

HABITAT FOR HUMANITY OF FLORIDA, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2018





FINANCIAL STATEMENTS

JUNE 30, 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
<i>FINANCIAL STATEMENTS</i>	
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS.....	7-13
SUPPLEMENTARY INFORMATION	
SCHEDULE OF CCTCP ASSESSMENTS	14-15



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Habitat for Humanity of Florida, Inc.
Clearwater, Florida

We have audited the accompanying financial statements of Habitat for Humanity of Florida, Inc. (a Not-for-Profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows 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 from 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 Florida, Inc. as of June 30, 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of CCTCP Assessments is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Habitat for Humanity of Florida, Inc.'s management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink, appearing to read "Anthony C. A. P.A.", is located below the main text.

Tampa, Florida
October 3, 2018

**HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

ASSETS

Current assets	
Cash and cash equivalents	\$ 318,076
Accounts receivable, net of allowance for doubtful accounts of \$10,704	12,948
Prepaid expenses and other assets	<u>2,898</u>
Total current assets	333,922
Property and equipment, net	<u>103</u>
Total assets	<u>\$ 334,025</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 22,640
Deferred revenue	37,925
Agency payable	<u>10,417</u>
Total liabilities	<u>70,982</u>
Net Assets	
Unrestricted net assets	144,058
Temporarily restricted net assets	<u>118,985</u>
Total net assets	<u>263,043</u>
Total liabilities and net assets	<u>\$ 334,025</u>

See independent auditor's report and accompanying notes to the financial statements.

**HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Affiliate assessments and dues			
CCTCP assessment	\$ 285,706	\$ -	\$ 285,706
Annual dues	27,250	-	27,250
Total affiliate assessments and dues	<u>312,956</u>	<u>-</u>	<u>312,956</u>
Technical assistance and consulting revenue	<u>22,276</u>	<u>-</u>	<u>22,276</u>
Public support			
Contributions	5,774	145,640	151,414
In-kind contributions	5,499	-	5,499
Total public support	<u>11,273</u>	<u>145,640</u>	<u>156,913</u>
Net assets released from restrictions	<u>26,655</u>	<u>(26,655)</u>	<u>-</u>
Total revenue and support	<u>373,160</u>	<u>118,985</u>	<u>492,145</u>
EXPENSES			
Program services	125,344	-	125,344
Supporting services	187,406	-	187,406
Total expenses	<u>312,750</u>	<u>-</u>	<u>312,750</u>
Change in net assets	60,410	118,985	179,395
Net assets, beginning of year	<u>83,648</u>	<u>-</u>	<u>83,648</u>
Net assets, end of year	<u>\$ 144,058</u>	<u>\$ 118,985</u>	<u>\$ 263,043</u>

See independent auditor's report and accompanying notes to the financial statements.

**HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Hurricane Relief Funds</u>	<u>Advocacy</u>	<u>Software Consulting and Training</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Personnel and fringe benefits	\$ 18,761	\$ 23,764	\$ 15,714	\$ 58,239	\$ 140,301	\$ 198,540
Other expenses						
Professional fees	-	28,106	-	28,106	3,123	31,229
Contributions	24,221	-	-	24,221	1,000	25,221
Rent	2,054	2,601	1,720	6,375	15,357	21,732
Travel	-	3,737	676	4,413	4,547	8,960
Computer software and repairs	-	-	1,226	1,226	5,844	7,070
Printing and supplies	21	170	81	272	5,327	5,599
Meals and entertainment	-	309	1,259	1,568	1,664	3,232
Utilities	298	377	249	924	2,228	3,152
Insurance	-	-	-	-	2,749	2,749
Other	-	-	-	-	4,965	4,965
Total expenses before other non-cash items	<u>45,355</u>	<u>59,064</u>	<u>20,925</u>	<u>125,344</u>	<u>187,105</u>	<u>312,449</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301</u>	<u>301</u>
Total functional expenses	<u>\$ 45,355</u>	<u>\$ 59,064</u>	<u>\$ 20,925</u>	<u>\$ 125,344</u>	<u>\$ 187,406</u>	<u>\$ 312,750</u>

See independent auditor's report and accompanying notes to the financial statements.

