

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

Grant Application

Fiscal Year 2014

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: development@ncc-habitat.com

Website: ncc-habitat.com; mckinneyrestore.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 Rotary; Texas Economic Development Council; American Economic Development Council; Woman Enhancing Business; McKinney Historic Neighborhood Association and Homebuilders Association of Texas – Collin County.

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; 972-548-9112 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: \$188,870

PROJECT/PROMOTIONAL ACTIVITY/COMMUNITY EVENT

Start Date: Immediate

Completion Date: Mid 2015

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

See attachment

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

See attachment

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

I. Applying Organization

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

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 90 new homes and 69 rehabs in Northern Collin County.

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. Eighty percent (80%) of the families that are served through the ABWK program fall below 30% of median household income which is less than \$10,950 a year.

The homes are sold at a very modest cost (\$75,000 on average including land) 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 involved in A Brush with Kindness, in which volunteers repaint and perform 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 the second 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 12 years. Our staff has grown to 24 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.

Our organization operates with excellence and our Executive Director was awarded the Non Profit Leadership Award by Volunteer McKinney Center in 2013. We were also awarded the Outstanding Small Business of the Year Award by the McKinney Chamber in 2014.

A Brush With Kindness/Neighborhood Revitalization Initiative/ Together We Serve

A construction program within Habitat is a partnership between the City of McKinney and a nationwide program. The Cities of Service Initiative "Together We Serve" identifies the needs of properties within the low-moderate income neighborhoods in McKinney. This addresses 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 2012 in partnership with 8 home builders along with identification of rehab, repairs, and community wide clean-up projects. Suppliers of materials committed in-kind donation materials to this project.

There are 5 neighborhoods in McKinney currently identified as the first target areas. The project 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 were identified as having a need for repairs, rehab or general clean-up. To date **25** projects have been completed in LaLoma including new Habitat construction of **18** new homes and a neighborhood garden. In the second phase, Rockwall, there are **185** lots, 120 being identified as having a need for repairs, rehab or general clean-up. To date **23** projects have been completed in Rockwall Phase 1. There are **2** in process in Rockwall Phase 2. In the third neighborhood, Wilcox, there are **215** lots. Inspection surveys are underway in Rockwall and Wilcox neighborhood. In September, to identification of properties needs will commence. To serve the current applicants of all our 50 ABWK projects, an estimated \$337,000 would be required. Not all of these are in McKinney.

Habitat serves as the lead agency in partnership with Volunteer McKinney and 3E McKinney for this program which is supported by McKinney Mayor Brian Loughmiller. We also partner with Christ Fellowship Church and a new group that was formed from First United Methodist Church called Hands N Hammers to support the repairs in the LaLoma neighborhood.

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, a part of 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 Serve: 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 have been 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 has committed to serve 40 families through this program for this next fiscal year.

It is estimated that on average, a project will cost approximately \$3,250 cash and \$2,000 GIK (Gifts in Kind) donated materials. We have established many new partners in this program and received a \$5,000 grant from Viewpoint Bank this past year to help with Builders Blitz and NRI in these neighborhoods.

We are currently partnering with the McKinney Housing Authority, TAPS and the Samaritan Inn for a planning grant from HUD to address housing issues in these target neighborhoods. The results from our Success Measures surveys in these neighborhoods has helped identify the need for transportation accessibility in the P.R.I.D.E. neighborhoods. This has enabled the TAPS program to document that need and to set in place a plan to add routes to these neighborhoods.

We are requesting **\$87,750 to complete 27 projects, with an average family size of 4 (108 persons-adults,**

seniors and children) and new neighborhood gardens projects serving **10 households with 21 persons**. This project would have significant impact on several neighborhoods and would be an average of **\$680.00** cost per person.

Land Acquisition and Lot Prep for Affordable Housing

Habitat for Humanity 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 in conjunction with the Cities of Service Initiative.

Programs offered include the provision of new and rehabilitated existing homes for low and very low income families, which directly addresses Strategy One of the city's Consolidated Plan Goals and Objectives.

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. The affiliate attempts to purchase McKinney lots through the city's land disposition program and/or sheriff's sale property disposition, but recently this process has become a bidding war. NCC Habitat can no longer acquire lots for \$2,500 as initially proposed on the lot disposition policy as taxing entities rarely approved sales for less than taxes owed. The average price of recently-purchased lots was \$7,500 - \$10,000 each. The requested **\$60,000** will enable us to acquire **6 lots** at an average of \$10,000 each from the City of McKinney and private owners. Small lots in east McKinney are selling on the open market for \$10,000 to \$12,000 each.

