Year	<u>270,310</u>	<u>16,250</u>
Cash Balance at End of Year	<u>\$ 333,524</u>	<u>\$ 270,310</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, 2018 and 2017

Supplemental Disclosure of Non-Cash Activities

	<u>2018</u>	<u>2017</u>
Issuance of Non-Interest Bearing Mortgage Loans	\$ (24,627)	\$ (69,994)
Discount on Non-Interest Bearing Mortgage Loans	<u>10,551</u>	<u>42,493</u>
Transfer to Homeowners		
Subject to Non-Interest Bearing Mortgage Loans	<u>\$ (14,076)</u>	<u>\$ (27,501)</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>\$ 3,146</u>	<u>\$ 9,136</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, 2018

	Program Services				Support Services			Total Expenses
	Home Construction & Rehabilitation	Family Support Education Ministries	Discounts on Mortgage Originations	Total	Fundraising	Management & General	Total	
Salaries	\$ 213,203	\$ -	\$ -	\$ 213,203	\$ -	\$ 24,600	\$ 24,600	\$ 237,803
Payroll Taxes and Benefits	17,116	-	-	17,116	-	1,907	1,907	19,023
Contracted Services	2,260	-	-	2,260	-	-	-	2,260
Travel, Food & Lodging	36	-	-	36	-	-	-	36
Fundraising Supplies/Exp	-	-	-	-	5,671	-	5,671	5,671
Building Materials, Lots & Supplies	144,884	-	-	144,884	-	-	-	144,884
Development Expenses	3,573	-	-	3,573	-	-	-	3,573
Mortgage Discounts	-	-	8,311	8,311	-	-	-	8,311
Tithing Share with HFHI	-	17,500	-	17,500	-	-	-	17,500
Family Services	-	2,933	-	2,933	-	-	-	2,933
Depreciation	3,910	-	-	3,910	-	3,910	3,910	7,820
Taxes & Insurance	19,407	-	-	19,407	-	-	-	19,407
Bank and Credit Card Charges	3,171	-	-	3,171	-	1,250	1,250	4,421
Books Subscriptions	3,379	-	-	3,379	-	1,250	1,250	4,629
Office Supplies	13,020	-	-	13,020	-	244	244	13,264
Printing & Postage	761	-	-	761	-	250	250	1,011
Professional Fees	4,391	-	-	4,391	-	3,600	3,600	7,991
Telephone & Fax	7,643	-	-	7,643	-	1,450	1,450	9,093
Volunteer Services	11,176	-	-	11,176	-	-	-	11,176
Car and Truck Expenses	15,348	-	-	15,348	-	1,900	1,900	17,248
Utilities	8,891	-	-	8,891	-	2,750	2,750	11,641
Misc. Equipment & Repairs	8,760	-	-	8,760	-	900	900	9,660
Interest Expense	3,146	-	-	3,146	-	-	-	3,146
Promotion & Advertising	5,314	-	-	5,314	-	-	-	5,314
Rent	-	-	-	-	-	18,000	18,000	18,000
Other Expenses	4,744	-	-	4,744	-	250	250	4,994
Total	\$ 494,133	\$ 20,433	\$ 8,311	\$ 522,877	\$ 5,671	\$ 62,261	\$ 67,932	\$ 590,809

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
Total	\$ 809,313	\$ 1,005	\$ 42,493	\$ 852,811	\$ 3,622	\$ 112,692	\$ 116,314	\$ 969,125

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, 2018 and 2017

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, 2018 and 2017

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. Funds of about \$160,000 were on deposit in excess of balances covered by FDIC insurance at June 30, 2018.

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, 2018 and 2017

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, 2018 and 2017. The unrestricted amount consists of:

	2018	2017
Unrestricted/Undesignated	\$ 1,685,686	\$ 1,251,440
Unrestricted/Designated	763,376	718,874
Unrestricted Net Assets Total	\$ 2,449,062	\$ 1,970,314

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-
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There are no Permanently Restricted net assets as of June 30, 2018 or 2017.

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 7.47% 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, 2018 and 2017

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 2018:

	Number	Cost
Homes Under Construction July 1, 2017	19	\$ 634,457
Plus: New Homes Started and additional Construction in 2018	9	388,532
Homes Transferred to Homeowners in 2018	2	(125,983)
 Total Homes Under Construction, June 30, 2018	 26	 \$ 897,006

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 19, 2018, 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, 2018 and 2017

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, 2018 and 2017 consist of the following:

	2018	2017
Restore Improvements and Equipment	\$ 118,863	\$ 78,863
Construction Equipment	123,789	122,589
Office Equipment	40,413	40,413
Other Assets	2,500	
Land	49,686	49,686
	\$ 335,251	\$ 291,551
Less Accumulated Depreciation	(167,945)	(149,204)
Net Equipment, Property, and Improvements	\$ 167,306	\$ 142,347

Depreciation is provided principally by the straight line method over the item's estimated useful life. Charges to operations totaled \$18,741 and \$26,725 for the years ended June 30, 2018 and 2017 respectively.

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

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, 2018, Habitat had drawn \$10,000 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. 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 \$745.90 per month. Recurring payments are as follows:

Fiscal Year Ended	
June 30	
2019	\$ 7,550
2020	7,897
2021	8,260
2022	8,639
2023	<u>2,215</u>
	\$ 34,561

NOTE 7. NOTE PAYABLE PASCO COUNTY

Habitat issued a non-interest bearing note to Pasco County, FL., in connection with the acquisition and subsequent rehabilitation of residential property for completion and transfer to an eligible homeowner in the normal course of Habitat's business. It is anticipated the applicable property will be completed and transferred to a homeowner prior to June 30, 2019.

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, 2018 and 2017, Habitat contributed \$17,500 and \$0 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, 2018 and 2017

NOTE 9. 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, 2018 are as follows:

	Monthly	Annually
Administrative Office		
36739 SR 52, Ste 107, Dade City, FL	\$ 1,500	\$ 18,000
Restore II Location		
4740 Allen Road, Zephyrhills, FL	8,505	102,060
	10,005	120,060
Office Equipment acquired under Operating Lease	200	2,400
Totals	\$ 10,205	\$ 122,460

For the current year, lease expenses are reported:

Office Location	\$ 18,000
Restore	101,560
	119,560

NOTE 10. SUBSEQUENT EVENTS

Subsequent to year ended June 30, 2018, Habitat purchased administrative offices and has relocated to 37220 Meridian Avenue, Dade City, Florida.

Mortgage financing in the amount of \$130,000 related to this purchase was secured from a local bank.

HABITAT FOR HUMANITY OF EAST & CENTRAL PASCO COUNTY, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 11. RESTORE OPERATIONS

Restore operating costs consisted of the following amounts:

	<u>2018</u>	<u>2017</u>
Cost of Goods Sold	\$ 74,489	\$ 31,408
Salaries and Wages	198,990	189,246
Payroll Taxes	18,449	18,085
Store Rent	101,560	113,090
Contracted Services	2,116	20,969
Advertising	(786)	1,716
Bank and Credit Card Fees	5,723	6,191
Car and Truck Expenses	14,414	17,770
Travel	(560)	-
Food and Lodging	-	72
Office Supplies	5,315	9,065
Utilities	8,476	15,814
Telephone and Fax	2,446	2,405
Small Equipment and Repairs	11,748	8,169
Depreciation	10,921	11,358
Fringe Benefits	-	1,114
Taxes and Insurance	9,838	18,298
Fixed Assets Abandoned	-	44,101
Other	502	143
Total:	<u>\$ 463,641</u>	<u>\$ 509,014</u>