

Financial Statements

**HABITAT FOR HUMANITY IN
SEMINOLE COUNTY, FLORIDA, INC.**

June 30, 2011 and 2010

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Financial Statements

June 30, 2011 and 2010

(With Independent Auditor's Report Thereon)

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Financial Statements

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Independent Auditors' Report

Board of Directors

Habitat for Humanity in Seminole County, Florida, Inc.:

We have audited the accompanying statements of financial position of Habitat for Humanity in Seminole County, Florida, Inc. as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Habitat for Humanity in Seminole County, Florida, Inc.'s management. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity in Seminole County, Florida, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

September 8, 2011
Altamonte Springs, Florida

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Statements of Financial Position

June 30, 2011 and 2010

Assets

	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 290,054	244,917
Land for development	64,381	56,446
Grants receivable	25,000	220,510
Construction in process	184,117	73,525
Current portion of mortgages receivable (note 2)	49,919	45,269
Houses owned by affiliate	176,900	39,955
Prepaid and other assets	22,947	51,187
Current portion note receivable (note 3)	56,000	57,000
Total current assets	<u>869,318</u>	<u>788,809</u>
Noncurrent assets:		
Long-term mortgages receivable, net (note 2)	1,201,954	1,182,505
Property and equipment, net (note 4)	679,995	681,139
Assets held by Community Foundation of Central Florida, Inc. (note 5)	8,856	8,856
Deposits	19,357	5,000
Long-term note receivable (note 3)	-	56,000
Total noncurrent assets	<u>1,910,162</u>	<u>1,933,500</u>
Total assets	<u>\$ 2,779,480</u>	<u>2,722,309</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 25,200	134,246
Accrued expenses	19,293	17,252
Other current liabilities	53,265	74,130
Notes payable, current portion (note 6)	405,853	23,368
Total current liabilities	<u>503,611</u>	<u>248,996</u>
Notes payable, long term (note 6)	<u>166,851</u>	<u>573,163</u>
Total liabilities	<u>670,462</u>	<u>822,159</u>
Net assets:		
Unrestricted:		
Undesignated	2,100,162	1,858,294
Board designated	-	33,000
Temporarily restricted	8,856	8,856
Total net assets	<u>2,109,018</u>	<u>1,900,150</u>
Total liabilities and net assets	<u>\$ 2,779,480</u>	<u>2,722,309</u>

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Statements of Activities and Changes in Net Assets

Year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Restore sales	\$ 628,700	-	628,700
Transfers to homeowners	277,000	-	277,000
Donations	95,642	-	95,642
Grants	41,000	25,485	66,485
Amortization of mortgage interest	40,970	-	40,970
Special events, net of costs of \$37,703	14,636	-	14,636
Interest income	856	-	856
Other income	10,648	-	10,648
In-kind contributions	92,892	-	92,892
Net assets released from restrictions:			
Purpose restrictions satisfied	25,485	(25,485)	-
Total support and revenue	<u>1,227,829</u>	<u>-</u>	<u>1,227,829</u>
Expenses:			
Program services	723,600	-	723,600
Management and general	185,843	-	185,843
Fundraising	109,518	-	109,518
Total expenses	<u>1,018,961</u>	<u>-</u>	<u>1,018,961</u>
Increase in net assets	208,868	-	208,868
Net assets, beginning of year	<u>1,891,294</u>	<u>8,856</u>	<u>1,900,150</u>
Net assets, end of year	<u>\$ 2,100,162</u>	<u>8,856</u>	<u>2,109,018</u>

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Statements of Activities and Changes in Net Assets

Year ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Restore sales	\$ 394,831	-	394,831
Transfers to homeowners	793,523	-	793,523
Donations	71,598	8,856	80,454
Grants	609,213	-	609,213
Amortization of mortgage interest	62,488	-	62,488
Special events, net of costs of \$43,215	(29,933)	-	(29,933)
Interest income	1,612	-	1,612
Other income	99,099	-	99,099
In-kind contributions	44,120	-	44,120
Net assets released from restrictions:	-	-	-
Purpose restrictions satisfied	125,518	(125,518)	-
Total support and revenue	<u>2,172,069</u>	<u>(116,662)</u>	<u>2,055,407</u>
Expenses:			
Program services	1,752,134	-	1,752,134
Management and general	296,923	-	296,923
Fundraising	20,413	-	20,413
Total expenses	<u>2,069,470</u>	<u>-</u>	<u>2,069,470</u>
Increase (decrease) in net assets	102,599	(116,662)	(14,063)
Net assets, beginning of year	<u>1,788,695</u>	<u>125,518</u>	<u>1,914,213</u>
Net assets, end of year	<u>\$ 1,891,294</u>	<u>8,856</u>	<u>1,900,150</u>

