



# South Shore Habitat for Humanity, Inc.

## Financial Statements

Years Ended June 30, 2015 and 2014

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***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

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## **FINANCIAL STATEMENTS**

Years Ended June 30, 2015 and 2014

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
South Shore Habitat for Humanity, Inc.  
20 Mathewson Drive  
Weymouth, Massachusetts, 02189

We have audited the accompanying financial statements of South Shore Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 South Shore Habitat for Humanity, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kirkland Albrecht & Fredrickson, LLC  
Braintree, Massachusetts

October 27, 2015

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Statements of Financial Position

June 30, 2015 and 2014

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	<b><u>ASSETS</u></b>	
	<b>2015</b>	<b>2014</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 386,551	\$ 403,127
Current portion of mortgages receivable	172,669	172,000
Contributions receivable	58,990	98,475
Property held for sale	235,210	63,206
Prepaid expenses and other current assets	32,187	26,726
Uninstalled materials	39,148	36,630
Construction in progress, net of reserve	69,981	65,321
	<hr/>	<hr/>
Total current assets	994,736	865,485
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, NET	26,225	24,482
	<hr/>	<hr/>
<b>OTHER ASSETS:</b>		
Mortgages receivable, net of current portion	782,322	824,029
Other assets	5,900	17,538
	<hr/>	<hr/>
Total other assets	788,222	841,567
	<hr/>	<hr/>
Total assets	<u>\$ 1,809,183</u>	<u>\$ 1,731,534</u>
	<hr/>	<hr/>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 37,634	\$ 76,052
	<hr/>	<hr/>
<b>NET ASSETS:</b>		
Unrestricted, including board designated net assets		
of \$138,893 in 2014	1,562,941	1,442,597
Temporarily restricted	208,608	212,885
	<hr/>	<hr/>
Total net assets	1,771,549	1,655,482
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,809,183</u>	<u>\$ 1,731,534</u>
	<hr/>	<hr/>

*See notes to financial statements.*

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:						
Sales of homes	\$ 320,000	\$ -	\$ 320,000	\$ 354,461	\$ -	\$ 354,461
In-kind donations:						
Land	-	337,500	337,500	-	168,800	168,800
Services	-	29,280	29,280	-	34,029	34,029
Construction materials	14,273	28,128	42,401	-	21,156	21,156
Donations:						
Individual	125,957	-	125,957	89,592	-	89,592
Corporate	63,707	-	63,707	79,246	-	79,246
Congregation	11,671	-	11,671	16,069	-	16,069
Grants	210,800	142,000	352,800	112,000	166,664	278,664
Local project committees' fundraisers	-	120,964	120,964	-	6,541	6,541
Special events	269,613	-	269,613	309,093	-	309,062
Mortgage discount amortization	124,912	-	124,912	104,348	-	104,348
Other income	8,876	-	8,876	(31)	-	-
Net assets released from restrictions	662,149	(662,149)	-	360,561	(360,561)	-
	1,811,958	(4,277)	1,807,681	1,425,339	36,629	1,461,968
EXPENSES:						
Program services:						
Cost of homes sold	645,907	-	645,907	580,651	-	580,651
Mortgage discount	192,998	-	192,998	99,377	-	99,377
Tithe to Habitat for Humanity International, net	23,500	-	23,500	10,050	-	10,050
Other	472,508	-	472,508	413,407	-	413,407
	1,334,913	-	1,334,913	1,103,485	-	1,103,485
Supporting services:						
Fundraising	291,755	-	291,755	257,672	-	257,672
General and administrative	64,946	-	64,946	65,492	-	65,492
	356,701	-	356,701	323,164	-	323,164
Total expenses	1,691,614	-	1,691,614	1,426,649	-	1,426,649
Change in net assets	120,344	(4,277)	116,067	(1,310)	36,629	35,319
NET ASSETS, BEGINNING OF YEAR	1,442,597	212,885	1,655,482	1,443,907	176,256	1,620,163
NET ASSETS, END OF YEAR	\$ 1,562,941	\$ 208,608	\$ 1,771,549	\$ 1,442,597	\$ 212,885	\$ 1,655,482

See notes to financial statements.

