

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

Grant Application

Fiscal Year 2016

IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- The Grant Guidelines and Application are available at www.mckinneycdc.org; by calling 214.544.0296 or by emailing cschneible@mckinneycdc.org
- Please call to discuss your plans for submitting an application in advance of completing the form. Completed application and all supporting documents are required to be submitted electronically or on a CD for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation
5900 S. Lake Forest Blvd., Suite 110
McKinney, TX 75070

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

Applications must be completed in full, using this form, and received by MCDC, electronically or 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 are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines) and that advance the mission of MCDC.



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

Initiatives, activities and events that promote the City of McKinney for the purpose of developing new or expanded business opportunities and/or tourism – and enhance quality of life for McKinney residents.

Promotional and Community Event Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 4, 2016	January 2016	February 2016
Cycle II: June 30 2016	July 2016	August 2016

Project Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 29, 2016	February 2016	March 2016
Cycle II: April 29, 2016	May 2016	June 2016
Cycle III: July 29, 2016	August 2016	September 2016

APPLICATION

ORGANIZATION INFORMATION

Name: North Collin County Habitat for Humanity

Federal Tax I.D.: 75-2443511

Incorporation Date: August, 1992

Mailing Address: 2060 Couch Drive

City McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300

Fax: 972-542-5159

Email: celeste@ncc-habitat.com

Website: www.ncc-habitat.com

Check One:

- 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, Celina, Anna, Farmersville, Princeton; Volunteer Center of McKinney; Tri County Hispanic Chamber, Volunteer Center of North Texas; Habitat Texas; Habitat for Humanity International; McKinney Rota

REPRESENTATIVE COMPLETING APPLICATION:

Name: Elizabeth C. Johnston

Title: Grant Writer & Marketing Coordinator

Mailing Address: 2060 Couch Drive

City: McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300 x115

Fax: 972-542-5159

Email: marketing@ncc-habitat.com

CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:

Name: Celeste H. Cox

Title: Executive Director

Mailing Address: 2060 Couch Drive

City: McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300

Fax: 972-542-5300 x102

Email: celeste@ncc-habitat.com

FUNDING

Total amount requested: \$251,000 (27% of Project Costs)

Matching Funds Available: \$621,859 (67% of Project Costs)

Funds Still Needed: \$59,641 (6% of Project Costs)

PROJECT/PROMOTION/COMMUNITY EVENT

Start Date: 10/1/2016

Completion Date: 9/30/2017

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

See Attached

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

See Attached

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

I. North Collin County Habitat for Humanity - Overview

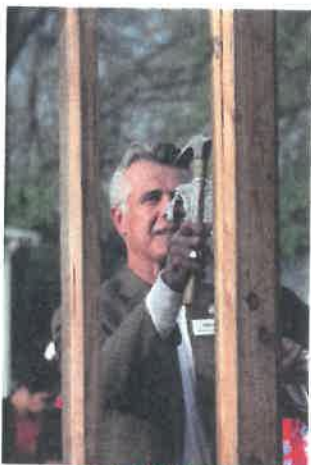
North Collin County Habitat for Humanity is part of a global, nonprofit housing organization operated on Christian principles working to build strength, stability and self-reliance for families through shelter. We put God's love into action by bringing people together to build homes and communities.

NCC Habitat has a two pronged housing initiative for low-income families. First, we construct new homes for working families in need earning 30-60% below the median income levels of our area. Second, we provide exterior home repairs for low-income homeowners earning below 60% of median income levels. Most of these homeowners are seniors or disabled and have both a financial and housing need. All home construction and repair projects are completed by the hands of over 4,000 volunteers with materials obtained through donations, partners, sponsorships, and grants from organization such as MCDC.



NCC Habitat has been building homes for working, low-income families since its incorporation in 1992. We build decent, affordable houses in the cities of Anna, Blueridge, Celina, Farmersville, Frisco, McKinney, Melissa, Princeton, Prosper, Westminster, and Weston. On average, a Habitat 4-person household will earn between \$20,000 and \$40,000 per year based on historical data. Habitat homes are sold at a very modest cost (\$85,000 on average including land) and affordable mortgages to homeowners are serviced by NCC Habitat over a 20 year period for a zero equivalent interest loan.

Through NCC Habitat's home repairs program, A Brush With Kindness (ABWK), low income homeowners in need of exterior home repairs which are financially unaffordable receive needed renovation services completed by volunteer labor and donated or reduced cost materials. Most of these homeowners are senior adults or disabled and have both a financial and housing need. Through this program we are working to restore health and safety to older, poorer neighborhoods, revitalizing whole communities with a sense of pride, security and dignity which can empower life change.



To date, NCC Habitat has completed 101 new homes in North Collin County and 123 home rehabs. We estimate 224 families or 892 people now live in solid, secure, permanent housing through the programs of NCC Habitat, much of this in McKinney. Our success rate for families remaining in their homes (since 1992, when our affiliate was organized) is 96%. We have lost one family due to a move, and three due to inability to make payments. All homes were recycled for new Habitat families.

Habitat has also committed help to Puerto Lempira, Honduras where we have built 39 homes and continually aid the Send Hope orphanage there through building renovations

and materials.

Our strategic goal is to eliminate poverty housing in north Collin County and the world through our local and global work. NCC Habitat has enjoyed significant growth within the last 24 years. Our staff has grown to 24 full and part-time employees, including our ReStore operations, to administer our programs and keep pace with our organization's growing administrative responsibilities. From June 2015-July 2016 NCC Habitat hosted over 5,000 volunteers totaling over 23,000 volunteer hours. We are only able to carry out our mission through the work of a score of others. Through our outreach efforts and relationships with organizations and local churches such as First Baptist Church McKinney, Christ Fellowship, and Young Men's Service League, and countless area businesses like LegacyTexas Bank, Simpson Strong Tie, and Thrivent Financial, we have been able to build and repair homes, revitalizing older neighborhoods.

NCC Habitat has recently hired a new Project Manager of Construction, Bryant Knepp. Bryant will provide oversight of the Construction Department while leading the new construction and repair programs. Bryant has served in a number of roles with Habitat affiliates across the nation since 2003. He considers himself a student of Habitat, and we expect his experience and knowledge will allow us to certainly keep pace if not increase our capacity of work currently being planned and completed in McKinney and all of north Collin County.

In addition to our new Project Manager of Construction, we have recently hired a full time Community Engagement Coordinator. This position, staffed by Haley Terrell, is tasked with developing neighborhood relationships, identifying and growing community leadership, identifying community needs, and assisting residents with program applications. This position, together with our current Construction Coordinator, will lead the Neighborhood Revitalization efforts of the ABWK program repair projects. We are well staffed for these program areas.

II. Project or Promotion/Community Event

A Brush With Kindness Home Repair Program

Cleo Holloway was in a house falling down all around her. The siding had gaping holes, the roof was caving in, the porch was difficult for her to use and unsafe. NCC Habitat, our team of volunteers, and some generous donors stepped up to help.