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Statement of Functional Expenses

Year ended June 30, 2011

	Program Services				Supporting Services			Total Expenses
	Construction and Homeowner Activities	Family Support and Education	Store Operations	Total	Management and General	Fund Raising	Total	
Construction costs	\$ 25,747	-	-	25,747	-	-	-	25,747
Discounts on mortgages	157,368	-	-	157,368	-	-	-	157,368
Salaries and related costs	67,865	67,865	135,730	271,460	113,110	67,865	180,975	452,435
Homeowners expenses	533	-	-	533	-	-	-	533
Title to Habitat International	-	-	-	-	2,600	-	2,600	2,600
Occupancy	6,156	6,156	54,391	66,703	10,259	6,156	16,415	83,118
Telephone	2,452	2,452	4,904	9,808	4,090	2,452	6,542	16,350
Supplies	3,544	3,544	7,088	14,176	5,908	3,544	9,452	23,628
Postage	-	-	-	-	710	-	710	710
Printing and promotions	323	-	-	323	-	11,808	11,808	12,131
Travel	-	-	-	-	13,111	-	13,111	13,111
Meetings/training	1,073	-	-	1,073	3,119	-	3,119	4,192
Outside services	6,137	6,137	12,274	24,548	10,229	6,137	16,366	40,914
Depreciation and amortization	-	-	26,009	26,009	3,452	-	3,452	29,461
Insurance	5,194	5,194	10,388	20,776	8,655	5,194	13,849	34,625
Vehicle	-	-	34,788	34,788	-	-	-	34,788
Interest expense	9,914	-	28,832	38,746	-	-	-	38,746
Maintenance and small tools	6,094	-	-	6,094	-	-	-	6,094
Miscellaneous	6,362	6,362	12,724	25,448	10,600	6,362	16,962	42,410
Total expenses	\$ 298,762	97,710	327,128	723,600	185,843	109,518	295,361	1,018,961

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Statement of Functional Expenses

Year ended June 30, 2010

	Program Services				Supporting Services			Total Expenses
	Construction and Homeowner Activities	Family Support and Education	Store Operations	Total	Management and General	Fund Raising	Total	
Construction costs	\$ 994,601	-	-	994,601	-	-	-	994,601
Discounts on mortgages	473,137	-	-	473,137	-	-	-	473,137
Salaries and related costs	-	-	116,712	116,712	169,213	-	169,213	285,925
Homeowners expenses	8,266	-	-	8,266	-	-	-	8,266
Tithe to Habitat International	-	-	-	-	2,250	-	2,250	2,250
Occupancy	-	-	23,936	23,936	19,704	-	19,704	43,640
Telephone	-	-	5,383	5,383	6,759	-	6,759	12,142
Supplies	-	-	4,099	4,099	6,942	-	6,942	11,041
Postage	-	-	132	132	1,440	-	1,440	1,572
Printing and promotions	-	-	1,971	1,971	4,731	20,413	25,144	27,115
Travel	-	-	1,436	1,436	9,929	-	9,929	11,365
Outside services	945	-	24,650	25,595	39,666	-	39,666	65,261
Depreciation and amortization	-	-	24,061	24,061	3,622	-	3,622	27,683
Insurance	-	-	2,392	2,392	7,180	-	7,180	9,572
Vehicle	-	-	12,010	12,010	245	-	245	12,255
Interest expense	8,996	-	29,078	38,074	-	-	-	38,074
Maintenance and small tools	840	-	2,360	3,200	-	-	-	3,200
Miscellaneous	4,998	11,820	311	17,129	25,242	-	25,242	42,371
Total expenses	\$ 1,491,783	11,820	248,531	1,752,134	296,923	20,413	317,336	2,069,470

