HABITAT FOR HUMANITY OF BROWARD, INC.

Financial Statements
and
Independent Auditor's Report

For the Year Ended June 30, 2018
(With Summarized Comparative Financial Information for the Year Ended June 30, 2017)

Habitat for Humanity of Broward, Inc.

Contents

Independent Auditor's Report

The Board of Directors
Habitat for Humanity of Broward, Inc.
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Habitat for Humanity of Broward, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, 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 Broward, 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 Summarized Comparative Information

We have previously audited the Habitat for Humanity of Broward, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hancock Askew & Co. LLP

Coral Gables, FL
September 25, 2018

Statements of Financial Position

June 30,		**2018**		2017
ASSETS				
Cash and cash equivalents	**$**	**6,144,864**	$	5,091,412
Restricted cash		**494,812**		433,095
Receivables				
Mortgages receivable, net		**9,168,638**		8,752,738
Contributions receivable, net		**913,942**		322,773
Property and equipment, net		**1,757,145**		1,786,440
Single family homes under construction		**5,473,095**		5,727,108
Other assets		**31,800**		32,700
Total assets	**$**	**23,984,296**	$	22,146,266
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	**$**	**126,944**		267,748
Other liabilities		**494,812**		433,095
Total liabilities		**621,756**		700,843
Net assets				
Unrestricted		**21,841,889**		20,527,397
Temporarily restricted		**1,520,651**		918,026
Total net assets		**23,362,540**		21,445,423
Total liabilities and net assets	**$**	**23,984,296**	$	22,146,266

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

Statements of Activities and Changes in Net Assets

For the year ended June 30, 2018 (with summarized comparative information for the year ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Total 2018	Total 2017
Public support and revenue				
Home sales	**$ 2,226,671**	**$ -**	**$ 2,226,671**	$ 1,432,027
Contributions and grants	**1,729,382**	**1,470,000**	**3,199,382**	1,841,017
Sales - ReStore	**1,720,282**	**-**	**1,720,282**	1,696,764
Interest income	**917,468**	**-**	**917,468**	825,794
Donated goods and services	**213,682**	**-**	**213,682**	192,437
Other	**4,258**	**-**	**4,258**	137,146
Special events	**22,334**	**-**	**22,334**	37,145
Late-fee income	**21,165**	**-**	**21,165**	26,301
Rent income	**18,347**	**-**	**18,347**	25,037
Total public support and revenue	**6,873,589**	**1,470,000**	**8,343,589**	6,213,668
Net assets released from restriction due to completion of purpose restrictions and expiration of time restriction	**867,375**	**(867,375)**	**-**	-
Expenses				
Program services	**5,604,696**	**-**	**5,604,696**	5,006,670
Supporting services				
Management and general	**410,354**	**-**	**410,354**	444,517
Development and public relations	**411,422**	**-**	**411,422**	289,232
Total expenses	**6,426,472**	**-**	**6,426,472**	5,740,419
Changes in net assets	**1,314,492**	**602,625**	**1,917,117**	473,249
Net assets - beginning of year	**20,527,397**	**918,026**	**21,445,423**	20,972,174
Net assets - end of year	**$ 21,841,889**	**$ 1,520,651**	**$ 23,362,540**	$ 21,445,423

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

Habitat for Humanity of Broward, Inc.

Statements of Functional Expenses

For the year ended June 30, 2018 (with summarized comparative information for the year ended June 30, 2017)