Now Cleo has a safe, secure home that is capable of protecting her from weather and giving her a good night's rest. Not only is Cleo at peace in her safe and healthy home, she is joyful and spreading good will to others.



Willie and Freddie Mae Sims have a heart for their community, in addition to their need for a new roof, siding, and porch. Plagued with leaks in their roof, siding with holes, and a porch that was not strong enough for a visitor to stand on, NCC Habitat began the needed exterior repairs. Then Vintage church worked to complete repairs inside with new interior framing, walls, sheetrock, and texturing to make

it a livable residence again. Now, from a restored home, the family runs a food pantry and church for other residents in need. This project helped a family, who blessed a community, and consequently serves their neighborhood exponentially.

These stories aren't rare. In fact, we hear and see them in the transformed lives which our ABWK program touches each year as we serve up to 40 low income families. More often than not those homeowners in need of home repairs are often in the lowest levels of income and in our area. Our ABWK homeowners earn below, often well below, 60% of the median income level and are generally elderly.

According to USA.com McKinney 2010-2014 enjoys income levels at one of the highest in the country; however, we also have large areas of poverty and substandard housing in our service area. With 11,511 individuals in McKinney living in poverty (8.09%), 2,407 families living in poverty (6.42%) and (10.56%) of McKinney homes built prior to 1979, those facing home repairs without the income to afford it can know a desperate feeling.

NCC Habitat began the ABWK program in 2012 and has completed 123 projects in our service area, 91 of which have been in McKinney. Currently we have 4 projects in process.

Once our projects are completed, we see the transformation of the home and the dignity restored to the family. Through our Success Measures program, impact is documented post project assessing the homeowners satisfaction with their living situation, pride in the community, and overall commitment and involvement within their community. Our goal is to repair a home but restore a life engaging the homeowner in the community around them and empowering them for life change. Through our Success Measures program we assess the impact home reparations have made personally and societally. So far, our analysis is positive with studies showing 71% are satisfied with their neighborhood, 80% would recommend where they live, and 100% felt safe. Though all homeowners surveyed had things they would change about the community in which they lived, all respondents were overwhelmingly satisfied with their personal residence.

There is more work to be done in our PRIDE neighborhoods in East McKinney. We are targeting the Mouzon, Lewisville, Rockwall, LaLoma, and Wilcox neighborhoods. We expect to complete 40 ABWK projects in our service area during Fiscal Year 16-17, and are asking for funds to complete 15 projects in these neighborhoods. As we have completed many projects in these areas, we are now left with some of the more in-depth projects and have seen costs rising to an average of \$7,000, up from \$5,000 per project.

Land Acquisition and Lot Prep for Affordable Housing Programs

The de la Torre Family has been living with relatives for the last twelve years saving money for a home of their own. The home they are currently sharing with many others is ridden with issues including foundation cracks, leaks so extensive that the rain comes in the home over the bed where they sleep, the air comes in around the house and through the hole in the closet, and there is no air conditioning. The mom, dad and teenage son are sharing



one bedroom. Enter NCC Habitat. The de la Torre family has worked over 500 sweat equity hours after qualifying for a Habitat home. Construction on their home is coming to completion, and soon they will be moving into their home.

The de la Torre Family, like all Habitat families, earn 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. Having a decent, affordable home provides families with increased health, security, higher education likelihood, and they are statistically more likely to be higher wage earners.

With the median household income in McKinney at \$82,988 and average home prices of \$192,900 the gap looms large and financial need for these families can be great, making an affordable, permanent home nearly impossible. Currently, we have 9 families waiting for a Habitat home, all of them working, yet facing financial and housing needs.

Habitat homes serve the working poor who cannot qualify for a conventional mortgage and a market-rate house. The homes are simple, but constructed to fit well in neighborhoods of other Habitat homes. Most are located in Census Tract 309, east of McDonald Street in McKinney, where a major segment of the population earns less than 60% of the area median income. Whenever possible, Habitat purchases lots contiguous to one another and/or in the same neighborhood in an effort to revitalize an entire area. Target neighborhoods include LaLoma, Rockwall and Wilcox. NCC Habitat is asking for funds to be used to purchase 6 lots in these areas, along with the funds needed to survey and prepare each lot for home construction. With the support of our financial donors, GIK partners, and the ReStore, we will obtain the materials for these homes. Volunteers will construct a home on each lot over a 12 week construction cycle. Then our families will purchase the home for an affordable amount at a zero equivalent mortgage.

Unfortunately, land prices and surveys in McKinney continue to rise as do construction costs for these homes. Habitat strives to keep lot prices as low as possible, but cannot acquire lots without assistance. NCC Habitat attempts to purchase McKinney lots through the city's land disposition program and/or sheriff's sale property disposition, but several years ago this process became a bidding war. Values for these lots have increased dramatically. Small lots in east McKinney are selling on the open market for \$17,000 to \$25,000 each.

If we are unable to find help, we will serve fewer families earning as low as 30% of AMI in McKinney. We are able to find lots at much lower costs in surrounding communities including Celina, Princeton and Farmersville, or they are donated by the cities and individual donors, however 81% of our applicants either live or work in McKinney. In order to build new homes each year, we will need to purchase additional lots to replace those used in order to continue to serve families.



NCC Habitat is asking for \$251,000 to purchase 6 lots, survey and prep them, survey additional lots we have in inventory, and complete 15 home repair projects.

Land Acquisition:

Acquisition of 6 lots	\$102,000 (6 @ \$17,000 average each)
7-14 Surveys @ \$500-\$1,000	\$7,000
Lot Prep 6@ \$6,170	<u>\$37,000</u>
	\$146,000

ABWK Program:

15 homes repairs - exterior	\$105,000 (15@ \$7,000 average each)
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Total **\$251,000** (*27% of total project costs)

Total Project Budget (40 Repairs and 6 New Homes)

6 Homes	\$ 65,000	\$ 390,000
6 Lots	\$ 17,000	\$ 102,000
7-14 Surveys	\$500-\$1,000	\$ 7,000
6 Lot Prep	\$ 6,170	\$ 37,000
40 Repairs	\$ 7,000	\$ 280,000
40 GIK Materials	\$ 500	\$ 20,500
6 GIK Materials	\$ 16,000	\$ 96,000
	\$	932,500

Project Grants – please complete the section below:

- An expansion/improvement? Yes No
- A replacement/repair? Yes No
- A multi-phase project? Yes No
- A new project? Yes No

Has a feasibility study or market analysis been completed for this proposed project?

NCC Habitat has completed surveys of the target neighborhoods and conducted many interviews with residents. We have an ongoing need assessment plan and are working to complete the needs identified by both residents and NCC Habitat staff for these areas. Maps of priority targeted areas have been attached.