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Statements of Cash Flows

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 208,868	(14,063)
Adjustments to reconcile change in net assets to cash provided by operations:		
Transfers to homeowners	(119,632)	(320,386)
Depreciation	29,461	27,683
(Gain) loss on sale of assets	-	9,438
Amortization of discount mortgage loans	(40,970)	(62,488)
Donated house	(77,966)	-
Change in operating assets and liabilities:		
Grants receivable	195,510	(220,510)
Land for development	(7,935)	387,901
Houses owned by Affiliate	-	161,443
Construction in process	(192,223)	(97,790)
Prepaid and other assets	13,883	(37,512)
Assets held by Community Foundation of Central Florida, Inc.	-	(8,856)
Notes receivable	57,000	(113,000)
Accounts payable	(109,046)	116,701
Accrued expenses	2,041	29,689
Other current liabilities	(20,865)	-
Cash used in operating activities	<u>(61,874)</u>	<u>(141,750)</u>
Cash flows from investing activities:		
Mortgage payments received	159,154	147,968
Purchase of property and equipment	(28,316)	-
Cash provided by investing activities	<u>130,838</u>	<u>147,968</u>
Cash flows from financing activities:		
Proceeds from long-term debt	-	200,600
Payments on long-term debt	(23,827)	(15,601)
Cash provided by (used in) financing activities	<u>(23,827)</u>	<u>184,999</u>
Net increase in cash and cash equivalents	45,137	191,217
Cash at beginning of year	244,917	53,700
Cash at end of year	<u>\$ 290,054</u>	<u>244,917</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 38,746</u>	<u>38,074</u>
Issuance of non-interest bearing mortgage loans	<u>\$ 277,000</u>	<u>793,523</u>

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(1) **Organization and Summary of Significant Accounting Policies**

(a) **Organization**

Habitat for Humanity in Seminole County, Florida, Inc. (Habitat or Organization) is a not-for-profit corporation organized in the State of Florida in June 1991. The Organization is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"), a nondenominational Christian not-for-profit 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, the Organization is primarily and directly responsible for its own operation in Seminole County, Florida. The Organization also operates a "Thrift Store" whose proceeds are utilized to fund the primary mission of the Organization.

(b) **Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis and follow the provisions of the *FASB Accounting Standards Codification* (FASB ASC), "Financial Statement of Not-for-Profit Organizations" and "Accounting for Contributions Received and Contributions Made."

(c) **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(d) **Contributions**

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 activities and changes in net assets as net assets released from restrictions.

(Continued)

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(d) **Contributions (Continued)**

Temporarily restricted contributions, which are both received and released within the same year, are recorded as an increase in temporarily restricted net assets and as a satisfaction of program restrictions.

(e) **Inventory**

The Organization operates a thrift store and sells goods which have been donated. Due to the second-hand nature of these goods there is no readily determinable fair market value at the date of the donation. Consequently, the Organization does not reflect store inventory on the statement of financial position and recognizes only income when the goods are subsequently sold.

(f) **Mortgages Receivable and Allowance for Losses**

Mortgages receivable consist of loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off and generally are reported at their outstanding unpaid principal balances (adjusted for charge-offs and allowance for mortgage receivable losses, if any).

The allowance for mortgage receivable losses, if needed, is established through a provision for mortgage receivable losses charged to earnings. Mortgage receivable losses are charged against the allowance when management believes the uncollectability of a mortgage receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for mortgage receivable losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the mortgage portfolio. The amount of the allowance is based on management's evaluation of the collectability of the mortgage portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired loans, economic conditions, and other risks inherent in the portfolio.

(Continued)

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(g) **Property and Equipment**

Property and equipment is recorded at cost or estimated value at the date of purchase or contribution. Expenditures for repairs and maintenance are expensed as incurred. The Organization capitalizes additions of property and equipment that exceed \$500. The Organization primarily utilizes the straight-line method of depreciation. Furniture, equipment and vehicles are depreciated over their various estimated useful lives ranging from three to seven years. Buildings are depreciated over their estimated useful life of 39 years.

(h) **Classes of Net Assets**

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a) Unrestricted net assets that are not subject to donor restrictions.
- b) Temporarily restricted net assets arising from contributions that are restricted by donors for specific purposes or time periods.

All contributions are considered available for unrestricted use, unless specifically restricted by donors. All expenses are reported as changes in unrestricted net assets.

(i) **Transfers to Homeowners**

Transfers to homeowners are recorded when a home is occupied and title is transferred. The transfer is recorded at the gross amount of payments to be received over the lives of the mortgages. Non-interest bearing mortgages have been discounted at various values ranging from 8% to 14% based upon prevailing market rates at the inception of the mortgage obligations. Discounts are amortized using the effective interest method over the lives of the mortgages.