If we are unable to find help, we will serve fewer families earning as low as 30% of AMI in McKinney. In the past we have received funding from the City of McKinney CDBG program. Our funds allocated from this program have gone from \$70,000 to only \$10,000 this year as there are more programs requesting this funding. The City of McKinney Housing and Community Development Department is also doing rehab work on the interior of the homes to assist these families in need. (See CDBG Annual Action Plan) This year the City Housing Department was allocated \$286,186 for repairs to 10 units for homes of eligible low to mod income homeowners. The Habitat program, will serve an average of 4 people per home for 6 homes. 24 seniors, adults and children will cost an average of **\$2500 per person**.

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 10 new homes each year, we will need to purchase an additional 10 to replace those used in order to continue to serve families

For more than 22 years, NCC Habitat has built **90** homes and rehabilitated **69** distressed properties in a continuing effort to revitalize the community. Our land acquisition department has utilized all available CDBG funds to purchase land and has raised additional funds to serve the needs of clients applying for our housing program.

Disclose and summarize any significant, planned organizational changes and describe their potential impact on the Project/Promotional Activity/Community Event for which funds are requested.

NCC Habitat has no significant organizational changes which would have an impact on the project for which funds are requested. We have and will continue to have a full-time Director of Construction programs that will oversee these projects as well as a full-time Director of Family Programs for intake of family applications and a part-time land acquisition coordinator to oversee the purchase and development of lots for affordable housing.

II. Project or Promotional Activity/Community Event (whichever is applicable)

- Outline details of the Project/Promotional Activity/Community Event for which funds are requested. Include information regarding scope, goals, objectives, target audience.

NCCHFH is requesting funding in the areas described below:

Affordable Housing:

Land Acquisition:

Acquisition of 6 lots for affordable housing	\$60,000	(6 @ \$10,000 average each)
10 Surveys @ \$2500	\$25,000	
Lot Prep 10@ \$1500	\$15,000	

Neighborhood Revitalization Initiative:

27 homes repairs - exterior	\$87,750	(27@ \$3,250 average each)
Success Measures Training and Program	<u>\$1,120</u>	
	\$188,870	

Total Project Budget 27 Repairs and 10 New Homes

10	Homes	\$	65,000	\$	650,000
10	Lots	\$	10,000	\$	100,000
10	Surveys	\$	2,500	\$	25,000
10	Lot Prep	\$	1,500	\$	15,000
27	repairs	\$	3,250	\$	87,750
1	success measure	\$	1,120	\$	1,120
27	GIK Materials	\$	500	\$	13,500
10	GIK Materials	\$	16,000	\$	160,000
				\$ 1,052,370.00	

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? *If so, please attach a copy of the Executive Summary.*

The City of McKinney Consolidated Housing Plan addresses the need for affordable housing and the success measures data being collected will also summarize the need. (See attached Success Measures Reports from LaLoma and Rockwall)

Provide specific information to illustrate how this Project/Promotional Activity/Event will enhance quality of life and further business development in the City of McKinney, and support one or more of MCDC's goals:

- Develop and strengthen community amenities to improve quality of life
 Seeking to put God's love into action, North Collin County Habitat for Humanity brings people together to build homes, communities and hope. The goal of the organization is to provide affordable 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.
- Support projects eligible for Type B support under state law Yes
- Contribute to economic development within McKinney Yes
- Strengthen relationships with our partners Yes
- Maintain financial sustainability Yes

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

Yes No - not for this lot acquisition

III. Financial

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

What is the estimated total cost for this Project/Promotional Activity/Community Event?
\$1,052,370

(Please include a budget for the proposed Project/Promotional Activity/Community Event.)

Attachment

What percentage of Project/Promotional Activity/Community Event funding will be provided by the Applicant? 82%

Are Matching Funds available? Yes No

Cash \$650,000	Source Sponsors and Admin	% of Total 62.0
In-Kind \$173,500	Source GIK Materials	% of Total 15.0

Are other sources of funding available? If so, please list source and amount.
 Committed Churches, Business, Etc. including Federal Home Loan Bank and Texas Department of Housing and Community Affairs assist in the construction of the homes.

