

**HABITAT FOR HUMANITY  
MONTGOMERY COUNTY, INC.**

**Financial Statements**

**June 30, 2015**

*O'Hara, Ward and Associates*  
*Certified Public Accountants*

**HABITAT FOR HUMANITY OF  
MONTGOMERY COUNTY, INC.**

**JUNE 30, 2015**

**C O N T E N T S**

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*O'Hara, Ward & Associates*  
*Certified Public Accountants*  
*1036 Mill Creek Drive*  
*Feasterville, PA 19053*  
*TEL (215) 322-5558*  
*FAX (215) 322-5624*

**REPORT OF INDEPENDENT AUDITOR**

Board of Directors  
Habitat for Humanity of Montgomery County, Inc.  
West Norriton, Pennsylvania

We have audited the accompanying financial statements of Habitat for Humanity of Montgomery County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 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 Habitat for Humanity of Montgomery County, Inc. as of June 30, 2015 and 2014, 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.

*O'Hara, Ward & Associates*  
*Feasterville, PA*

January 9, 2016

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current Assets		
Cash (Includes restricted cash of \$82,417 in 2015 and \$84,167 in 2014)	\$ 221,694	\$ 163,692
Mortgage Receivables	65,532	72,313
Accounts Receivable	1,087	-0-
Prepaid Expenses	2,630	9,619
Construction in Progress	<u>81,250</u>	<u>12,083</u>
<b>TOTAL CURRENT ASSETS</b>	<u>372,193</u>	<u>257,707</u>
 <b>BUILDINGS AND EQUIPMENT</b> , net of accumulated depreciation of \$249,284 in 2015 and \$218,422 in 2014	 <u>1,235,906</u>	 <u>1,263,855</u>
 <b>OTHER ASSETS</b>		
Mortgage receivables, net of mortgage amortization and allowance for doubtful accounts	1,075,234	1,093,559
Financing costs, net of accumulated amortization of \$3,711 in 2015 and \$3,109 in 2014	11,349	11,951
Deposit	<u>5,585</u>	<u>1,575</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,092,168</u>	<u>1,107,085</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 2,700,267</u>	 <u>\$ 2,628,647</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 62,429	\$ 94,579
Accrued Expenses	13,789	28,939
Funds Held in Escrow	36,420	41,641
Demand Note Payable	414,984	100,000
Current Maturities of Long-Term Debt	<u>32,372</u>	<u>287,603</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>559,994</u>	<u>552,762</u>
 <b>LONG-TERM LIABILITIES</b>		
Long-Term Debt	<u>1,002,536</u>	<u>1,060,473</u>
<b>TOTAL LIABILITIES</b>	<u>1,562,530</u>	<u>1,613,235</u>
 <b>NET ASSETS</b>		
Unrestricted	1,091,740	972,886
Temporarily Restricted	<u>45,997</u>	<u>42,526</u>
<b>TOTAL NET ASSETS</b>	<u>1,137,737</u>	<u>1,015,412</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 2,700,267</u>	 <u>\$ 2,628,647</u>

See Notes to Financial Statements

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Home Sales	\$ 85,000	\$ -0-	\$ 85,000
Interest Income-Mortgage Receivables	84,581		84,581
House Sponsorships	795	75,450	76,245
Restore Sales	359,649		359,649
Neighborhood Revitalization Initiative	10,818	84,000	94,818
Contributions			
Individuals	345,091		345,091
Churches	20,003		20,003
Foundations	43,724	19,500	63,224
Businesses	96,427	22,500	118,927
Government	600		600
Donated Home & Services	20,633		20,633
Interest Income-Other	37	149	186
Miscellaneous	151		151
Net Assets Released from Restrictions	<u>198,128</u>	<u>(198,128)</u>	<u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,265,637</b>	<b>3,471</b>	<b>1,269,108</b>
<b>EXPENSES</b>			
Program	746,480		746,480
General and Administrative	168,002		168,002
Fundraising	<u>232,301</u>	<u>-0-</u>	<u>232,301</u>
<b>TOTAL EXPENSES</b>	<b><u>1,146,783</u></b>	<b><u>-0-</u></b>	<b><u>1,146,783</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>118,854</b>	<b>3,471</b>	<b>122,325</b>
<b>NET ASSETS – BEGINNING</b>	<b><u>972,886</u></b>	<b><u>42,526</u></b>	<b><u>1,015,412</u></b>
<b>NET ASSETS – ENDING</b>	<b><u>\$ 1,091,740</u></b>	<b><u>\$ 45,997</u></b>	<b><u>\$ 1,137,737</u></b>

