

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.

NEW SMYRNA BEACH, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2016

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
FINANCIAL STATEMENTS
JUNE 30, 2016
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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Southeast Volusia Habitat for Humanity, Inc.
New Smyrna Beach, Florida

We have audited the accompanying financial statements of Southeast Volusia Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows, and functional expenses for the year 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

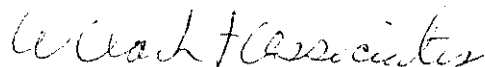
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Southeast Volusia Habitat for Humanity, Inc., as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Daytona Beach, Florida
September 20, 2016

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 543,115
Pledges Receivable	59,000
Other Receivables	24,064
Merchandise Inventory	12,389
Construction In Progress	690,859
Current Portion of Mortgages Receivable	239,956
Home Inventory	174,783
Land Held for Development, Net	1,105,006
Prepaid Expenses	13,794
Total Current Assets	\$ 2,862,966
 Non-Current Assets	
Property and Equipment, Net	906,647
Long-Term Portion of Mortgages Receivable, Net	1,946,196
Employee Receivable	2,509
Total Non-Current Assets	2,855,352
Total Assets	\$ 5,718,318

LIABILITIES AND NET ASSETS

Liabilities	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 31,541
Current Maturities of Long-Term Debt	34,476
Total Current Liabilities	66,017
Long-Term Debt, Less Current Portion	291,863
Total Liabilities	357,880
 Net Assets	
Unrestricted	5,301,438
Temporarily Restricted	59,000
Total Net Assets	5,360,438
Total Liabilities and Net Assets	\$ 5,718,318

See Accompanying Notes

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Government Grants & Contributions	\$ 70,604	\$ -	\$ 70,604
Contributions - Business	8,909	250,500	259,409
Lot Donations	8,655	-	8,655
Contributions - Individuals & Churches	96,185	-	96,185
Sales to Homeowners	824,700	-	824,700
Thrift Store Revenue - Donated Goods	753,723	-	753,723
Sale of Merchandise	51,638	-	51,638
Mortgage Discount Amortization	264,968	-	264,968
Rental, Interest, and Miscellaneous Revenue, Net	10,094	-	10,094
Special Event Revenues - Net	17,304	-	17,304
Total Revenue and Support	<u>2,106,780</u>	<u>250,500</u>	<u>2,357,280</u>
Net Assets Released From Restrictions			
Satisfaction of Purpose Restrictions	307,500	(307,500)	-
Total Revenue, Support and Net Assets Released from Restrictions	<u>2,414,280</u>	<u>(57,000)</u>	<u>2,357,280</u>
Expenses			
Program Services			
Home Ownership	1,557,994	-	1,557,994
Thrift Store	373,431	-	373,431
Supporting Services			
Management and General	144,754	-	144,754
Fund Raising Expenses	4,749	-	4,749
Total Expenses	<u>2,080,928</u>	<u>-</u>	<u>2,080,928</u>
Change in Net Assets	<u>333,352</u>	<u>(57,000)</u>	<u>276,352</u>
Net Assets - Beginning of Year	<u>4,968,086</u>	<u>116,000</u>	<u>5,084,086</u>
Net Assets - End of Year	<u>\$ 5,301,438</u>	<u>\$ 59,000</u>	<u>\$ 5,360,438</u>

See Accompanying Notes

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities

Reconciliation of Increase in Net Assets to Net Cash

Provided by Operating Activities

Increase in Net Assets	\$ 276,352
Adjustments to Reconcile Decrease in Net Assets to	
Net Cash Provided By Operating Activities:	
Depreciation	37,742
Lot Impairment Reserve	40,659
New Mortgages Receivable Issued	(734,889)
Discounts on Mortgages Receivable Issued	417,233
Mortgage Receivable Discount Amortization	(264,968)
Mortgages Receivable Foreclosed	186,861
Donated Land	(8,655)
Collections on Mortgages Receivable	246,861
(Increase) Decrease in Certain Assets:	
Pledges Receivable	57,000
Other Receivables	33,152
Inventory - Merchandise	2,034
Construction in Progress	(115,986)
Home Inventory	(105,409)
Inventory – Land	134,385
Prepaid Expenses	4,770
Increase (Decrease) in Certain Liabilities:	
Accounts Payable and Accrued Expenses	(1,990)
Total Adjustments	(71,200)
Net Cash Provided by Operating Activities	205,152