	Program Services				Supporting Services				
	Home Construction	**ReStore**	**Family Services and Other**	**Total Program Services**	**Management and General**	**Development and Public Relations**	**Total Supporting Services**	**Total 2018**	Total 2017
Salaries and wages	**$ 396,515**	**$ 461,240**	**$ 200,920**	**$ 1,058,675**	**$ 133,992**	**$ 225,905**	**$ 359,897**	**$ 1,418,572**	$ 1,351,643
Payroll taxes	**33,058**	**38,454**	**16,751**	**88,263**	**11,171**	**18,834**	**30,005**	**118,268**	108,085
Benefits	**59,444**	**69,148**	**30,121**	**158,713**	**20,088**	**33,867**	**53,955**	**212,668**	187,771
Cost of homes sold	**3,507,664**	**-**	**-**	**3,507,664**	**-**	**-**	**-**	**3,507,664**	3,289,148
Affiliate dues and tithing	**72,037**	**-**	**-**	**72,037**	**-**	**-**	**-**	**72,037**	52,885
Property taxes	**19,675**	**-**	**-**	**19,675**	**-**	**-**	**-**	**19,675**	21,238
Contract labor	**-**	**51,386**	**51,578**	**102,964**	**-**	**5,909**	**5,909**	**108,873**	28,481
Telephone and utilities	**9,264**	**61,927**	**10,541**	**81,732**	**13,284**	**3,576**	**16,860**	**98,592**	71,761
Vehicle and machinery	**10,708**	**35,634**	**47**	**46,389**	**209**	**-**	**209**	**46,598**	24,927
Insurance	**38,865**	**40,696**	**6,035**	**85,596**	**11,364**	**5,865**	**17,229**	**102,825**	113,521
Professional fees	**10,414**	**7,245**	**3,927**	**21,586**	**64,836**	**3,702**	**68,538**	**90,124**	103,480
Bank and credit card fees	**83**	**22,312**	**316**	**22,711**	**3,042**	**729**	**3,771**	**26,482**	27,178
Rent	**22,052**	**-**	**13,231**	**35,283**	**22,052**	**13,231**	**35,283**	**70,566**	52,900
Repairs and maintenance	**1,370**	**33,762**	**12**	**35,144**	**15,035**	**12**	**15,047**	**50,191**	10,124
Office supplies and expenses	**1,117**	**12,450**	**5,056**	**18,623**	**15,157**	**737**	**15,894**	**34,517**	57,447
Office equipment and software	**5,909**	**4,255**	**5,071**	**15,235**	**34,417**	**12,175**	**46,592**	**61,827**	38,025
Advertising	**-**	**72,597**	**1,036**	**73,633**	**971**	**49,412**	**50,383**	**124,016**	109,310
Bad debt allowance reduction	**-**	**-**	**-**	**-**	**3,986**	**-**	**3,986**	**3,986**	(103,811)
Other	**17,358**	**33,504**	**41,702**	**92,564**	**38,367**	**37,468**	**75,835**	**168,399**	92,495
Depreciation expense	**2,597**	**65,612**	**-**	**68,209**	**22,383**	**-**	**22,383**	**90,592**	103,810
Total expenses	**$ 4,208,130**	**$ 1,010,222**	**$ 386,344**	**$ 5,604,696**	**$ 410,354**	**$ 411,422**	**$ 821,776**	**$ 6,426,472**	$ 5,740,418

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

Habitat for Humanity of Broward, Inc.

Statements of Cash Flows

Year ended June 30,		**2018**		2017
Cash flows from operating activities				
Change in net assets	**$**	**1,917,117**	$	473,249
Adjustments to reconcile change in net assets to net cash provided by provided by operating activities				
Depreciation expense		**90,592**		103,810
Bad debt expense (allowance reduction)		**3,986**		(103,811)
Non-cash contribution		**(148,882)**		(119,326)
Interest income		**(917,468)**		(825,794)
Discount of mortgages on new home sales		**1,673,106**		1,730,152
(Increase) decrease in assets				
Restricted cash		**(61,717)**		50,643
Mortgages receivable		**(1,171,538)**		(1,429,645)
Contributions receivable		**(595,155)**		798,329
Single family homes		**402,895**		206,179
Other assets		**900**		195,084
(Decrease) increase in liabilities				
Account payable and accrued expenses		**(140,804)**		199,260
Other liabilities		**61,717**		34,828
Net cash provided by operating activities		**1,114,749**		1,312,958
Cash flows from investing activity				
Purchase of property and equipment		**(61,297)**		(59,842)
Net cash used in investing activity		**(61,297)**		(59,842)
Cash flows from financing activity				
Repayment of mortgages payable		**-**		(12,282)
Net cash used in financing activity		**-**		(12,282)
Net increase in cash and cash equivalents		**1,053,452**		1,240,834
Cash and cash equivalents, beginning of year		**5,091,412**		3,850,578
Cash and cash equivalents, end of year	**$**	**6,144,864**	$	5,091,412

