

Financial Statements

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

June 30, 2014 and 2013

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

Financial Statements

June 30, 2014 and 2013

(With Independent Auditor's Report Thereon)

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

Financial Statements

Table of Contents

Independent Auditor's Report.....	1
Financial Statements:	
Statements of Financial Position	3
Statement of Activities	
Year ended June 30, 2014	4
Statement of Activities	
Year ended June 30, 2013	5
Statement of Functional Expenses	
Year ended June 30, 2014	6
Statement of Functional Expenses	
Year ended June 30, 2013	7
Statements of Cash Flows	8
Notes to Financial Statements.....	9
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 <i>Government Auditing Standards</i>	20

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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, 2014 and 2013, 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 19, 2014 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, Tschoy, Whitcomb, Mitchell & Shuilen, LLP

September 19, 2014
Altamonte Springs, Florida

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

Statements of Financial Position

June 30, 2014 and 2013

Assets

	2014	2013
Cash and cash equivalents	\$ 823,600	756,886
Accounts receivable	4,647	4,100
ReStore inventory	63,250	52,270
Construction in process	1,218,556	189,859
Land for development	4,000	103,836
Prepaid and other assets	57,103	31,146
Mortgages receivable, net (notes 2 and 5)	2,661,582	2,164,744
Property and equipment, net (notes 3 and 5)	630,669	671,239
Assets held by Community Foundation of Central Florida, Inc. (note 4)	13,100	11,525
Deposits	8,090	14,949
Total assets	\$ 5,484,597	4,000,554

Liabilities and Net Assets

Liabilities:		
Accounts payable	\$ 185,588	26,453
Accrued expenses	221,953	163,003
Notes payable (note 5)	592,430	448,697
Total liabilities	999,971	638,153
Net assets:		
Unrestricted	4,471,526	3,350,876
Temporarily restricted	13,100	11,525
Total net assets	4,484,626	3,362,401
Total liabilities and net assets	\$ 5,484,597	4,000,554

See accompanying notes to financial statements

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

Statement of Activities

Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributed inventory and materials	\$ 1,430,796	-	1,430,796
Transfers to homeowners	1,022,567	-	1,022,567
Donations	678,221	-	678,221
Grants	332,282	-	332,282
Federal financial assistance	337,953	-	337,953
Amortization of mortgage interest	93,649	-	93,649
Special events, net of costs of \$2,688	8,352	-	8,352
Interest income	128	-	128
Other income	59,479	1,575	61,054
Contributed property	123,116	-	123,116
Net assets released from restrictions:			
Purpose restrictions satisfied	-	-	-
Total support and revenue	4,086,543	1,575	4,088,118
Expenses:			
Program services	2,382,289	-	2,382,289
Management and general	372,163	-	372,163
Fundraising	211,441	-	211,441
Total expenses	2,965,893	-	2,965,893
Increase in net assets	1,120,650	1,575	1,122,225
Net assets, beginning of year	3,350,876	11,525	3,362,401
Net assets, end of year	\$ 4,471,526	13,100	4,484,626

See accompanying notes to financial statements

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

Statement of Activities

Year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributed inventory and materials	\$ 1,335,218	-	1,335,218
Transfers to homeowners	588,750	-	588,750
Donations	83,952	-	83,952
Grants	73,400	-	73,400
Federal financial assistance	297,067	-	297,067
Amortization of mortgage interest	68,776	-	68,776
Special events, net of costs of \$706	38,568	-	38,568
Interest income	2,901	-	2,901
Other income	28,038	-	28,038
Contributed property and services	154,825	-	154,825
Net assets released from restrictions:			
Purpose restrictions satisfied	50,431	(50,431)	-
Total support and revenue	2,721,926	(50,431)	2,671,495
Expenses:			
Program services	1,784,141	-	1,784,141
Management and general	370,464	-	370,464
Fundraising	192,682	-	192,682
Total expenses	2,347,287	-	2,347,287
Increase (decrease) in net assets	374,639	(50,431)	324,208
Net assets, beginning of year	2,976,237	61,956	3,038,193
Net assets, end of year	\$ 3,350,876	11,525	3,362,401