Provide specific information to illustrate how this Project/Promotion/Event aligns with one or more of the goals and strategies adopted by McKinney City Council and McKinney Community Development:

NCC Habitat believes that everyone deserves a decent place to live. Our entire organizational philosophy is built upon the idea that improving the quality of life for all individuals, through shelter, will provide increased opportunity, financial resources, security, stability and economic and academic opportunities. Having a permanent, safe, home improves the health of each family member. Adults have a stable financial foundation from which to build wealth. Children are transformed by the stability of knowing they have a place they belong and something to count on.

Statically, children whose parents own their home are more likely to graduate from college, less likely to be involved in a teenage pregnancy, more likely to be working and not idle at the age of 20, less likely to be on welfare, and are higher earners as adults. Similarly, adults who own their own home are less likely to have substance abuse problems, more likely to attend church and join PTO, and have more economic opportunity.

A stable home provides a significant improvement to the quality of life for individuals in our communities. Meanwhile, safer and stronger communities ultimately improve our corporate City as a whole. Stronger communities, safer streets, pride in one's community all work to make our City a place of a higher quality of life for all.

Another unique attribute NCC Habitat offers McKinney is the opportunity for residents and visitors to participate in improving the community around them. Working for the betterment of others allows individuals to be a part of the solution to improving their communities, reducing crime, and increasing property values. Bringing hope and help to others, with a little bit of hard work, makes everyone feel good.

Through our long list of volunteer opportunities, residents and visitors can regularly engage in the work being done through NCC Habitat to improve the quality of life for our Citizens. In the meantime, most of our volunteers testify to being changed themselves in a positive way.

Indicate which goal(s) listed above will be supported by the proposed Project/Promotion/Event:

Support community projects that attract resident and visitor participation and contribute to quality of life for McKinney residents. Also, meets citizen needs for quality of life improvements for residents in the City of McKinney.

Has a request for funding, for this Project/Promotion/Community Event, been submitted to MCDC in the past?

Yes No

III. Financial

NCC Habitat has many financial donors and home sponsors. We can build and repair more homes as we are financially able. Keeping costs lower by receiving grant money for lots allows us to construct more homes and serve more families. Additionally, grant money to rehab homes in McKinney can go directly to the programs and families identified. Through our ReStore operating income we are able to pay most of our administrative costs and remain self-sufficient.

We expect to house 106 individuals in McKinney with a decent, affordable home through the money for which we are asking.

We are in sound financial status with regard to our programs and the Federal Government. Financial budget for NCC Habitat FY 2016-2017, as well as financial statements for the past two years, has been attached.

What is the estimated total cost for this Project/Promotion/Community Event?

\$935,200

What percentage of Project/Promotion/Community Event funding will be provided by the Applicant? 73%

Are Matching Funds available? Yes No

Cash \$584,081	Source See Attached Matching Sources Doc	% of Total 62%
In-Kind \$89,667	Source See Attached Matching Sources Doc	% of Total 10%
Remaining Funds \$7,752		% of Total <1%

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

Committed Churches, Businesses, Foundations, Individuals, etc. including Texas Department of Housing and Community Affairs assist in the construction of the homes. Also, Prosper Bank provides 0% interest on interim construction loans. Complete listing of fund sources attached.

Have any other federal, state, or municipal entities or foundations been approached for funding?

Yes, City of McKinney CDBG	\$24,000 Approved
LegacyTexas Bank	\$8,000 Approved
Junior League of Collin County Foundation	\$5,000 Proposed
Collin County	\$27,581 Approved
TDHCA Bootstrap	\$180,000 Pledged
TSAHC	up to \$25,000 submitted

IV. Marketing and Outreach

NCC Habitat has a multi-faceted marketing strategy to promote our programs and organizational goals. All of these initiatives would foster awareness and interest in the projects for which we are seeking funding.

- **Billboard Advertising** – NCC Habitat has secured advertising space on a billboard located on Highway 5 encouraging families to apply for our housing programs. We appear 6 out of 12 months annually.
- **Website** – NCC Habitat has a professionally designed, informative website which received over 5,000 unique visitors per month.
- **Door Hangers** – NCC Habitat has a door hanger marketing piece with details of the ABWK program in both English and Spanish. The piece is distributed on doors of homes in the areas we are actively working where our services might be needed.
- **Public Event** – NCC Habitat appears at many public events each year including our Christmas King of the Nations Nativity Concert. We are also a large part of North Texas Giving Day in September where we set up a booth on the McKinney Square. Literature and program information is distributed on all affordable housing programs at each event. We actively promote through local Chamber of Commerce meetings including McKinney, Frisco, Princeton, Celina and Prosper.
- **Newspaper Articles** – NCC Habitat has received frequent articles highlighting our housing programs for families and the impact our affiliate has had on the service area, much of which has been completed in McKinney.
- **Church Involvement** – We are well connected with several key churches in the area. Often, a church working with us on a home is building the home of one of its church members. Churches have been another good way to inform the public of our programs and help for families.
- **Strategic Board of Directors** – Our Board of Directors have been able to leverage their relationships and backgrounds to provide financing, generate awareness, and promote our housing programs to those in need.

V. Metrics to Evaluate Success

ABWK projects are easily evaluated through before and after results. These projects are well photographed and documented and offer a telling story of the impact the completion of these projects have for not only the homeowner but the neighborhood surrounding it.

Land acquisition success will be measured by the successful closing and development of the lots for affordable housing. When a decent, affordable home is constructed on the purchased lot and a new family moves in, the goal has been reached.

Acknowledgements

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

- The Project/Promotion/Community Event 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 purpose described in this application;
- MCDC will be recognized in all marketing, outreach, advertising and public relations as a funder of the Project/Promotion/Community Event. 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 Project/Promotion/Community Event for which funds were received.
- A final report detailing the success of the Project/Promotion/Community Event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotion/Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotion/Community Event with submission of invoices/receipts to MCDC. The final 20% may be paid following MCDC's receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final report on the Project/Promotion/Community Event.
- 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

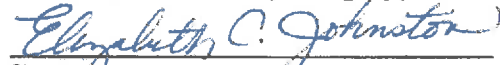


Signature

Celeste H. COx
Printed Name

July 28, 2016
Date

Representative Completing Application



Signature

Elizabeth C. Johnston
Printed Name

July 28, 2016
Date

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

CHECKLIST:

Completed Application:

- Use the form/format provided
- Organization Description
- Outline of Project/Promotion/Community Event; description, goals and objectives
- Indicate the MCDC goal(s) that will be supported by this Project/Promotion/Community Event
- Project/Promotion/Community Event timeline and venue
- Plans for marketing and outreach
- Evaluation metrics
- List of board of directors and staff

Attachments:

- Financials: organization's budget for current fiscal year; Project/Promotion/Community Event budget; audited financial statements
- Feasibility Study or Market Analysis if completed (Executive Summary)
- IRS Determination Letter (if applicable)

A FINAL REPORT IS TO BE PROVIDED TO MCDC WITHIN 30 DAYS OF THE EVENT/COMPLETION OF THE PROJECT/PROMOTION/COMMUNITY EVENT.

FINAL PAYMENT OF FUNDING AWARDED WILL BE MADE UPON RECEIPT OF FINAL REPORT.