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

1. Summary of Significant Accounting Policies

Nature of Operations

Habitat for Humanity of Broward, Inc. (the Organization) was incorporated in June of 1983 and is an affiliate of Habitat for Humanity International, Inc., (HFHI). HFHI and its affiliates are tax-exempt, not-for-profit ecumenical ministries whose mission is to provide low-income families with decent, affordable housing.

In fulfilling its mission, the Organization builds single family homes in Broward County, Florida, sells them to low-income families (homeowners) and holds non-interest bearing mortgage receivables with payments commensurate with the family's ability to pay. The Organization also provides prospective homeowners in its program with counseling and training to prepare them for home ownership and its responsibilities. Homeowners are required to pledge a minimum of four hundred hours of service to the building of their home or the homes of other Habitat homeowners.

The Organization receives support from the local community by enlisting volunteer labor when practical and soliciting donations of land, building materials, and cash necessary in its building efforts. These donations and the cash from the collection of mortgages receivable are used to continue building houses for those in need.

The Organization operates a resale store (ReStore) as a supporting service to raise funds. The resale store primarily sells construction related materials and household furnishings and receives all its merchandise from donations.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted

Net assets which are free of donor-imposed restrictions; all revenues and expenses that are not changes in permanently or temporarily restricted net assets are considered to be unrestricted net assets. In addition, restricted net assets whose restrictions are met in the same reporting period are also considered to be unrestricted net assets.

Temporarily Restricted

Net assets used by the Organization which are limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations. At June 30, 2018 and 2017, the Organization had $1,520,651 and $918,026, respectively, in temporarily restricted net assets.

Permanently Restricted

Net assets used by the Organization which are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets as of June 30, 2018 and 2017.

1. Summary of Significant Accounting Policies (cont.)

Cash and Cash Equivalents

All highly liquid cash investments with original maturities of three months or less are considered to be cash equivalents.

Restricted Cash

Restricted cash represents deposits made by future homeowners for the purchase of homes and escrow payments made by current homeowners for property taxes and insurance.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents (deposit and money market accounts) and mortgages. The Organization maintains cash and cash equivalents in what it believes to be high quality financial institutions, which it believes limits its risk. As of June 30, 2018 and 2017, the Organization had approximately $5,950,000 and $4,600,000, respectively, of balances in excess of insurance limits covered by the Federal Deposit Insurance Corporation (FDIC). Mortgages receivable are secured by real property.

Property and Equipment

Property and equipment are capitalized when the cost is in excess of $500 and with a useful life over one year. Property and equipment is recorded at cost or, if donated, at fair value at the date of donation. Major renewals and improvements are capitalized, while repairs and maintenance expenditures are expensed as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts and any resulting gains or losses are recognized. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease.

The estimated useful lives of each asset group are as follows:

Asset Group	Years
Buildings	50
Leasehold improvements	10
Office furniture and equipment	3
Computer equipment and software	3
Automobiles	5

Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2018 and 2017 amounted to $124,016 and $ 109,310, respectively, and is included in the accompanying statements of functional expenses.

1. Summary of Significant Accounting Policies (cont.)

Single Family Homes Under Construction

Vacant land and construction in progress are stated at cost and include direct and indirect costs of housing construction, property taxes, and overhead incurred during the development period. Donated land and construction materials are required to be recorded at fair value at the time received. Land and offsite development costs associated with homes under construction are also included in construction in progress. Vacant land and construction in progress are evaluated for impairment if impairment indicators are present. Accounting principles generally accepted in the United States of America require vacant land and construction in progress to be recorded at the lower of its carrying amount or fair value. Since the purpose and mission of the Organization is to build affordable housing for low-income families, the Organization does not generally write down the value of construction in progress to estimated sales value, because any excess cost over sales value is a component of program services.