(j) **Fair Value of Financial Instruments**

The Organization's financial instruments consist of cash and cash equivalents, receivables, accounts payable, accrued expenses, and notes payable. Cash and cash equivalents, receivables, accounts payable, accrued expenses, and notes payable are stated at cost which approximates fair value.

(Continued)

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(k) **Amortization of Loan Costs**

Mortgage loan costs are amortized over the term of the loan using the straight line method.

(l) **Contributed Services and Materials**

A substantial number of volunteers have made significant contributions of their time to the Organization's programs and supporting services. The value of this contributed time is not reflected in the financial statements since it does not require a specialized skill.

Contributions of materials and services specialized skill or otherwise needing to be purchased are reflected in the accompanying financial statements. The majority of the items included as in-kind contributions in the accompanying statements of activities and changes in net assets reflect the contribution of materials utilized for construction of the various homes.

(m) **Land Held for Development**

Land held for development primarily consists of land costs and related improvements for land that has not been presently assigned to a future homeowner.

(n) **Houses Owned by Affiliate**

Houses owned by affiliate consist primarily of re-acquired homes, or homes completed but not sold to homeowners. These properties are recorded at the lower of the carrying amount or fair value less estimated selling cost. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.

(o) **Income Taxes**

The Habitat for Humanity of Seminole County, Florida, Inc. has received exemption from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code under a group exemption letter granted to Habitat for Humanity International by the Internal Revenue Service.

(Continued)

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(1) Organization and Summary of Significant Accounting Policies (Continued)

(p) Concentration of Credit Risks

Financial instruments, which potentially expose the Organization to concentrations of credit risk, consist principally of bank deposits. The Organization's policy is to place its deposits with high credit quality financial institutions. The Organization holds its cash and equivalents and certificates of deposit with institutions insured by the FDIC. These funds are insured subject to FDIC limits.

Habitat originates and holds residential real estate mortgages in Seminole County, Florida and the borrowers' ability to honor their contracts is dependent upon economic conditions and real estate valuations in the Seminole County, Florida.

(q) Estimates in the Financial Statements

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

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on the mortgage receivables. The evaluation of the adequacy of the allowance for mortgage receivables is based on estimates that are susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on mortgages receivables, management may utilize market conditions, sales of comparables and independent appraisals.

(r) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through September 8, 2011, which is the date the financial statements were available to be issued.

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(2) Mortgages Receivable

Mortgages receivable consist entirely of non-interest bearing first mortgage notes secured by residential real estate payable in monthly installments with maturities ranging from twenty to thirty years. These mortgages are originated through the Organization's home building program. The amounts presented in the statement of financial position are net of unamortized discounts arising from imputed interest as follows:

First mortgages receivable (remaining face value)	\$ 2,418,182
Less: unamortized discounts (8-14% imputed interest)	<u>(1,166,309)</u>
	<u>\$ 1,251,873</u>

Management feels no provision for mortgage receivable losses is required because the Organization is a secured creditor and the fair market value of the homes is in excess of the related mortgage balance. In the event of foreclosure, management believes that the only costs the Organization is likely to incur would be legal and rehab expenses to prepare the property for a new homeowner. These costs are uncertain and are dependent on a future event; as such no amount has been reflected in these financial statements for such a contingency. These mortgages receivable relate entirely to single family residential properties in Seminole County, Florida. At June 30, 2011, the principal balances due on the mortgages were scheduled to be received as follows:

<u>Year Ended June 30,</u>	<u>Mortgage Payment</u>
2012	\$ 49,919
2013	54,494
2014	60,038
2015	65,600
2016	67,631
Thereafter	<u>954,191</u>
Total	<u>\$ 1,251,873</u>

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(3) **Notes Receivable**

Notes receivable consists of a non-interest bearing note with a local municipality to purchase land from the Organization. As of June 30, 2011, the Organization was due \$56,000 and with the remaining payments scheduled to be received in fiscal year 2012.

(4) **Property and Equipment**

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

	<u>2011</u>	<u>2010</u>
Land	\$ 133,128	133,128
Buildings	682,743	682,743
Fixtures and equipment	59,275	37,396
Vehicles	17,231	10,794
	<u>892,377</u>	<u>864,061</u>
Less accumulated depreciation	<u>(212,382)</u>	<u>(182,922)</u>
	<u>\$ 679,995</u>	<u>681,139</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$29,461 and \$27,683, respectively.

