

Financial Statements

**HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.**

June 30, 2012 and 2011

**HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.**

Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER AOPKA, FLORIDA, INC.

Financial Statements

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Independent Auditors' Report

Board of Directors
Habitat for Humanity in Seminole County
And Greater Apopka, Florida, Inc.

We have audited the accompanying statements of financial position of Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc. as of June 30, 2012 and 2011, 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 and Greater Apopka, 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 and Greater Apopka, Florida, Inc. as of June 30, 2012 and 2011, 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

August 23, 2012
Altamonte Springs, Florida

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Statements of Financial Position

June 30, 2012 and 2011

Assets

	2012	2011
Current assets:		
Cash and cash equivalents	\$ 651,475	290,054
Accounts receivable	102,096	-
Grants receivable	-	25,000
Construction in process	81,676	184,117
Current portion of mortgages receivable (note 2)	77,249	49,919
Houses owned by affiliate	-	176,900
Land for development	74,437	64,381
Prepaid and other assets	32,463	22,947
Note receivable (note 3)	134,215	56,000
Total current assets	1,153,611	869,318
Noncurrent assets:		
Long-term mortgages receivable, net (note 2)	1,806,852	1,201,954
Property and equipment, net (note 4)	656,918	679,995
Assets held by Community Foundation of Central Florida, Inc. (note 5)	8,856	8,856
Deposits	19,787	19,357
Total noncurrent assets	2,492,413	1,910,162
Total assets	\$ 3,646,024	2,779,480

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 19,570	25,200
Accrued expenses	65,925	19,293
Other current liabilities	21,735	53,265
Notes payable, current portion (note 6)	29,368	405,853
Total current liabilities	136,598	503,611
Notes payable, long term (note 6)	523,503	166,851
Total liabilities	660,101	670,462
Net assets:		
Unrestricted:		
Undesignated	2,923,967	2,100,162
Temporarily restricted	61,956	8,856
Total net assets	2,985,923	2,109,018
Total liabilities and net assets	\$ 3,646,024	2,779,480

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Statement of Activities and Changes in Net Assets

Year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Restore sales	\$ 1,311,044	-	1,311,044
Transfers to homeowners	455,600	-	455,600
Donations	362,675	53,100	415,775
Grants	26,100	-	26,100
Amortization of mortgage interest	72,801	-	72,801
Special events, net of costs of \$8,493	8,158	-	8,158
Interest income	746	-	746
Other income	99,119	-	99,119
In-kind contributions	56,418	-	56,418
Loss on sale of assets	(5,628)	-	(5,628)
Net assets released from restrictions:			
Purpose restrictions satisfied	44,967	(44,967)	-
Total support and revenue	2,432,000	8,133	2,440,133
Expenses:			
Program services	1,434,117	-	1,434,117
Management and general	349,309	-	349,309
Fundraising	184,997	-	184,997
Total expenses	1,968,423	-	1,968,423
Increase in net assets	463,577	8,133	471,710
Increase in net assets due to acquisition (note 13)	360,228	44,967	405,195
Net assets, beginning of year	2,100,162	8,856	2,109,018
Net assets, end of year	\$ 2,923,967	61,956	2,985,923

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Statement of Activities and Changes in Net Assets

Year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
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 \$43,215	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	1,227,829	-	1,227,829
Expenses:			
Program services	723,600	-	723,600
Management and general	185,843	-	185,843
Fundraising	109,518	-	109,518
Total expenses	1,018,961	-	1,018,961
Increase (decrease) in net assets	208,868	-	208,868
Net assets, beginning of year	1,891,294	8,856	1,900,150
Net assets, end of year	\$ 2,100,162	8,856	2,109,018

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Statement of Functional Expenses

Year ended June 30, 2012

	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	\$ 334,286	-	-	334,286	-	-	-	334,286
Discounts on mortgages	118,336	-	-	118,336	-	-	-	118,336
Salaries and related costs	115,116	115,116	230,233	460,465	191,864	115,116	306,980	767,445
Homeowners expenses	3,648	-	-	3,648	-	-	-	3,648
Tithe to Habitat International	-	-	-	-	6,000	-	6,000	6,000
Occupancy	15,534	15,534	137,252	168,320	25,888	15,534	41,422	209,742
Telephone	4,536	4,536	9,072	18,144	7,565	4,536	12,101	30,245
Supplies	4,890	4,890	9,780	19,560	8,151	4,890	13,041	32,601
Postage	-	-	-	-	1,588	-	1,588	1,588
Printing and promotions	-	-	-	-	1,665	-	1,665	1,665
Travel	-	-	-	-	27,885	-	27,885	27,885
Outside services	24,890	24,890	49,799	99,579	41,530	24,890	66,420	165,999
Depreciation	-	-	31,733	31,733	3,796	-	3,796	35,529
Insurance	8,442	8,442	16,885	33,769	14,068	8,442	22,510	56,279
Vehicle	-	-	57,782	57,782	-	-	-	57,782
Interest expense	11,186	-	24,711	35,897	-	-	-	35,897
Maintenance and small tools	6,242	-	-	6,242	-	-	-	6,242
Miscellaneous	11,589	11,589	23,178	46,356	19,309	11,589	30,898	77,254
Total expenses	\$ 658,695	184,997	590,425	1,434,117	349,309	184,997	534,306	1,968,423

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, 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
Tithe 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	-	-	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
AND GREATER APOPKA, FLORIDA, INC.