Home Sales

Homes are sold to qualified buyers and the mortgage terms are based on the amount the purchaser is able to pay. Consideration received is mortgages receivable which are non-interest bearing. Home sales are recorded at the discounted value of payments to be received over the lives of the mortgages. Non-interest bearing mortgages have been discounted at 7.57% and 7.47% for the years ended June 30, 2018 and 2017, respectively, based upon prevailing market rates for low-income housing at inception of the mortgages. Discounts are amortized using the effective interest method over the lives of the mortgages with rates ranging from 7.39% to 9.00% and is recorded as interest income in the accompanying statements of activities and changes in net assets. During the years ended June 30, 2018 and 2017, 20 homes and 17 homes, respectively, were sold.

Mortgages Receivable

The Organization’s mortgages consist of amounts due from homeowners. The Organization performs extensive credit and work history evaluations before the sale of a home. The Organization also has a perfected security interest in all homes they sell. Mortgage receivable balances are stated net of discount and if applicable, net of an allowance for uncollectible amounts based on management’s judgment and analysis of the credit-worthiness of the homeowners, past payment experience, and other relevant factors. At June 30, 2018 and 2017, management determined that no allowance for mortgage receivables was necessary.

Contributions and Contributions Receivable

Contributions received with no restrictions or specified uses identified by the donor are included in unrestricted revenue in the statements of activities and changes in net assets when received. Contributions received with donor stipulations that limit the use of donated assets are reported as either temporarily or permanently restricted revenue in the statements of activities and changes in net assets when received.

When donor restrictions expire or are fulfilled by actions of the Organization, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted revenue in the accompanying statements of activities and changes in net assets.

1. Summary of Significant Accounting Policies (cont.)

Contributions and Contributions Receivable (cont.)

Contributions receivable that are expected to be collected in future years are recorded at their fair value based on the present value of their estimated future cash flows and are discounted at the rate applicable to the year in which the contribution was made. The discount rates used reflect the assumptions about market risks that are not otherwise considered in the cash flows.

Sales – ReStore

Revenue related to the ReStore sales are recognized at the time of the sale. The income derived from ReStore sales are exempt from unrelated business income tax because all sales consist of merchandise that the Organization received as gifts or contributions. Therefore, no value for the inventory of the ReStore is included in these financial statements.

Grants from Government Agencies

Grants from governmental agencies are recognized as revenue when the grant funds have been expended in accordance with the provisions of the respective agreements.

Development and Public Relations Activities

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities that Included Fund Raising". FASB ASC 958 establishes criteria for accounting and reporting for any entity that solicits contributions.

Directly identifiable development and public relations activities expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Donated Goods and Services

Donated services (in-kind donations) are recognized as contributions in accordance with FASB ASC No. 958, if the services create or enhance non-financial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of unpaid volunteers have made contributions of their time by providing construction, administrative and fund-raising services to the Organization, the value of these amounts are not recorded because they don't require special skills. Donations of construction materials are received and used in the construction of homes. GAAP require contributions (including donated materials) to be recorded at fair value at the date of receipt. During the year ended June 30, 2018, the Organization recognized in-kind donations for advertising, rent, and construction materials of approximately $12,000, $53,000 and $149,000, respectively. During the year ended June 30, 2017, the Organization recognized in-kind donations for advertising, rent, and construction materials of approximately $20,000, $53,000 and $119,000, respectively.

1. Summary of Significant Accounting Policies (cont.)

Land Lease

The Organization entered into a 99-year land lease agreement during December 2015 to maintain the common area land of the Hallandale Beach Townhome community consisting of approximately 16 homes. The Organization is responsible for all operating expenses on the common area land. During the year ended, June 30, 2018, the Organization recognized approximately $12,600 of land lease income and $17,300 of land lease expenses. During the year ended, June 30, 2017, the Organization recognized approximately $12,500 of land lease income and $10,500 of land lease expenses. These amounts are included in rent income and program expenses, respectively in the accompanying statements of activities and changes in net assets.

Functional Allocation of Expenses

The cost of providing the various programs and other activities of the Organization has been summarized on a functional basis. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the time spent.

