

**HABITAT FOR HUMANITY
OF LA PLATA COUNTY, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity of La Plata County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Habitat for Humanity of La Plata County, Inc., which comprise the statement of financial position as of June 30, 2014, 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.

Auditors' 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 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 La Plata County, Inc., as of June 30, 2014, 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 Summarized Comparative Information

We have previously audited the Habitat for Humanity of La Plata County, Inc.'s 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 30, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bauerle and Company, P.C.

Bauerle and Company, P.C.
Denver, Colorado

October 2, 2014

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(With Comparative Totals as of June 30, 2013)

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash - Unrestricted	\$ 201,858	\$ 31,107
Cash - Restricted	1,690	9,704
Total Cash	<u>203,548</u>	<u>40,811</u>
Pledges and Accounts Receivable	16,719	600
Current Portion of Mortgages Receivable - Net	31,490	19,403
Employee Advances and Other	3,252	2,019
Construction-in-Progress	<u>87,204</u>	<u>174,708</u>
Total Current Assets	<u>342,213</u>	<u>237,541</u>
PROPERTY AND EQUIPMENT - AT COST		
Leasehold Improvements	65,360	65,360
Vehicles	48,559	44,924
Equipment and Furniture	<u>18,481</u>	<u>20,514</u>
	132,400	130,798
Less: Accumulated Depreciation	<u>92,843</u>	<u>72,637</u>
Property and Equipment - Net	<u>39,557</u>	<u>58,161</u>
LONG-TERM ASSETS		
Long-Term Portion of Mortgages Receivable - Net	<u>781,121</u>	<u>738,880</u>
TOTAL ASSETS	<u>\$ 1,162,891</u>	<u>\$ 1,034,582</u>

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 3,490	\$ 71,919
Notes Payable - Due Within One Year	45,730	30,087
Accrued Payroll Liabilities	8,160	8,494
Other Accrued Liabilities	<u>2,480</u>	<u>2,930</u>
 Total Current Liabilities	59,860	113,430
LONG-TERM LIABILITIES		
Notes Payable - Due After One Year	<u>194,297</u>	<u>144,042</u>
 Total Liabilities	<u>254,157</u>	<u>257,472</u>
NET ASSETS		
Unrestricted	898,734	777,110
Temporarily Restricted	<u>10,000</u>	<u>-</u>
 Total Net Assets	<u>908,734</u>	<u>777,110</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,162,891</u>	<u>\$ 1,034,582</u>

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
REVENUES AND SUPPORT				
Operating Revenues:				
Sale to Homeowners	\$ 470,006	\$ -	\$ 470,006	\$ 463,770
Mortgage Discount Amortization	157,916	-	157,916	50,263
Outlet Store Revenue	309,442	-	309,442	297,258
Proceeds from Second Mortgage	70,369	-	70,369	66,700
Rental Income	250	-	250	2,750
Miscellaneous Income	3,390	-	3,390	3,493
Gain on Sale of Lots	-	-	-	3,733
(Loss) on Sale of Assets	(1,096)	-	(1,096)	-
Total Operating Revenues	<u>1,010,277</u>	<u>-</u>	<u>1,010,277</u>	<u>887,967</u>
Support:				
Contributions	14,221	47,143	61,364	42,483
Grants	1,915	48,500	50,415	73,175
Donated Services and Materials	35,656	-	35,656	1,253
Special Events Income	33,144	-	33,144	52,915
Total Support	<u>84,936</u>	<u>95,643</u>	<u>180,579</u>	<u>169,826</u>
Net Assets Released from Restrictions	<u>85,643</u>	<u>(85,643)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>1,180,856</u>	<u>10,000</u>	<u>1,190,856</u>	<u>1,057,793</u>
EXPENSES				
Program Services	719,491	-	719,491	874,927
Outlet Store	258,206	-	258,206	247,004
Fundraising	43,683	-	43,683	75,936
Management and General	37,852	-	37,852	41,325
TOTAL EXPENSES	<u>1,059,232</u>	<u>-</u>	<u>1,059,232</u>	<u>1,239,192</u>
CHANGE IN NET ASSETS	121,624	10,000	131,624	(181,399)
NET ASSETS - BEGINNING OF YEAR	<u>777,110</u>	<u>-</u>	<u>777,110</u>	<u>958,509</u>
NET ASSETS - END OF YEAR	<u>\$ 898,734</u>	<u>\$ 10,000</u>	<u>\$ 908,734</u>	<u>\$ 777,110</u>

The accompanying notes are an integral part of the financial statements.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

