

Financial Statements

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

June 30, 2013 and 2012

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

Financial Statements

June 30, 2013 and 2012

(With Independent Auditor's Report Thereon)

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

Financial Statements

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Independent Auditor's Report

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

Report on Financial Statements

We have audited the accompanying financial statements of Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As explained in note 1 to the financial statements, donated items for the ReStore are recorded when sold rather than when received. In our opinion, U.S. generally accepted accounting principles require that such donated property be recorded at its fair value at the date of receipt and unsold items as inventory on hand. It was not practical to determine the effects of the unrecorded donations on the financial statements.

Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 13, 2013 on our consideration of the Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc.'s internal control over financial reporting and compliance.

Schater, Tschagg, Whittemt, Mitchell & Shuiken, LLP

September 13, 2013
Altamonte Springs, Florida

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

Statements of Financial Position

June 30, 2013 and 2012

Assets

	2013	2012
Cash and cash equivalents	\$ 756,886	651,475
Accounts receivable	4,100	102,096
Construction in process	149,959	81,676
Houses owned by affiliate	39,900	-
Land for development	103,836	74,437
Prepaid and other assets	31,146	32,463
Note receivable (note 3)	-	134,215
Mortgages receivable, net (note 2)	2,164,744	1,884,101
Property and equipment, net (note 4)	671,239	656,918
Assets held by Community Foundation of Central Florida, Inc. (note 5)	11,525	8,856
Deposits	14,949	19,787
Total assets	\$ 3,948,284	3,646,024

Liabilities and Net Assets

Liabilities:		
Accounts payable	\$ 26,453	19,570
Accrued expenses	104,039	65,925
Deferred rent (note 9)	39,734	-
Other current liabilities	19,230	21,735
Notes payable (note 6)	448,697	552,871
Total liabilities	638,153	660,101
Net assets:		
Unrestricted	3,298,606	2,923,967
Temporarily restricted (note 7)	11,525	61,956
Total net assets	3,310,131	2,985,923
Total liabilities and net assets	\$ 3,948,284	3,646,024

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, 2013

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Restore sales	\$ 1,335,218	-	1,335,218
Transfers to homeowners	588,750	-	588,750
Donations	83,952	-	83,952
Grants	73,400	-	73,400
Federal financial assistance	297,067	-	297,067
Amortization of mortgage interest	68,776	-	68,776
Special events, net of costs of \$706	38,568	-	38,568
Interest income	2,901	-	2,901
Other income	28,038	-	28,038
In-kind contributions	154,825	-	154,825
Net assets released from restrictions:			
Purpose restrictions satisfied	50,431	(50,431)	-
Total support and revenue	2,721,926	(50,431)	2,671,495
Expenses:			
Program services	1,784,141	-	1,784,141
Management and general	370,464	-	370,464
Fundraising	192,682	-	192,682
Total expenses	2,347,287	-	2,347,287
Increase (decrease) in net assets	374,639	(50,431)	324,208
Net assets, beginning of year	2,923,967	61,956	2,985,923
Net assets, end of year	\$ 3,298,606	11,525	3,310,131

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	<u>2,432,000</u>	<u>8,133</u>	<u>2,440,133</u>
Expenses:			
Program services	1,434,117	-	1,434,117
Management and general	349,309	-	349,309
Fundraising	184,997	-	184,997
Total expenses	<u>1,968,423</u>	<u>-</u>	<u>1,968,423</u>
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	<u>2,100,162</u>	<u>8,856</u>	<u>2,109,018</u>
Net assets, end of year	<u>\$ 2,923,967</u>	<u>61,956</u>	<u>2,985,923</u>

See accompanying notes to financial statements

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

Statement of Functional Expenses

Year ended June 30, 2013

	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	\$ 374,245	-	-	374,245	-	-	-	374,245
Discounts on mortgages	304,348	-	-	304,348	-	-	-	304,348
Salaries and related costs	132,504	132,504	265,007	530,015	220,839	132,504	353,343	883,358
Homeowners expenses	620	-	-	620	-	-	-	620
Tithe to Habitat International	-	-	-	-	8,000	-	8,000	8,000
SHOP Grant payback	19,500	-	-	19,500	-	-	-	19,500
2% ReStore association fees	-	-	21,932	21,932	-	-	-	21,932
Occupancy	17,492	17,492	159,371	194,355	31,097	17,492	48,589	242,944
Telephone	5,053	5,053	10,106	20,212	8,421	5,053	13,474	33,686
Supplies	5,982	5,982	11,962	23,926	9,969	5,982	15,951	39,877
Postage	-	-	-	-	3,809	-	3,809	3,809
Printing and promotions	-	-	-	-	-	2,558	2,558	2,558
Travel	-	-	-	-	34,267	-	34,267	34,267
ReStore association fees	-	-	21,923	21,923	-	-	-	21,923
Outside services	13,389	13,389	26,776	53,554	22,314	13,389	35,703	89,257
Depreciation	-	-	45,103	45,103	5,575	-	5,575	50,678
Insurance	5,853	5,853	11,705	23,411	9,755	5,853	15,608	39,019
Vehicle	-	-	73,225	73,225	-	-	-	73,225
Interest expense	7,690	-	23,070	30,760	-	-	-	30,760
Maintenance and small tools	7,609	-	-	7,609	-	-	-	7,609
Miscellaneous	9,851	9,851	19,701	39,403	16,418	9,851	26,269	65,672
Total expenses	\$ 904,136	190,124	689,881	1,784,141	570,464	192,682	563,146	2,347,287

See accompanying notes to financial statements

HABITAT FOR HUMANITY IN SEMINOLE COUNTY
AND GREATER AOPKA, 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
Title 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.