Income Taxes

The Organization received a determination (via Habitat for Humanity International Inc.) from the Internal Revenue Service indicating that it is exempt from Federal income tax on all income except unrelated business income under Internal Revenue Code Section 501(c) (3); accordingly, no provision for income taxes has been recorded in the accompanying financial statements. For the years ended June 30, 2018 and 2017, the Organization had no unrelated business income tax resulting from unrelated business income.

The Organization accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the accompanying financial statements of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Organization had no material unrecognized tax benefits and no adjustments to its financial position, activities or cash flows were required.

The Organization did not record any interest or penalties on uncertain tax positions in the statements of financial position as of June 30, 2018 and 2017 or the statements of activities and changes in net assets for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2015.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Mortgages Receivable, net

A home is considered sold when a formal closing transaction has been finalized. At that time, a first non-interest bearing mortgage is given to the homeowner based on the amount the homeowner is able to pay. The Organization records the revenue for the sale at the amount equal to the first mortgage net of imputed interest. If the fair value of the property is greater than the first mortgage, the Organization obtains a second mortgage for the difference of the sales price and the fair value. The second mortgage is to protect the value of the collateral and is not recorded in the books and records of the Organization. At the time the first mortgage is paid in full, the Organization cancels the second mortgage.

As of June 30, 2018, the estimated annual repayment amounts on these mortgage receivable balances along with the unamortized discount were as follows:

For the year ending June 30,		Amount
2019	$	1,055,346
2020		1,040,203
2021		1,013,503
2022		982,299
2023		934,867
Thereafter		13,972,881
		18,999,099
Less unamortized discount		(9,830,461)
Mortgage receivable, net	$	9,168,638

3. Property and Equipment, net

Property and equipment, net at June 30, 2018 and 2017 consist of the following:

		2018		2017
Land, building, and improvements	**$**	**2,556,070**	$	2,556,070
Vehicles		**145,665**		145,665
Construction equipment		**46,621**		-
Computer equipment and software		**32,275**		17,599
Office furniture and equipment		**22,624**		22,624
		2,803,255		2,741,958
Less: accumulated depreciation		**(1,046,110)**		(955,518)
Property and equipment, net	**$**	**1,757,145**	$	1,786,440

Depreciation expense was $90,592 and $103,810 for the years ended June 30, 2018 and 2017, respectively.

4. Single Family Homes Under Construction

Single family homes under construction at June 30, 2018 and 2017 consist of the following:

	2018	2017
Construction in progress	**$ 5,043,703**	$ 4,671,108
Land	**429,392**	1,056,000
Total	**$ 5,473,095**	$ 5,727,108

Potential homeowners must meet certain requirements before they can close on a home. If the home is completed before these requirements are met, then the family is allowed to rent the home while working to meet the requirements. Rent income from unsold homes for the years ended June 30, 2018 and 2017 was approximately $5,800 and $12,500, respectively, and is included within rent income in the accompanying statements of activities and changes in net assets. Before closing on a home, potential homeowners must prepay a certain amount of closing costs. At June 30, 2018 and 2017 these prepayments were approximately $49,000 and $40,000, respectively and are included within other liabilities in the accompanying statements of financial position.

5. Contributions and Grants

Contributions and grants, which are included in the statement of activities and changes in net assets, for the year ended June 30, 2018 consist of the following:

	Unrestricted	**Temporarily Restricted**	**Total**
Contributions			
Faith community	**$ -**	**$ 20,000**	**$ 20,000**
Commerce and industry	**618,935**	**444,000**	**1,062,935**
Foundations and other charitable organizations	**345,565**	**110,000**	**455,565**
Individuals	**419,882**	**181,000**	**600,882**
Total contributions	**1,384,382**	**755,000**	**2,139,382**
Grants			
Commerce and industry	**17,500**	**-**	**17,500**
Foundations and other charitable organizations	**327,500**	**715,000**	**1,042,500**
Total grants	**345,000**	**715,000**	**1,060,000**
Total contributions and grants	**$ 1,729,382**	**$ 1,470,000**	**$ 3,199,382**

