

Financial Statements

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

June 30, 2016 and 2015

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

Financial Statements

June 30, 2016 and 2015

(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.

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, 2016 and 2015, and the related statements of activities, 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.

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, 2016 and 2015, 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 August 10, 2016 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.

Schaefer, Tschoyge, Whittemut, Mitchell & Shuilen, LLP

August 10, 2016
Maitland, Florida

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

Statements of Financial Position

June 30, 2016 and 2015

Assets

	2016	2015
Cash and cash equivalents	\$ 423,469	251,101
ReStore inventory	56,235	76,224
Construction in process	766,953	1,578,010
Land for development	3,000	3,000
Prepaid and other assets	48,707	63,495
Mortgages receivable, net (notes 2 and 5)	4,351,913	3,639,547
Property and equipment, net (notes 3 and 5)	585,002	615,177
Assets held by Central Florida Foundation (note 4)	12,434	12,959
Deposits	8,090	8,090
Total assets	\$ 6,255,803	6,247,603

Liabilities and Net Assets

Liabilities:		
Accounts payable	\$ 105,496	261,529
Accrued expenses	333,343	325,516
Notes payable (note 5)	381,627	485,969
Total liabilities	820,466	1,073,014
Net assets:		
Unrestricted	5,422,903	5,161,630
Temporarily restricted	12,434	12,959
Total net assets	5,435,337	5,174,589
Total liabilities and net assets	\$ 6,255,803	6,247,603

See accompanying notes to financial statements

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

Statement of Activities

Year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributed inventory and materials	\$ 1,475,164	-	1,475,164
Transfers to homeowners	1,205,212	-	1,205,212
Donations	447,126	-	447,126
Grants	478,536	-	478,536
Federal financial assistance	60	-	60
Amortization of mortgage interest	170,111	-	170,111
Special events, net of costs of \$8,911	62,857	-	62,857
Other income	21,857	-	21,857
In-kind contributions	26,226	-	26,226
Net assets released from restrictions:			
Purpose restrictions satisfied	525	(525)	-
Total support and revenue	3,887,674	(525)	3,887,149
Expenses:			
Program services	2,970,806	-	2,970,806
Management and general	414,799	-	414,799
Fundraising	240,796	-	240,796
Total expenses	3,626,401	-	3,626,401
Increase in net assets	261,273	(525)	260,748
Net assets, beginning of year	5,161,630	12,959	5,174,589
Net assets, end of year	\$ 5,422,903	12,434	5,435,337

See accompanying notes to financial statements

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

Statement of Activities

Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributed inventory and materials	\$ 1,528,228	-	1,528,228
Transfers to homeowners	1,469,540	-	1,469,540
Donations	323,927	-	323,927
Grants	773,384	-	773,384
Federal financial assistance	6,311	-	6,311
Amortization of mortgage interest	149,468	-	149,468
Other income	24,698	-	24,698
In-kind contributions	3,884	-	3,884
Net assets released from restrictions:			
Purpose restrictions satisfied	141	(141)	-
Total support and revenue	4,279,581	(141)	4,279,440
Expenses:			
Program services	2,963,211	-	2,963,211
Management and general	401,825	-	401,825
Fundraising	224,441	-	224,441
Total expenses	3,589,477	-	3,589,477
Increase (decrease) in net assets	690,104	(141)	689,963
Net assets, beginning of year	4,471,526	13,100	4,484,626
Net assets, end of year	\$ 5,161,630	12,959	5,174,589

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, 2016

	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	\$ 1,385,817	-	-	1,385,817	-	-	-	1,385,817
Discounts on mortgages	267,190	-	-	267,190	-	-	-	267,190
Salaries and related costs	169,373	169,373	338,744	677,490	282,287	169,373	451,660	1,129,150
Advertising	-	-	44,865	44,865	-	-	-	44,865
Bank fee	-	-	36,837	36,837	-	-	-	36,837
CCTCP dues	3,095	-	-	3,095	-	-	-	3,095
Tithe to Habitat International and SOSI	22,700	-	-	22,700	-	-	-	22,700
SHOP Grant payback	34,678	-	-	34,678	-	-	-	34,678
Occupancy	18,821	18,821	171,483	209,125	33,460	18,821	52,281	261,406
Telephone	4,818	4,818	9,637	19,273	8,030	4,818	12,848	32,121
Supplies	3,652	3,652	7,302	14,606	6,085	3,652	9,737	24,343
Postage	-	-	-	-	9,337	-	9,337	9,337
Printing and promotions	-	-	-	-	-	5,279	5,279	5,279
Travel	-	-	-	-	23,139	-	23,139	23,139
ReStore association fees	-	-	5,700	5,700	-	-	-	5,700
Outside services	22,818	22,818	45,637	91,273	38,031	22,818	60,849	152,122
Depreciation	-	-	27,576	27,576	5,581	-	5,581	33,157
Insurance	5,310	5,310	10,618	21,238	8,849	5,310	14,159	35,397
Vehicle	-	-	45,527	45,527	-	-	-	45,527
Interest expense	9,674	-	29,021	38,695	-	-	-	38,695
Fundraising expense	-	-	-	-	-	10,725	10,725	10,725
Miscellaneous	25,121	-	-	25,121	-	-	-	25,121
Total expenses	\$ 1,973,067	224,792	772,947	2,970,806	414,799	240,796	655,595	3,626,401

