

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

Grant Application

Fiscal Year 2012

IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- Application is available at www.mckinneycdc.org; by calling 214.544.0296 or by emailing cgibson@mckinneycdc.org
- Completed application and all supporting documents are required to be submitted on a CD for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation
321 N. Central Expressway, Suite 240
McKinney, TX 75070

- *If you are interested in a preliminary review of your project proposal or idea, please complete and submit the **Letter of Intent** form, available at www.mckinneycdc.org, by calling 214.544.0296 or emailing cgibson@mckinneycdc.org.*

Applications must be completed in full, using this form, and received by MCDC, on a CD, by 5:00 p.m. on the date indicated in schedule below.

Please indicate the type of funding you are requesting:

Project Grant

Quality of Life projects that advance the mission of MCDC and are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines).



Promotional or Community Event Grant (up to \$15,000)

Initiatives, activities or events that enhance quality of life for McKinney residents, attract visitors to our area and promote the City of McKinney for the purpose of developing new or expanded business opportunities and/or enterprises.

Promotional and Community Event Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: December 17, 2010	January 2011	February 2011
Cycle II: June 30, 2011	July 2011	August 2011

Project Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 31, 2011	February 2011	March 2011
Cycle II: April 30, 2011	May 2011	June 2011
Cycle III: July 31, 2011	August 2011	September 2011

APPLICATION

ORGANIZATION INFORMATION

Name: North Collin County Habitat for Humanity

Federal Tax I.D.: 75-2443511

Incorporation Date: 1992

Mailing Address: 2060 Couch Dr.

City McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300

Fax: 972-542-5159

Email: habitat@ncc-habitat.com

Website: www.ncc-habitat.com

Check One: Attachment A

- Nonprofit – 501(c) Attach a copy of IRS Determination Letter
- Governmental entity
- For profit corporation
- Other

Professional affiliations and organizations to which your organization belongs: Chambers of Commerce – McKinney, Frisco, Melissa, Prosper, Princeton, Celina, Farmersville; National Association of the Remodeling Industry; Homebuilders Association of Texas – Collin County; Frisco Rotary; McKinney Rotary; Center for Nonprofit Management; Habitat Texas; Habitat for Humanity International; Volunteer Center of McKinney; Volunteer Center of North Texas; Texas Economic Development Council; American Economic Development Council; McKinney Historic Neighborhood Association; Women Enhancing Business

REPRESENTATIVE COMPLETING APPLICATION:

Name: Celeste Haiduk Cox

Title: Executive Director

Mailing Address: 2060 Couch Dr.

City: McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300

Fax: 972-542-5159

Email: celeste@ncc-habitat.com

CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:

Name: Celeste Haiduk Cox

Title: Executive Director

Mailing Address: 2060 Couch Dr.

City: McKinney

ST: TX

Zip: 75069

Phone 972-542-5300

Fax: 972-542-5159

Email: celeste@ncc-habitat.com

FUNDING

Total amount requested: \$ 99,285

PROJECT/EVENT

Start Date: Immediately

Completion Date: June 30, 2012 (fans and insulation immediately)

BOARD OF DIRECTORS *(may be included as an attachment)*

Attachment B

LEADERSHIP STAFF *(may be included as an attachment)*

Celeste Cox – Executive Director

Tony Sowell – ReStore Director

Andrea Tabor – Operations Manager

Wilson Fryar – Construction Director

Using the outline below, provide a written narrative no longer than 7 pages in length:

I. Applying Organization North Collin County Habitat for Humanity

Describe the mission, strategic goals and objectives, scope of services, day to day operations and number of paid staff and volunteers.

Disclose and summarize any significant, planned organizational changes and describe their potential impact on the project for which funds are requested.

North Collin County Habitat for Humanity (NCC-Habitat), located in McKinney, Texas, has been building homes for eligible low-income families since its incorporation in 1992. The affiliate serves more than one-half of the county, with the remainder served by another Habitat for Humanity affiliate whose service area is quickly approaching build-out. NCC-Habitat has constructed 82 homes in Northern Collin County, rehabbed 3, and is beginning construction on 1 additional home in Frisco.

NCC-Habitat serves households earning between 30% and 60% of the applicable family median income for the Dallas metropolitan statistical area. On average, a Habitat 4-person household will earn between \$20,000 and \$40,000 per year based on historical data. We have strict family selection guidelines to ensure that all income is verified and all other program rules are complied with. Income, employment and credit history are "requalified" before the family can move into their home.

The homes are sold at a very modest cost (\$65,000 on average) and mortgages are serviced by NCC-Habitat over a twenty-year period. A deed restriction in the form of a second lien is placed on the property to prevent a windfall profit from being made upon early sale of the property. If a homeowner does sell the home, NCC-Habitat is given first right of refusal. Our success rate for families remaining in their homes (since 1992, when our affiliate was organized) is 90%. We have lost one family due to a move, and two due to inability to make payments.

The affiliate is also launching a new program, A Brush with Kindness, in which volunteers repaint and perform minor exterior repairs to existing homes. This has been successful throughout the country and is a low-cost service to the elderly, disabled and others who may not be able to afford to keep their homes in good condition.

While the income level in Collin County is one of the highest in the country, we also have large areas of poverty and substandard housing in the cities and extensive rural areas in our service area. This will only increase, as our population is projected to reach 871,654 in 2020, up from 786,561 according to the 2010 census. McKinney has been called one of the five best places to live in the US, which will also serve as an incentive for households to relocate to this area.

NCCHFH has enjoyed a significant growth within the last ten years. Our staff has grown to 22 full and part time employees to administer our programs as well as keep pace with our organization's growing administrative responsibilities. We have a volunteer force of 2,400 with the primary mission of constructing homes and a smaller group assisting at the ReStore, including a number of community service restitution workers.

With special thanks to MCDC and Meadows Foundation, we recently purchased a 50,000 square foot building at 2060 Couch St., McKinney, primarily for expanding our successful ReStore. ReStores have become an integral part of fund-raising for many HFH affiliates, with more than 800 in the US, 48 of these in Texas. A more successful ReStore will fund 100 percent of affiliate administrative operations allowing every donation to fund home construction. After reaching this level, the ReStore will also begin funding housing construction.

Since moving to the expanded location, the ReStore has covered total operational expenses for the affiliate for two months and 75% of expenses for the remainder.

ReStores serve as recycling centers for the community and allow for a viable alternative for the reuse of household materials and materials from residential and commercial construction.

Open to the public, these retail operations sell new and used building and construction materials, furniture and appliances donated from individuals, building contractors and other retailers.

The McKinney ReStore opened October, 2009, and has been immensely successful, earning in excess of \$491,000 its first year of operation and \$671,000 during its second year. Estimated earnings for 2012 will fall slightly under \$1M. The store received the "2010 Small Business of the Year" designation from the Frisco Chamber of Commerce, was awarded a promotional grant from the McKinney Community Development Corporation in October, 2010 and a project grant for the purchase of the new facility in 2011.

The store is located in a 50,000 square foot warehouse which also houses Administration offices, ReStore staff offices and the construction department of NCCHFH. Hours of operation are Tuesday through Saturday from 9 a.m. to 6 p.m.

The McKinney ReStore offers free pick up of donated materials. Two of the largest donors are Lowe's and Home Depot. The ReStore prides itself in its **green initiative** of rescuing items from local landfills and also has an **active paint recycling program**. A partnership was developed with the local county waste division, which distributes ReStore flyers during its popular "Free Dump Days" in an effort to divert materials to the store. Donated latex paint is remixed in a commercial mixer and repackaged in five-gallon containers, selling for \$29 and popular with contractors for use as primer. **Since September, 2009, the ReStore has resold 2,820,000 pounds of donated goods otherwise destined for the landfill.**

The ReStore also serves as a community resource, at the Board meeting on July 20th, the Board of Directors of NCC Habitat voted to offer discounts to eligible non-profit organizations projects. This will allow us to be even more of a resource in the community for construction projects that serve families and individuals that meet the low-moderate income criteria. The new policy will allow us to offer the following rates to approved projects for 501(c)3 organizations: Cost plus 20% on Purchased items, 50% off donated items.

NCC Habitat has no significant organizational changes which would have an impact on the project for which funds are requested.

II. Project, Promotion or Community Event (whichever is applicable)

- **Outline details of the project for which funds are requested. Include information regarding scope, goals, objectives, target audience.**

NCCHFH is requesting funding in the following areas which are detailed below:

ReStore Insulation:	\$45,685
ReStore Fans:	\$22,600
Neighborhood Revitalization Program:	\$30,000 (30000/2) = 15 homes
Total Request	\$99,285

The ReStore selling floor of 36,000 square feet, is in desperate need of insulation and giant cooling fans. The warehouse has minimal heating in the winter but is impossible to cool in summer and customer comfort in summer creates problems. The ReStore was forced to cancel its August home improvement class due to excessive heat during the July class, when attendees said they were unable to tolerate the heat for the duration of the class.

The heat takes a toll on employees as well, who are forced to endure store temperatures. The temperature was taken inside the store in two places Saturday, July 21, 2012. Directly above the office area on the second story, the interior temperature was 144 degrees. Floor temperature in the center of the store was 110 degrees.

The heat has affected ReStore sales. In June, 2012, with milder temperatures, the store grossed an all-time high of \$93,001.91 from 2,080 customers. July 2012 is far behind and expected to gross some \$25,000 less, much of it due to

extreme heat. Customers say they are unable to shop, select flooring and tile and other time-consuming tasks in the heat. ReStore Director Tony Sowell reports he has waited on several customers in July who told him they would come back when the weather is cooler. The ReStore may lose those sales due to the heat.

The purchase of 4 large fans, in addition to 1 fan donated by the company receiving the bid, will make the ReStore far more comfortable in the summer as well as move heated air from the ceiling onto the selling floor in winter.

North Texas Food Bank, also housed in a warehouse, installed the fans several years ago and reports they have made a substantial difference in the temperature of their facility, which is also without air conditioning. They have no complaints about the heat from either staff or customers and are able to offer tours of the building even in the hottest weather.

Fans - unit price - \$5650 = \$22,600 (one donated with purchase as a match) for a total of 5 fans

Insulation - 5.5 inches of nominal open cell spray foam insulation for 30,000 square feet to the roof deck and walls = \$45,685

Sub Total for ReStore - \$68,285

Another Program within Habitat is a partnership between the City of McKinney and a Nationwide program. The Cities of Service Initiative "Together We Serve" will identify the needs of properties within the low-moderate income neighborhoods in McKinney. This will address new construction, rehabs, repairs, clean-up and education of the homeowners to achieve financial stability and build healthy, stable neighborhoods.