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

## Statement of Functional Expenses

Year Ended June 30, 2015 (with comparative totals for 2014)

	Program		General and	2015	Comparative
	Services	Fundraising	Administrative	Total	2014
					Total
Cost of homes sold	\$ 645,907	\$ -	\$ -	\$ 645,907	\$ 580,651
Salaries and benefits	308,951	174,107	37,423	520,481	461,328
Mortgage discount	192,998	-	-	192,998	99,377
Office rent	70,159	2,193	731	73,083	71,310
Gala costs	-	56,740	-	56,740	52,276
Miscellaneous	16,708	10,400	3,364	30,472	30,347
Tithe	23,500	-	-	23,500	10,050
Golf tournament costs	-	22,816	-	22,816	22,092
Ground maintenance	14,267	446	149	14,862	12,418
Conference and seminars	11,325	1,270	2,165	14,760	3,617
Professional fees	-	-	12,530	12,530	12,563
Depreciation	7,409	2,397	1,089	10,895	8,831
Computer maintenance fees	2,572	7,463	742	10,777	6,779
Insurance	9,751	-	-	9,751	12,339
Utilities	9,223	289	96	9,608	11,151
Construction	8,189	-	-	8,189	8,058
Travel	3,936	1,963	1,295	7,194	5,036
Postage	48	5,075	1,002	6,125	11,337
Bad debt expense (recovery)	5,646	-	-	5,646	(11,800)
Ride for Habitat costs	-	5,150	-	5,150	4,114
Telephone	2,302	745	338	3,385	3,347
Supplies	552	184	1,996	2,732	6,378
Bank charges	-	-	2,026	2,026	2,734
Holding costs	1,470	-	-	1,470	797
Dues and subscriptions	-	517	-	517	1,414
Interest	-	-	-	-	105
	<b>\$ 1,334,913</b>	<b>\$ 291,755</b>	<b>\$ 64,946</b>	<b>\$ 1,691,614</b>	<b>\$ 1,426,649</b>

See notes to financial statements.

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

## Statement of Functional Expenses

Year Ended June 30, 2014

	Program Services	Fundraising	General and Administrative	Total
Cost of homes sold	\$ 580,651	\$ -	\$ -	\$ 580,651
Salaries and benefits	275,874	155,467	29,987	461,328
Mortgage discount	99,377	-	-	99,377
Office rent	68,458	2,139	713	71,310
Gala costs	-	52,276	-	52,276
Miscellaneous	16,797	2,188	11,362	30,347
Tithe	10,050	-	-	10,050
Golf tournament costs	-	22,092	-	22,092
Ground maintenance	11,922	372	124	12,418
Conference and seminars	367	1,433	1,817	3,617
Professional fees	33	-	12,530	12,563
Depreciation	7,859	593	379	8,831
Computer maintenance fees	3,232	2,421	1,126	6,779
Insurance	12,339	-	-	12,339
Utilities	10,704	335	112	11,151
Construction	8,058	-	-	8,058
Travel	2,240	1,856	940	5,036
Postage	464	9,832	1,041	11,337
Bad debt recovery	(11,800)	-	-	(11,800)
Ride for Habitat costs	-	4,114	-	4,114
Telephone	2,276	736	335	3,347
Supplies	3,682	404	2,292	6,378
Bank charges	-	-	2,734	2,734
Holding costs	797	-	-	797
Dues and subscriptions	-	1,414	-	1,414
Interest	105	-	-	105
	<u>\$ 1,103,485</u>	<u>\$ 257,672</u>	<u>\$ 65,492</u>	<u>\$ 1,426,649</u>