See accompanying notes to financial statements

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

Statement of Functional Expenses

Year ended June 30, 2014

	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	\$ 775,100	-	-	775,100	-	-	-	775,100
Discounts on mortgages	437,547	-	-	437,547	-	-	-	437,547
Salaries and related costs	137,754	137,754	274,591	550,099	220,407	147,857	368,264	918,363
Advertising	-	-	22,104	22,104	-	-	-	22,104
Bank fee	-	-	15,901	15,901	-	-	-	15,901
Homeowners expenses	790	-	-	790	-	-	-	790
Tithe to Habitat International and SOSI	19,450	-	-	19,450	-	-	-	19,450
SHOP Grant payback	27,900	-	-	27,900	-	-	-	27,900
Occupancy	19,163	19,163	174,334	212,660	34,068	19,430	53,498	266,158
Telephone	4,889	4,889	9,778	19,556	8,116	4,923	13,039	32,595
Supplies	4,060	4,060	8,093	16,213	6,739	4,114	10,853	27,066
Postage	-	-	-	-	11,758	-	11,758	11,758
Printing and promotions	-	-	-	-	-	2,670	2,670	2,670
Travel	-	-	-	-	31,735	-	31,735	31,735
ReStore association fees	-	-	20,675	20,675	-	-	-	20,675
Outside services	15,292	15,292	30,483	61,067	25,386	15,498	40,884	101,951
Depreciation	-	-	30,903	30,903	5,896	-	5,896	36,799
Insurance	4,949	4,949	9,864	19,762	8,247	4,981	13,228	32,990
Vehicle	-	-	79,130	79,130	-	-	-	79,130
Interest expense	7,012	-	19,753	26,765	-	-	-	26,765
Miscellaneous	11,486	11,486	23,695	46,667	19,811	11,968	31,779	78,446
Total expenses	\$ 1,465,392	197,593	719,304	2,382,289	372,163	211,441	583,604	2,965,893

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, 2013

	Program Services				Supporting Services			Total Expenses
	Construction and Homeowner Activities	Family Support and Education	Store Operations	Total	Management and General	Fund Raising	Total	
Construction costs	\$ 374,245	-	-	374,245	-	-	-	374,245
Discounts on mortgages	304,348	-	-	304,348	-	-	-	304,348
Salaries and related costs	132,504	132,504	265,007	530,015	220,839	132,504	353,343	883,358
Homeowners expenses	620	-	-	620	-	-	-	620
Tithe to Habitat International	-	-	-	-	8,000	-	8,000	8,000
SHOP Grant payback	19,500	-	-	19,500	-	-	-	19,500
Occupancy	17,492	17,492	181,303	216,287	31,097	17,492	48,589	264,876
Telephone	5,053	5,053	10,106	20,212	8,421	5,053	13,474	33,686
Supplies	5,982	5,982	11,962	23,926	9,969	5,982	15,951	39,877
Postage	-	-	-	-	3,809	-	3,809	3,809
Printing and promotions	-	-	-	-	-	2,558	2,558	2,558
Travel	-	-	-	-	34,267	-	34,267	34,267
ReStore association fees	-	-	21,923	21,923	-	-	-	21,923
Outside services	13,389	13,389	26,776	53,554	22,314	13,389	35,703	89,257
Depreciation	-	-	45,103	45,103	5,575	-	5,575	50,678
Insurance	5,853	5,853	11,705	23,411	9,755	5,853	15,608	39,019
Vehicle	-	-	73,225	73,225	-	-	-	73,225
Interest expense	7,690	-	23,070	30,760	-	-	-	30,760
Maintenance and small tools	7,609	-	-	7,609	-	-	-	7,609
Miscellaneous	9,851	9,851	19,701	39,403	16,418	9,851	26,269	65,672
Total expenses	\$ 904,136	190,124	689,881	1,784,141	370,464	192,682	563,146	2,347,287