The new construction began with a Homebuilders Blitz in partnership with 8 home builders along with identification of rehab, repairs, and community wide clean-up projects. Suppliers of materials are committing in-kind donation of materials to this project.

There are 5 neighborhoods in McKinney currently identified as the first target areas. The project has commenced with a needs analysis for each neighborhood, identification of issues, identification of resources, assignment of volunteers to the projects and execution of the projects.

In the first neighborhood, LaLoma, there are 102 lots. Of these 52 have been identified as having a need for repairs, rehab or general clean-up.

Habitat will serve as the lead agency for this program which is supported by the Mayor.

McKinney became a City of Service in August of 2010 and, in doing so, pledged to support efforts to increase service opportunities in the McKinney community. Together We Serve -- McKinney, the city's comprehensive service plan, outlines the impact and infrastructure initiatives identified through conversations with a broad representation of community organizations and volunteers. Together We Serve -- McKinney's impact initiative addresses a pressing need for home repair and revitalization in older neighborhoods and for individuals in need of assistance. The need for better communication about volunteer opportunities throughout the community is addressed by the plan's infrastructure initiative.

Impact Initiative: Together We Engage With Our Neighbors: This initiative seeks to create a partnership between residents and volunteers that will result in revitalization of communities east of McKinney's Historic Downtown Center. Individual homes in these neighborhoods in need of repair, weatherization or accessibility modifications will be targeted for modifications or rehabilitation. As homes are revitalized, a better quality of life and sustainable communities are created.

Key factors considered in selecting housing as Mayor Loughmiller's priority area include:

* 13% of McKinney housing was built prior to 1979. The majority of these homes are in older communities east of the City's historic downtown center.

* An estimated 1,895 of McKinney homeowners earn \$20,280 or less and an additional 3,370 earn \$34,150 or less; and an additional 6,522 earn \$54,650 or less.

* 6% of the McKinney population, or 7,798 individuals, have one or more types of disabilities and many persons with disabilities have low or fixed incomes.

* 5.8% of the McKinney population, or 7,527 individuals, are elderly

As part of the strategic plan, NCC Habitat as committed to serve 20 families through this program this year in honor of our 20th anniversary.

It is estimated that on average, a project will cost approximately \$2,000 cash and \$2,000 GIK(Gifts in Kind) Donated materials. The City of McKinney Housing Finance Corporation has committed \$8,100 to this project and we have applied for 2 projects @ \$2500 each to the Thrivent Builds Repairs program. We are requesting **\$30,000 to complete 15 projects, serving 15 families with an average family size of 4 (60 persons-adults, seniors and children).** This project would have significant impact on an entire neighborhood and would be an average of \$500 cost per person.

- **Describe how the proposed project fulfills strategic goals and objectives for the organization.** North Collin County Habitat for Humanity works in partnership with God and His people to develop communities by enabling families to achieve the dream of homeownership with dignity. The goal of the organization is to provide housing for eligible families currently residing in substandard residences and serve the community as a whole in community development. By becoming self-sufficient, all dollars donated will go directly to building/rehabbing more homes and with increased revenues from the ReStore, additional families will be served. We will also be serving as a community resource for the revitalization of neighborhoods on an ongoing basis as well as providing affordable resources to other nonprofits.
- **Please also include planned activities, time frame/schedule, and estimated attendance and admission fees if applicable.** See details in project description
- **What is the venue/location for project or event?** 2060 Couch St., McKinney & Neighborhoods in East McKinney beginning with LaLoma.
- **Provide a timeline for the project or event.** July to September, 2011(ReStore) July to June (Revitalization)
- **Detail goals for growth/expansion in future years.** We plan to remain at this location for many years. We will be increasing our Finance Controller position to Full time and have added a Construction Programs Director position to oversee our rehab/repairs program.

Is this Project:

- | | | |
|-----------------------------|--------------------------------|-------------------------------|
| • An expansion/improvement? | X <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • A replacement/repair? | <input type="checkbox"/> Yes | X <input type="checkbox"/> No |
| • A multi-phase project? | <input type="checkbox"/> Yes | X <input type="checkbox"/> No |
| • A new project? | X <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Has a feasibility study or market analysis been completed for this proposed project? *If so, please attach a copy of the Executive Summary.*

ATTACHMENT C

Provide specific information to illustrate how this project will advance the mission and strategic goals of MCDC and the impact to the community as a whole.

The Neighborhood Revitalization program also known as Cities of Service Initiative (Together We Serve) and ABWK (A Brush With Kindness) are programs intended to increase the vitality of neighborhoods. This will increase the safety and security of the residents living in these neighborhoods as well as increase the taxable value of the properties within these areas.

In partnership with other organizations including 3E McKinney, Volunteer McKinney Center, local service clubs and churches, we can all work together to solve our aging housing and provide solutions in a comprehensive manner – Together, utilizing volunteer labor and community-wide resources.

The ReStore will meet several goals of MCDC and the State Comptroller uses of sales tax revenue. The primary objective of the ReStore is to recycle, reduce and reuse donated items from homebuilders, businesses and residents. As a **recycling center**, this location not only provides alternatives for paint disposal and bulk building materials, but for a resource for homeowners to have a pick up of these items from their homes. These programs support the City of McKinney Office of Environmental Stewardship and provide additional support to the North Texas Municipal Landfill and IESI.

The ReStore promotes the **safe and attractive image of McKinney** through the recycling program by eliminating waste from job sites and from resident's homes. It also provides affordable materials for repairs and upkeep of existing housing stock in the City of McKinney through the low-cost affordable reuse of building materials and supplies.

With additional sales at the ReStore, additional **sales tax** has been returned to the city. More than one-half the customers shopping at the ReStore do not live within the City of McKinney as evidenced from our e-news mailing list. The store brings customers from other parts of the MetroPlex who spend their dollars here and it may be surmised that they may also do additional shopping, dining, etc., at other McKinney businesses while they are here.

The enlargement of the ReStore has necessitated the addition of more **employees**, adding to the workforce. They may not live within the city limits but their employment here makes it convenient for them to shop and dine within the city.

Additional homes also bring new residents to the city. The NCC-Habitat eligibility process ensures these residents are credit-worthy, employed, and will become assets to the city as they maintain their homes and become assimilated into the schools, churches and other organizations which promotes the **safe and attractive image of McKinney**.

Home ownership also removes their children from substandard housing and the crime-ridden areas where most currently reside. Children who live in single-family homes are more likely to finish school,

avoid crime, remain healthy and become more productive citizens than those reared in poverty-filled areas.

Removing families from the blight of government housing and into single-family residences is an asset to any community and helps ensure the future of the city by not perpetuating multi-generational poverty and despair.

There are many benefits in having a ReStore in our community, which include:

- Raising funds to support the Habitat home building program
- Lowering cost of materials for repair/construction for the general population
- Providing more places to purchase material/supplies
- Providing an opportunity to make Habitat for Humanity more visible within the community
- Sponsoring educational seminars and fundraising events to the community
- Recycling construction materials and supplies to prevent them from going to landfills
- Creating employment opportunities
- Creating volunteer opportunities
- Creating opportunities for Habitat homeowners to earn sweat equity

Has a request for funding, for this project, been submitted to MCDC in the past?

Yes

No

III. Financial

- Provide an overview of the organization's financial status including the impact of this grant request.

ATTACHMENT D

- Please attach your budget for the current year and audited financial statements for the preceding two years. If financials are not available, please indicate why.

ATTACHMENT E

What is the estimated total cost for this Project?

(Please attach a Project budget.)

ATTACHMENT F

What percentage of Project funding will be provided by the Applicant? 38%

We will provide \$8100 from HFC, \$30,000 in GIK towards the Brush with Kindness Program, the labor for the installation of the ReStore Fans \$7,500 and one donated fan \$5,650 and \$9050 cash. (\$60,300)

Are Matching Funds available?

Yes

No

Cash \$13,100	HFC (8100) Thrivent (5000) NCCHFH (4050)	% of Total 11%
In-Kind \$43,150	HFHI Materials (30000) Fan (5650) Labor (7500)	% of Total 27%

Are other sources of funding available? *If so, please list source and amount.*

Have any other federal, state, or municipal entities or foundations been approached for funding? *If so, please list entity, date of request and amount requested.*

IV. Marketing and Outreach

Describe marketing plans and outreach strategies for your organization and for the project for which you are requesting funding – and how they are designed to help you achieve current and future goals. We will begin telling the public it’s cooler inside the ReStore as soon as the fans are installed through McKinney’s Town Square Buzz, our website and e-newsletter and, of course, customers should immediately notice the difference when they enter the store. The Neighborhood Revitalization Program (ABWK/COS) is being promoted through Volunteer McKinney Center, our local churches and current volunteer database.

V. Metrics to Evaluate Success

Outline the metrics that will be used to evaluate success of the proposed project. If funding is awarded, a post-event/project report will be required summarizing success in achieving objectives outlined for the event.

Successful completion of 15 rehab projects, reduction in temperature of the ReStore and increased sales.

Acknowledgements

If funding is approved by the MCDC board of directors, Applicant will assure:

- The event/project/program for which financial assistance is sought will be administered by or under the supervision of the applying organization;
- All funds awarded will be used exclusively for the event/project/program described in the application;
- MCDC will be recognized in all marketing, outreach, advertising and public relations as a funder of the event/project. Specifics to be agreed upon by applicant and MCDC and included in an executed Performance Agreement;
- Organization’s officials who have signed the application are authorized by the organization to submit the application;
- Applicant will comply with the MCDC Grant Guidelines in executing the event/project for which funds were received.
- A final report detailing the success of the project, as measured against identified metrics, will be provided to MCDC no later than 30 days following the event/completion of project.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to project/program conclusion with submission of invoices/receipts to MCDC. The final 20% will be

forwarded upon MCDC's receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final project/program/event report.

- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120th day after the date the MCDC notifies the applicant of the violation.

We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.

Chief Executive Officer

Celeste H. Cox

Signature

Celeste H. Cox

Printed Name

7/30/12

Date

Representative Completing Application

Celeste H. Cox

Signature

Celeste H. Cox

Printed Name

7/30/12

Date

INCOMPLETE APPLICATIONS, OR THOSE RECEIVED AFTER THE DEADLINE, WILL NOT BE CONSIDERED.