See Notes to Financial Statements

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Home Sales	\$ 670,000	\$ -0-	\$ 670,000
Interest Income-Mortgage			
Receivables	73,240	-0-	73,240
House Sponsorships	-0-	188,506	188,506
Gain on Sale	(16,912)	-0-	(16,912)
ReStore Sales	320,443	-0-	320,443
Contributions			
Individuals	266,095	90,000	356,095
Churches	23,876	-0-	23,876
Foundations	54,872	7,500	62,372
Businesses	31,317	12,500	43,817
Government	1,100	-0-	1,100
Donated Home & Services	21,546	-0-	21,546
Interest Income-Other	192	26	218
Miscellaneous	6,381	1,500	7,881
Net Assets Released from Restrictions	<u>423,374</u>	<u>(423,374)</u>	<u>-0-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,875,524</u>	<u>(123,342)</u>	<u>1,752,182</u>
<b>EXPENSES</b>			
Program	1,755,052	-0-	1,755,052
General and Administrative	164,068	-0-	164,068
Fundraising	<u>171,011</u>	<u>-0-</u>	<u>171,011</u>
<b>TOTAL EXPENSES</b>	<u>2,090,131</u>	<u>-0-</u>	<u>2,090,131</u>
<b>CHANGE IN NET ASSETS</b>	(214,607)	(123,342)	(337,949)
<b>NET ASSETS – BEGINNING</b>	<u>1,187,493</u>	<u>165,868</u>	<u>1,353,361</u>
<b>NET ASSETS – ENDING</b>	<u>\$ 972,886</u>	<u>\$ 42,526</u>	<u>\$1,015,412</u>

See Notes to Financial Statements

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Homes Sales and Repairs	ReStore	Total Program	General and Administrative	Fundraising	Total
Payroll	\$56,711	\$124,764	\$181,475	\$82,967	\$117,770	\$382,212
Payroll Taxes	13,984	14,818	28,802	8,159	12,323	49,284
Employee Benefits	21,774	3,588	25,362	883	11,519	37,764
Vista	10,688	1,933	12,621			12,621
Facility Expenses	8,529	30,549	39,078	3,459	1,890	44,427
Construction Costs of Homes Sold	203,269	0	203,269			203,269
Auto and Truck	4,113	5,613	9,726			9,726
Homeowner Services	815		815			815
Tithe	0		0	4,000		4,000
Advertising	1,834	4,589	6,423	321	1,699	8,443
Volunteer Expense	506	12	518	3,314		3,832
Supplies	2,325	4,837	7,162	4,249	1,716	13,127
Equipment Rental	941	827	1,768	1,069	780	3,617
Insurance	9,528	10,305	19,833	2,439	679	22,951
Neighborhood Revitalization Initiative Repair Costs	29,089	0	29,089			29,089
Meetings	196	97	293	2,665	149	3,107
Postage	0		0	1,726	406	2,132
Telephone	3,887	3,399	7,286	3,210	2,421	12,917
Professional Fees	11,429	3,948	15,377	4,515	3,810	23,702
Travel and Seminars	2,261	1,873	4,134	4,406	2,476	11,016
Dues, Fees and Subscriptions	555	1,220	1,775	26,365	8,750	36,890
Fundraising	0	0	0		56,600	56,600
Bank and Merchant Fees	25	4,405	4,430	3,714	2,363	10,507
Interest Expense	19,887	38,473	58,360	5,469	4,747	68,576
Depreciation and Amortization	8,474	16,342	24,816	4,444	2,203	31,463
Mortgage Discount Expense	62,452		62,452			62,452
Other Expense	369	1,247	1,616	628		2,244
	<u>\$473,641</u>	<u>\$272,839</u>	<u>\$746,480</u>	<u>\$168,002</u>	<u>\$232,301</u>	<u>\$1,146,783</u>