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 324,208	471,710
Adjustments to reconcile change in net assets to cash provided by operations:		
Transfers to homeowners	(335,699)	(337,264)
Depreciation	50,678	35,529
Gain on sale of assets	-	(5,465)
Amortization of discount mortgage loans	(68,776)	(72,801)
Donated property	(69,299)	-
Change in operating assets and liabilities/net of effects from acquisition of Habitat Apopka:		
Accounts receivable	97,996	(102,096)
Grants receivable	-	25,000
Land for development	-	(3,062)
Houses owned by Affiliate	-	176,900
Construction in process	(68,283)	102,441
Prepaid and other assets	6,155	694
Assets held by Community Foundation of Central Florida	(2,669)	-
Accounts payable	6,883	(17,902)
Accrued expenses	38,114	46,632
Deferred rent	39,734	-
Other current liabilities	(2,505)	(81,493)
Cash provided by operating activities	16,537	238,823
Cash flows from investing activities:		
Mortgage payments received	123,832	62,049
Purchase of property and equipment	(64,999)	(6,887)
Cash acquired in acquisition of Habitat Apopka	-	165,484
Cash provided by investing activities	58,833	220,646
Cash flows from financing activities:		
Payments received on note receivable	134,215	(78,215)
Proceeds from long-term debt	-	400,000
Payments on long-term debt	(104,174)	(419,833)
Cash provided by (used in) financing activities	30,041	(98,048)
Net increase in cash and cash equivalents	105,411	361,421
Cash at beginning of year	651,475	290,054
Cash at end of year	\$ 756,886	651,475
Supplemental cash flow information:		
Cash paid for interest	\$ 30,760	35,897
Issuance of non-interest bearing mortgage loans	\$ 588,750	455,600

See accompanying notes to financial statements

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

Notes to Financial Statements

June 30, 2013 and 2012

(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, 2013 and 2012

(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, 2013 and 2012

(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, 2013 and 2012

(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, 2013 and 2012

(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, 2013, 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 2010 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 and Orange 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, 2013 and 2012

(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 September 13, 2013, 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, 2013 and 2012

(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:

	2013	2012
First mortgages receivable (remaining face value)	\$ 3,880,948	3,382,236
Less: unamortized discounts (5-14% imputed interest)	(1,716,204)	(1,498,135)
	\$ 2,164,744	1,884,101

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, 2013, the principal balances due on the mortgages were scheduled to be received as follows:

Year Ended June 30,	Mortgage Payment
2014	\$ 89,089
2015	94,883
2016	97,688
2017	96,177
2018	96,292
Thereafter	1,690,615
Total	\$ 2,164,744

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

Notes to Financial Statements

June 30, 2013 and 2012

(3) **Notes Receivable**

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

(4) **Property and Equipment**

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

	<u>2013</u>	<u>2012</u>
Land	\$ 133,128	133,128
Buildings	682,743	682,743
Fixtures and equipment	162,617	97,618
Vehicles	31,126	31,126
	<u>1,009,614</u>	<u>944,615</u>
Less accumulated depreciation	<u>(338,375)</u>	<u>(287,697)</u>
	<u>\$ 671,239</u>	<u>656,918</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$50,678 and \$35,529, 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, 2013 and 2012

(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,:

	2013	2012
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.	\$ 69,114	161,853
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.	379,583	391,018
	\$ 448,697	552,871

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

Year Ended June 30,	
2014	\$ 30,894
2015	32,857
2016	34,960
2017	24,878
2018	15,686
Thereafter	309,422
	\$ 448,697

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

Notes to Financial Statements

June 30, 2013 and 2012

(7) **Restrictions on Net Assets**

Temporarily restricted net assets relate to contributions received designated for certain home construction. As of June 30, 2013, 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, 2013 and 2012, the Organization contributed \$8,000 and \$6,000, 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 \$200,000 for the year ended June 30, 2013. The following is a schedule by years of future minimum rentals under the leases:

<u>Year Ended June 30,</u>	
2014	\$ 177,670
2015	175,342
2016	144,168
2017	<u>73,583</u>
	<u>\$ 570,763</u>

In December 2012, the Organization moved their Casselberry ReStore location and signed a 48 month lease. Terms of the lease granted the Organization 4 months' free rent at the beginning of the lease. The deferred rent has been recorded as a liability on the balance sheet and is being amortized against rent expense accordingly.

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

Notes to Financial Statements

June 30, 2013 and 2012

(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, 2013 and 2012, the Organization paid \$36,717 and \$25,467, 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 and Orange 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.

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Habitat for Humanity in Seminole County
and Greater Apopka, Florida, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc., which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly this communication is not suitable for any other purpose.

Schacter, Tschang, Whiternut, Mitchell & Shuilen, LLP

Altamonte Springs, Florida
September 13, 2013