*See notes to financial statements.*



***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

## Statements of Cash Flows

Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 116,067	\$ 35,319
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	10,895	8,831
Mortgage discount	192,998	99,377
Mortgage discount amortization	(124,912)	(104,348)
Allowance for doubtful accounts	5,646	(11,800)
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Other assets	11,638	(12,638)
Mortgages receivable	(32,694)	11,192
Contributions receivable	39,485	(22,725)
Property held for sale	(172,004)	128,248
Prepaid expenses and other current assets	(5,461)	(2,697)
Uninstalled materials	(2,518)	4,102
Construction in progress	(4,660)	50,769
(Decrease) in operating liabilities:		
Accounts payable and accrued expenses	(38,418)	(1,059)
Net cash provided (used) by operating activities	<u>(3,938)</u>	<u>182,571</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	<u>(12,638)</u>	<u>(3,780)</u>
Net cash used by investing activities	<u>(12,638)</u>	<u>(3,780)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	<u>-</u>	<u>(6,902)</u>
Net cash used by financing activities	<u>-</u>	<u>(6,902)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(16,576)</b>	<b>171,889</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>403,127</u></b>	<b><u>231,238</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 386,551</u></b>	<b><u>403,127</u></b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ 105</u>

*See notes to financial statements.*

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

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**1. ORGANIZATION**

South Shore Habitat for Humanity, Inc. (the “Organization”) is a Massachusetts faith-based, nonprofit organization dedicated to building simple, decent homes in partnership with families in need. The Organization was founded in 1986 as an affiliate of Habitat for Humanity International (HFHI).

The Organization pursues its mission by building homes using donated land, supplies, volunteer labor, contributed funds and properties obtained for minimal cost. The Organization then sells these homes at no more than cost plus the value of the donated materials to selected, low-income families. The land is typically donated by cities and towns and frequently, these donations subject the home sale to a maximum selling price. The Organization provides the recipient families with no cash down payment, no-interest financing. Families contribute “sweat equity” in their homes or succeeding homes. During the year ended June 30, 2015, the Organization sold two homes. During the year ended June 30, 2014, the Organization sold two homes, one of which was a foreclosed property.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting*** – The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

***Financial Statement Presentation*** – The Organization follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic *Presentation of Financial Statements for Not-for-Profit Entities*. Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. The Organization may designate portions of its unrestricted net assets as board designated for various purposes. At June 30, 2015, there were no designated unrestricted net assets. At June 30, 2014, unrestricted net assets of \$138,893 were designated to the construction of three homes.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. As of June 30, 2015 and 2014, the Organization did not have permanently restricted net assets.

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**

***Contributions*** – Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. Contributions are recognized as an increase to unrestricted net assets when the donor makes a promise to give to the organization that is, in substance, unconditional. All donor restricted support is reported as an increase in temporarily restricted 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 the purpose is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization receives donated services, building materials and supplies. Non-cash donations are recorded as contributions at their estimated fair values at the date of donation. If a donor makes a contribution to the Organization in the form of marketable securities, it is the policy of the Organization to immediately liquidate the securities. Donated services are recognized as contributions at estimated fair value if the services create or enhance non-financial assets or require specialized skills, which would otherwise be purchased; therefore, the estimated fair value of construction trade services donated by electricians and plumbers is reflected in the financial statements.

The Organization utilizes the time, talent and energy of numerous volunteers to complete their construction projects, these services are not recorded on the financial statements since their time does not meet the criteria necessary for recognition. It is also common for cities, towns and other municipalities to donate land for the construction project. This land is reported at its estimated fair value which considers any deed restrictions.

***Use of 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 effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents*** – The Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash equivalents include money market funds that have no withdrawal restrictions.

***Mortgages Receivable*** – The Organization directly finances the properties for the buyers by amounts and are net of a discount (Note 3). When a borrower's payments are more than two months behind, the mortgage is considered to be delinquent. Delinquent mortgages receivable at June 30, 2015 and 2014 were \$103,700 and \$404,722 (including \$24,968 in 2014 for one home in the process of foreclosure), respectively. Recognition of mortgage discount amortization is suspended upon completion of foreclosure proceedings when title to the property has been obtained by the Organization.

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**

***Mortgages Receivable...continued*** – An allowance for doubtful accounts is provided for those mortgages receivable considered to be uncollectible based upon historical experience and management's evaluation of outstanding mortgages receivable at the end of the year. Bad debts are written off against the allowance when identified. At June 30, 2015 and 2014, the allowance for doubtful accounts was \$50,658 and \$47,858, respectively.