**HABITAT FOR HUMANITY OF FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 179,395
Adjustments to reconcile increase in net assets to net cash flows from operating activities:	
Bad debt (recovery)	(2,234)
Depreciation	301
Changes in operating assets and liabilities:	
Accounts receivable, net	14,854
Prepaid expenses and other assets	762
Accounts payable and accrued expenses	11,141
Prepaid annual dues	(8,000)
Deferred revenue	37,925
Agency payable	4,804
Net cash flows from operating activities	<u>238,948</u>
 NET CHANGE IN CASH	 238,948
Cash and cash equivalents, beginning of year	79,128
Cash and cash equivalents, end of year	<u>\$ 318,076</u>

See independent auditor's report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 NATURE OF ORGANIZATION

Habitat for Humanity of Florida, Inc. (the "Organization" or "Habitat Florida") was incorporated in June 2009 as a Not-for-Profit ("NFP") corporation operating in the State of Florida. Habitat Florida is a formal State Support Organization ("SSO") of Habitat for Humanity International, Inc. ("Habitat International").

Habitat Florida's programs and services are designed and developed to meet the expressed needs of Habitat for Humanity affiliates in Florida ("Florida Affiliates") by offering a central place for Florida Affiliates to carry out the variety of functions needed to provide a unified voice, garner statewide attention, solicit group discounts, solicit statewide funding opportunities, advocate for legislative change, facilitate training opportunities, and more. Habitat Florida participates in the SSO Alliance, a national organization of Habitat SSOs who meet regularly to share program ideas, to help develop Florida Affiliates.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other assets and liabilities.

Basis of Presentation

The Organization has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic, *Not-for-Profit Organizations 958* ("ASC 958"). Under ASC 958, the Organization is required to report 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment with costs greater than \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of assets. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Agency Transactions

The Organization identifies agency transactions as those in which it serves as an intermediary between a donor and a recipient. With no discretion over the use of the funds, Habitat Florida assists the donor in making a contribution to the intended beneficiary. In such transactions, Habitat Florida does not receive a contribution when it receives the assets, nor does it make a contribution when it disburses the assets to the beneficiary. Instead, the Organization records a liability, referred to as an agency payable, when the funds are received. Upon the subsequent disbursement of the funds to the beneficiary, the Organization reduces the liability.

Net Assets

The Organization's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions, (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently.

The unrestricted net assets consist of operating funds available for any purpose authorized by the Board of Directors (the "Board").

Temporarily restricted net assets consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent or when the gift would be due. As of June 30, 2018, the Organization had approximately \$119,000 of temporarily restricted net assets.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor. As of June 30, 2018, the Organization had no permanently restricted net assets.

Revenue Recognition

The Organization receives and recognizes revenue from the following sources:

Affiliate Assessments and Dues

The Organization levies an assessment on each Florida Affiliate that participates in the Community Contribution Tax Credit Program ("CCTCP"), a program run by the State of Florida. The CCTCP assessment is used, in part, to provide funds for the Organization to advocate on behalf of the affiliates on the CCTCP and other related State-run programs. The amount of the assessment is based on the affiliates' contributions received from outside donors through the CCTCP. Habitat Florida recognizes the assessment upon the State's receiving and approving the donor-submitted tax credit application. The Organization assessed the Florida Affiliates 1% of donor contributions for CCTCP tax credits that were approved by the State between July 1, 2017 and December 31, 2017. Donor contributions for CCTCP tax credits approved by the State between January 1, 2018 and June 30, 2018 were assessed at 2%.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Additionally, each Florida Affiliate is also subject to an annual dues assessment of either \$250 or \$500, depending on its size. These assessments are used to assist in providing funds for the Organization's operating expenses. The Organization recognizes the annual assessment ratably throughout the fiscal year.