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.*

Yes, City of McKinney CDBG \$10,000

Viewpoint Bank \$5,000

HUD – a portion of planning grant request from McKinney Housing Authority

City of McKinney Community Services Grant \$3,857.14 – A portion of staff salaries

IV. Marketing and Outreach

Describe marketing plans and outreach strategies for your organization and for the Project/Promotional Activity/Community Event for which you are requesting funding – and how they are designed to help you achieve current and future goals.

NCCHFH has two websites, the affiliate and the ReStore as well as Facebook pages, Twitter and Blogs and weekly newsletters for both the affiliate and ReStore. These are used extensively to market to an audience of more than 10,000 subscribers. We also have a newsletter that goes to existing Habitat homeowners in the neighborhoods we serve.

Volunteers for NRI are aggressively recruited through these media sources as well as through neighborhood gatherings to engage the residents.

Press releases are distributed regularly to area media and also posted to online sites, including McKinney Courier Gazette and online at Bubble Life. Paid advertising appears in the Dallas Morning News, Ad Pages and other community newspapers and are monitored to evaluate their success.

V. Metrics to Evaluate Success

Outline the metrics that will be used to evaluate success of the proposed Project/Promotional Activity/Community Event. If funding is awarded, a final report will be required summarizing success in achieving objectives outlined for the event.

NRI projects are easily evaluated through before and after results. Project photos are included in our final report. Neighborhood Gardens will be measured by the successful output of produce and # of individuals fed. Land acquisition success will be measured by successful closing and development of the lots for affordable housing.

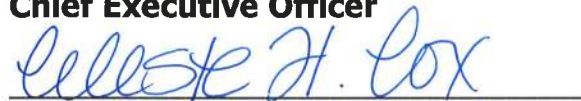
Acknowledgements

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

- The Project/Promotional Activity/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/Promotional Activity/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/Promotional Activity/Community Event for which funds were received.
- A final report detailing the success of the Project/Promotional Activity/Community event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotional Activity/Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotional Activity/Community Event 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 report on the Project/Promotional Activity/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, Executive Director

Printed Name

7/30/2014

Date

Representative Completing Application



Signature

Celeste H. Cox, Executive Director

Printed Name

7/30/2014

Date

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

Board of Directors 2014/15

Larry Pietenpol	President	Consultant/Retired	
Terry Busha	President-elect	Finance	Simpson Strong-Tie
Matt Hilton	Vice President	Real Estate Owner/Agent	
Nelson Carter	Secretary	Director Mkt/Training	Alcatel-Lucent
Larry Hoffman	Treasurer	Retired	
Robin Avgerenos			
Jerrica Anderson			
Steve Darling			
David Hale			
Cindy Maxwell-Bathea			
Jim Orr			
Dr. Vincent Ramos			
JR Russell			
Pete Soteris			
Fr. Don Zeiler			

Leadership Team

Executive Director – Celeste Haiduk Cox

Director of Operations – Andrea Tabor

Director of Finance – Ruthie Drye

Director of Construction – Wilson Fryar

Director of Construction Programs – Joe Prickett

Director of ReStore Operations – Tony Sowell

Director of Family Programs – LaVeeta Hamilton

North Collin County Habitat for Humanity
Profit & Loss Budget-Final
July 2014 through June 2015