ATTACHMENT A - IRS (1)



Habitat for Humanity International

Building houses in partnership with God's people in need

January 5, 1993

Noel Glucksman, President
McKinney HFH
4405 San Mateo Lane
McKinney, TX 75070-0153

Dear Noel,

This letter will confirm that McKinney HFH has been added to the roster of exempt subordinates included in the group exemption letter of Habitat for Humanity International, Inc. ("HFHI") under section 501(c)(3) of the Internal Revenue Code, effective on January 1, 1993.

The enclosed copy of the group exemption letter received from the IRS (dated February 13, 1987) provides evidence of HFHI's group exemption. That letter, together with this letter which confirms your affiliate's exempt subordinate status, provide evidence of your tax exempt status under section 501(c)(3) of the code. Both of these letters should be retained as part of your affiliate's permanent records.

Also, we are enclosing for your information a sheet entitled "Affiliate Tax Return Reminders." Please note that a significant penalty may be imposed when a return is filed late. To assist in the consolidation of your affiliate's financial data with that of HFHI, we request that you use a calendar year accounting period (January 1-December 31).

The group exemption number assigned to HFHI by the IRS is 8545. This number may be provided to prospective donors, foundations, and other grant organizations as they request it, and is required on certain IRS forms.

In partnership,

Carol Gregory

Carol Gregory
Area Director, US

CG/ln

Enclosure

cc: Joe Gatlin

ATTACHMENT A - (2)

Internal Revenue Service
District Director

Department of the Treasury

EO GROUP 7201
P.O. BOX 1035
ATLANTA, GA. 30370

Date: FEB 13 1987

Habitat For Humanity, Inc.
419 West Church St
Americus, Georgia 31709

Dear Sirs:

We have considered your application for group exemption letter recognizing your subordinates as exempt from Federal income tax as organizations of the type described in section 501(c)(3) of the Internal Revenue Code.

Our records show that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code. The exemption letter remains in effect.

Based on the information supplied, we recognize your named subordinates on the list you submitted, as exempt from Federal income tax under section 501(c)(3) of the Code.

Additionally, we have classified the organizations you operate, supervise, or control, and which are covered by your notification to us, as organizations that are not private foundations because they are organizations of the type described in section 170(b)(1)(A)(vi) & 509(a)(1) of the Code.

Donors may deduct contributions to you and your subordinates as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of section 2055, 2106, and 2522 of the Code.

You and your exempt subordinates whose gross receipts are normally more than \$25,000 are each required to file Form 990, Return of Organizations Exempt from Income tax, by the 15th day of the fifth month after the end of the annual accounting period. If you prefer, you may file a group return for those subordinates that authorize you in writing to include them in that return. This would be in addition to your separate return. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

You and your exempt subordinates are not required to file Federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. Each organization subject to this tax must file Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of you or your subordinates present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

ATTACHMENT A - (3)

To maintain the group exemption letter, you must submit annually, at least 90 days before the close of your annual accounting period, to the Internal Revenue Service Center indicated for your location the following:

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates.
2. A list showing the names, mailing addresses (including postal zip codes), actual address if different, and employer identification numbers of subordinates that during the year:
 - a. changed names or addresses;
 - b. were deleted from your roster;
 - c. were added to your roster.
3. For subordinates to be added attach:
 - a. A statement that the information on which your present group exemption letter is based applies to the new subordinates;
 - b. a statement that each has given you written authorization to add its name to the roster;
 - c. a list of those to which the Service previously issued exemption rulings or determination letters;
 - d. a statement that none of the subordinates are private foundations as defined in section 509(a) of the Code;
 - e. the street address of subordinates where the mailing address is a P. O. Box; and
 - f. for each subordinate that is is a school claiming exemption under section 501(c)(3), the information required by Rev. Proc. 75-50, 1975-2 C.B. 587. Also include any other information necessary to establish that the school is complying with the requirements of Revenue Ruling 71-447, 1971-2 C.B. 280. This is the same information required by Schedule A, Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.
4. If applicable, a statement that your group exemption roster did not change during the year.

The above information should be sent, "Attention: Entity Control Unit, the following address:

Internal Revenue Service Center
Attention: Entity Control Unit
Atlanta, GA 31101

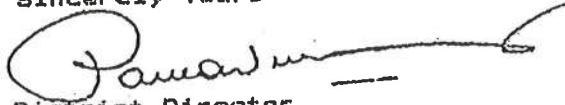
ATTACHMENT A (4)

The service center that processes your returns will send you a Group Exemption Number. You are required to include this number on each Form 990, Return of Organization Exempt From Income Tax, and Form 990-T, Exempt Organization Business Income Tax Return. Please advise your subordinates of this requirement and provide them with the Group Exemption Number.

Because this letter could help resolve any questions about your exempt status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely Yours



District Director

ATTACHMENT B - "BOARD OF DIRECTORS (1)"

North Collin County



Addresses And Communication List

Report Content: = By Record

Name(s)	Organization	E-mail Addresses
Address	City State ZIP	Phone List

Committees

Board of Directors

View Point Bank - Plano		
Bathea, Cindy		Email cindy.bathea@viewpointbank.com
		Email cbathea@gmail.com
1309 W. 15th. St. Ste. 302	Plano TX 75075	Work 972-801-5717
		Cell 214-288-2657
		Fax 469-467-1057

Simpson Strong - Tie-Finance		
Busha, Terry & Skowron, Teren		Email tbusha@strongtie.com
		Email lbrown@strongtie.com
1213 Kingsbridge	Garland TX 75040	Home 972 414-4873
		Work 972-542-0326
		Work 800-999-5099
		Work 972-439-3147
		Work 972-439-3102
		Cell 214-680-9145
		Cell 469-767-6048
		Other 972 414-4873
		Fax 972-548-0924

North Dallas Bank - Treasurer		
Carley, Gary & Mendez		Email gary.carley@ndbt.com
4415 Siena Drive	Frisco TX 75034	Home 972-668-2221
		Work 972-701-2804
		Cell 972-839-1272
		Cell 972-839-1425
		Fax 972-701-2816

building houses in partnership with God's people

ATTACHMENT B - (2)

Name(s)	Organization	City	State	ZIP	E-mail Addresses	Phone List
Carter, Nelson					Email	
					Home	charlesnelsoncarter@gmail.com
					Work	972
					Cell	972 477-7729
					Fax	(214) 707-8029
Foreman, Mike	City of Celina				Email	mforeman@celina-tx.gov
142 N. Ohio		Celina	TX	75009	Work	972-382-2682
					Cell	972-768-7578
					Fax	972-382-3736
Gore, Marta & Charles	Community Advocate				Email	cmwgore@swbell.net
1821 Savannah Drive		Mckinney	TX	75070	Home	214-726-9540
					Cell	214-642-0338
Haiduk Cox, Celeste	STAFF - Executive Director				Email	celeste@ncc-habitat.com
P.O. Box 153		Mckinney	TX	75070	Work	972 542-5300
					Cell	214 616-7373
					Fax	972 542-5159
Lenox, Melody					Email	melody_lenox@yahoo.com
					Email	melody.lenox@blockbusters.com
					Work	972-683-8174
					Cell	214-280-2914
2617 Sage Meadows Trail		Little Elm	TX	75068		
						ti Jun
Orr, Jim	Orr, James M. - Francis & Orr LLP				Email	jorr@foitlp.com
103 E. Virginia St. #203		Mckinney	TX	75069	Work	972-562-3183
					Fax	972-562-3128
Pietenpol, Larry & Lisa	President Elect				Email	larrypietenpol@prodigy.net
					Email	
					Home	972 540-6548
					Work	972 431-3015
					Cell	972 333-1404
					Fax	972 431-9684
Ricketts, Terri	IESI - Public Affairs				Email	tricketts@iesi.com
2138 Country Lane		Mckinney	TX	75069	Cell	214-924-4460
					Other	469-452-8008

Jul 30, 2012 10:00

building houses in partnership with God's people

P. O. Box 153 McKinney TX 75070-0000
 (972) 542-5300 ♦ Fax (972) 542-5159

ATTACHMENT B -- (3)

Name(s)	Organization	E-mail Addresses
Address	City State ZIP	Phone List
Smith, Ed	JGS Advisors Insurance Group, LLC	
7410 Preston Rd. #123	Frisco TX 75034	Email ed@jgsinsurancegroup.com Email edsmithinsagent@stocglobal.net Home 469-633-0324 Work 972-377-8900 Cell 214-215-7909 Fax 866-570-8152
Swearingen, Olive	Board Secretary	
5920 Mockingbird Ln	McKinney Tx 75070	Email oddswear@flash.net Email od.swear@att.net Home 972 Home 972 529-2621 Work 972 542-2371 Cell 972 741-0549 Family Selection Number
Weideman, Sharon	City Council - Melissa	
4 Shady Bend Dr	Melissa TX 75454	Email sweideman@cityofmelissa.com Email sharon_weideman@hotmail.com Cell 214-924-0224

building houses in partnership with God's people

Jul 30, 2012 10:00 P.O. Box 153 McKinney TX 75070-0000
 (972) 542-5300 ♦ Fax (972) 542-5159

ATTACHMENT D-AUDIT 2010 (1-11)

**MCKINNEY HABITAT FOR HUMANITY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
With Independent Auditor's Report**

**Emma S. Walker, PC
Certified Public Accountant
Ft. Worth, Texas**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows.....	4
Supplemental Schedule of Functional Expenses.....	5
Notes to Financial Statements.....	6

Emma S. Walker, P.C.

Certified Public Accountant

1009 Henderson

Fort Worth, Texas 76102

(817) 332-3049

Independent Auditor's Report

To the Board of Directors of
McKinney Habitat for Humanity, Inc.
701 S. Tennessee
McKinney, Texas

We have audited the accompanying statement of financial position of McKinney Habitat for Humanity, Inc. ("Habitat") (a non-profit corporation) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Habitat's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center's financial statements and, in our report dated October 12, 2009 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McKinney Habitat for Humanity, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emma S. Walker, P.C.