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, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 1,122,225	324,208
Adjustments to reconcile change in net assets to cash provided by (used in) operations:		
Transfers to homeowners	(585,020)	(335,699)
Depreciation	36,799	50,678
Amortization of discount mortgage loans	(93,649)	(68,776)
Donated property	(121,256)	(69,299)
Change in operating assets and liabilities/net of effects from acquisition of Habitat Apopka:		
Accounts receivable	(547)	97,996
ReStore inventory	(10,980)	-
Land for development	99,836	-
Houses owned by Affiliate	39,900	-
Construction in process	(947,341)	(68,283)
Prepaid and other assets	(19,098)	6,155
Assets held by Community Foundation of Central Florida	(1,575)	(2,669)
Accounts payable	159,135	6,883
Accrued expenses	58,950	75,343
Cash provided by (used in) operating activities	(262,621)	16,537
Cash flows from investing activities:		
Mortgage payments received	181,831	123,832
Purchase of property and equipment	(16,229)	(64,999)
Proceeds from sale of equipment	20,000	-
Cash provided by investing activities	185,602	58,833
Cash flows from financing activities:		
Payments received on note receivable	-	134,215
Proceeds from long-term debt	544,600	-
Payments on long-term debt	(400,867)	(104,174)
Cash provided by financing activities	143,733	30,041
Net increase in cash and cash equivalents	66,714	105,411
Cash at beginning of year	756,886	651,475
Cash at end of year	\$ 823,600	756,886
Supplemental cash flow information:		
Cash paid for interest	\$ 26,765	30,760
Issuance of non-interest bearing mortgage loans	\$ 1,022,567	588,750

See accompanying notes to financial statements

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

Notes to Financial Statements

June 30, 2014 and 2013

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Habitat for Humanity in Seminole County and Greater Apopka, Florida, Inc. (Habitat or Organization) is a not-for-profit corporation organized in the State of Florida in June 1991. The Organization is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), a nondenominational Christian not-for-profit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support and in other ways, the Organization is primarily and directly responsible for its own operation in Seminole County, Florida. The Organization also operates 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, 2014 and 2013

(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, 2014, in-kind contributions consisted of donated inventory, materials and supplies valued at \$1,430,796 and was recorded as inventory and revenue to be sold in the two ReStores. Sales of donated inventory during the year were \$1,419,816. The result is a net increase in inventory for the year of \$10,980. The donated ReStore items are recorded at fair value as determined by Management using factors such as sales and inventory turnover.

(e) Mortgages Receivable and Allowance for Losses

Mortgages receivable consist of loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off and generally are reported at their outstanding unpaid principal balances (adjusted for charge-offs and allowance for mortgage receivable losses, if any).

The allowance for mortgage receivable losses, if needed, is established through a provision for mortgage receivable losses charged to earnings. Mortgage receivable losses are charged against the allowance when management believes the uncollectability of a mortgage receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for mortgage receivable losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the mortgage portfolio. The amount of the allowance is based on management's evaluation of the collectability of the mortgage portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired loans, economic conditions, and other risks inherent in the portfolio.

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

Notes to Financial Statements

June 30, 2014 and 2013

(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 values ranging from 6% to 14% based upon prevailing market rates at the inception of the mortgage obligations. Discounts are amortized using the effective interest method over the lives of the mortgages.

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

Notes to Financial Statements

June 30, 2014 and 2013

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

(i) 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.

(j) 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.

(k) 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.

(l) 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.

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

Notes to Financial Statements

June 30, 2014 and 2013

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

(m) 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, 2014, 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 2011 to 2013 are open to examination by federal authorities.

(n) Concentration of Credit Risks

Financial instruments, which potentially expose the Organization to concentrations of credit risk, consist principally of bank deposits. The Organization's policy is to place its deposits with high quality financial institutions. The Organization holds its cash and equivalents and certificates of deposit with institutions insured by the FDIC. These funds are insured subject to FDIC limits.