Upon receiving title to a property as a result of foreclosure, or when foreclosure proceedings have progressed to a point where management is certain that the Organization will reclaim the property, the Organization's policy is to reclassify the mortgage receivable to property held for sale as the fair market value of the mortgaged property typically exceeds the balance on the mortgage. All related reserves on the mortgage receivable are reversed at that time.

***Contributions Receivable*** – The Organization has contributions receivable of \$58,990 and \$98,475 at June 30, 2015 and 2014, respectively. They are expected to be collected within one year and are recorded at net realizable value.

The determination of the collectability of contributions receivable is based on management estimates. While certain balances may not be collected within the prescribed period, management believes that amounts are fully collectible and no allowance is necessary.

***Uninstalled Materials*** – The Organization's inventory consists of uninstalled construction materials which are stated at the lower of cost or market.

***Construction in Progress*** – The Organization capitalizes costs associated with the acquisition and development of land, and costs incurred to build a home on that land, as construction in progress. Upon the sale of a home, the related costs are recognized as costs of homes sold in the statements of activities and changes in net assets. Due to certain restrictions imposed by HFHI and donors of land, the Organization is usually required to sell the land and home at specified prices. Therefore, on an annual basis, management evaluates construction in progress and the estimated costs to complete each home to determine whether such costs are in excess of amounts to be realized upon sale of the property. If estimated costs, exclusive of in-kind donations, are expected to exceed the sale amount, a reserve is recorded. There was no reserve required at June 30, 2015 and 2014.

***Property and Equipment*** – Property and equipment are recorded at cost or fair value, if received by donation. The Organization capitalizes expenditures for property and equipment in excess of \$1,500. Expenditures for major improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which are five years.

***Revenue Recognition*** – Revenue from sales of homes is recognized upon closing. When the Organization receives a non-interest bearing mortgage loan at closing, mortgage discount expense is recognized to reflect imputed interest on the note. The discount is amortized into income over the life of the mortgage, typically 20 to 30 years.

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**

***Income Taxes*** – The Organization is a not-for-profit social welfare corporation that is qualified under Section 501(c) (3) of the Internal Revenue Code and is exempt from Federal and state income taxes.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic Accounting for Uncertainty in Income Taxes. The Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Management believes the Organization has no material uncertainties in income taxes.

The Organization files informational tax returns in the U.S. federal and Massachusetts state jurisdictions. The Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before fiscal year 2012.

***Reclassifications*** – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Total net assets and changes in net assets are unchanged due to these reclassifications.

***Subsequent Events*** – The Organization has evaluated all events subsequent to the balance sheet date of June 30, 2015, through the date which the financial statements were available to be issued, October 27, 2015, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

**3. MORTGAGES RECEIVABLE**

The Organization has mortgages receivable consisting of non-interest bearing notes, which are secured by real estate and payable in monthly installments, typically over a 20 to 30 year period. The Organization imputes interest over the life of all mortgages receivable according to rates set by Habitat for Humanity International. Rates for outstanding mortgages receivable vary from 7.39% to 9.00%. For the years ended June 30, 2015 and 2014, newly issued mortgages receivable were discounted by 7.51% and 7.58%, respectively.

The mortgages receivable are as follows:

	2015	2014
Total mortgages receivable	\$ 2,230,545	\$ 2,200,697
Less: unamortized discount	(1,224,896)	(1,156,810)
Less: allowance for doubtful accounts	(50,658)	(47,858)
	954,991	996,029
Less: current portion of mortgages receivable	(172,669)	(172,000)
	<u>\$ 782,322</u>	<u>\$ 824,029</u>

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

**3. MORTGAGES RECEIVABLE...continued**

Future maturities of the mortgages receivable for the years ended June 30, are as follows:

<u>Years</u>	<u>Amount</u>
2016	\$ 172,669
2017	172,621
2018	165,760
2019	158,352
2020	147,980
Thereafter	1,413,163
	<u>\$ 2,230,545</u>

At June 30, 2015 and 2014, mortgages receivable include approximately \$7,000 and \$14,000, respectively, representing amounts paid by the Organization's bank for real estate taxes on behalf of certain mortgagors with mortgages receivable in arrears. The Organization included the full amounts outstanding in their allowance for doubtful accounts and has accrued this amount as they expect they will ultimately be liable to remit those funds to the bank.