October 19, 2010

McKinney Habitat for Humanity, Inc.
Statements of Financial Position
For Year Ending June 30, 2010 and 2009

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
ASSETS		
Cash	\$ 149,947	\$ 7,657
Temporarily Restricted Cash	177,700	153,857
Inventories - Land	278,490	233,140
Non-Interest Bearing Mortgages Receivable - Current (note 6)	117,372	92,830
Agency Receivables	473,558	389,904
Other Assets	19,375	1,550
Prepaid Expenses	-	13,119
Total current assets	<u>1,216,442</u>	<u>892,057</u>
Property, Furniture and Equipment (net) (note 2)	179,301	187,325
Non-Interest Bearing Mortgages Receivable (note 6)	1,521,657	1,366,255
Discount on Non-Interest Bearing Mortgage (note 6)	(830,659)	(739,203)
Construction In Progress (note 3)	132,717	216,520
Total long-term assets	<u>1,003,016</u>	<u>1,030,897</u>
Total Assets	<u>\$ 2,219,458</u>	<u>\$ 1,922,954</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable & Accrued Expenses	\$ 76,015	\$ 55,206
Escrow-Mortgage Holders	56,835	63,614
Agency Payables	473,558	389,904
Line of Credit	18,419	-
Total Current Liabilities	<u>624,827</u>	<u>508,724</u>
Notes Payable - (note 13)	238,320	-
Total Long Term Liabilities	<u>238,320</u>	<u>-</u>
Total Liabilities	<u>863,147</u>	<u>508,724</u>
Net Assets		
Unrestricted - Undesignated	1,178,611	1,260,373
Temporarily Restricted	177,700	153,857
Total Net Assets	<u>1,356,311</u>	<u>1,414,230</u>
Total Liabilities and Net Assets	<u>\$ 2,219,458</u>	<u>\$ 1,922,954</u>

See accompanying notes to financial statements.

McKinney Habitat for Humanity, Inc.
 Statements of Activities
 For the Year Ended June 30, 2010 and Comparative Total for 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total June 30, 2010</u>	<u>Total June 30, 2009</u>
REVENUE AND OTHER SUPPORT:				
Grants	\$ -	\$ 84,173	\$ 84,173	\$ 118,473
Contributions	44,109	246,345	290,454	217,403
Contributions - Non Cash	122,514		122,514	163,968
Discount amortization	63,888		63,888	44,342
Transfers to Homeowners	455,000		455,000	285,000
ReStore Sales	365,449		365,449	17,059
Special Events , net of expenses	1,206		1,206	27,375
Miscellaneous	7,835	-	7,835	13,483
Interest Income	-	759	759	5,375
Net assets released from restrictions	307,434	(307,434)	-	
Total Revenue and Other Support	<u>1,367,435</u>	<u>23,843</u>	<u>1,391,278</u>	<u>892,478</u>
EXPENSES:				
Home Ownership Program	1,021,087	-	1,021,087	805,723
ReStore Program	366,973	-	366,973	8,337
Management and administrative	61,137	-	61,137	53,110
Total Expenses	<u>1,449,197</u>	<u>-</u>	<u>1,449,197</u>	<u>867,170</u>
Change in Net Assets	(81,762)	23,843	(57,919)	25,308
Net Assets, June 30, 2009	1,260,373	153,857	1,414,230	1,388,922
Net Assets, June 30, 2010	<u>\$ 1,178,611</u>	<u>\$ 177,700</u>	<u>\$ 1,356,311</u>	<u>\$ 1,414,230</u>

See accompanying notes to financial statements.

McKinney Habitat for Humanity, Inc.
 Statements of Cash Flows
 For the Year Ended June 30, 2010 and 2009

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
OPERATING ACTIVITIES:		
Increase in net assets	\$ (57,919)	\$ 25,308
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation Expense	26,219	8,515
Discount amortization-mortgages	(63,888)	(44,342)
Transfer to Home Owners	(307,203)	(201,940)
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	(45,350)	(141,747)
(Increase) decrease in grants receivable	-	122,793
(Increase) decrease in prepaid expenses	13,119	(12,900)
(Increase) decrease in homes under construction	166,435	65,540
Increase (decrease) in accounts payable and accrued expenses	14,030	(13,849)
Net cash used by operating activities	<u>(254,557)</u>	<u>(192,622)</u>
INVESTING ACTIVITIES:		
Purchase of Equipment	(18,945)	(143,800)
Loan Payments	(27,125)	
Loan Proceeds	275,210	
Mortgage payments received	191,550	187,098
Net cash used by investing activities	<u>420,690</u>	<u>43,298</u>
NET INCREASE (DECREASE) IN CASH AND TEMPORARILY RESTRICTED CASH	166,133	(124,016)
CASH AND TEMPORARILY RESTRICTED CASH:		
Beginning of Year	161,514	285,530
End of Year	<u>\$ 327,647</u>	<u>\$ 161,514</u>
SUPPLEMENTAL DISCLOSURE OF NON CASH ACTIVITIES:		
Issuance of non-interest bearing mortgages loans	\$ <u>455,000</u>	\$ <u>285,000</u>
Discount on non-interest bearing mortgages loans	\$ <u>(147,797)</u>	\$ <u>(83,060)</u>
Transfers to homeowners subject to non-interest bearing mortgage loans	\$ <u>307,203</u>	\$ <u>201,940</u>

See accompanying notes to financial statements.

McKinney Habitat for Humanity, Inc.
 Statements of Functional Expenses
 For The Year Ended June 30, 2010 and Comparative Totals for 2009

	Program Services		Support Services Management & General	Total	
	Construction	ReStore		June 30, 2010	June 30, 2009
Salaries & Benefits	\$ 205,552	\$ 154,074	\$ 30,375	\$ 390,001	\$ 212,943
Mortgage Discount	147,797	-	-	147,797	83,060
Materials and Supplies	553,167	24,585	-	577,752	314,893
Development Expenses	27,594	-	-	27,594	108,200
Insurance	7,910	6,153	3,516	17,579	8,295
Rent	-	92,768	3,600	96,368	3,775
Telephone	4,500	4,200	4,500	13,200	9,820
Program Expenses	11,886	-	-	11,886	19,823
Tithe	15,289	-	-	15,289	13,989
Auto Trailer Expense	5,263	3,508	-	8,771	5,654
Office Expenses	5,278	2,346	4,105	11,729	4,906
Repairs	4,483	5,209	2,423	12,115	2,604
Printing and Promotions	2,391	15,277	-	17,668	1,498
Postage	1,873	288	720	2,881	3,390
Dues & Subscriptions	2,070	-	690	2,760	3,898
Bank Charges	418	278	232	928	2,465
Credit Card Fees	-	7,206	-	7,206	-
Equipment Rental	3,572	-	-	3,572	-
Depreciation Expense	3,685	18,628	3,906	26,219	8,515
Utilities	753	26,371	2,750	29,874	6,286
Interest Expense	12,278	-	-	12,278	15,289
Professional Fees	2,000	2,000	2,000	6,000	11,470
Miscellaneous	395	840	2,320	3,555	15,551
Travel	2,933	3,241	-	6,174	10,846
	\$ 1,021,087	\$ 366,973	\$ 61,137	\$ 1,449,197	\$ 867,170

See accompanying notes to financial statements.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

McKinney Habitat for Humanity, Inc. (“Habitat”) is a not-for-profit interdenominational organization whose purpose is to encourage, promote and assist in the building and rehabilitation of housing for ownership by low-income persons in the North Collin County area (Frisco, Celina, McKinney, Princeton, Anna, Melissa, Prosper, Farmersville, New Hope, and Blue Ridge). Habitat is an affiliate of Habitat for Humanity International, Inc., located in Americus, Georgia.

Habitat is a privately operated and financed program that transfers such housing to low income persons at cost after completion of construction, utilizing non-interest bearing notes. Habitat expects to continue to finance its operations through continuing contributions and mortgage receipts.

Habitat’s Program Services includes the home construction program and the ReStore Program (a retail operation) that sells usable materials donated by retail businesses, construction companies, contractors and the general public at below cost prices. The proceeds from the ReStore fund Habitat’s community programs.

Habitat is exempt from federal income taxes under section 501 (C) (3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Sections 509(a)(1) and 170(b)(A)(VI).

Basis of Accounting

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

Basic of Presentation

The financial statements are classified based on the existence or absence of donor-imposed restrictions using the following classifications: permanently restricted, temporarily restricted and unrestricted. These classifications are defined as follows:

Permanently restricted net assets contain a donor-imposed restriction that stipulates that resources be maintained permanently, but permit Habitat to use or expend the income derived from the donated assets.

Temporarily restricted net assets contain donor-imposed restrictions that permit Habitat to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of Habitat.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.

Cash and Cash Equivalents

Habitat considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Mortgages Receivable

Mortgages receivables consist of non interest-bearing mortgages, which are secured by real estate and payable in monthly installments. The mortgages have an original maturity of 25-30 years. These mortgages have been discounted at various rates ranging from 6% to 9% based on the prevailing market rates at the inception of the mortgages. Interest income (amortization of the discount) is recorded using the straight line method over the lives of the mortgages.

Property and Equipment

Fixed asset acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets and is computed using the straight-line method. Leasehold improvements are amortized over the life of the lease or asset whichever is shorter. This amortization expense is reported as a part of occupancy cost.

Construction In Progress

Construction in progress is recorded at cost and includes all direct material, labor and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tool costs. Land costs included in construction –in-progress are stated at the lower of cost or the fair value at the date of the contribution. Included in land costs are any costs incurred in development. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the statement of activities as program services.

Support

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. In the absence of explicit donor stipulations about how long-lived assets must be maintained, Habitat reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis. Accordingly, certain costs have been allocated between program and supporting services in reasonable ratios determined by management.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 – PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the respective assets, ranging from five to fifteen years.

	<u>2010</u>	<u>2009</u>
Land	2,750	2,750
Building & Improvements	126,206	117,526
Office Equipment	52,461	42,196
Vehicles & Trailers	50,831	52,630
Machinery & Equipment	6,526	6,526
	<u>238,774</u>	<u>221,628</u>
Less: Accumulated Depreciation	<u>(59,473)</u>	<u>(34,303)</u>
	<u>\$ 179,301</u>	<u>\$187,325</u>

NOTE 3 – CONSTRUCTION IN PROGRESS

Real estate costs, building materials and contract labor are recorded at cost when incurred. The administrative costs of developing projects are allocated to the respective projects. Construction in progress consists of the following:

	<u>JUNE 30, 2010</u>		<u>JUNE 30, 2009</u>	
	<u>NUMBER</u>	<u>COST</u>	<u>NUMBER</u>	<u>COST</u>
Homes Under Construction				
July 1,	5	216,520	7	\$282,060
Additional Cost Incurred				
During the Year	-	87,324	-	249,641
New Homes Started				
During the Year	6	363,631	3	119,398
Homes Transferred				
During the Year	<u>-8</u>	<u>-534,759</u>	<u>-5</u>	<u>-434,579</u>
Homes Under Construction				
June 30	<u>3</u>	<u>\$132,716</u>	<u>5</u>	<u>\$216,520</u>

NOTE 4 – INVENTORIES

Inventory consists of home lots to be developed and costs incurred in conjunction with home construction. They are capitalized until the completion of each home. Home lot inventory was \$278,490 as of June 30, 2010 and \$233,140 as of June 30, 2009 which included 24 and 28 lots respectively.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 – SALES TO HOMEOWNERS

During the year 5 homes were sold to qualifying applicants. The resulting mortgages are non-interest bearing and the presentation of their book value have been discounted based upon the prevailing market rates for low-income housing at the inception of the mortgages (current years rate 7.96%). The sales to homeowners presented in the statement of activities and changes in net assets are net of this discount of \$147,797 for 2010 and \$83,060 for 2009.