Cash Flows From Investing Activities

Employee Receivable	750
Acquisition of Property and Equipment	(65,160)
Net Cash Used In Investing Activities	(64,410)

Cash Flows From Financing Activities

Proceed From Volusia County Home Program Loan	44,479
Payments on Long-Term Debt	(36,946)
Net Cash Provided By Financing Activities	7,533

Net Increase In Cash and Cash Equivalents

	148,275
Cash and Cash Equivalents – Beginning of Year	394,840
Cash and Cash Equivalents – End of Year	\$ 543,115

See Accompanying Notes

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services		Supporting Activities		Total
	Home Ownership	Thrift Store	Management & General	Fund Raising	
Salaries and related expenses	\$ 165,614	\$ 219,331	\$ 116,578	\$ -	\$ 501,523
Advertising	2,528	2,827	-	-	5,355
Cost of Homes Sold	829,522	-	-	-	829,522
Cost of Product Sold	-	34,916	-	-	34,916
Assistance to Individuals -					
Mortgage Discount	417,233	-	-	-	417,233
Tithe Expense	31,500	-	-	-	31,500
Bank & Credit Card Fees	-	14	33	-	47
Postage & Printing	1,206	-	-	-	1,206
Maintenance & Repairs	3,033	15,164	-	-	18,197
Security	-	1,128	-	-	1,128
Office Rent	9,000	-	-	-	9,000
Utilities/Telephone	12,239	26,998	-	-	39,237
Vehicle Expense	6,574	1,954	-	-	8,528
Supplies	2,850	21,118	258	-	24,226
Other Expenses	26,160	-	-	-	26,160
Legal-Professional	13,300	-	12,050	4,749	30,099
Travel	1,577	-	-	-	1,577
Volunteer Expenses	14,716	-	-	-	14,716
Depreciation	-	37,742	-	-	37,742
Insurance	1,868	12,239	15,744	-	29,851
Office Expense	2,500	-	-	-	2,500
Conferences & Conventions	170	-	91	-	261
Interest Expense	16,404	-	-	-	16,404
Total Expenses	\$ 1,557,994	\$ 373,431	\$ 144,754	\$ 4,749	\$ 2,080,928

See Accompanying Notes

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities:

Southeast Volusia Habitat for Humanity, Inc. is a not-for-profit organization located in New Smyrna Beach, Florida and incorporated on January 31, 1989, under the laws of the State of Florida. The Organization was established as an affiliate of Habitat for Humanity International, Inc. to sponsor specific projects in habitat development, consisting of the construction of modest but adequate housing for families in need of such housing. The Organization provides non-interest bearing mortgages to qualified homeowners. Support and revenue is derived primarily from the operation of the Organization's Thrift Store, where donated items are sold to the public, other cash contributions from businesses, individuals and government agencies and sales of homes to qualified homeowners.

Basis of Accounting:

The Organization prepares its financial statements in accordance with United States generally accepted accounting principles applicable to voluntary health and welfare organizations, which involve the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Donated Services and Assets:

Contributions of donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. No amounts related to volunteer services have been recognized in the accompanying statement of activities because of criteria for recognition of such volunteer effort under Statement of Financial Accounting (SFAS) No. 116 have not been satisfied.

Contributions of services and materials used in the construction of homes are recorded at fair value at the date of the gift, and are included in construction in progress. Upon the sale of a home, the construction in progress balance is reclassified to the cost of construction.

Contributions:

Contributions, including unconditional promises to give, are recorded as received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for the general activities of the Organization unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are reflected as short-term contributions receivable and are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reflected as long-term contributions receivable and are reported at the present value of their net realizable value. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

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 as net assets released from restrictions. Donor restricted contributions are recorded in the temporarily restricted class for restrictions expiring during this fiscal year, and then reclassified to the unrestricted class.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. Nature of Activities and Summary of Significant Accounting Policies (Con't)

Cash and Cash Equivalents:

The Organization considers all checking and money market accounts to be cash equivalents.

Merchandise Inventory:

Merchandise Inventory consists of residential wood flooring purchased for re-sale in the Organization's thrift shop. The inventory is stated at lower of cost or market using the first-in, first-out (FIFO) method.