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, 2015

	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	\$ 1,394,673	-	-	1,394,673	-	-	-	1,394,673
Discounts on mortgages	330,468	-	-	330,468	-	-	-	330,468
Salaries and related costs	157,646	157,646	315,290	630,582	262,742	157,646	420,388	1,050,970
Advertising	-	-	32,370	32,370	-	-	-	32,370
Bank fees	-	-	32,677	32,677	-	-	-	32,677
Title to Habitat International	8,400	-	-	8,400	-	-	-	8,400
CCTCP dues	7,640	-	-	7,640	-	-	-	7,640
SHOP Grant payback	1,721	-	-	1,721	-	-	-	1,721
Occupancy	19,273	19,273	175,333	213,879	34,197	19,273	53,470	267,349
Telephone	5,180	5,180	10,359	20,719	8,632	5,180	13,812	34,531
Supplies	3,395	3,395	6,788	13,578	5,657	3,395	9,052	22,630
Postage	-	-	-	-	11,955	-	11,955	11,955
Printing and promotions	-	-	-	-	-	5,681	5,681	5,681
Travel	-	-	-	-	39,330	-	39,330	39,330
ReStore association fees	-	-	1,800	1,800	-	-	-	1,800
Outside services	14,915	14,915	29,828	59,658	24,857	14,915	39,772	99,430
Depreciation	-	-	29,016	29,016	5,872	-	5,872	34,888
Insurance	5,149	5,149	10,299	20,597	8,583	5,149	13,732	34,329
Vehicle	-	-	62,381	62,381	-	-	-	62,381
Interest expense	6,914	-	20,741	27,655	-	-	-	27,655
Fundraising expenses	-	-	-	-	-	13,202	13,202	13,202
Miscellaneous	75,397	-	-	75,397	-	-	-	75,397
Total expenses	\$ 2,030,771	205,558	726,882	2,963,211	401,825	224,441	626,266	3,589,477

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, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 260,748	689,963
Adjustments to reconcile change in net assets to cash used in operations:		
Depreciation	33,157	34,888
Discounts on mortgage originations	267,190	330,468
Amortization of discount mortgage loans	(170,111)	(149,468)
Change in operating assets and liabilities/net of effects from acquisition of Habitat Apopka:		
ReStore inventory	19,989	(12,974)
Land for development	-	1,000
Construction in process	(254,092)	(1,704,759)
Prepaid and other assets	14,788	(1,745)
Assets held by Central Florida Foundation	525	141
Accounts payable	(156,033)	75,941
Accrued expenses	7,827	103,563
Cash provided by (used in) operating activities	23,988	(632,982)
Cash flows from investing activities:		
Mortgage payments received	200,704	186,340
Purchase of property and equipment	(2,982)	(19,396)
Proceeds from sale of homes	55,000	-
Cash provided by investing activities	252,722	166,944
Cash flows from financing activities:		
Proceeds from long-term debt	-	76,413
Payments on long-term debt	(104,342)	(182,874)
Cash used in financing activities	(104,342)	(106,461)
Net change in cash and cash equivalents	172,368	(572,499)
Cash at beginning of year	251,101	823,600
Cash at end of year	\$ 423,469	251,101
Supplemental cash flow information:		
Cash paid for interest	\$ 38,695	27,655
Issuance of non-interest bearing mortgage loans	\$ 1,150,212	1,469,540

See accompanying notes to financial statements

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

Notes to Financial Statements

June 30, 2016 and 2015

(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 build strength, stability and self-reliance through shelter. Through shelter, Habitat for Humanity empowers families and helps to build strong and stable communities. 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 and the Greater Apopka area. The Organization also operates two “Thrift Stores” 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, 2016 and 2015

(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.

Contributions of land, materials, and facilities are recorded at their estimated fair value at the date of gift. Such values are recorded in the financial statements as an asset or expense and revenue. For the year ended June 30, 2016, in-kind contributions consisted of donated inventory, materials and supplies valued at \$1,455,175 and was recorded as inventory and revenue to be sold in the two ReStores. Sales of donated inventory during the year were \$1,475,164. The result is a net decrease in inventory for the year of \$19,989. The donated ReStore items are recorded at fair value as determined by Management using factors such as sales and inventory turnover.

(e) **Mortgages Receivable**

Mortgage receivable represent non-interest bearing loans upon the sale of a home and have been discounted based upon prevailing market rates at the inception of the mortgage obligations. The original discount is recorded as discounts on mortgage originations within program services on the statements of functional expenses at the date the mortgage is originated. Discounts are amortized using the effective interest method over the lives of the mortgage loans and are recorded as amortization of mortgage loan discounts within support and revenue in the statements of activities.