NOTE 6 – MORTGAGES RECEIVABLE

Habitat finances all of the homes that are sold. Each mortgage is issued as a zero-interest mortgage to the buyer. Habitat discounts the mortgages using the current interest rates at the time the home is sold. The discount is amortized using the effective interest method. Mortgages receivable as of June 30, 2010 and 2009 are as follows:

Mortgages receivable (at face value)	\$1,639,029	\$ 1,459,085
Unamortized discount on mortgages	<u>(830,659)</u>	<u>(739,203)</u>
	\$ <u>808,370</u>	\$ <u>719,882</u>

Future collections on these mortgages will be received over the next five years as follows:

2011	117,372
2012	117,372
2013	117,372
2014	117,372
2015	117,372
Thereafter	<u>1,052,169</u>
Total	<u>\$1,639,029</u>

Habitat entered into an agreement to sell some of its homeowner mortgages receivables with the Texas Department of Housing and Community Affairs Texas Boot Strap Loan Program. Habitat continues to collect and manage these mortgages, and then remits the amount collected to the agency. These amounts are reported as agency receivables and agency payables on the statement of financial position and do not have any effect on the change in net assets. The balance in the agency receivables and agency payables accounts as of June 30, 2010 is \$473,558 and \$389,904 for 2009.

NOTE 7 – IN-KIND CONTRIBUTIONS

Habitat receives in-kind contributions of materials and services used in the construction of its homes. The total amount for in-kind contributions for the year ending June 30, 2010 was \$122,514 and \$163,968 in 2009.

Habitat also received furniture, household items and construction materials used in home construction and repair for sale in the Re-Store. Per SFAS 116, the total value of items donated was not valued since fair value is not determinable.

NOTE 8 – RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>2010</u>	<u>2009</u>
Temporarily Restricted Contributions Temporarily Restricted	<u>\$177,700</u>	<u>\$153,857</u>

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 9 - COMMITMENTS AND CONTINGENCIES

In addition to the non-interest bearing mortgage received from the sale of each home, Habitat receives a shared appreciation agreement. The shared appreciation agreement allows Habitat to collect the lowest independent appraised value as an additional amount upon the sale of refinance within 15 years of the original sale contract. The shared appreciation agreement payoff is considered less than probable or remote and therefore no receivable has been recorded in the financial statements.

NOTE 10 - CONCENTRATION OF CREDIT RISK

Habitat's programs are concentrated in the McKinney, Texas. The Organization receives donations, home sales and collection of mortgage receivables in this area, changes in economic conditions may impact the Organization.

NOTE 11 - TRANSACTIONS WITH HABITAT INTERNATIONAL

Habitat annually remits 10% of its unrestricted contributions (excluding in-kind contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2010, Habitat contributed \$15,289 to Habitat International and \$13,989 in 2009.

NOTE 12 - LEASE COMMITMENTS

On September 1, 2009 Habitat leased approximately 21,200 square feet for the Habitat Restore. The lease is a two year lease from September 1, 2009 thru September 1, 2011. At the end of the lease Habitat has the option to buy the building or renew the lease.

Future minimum payments for the two year period:

2011	\$	150,222
2012		<u>37,132</u>
Total	\$	<u>187,354</u>

NOTE 13 - NOTES PAYABLE

Notes Payable consists of the following notes as of June 30, 2010:

Raza Development Fund in the amount of \$50,200 due May 31, 2011, 5.89%.

Capital One Bank - Line of Credit in the amount of \$18,128; 5.89% interest rate, no scheduled maturity date.

Habitat for Humanity - Accelerated Cost Recovery Program (FlexCAP) in the amount of \$118,110; 5.5% interest rate, due December 21, 2016.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 14: SUBSEQUENT EVENTS

The Board of Directors is considering exercising the option to purchase the building they are currently leasing for the Re-Store.

ATTACHMENT D - AUDIT 2011 (1-12)

**McKINNEY HABITAT FOR HUMANITY, INC.
dba
NORTH COLLIN COUNTY HABITAT FOR HUMANITY**

**Financial Statements and
Independent Auditor's Report**

Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows.....	4
Statements of Functional Expenses.....	5
Notes to Financial Statements.....	6

Emma S. Walker, P.C.

Certified Public Accountant
1009 Henderson
Fort Worth, Texas 76102
(817) 332-3049

Independent Auditor's Report

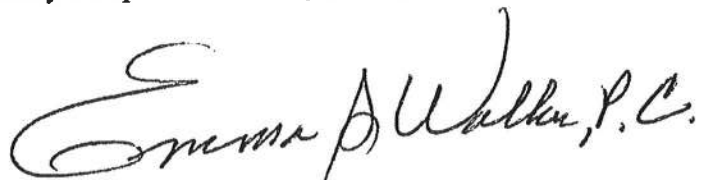
To the Board of Directors of
McKinney Habitat for Humanity, Inc.
701 S. Tennessee
McKinney, Texas

We have audited the accompanying statement of financial position of McKinney Habitat for Humanity, Inc. ("Habitat") (a non-profit corporation) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Habitat's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Habitat's financial statements and, in our report dated October 19, 2010 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of McKinney Habitat for Humanity, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with United States generally accepted accounting principles.

October 24, 2011



McKinney Habitat for Humanity, Inc.
 Statements of Financial Position
 For Year Ending June 30, 2011 and 2010

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
ASSETS		
Cash	\$ 85,907	\$ 149,947
Temporarily Restricted Cash	139,347	177,700
Contributions Receivable (note 7)	75,752	-
Inventory	101,229	-
Inventories - Land	232,066	278,490
Non-Interest Bearing Mortgages Receivable - Current (note 6)	146,227	117,372
Other Assets	12,147	19,375
Total current assets	<u>792,675</u>	<u>742,884</u>
Property, Furniture and Equipment (net) (note 2)	1,086,973	179,301
Agency Receivables	576,673	473,558
Non-Interest Bearing Mortgages Receivable (note 6)	1,584,390	1,521,657
Discount on Non-Interest Bearing Mortgage (note 6)	(864,793)	(830,659)
Construction In Progress (note 3)	197,871	132,717
Total long-term assets	<u>2,581,114</u>	<u>1,476,574</u>
Total Assets	<u>\$ 3,373,789</u>	<u>\$ 2,219,458</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable & Accrued Expenses	\$ 52,929	\$ 76,015
Escrow-Mortgage Holders	56,626	56,835
Line of Credit (note 13)	573,596	18,419
Total Current Liabilities	<u>683,151</u>	<u>151,269</u>
Agency Payables	576,673	473,558
Notes Payable - (note 13)	213,544	238,320
Total Long Term Liabilities	<u>790,217</u>	<u>711,878</u>
Total Liabilities	<u>1,473,368</u>	<u>863,147</u>
Net Assets		
Unrestricted - Undesignated	1,685,322	1,178,611
Temporarily Restricted	215,099	177,700
Total Net Assets	<u>1,900,421</u>	<u>1,356,311</u>
Total Liabilities and Net Assets	<u>\$ 3,373,789</u>	<u>\$ 2,219,458</u>

See accompanying notes to financial statements.

McKinney Habitat for Humanity, Inc.
Statements of Activities
For the Year Ended June 30, 2011 and Comparative Total for 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total June 30, 2011</u>	<u>Total June 30, 2010</u>
REVENUE AND OTHER SUPPORT:				
Grants	\$ -	\$ 354,115	\$ 354,115	\$ 84,173
Contributions	61,053	287,623	348,676	290,454
Contributions - Non Cash	342,540		342,540	122,514
Discount amortization	54,535		54,535	63,888
Transfers to Homeowners	370,000		370,000	455,000
ReStore Sales	637,603		637,603	365,449
Special Events , net of expenses	12,570		12,570	1,206
Miscellaneous	14,060	-	14,060	7,835
Interest Income	1,411	-	1,411	759
Net assets released from restrictions	604,339	(604,339)	-	
Total Revenue and Other Support	<u>2,098,111</u>	<u>37,399</u>	<u>2,135,510</u>	<u>1,391,278</u>
EXPENSES:				
Home Ownership Program	876,423	-	876,423	1,021,087
ReStore Program	621,922	-	621,922	366,973
Management and administrative	93,055	-	93,055	61,137
Total Expenses	<u>1,591,400</u>	<u>-</u>	<u>1,591,400</u>	<u>1,449,197</u>
Change in Net Assets	506,711	37,399	544,110	(57,919)
Net Assets, June 30, 2010	1,178,611	177,700	1,356,311	1,414,230
Net Assets, June 30, 2011	<u>\$ 1,685,322</u>	<u>\$ 215,099</u>	<u>\$ 1,900,421</u>	<u>\$ 1,356,311</u>

See accompanying notes to financial statements.

McKinney Habitat for Humanity, Inc.
Statements of Cash Flows
For the Year Ended June 30, 2011 and 2010

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
OPERATING ACTIVITIES:		
Increase in net assets	\$ 544,110	\$ (57,919)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation Expense	26,226	26,219
Discount amortization-mortgages	(88,669)	(63,888)
Transfer to Home Owners	(281,331)	(307,203)
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	46,424	(45,350)
(Increase) decrease in inventories - (resale)	(101,229)	-
(Increase) decrease in contributions receivable	(75,752)	-
(Increase) decrease in prepaid expenses	-	8,734
(Increase) decrease in other assets	7,228	4,385
(Increase) decrease in homes under construction	(65,154)	166,435
Increase (decrease) in accounts payable and accrued expenses	(23,298)	14,030
Net cash used by operating activities	<u>(11,445)</u>	<u>(254,557)</u>
INVESTING ACTIVITIES:		
Purchase of land, building & equipment	(767,867)	(18,945)
Loan Payments	(29,599)	(27,125)
Loan Proceeds	560,291	275,210
Mortgage payments received	146,227	191,550
Net cash used by investing activities	<u>(90,948)</u>	<u>420,690</u>
NET INCREASE (DECREASE) IN CASH AND TEMPORARILY RESTRICTED CASH	(102,393)	166,133
CASH AND TEMPORARILY RESTRICTED CASH:		
Beginning of Year	327,647	161,514
End of Year	<u>\$ 225,254</u>	<u>\$ 327,647</u>
SUPPLEMENTAL DISCLOSURE OF NON CASH ACTIVITIES:		
Issuance of non-interest bearing mortgages loans	<u>\$ 370,000</u>	<u>\$ 455,000</u>
Discount on non-interest bearing mortgages loans	<u>\$ (88,669)</u>	<u>\$ (147,797)</u>
Transfers to homeowners subject to non-interest bearing mortgage loans	<u>\$ 281,331</u>	<u>\$ 307,203</u>

See accompanying notes to financial statements.