PLEASE USE THE FORM/FORMAT OUTLINED ON THE NEXT PAGE.

Attachment 1 – Listing of Board of Directors & Staff



Board of Directors - Fiscal Year 2015 - 2016

<u>Board Member</u>	<u>Position</u>	<u>Background</u>
Mr. Terry Busha	President	Finance
Mr. Matt Hilton	President-elect	Real Estate Owner/Agent
Ms. Jerrica Anderson	Vice President	Banking
Mr. Nelson Carter	Secretary	Director Mkt/Training
Mr. Jason Jupiterwala	Treasurer	Retired
Ms. Cindy Maxwell-Bathea	Asst Secretary	Retired
Mr. Rick Alcalá		
Mr. Tim Baker		
Mr. David Hale		
Mr. Jason Jupiterwala		
Mr. Jack Kocks		
Mr. JR Russell		
Mrs. Olive Swearingen		
Mr. Martin Smith		
Mr. Jac Schuster		
Fr. Don Zeiler		

Leadership Team

Executive Director – Celeste Haiduk Cox

Celeste Haiduk Cox was hired thirteen years ago as the first paid staff for NCC-Habitat. The organization was 100% volunteer upon her arrival and was building one to two homes per year. Since that time, her staff has grown to 10 full time and 12 part-time, a new ReStore operation was opened five years ago, and 379 lives have been touched building 100 homes locally and 36 homes have been built globally. Habitat has also completed 87 repair projects. Celeste serves as the primary contact for Donors and fundraising for the organization as well as being active in the community through Rotary, Chambers of Commerce, Boy Scouts, Girls Scouts, Church and service to Habitat Texas as their immediate past Board President.

Director of Operations – Robert Manley, III

Robert Manley joined NCC-Habitat in 2015. Robert is responsible for Construction, Family Services, Volunteer Services, ReStore operations, and affiliate facilities. He assists the Executive Leadership with strategic planning and organizational effectiveness. Robert has developed execution and strategic planning expertise through his prior experience in organizational management, project management, community development, and ministry. He has a BAAS from Howard Payne University and a Master of Arts from Southern Baptist Theological Seminary in Cultural Leadership. Robert has a

passion to see families, neighborhoods and communities transformed. He enjoys triathlon sprint racing, mountain biking, and kayaking with the family.

Director of Finance – Ruthie Drye

Ruthie joined NCC-Habitat in October of 2012. Ruthie has over 20 years in the nonprofit sector finds working with staff, board and partner families to be very rewarding. “Doing the right thing just feels good,” Ruthie said. Ruthie earned her accounting degree from University of Phoenix and is currently working on her CPA. Ruthie and her husband of 30 plus years have raised their three children in Frisco, Texas and is a grandmother of three beautiful grandchildren.

Director of ReStore Operations – Rick Green

Rick joined the NCC-Habitat team in October of 2015. Rick has extensive experience in retail management and executive retail leadership for 30 years. His retail background includes Office Depot, Best Buy, Wal-Mart, and Target, receiving many sales and management awards. He has earned a B.B.A. in Accounting from University of Oklahoma. Rick has been very involved in community and civic organizations such as Y.M.C.A, Goodwill Industries, and March of Dimes. As a trained chef, Rick enjoys cooking and traveling.

Director of Family Programs – LaVeeta Hamilton

LaVeeta Hamilton joined NCC-Habitat in July of 2011. LaVeeta has a diverse background and has worked for the Salvation Army and also the Dallas Housing Authority just to name a few. LaVeeta has an Associate’s Degree in Criminal Justice, Bachelor’s Degree in Behavioral Science and Master’s Degree in Clinical Counseling. “The joy of calling a family to let them know they are approved for a home, is the most rewarding part of my job,” LaVeeta said. She is a Native Nebraskan and has lived in Texas since 2008. LaVeeta is a proud mother of two beautiful children and grandmother to grandson Jeff.

Program Manager of Construction – Bryant Knepp

Bryant Knepp joined NCC-Habitat in 2016. Bryant provides oversight of the Construction Department where he leads the new construction and repair programs. Bryant has served in a number of roles with Habitat affiliates since 2003. He considers himself a student of Habitat and most highly values the Christian foundation and approach of Habitat’s work. He was raised in southwestern Indiana where his construction training took place within a family owned, Amish-Mennonite construction company. Bryant enjoys participating in Christian mission, both locally and abroad. He and his wife, Lyndsay, have three daughters.

Additional Staff Members

Pat Gonzales – ReStore Assistant Manager

Haley Terrell – Community Engagement Coordinator

Lindsey Little – ReStore Floor Supervisor

Marie Rosenbaum – Finance Assistant

Scott Blackburn – Construction Coordinator

Caren Lopez – Receptionist

Elizabeth Johnston – Grant Writer & Marketing Coordinator

Biane Pound – Land Acquisition Coordinator

Dawn Serr – Volunteer Coordinator

Attachment 2 – Matching Sources & Percentages Document (2 Pages)

2016 - 2017 Matching Sources & Percentages						
GIK - New Construction per House	Funds	Status	Totals of Match			
Sparky Cox	\$ 1,000	Approved	TOTAL GIK	\$ 89,667	10%	
Whirlpool	\$ 1,400	Approved	TOTAL CASH	\$ 584,081	62%	
Simpson Strong Tie	\$ 1,800	Approved	Total Match Funds	\$ 673,748	72%	
Restore	\$ 1,400	Approved	MCDC Proposed	\$ 251,000	27%	
Jubilee	\$ 360	Approved	Total Project Funds	\$ 924,748	99%	
Encore	\$ 500	Approved				
Schneider Electric/Square D	\$ 1,100	Approved	Total Cost of Projects	\$ 932,500		
Cree	\$ 252	Approved				
Vanco	\$ 44	Approved	Funds to be Raised	\$ 7,752	<1%	
RCS	\$ 250	Approved				
Yale	\$ 300	Approved	<i>* Outstanding needs will be raised through additional corporate partners or foundations</i>			
Dow	\$ 287	Approved				
Dow	\$ 600	Approved				
Energy Testing	\$ 500	Approved				
Valspar	\$ 1,950	Approved				
Cantu	\$ 200	Approved				
Hunter Douglas	\$ 335	Approved				
Total GIK per House	\$ 12,278					
Total GIK For 6 Houses	\$ 73,666.92					
GIK - ABWK	Funds	Status				
Valspar (\$400*40)	\$ 16,000	Pledged				
TOTAL	\$ 16,000					
TOTAL GIK MATCH	\$ 89,667					
Cash Donations - New Construction	Funds	Status				
Anonymous	\$ 20,000	Received				
Bud Ward	\$ 4,500	Received				
CBDB	\$ 24,000	Received				
Collin County	\$ 27,581	Received				
Collin County HFC	\$ 42,500	Received				
Covenant Church	\$ 2,000	Pledged				
Creekwood	\$ 5,000	Pledged				
Emerson	\$ 2,500	Pledged				
FUMC Allen	\$ 5,000	Pledged				
FUMC McKinney	\$ 6,000	Pledged				
FUMC Melissa	\$ 2,000	Pledged				
Goldman Sachs	\$ 20,000	Pending				
Green Brick Partners	\$ 25,000	Pledged				
HighPointe Church of Christ	\$ 5,000	Pledged				