**4. PROPERTY AND EQUIPMENT**

Following is a summary of property and equipment as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Warehouse equipment and vehicles	\$ 35,758	\$ 35,758
Computer equipment	24,503	35,479
Telephone equipment	4,850	4,850
	<u>65,111</u>	<u>76,087</u>
Total cost		
Less accumulated equipment	<u>38,886</u>	<u>51,605</u>
Property and equipment, net	<u>\$ 26,225</u>	<u>\$ 24,482</u>

**5. DEMAND NOTE PAYABLE**

The Organization has a \$250,000 line of credit. Advances bear interest at the greater of the Wall Street Journal Prime Rate or 3.25% (3.25% at June 30, 2015 and 2014). The line of credit is due on demand and expired on August 31, 2015. Subsequent to June 30, 2015, the Organization was in the process of renewing the line of credit. The line of credit is secured by nine mortgage notes receivable. There were no borrowings outstanding at June 30, 2015 and 2014.

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

**6. OPERATING LEASES**

The Organization leases its office space through a lease agreement expiring in May 2022. Under the terms of the lease agreement, the Organization will pay a base rent of \$65,600 in fiscal year 2016, with an annual increase of \$2,400. Future minimum payments required under this lease by year and in the aggregate consist of the following:

<u>Years</u>	<u>Amount</u>
2016	\$ 65,600
2017	68,000
2018	70,400
2019	72,800
2020	75,200
Thereafter	150,750
	<u>\$ 502,750</u>

**7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of contributions restricted for construction in various locations, future purchases of equipment, and salary for the VP of Development. The following is a summary of contributions with purpose restrictions:

	<u>2015</u>	<u>2014</u>
Construction of homes	\$ 148,431	\$ 140,402
Community outreach initiative	27,334	39,640
VP of Development salary	31,250	31,250
Equipment and warehouse purchase	1,593	1,593
	<u>\$ 208,608</u>	<u>\$ 212,885</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	<u>2015</u>	<u>2014</u>
Construction of homes	\$ 519,843	\$ 233,537
VP of Development salary	125,000	116,664
Community outreach initiative	12,306	10,360
Volunteer lunch grant	5,000	-
	<u>\$ 662,149</u>	<u>\$ 360,561</u>

***SOUTH SHORE HABITAT FOR HUMANITY, INC.***

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

**8. PROPERTY HELD FOR SALE**

Properties held for sale totaled \$235,210 and \$63,206, at June 30, 2015 and 2014, respectively. At June 30, 2014, property held for sale included one property deeded back to the Organization, which was being rehabilitated for resale. During the year ended June 30, 2015, the Organization reclaimed one property through foreclosure, and repurchased one property. These properties remain in property held for sale at June 30, 2015, and the Organization plans to sell them within one year.

**9. COMMITMENTS**

Habitat for Humanity International developed a policy that requires affiliates to pay an annual U.S. Stewardship and Organizational Sustainability Initiative (US-SOSI) fee. The amount of the annual fee is determined by the population within the affiliate's approved Geographic Service Area. The purpose of the fee is to create a sustainable revenue stream to help finance a portion of operational costs incurred by HFHI to support the work of U.S. affiliates. The amount of the US-SOSI fee is fixed through June 30, 2019, subject to periodic review. There is a phase-in period for fee implementation, in which for the first year the Organization is to pay 33% of the regular annual fee, 67% for the second year, and 100% for the third year and thereafter. For the year ended June 30, 2015, the Organization paid \$10,000 in US-SOSI fees. The following is a schedule by years of future fee payments required under the policy as of June 30, 2015:

<u>Years</u>	<u>Amount</u>
2016	\$ 15,000
2017	15,000
2018	15,000
2019	<u>15,000</u>
	<u>\$ 60,000</u>