McKinney Habitat for Humanity, Inc.
 Statements of Functional Expenses
 For The Year Ended June 30, 2011 and Comparative Totals for 2010

	Program Services		Program Services	Support Services & Management & General		Total	
	Construction	ReStore		Management & General	Support Services & Management & General	June 30, 2011	June 30, 2010
Salaries & Benefits	\$ 257,982	\$ 223,676	\$	\$ 15,803	\$	\$ 497,461	\$ 390,001
Mortgage Discount	88,670	-	-	-	-	88,670	147,797
Materials and Supplies	439,143	146,765	-	-	-	585,908	577,752
Development Expenses	-	-	-	-	-	-	27,594
Insurance	-	2,800	-	15,096	-	17,896	17,579
Rent	4,800	150,065	-	-	-	154,865	96,368
Telephone	-	7,418	-	9,641	-	17,059	13,200
Program Expenses	25,736	-	-	-	-	25,736	11,886
Tithe	10,000	-	-	-	-	10,000	15,289
Auto Trailer Expense	-	7,317	-	3,802	-	11,119	8,771
Office Expenses	-	6,328	-	7,221	-	13,549	11,729
Repairs	-	9,280	-	5,084	-	14,364	12,115
Printing and Promotions	25,111	26,307	-	-	-	51,418	17,668
Postage	-	73	-	5,467	-	5,540	2,881
Dues & Subscriptions	-	290	-	3,722	-	4,012	2,760
Bank Charges	-	-	-	670	-	670	928
Credit Card Fees	-	-	-	611	-	611	7,206
Equipment Rental	-	484	-	3,005	-	3,489	3,572
Depreciation Expense	7,598	18,034	-	-	-	25,632	26,219
Utilities	6,014	18,291	-	-	-	24,305	29,874
Interest Expense	2,416	-	-	15,795	-	18,211	12,278
Professional Fees	-	-	-	6,998	-	6,998	6,000
Miscellaneous	1,748	-	-	140	-	1,888	3,555
Travel	7,205	4,794	-	-	-	11,999	6,174
	\$ 876,423	\$ 621,922	\$	\$ 93,055	\$	\$ 1,591,400	\$ 1,449,196

See accompanying notes to financial statements.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

McKinney Habitat for Humanity, Inc. dba North Collin County Habitat for Humanity (“Habitat”) is a not-for-profit interdenominational organization whose purpose is to encourage, promote and assist in the building and rehabilitation of housing for ownership by low-income persons in the North Collin County area (Frisco, Celina, McKinney, Princeton, Anna, Melissa, Prosper, Farmersville, New Hope, and Blue Ridge). Habitat is an affiliate of Habitat for Humanity International, Inc., located in Americus, Georgia.

Habitat is a privately operated and financed program that transfers such housing to low income persons at cost after completion of construction, utilizing non-interest bearing notes. Habitat expects to continue to finance its operations through continuing contributions and mortgage receipts.

Habitat’s Program Services includes the home construction program and the ReStore Program (a retail operation) that sells usable materials donated by retail businesses, construction companies, contractors and the general public at below cost prices. The proceeds from the ReStore fund Habitat’s community programs.

Habitat is exempt from federal income taxes under section 501 (C) (3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Sections 509(a)(1) and 170(b)(A)(VI).

Basis of Accounting

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

Basic of Presentation

The financial statements are classified based on the existence or absence of donor-imposed restrictions using the following classifications: permanently restricted, temporarily restricted and unrestricted. These classifications are defined as follows:

Permanently restricted net assets contain a donor-imposed restriction that stipulates that resources be maintained permanently, but permit Habitat to use or expend the income derived from the donated assets.

Temporarily restricted net assets contain donor-imposed restrictions that permit Habitat to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of Habitat.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.

Cash and Cash Equivalents

Habitat considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Contributions Receivable

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in temporarily restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due.

Mortgages Receivable

Mortgages receivables consist of non interest-bearing mortgages, which are secured by real estate and payable in monthly installments. The mortgages have an original maturity of 20 years. These mortgages have been discounted at various rates ranging from 4% to 9% based on the prevailing market rates at the inception of the mortgages. Interest income (amortization of the discount) is recorded using the straight line method over the lives of the mortgages.

Property and Equipment

Fixed asset acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets and is computed using the straight-line method. Leasehold improvements are amortized over the life of the lease or asset whichever is shorter. This amortization expense is reported as a part of occupancy cost.

Construction In Progress

Construction in progress is recorded at cost and includes all direct material, labor and equipment costs and those indirect costs related to home construction such as indirect labor, supplies and tool costs. Land costs included in construction –in-progress are stated at the lower of cost or the fair value at the date of the contribution. Included in land costs are any costs incurred in development. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the statement of activities as program services.

Support

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. In the absence of explicit donor stipulations about how long-lived assets must be maintained, Habitat reports expirations of donor restrictions when the donated or acquired long-lived assets are placed.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Functional Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis. Accordingly, certain costs have been allocated between program and supporting services in reasonable ratios determined by management.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

Tax Status

Habitat is incorporated exempted from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending June 30, 2008, 2009 and 2010 are still open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.

NOTE 2 – PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the respective assets, ranging from five to fifteen years.

	<u>2011</u>	<u>2010</u>
Land	256,597	2,750
Building & Improvements	730,664	126,206
Office Equipment	127,460	52,460
Vehicles & Trailers	50,831	50,831
Machinery & Equipment	6,526	6,526
	<u>1,172,078</u>	<u>238,773</u>
Less: Accumulated Depreciation	<u>(85,105)</u>	<u>(59,472)</u>
	<u>\$ 1,086,973</u>	<u>\$179,301</u>

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 3 – CONSTRUCTION IN PROGRESS

Real estate costs, building materials and contract labor are recorded at cost when incurred. The administrative costs of developing projects are allocated to the respective projects. Construction in progress consists of the following:

	JUNE 30, 2011		JUNE 30, 2010	
	NUMBER	COST	NUMBER	COST
Homes Under Construction				
July 1,	3	132,716	5	\$216,520
Additional Cost Incurred				
During the Year	-	155,408	-	87,324
New Homes Started				
During the Year	7	364,882	6	363,631
Homes Transferred				
During the Year	-6	-455,132	-8	-534,759
Homes Under Construction				
June 30	<u>4</u>	<u>\$197,871</u>	<u>3</u>	<u>\$132,716</u>

NOTE 4 – INVENTORIES

Inventory consists of home lots to be developed and costs incurred in conjunction with home construction. They are capitalized until the completion of each home. Home lot inventory was \$232,066 as of June 30, 2011 and \$278,490 as of June 30, 2010 which included 20 and 24 lots respectively. Inventory for the ReStore consist of items for resale.

NOTE 5 – SALES TO HOMEOWNERS

During the year 6 homes were sold to qualifying applicants. The resulting mortgages are non-interest bearing and the presentation of their book value have been discounted based upon the prevailing market rates for low-income housing at the inception of the mortgages (current years rate 7.96%). The sales to homeowners presented in the statement of activities and changes in net assets are net of this discount of \$88,670 for 2011 and \$147,797 for 2010.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 6 – MORTGAGES RECEIVABLE

Habitat finances all of the homes that are sold. Each mortgage is issued as a zero-interest mortgage to the buyer. Habitat discounts the mortgages using the current interest rates at the time the home is sold. The discount is amortized using the effective interest method. Mortgages receivable as of June 30, 2011 and 2010 are as follows:

Mortgages receivable (at face value)	\$1,730,616	\$ 1,639,029
Unamortized discount on mortgages	<u>(864,794)</u>	<u>(830,659)</u>
	\$ <u>865,882</u>	\$ <u>808,370</u>

Future collections on these mortgages will be received over the next five years as follows:

2012	146,227
2013	146,227
2014	146,227
2015	146,227
2016	146,227
Thereafter	<u>999,482</u>
Total	<u>\$1,730,616</u>

Habitat entered into an agreement to sell some of its homeowner mortgages receivables with the Texas Department of Housing and Community Affairs Texas Boot Strap Loan Program. Habitat continues to collect and manage these mortgages, and then remits the amount collected to the agency. These amounts are reported as agency receivables and agency payables on the statement of financial position and do not have any effect on the change in net assets. The balance in the agency receivables and agency payables accounts as of June 30, 2011 is \$ 576,673 and \$473,558 for 2010.

NOTE 7 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2011, are due as follows:

Less than 1 year	\$ 17,500
1 year to 5 years	<u>60,000</u>
	77,500
Less: Unamortized discount at 3%	<u>(1,748)</u>
	<u>\$75,752</u>

NOTE 8 – IN-KIND CONTRIBUTIONS

Habitat receives in-kind contributions of land, materials and services used in the construction of its homes. The contributed asset is recognized as an asset at its estimated fair value at the date of give, provided that the value of the asset and its estimated useful life meets Habitat's capitalization policy. The total amount for in-kind contributions for the year ending June 30, 2011 was \$342,540 and \$122,514 in 2010.

Habitat also received furniture, household items and construction materials used in home construction and repair for sale in the Re-Store. Per SFAS 116, the total value of items donated was not valued since fair value is not determinable.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 9 – RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>2011</u>	<u>2010</u>
Temporarily Restricted Contributions Temporarily Restricted	<u>\$215,099</u>	<u>\$177,700</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

In addition to the non-interest bearing mortgage received from the sale of each home, Habitat receives a shared appreciation agreement. The shared appreciation agreement allows Habitat to collect the lowest independent appraised value as an additional amount upon the sale or refinance within 20 years of the original sale contract. The shared appreciation agreement payoff is considered less than probable or remote and therefore no receivable has been recorded in the financial statements.