Technical Assistance and Consulting Revenue

The Organization provides technical assistance and consulting services to Florida Affiliates and Habitat International. Revenue is recognized when the services are rendered.

Public Support Contributions

Gifts and contributions are recorded at their fair market value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories.

In-Kind Services

GAAP requires recognition of contributed services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee.

Accounts receivable represents amounts due from Florida Affiliates and Habitat International for services rendered and assessments levied by the Organization through June 30, 2018. The Organization uses historical collection data as its basis to determine an appropriate allowance for doubtful accounts.

The Organization recognizes contributions of cash or other assets as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction when a donor restriction expires, stipulated time restriction ends, or purpose restriction is accomplished. A receivable is recognized by the Organization for contributions to be received from the grantor or donor. As of June 30, 2018, there were no contributions receivable.

Resources received in exchange transactions for programs or other events that did not take place by the end of the fiscal year are recorded as deferred revenue to the extent that the earnings process has not been completed. This liability represents the Organization's obligation to hold the event and the Organization recognizes the revenue once the program is held.

Concentration of Credit Risk

The Organization maintains bank accounts with balances which, at times, may exceed federally insured limits. As of June 30, 2018, the Organization's uninsured balance was approximately \$69,000. The Organization manages this risk by maintaining accounts at financially sound institutions.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Functional Expenses

The costs of providing various services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Costs that are directly related to the Organization's specific purpose have been recorded as a direct expense and included as program services. Certain costs have been allocated among program and supporting services based on a percentage of direct labor.

Federal Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the accompanying financial statements. Management has evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB Accounting Standards Codification. With few exceptions, the Organization is subject to income tax examinations by the U.S. federal or state tax authorities for up to three years after tax returns are filed.

New Accounting Pronouncements

1. In May 2014, ASU No. 2014-09, "*Revenue from Contracts with Customers*" ("ASU 2014-09") was issued. The amendments in ASU 2014-09 affect any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in ASC 605, "*Revenue Recognition*," and most industry-specific guidance.

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017. The Organization will adopt this new standard effective for the fiscal year ending June 30, 2019 and shall disclose qualitative and quantitative information on all of the following in regard to our contracts with customers:

- a. Revenue recognized from contracts with customers.
- b. Any impairment losses recognized on any receivables or contract assets arising from the firm's contracts with customers.
- c. The opening and closing balances of receivables, contract assets, and contract liabilities from contracts with customers.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

- d. Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period.
- e. Revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.
- f. Significant changes in the contract asset or liability balances during the reporting period.
- g. Performance obligation in contracts with customers

At this time, it is not known nor can it be reasonably estimated what the impact of this standard's adoption will have on the Organization. Management believes the effect on current accounting policies will be immaterial as the current accounting for revenue from customer contracts does not materially differ from the new standard.

2. In August 2016, ASU No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" ("ASU 2016-14") was issued. The amendments in ASU 2016-14 affect NFPs and the users of their general-purpose financial statements. These amendments are intended to improve the current net asset classification requirements and the information presented in financial statements and notes about a NFP's liquidity, financial performance, and cash flows. This ASU will supersede the financial statement presentation requirements in ASC 958 and most industry-specific guidance.

ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. Habitat Florida will adopt this new standard effective for the fiscal year ending June 30, 2019.

At this time, it is not known nor can it be reasonably estimated what the impact of this standard's adoption will have on the Organization. Management believes the effect on current accounting policies will be immaterial as the presentation of the Organization's current financial statements does not materially differ from the new standard.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through October 3, 2018; the date the financial statements were available for issue.