John & Mary Minnis	\$ 15,000	Pledged			
LegacyTexas Bank	\$ 8,000	Received			
Lowe's NWBW	\$ 5,000	Pending			
Simpson Strong Tie	\$ 15,000	Pledged			
St. Gabriel the Arch Angel	\$ 10,000	Pledged			
Steve & Beth Darling	\$ 70,000	Pledged			
TDHCA	\$ 180,000	Pledged			
Thrivent Financial	\$ 42,500	Received			
Trinity Presbyterian Church	\$ 5,000	Pledged			
TOTAL	\$ 541,581				
Cash Donations - ABWK	Funds	Status			
Junior League of Collin County	\$ 5,000	Pending			
Thrivent Financial	\$ 12,500	Pending			
TSAHC	\$ 25,000	Pending			
TOTAL	\$ 42,500				
TOTAL CASH MATCH	\$ 584,081				

Attachment 3 - Organizational Budget for Current Fiscal Year

North Collin County Habitat for Humanity

FY17 Budget

July 2016 through June 2017

	<u>Budget</u>
	<u>Jul'16-Jun'17</u>
Ordinary Income/Expense	
Income	
\$Contributions	429,900
Grants	343,500
Special Events Net Income	68,000
ReStore Sales	1,300,412
Other Income	<u>38,340</u>
Total Income	2,180,152
Cost of Goods Sold	
Cost of Goods Sold (ReStore)	<u>283,408</u>
Total COGS	<u>283,408</u>
Gross Profit	1,896,744
Expense	
Administrative	122,774
Fleet Expense	48,284
Program Svcs-Mission Specific	170,849
Marketing & Advertising	56,790
Employee Related Expenses	1,047,695
Occupancy Expense	77,624
Meetings & Travel	<u>29,180</u>
Total Expense	<u>1,553,196</u>
Net Ordinary Income	343,548
Other Income/Expense	
Other Income	
Sale to Homeowners	695,000
Mortgage Discount Amortization	85,000
Donated Materials-ReStore	760,000
GIK-Material Donations	<u>128,600</u>
Total Other Income	1,668,600
Other Expense	
Construction Cost (CIP)	874,963
Mortgage Discount Expense	210,000
ReStore GIK (COGS)	760,000
Other GIK Expense	11,000
Depreciation Expense	89,700
HFH International SOSI Fee	15,000
HFH International Tithe	<u>28,000</u>
Total Other Expense	<u>1,988,663</u>
Net Other Income	<u>(320,063)</u>
Net Income	<u>23,485</u>

Attachment 5 - Audited Financial Statements

**NORTH COLLIN COUNTY
HABITAT FOR HUMANITY**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014**

WITH INDEPENDENT AUDITORS' REPORT

NORTH COLLIN COUNTY HABITAT FOR HUMANITY
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PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
North Collin County Habitat for Humanity

We have audited the accompanying statements of financial position of North Collin County Habitat for Humanity (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2014, and the related statements of activities, statements of cash flows, and schedules of functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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401 WEST HIGHWAY 6 ■ P. O. BOX 20725 ■ WACO, TX 76702-0725 ■ (254) 772-4901 ■ FAX: (254) 772-4920 ■ www.pbhcpa.com
AFFILIATE OFFICES: HILLSBORO, TX (254) 582-2583 ■ HOUSTON, TX (281) 671-6259
RIO GRANDE VALLEY, TX (956) 544-7778 ■ TEMPLE, TX (254) 791-3460 ■ ALBUQUERQUE, NM (505) 266-5904

Opinion

In our opinion, the financial statements referred to above presented fairly in all material respects, the financial position of North Collin County Habitat for Humanity as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited North Collin County Habitat for Humanity's June 30, 2014 financial statements, and our report dated October 10, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented on the Statement of Activities for the year ended June 30, 2015, is consistent, in all material respects, with the audited Statement of Activities from which it has been derived.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
September 17, 2015

FINANCIAL STATEMENTS

NORTH COLLIN COUNTY HABITAT FOR HUMANITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 125,363	\$ 96,961
Temporarily restricted cash	191,869	40,144
Contributions receivable	268,319	301,384
Inventory	186,734	193,531
Inventories - land held for development	175,426	203,573
Non-interest bearing mortgages receivable, current portion (net of discount)	158,166	145,266
TDHCA Boot Strap agency receivables, current portion	61,438	50,188
Other receivables	22,815	315
Total Current Assets	1,190,130	1,031,362
LONG-TERM ASSETS		
Property, furniture and equipment (net)	1,521,359	1,556,404
Contributions receivable	25,000	60,500
Non-interest bearing mortgages receivable, long-term portion (net of discount)	1,954,415	1,865,651
TDHCA Boot Strap agency receivables, long-term portion	923,897	766,899
HBA agency receivable	16,250	17,250
Discount on non-interest bearing mortgage	(1,066,779)	(1,018,045)
Construction in progress	163,083	274,823
Total Long-term Assets	3,537,225	3,523,482
Total Assets	\$ 4,727,355	\$ 4,554,844
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 85,856	\$ 95,509
Escrow-mortgage holders	69,717	67,834
Due to ReStore	48,086	36,780
Due to TDHCA Boot Strap, current portion	61,438	50,188
Notes payable, current portion (net of discount)	132,968	96,924
Total Current Liabilities	398,065	347,235
LONG-TERM LIABILITIES		
Due to TDHCA Bootstrap, long-term portion	924,465	767,465
Due to HBA	12,667	14,667
Notes payable, long-term portion (net of discount)	1,293,299	1,358,114
Total Long-term Liabilities	2,230,431	2,140,246
Total Liabilities	2,628,496	2,487,481
NET ASSETS		
Unrestricted	1,432,181	1,571,452
Temporarily restricted	666,678	495,911
Total Net Assets	2,098,859	2,067,363
Total Liabilities and Net Assets	\$ 4,727,355	\$ 4,554,844