Habitat has entered into an agreement for the purchase and renovation of property to be used for the ReStore and administrative offices. The estimated total cost is \$960,000, of which \$560,000 was paid during 2011. The renovation is expected to be complete in December 2011.

NOTE 11 – CONCENTRATION OF CREDIT RISK

Habitat's programs are concentrated in the northern portion of Collin County. The Organization receives donations, home sales and collection of mortgage receivables in this area, changes in economic conditions may impact the Organization.

NOTE 12 – TRANSACTIONS WITH HABITAT INTERNATIONAL

Habitat annually remits 10% of its unrestricted contributions (excluding in-kind contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2011, Habitat contributed \$10,000 to Habitat International and \$15,289 in 2010.

NOTE 13 – NOTES PAYABLE

Notes Payable consists of the following notes as of June 30, 2011:

Raza Development Fund in the amount of \$50,200 due May 31, 2012; interest rate of 5.89%.

Capital One Bank - Line of Credit in the amount of \$13,596; 3% interest rate, no scheduled maturity date.

Habitat for Humanity International, Inc. – Accelerated Cost Recovery Program (FlexCAP) in the amount of \$163,334; 5.5% interest rate, due December 31, 2016. Secured by Mortgage Notes.

MCKINNEY HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 11: NOTES PAYABLE (continues)

View Point Bank – Line of Credit in the amount of \$560,000; interest rate of 5.25%. no scheduled maturity date, May 25, 2026. Secured by Land & Building.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 28, 2011, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

ATTACHMENT E "PROJECT COST"

ReStore Insulation/Fans and Neighborhood Revitalization

North Collin County Habitat for Humanity

USES

ReStore Insulation	45685
ReStore Fans (5)	28250
LaLoma 20 Homes	80000
Donated Fan	5650

Total USES	159585
------------	--------

SOURCES

MCDC	99285
HFC	8100
GIK	30000
Fan Donation	5650
Installation Labor - Donated	7500
NCCHFH	4050
Thrivent Builds Repairs (2 @ \$2500)	5000 * Application in process

Total Sources	159585
---------------	--------

ATTACHMENT E (2)



Since 1959

Johnson Equipment Company

www.jequip.com

Quotation

Firm for 30 Days

Corporate Office: 4674 Olin Road • Dallas, Texas 75244 • Phone 972-661-9822 • Fax 972-404-1142

Tony Sowell
Habitat for Humanity
2060 Couch Dr., P.O. Box 153
Mckinney, TX 75070
972-548-9112

Tuesday, July 24, 2012

Reference Job:
Fans

<u>Product Description</u>	<u>Qty</u>	<u>Unit Price</u>	<u>Extended Price</u>
HVLSD - Rite-Hite Revolution Fan Rite-Hite Revolution Fan	5	\$5,650.00	\$28,250.00



- Energy Savings Year Round
- Increase Comfort
- Increase Productivity

LegendAIRy Performance

- Provides the greatest air flow of any HVLS fan on the market
- Propell-Aire™ Blade Design aluminum blades designed for energy efficiency and optimum air delivery
- High performance design moves air up to 85' from the fan's center in all directions
- Uniform air flow eliminates dead air holes under the center of the fan
- Can be run in reverse for applications that require air movement without creating a significant airflow beneath the fan
- CFM ratings up to 428,000

ExtraordinAIRy Construction

- Extruded, precision-milled aluminum hub and bolt
- Rotationally-balanced blade/hub for superior performance
- Three-way motor-to-hub safety connection
- Stabilizing cables, beam clamp & motor housing
- Simple on/off switch
- Adjustable speed control

ATTACHMENT E (3)

Backed By Outstanding Warranties

- 3-year parts & 1-year labor warranty
- 10 year structural integrity warranty
- 1 year customer satisfaction money-back guarantee

Rite-Hite Revolution Fan Rite-Hite Revolution Fan

16' Fan Diameter, 4 Blade

440-480/3/60

Ceiling Truss Kit adder

Obstruction less then 18"

Motor Shroud Included

Freight and Handling	Included
Installation	Add
Tax	Add
Total	\$28,250.00

ATTACHMENT E (4)

Quote Prepared For:

Tony Sowell
Habitat for Humanity
2060 Couch Dr., P.O. Box 153
Mckinney, TX 75070
972-548-9112
tony@ncc-habitat.com

Please Direct Purchase Order To:

Justin Johnson
Johnson Equipment Company
4674 Olin Road
Dallas, TX 75244
972-661-9822
214-924-9640 (cellular phone)
972-404-1142 (fax)
JJohnson@jequip.com

Fans

Standard Remarks: Unless otherwise specified in writing:

- Proposal price predicated on current steel costs as of the date of this proposal. Variance in steel price could effect product pricing depending on timing of order placement. Verification of pricing required before order placement.
- PAYMENTS: Net invoices will be paid within 30 days after the date of invoice or 30 days after date of delivery of goods conforming to this order, whichever occurs last.
- Prices are based on installation of equipment during normal business hours and normal business week(M-F) and based on all equipment being installed on same trip with driveway approach poured prior to start of installation.
- All permits are excluded from scope of work and pricing. All permits or authorizations necessary are by others.
- All prices for installation are for mechanical installation only. All wire, wiring, conduit, electrical hookup, including control wiring, by other unless specified above.
- Unless specifically stated otherwise, all installation will be performed by factory-trained non-union personnel. If union labor is required additional charges will apply.
- Offloading of equipment at time of delivery is the responsibility of others.
- Pricing does not include Payment and/or Performance Bond unless otherwise stated.

Accepted By: _____

Title: _____

P.O. #: _____

Date: _____

ATTACHMENT E (5)



5940 State Hwy 276 | Royse City, TX 75189
Phone: 972-771-3551 | Fax 972-722-2400

BID PROPOSAL

Date: 7/21/12
Customer: Habitat For Humanity
Attn: Wilson

JOB LOCATION: 2060 Couch Dr, McKinney TX 75069

We hereby submit specifications and estimates for the above project:

BID ITEM: Spray Foam Insulation

- (1) Spray 1" inches nominal closed cell insulation to roof deck and walls \$28,800.00
- (2) Spray 2" inches nominal closed cell insulation to roof deck and walls \$53,597.00
- (3) Spray 3.5" inches nominal open cell insulation to roof deck and walls \$31,200.00
- (4) Spray 5.5 inches nominal open cell insulation to roof deck and walls \$45,685.00



30,000
sq ft

Accepted By: _____ Date: _____

Note: Energy Foam Insulation Inc. shall have no liability to customer for any delays to performance caused by events beyond its control, This bid amount represents a cash payment. PAYMENT IS DUE UPON COMPLETION OF WORK PERFORMED UNLESS OTHERWISE ARRANGED.

NOTE: This proposal Valid for 30 days

FEASIBILITY - MARKET ANALYSIS (1)

SURVEY INSTRUMENT - LA Loma - Cities of Service Initiative

Address: _____

Owner: _____

- Veteran
- Renter Occupied
- Owner Occupied
- Vacant Land

Photos:

NEEDS:

General Clean-Up Exterior: _____

Foundation: _____

Landscaping: _____

Electrical Service: _____

Paint: _____

Framing: _____

Roofing: _____

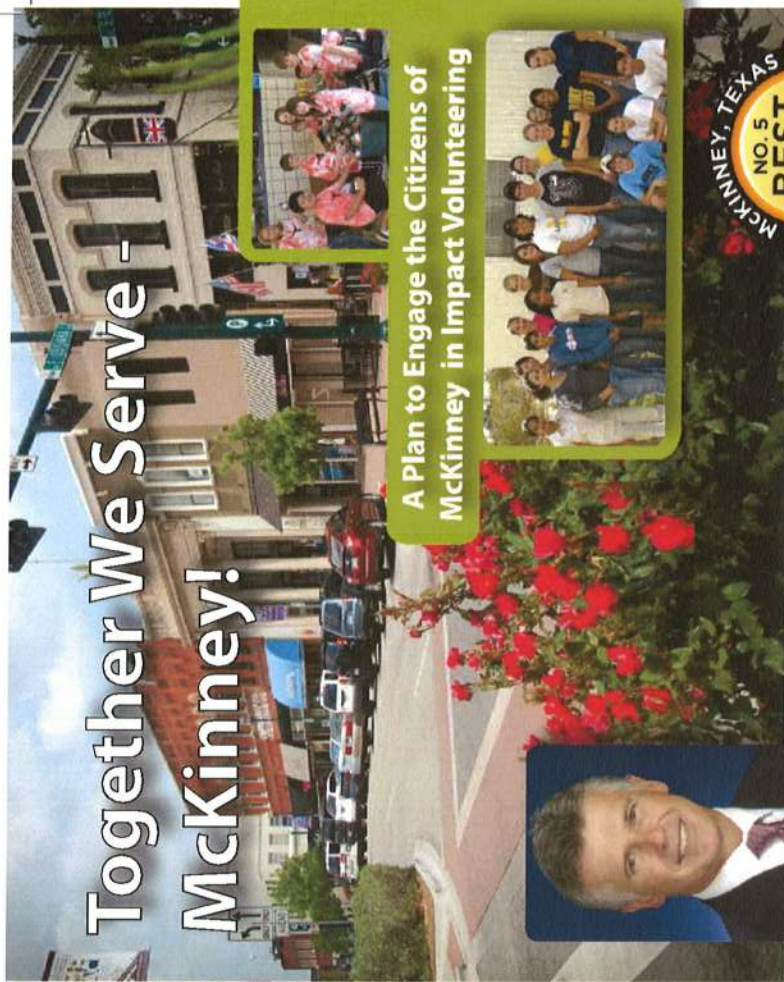
Accessibility: _____

Other: _____

Survey by: _____ Date: _____ Time: _____

Reviewed by: _____

Assigned to: _____



A Message from the Mayor

One of the most enduring qualities that we have as a community is the willingness of our citizens to step up when called upon to volunteer their time and talents to worthy causes that we have here in McKinney. Organizations like Samaritan Inn, Habitat for Humanity, MakeGait, and events like Relay for Life, and McKinney Make a Difference Day, already benefit from a tremendous support group right here in our city.

As we have seen the impact of economic slowdown on our city budgets we can assume that our nonprofit organizations and personal financial situations have also been impacted. How more than ever we must look to the private sector for volunteer efforts to support worthy causes that benefit and enhance our community as a whole. To that end, a group of McKinney stake holders have come together to be part of Cities of Service. Cities of Service was started by New York Mayor Michael Bloomberg in September of 2009 and has been followed by 100 other member cities. The purpose of Cities of Service is to identify areas of need within the community and formulate a service plan focused on increased volunteerism to meet those needs. Through conversations with local volunteers in our community we have identified as a priority for this year an increased collaborative effort in the area of rehab housing and neighborhood revitalization. We believe that a key to strengthening our economy is the ability of individuals who are capable of working being able to live in safe housing and a healthy neighborhood.