See Notes to Financial Statements



**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Homes Sales and Repairs	ReStore	Total Program	General and Administrative	Fundraising	Total
Payroll	\$46,471	\$93,620	\$140,091	\$76,238	\$98,891	\$315,220
Payroll Taxes	18,563	10,256	28,819	7,973	10,729	47,521
Employee Benefits	22,088	3,934	26,022	4,036	7,458	37,516
Vista	11,217	11,217	22,434			22,434
Facility Expenses	6,946	25,309	32,255	2,325	2,237	36,817
Construction Costs of Homes Sold	876,183		876,183			876,183
Auto and Truck	6,318	3,843	10,161			10,161
Tithe			0	4,000		4,000
Advertising	1,405	7,218	8,623	666	1,616	10,905
Volunteer Expense	834	180	1,014	286		1,300
Supplies	1,109	3,862	4,971	3,211	9,721	17,903
Equipment Rental	947	328	1,275	1,210	842	3,327
Insurance	9,948	8,582	18,530	2,180	787	21,497
Neighborhood Revitalization Initiative Repair Costs	15,350		15,350			15,350
Meetings	61	65	126	988	333	1,447
Postage	15	55	70	1,463		1,533
Telephone	5,617	1,343	6,960	3,360	3,239	13,559
Professional Fees	19,212	6,482	25,694	9,803	6,457	41,954
Travel and Seminars	2,500	783	3,283	3,471	243	6,997
Dues, Fees and Subscriptions	1,121	5,879	7,000	26,089	52	33,141
Fundraising			0		19,517	19,517
Bank and Merchant Fees	7	5,738	5,745	1,550	415	7,710
Interest Expense	18,960	47,401	66,361	10,998	6,320	83,679
Depreciation and Amortization	8,677	16,240	24,917	4,221	2,154	31,292
Mortgage Discount Expense	429,168		429,168			429,168
	<u>\$1,502,717</u>	<u>\$252,335</u>	<u>\$1,755,052</u>	<u>\$164,068</u>	<u>\$171,011</u>	<u>\$2,090,131</u>

See Notes to Financial Statements

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 122,325	\$ (337,949)
Adjustments to reconcile Change in Net Assets to		
Net Cash from Operating Activities		
Home Sales	(91,727)	(717,011)
Depreciation and Amortization	31,463	31,292
Mortgage Discount	62,452	429,168
Interest Income – Mortgage Receivables	(83,971)	(72,059)
(Increase) Decrease in Assets:		
Accounts Receivable	(1,087)	11,024
Mortgages Receivables	138,352	114,971
Prepaid Expenses	6,989	(623)
Construction in Progress	(69,167)	458,169
Deposits	(4,010)	-0-
Increase (Decrease) in Liabilities:		
Accounts Payable	(32,150)	(19,687)
Accrued Expenses	(15,150)	2,360
Funds Held in Escrow	<u>(5,221)</u>	<u>4,025</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>59,098</u>	<u>(96,320)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(2,912)</u>	<u>(2,390)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(2,912)</u>	<u>(2,390)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Borrowings (Repayments) of Demand Note Payable	87,429	(10,000)
Principal Repayments of Long Term Debt	<u>(85,613)</u>	<u>(51,210)</u>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>1,816</u>	<u>(61,210)</u>
<b>CHANGE IN CASH</b>	58,002	(159,920)
<b>CASH – BEGINNING</b>	<u>163,692</u>	<u>323,612</u>
<b>CASH – ENDING</b>	<u>\$ 221,694</u>	<u>\$ 163,692</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	<u>\$ 68,576</u>	<u>\$ 83,379</u>

During the year ended June 30, 2015, \$227,555 of long term debt was refinanced with a demand note payable.