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

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
REVENUE AND OTHER SUPPORT					
Grants	\$ -	\$ 261,495	\$ -	\$ 261,495	\$ 398,177
Contributions	158,497	341,121	-	499,618	457,716
Contributions - non cash	58,136	-	-	58,136	202,175
Donated materials	491,550	-	-	491,550	409,827
Discount amortization	75,925	-	-	75,925	77,804
Transfers to homeowners	429,854	-	-	429,854	293,024
ReStore sales	1,110,226	-	-	1,110,226	1,104,557
Special events, net of expenses	18,993	-	-	18,993	13,429
Miscellaneous	49,603	-	-	49,603	20,470
Interest income	486	-	-	486	208
Net assets released from restrictions	<u>431,849</u>	<u>(431,849)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>2,825,119</u>	<u>170,767</u>	<u>-</u>	<u>2,995,886</u>	<u>2,977,387</u>
EXPENSES					
Home ownership program	1,345,517	-	-	1,345,517	1,033,698
ReStore program	1,437,493	-	-	1,437,493	1,424,682
Management and administrative	<u>132,444</u>	<u>-</u>	<u>-</u>	<u>132,444</u>	<u>131,427</u>
Total Expenses	<u>2,915,454</u>	<u>-</u>	<u>-</u>	<u>2,915,454</u>	<u>2,589,807</u>
OTHER INCOME/(EXPENSES)					
Gain (Loss) on disposition of assets	<u>(519)</u>	<u>-</u>	<u>-</u>	<u>(519)</u>	<u>20,765</u>
CHANGE IN NET ASSETS	<u>(90,854)</u>	<u>170,767</u>	<u>-</u>	<u>79,913</u>	<u>408,345</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,523,035</u>	<u>495,911</u>	<u>-</u>	<u>2,018,946</u>	<u>1,610,601</u>
NET ASSETS, END OF YEAR	<u>\$ 1,432,181</u>	<u>\$ 666,678</u>	<u>\$ -</u>	<u>\$ 2,098,859</u>	<u>\$ 2,018,946</u>

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

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 31,496	\$ 456,762
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	83,805	87,007
Discount amortization-mortgages	48,734	(45,731)
Transfer to homeowners	(429,854)	(293,024)
Loss on the disposal of assets	519	21,925
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	28,147	(45,046)
(Increase) decrease in inventories - (resale)	6,797	10,736
(Increase) decrease in contributions receivable	68,565	(294,384)
(Increase) decrease in agency receivable	(998)	(2,568)
(Increase) decrease in other receivables	(22,500)	-
(Increase) decrease in homes under construction	111,740	(170,750)
Increase (decrease) in accounts payable and accrued expenses	3,536	3,347
Net Cash Used by Operating Activities	<u>(70,013)</u>	<u>(271,726)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of land, building and equipment	(49,279)	(171,222)
Net loan proceeds	(28,771)	80,232
Mortgage payments received	328,190	387,117
Net Cash Provided by Investing Activities	<u>250,140</u>	<u>296,127</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	180,127	24,401
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>137,105</u>	<u>112,704</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 317,232</u>	<u>\$ 137,105</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Issuance of non-interest bearing mortgage loans	\$ 429,854	\$ 293,024
Discount on non-interest bearing mortgages loans	(124,659)	(32,070)
Transfers to homeowners subject to non-interest bearing mortgage loans	<u>\$ 305,195</u>	<u>\$ 260,954</u>
Cash paid for interest	<u>\$ 61,304</u>	<u>\$ 57,110</u>

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

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2015

	Program Services		Support Services	Total
	Construction	ReStore	Management and General	2015
Bank charges	\$ 538	\$ 176	\$ 470	\$ 1,184
Contract labor	121	32,439	108	32,668
Credit card fees	-	-	1,636	1,636
Depreciation expense	12,333	63,607	7,865	83,805
Dues and subscriptions	1,801	825	2,571	5,197
Equipment rental	2,819	3,111	3,464	9,394
Fleet Expense	5,710	20,464	927	27,101
Insurance	10,955	21,238	1,942	34,135
Interest expense	22,428	35,414	3,462	61,304
Materials and supplies	485,008	833,832	1,237	1,320,077
Miscellaneous	349	426	1,898	2,673
Mortgage discount	124,659	-	-	124,659
Office expenses	3,651	5,167	5,413	14,231
Postage	1,997	441	1,552	3,990
Printing, promotions, and advertising	1,926	22,527	11,741	36,194
Professional fees	3,375	1,125	3,000	7,500
Program expenses	200,874	22	-	200,896
Repairs & Maintenance	2,153	6,628	988	9,769
Salaries and benefits	390,312	342,196	78,424	810,932
Telephone	7,971	9,334	1,762	19,067
Tithe	30,000	-	-	30,000
Travel	24,762	4,271	1,440	30,473
Utilities	11,775	34,250	2,544	48,569
Total Expenses	\$ 1,345,517	\$ 1,437,493	\$ 132,444	\$ 2,915,454

See accompanying independent auditor's report.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	Program Services		Support Services	Total
	Construction	ReStore	Management and General	2014
Bank charges	\$ 873	\$ 870	\$ 596	\$ 2,339
Contract labor	-	19,045	-	19,045
Credit card fees	-	20,347	656	21,003
Depreciation expense	8,509	68,373	10,125	87,007
Dues and subscriptions	2,236	1,375	2,740	6,351
Equipment rental	2,048	3,298	3,730	9,076
Fleet expense	4,770	18,078	3,302	26,150
Insurance	7,817	18,963	1,143	27,923
Interest expense	13,172	41,082	2,856	57,110
Materials and supplies	338,203	783,818	-	1,122,021
Miscellaneous	236	1,482	949	2,667
Mortgage discount	80,487	-	-	80,487
Office expenses	3,779	8,695	5,140	17,614
Postage	1,820	855	1,334	4,009
Printing, promotion, and advertising	1,325	28,328	9,282	38,935
Professional fees	3,375	1,125	3,000	7,500
Program expenses	166,047	210	1,376	167,633
Repairs & maintenance	900	7,757	352	9,009
Salaries and benefits	337,921	352,974	78,403	769,298
Telephone	7,676	7,767	1,685	17,128
Tithe	25,000	-	-	25,000
Travel	18,564	1,322	1,664	21,550
Utilities	8,940	38,918	3,094	50,952
Total Expenses	\$ 1,033,698	\$ 1,424,682	\$ 131,427	\$ 2,589,807

See accompanying independent auditor's report.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

1. ORGANIZATION AND NATURE OF ACTIVITIES

North Collin County Habitat for Humanity, Inc. dba (“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 a nonprofit organization, as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes and has been classified as a publicly supported organization as described in Sections 509(a)(1) and 170(b)(A)(VI).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of North Collin County Habitat for Humanity have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities, in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958, “Not-for-Profit Entities.” Under ASC 958, North Collin County Habitat for Humanity is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Also in accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets

Unrestricted Net Assets represent resources over which the Board of Directors has discretionary control and can be used currently for the general purposes North Collin County Habitat for Humanity in accordance with its bylaws. The Board may voluntarily designate unrestricted resources of specific purposes, but this is a voluntary action of the governing board that can be modified or reversed at its discretion. These designations of unrestricted resources by the governing board do not have the same legal requirements as do restrictions of funds.

Temporarily Restricted Net Assets

Temporarily Restricted Net Assets represent resources currently available for use, but expendable only for those operating purposes specified by the donor.

Permanently Restricted Net Assets

Permanently Restricted Net Assets represent principal amounts of gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or a specified period, with only the income to be utilized.

Cash and Cash Equivalents

North Collin County Habitat for Humanity considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

The Board of Directors has restricted \$191,869 and \$40,144 of cash for purposes of renovations for the years ended June 30, 2015 and 2014, respectively.