(With Comparative Totals for the Year Ended June 30, 2013)

	Program Services	Outlet Store	Fundraising	Management and General	Total 2014	Total 2013
Expenses:						
Advertising, Printing, and Publication	\$ 776	\$ 7,384	\$ 259	\$ -	\$ 8,419	\$ 8,507
Bank and Credit Card Fees	174	4,941	22	23	5,160	5,238
Conferences, Meals, and Entertainment	1,880	-	868	867	3,615	1,275
Construction Costs	439,678	-	-	-	439,678	526,135
Depreciation	6,878	13,827	366	73	21,144	16,138
Dues and Subscriptions	830	-	830	-	1,660	1,548
Education and Training	64	-	-	-	64	619
Employee Benefits	4,086	1,058	1,104	331	6,579	7,685
Insurance	3,302	5,154	393	236	9,085	9,336
Interest Expense	8,034	644	424	-	9,102	4,194
Licenses and Fees	3,201	-	-	-	3,201	2,184
Mortgage Discount Related Costs	172,216	-	-	-	172,216	207,664
Office Expenses	3,020	10,662	3,020	671	17,373	16,474
Payroll Taxes	3,237	12,888	3,329	2,682	22,136	25,188
Professional Fees	9,562	-	531	531	10,624	9,631
Rent	15,499	57,925	2,906	969	77,299	75,489
Salaries and Wages	33,206	124,657	19,798	31,413	209,074	269,699
Special Events Expenses	-	-	8,929	-	8,929	11,422
Telephone and Utilities	4,783	12,488	788	56	18,115	18,203
Tithe	6,870	-	-	-	6,870	12,511
Vehicles Expenses	-	6,578	-	-	6,578	6,979
Volunteer and Event Expenses	2,195	-	116	-	2,311	3,073
TOTAL EXPENSES	\$ 719,491	\$ 258,206	\$ 43,683	\$ 37,852	\$ 1,059,232	\$ 1,239,192

The accompanying notes are an integral part of the financial statements.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 131,624	\$ (181,399)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	21,144	16,138
Loss on Sale of Assets	1,096	-
Mortgage Discount Amortization	(157,916)	(55,662)
Mortgage Receivable Exchanged for Property	137,412	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Grants Receivable	-	6,413
Pledges and Accounts Receivable	(16,119)	(600)
Employee Advances and Other	(1,233)	(1,719)
Property Held for Sale	-	181,415
Construction-in-Progress	87,504	10,791
Increase (Decrease) in:		
Accounts Payable	(68,429)	47,345
Deferred Revenue	-	(10,000)
Other Accrued Liabilities	(784)	(1,075)
Net Cash Provided By Operating Activities	<u>134,299</u>	<u>11,647</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase of) Property and Equipment	(3,634)	(27,493)
Mortgage Loans Made - Net of Discount to Net Present Value	(170,181)	(220,572)
Mortgage Payments Received	136,355	75,284
Net Cash (Used In) Investing Activities	<u>(37,460)</u>	<u>(172,781)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Notes Payable	106,675	164,250
(Payments on) Notes Payable	(40,777)	(15,261)
Net Cash Provided By Financing Activities	<u>65,898</u>	<u>148,989</u>
NET INCREASE (DECREASE) IN CASH	162,737	(12,145)
CASH AT BEGINNING OF YEAR	<u>40,811</u>	<u>52,956</u>
CASH AT END OF YEAR	<u>\$ 203,548</u>	<u>\$ 40,811</u>
<u>SUPPLEMENTAL DISCLOSURE:</u>		
Interest Paid	<u>\$ 9,102</u>	<u>\$ 4,194</u>

The accompanying notes are an integral part of the financial statements.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

1 Summary of Significant Accounting Policies.

Nature of Organization. The Organization is a non-profit, tax-exempt Organization formed to construct and renovate homes with and for people in need. The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended; accordingly, a provision for income taxes has not been made. The Internal Revenue Service has determined the Organization is not a private foundation.

The Organization operates a Habitat for Humanity ReStore (the "ReStore"), a retail operation, where home furnishings, appliances, and other miscellaneous items are donated and then sold to the community at reduced prices. Revenue is recognized by the Organization at the time the goods are sold; therefore, no value for the Restore inventory is included in these financial statements.

