

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

FINANCIAL STATEMENTS

June 30, 2017

(With Comparative Totals for June 30, 2016)



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Habitat for Humanity of La Plata County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 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.

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

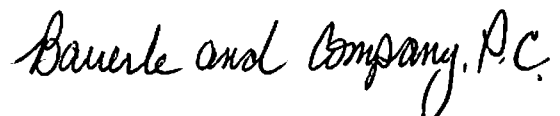
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bauerle and Company, P.C.
Denver, Colorado

September 25, 2017

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(With Comparative Totals as of June 30, 2016)**

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 146,697	\$ 326,614
Grants and Accounts Receivable	6,013	4,726
Current Portion of Mortgages Receivable - Net	22,710	21,899
Other Current Assets	2,024	2,018
Construction-in-Progress	<u>684,046</u>	<u>362,413</u>
Total Current Assets	<u>861,490</u>	<u>717,670</u>
PROPERTY AND EQUIPMENT - AT COST		
Land - Outlet Store	410,000	-
Leasehold Improvements	65,360	65,360
Vehicles	48,559	48,559
Equipment and Furniture	13,761	20,054
Outlet Store Construction-in-Progress	<u>29,545</u>	<u>-</u>
	567,225	133,973
Less: Accumulated Depreciation	<u>122,544</u>	<u>123,364</u>
Property and Equipment - Net	<u>444,681</u>	<u>10,609</u>
LONG-TERM ASSETS		
Long-Term Portion of Mortgages Receivable - Net	<u>695,473</u>	<u>759,266</u>
TOTAL ASSETS	<u>\$ 2,001,644</u>	<u>\$ 1,487,545</u>

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

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2017

(With Comparative Totals as of June 30, 2016)

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 14,551	\$ 912
Notes Payable - Due Within One Year	50,427	39,058
Accrued Payroll Liabilities	2,476	2,476
Other Accrued Liabilities	<u>2,388</u>	<u>1,942</u>
Total Current Liabilities	69,842	44,388
 LONG-TERM LIABILITIES		
Notes Payable - Due After One Year	<u>485,785</u>	<u>216,666</u>
Total Liabilities	<u>555,627</u>	<u>261,054</u>
 NET ASSETS		
Unrestricted	1,446,017	1,223,991
Temporarily Restricted	<u>-</u>	<u>2,500</u>
Total Net Assets	<u>1,446,017</u>	<u>1,226,491</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,001,644</u>	 <u>\$ 1,487,545</u>

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

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
REVENUES AND SUPPORT				
Operating Revenues:				
Sale to Homeowners	\$ 210,000	\$ -	\$ 210,000	\$ 268,855
Mortgage Discount Amortization	130,880	-	130,880	61,274
Outlet Store Revenue	307,769	-	307,769	298,388
Proceeds from Second Mortgage	43,475	-	43,475	-
Other Gains	36,869	-	36,869	-
Miscellaneous	5,787	-	5,787	(1,047)
Total Operating Revenues	<u>734,780</u>	<u>-</u>	<u>734,780</u>	<u>627,470</u>
Support:				
Contributions	21,994	20,035	42,029	57,337
Grants	5,000	58,500	63,500	28,539
Donated Services and Materials	36,085	-	36,085	33,421
Special Events Income	32,615	-	32,615	44,571
Total Support	<u>95,694</u>	<u>78,535</u>	<u>174,229</u>	<u>163,868</u>
Net Assets Released from Restrictions	<u>81,035</u>	<u>(81,035)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>911,509</u>	<u>(2,500)</u>	<u>909,009</u>	<u>791,338</u>
EXPENSES				
Program Services:				
Home Construction	398,453	-	398,453	407,826
Outlet Store	208,634	-	208,634	208,266
Total Program Services	<u>607,087</u>	<u>-</u>	<u>607,087</u>	<u>616,092</u>
Supporting Services:				
Fundraising	58,603	-	58,603	56,550
Management and General	23,793	-	23,793	24,099
Total Supporting Services	<u>82,396</u>	<u>-</u>	<u>82,396</u>	<u>80,649</u>
TOTAL EXPENSES	<u>689,483</u>	<u>-</u>	<u>689,483</u>	<u>696,741</u>
CHANGE IN NET ASSETS	222,026	(2,500)	219,526	94,597
NET ASSETS - BEGINNING OF YEAR	<u>1,223,991</u>	<u>2,500</u>	<u>1,226,491</u>	<u>1,131,894</u>
NET ASSETS - END OF YEAR	<u>\$ 1,446,017</u>	<u>\$ -</u>	<u>\$ 1,446,017</u>	<u>\$ 1,226,491</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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	Program Services		Supporting Services		Total 2017	Total 2016
	Home Construction	Outlet Store	Fundraising	Management and General		
Expenses:						
Advertising, Printing, and Publication	\$ 821	\$ 3,909	\$ 274	\$ -	\$ 5,004	\$ 7,711
Bank and Credit Card Fees	3,419	6,445	380	-	10,244	7,871
Conferences, Meals, and Entertainment	2,504	33	939	470	3,946	4,356
Construction Costs	152,256	-	-	-	152,256	273,792
Depreciation	75	5,373	-	25	5,473	11,561
Dues and Subscriptions	6,278	-	698	-	6,976	5,757
Education and Training	1,272	1,911	-	-	3,183	1,432
Employee Benefits	5,910	-	2,482	3,428	11,820	12,297
Insurance - Workers Compensation	285	5,482	32	6	5,805	5,580
Insurance - General	1,745	-	1,745	388	3,878	2,440
Interest Expense	11,758	-	-	-	11,758	6,609
Licenses and Fees	147	-	3	-	150	1,200
Mortgage Discount	99,840	-	-	-	99,840	-
Office Expenses	3,165	9,372	2,849	317	15,703	17,034
Payroll Taxes	6,504	6,484	2,464	887	16,339	16,916
Professional Fees	12,876	-	715	715	14,306	12,033
Rent	12,436	62,179	3,523	4,767	82,905	80,579
Repairs and Maintenance	-	-	-	-	-	339
Salaries and Wages	53,524	98,169	29,599	11,127	192,419	178,788
Special Events Expenses	1,301	-	11,712	-	13,013	12,097
Telephone and Utilities	5,254	9,277	568	1,278	16,377	15,906
Tithe	13,396	-	-	-	13,396	12,927
Vehicles Expenses	2,888	-	578	385	3,851	7,707
Volunteer and Event Expenses	799	-	42	-	841	1,809
TOTAL EXPENSES	\$ 398,453	\$ 208,634	\$ 58,603	\$ 23,793	\$ 689,483	\$ 696,741