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 7.39% to 8.34% 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.

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.

Income Taxes

Habitat has been granted exemptions from federal income taxes under Section 501(c)(3) of the Internal Revenue code. As such, no provision for income taxes is reflected in the financial statements.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Habitat may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Habitat and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2015 and 2014.

Habitat files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Texas. Habitat is no longer subject to examination by the Internal Revenue Service for years before 2012.

Support and Cost

Grants, 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of net activities 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 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.

ReStore revenue is recognized when the donated goods are sold. ReStore expenses are recognized when incurred.

Expense Allocation

Costs have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services

A substantial number of volunteers have made significant contributions of their time to Habitat's program and supporting services. The value of this contributed time is not reflected in these financial statements since it is susceptible to objective measurement or valuation.

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 cost or 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.

Transfer or Sale to Homeowners

Transfers to homeowners are recorded at the gross mortgage. The mortgages do not bear interest, but have been discounted based upon applicable rates of interest published by Habitat for Humanity International, Inc. Using the interest method of amortization, these discounts will be recognized as mortgage loan amortization over the term of the mortgages.

Home Construction Costs

Costs incurred in conjunction with home construction are capitalized. Construction costs are expensed during the year a home is sold and included in program services.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Habitat's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

3. PROPERTY AND EQUIPMENT

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>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Land	\$ 256,597	\$ -	\$(2,750)	\$ 253,847
Buildings and improvements	1,244,280	88,959	(58,828)	1,274,411
Furniture and fixtures	98,616	3,137	-	101,753
Vehicles and trailers	85,818	3,995	-	89,813
Machinery and equipment	<u>139,130</u>	<u>11,022</u>	<u>(661)</u>	<u>149,491</u>
	1,824,441	107,113	(62,239)	1,869,315
Less accumulated depreciation	<u>(268,037)</u>	<u>(83,805)</u>	<u>3,886</u>	<u>(347,956)</u>
Total property and equipment, net of depreciation	<u>\$ 1,556,404</u>	<u>\$ 23,308</u>	<u>\$(58,353)</u>	<u>\$ 1,521,359</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$83,805 and \$87,007, respectively.

4. 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, 2015</u>		<u>June 30, 2014</u>	
	<u>Homes</u>	<u>Cost</u>	<u>Homes</u>	<u>Cost</u>
Homes under construction at beginning of year	6	\$ 274,823	3	\$ 104,073
Additional cost incurred during the year	-	188,184	-	118,867
New homes started during the year	5	165,404	8	418,823
Homes transferred during the year	<u>(7)</u>	<u>(465,328)</u>	<u>(5)</u>	<u>(366,940)</u>
Homes under construction at year-end	<u>5</u>	<u>\$ 163,083</u>	<u>6</u>	<u>\$ 274,823</u>

5. INVENTORIES

Land held for development 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 \$175,426 and \$203,573 as of June 30, 2015 and 2014, respectively.

Inventory for the ReStore consists of items for resale which have been either purchased by Habitat or donated to the Organization. All purchased inventory is valued at the lower of cost or market. All donated inventory is recognized as contribution revenue at fair market value on the date of donation and also immediately recognized as contribution expense. Therefore, donated items are carried in inventory with no value. Thus, the balance of inventory, representing only those items purchased by the ReStore, totaled \$186,734 and \$193,531 as of June 30, 2015 and 2014, respectively.

6. SALES TO HOMEOWNERS

During the years ended June 30, 2015 and 2014, seven and five homes were sold to qualifying applicants, respectively. 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. The discount rates for the years ended June 30, 2015 and 2014 were 7.51% and 7.58%, respectively. The discounts totaled \$124,659 for 2015 and \$31,669 for 2014.

7. 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Mortgages receivable (at face value)	\$ 2,112,581	\$ 2,010,917
Unamortized discount on mortgages	<u>(1,066,779)</u>	<u>(1,018,045)</u>
	<u>\$ 1,045,802</u>	<u>\$ 992,872</u>

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

2016	\$ 158,166
2017	158,166
2018	158,166
2019	158,166
2020	158,166
Thereafter	<u>1,321,751</u>
Total	<u>\$ 2,112,581</u>

Mortgages are considered delinquent when the monthly mortgage payment is at least 31 days past due. As of June 30, 2015, nineteen mortgages totaling \$10,466 were past due. As of June 30, 2014, sixteen mortgages totaling \$10,729 were past due. Habitat is in the process of making arrangements with the individual homeowners to bring their balance to current. All balances are believed to be collectible and no allowance has been recognized.

Some of the homeowners who have mortgages with Habitat have entered into a secondary loan agreement 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 normally do not have any effect on the change in net assets. As of June 30, 2015, the balance in the agency receivables is \$985,335 and agency payables account is \$985,903. The balances of the agency receivable and payable as of June 30, 2014 were \$817,087 and \$817,653, respectively. Typically, the balance of the agency receivable equals the balance of the agency payable. However, during the current and prior fiscal year, Habitat decided to take back the house of one homeowner. While the Organization wrote off the outstanding receivable from the homeowner, Habitat is still liable to TDHCA for the balance due to them from the homeowner.

During 2012, two homeowners also entered into secondary agreements with the Texas Department of Housing and Community Affairs Homebuyer Assistance Program. Similar as to their agreement with the TDHCA 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. As of June 30, 2015, the balances of the agency receivable and payable were \$16,250 and \$12,667, respectively. As of June 30, 2014, the balance of the agency receivable and agency payable were \$17,250 and \$14,667, respectively.

8. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2015 are as follows:

Less than 1 year	\$ 268,319
1 year to 5 years	<u>25,000</u>
	<u>\$ 293,319</u>

Contributions receivable at June 30, 2014 are as follows:

Less than 1 year	\$ 301,384
1 year to 5 years	<u>60,500</u>
	<u>\$ 361,884</u>

9. LONG-TERM DEBT

Long-term debt, net of discounts, consists of the following notes as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Notes payable to Texas Department of Housing and Community Affairs (TDHCA) in the original amount of \$1,426,456 and \$870,018 as of June 30, 2015 and 2014, respectively; bearing interest ranging from 0% to 4%, discount calculated based on hypothetical imputed interest rate ranging between 7.39% and 8.34%, the rate is provided annually by Habitat for Humanity International, resulting in a discount of \$456,161 and \$226,267 as of June 30, 2015 and 2014, respectively. The corporation remits monthly payments of \$6,428 and the loans mature July 2021 through June 2033.	\$ 879,773	\$ 557,713
Line of credit to a bank in the amount of \$25,000 due October 21, 2014; interest rate of 0%.	-	25,000
Note payable to a bank; interest rate of 5.25%; due May 25, 2026. Secured by Land & Building.	537,769	858,963
Note payable to a vehicle financing company; interest rate of 1.90%; due June 14, 2017. Secured by the associated vehicle.	<u>8,725</u>	<u>13,362</u>
	1,426,267	1,455,038
Less current installments	<u>(132,968)</u>	<u>(96,924)</u>
Long-term debt, excluding current installments	<u>\$ 1,293,299</u>	<u>\$ 1,358,114</u>

The maturities of long-term debt by fiscal year are as follows:

2016	\$ 132,968
2017	137,518
2018	139,049
2019	144,842
2020	150,910
Thereafter	<u>720,980</u>
Total	<u>\$ 1,426,267</u>

10. 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, 2015 was \$58,136 and \$202,175 in 2014.