Construction in Progress:

The Organization records the costs of construction of homes in construction in progress until the sale of the home closes. Costs of construction include all direct material and labor costs and those indirect costs related to home construction, and any in-kind contributions of materials and labor for home construction. Revenue from the sale of a home, and the related costs, are recognized when the sale closes and collection of the revenue is reasonably assured.

Mortgages Receivable:

The Organization provides mortgage notes to homeowners upon the sale of a home. The notes are approved to the homeowners at zero percent interest, and the face value of the mortgage receivable is discounted by the Organization at the time the loan is made. The discount rate used is provided by Habitat for Humanity International, Inc., and is commensurate with market interest rates of similar mortgages. Mortgages receivable are considered by the Organization to be fully collectible and accordingly no allowance for doubtful accounts is considered necessary.

Home Inventory:

Home Inventory represents one home that was foreclosed on in the current year and one home transferred from property and equipment that was previously held as a rental property.. Home inventory is recorded at the value of the mortgage foreclosed or net book value transferred, plus any additional costs incurred, or net realizable value, whichever is less.

Land Held for Future Use:

The inventory consists of approximately 72 buildable lots. The land inventory is stated at net realizable value which includes the purchase price of the land or value at date of donation (if donated) plus any related costs to acquire the property less any unrealized decline in value (See Note 4).

Property and Equipment:

Property and equipment are stated at cost or at estimated fair value at the date of the gift. Certain donated services are capitalized as improvements when those services enhance the value of assets. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000; expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets, which range from 5 to 39 years.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. Nature of Activities and Summary of Significant Accounting Policies (Con't)

Income Taxes

The Organization is included in a roster of exempt subordinates that qualify as tax-exempt organizations under Habitat for Humanity International, Inc.'s exemption under Section 501(c)(3) of the Internal Revenue Code. The Organization does not believe it has taken any uncertain tax positions which could subject it to penalties, interest or loss of not-for-profit status with any taxing authorities. Therefore no taxes, penalties or interest have been accrued in the accompanying financial statements. The Organization's Form 990, Return of Organization Exempt from Income Taxes, is subject to examination generally for last three open tax years and the current year which include the years ending June 30, 2013, through 2016. For the year ended June 30, 2016, no provision for income taxes has been included in these financial statements.

Estimates:

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

Components of Program and Supporting Services:

Home ownership program services consist of cost of construction of homes for individuals and families in need, the direct cost associated with planning and building those homes and the related mortgage discounts.

Thrift store program services include revenues generated from sales of donated goods and the expenses associated with maintaining the facilities. The net income generated is used in the acquisition properties and construction of homes.

Management and general services include accounting, executive management and certain administrative and general support services.

Advertising:

The Organization expenses advertising costs as they are incurred. Advertising costs incurred for the year ended June 30, 2016 were \$5,355.

Concentrations:

The Organization relies on donations of cash and goods for re-sale from individuals, churches and organization's from the New Smyrna Beach and surrounding areas. Three local businesses accounted for contribution income totaling \$180,500 during the year.

The Organization maintains checking and money market accounts with two banking institutions. These accounts are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2016, the balances in one bank exceeded the FDIC insurance limits by \$292,212.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. Nature of Activities and Summary of Significant Accounting Policies (Con't)

Imputed Interest:

The Organization has entered into financing agreements with Habitat for Humanity International, Inc. in the form of notes payable. These notes payable carry a 0% interest rate and are payable in monthly installments over 48 months starting 12 to 24 months after the funds are received. The Organization also has two 0% notes payable to two government agencies. The imputed value of these funds is based on an estimated market interest rate of 6.9%. The imputed interest is considered a non-cash contribution.

Pledges Receivable:

Pledges receivable represent local businesses that are participating in the State of Florida Community Contribution Tax Credit Program. Under this program the businesses collect and remit sales tax to the State of Florida and the state sends a portion of their sales tax collections to the designated community organization. For the year ended June 30, 2016, the Organization received \$126,500 from two local businesses and has been notified that an additional \$54,000 in community tax credits has been approved for payment from a third local business. The \$54,000 is included in pledges receivable and temporarily restricted assets at June 30, 2016.

2. Construction In Progress

Construction in Progress includes land (at cost) plus materials, permits, and labor costs paid through year end for residences in the affordable housing program.