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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 219,526	\$ 94,597
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation Expense	5,473	11,561
Mortgages Made to Homeowners	(109,494)	-
Discount on Origination of Mortgages Made to Homeowners	99,840	-
Mortgage Discount Amortization	(130,880)	(61,274)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Grants and Accounts Receivable	(1,287)	7,279
Other Current Assets	(6)	4
Construction-in-Progress	(321,633)	(27,117)
Increase (Decrease) in:		
Accounts Payable	13,639	(3,177)
Accrued Payroll Liabilities	-	(5,684)
Other Accrued Liabilities	446	(190)
Net Cash Provided By (Used In) Operating Activities	<u>(224,376)</u>	<u>15,999</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase of) Property and Equipment	(29,545)	-
Mortgage Payments Received	203,516	92,967
Net Cash Provided By Investing Activities	<u>173,971</u>	<u>92,967</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments on) Notes Payable	(129,512)	(38,886)
Net Cash (Used In) Financing Activities	<u>(129,512)</u>	<u>(38,886)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(179,917)	70,080
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>326,614</u>	<u>256,534</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 146,697</u>	<u>\$ 326,614</u>
<u>SUPPLEMENTAL DISCLOSURE:</u>		
Interest Paid	<u>\$ 11,758</u>	<u>\$ 6,609</u>

NON-CASH INVESTING AND FINANCING TRANSACTION:

During the year ended June 30, 2017, the Organization financed the purchase of a land lot in the amount of \$410,000.

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, 2017

(With Comparative Totals for June 30, 2016)

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 "Outlet Store"), 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 Outlet Store 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, 2016, 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
JUNE 30, 2017
(With Comparative Totals for June 30, 2016)**

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 an original 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

JUNE 30, 2017

(With Comparative Totals for June 30, 2016)

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, 2017 and 2016, the Organization received and recognized \$2,618 and \$2,755, 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. These costs primarily include all construction-related expenses, including land development and building expenditures, as well as handling of fiduciary responsibilities related to existing, potential, and new mortgages.

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.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(With Comparative Totals for June 30, 2016)

1 Summary of Significant Accounting Policies. (Continued)

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.

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, 2017 and 2016, were 7.47% and 7.48%, respectively. From time to time, the Organization may sell mortgages rather than hold them to term. In this situation, the gain or loss on the sale of 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.

During the year ended June 30, 2017, the Organization repurchased a home from an existing borrower for \$165,000. The home is included in Construction-in-Progress at June 30, 2017.

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.

Advertising. The Organization uses advertising to promote among the audience it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$5,004 and \$7,711, respectively, during the years ended June 30, 2017 and 2016.

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(With Comparative Totals for June 30, 2016)

1 Summary of Significant Accounting Policies. (Continued)

Subsequent Events. The Organization has evaluated subsequent events through September 25, 2017, which is the date the financial statements were available to be issued and determined that there were no material subsequent events that required recognition or additional disclosure in these financial statements except as disclosed in Note 8.