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

Comparative Financial Information. The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. The prior year presentation does not include sufficient detail to constitute a presentation in conformity with Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Financial Statement Presentation. Financial statement presentation follows the requirements under Generally Accepted Accounting Principles for Not-for-Profit Organizations. Under this presentation, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Unrestricted net assets come primarily from donations, grants, outlet store revenue, sales to homeowners, and contributions, and are used by the Organization for program or supporting services. Temporarily restricted net assets are those net assets whose use has been limited by donors to later periods of time, after specified dates or to specified purposes. Permanently restricted net assets must be maintained in perpetuity.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

1 Summary of Significant Accounting Policies. (Continued)

Contributions. The Organization records unconditional contributions in accordance with the requirements of Generally Accepted Accounting Principles for Not-for-Profit Organizations. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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.

Recognition of Revenue and Support. The Organization reports unconditional gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When the purpose of the 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.

Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. Assets received with a conditional promise for use of those assets are accounted for as refundable advances, until the conditions on which they depend are substantially met.

Donations of assets are recorded at estimated fair market value.

Grants are reported as revenue at the time the grant is obtained.

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

Cash Equivalents. For purpose of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments. The Organization's financial instruments include cash and cash equivalents, receivables, accounts payable, and short-term borrowings. The fair value of these financial instruments approximates their carrying amounts based on current market indicators such as prevailing interest rates and their nearness to maturity.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

1 Summary of Significant Accounting Policies. (Continued)

Donated Services. Donated services are recognized as contributions in accordance with Generally Accepted Accounting Principles for Not-for-Profit Organizations, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended June 30, 2014 and 2013, the Organization received and recognized \$1,842 and \$82, respectively, of donated professional services. Volunteers also provided assistance with specific programs and fund-raising events throughout the year that were not recognized as contributions in the financial statements because the recognition criteria were not met.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Program activities are those that are conducted in accordance with the Organization's nature of operations and certain necessary costs. Management and general activities are those that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to an organization's existence. Fundraising activities involve inducing potential donors to contribute money, securities, services, materials, facilities, other assets, or time. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property and Equipment. Property and equipment is carried at cost or fair market value at date of contribution. Property and equipment acquired with an estimated useful life in excess of one year is capitalized and depreciated using the straight-line method over the estimated useful lives of the assets.

Donations of assets are recorded at estimated fair market value. Long-lived assets are recorded without implying a time restriction, therefore increasing unrestricted net assets at the fair market value in the year which the assets are received.

Concentration of Credit Risk. Financial instruments that potentially subject the Organization to credit risk consist primarily of the following:

Cash. From time to time, the Organization may maintain cash balances in a financial institution in excess of the FDIC limit. To mitigate this exposure, the Organization chooses to maintain separate bank accounts for exclusive use with specific grants and programs. The funds in these accounts are restricted to be disbursed only as stipulated by the donors. The balance in these accounts at June 30, 2014 and 2013, was \$1,690 and \$9,704, respectively.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

1 Summary of Significant Accounting Policies. (Continued)

Mortgages Receivable. The Organization constructs homes to be sold with interest-free mortgages. These mortgages are discounted based upon the prevailing market interest rates at the inception of the mortgage. The rates determined by the IRS used to discount the mortgages funded for the years ended June 30, 2014 and 2013, were 7.58% and 7.39%, respectively. The discounts are amortized over the life of the mortgages on a straight-line basis. From time to time, the Organization may sell mortgages rather than hold them to term. In this situation, the gain or loss on sale of the mortgages is recorded in the year in which the mortgage is sold.

Construction-in-Progress. All costs incurred in constructing a home are capitalized. These costs include donated goods and services associated with the individual project. These accumulated costs are not subject to depreciation.

Income Tax Status. The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

In accordance with Generally Accepted Accounting Principles, a private entity is required to disclose any material uncertain tax positions that management believes does not meet a "more-likely-than-not" standard of being sustained under an income tax audit, and to record a liability for any such taxes including penalty and interest. Management of the Organization has not identified any uncertain tax positions that require the recording of a liability mentioned above or further disclosure. The years still open for income tax examinations are June 30, 2011 through 2014.

Advertising. The Organization uses advertising to promote among the audience it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$8,419 and \$8,507, respectively, during the years ended June 30, 2014 and 2013.

Reclassifications. Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events. In preparing its financial statements, the Organization has evaluated subsequent events through October 2, 2014, which is the date the financial statements were available to be issued. Management of the Organization has not identified any material subsequent events that require reporting or disclosure.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

2 Property and Equipment.

Property and equipment, net of accumulated depreciation, consisted of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Leasehold Improvements	\$ 18,874	\$ 32,546
Vehicles	20,047	23,443
Equipment and Furniture	636	2,172
	<u>\$ 39,557</u>	<u>\$ 58,161</u>

Depreciation expense charged to operations for the years ended June 30, 2014 and 2013, was \$21,144 and \$16,138, respectively.