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

Notes to Financial Statements

June 30, 2014 and 2013

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

(n) Concentration of Credit Risks (Continued)

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.

(o) 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.

(p) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through September 19, 2014, 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, 2014 and 2013

(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:

	2014	2013
First mortgages receivable (remaining face value)	\$ 4,627,162	3,880,948
Less: unamortized discounts (5-14% imputed interest)	(1,965,580)	(1,716,204)
	\$ 2,661,582	2,164,744

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, 2014, the principal balances due on the mortgages were scheduled to be received as follows:

Year Ended June 30,	Mortgage Payment
2015	\$ 111,712
2016	115,015
2017	113,236
2018	113,375
2019	113,541
Thereafter	2,094,703
Total	\$ 2,661,582

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

Notes to Financial Statements

June 30, 2014 and 2013

(3) Property and Equipment

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

	<u>2014</u>	<u>2013</u>
Land	\$ 133,128	133,128
Buildings	682,743	682,743
Fixtures and equipment	125,885	162,617
Vehicles	31,126	31,126
	<u>972,882</u>	<u>1,009,614</u>
Less accumulated depreciation	<u>(342,213)</u>	<u>(338,375)</u>
	<u>\$ 630,669</u>	<u>671,239</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$36,779 and \$50,678, respectively.

(4) Community Foundation of Central Florida, Inc. Endowment

The Organization has established an endowment with the Community Foundation of Central Florida, Inc. This endowment will provide a permanent source of income for Habitat for Humanity in Seminole County, Florida, Inc. Future income may be withdrawn or added to the principal balance of the endowment at the Organization's discretion. The Organization's endowment is carried as an asset in the accompanying statements of financial position.

The Board of Directors of the Community Foundation of Central Florida, Inc. shall have the power to modify or eliminate any restriction, limitation, or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations, if the Board of Directors determines that such restriction, limitation or condition becomes by material and significant change of circumstances in effect unnecessary, in capable of fulfillment, or inconsistent with the proper charitable, religious, scientific, literary, cultural or educational uses and purposes of the Central Florida area.

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

Notes to Financial Statements

June 30, 2014 and 2013

(5) Notes Payable

Notes payable consist of the following at June 30,:

	2014	2013
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.	\$ 60,272	69,114
Mortgage payable, with monthly payments of principal and interest of \$2,828, at 5.75%, is payable with a final balloon payment August 29, 2021. This loan is collateralized by the Thrift Store Building.	-	379,583
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.	377,558	-
Line of credit payable to bank with maximum borrowings of \$300,000, interest payable monthly at 5%, payable January 30, 2016.	154,600	-
	\$ 592,430	448,697

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

Year Ended June 30,	
2015	\$ 28,606
2016	182,885
2017	29,845
2018	31,492
Thereafter	319,602
	\$ 592,430

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

Notes to Financial Statements

June 30, 2014 and 2013

(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, 2014 and 2013, the Organization contributed \$4,450 and \$8,000, respectively. During the year ended June 30, 2014, 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, 2014 and 2013, the Organization paid ReStore Association fees of \$20,675 and \$21,923, respectively.

(7) Operating Lease Commitments

The Organization leases its administrative office, a restore and office equipment under non-cancelable operating leases. Rental expense under this lease amounted to approximately \$200,000 for the year ended June 30, 2014. The following is a schedule by years of future minimum rentals under the leases:

<u>Year Ended June 30,</u>	
2015	\$ 174,428
2016	145,354
2017	74,701
	<u>\$ 394,483</u>

(8) Related Party Transactions

The Organization pays a board member's corporate entity to rent 1200 square feet of office space for its administrative staff. For the year ending June 30, 2014 and 2013, the Organization paid \$35,027 and \$36,717, 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, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2014.

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, Tscheng, Whittemt, Mitchell & Shuidan, LLP

Altamonte Springs, Florida
September 19, 2014