Statements of Cash Flows

Years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 471,710	208,868
Adjustments to reconcile change in net assets to cash provided by operations:		
Transfers to homeowners	(337,264)	(119,632)
Depreciation	35,529	29,461
(Gain) loss on sale of assets	(5,465)	-
Amortization of discount mortgage loans	(72,801)	(40,970)
Donated house	-	(77,966)
Change in operating assets and liabilities/net of effects from acquisition of Habitat Apopka:		
Accounts receivable	(102,096)	-
Grants receivable	25,000	195,510
Land for development	(3,062)	(7,935)
Houses owned by Affiliate	176,900	-
Construction in process	102,441	(192,223)
Prepaid and other assets	694	13,883
Notes receivable	(78,215)	57,000
Accounts payable	(17,902)	(109,046)
Accrued expenses	46,632	2,041
Other current liabilities	(81,493)	(20,865)
Cash provided by (used in) operating activities	160,608	(61,874)
Cash flows from investing activities:		
Mortgage payments received	62,049	159,154
Purchase of property and equipment	(6,887)	(28,316)
Cash acquired in acquisition of Habitat Apopka	165,484	-
Cash provided by investing activities	220,646	130,838
Cash flows from financing activities:		
Proceeds from long-term debt	400,000	-
Payments on long-term debt	(419,833)	(23,827)
Cash provided by (used in) financing activities	(19,833)	(23,827)
Net increase in cash and cash equivalents	361,421	45,137
Cash at beginning of year	290,054	244,917
Cash at end of year	\$ 651,475	290,054
Supplemental cash flow information:		
Cash paid for interest	\$ 35,897	38,746
Issuance of non-interest bearing mortgage loans	\$ 455,600	277,000

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

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

(a) **Organization**

Habitat for Humanity in Seminole County and Greater Apopka, 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.

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

(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.

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

(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 6% 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.

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

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

(k) 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 specialized skills.

Contributions of materials and services requiring specialized skills 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.

(l) 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.

(m) 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.

(n) Income Taxes

The Habitat for Humanity of Seminole County and Greater Apopka, 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.

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

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

(n) Income Taxes (Continued)

The Organization adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2012, Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc. had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2009 to 2012 are open to examination by federal authorities.

(o) 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 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.

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

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

(p) 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 mortgages receivable. The evaluation of the adequacy of the allowance for mortgages receivable 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.

(q) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through August 23, 2012, which is the date the financial statements were available to be issued.

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

(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)	\$ 3,382,236
Less: unamortized discounts (6-14% imputed interest)	<u>(1,498,135)</u>
	<u>\$ 1,884,101</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, 2012, the principal balances due on the mortgages were scheduled to be received as follows:

<u>Year Ended June 30,</u>	<u>Mortgage Payment</u>
2013	\$ 77,249
2014	83,997
2015	89,668
2016	92,924
2017	87,393
Thereafter	<u>1,452,870</u>
Total	<u>\$ 1,884,101</u>

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

(3) Notes Receivable

Notes receivable consists of non-interest bearing notes with local municipalities to purchase land and mortgages. As of June 30, 2012 and 2011, the Organization was due \$134,215 and \$56,000, respectively, and with the remaining payments scheduled to be received in fiscal year 2013 and 2012.

(4) Property and Equipment

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

	<u>2012</u>	<u>2011</u>
Land	\$ 133,128	133,128
Buildings	682,743	682,743
Fixtures and equipment	97,618	59,275
Vehicles	31,126	17,231
	<u>944,615</u>	<u>892,377</u>
Less accumulated depreciation	<u>(287,697)</u>	<u>(212,382)</u>
	<u>\$ 656,918</u>	<u>679,995</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$35,529 and \$29,461, 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 statements of financial position.

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

(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,:

	2012	2011
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.	\$ 161,853	178,105
Mortgage payable, with monthly payments of principal and interest of \$2,828, at 5.75%, is payable with a final balloon payment August 29, 2021. This loan is collateralized by the Thrift Store Building.	391,018	394,599
Current portion	(29,368)	(405,853)
Long-term portion	\$ 523,503	166,851

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

Year Ended June 30,	
2013	\$ 29,368
2014	30,894
2015	32,865
2016	34,960
2017	37,191
Thereafter	387,593
	\$ 552,871

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

(7) Restrictions on Net Assets

Temporarily restricted net assets relate to contributions received designated for certain home construction. As of June 30, 2012, 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.

(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, 2012 and 2011, the Organization contributed \$6,000 and \$2,600, respectively.

(9) Operating Lease Commitments

The Organization leases its administrative office, a restore and office equipment under non-cancelable operating leases. Rental expense under this lease amounted to approximately \$156,000 for the year ended June 30, 2012. The following is a schedule by years of future minimum rentals under the leases:

<u>Year Ended June 30,</u>	
2013	\$ 91,064
2014	37,439
2015	4,026
2016	4,026
2017	3,020
	<u>\$ 139,575</u>

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER APOPKA, FLORIDA, INC.

Notes to Financial Statements

June 30, 2012 and 2011

(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, 2012 and 2011, the Organization paid \$25,467 and \$14,333, respectively, to this related party.

(11) 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.

(12) Acquisition

Per agreement, approved and signed August 4, 2011 by the board of directors of Habitat For Humanity of Greater Apopka, Inc., the Corporation was combined with Habitat For Humanity in Seminole County, Florida, Inc. and renamed Habitat For Humanity In Seminole County and Greater Apopka, Florida, Inc. The combination was effective August 19, 2011 and was treated as an acquisition with Habitat For Humanity Of Apopka, Inc. ceasing to exist and Habitat For Humanity In Seminole County, Florida, Inc. the surviving entity.