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, 2016 and 2015

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

(f) 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.

(g) 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.

(h) 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 rates ranging from 2% to 12% 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.

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

Notes to Financial Statements

June 30, 2016 and 2015

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

(i) **Advertising**

Advertising costs are expensed the first time the advertising takes place. Total advertising costs were \$44,865 and \$32,370 during 2016 and 2015, respectively.

(j) **Functional Allocation of Expenses**

The cost of providing the program and other activities of the Organization have been summarized on a functional basis in the statements of activities. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent relative to each function. All other expenses are allocated based on management's estimate of the relative functional activity.

(k) **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.

(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 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.

(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.

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

Notes to Financial Statements

June 30, 2016 and 2015

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

(n) **Land/Structures Donated or Purchased**

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 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.

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, 2016, 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 2013 to 2015 are open to examination by federal authorities.

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

Notes to Financial Statements

June 30, 2016 and 2015

(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 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.

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 and Orange Counties, Florida. As a result, continued contributions may be affected by the economy of this region.

(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 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.

(r) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through August 10, 2016, 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, 2016 and 2015

(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:

	2016	2015
First mortgages receivable (remaining face value)	\$ 6,399,851	5,646,542
Less: unamortized discounts (2-12% imputed interest)	(2,047,938)	(2,006,995)
	\$ 4,351,913	3,639,547

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 and Orange Counties, Florida. At June 30, 2016, the principal balances due on the mortgages were scheduled to be received as follows:

Year Ended June 30,	Mortgage Payment
2017	\$ 187,387
2018	191,960
2019	193,430
2020	201,173
2021	206,016
Thereafter	3,371,947
Total	\$ 4,351,913

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

Notes to Financial Statements

June 30, 2016 and 2015

(3) **Property and Equipment**

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

	<u>2016</u>	<u>2015</u>
Land	\$ 133,128	133,128
Buildings	682,743	682,743
Fixtures and equipment	130,877	127,895
Vehicles	48,512	48,512
	<u>995,260</u>	<u>992,278</u>
Less accumulated depreciation	<u>(410,258)</u>	<u>(377,101)</u>
	<u>\$ 585,002</u>	<u>615,177</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$33,157 and \$34,888, respectively.

(4) **Central Florida Foundation Endowment**

The Organization has established an endowment with the Central Florida Foundation. 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.

The Board of Directors of the Central Florida Foundation 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, incapable of fulfillment, or inconsistent with the proper charitable, religious, scientific, literary, cultural or educational uses and purposes of the Central Florida area.

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

Notes to Financial Statements

June 30, 2016 and 2015

(5) **Notes Payable**

Notes payable consist of the following at June 30,:

	2016	2015
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.	\$ 40,782	50,841
Promissory note payable, with monthly payments of principal and interest of \$2,610, at 3.25% from October 10, 2013 to April 10, 2015 and then monthly payments of principal and interest of \$2,900, at 4.75% from April 11, 2015 to October 10, 2021. This loan is collateralized by certain mortgages held by the Organization.	340,845	358,715
Line of credit payable to bank with maximum borrowings of \$450,000, interest payable monthly at 5%, payable October 23, 2016.	-	76,413
	\$ 381,627	485,969

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

Year Ended June 30,	
2017	\$ 29,845
2018	31,492
2019	33,234
2020	28,135
2021	23,026
Thereafter	235,895
	\$ 381,627

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

Notes to Financial Statements

June 30, 2016 and 2015

(6) 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, 2016 and 2015, the Organization contributed \$7,700 and \$8,400, respectively. During the year ended June 30, 2016, the Organization contributed \$15,000 to the Habitat International Stewardship and Sustainability Initiative (SOSI). Additionally, the Organization is a member of the Habitat ReStore Association and pays a percentage of ReStore fees to Habitat International. For the years ended June 30, 2016 and 2015, the Organization paid ReStore Association fees of \$5,700 and \$1,800, respectively.

(7) Operating Lease Commitments

The Organization leases its administrative office, a restore, a vehicle and office equipment under non-cancelable operating leases. Rental expense under this lease amounted to approximately \$184,000 for the year ended June 30, 2016. The following is a schedule by years of future minimum rentals under the leases:

<u>Year Ended June 30,</u>	
2017	\$ 164,362
2018	115,355
2019	112,261
2020	<u>56,960</u>
	<u>\$ 448,938</u>

(8) Related Party Transactions

The Organization pays a board member's corporate entity to rent 2230 square feet of office space for its administrative staff. For the year ending June 30, 2016 and 2015, the Organization paid \$34,433 and \$34,289, respectively, to this related party.

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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, 2016 and 2015, 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 August 10, 2016.

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.

Schaefer, Tschoy, Whitcomb, Mitchell & Shuilen, LLP

Maitland, Florida
August 10, 2016