See Notes to Financial Statements

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 1. ORGANIZATION**

Habitat for Humanity of Montgomery County, Inc. (Habitat) was incorporated on January 23, 1989, under the laws of the Commonwealth of Pennsylvania as a nonprofit social service organization.

Habitat for Humanity of Montgomery County strives to end poverty housing in our community by providing an array of programs geared toward homeownership, home repair and home preservation for low-income county residents. Habitat works with individuals, organizations and faith communities to build simple, basic, decent housing and provide no-interest low payment mortgages. In addition, Habitat provides critical repairs to low-income owner-occupied homes, as well as outside preservation to improve families, neighborhoods and our county's quality of life.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation and Estimates

Habitat reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates.

Some amounts presented in the 2014 financial statements have been reclassified for comparative purposes to conform to the 2015 presentation. The reclassifications have no effect on the change for net assets in 2014.

Revenue Recognition and Construction Progress and Mortgage Receivables

Habitat receives donations to fund acquisition, construction and rehabilitation costs of houses. These costs are capitalized as construction in progress. When the house is completed, it is transferred to a qualified family and recorded as a sale of property for the mortgage balance the homeowner assumes. The mortgage balance is discounted using rates which reflect the current market conditions and recorded as mortgage discount expense. The discount is amortized over the term of the mortgage using the interest method. A provision for doubtful accounts has been recognized based upon management's review of existing receivables.

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Contributions are recognized as support in the period received or when the donor makes a promise to give that is unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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. Re store sales are recorded at the un-discount sale price and exclude sales taxes.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Financing Costs

Financing costs are being amortized using the straight-line method. Amortization expense is estimated as \$602 per year for the next five years.

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Income Taxes

Habitat is a non-profit organization that is exempt from income taxes under the provisions of Internal Revenue Code Section 501 (c) (3), and is exempt from state income taxes under the provisions of Pennsylvania Corporation Law.

Habitat has adopted current accounting principles for uncertain income tax positions which require evaluation of tax positions taken on its income tax returns and recognizing a tax asset or liability if the position would not be sustained under audit. Habitat's policy is to record interest and penalties from tax examinations as income taxes. For federal income tax purposes, the returns remain open for possible examination three years after they are filed.

Building, Equipment and Furnishings

Habitat's policy is to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, or for leasehold improvements over the life of the related lease if less than the estimated useful life. Maintenance and repairs are expensed when incurred and improvements are capitalized.

Contributed Services

Unpaid volunteers have made significant contributions of their time to Habitat's activities. However, the value of this contributed time is not reflected because they do not meet the criteria for recognition as contributed services.

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Subsequent Events

Habitat's policy is to review and evaluate subsequent events for disclosure or recognition during the period after its year-end until the date the financial statements are available to be issued, the report date of January 9, 2016.

Advertising

Advertising costs are expensed as incurred.

**NOTE 3. MORTGAGES RECEIVABLE**

Mortgages receivable consists of mortgage notes to homeowners. The mortgages are non-interest bearing and are secured by real estate. The mortgage loans are payable in monthly installments over 20, 25 or 30 year terms. Annually, management evaluates mortgage receivables and establishes an allowance for doubtful accounts based on history of past write-offs, collections and current credit considerations. Mortgages receivable at June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Mortgages receivable	\$ 2,802,213	\$ 2,848,838
Less: allowance for doubtful accounts	(24,143)	(24,143)
Less: unamortized mortgage discount	<u>(1,637,304)</u>	<u>(1,658,823)</u>
Net mortgages receivable	1,140,766	1,165,872
Less: current portion	<u>(65,532)</u>	<u>(72,313)</u>
Mortgages receivable, long-term	<u>\$ 1,075,234</u>	<u>\$ 1,093,559</u>

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 4. BUILDINGS AND EQUIPMENT**

Buildings and equipment at June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 207,937	\$ 207,937
Buildings	1,179,608	1,179,608
Furniture and fixtures	36,193	33,281
Vehicles	53,113	53,113
Tools and small equipment	<u>8,338</u>	<u>8,338</u>
	1,485,189	1,482,277
Less: accumulated depreciation	<u>(249,283)</u>	<u>(218,422)</u>
	<u>\$ 1,235,906</u>	<u>\$1,263,855</u>

**NOTE 5. DEMAND NOTE PAYABLE**

Habitat maintains a \$200,000 line of credit with a local financial institution. The line of credit is automatically renewable on an annual basis and interest is due monthly at prime. At June 30, 2015 and 2014 the balance due was \$144,984 and \$100,000, respectively.