NOTE 3 ACCOUNTS RECEIVABLE

It is the Organization's policy to withhold benefits from Florida Affiliates, with seriously delinquent receivable balances. As of June 30, 2018, the Organization had gross assessments receivable of approximately \$24,000. It is the opinion of management that approximately \$11,000 of the receivable balance should be reserved for in an allowance for doubtful accounts, resulting in a net accounts receivable balance of approximately \$13,000 as of June 30, 2018.

HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018:

Computer equipment	\$ 1,506
Less: accumulated depreciation	<u>(1,403)</u>
	<u>\$ 103</u>

NOTE 5 DEFERRED REVENUE

During the year ended June 30, 2018, the Organization received advanced payments for the registration and sponsorship of a conference held after year-end. As of June 30, 2018, the advanced payments, which totaled approximately \$38,000, are recorded as deferred revenue on the Statement of Financial Position.

NOTE 6 AGENCY PAYABLE

Habitat Florida served as an intermediary for certain cash donations received during the year ended June 30, 2018. The beneficiaries of these funds, as intended by the donor, were the Florida Affiliates, each of which was to receive an equal portion of the donation. Of the amounts donated, approximately \$10,000 had not been disbursed to the Florida Affiliates as of June 30, 2018 and are recorded as agency payables on the Statement of Financial Position.

NOTE 7 HURRICANE RELIEF CONTRIBUTIONS

During the year ended June 30, 2018, the Organization received approximately \$146,000 of temporarily restricted contributions to be used toward the administering of hurricane relief. The Organization's Board made the decision to use these funds to reimburse Florida Affiliates who assisted in the renovation and construction of qualifying homes that were damaged by hurricanes. As of June 30, 2018, approximately \$27,000 of the hurricane relief contributions had been expended and released from restrictions.

NOTE 8 COMMITMENTS

In an effort to further Habitat Florida's mission, the Organization has entered into several contractual agreements, generally cancelable with 7 to 30 days written notice, with outside vendors and service providers.

NOTE 9 OPERATING LEASES

In April 2018, the Organization entered into an agreement to lease office space for a period beginning May 1, 2018 and ending April 30, 2020 at no charge. As such,

**HABITAT FOR HUMANITY OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Habitat Florida has recorded approximately \$5,000 of in-kind contribution revenue and rent expense on the statement of activities and statement of functional expenses, respectively, which represents the fair market value of the leased office space for the fiscal year ended June 30, 2018. Under the terms of the lease, the Organization is generally responsible for repairs and maintenance costs.

The Organization is not responsible for any future minimum lease payments.

SUPPLEMENTARY INFORMATION

**HABITAT FOR HUMANITY OF FLORIDA, INC.
SCHEDULE OF CCTCP ASSESSMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Affiliate Name</u>	<u>Amount</u>
Collier County	\$ 61,594
Greater Miami	35,636
Lee & Hendry Counties	21,345
Pinellas County	17,915
Pensacola & Northwest FL Community Housing Development	15,145
Greater Orlando	13,950
Jacksonville	13,903
South Palm Beach County	10,790
Beaches	9,248
Indian River County	8,275
Hillsborough County	7,465
Walton County	6,957
Citrus County	6,305
Seminole County & Greater Apopka	6,020
Charlotte County	5,978
Lake-Sumter, Florida, Inc.	5,838
Middle Keys	4,900
Flagler County	4,875
Martin County	2,910
Alachua County	2,820
Highlands County	2,488
Broward County	2,275
Southeast Volusia County	2,015
Manatee County	1,975
Greater Volusia	1,630
Okaloosa County	1,570
Bay County	1,523
St. Lucie	1,475
Brevard	1,200
Big Bend	1,150
Hernando County	1,143
Sarasota County	915
Palm Beach County	895
South Sarasota County	811
Putnam County	665
West Pasco County	615
St. Augustine/ St. Johns County	570
Chipola Area	500
East & Central Pasco Co.	422
	<u>\$ 285,706</u>

See independent auditor's report and accompanying notes to the financial statements.