We often publicly boast about being named by Money Magazine as the 5th best city in America to reside in, but we must also ask ourselves if all of our residents see the reward and benefit of that designation. We know that there are areas of our city with older homes in need of repair, areas where housing assistance is needed, and neighborhoods in need of cleanup. Those residents should see the value of being in the 5th Best City through the volunteer efforts of our community. Cities of Service is a call for volunteerism. As Mayor, I am asking you to volunteer your time, talent, resources and efforts and focus those volunteer opportunities towards specific projects that will help us achieve our community goal of improving the quality of life for all of our residents so they all can truly feel that McKinney is in fact the best place in America to live, work and raise a family.

Sincerely,

Brian Loughmiller, Mayor



McKinney Service Plan Overview

Initiative Name	Impact Initiative	Impact Metrics	Lead Partner
Together We Engage With Our Neighbors	Provide home repairs, renovation and accessibility modifications for homeowners that are low income, elderly or have a disability in order to create an improved quality of life and more sustainable community.	<ul style="list-style-type: none"> No. of homes impacted Number of volunteers participating in processes and/or projects Percentage of total neighborhood properties revitalized No. of residents per neighborhood who participate in any phase of their neighborhood initiative No. of recipient homeowners participating in other neighborhood initiatives 	<ul style="list-style-type: none"> City of McKinney Community Development Habitat for Humanity Volunteer McKinney 3E McKinney
Initiative Name	Civic Infrastructure Initiative	Metrics	Lead Partner
Together We Connect With Our Community	Increase communication between organizations seeking volunteers and volunteers seeking service opportunities	<ul style="list-style-type: none"> Increase in volunteer opportunities posted on the Volunteer McKinney Center website Number of volunteers accessing the Volunteer McKinney Center website 	<ul style="list-style-type: none"> Volunteer McKinney Center

ACKNOWLEDGEMENTS

The City of McKinney would like to thank the following organizations and individuals for their contribution to this service plan and their ongoing support of the McKinney community.

- Brian Loughmiller-Mayor
- Pete Hurff-Former City Councilman/Mayor Pro Tem
- Geralyn Keever-City Councilwoman
- Jason Gray-City Manager
- Sandra Skinner-City of McKinney
- Shirfeta Best-City of McKinney
- Larry Robinson-3E McKinney
- Nancy Gowlishaw-McKinney ISD
- PJ Holland-Rasor-McKinney ISD
- Terry Hockenbrough-Collin College
- Celeste Ford-North Collin County Habitat for Humanity
- Tom Hauser-Collin County Committee on Aging
- Suzanne Audette-City of McKinney Senior Center
- Bech Boutley-McKinney Housing Authority
- Rep Pledger-CART
- Lynne Sipore-Samaritan Inn
- Jim Malatch-Samaritan Inn
- Shella Miller and Melody Snow-Volunteer McKinney Center
- Erna Beeson-Volunteer McKinney Center Board
- Jennifer Irwin-Medical Center of McKinney
- Don Spaugin-Encore Vire
- Matt Hittom-Keller William Realty
- Ada Simmons-Community Volunteer
- Lisa Bourassa-Lutor/Community Volunteer
- Dub Fitzgerald-McKinney Chamber of Commerce

Special Thanks to:

The OneStar Foundation for its support of Texas Cities of Service

Executive Summary

McKinney became a City of Service in August of 2010 and, in doing so, pledged to support efforts to increase service opportunities in the McKinney community. Together We Serve – McKinney, the city's comprehensive service plan, outlines the impact and infrastructure initiatives identified through conversations with a broad representation of community organizations and volunteers. Together We Serve – McKinney's impact initiative addresses a pressing need for home repair and revitalization in older neighborhoods and for individuals in need of assistance. The need for better communication about volunteer opportunities throughout the community is addressed by the plan's infrastructure initiative.

Impact Initiative

Together We Engage With Our Neighbors: This initiative seeks to create a partnership between residents and volunteers that will result in revitalization of communities east of McKinney's Historic Downtown Center. Individual homes in these neighborhoods in need of repair, weatherization or accessibility modifications will be targeted for modifications or rehabilitation. As homes are revitalized, a better quality of life and sustainable communities are created.



Infrastructure Initiative

Together We Connect With Our Community: This initiative will challenge McKinney organizations with volunteer opportunities to post a complete list of their opportunities with Volunteer McKinney Center on a regular basis.

About Cities of Service

Mayor Brian Loughmiller signed the Cities of Service Declaration Agreement in August, 2010, joining New York City Mayor Michael Bloomberg in pledging his support for the Edward M. Kennedy Serve America Act.

Founded in New York on September 10, 2009 by 17 mayors from cities around the nation, Cities of Service is a bipartisan coalition of mayors who have committed to work together to engage citizens in a multi-year effort to address pressing city needs through impact volunteerism. The coalition has rapidly grown since its inception and now includes more than 100 mayors, twelve of which are in Texas, representing more than 49 million Americans across the nation.

American cities face serious challenges, and many mayors want to take advantage of every resource available to them – including the time and energy of public-spirited residents – to address those challenges. But in cities across America today, citizen service is often an under-utilized or inefficiently utilized strategy by municipal governments. Cities of Service supports mayors to leverage citizen service strategies, addressing local needs and making government more effective. All Cities of Service efforts are characterized by a concept called "impact volunteering" – volunteer strategies that target community needs, use best practices, and set clear outcomes and measures to gauge progress.

In February, 2011, the City of McKinney received a grant from OneStar Foundation providing consulting support for the development of a high impact service plan. The consultant used the Cities of Service Playbook, which is available for download at www.citiesofservice.org, as a guide for work with the City of McKinney.

Identifying the Need

In collaboration with Volunteer McKinney, meetings were held with a group of key community leaders and three pressing challenges were identified: education, transportation and housing. A follow-up meeting was convened that included representatives from the community with knowledge and expertise in the three challenge areas. The meeting resulted in an understanding of specific needs, challenges in meeting needs and the potential for impact volunteering to make a difference in each of the areas. Issue specific meetings and analysis of local and census data followed and resulted in McKinney's selection of housing renovation and neighborhood revitalization as its lead Impact Initiative.

Key factors considered in selecting housing as Mayor Loughmiller's priority area include:

- 13% of McKinney housing was built prior to 1979. The majority of these homes are in older communities east of the city's historic downtown center.
- An estimated 1,895 of McKinney homeowners earn \$20,280 or less and an additional 3,370 earn \$34,150 or less; and an additional 6,522 earn \$54,650 or less.
- 6% of the McKinney population, or 7,798 individuals, have one or more types of disabilities and many persons with disabilities have low or fixed incomes.
- 5.8% of the McKinney population, or 7,527 individuals, are elderly.

Impact Service Initiative

The City of McKinney has a tradition of utilizing volunteerism to address community needs. McKinney's City of Service Impact Initiative will be a great addition to this tradition and the first step in establishing city-wide opportunities for citizen engagement.

Neighborhood Revitalization

Challenge: The City of McKinney, like many cities, has older, historic neighborhoods in need of revitalization and containing homes that are not energy efficient, are in disrepair and may be home to elderly individuals or those with disabilities without the means to make needed modifications. And in the case of individuals who are elderly or have a disability, a living environment that is affordable and appropriate, can mean the individual is more likely to remain healthy and independent.

Initiative: Together We Engage Our Neighbors

The McKinney Together We Engage Our Neighbors Initiative is designed to create a partnership between residents and volunteers that will result in revitalization of communities east of McKinney's Historic Downtown Center. Individual homes in these neighborhoods in need of repair, weatherization or accessibility modifications will be targeted for modifications or rehabilitation. As homes are revitalized, a better quality of life and sustainable communities are created. Run down, litter-strewn spaces, however, signal a lack of community spirit that can lead to crime and other negative behaviors. Engaged communities are far less likely to let their neighborhoods fall into poor conditions and can act as a powerful force in preventing crime.

The City of McKinney Community Development Department will work in partnership with neighborhood leadership, Habitat for Humanity, Volunteer McKinney and 3E McKinney on this initiative. Skilled volunteers from these lead agencies will complete neighborhood assessments and technical assessments on individual homes. Based on these assessments, Habitat for Humanity and the City of McKinney will estimate project resource needs. Neighborhood leaders will assist in recruiting homeowners and their neighbors as volunteers for projects and Volunteer McKinney will coordinate the collection of volunteer information and recruitment of additional volunteers as needed. Skilled volunteers will take the lead for each project in concert with a neighborhood leader.

Upon completion of each project, skilled volunteers coordinated and trained by Habitat for Humanity and the City of McKinney will provide education regarding maintenance and sustainability of home repairs, renovations and improvements. Recipients of individual revitalization projects will be asked to commit to participating in or recruiting volunteers for at least one other initiative outside of their neighborhood.

The impact of the Together We Engage Our Neighbors Initiative will be measured through the percentage of single-family, owner occupied homes in each identified outreach neighborhood receiving services, the percentage of the local neighborhood leaders engaged in the needs identification and project processes and the number of volunteers engaged in each neighborhood. Together We Engage Our Neighbors will also evaluate neighborhood impact through homeowner and resident surveys and focus groups.

Infrastructure Initiative

Challenge: Residents of McKinney are eager to volunteer but may not be aware of all service opportunities that exist within the community. While the Volunteer McKinney Center provides an online volunteer match program, not all opportunities are posted by volunteer seekers and many potential volunteers are unaware of the information available through Volunteer McKinney Center.

Initiative: Together We Connect With Our Community

McKinney organizations with volunteer opportunities will be challenged to post a complete list of their opportunities with Volunteer McKinney Center on a regular basis. The launch and awareness campaign for the community initiative will challenge McKinney residents to identify and pursue volunteer opportunities and to utilize the Volunteer McKinney Center website on an ongoing basis.

The metrics used to evaluate the success of the Together We Connect With Our Community Initiative will include the increase in volunteer opportunities posted on the Volunteer McKinney Center website and the number of volunteers accessing the Volunteer McKinney Center website.



FEASIBILITY - MARKET ANALYSIS (5) * COMPLETE REPORT ON CD

Final Report

City of McKinney 2010-2014 Consolidated Plan and 2010 Action Plan