Habitat also received furniture, household items and constructional materials used in home construction and repair for sale in the ReStore. All donations are valued at the estimated fair market value on the date the donation is made.

11. RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Temporarily restricted Contributions Temporarily Restricted	\$ <u>666,678</u>	\$ <u>495,911</u>

12. 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.

13. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents balances in local financial institutions. All accounts for a single depositor are insured by the Federal Deposits Insurance Corporation up to \$250,000. The Organization had uninsured cash balances of \$99,980 as of June 30, 2015. The Organization had no uninsured cash balances as of June 30, 2014.

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.

The Organization's purpose is to provide housing for low-income homeowners. As such, it is likely that the mortgage holders would be unable to qualify for a mortgage from a traditional financial institution. This poses an inherent risk to Habitat that the mortgages receivable will be partially uncollectible. To mitigate the risk of overstating the ability of the Organization to fully collect the mortgages, the notes receivable have been discounted using the prevailing market rate for low-income housing at the inception of the note. Additionally, all notes receivable are collateralized by the real estate associated with the mortgage.

14. ADVERTISING

Habitat uses advertising to promote its program. Advertising expenses are expensed as incurred. For the years ended June 30, 2015 and 2014, advertising expenses of \$36,194 and \$38,936 were incurred, respectively.

15. 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 years ended June 30, 2015 and 2014, Habitat contributed \$20,000, each year, to Habitat International. In addition to these unrestricted contributions to Habitat International, Habitat also paid a support fee in the amount of \$10,000 for the year ended June 30, 2015 and \$5,000 for the year ended June 30, 2014.

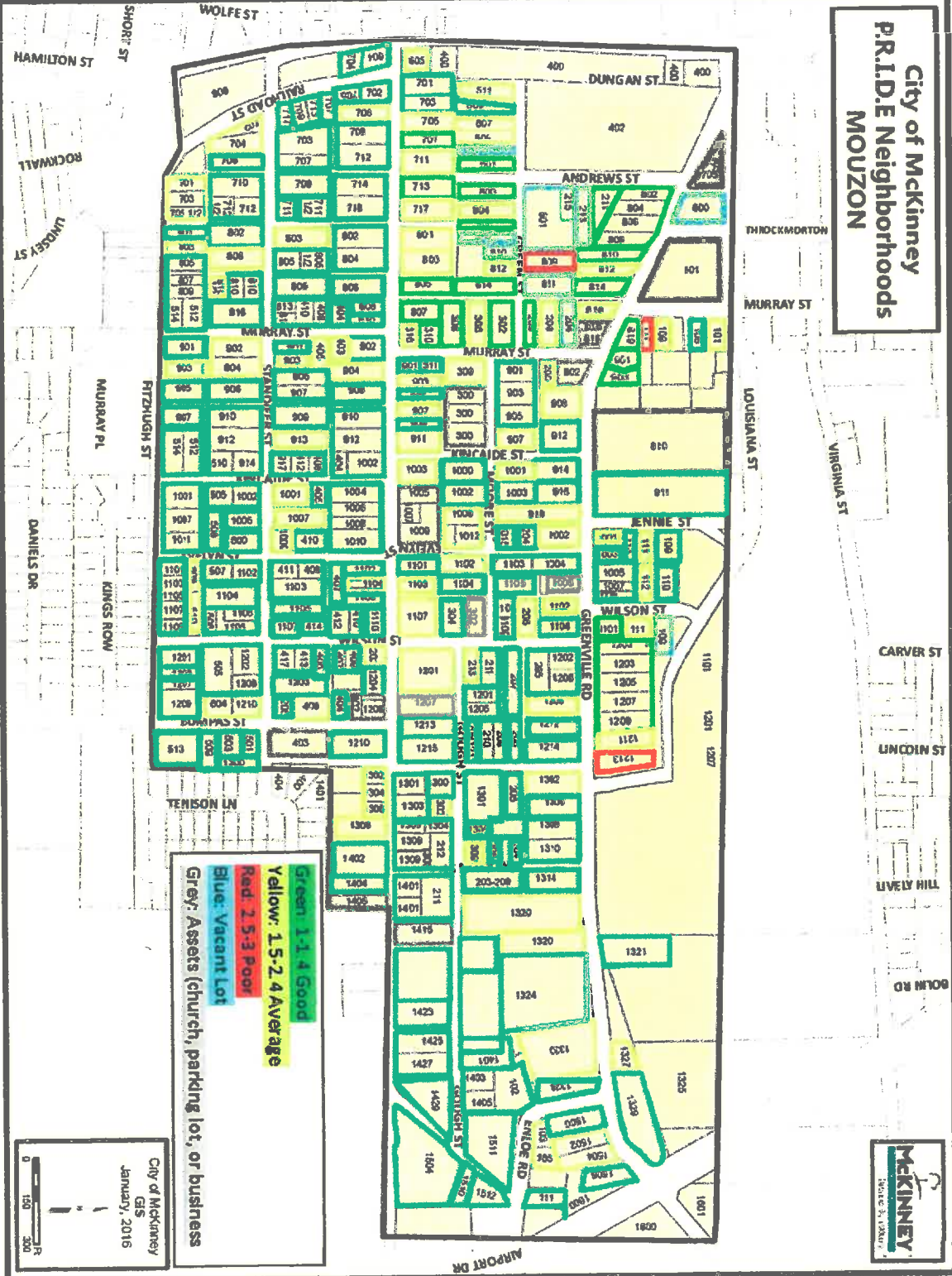
16. RECLASSIFICATIONS

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 17, 2015, the issuance date of the report. No subsequent events requiring disclosure were noted.

Attachment – Maps of Target Neighborhood for ABWK Projects



Attachment 4 - IRS Determination Letter



OGDEN UT 84201-0029

In reply refer to: 4077550277
Mar. 09, 2015 LTR 4167C 0
91-1914868 000000 00
00040704
BODC: TE

HABITAT FOR HUMANITY INTERNATIONAL
INC
HABITAT FOR HUMANITY INTRNL PARENT
% EDWARD K QUIBELL - CFO/SR VP
121 HABITAT ST
AMERICUS GA 31709-3423



052913

Employer Identification Number: 91-1914868
Group Exemption Number: 8545
Person to Contact: Ms Benjamin
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Jan. 20, 2015, request for information about your tax-exempt status.

Our records indicate that you were issued a determination letter in January 1987, and that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

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

Donors may deduct contributions to you 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 sections 2055, 2106 and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Tamara Ripperda
Director, Exempt Organizations