5. Contributions and Grants (cont.)

Contributions and grants, which are included in the statement of activities and changes in net assets, for the year ended June 30, 2017 consist of the following:

	Unrestricted	Temporarily Restricted	Total
Contributions			
Faith community	$ 87,704	$ -	$ 87,704
Commerce and industry	699,390	240,875	940,265
Foundations and other charitable organizations	136,391	347,128	483,519
Individuals	68,838	59,691	128,529
Total contributions	992,323	647,694	1,640,017
Grants			
Commerce and industry	$ 116,000	$ 50,000	$ 166,000
Foundations and other charitable organizations	27,500	7,500	35,000
Total grants	143,500	57,500	201,000
Total contributions and grants	$ 1,135,823	$ 705,194	$ 1,841,017

6. Contributions Receivable, net

Contributions receivable, net consists of the following as of June 30, 2018 and 2017:

	2018	2017
Due in less than one year	**$ 548,545**	$ 140,986
Due in one to three years	**392,540**	200,439
Less: unamortized discount on pledges	**(27,143)**	(18,652)
Contributions receivable, net	**$ 913,942**	$ 322,773

7. Employee Benefit Plans

The Organization sponsors a defined contribution retirement plan (the “Plan”) covering substantially all of its full-time employees. Employees become eligible for Plan participation after completing six months of service. The Organization contributes 3% of eligible employees’ gross compensation to the Plan. All contributions made on behalf of employees become fully vested upon completing six months of service. For the years ended June 30, 2018 and 2017, the Organization contributed $34,893 and $24,947, respectively, to the Plan.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of funds restricted for the construction of specific homes or that are time restricted to future periods and are included in cash and cash equivalents and contributions receivable on the statements of financial position as of June 30, 2018 and 2017.

Temporarily restricted net assets are available with the following restrictions as of June 30, 2018 and 2017:

		2018		2017
Home sponsorships received – purpose and time restriction	$	**752,651**	$	693,026
Contributions receivable, net – time restriction		**330,000**		200,000
Other contributions received – purpose restrictions		**37,000**		25,000
Rick Case infrastructure sponsorships – purpose and time restrictions		**401,000**		-
Total temporarily restricted net assets	**$**	**1,520,651**	$	918,026

9. Transactions with Affiliated Organization

During the years ended June 30, 2018 and 2017 the Organization contributed $72,037 and $52,885, respectively, to HFHI. These contributions are included within tithe affiliate dues and tithing within the accompanying statements of functional expenses. These funds are used to construct homes in economically depressed areas around the world.

10. Subsequent Events

The Organization has evaluated all subsequent events through September 25, 2018, which is the date these financial statements were available to be issued.

On August 22, 2018, the Organization closed on a transaction to participate in a New Market Tax Credit (NMTC) program. The program provides funds to eligible organizations for investment in "qualified low-income community investment". Habitat invested, along with two other similar Habitat Affiliates, in a joint venture (HFHI NMTC Leverage Lender 2018-1, LLC) to take advantage of the NMTC financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new market tax credits to be applied against their federal tax liability. As a result, the Organization invested $4,191,733 and was able to secure a 30-year loan in the amount of $6,022,743 payable to a community development entity (an affiliate of the joint venture). The net proceeds less fees are to be used solely for the purpose of constructing and selling qualified housing properties to low income residents. The loan is secured by substantially all the assets acquired by the Organization from the project loan proceeds. The note accrues interest only for 7 years at a rate of .6941%, on a semi-annual basis commencing on November 5, 2018. Commencing on June 26, 2025 the principal balance of the loan is reduced by a 23-year amortization at the same rate of .6941%. The loan matures on August 22, 2048. The note has a put option feature that is exercisable after June 26, 2025. This put option is expected to be exercised and this exercise of the put option will effectively allow Habitat to extinguish its outstanding debt.

Program compliance requirements include creation of a promissory note and investment in a qualified community development entity (CDE). Tax credit recapture is required if compliance requirements are not met over a seven-year period.