3 Mortgages Receivable.

Mortgages receivable at June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Mortgage Loans Receivable	\$ 1,649,208	\$ 1,603,974
Related Discounts	(836,597)	(845,691)
Total Mortgages Receivable	812,611	758,283
Less: Current Portion, Net of Discounts	(31,490)	(19,403)
Net Long-Term Mortgages Receivable	<u>\$ 781,121</u>	<u>\$ 738,880</u>

The following are future maturities of the mortgages receivable for the years ending June 30:

2015	\$ 92,966
2016	92,966
2017	92,966
2018	92,966
2019	92,966
2020 and Beyond	<u>1,184,378</u>
	<u>\$ 1,649,208</u>

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

3 Mortgages Receivable. (Continued)

At June 30, 2014 and 2013, the Organization had seventeen outstanding mortgage receivables with applicable discount rates ranging from 7.39% to 8.34%. The discount rates are set by Habitat for Humanity International based on the annual simple average of the rates published by the Internal Revenue Service under 2011-5 Section 42(B)(2) for buildings placed into service during the period. The rate in effect at the time the loan is made, is the rate that is used to discount the mortgage. During the years ended June 30, 2014 and 2013, the Organization funded two and three new mortgages, respectively, in the amounts of \$319,000 and \$433,720, respectively. When the mortgages are funded, the discount to net present value is calculated and expensed. Mortgage discount expense for the years ended June 30, 2014 and 2013, was \$172,216 and \$207,664, respectively.

4 Notes Payable.

The following is a summary of the notes payable at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Housing Solutions (payable in annual installments of \$3,125, with 0.0% interest; matures April 10, 2015; secured by receivables)	\$ 3,125	\$ 6,250
Habitat for Humanity International, Inc. (three notes payable in monthly installments ranging from \$123 to \$234, with 0.0% interest; maturing from January 1, 2016 to June 1, 2019; secured by future donations)	16,824	12,957
First National Bank (payable in monthly installments of \$2,022, with 3.5% interest; matures December 15, 2019; secured by five deeds of trust and promissory notes)	121,000	140,672
First National Bank (payable in annual installments of \$5,157, with 3.99% interest; matures June 6, 2016; secured by a vehicle)	9,687	14,250

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

4 Notes Payable. (Continued)

	<u>2014</u>	<u>2013</u>
First National Bank (payable in monthly installments of \$1,388, with 4.40% interest; matures August 26, 2020; unsecured)	\$ <u>89,391</u>	\$ <u>-</u>
	240,027	174,129
Less: Current Maturities Included in Current Liabilities	<u>45,730</u>	<u>30,087</u>
Notes Payable – Due After One Year	<u>\$ 194,297</u>	<u>\$ 144,042</u>

The following are future maturities of the notes payable for the years ending June 30:

2015	\$ 45,730
2016	43,675
2017	39,058
2018	75,818
2019 and Thereafter	<u>35,746</u>
	<u>\$ 240,027</u>

5 Line-of-Credit.

The Organization has negotiated a \$60,000 line-of-credit with Wells Fargo Bank, N.A. The line bears interest at the prime rate plus 1.75%, with a floor rate of 5.0% and is unsecured. The line matures on February 20, 2015. The outstanding balance on this line at June 30, 2014 and 2013, was \$-0-, for both years.

6 Temporarily Restricted Contributions.

The Organization receives contributions from various organizations and individuals, which are temporarily restricted. At June 30, 2014, Temporarily Restricted Contributions, restricted for the purchase of a truck, total \$10,000.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014

(With Comparative Totals for June 30, 2013)

7 Operating Leases.

The Organization leases office space and commercial outlet space under non-cancelable operating leases. The minimum future lease payments for the years ending June 30, are as follows:

2015	\$ 76,800
2016	<u>25,600</u>
	<u>\$ 102,400</u>

8 Rental Income.

During the year ended June 30, 2012, the Organization completed construction on two homes and funded one mortgage. The second home had been awarded to a homeowner, however, the homeowner had not met all the requirements to become a homeowner under Habitat for Humanity International standards. The Organization agreed to lease the home to the homeowner while the obligations are being met. During the year ended June 30, 2013, the qualified homeowner met the necessary obligations and took ownership of the home. The lease ended December 31, 2012. Rental income under the lease for the year ended June 30, 2013, was \$2,750.