2 Property and Equipment.

Property and equipment, net of accumulated depreciation, consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land - Outlet Store	\$ 410,000	\$ -
Leasehold Improvements	-	-
Vehicles	4,043	8,892
Equipment and Furniture	1,093	1,717
Outlet Store Construction-in-Progress	<u>29,545</u>	<u>-</u>
	<u>\$ 444,681</u>	<u>\$ 10,609</u>

Depreciation expense charged to operations for the years ended June 30, 2017 and 2016, was \$5,473 and \$11,561, respectively.

3 Mortgages Receivable.

Mortgages receivable at June 30, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Mortgage Loans Receivable	\$ 1,531,982	\$ 1,537,259
Related Discounts	<u>(813,799)</u>	<u>(756,094)</u>
Total Mortgages Receivable	718,183	781,165
Less: Current Portion, Net of Discounts	<u>(22,710)</u>	<u>(21,899)</u>
Net Long-Term Mortgages Receivable	<u>\$ 695,473</u>	<u>\$ 759,266</u>

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

2018	\$ 75,538
2019	75,538
2020	75,538
2021	75,075
2022	72,739
2023 and Beyond	<u>1,157,554</u>
	<u>\$ 1,531,982</u>

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(With Comparative Totals for June 30, 2016)

3 Mortgages Receivable. (Continued)

At June 30, 2017 and 2016, the Organization had seventeen and fifteen outstanding mortgages receivable, respectively, 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.

In addition to the reported mortgages receivable described above, an additional second lien is established at the closing of each home for the difference between the appraised value and the actual sales price of the home. The amount of the second lien is forgiven at the end of the term of the first mortgage; however, no amounts associated with the second lien are reflected in these financial statements. The second lien is collected only upon sale by the mortgagee. Proceeds from the collection of second mortgages were \$43,475 and \$-0-, for the years ended June 30, 2017 and 2016, respectively.

4 Notes Payable.

The following is a summary of the notes payable at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
The First National Bank of Durango (payable in monthly interest only payments at 4%, with a final principal and interest payment due on January 12, 2019; secured by land)	\$ 410,000	\$ -
La Plata County Community Development Corporation (payable in \$20,000 installments upon sale of certain lots, with .05% interest, adjusted annually to the bank's one year CD interest rate; due on January 22, 2020; unsecured)	60,000	80,000
First National Bank (payable in monthly installments of \$1,388, with 4.4% interest; matures August 26, 2020; unsecured)	48,882	63,006
Housing Solutions (payable in two \$12,500 installments upon sale of certain lots, with 0% interest; due on January 22, 2020; unsecured)	12,500	25,000

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(With Comparative Totals for June 30, 2016)

4 Notes Payable. (Continued)

	<u>2017</u>	<u>2016</u>
Habitat for Humanity International, Inc. (two and 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)	\$ 4,830	\$ 7,974
First National Bank (payable in monthly installments of \$2,022, with 3.5% interest; paid-off in fiscal 2017; secured by five deeds of trust and promissory notes)	-	79,744
	<u>536,212</u>	<u>255,724</u>
Less: Current Maturities Included in Current Liabilities	<u>50,427</u>	<u>39,058</u>
Notes Payable – Due After One Year	<u>\$ 485,785</u>	<u>\$ 216,666</u>

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

2018	\$ 50,427
2019	447,111
2020	38,674
	<u>\$ 536,212</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, 2018. The outstanding balance on this line at June 30, 2017 and 2016, was \$-0-, for both years.

6 Operating Leases.

The Organization leases office space and commercial outlet space under non-cancelable operating leases that mature on December 31, 2018. The minimum future lease payments for the years ending June 30, are as follows:

2018	\$ 75,744
2019	37,872
	<u>\$ 113,616</u>

HABITAT FOR HUMANITY OF LA PLATA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(With Comparative Totals for June 30, 2016)

7 Temporarily Restricted Contributions.

The Organization receives contributions from various organizations and individuals which are temporarily restricted. At June 30, 2017 and 2016, Temporarily Restricted Contributions totaled \$-0- and \$2,500, respectively.

8 Other Commitments.

In July 2017, the Organization entered into an agreement with an architect to construct a new outlet store, with construction expected to begin in October of 2017. The cost to construct the outlet store is currently estimated to be \$1,640,000, exclusive of the cost of the land, which was purchased in January 2017, for \$410,000.

9 Transactions with Habitat International.

The Organization voluntarily remits a portion of its contributions to Habitat International on an annual basis. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2017 and 2016, the Organization contributed \$13,396 and \$12,927, respectively, to Habitat International. This amount is included in Program Services in the Statement of Activities.