(5) **Community Foundation of Central Florida, Inc. Endowment**

The Organization has established an endowment with the Community Foundation of Central Florida, Inc. This endowment will provide a permanent source of income for Habitat for Humanity in Seminole County, Florida, Inc. Future income may be withdrawn or added to the principal balance of the endowment at the Organization's discretion. The Organization's endowment is carried as an asset in the accompanying statement of financial position.

(Continued)

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(5) Community Foundation of Central Florida, Inc. Endowment (Continued)

The Board of Directors of the Community Foundation of Central Florida, Inc. shall have the power to modify or eliminate any restriction, limitation, or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations, if the Board of Directors determines that such restriction, limitation or condition becomes by material and significant change of circumstances in effect unnecessary, in capable of fulfillment, or inconsistent with the proper charitable, religious, scientific, literary, cultural or educational uses and purposes of the Central Florida area.

(6) Notes Payable

Notes payable consist of the following at June 30,:

	<u>2011</u>	<u>2010</u>
Note payable, with quarterly payments of principal and interest of \$6,859, at 6.5%, is payable with the final payments due on December 31, 2019. This loan is collateralized by certain mortgages held by the Organization.	\$ 178,105	193,342
Mortgage payable, with monthly payments of principal and interest of \$3,118, at 6.99%, is payable with a final balloon payment March 20, 2012. This loan is collateralized by the Thrift Store Building.	394,599	403,189
	<u>572,704</u>	<u>596,531</u>
Current portion	<u>(405,853)</u>	<u>(23,368)</u>
Long-term portion	<u>\$ 166,851</u>	<u>573,163</u>

Following is a summary of the future payments for the fiscal years as follows:

<u>Year Ended June 30,</u>	
2012	\$ 405,853
2013	17,267
2014	18,424
2015	19,658
2016	20,974
Thereafter	90,528
	<u>\$ 572,704</u>

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(7) Restrictions on Net Assets

Temporarily restricted net assets relate to contributions received designated for certain home construction. As of June 30, 2011, the funds received had not been used for the designated homes or the homes are still in process and the funds used are classified as construction in process. As of June 30, 2011, there were no temporarily restricted net assets.

(8) Transactions With Habitat International

The Organization remits a portion of its revenues to Habitat International. These funds are used to construct homes in economically depressed areas around the world, and therefore these amounts are included in the Organization's program services in the accompanying statements of activities. For the year ended June 30, 2011 and 2010, the Organization contributed \$2,600 and \$2,250, respectively.

(9) Operating Lease Commitments

The Organization leases office equipment under a 60-month non-cancelable operating lease. Rental expense under this lease amounted to \$3,823 for the year ended June 30, 2011. The following is a schedule by years of future minimum rentals under the leases at June 30,:

<u>Year Ended June 30,</u>	
2012	\$ 2,096
2013	2,096
2014	2,096
2015	175
	<u>\$ 6,463</u>

The Organization leases its administrative offices under a non-cancelable lease. Rental expense under this lease amounted to approximately \$14,333 for the year ended June 30, 2011. Future obligations over the primary terms of the lease as of June 30, 2011 consist of the following:

<u>Year Ended June 30,</u>	
2012	<u>\$ 6,810</u>

HABITAT FOR HUMANITY IN SEMINOLE COUNTY, FLORIDA, INC.

Notes to Financial Statements

June 30, 2011 and 2010

(10) Related Party Transactions

The Organization pays a board member's corporate entity to rent 1200 square feet of office space for its administrative staff. For the year ending June 30, 2011 and 2010, the Organization paid \$14,333 and \$4,408, respectively, to this related party.

(11) Other commitments/Contingencies

In the ordinary course of business, the Organization may have various outstanding commitments and contingencies. One such contingency is that the Organization may be subject to a potential legal claim. While the ultimate effect of such claim cannot be ascertained at this time, management believes, that there will be no material effect on the Organization's financial position to cover any potential claim.

(12) Concentration Risk

The Organization's support is received primarily from local governments, foundations, businesses, churches and individuals located in the Seminole County, Florida area. In addition, all of the mortgages receivable, reflected in the accompanying financial statements, relate to residential properties within Seminole County, Florida. As a result, continued contributions may be affected by the economy of this region.