Construction in Progress at June 30, 2016 consists of:

<u>Designated Owner or Location</u>	<u>Costs to Date</u>
542 Hamilton Street	\$ 126,691
325 Sheldon Street	106,340
208 Chestnut	17,725
692 Hamilton	111,156
37 Sandra Circle	58,142
30 Pine Brook	76,453
39 Pine Brook	75,624
35 Pine Brook	68,805
31 Pine Brook	49,923
Total Construction in Progress	<u>\$ 690,859</u>

3. Mortgages Receivable

The Organization provides non-interest bearing notes collateralized by mortgages on single-family houses sold to qualified buyers as part of the homeownership program. When the purchase of a home is closed, the Organization computes the net present value of the expected future cash flows of the loan. The difference between the face amount of the loan and the net present value is recorded as a discount and as Assistance to Individuals – Mortgage Discount expense.

These notes are discounted by imputing a rate of interest that is estimated to be the prevailing market rate of interest at the time the loan is closed. Discounts are amortized using the effective interest method over the term of the mortgages. Discount amortization is reported as mortgage discount in the statement of activities.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

3. Mortgages Receivable (Con't)

The majority of the mortgages have an original maturity of twenty to thirty years. No allowance for uncollectible accounts is considered necessary due to collateralization of loans by single-family houses. It is expected that the value of the houses is sufficient to adequately collateralize the receivables. For this reason, the amount and impact of impaired loans is not considered material to the financial statements. Future assessment of the allowance for uncollectible mortgages is dependent on the real estate sector of Southeast Volusia County, Florida.

In addition, all homeowners sign a second mortgage with the Organization for the difference between the purchase price and the cost to build the house at the mortgage closing date. During 2016, the Organization also took a third mortgage on a home sale for the difference between the appraised value of the home and the amount which the homeowner had the ability to pay. The second and third mortgages are forgiven in a variety of ways, including either on a periodic basis over a period of time, or at the conclusion of the first mortgage. If the homeowner sells the home during the period the second and/or third mortgage is being forgiven; the homeowner must pay the difference between the original amount of the second and/or third mortgage and the portion forgiven to the Organization. The Organization does not report revenue and a related asset at the time of sale of the second mortgage since historical data indicates that the likelihood of future receipts is remote. The third mortgage is included in the sale price of the home per Habitat for Humanity International, Inc. guidelines; however, the entire amount of the third mortgage is included in the allowance for uncollectible accounts, since collection of the mortgage is remote. The value of the third mortgage obtained on the current year sale was \$14,900.

Mortgage Notes Receivable and related discounts were as follows at June 30, 2016:

Mortgage Notes Receivable	\$ 5,230,389
Discount on Non-interest Bearing Mortgage Notes at rates ranging from 7.5% to 9.0%	<u>(3,044,237)</u>
Net Present Value	2,186,152
Less: Current Maturities	<u>(239,956)</u>
Mortgages Receivable, Long-Term Portion	<u>\$ 1,946,196</u>

4. Home Inventory and Land Held for Future Use

The Organization holds 2 completed homes for sale and has approximately 72 buildable lots. The homes are carried at the lower cost or net realizable value. Land has been recorded at cost at \$1,334,872 less an allowance for the excess of cost over the estimated net realizable value of \$229,866. The Organization has determined that they could not reasonably expect to sell some of the properties without incurring a loss on the land; therefore, an allowance for the estimated decline in the value of the land has been recorded. Management's basis for determining the estimated realizable value is the fair market value, based on recent sales or purchases in the area or just value from the Volusia County Property Tax records, if no other verifiable evidence of fair market value is available. The allowance account decreased by \$83,345 for the year ended June 30, 2016 due to transfers of lots to construction in process at the estimated net realizable value amount. The allowance account increased by \$40,660 based on an analysis of the estimated values of lot inventory at June 30, 2016. As a result, the allowance account decreased by a net amount of \$42,685 during the year ended June 30, 2016.

5. Leases

The Organization leases office space under a one year operating lease expiring March 31, 2017. Total rent expense for the year ended June 30, 2016 totaled \$9,000. Minimum lease payments required under the lease for the year ending June 30, 2017 total \$6,750.

**SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

6. Property and Equipment

Property and equipment consists of the following at June 30, 2016:

Home Used For Volunteer Dorm	\$	110,147
Steel Building & Improvements		152,885
Land		269,000
Building and Building Improvements		542,453
Furniture and Fixtures		9,993
Equipment		62,170
Vehicles		54,287
Shed & Yard		21,466
		\$ 1,222,401
Less: Accumulated Depreciation		(315,754)
Net Property and Equipment		\$ 906,647

Depreciation Expense for the year ended June 30, 2016 was \$37,742.

The Organization occasionally rents houses on a temporary or transitional basis while homes are being renovated or completed for the owners. During the year ended June 30, 2016, the home that was previously held as rental was transferred to Home Inventory at net book value, and is being held for sale.

8. Tithing

In recognition of and commitment to the global partnership of Habitat for Humanity International, Inc., an affiliate is expected to contribute (tith) at least 10% of its cash contributions (excluding cash restricted to local use only) to Habitat's international work. This is a voluntary contribution as opposed to affiliate dues. During the year ended June 30, 2016, the Organization tithed \$31,500.

9. Supplemental Disclosure of Cash Flow Information

Cash paid during the year ended June 30, 2016 for:

Interest	\$10,072
Income taxes	\$ -

Non-cash investing and financing activities:

Inventory-land with a cost of 219,374 was transferred to construction in process.

Property and equipment with a net cost of 67,111 was transferred to home inventory.

Non-cash contributions in the form of imputed interest expense (fair value \$6,332).

**SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

10. Long-Term Debt

Long-Term Debt at June 30, 2016 consists of:

Note Payable to a financial institution, payable in monthly installments of \$125, 0% interest, matures August, 2016, secured by real estate.	\$ 125
Note Payable to Habitat for Humanity payable in 48 monthly installments of \$78, 0% interest, starting January 1, 2014.	1,410
Note Payable to Habitat for Humanity payable in 48 monthly installments of \$546, 0% interest, starting January 1, 2014.	9,870
Note Payable to Housing Finance Authority of Volusia County, Inc., 0% interest, principal balance due December 20, 2017	53,000
Notes Payable to Habitat for Humanity payable in 48 monthly installments of \$348, 0% interest, starting January 2015.	8,804
Note Payable to Habitat for Humanity payable in 48 monthly installments of \$218, 0% interest, starting July 1, 2016.	10,500
Note Payable to County of Volusia, 0% interest, due upon violation of agreement with County, extinguished (forgiven) upon sale of home to a homebuyer in compliance with the HOME program, or if the home has not sold within 16 months of May 6, 2016.	44,479
Note Payable to a financial institution, payable in monthly installments of \$2,430, 4.75% interest, secured by real estate with carrying value of \$374,718, principal balloon payment of \$172,854, due September 5, 2017.	198,151
Total	326,339
Less Current Maturities	(34,476)
Long-term Debt, Less Current Maturities	\$ 291,863

Maturities of long-term debt are as follows for the years ending June 30:

2017	\$ 34,476
2018	286,144
2019	3,068
2020	2,651
2021	-
Total	\$ 326,339

Interest imputed on 0% loans, but not paid was \$6,332.

SOUTHEAST VOLUSIA HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

11. Temporarily Restricted Net Assets

Temporarily restricted net assets were released from restrictions by satisfying the restrictions as follows:

Purpose restriction met:

Contribution received Mortgage Settlement Funds Program	<u>\$ 307,500</u>
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Temporarily restricted net assets are available for the following purposes or periods at June 30, 2016.

Contributions receivable under the Florida Sales Tax Credit Program (to be used for construction costs for specifically identified homes)	\$ 54,000
Other contributions receivable subject to restrictions	<u>5,000</u>
Total temporarily restricted net assets	<u>\$ 59,000</u>

10. Simple IRA Retirement Plan

During the year ended June 30, 2016, the Organization implemented a simple IRA retirement plan for its eligible employees. The Organization contributes an amount equal to 2% of each eligible employee's compensation. Retirement expense for the year ended June 30, 2016 was \$4,449.

12. Warranties

The Organization provides warranties typically for one year after completion of construction of a house. The estimated liability under the warranty provisions is based upon a review of actual historical warranty expense incurred and the risk associated with the houses recently completed. Based on the historical warranty claims and expenses incurred, the Organization believes there are no significant warranty claims to accrue for at June 30, 2016.

13. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through September 20, 2016, which is the date the financial statements are available for issue.