In February 2015, Habitat obtained a commercial demand loan from Customers Bank in the amount of \$270,000 collateralized by Mortgage Receivables. Interest is payable monthly at a rate of 1% over prime. Principle is payable upon demand or by February, 2017.

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 6. LONG-TERM DEBT**

Long-term debt consists of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
In July 2013, Habitat obtained a loan from Habitat for Humanity International, Inc. in the amount of \$11,250. The loan is to be repaid in 48 monthly payments with no interest, starting January 2015.	\$ 9,846	\$ 11,250
In April, 2009, Habitat obtained a mortgage from Habitat for Humanity International, Inc. in the amount of \$145,200 to finance construction. The loan is to be repaid in 28 quarterly installments of principal and interest of \$5,241 at an annual interest rate of 5.3%. The note is secured by mortgage loans and notes receivable, all personal property, contract rights, and income relating to mortgage loans.	-0-	47,077
In February, 2010, Habitat obtained a mortgage from a nonprofit corporation in the amount of \$1,152,000 to purchase a new building. The loan is to be repaid in 300 monthly installments of principal and interest of \$7,100 at an annual interest rate of 5.5%. The note is secured by the land and a building.	1,025,062	1,053,047
In February, 2010, Habitat obtained a mortgage from a corporation in the amount of \$242,000 to purchase a new building. The loan is to be repaid in 56 monthly installments of principal and interest of \$1,638 at an annual interest rate of 7.0%. A final balloon payment of \$232,633 was due on January 19, 2015. The note was secured by the land and a building.	-0-	236,702
	1,034,908	1,348,076
Less: current portion	(32,372)	(287,603)
	<u>\$ 1,002,536</u>	<u>\$ 1,060,473</u>



**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 6. LONG-TERM DEBT (continued)**

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

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2016	\$ 32,372
2017	34,040
2018	35,802
2019	36,277
2020	36,821
Thereafter	<u>859,596</u>
	<u>\$ 1,034,908</u>

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

The Pennsylvania Housing Finance Agency (PHFA), a state agency, assumed 2 mortgages held by Habitat. Habitat is responsible for maintaining the mortgages by collecting the payments. Should a homeowner become delinquent, PHFA will require full repayment and discontinue the agreement for that mortgage. One mortgage was fully repaid and one is still currently being maintained with a June 30, 2015 balance of \$9,118 and \$10,205 on June 30, 2014.

**NOTE 8. NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Temporarily restricted net assets are available for the following purpose:

	<u>2015</u>	<u>2014</u>
General Operations	\$ -0-	\$ 10,026
Executive Director's Salary		-0-
Neighborhood Revitalization Initiative	45,997	20,000
Construction	<u>-0-</u>	<u>12,500</u>
Total	<u>\$ 45,997</u>	<u>\$ 42,526</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors, as follows:

	<u>2015</u>	<u>2014</u>
General Operations	\$ 10,026	\$ 80,000
Executive Director's Salary	-0-	11,197
Neighborhood Revitalization Initiative	175,602	19,000
Construction	<u>12,500</u>	<u>313,177</u>
Total	<u>\$ 198,128</u>	<u>\$ 423,374</u>

**HABITAT FOR HUMANITY OF MONTGOMERY COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 9.      RELATED PARTY TRANSACTION**

As described in Note 6, Habitat obtained two loans from Habitat for Humanity International, Inc. Also, Habitat donated \$4,000 and paid \$25,000 for a license fee to Habitat for Humanity International, Inc. during the years ended June 30, 2015 and June 30, 2014.