Ordinary Income/Expense	<u>FY14 Budget</u>	
Income		
\$Contributions		
\$ Business Contributions		
Business \$Contributions	31,000	
Business - Restricted	160,000	
Total \$ Business Contributions	<u>191,000</u>	
\$ Individual Contributions		
Individual \$Contributions	37,000	
Individual - Restricted	51,000	
Carpenter Club - Restricted	45,000	
Total \$ Individual Contributions	<u>133,000</u>	
\$Church Contributions		
Church \$Contributions	12,000	
Church-Restricted	141,500	
Total \$Church Contributions	<u>153,500</u>	
HFHI Transfers		
\$Agency Contributions		
Agency \$Contributions	1,750	HfH International, Communities Foundation
Agency-Restricted	0	
Total \$Agency Contributions	<u>1,750</u>	
Total \$Contributions	479,250	
Grants		
Government Grants	13,000	CDBG McKinney, CSG
Grants-Other	86,500	MCDC, State Farm, Lowe's Women Build
Total Grants	<u>99,500</u>	
Total Special Events Net Income	17,000	Donor Bridge, Event Sponsors (Rotaries and MCDC)
Total ReStore Sales	1,157,400	
Total Other Income	<u>26,160</u>	
Total Income	<u>1,779,310</u>	
Total Cost of Goods Sold	<u>343,200</u>	
Gross Profit	1,436,110	
Expense		
Total Administrative	101,906	
Total Fleet Expense	38,628	
Total Program Svcs-Mission Specific	112,800	
Total Marketing & Advertising	43,708	
Total Employee Related Expenses	898,543	
Total Occupancy Expense	107,450	
Total Meetings & Travel	27,040	
Total Expense	<u>1,330,075</u>	
Net Ordinary Income	106,035	
Other Income/Expense		
Other Income		
Sale to Homeowners	750,000	
Mortgage Discount Amortization	80,000	
GIK-Material Donations	225,500	
Donated Materials-ReStore	420,000	
Total Other Income	<u>1,475,500</u>	
Other Expense		
Total Construction Cost (CIP)	787,920	
Mortgage Discount Expense	215,000	
ReStore GIK (COGS)	420,000	
Other GIK Expense	24,000	
Depreciation Expense	89,700	
HFH International SOSI Fee	10,000	
HFH International Tithe	20,000	
Total Other Expense	<u>1,566,620</u>	
Net Other Income	<u>(91,120)</u>	
Net Income	<u>14,915</u>	

**NORTH COLLIN COUNTY
HABITAT FOR HUMANITY**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012**

WITH INDEPENDENT AUDITORS' REPORT

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees 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) as of June 30, 2013, and 2012 and the related statements of activities and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above presented fairly in all material respects, the financial position of North Collin County Habitat for Humanity as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

October 18, 2013

NORTH COLLIN COUNTY HABITAT FOR HUMANITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	\$ 76,204	\$ 124,259
Temporarily restricted cash	36,500	55,555
Contributions receivable	21,500	16,000
Inventory	204,267	166,239
Inventories - land	158,527	158,981
Non-interest bearing mortgages receivable - current	142,891	122,709
TDHCA Boot Strap agency receivables	44,938	35,938
Other assets	<u>315</u>	<u>8,969</u>
Total Current Assets	<u>685,142</u>	<u>688,650</u>
LONG-TERM ASSETS		
Property, furniture and equipment (net)	1,494,114	1,512,638
Contributions receivable	46,000	46,500
TDHCA Boot Strap agency receivables	700,394	569,949
HBA agency receivable	18,250	20,000
Non-interest bearing mortgages receivable	1,962,119	1,686,726
Discount on non-interest bearing mortgage	(1,063,776)	(922,781)
Construction in progress	<u>104,073</u>	<u>555,042</u>
Total Property and Equipment	<u>3,261,174</u>	<u>3,468,074</u>
Total Assets	<u>\$ 3,946,316</u>	<u>\$ 4,156,724</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 111,133	\$ 101,511
Escrow-mortgage holders	67,073	65,934
Due to ReStore	18,570	23,253
Due to TDHCA Boot Strap	35,938	35,938
Line of credit	25,631	70,471
Current portion of long-term notes payable	<u>128,630</u>	<u>83,790</u>
Total Current Liabilities	<u>386,975</u>	<u>380,897</u>
LONG-TERM LIABILITIES		
Due to TDHCA Bootstrap	711,528	590,664
Due to HBA	16,667	20,000
Long-term notes payable	<u>1,220,545</u>	<u>1,266,506</u>
Total Long-term Liabilities	<u>1,948,740</u>	<u>1,877,170</u>
Total Liabilities	<u>2,335,715</u>	<u>2,258,067</u>
NET ASSETS		
Unrestricted	1,509,582	1,780,602
Temporarily restricted	<u>101,019</u>	<u>118,055</u>
Total Net Assets	<u>1,610,601</u>	<u>1,898,657</u>
Total Liabilities and Net Assets	<u>\$ 3,946,316</u>	<u>\$ 4,156,724</u>

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, 2013

(With Summarized Financial Information for the Year Ended June 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
REVENUE AND OTHER SUPPORT				
Grants	\$ -	\$ 190,085	\$ 190,085	\$ 91,439
Contributions	43,589	158,452	202,041	231,763
Contributions - non cash	147,659	-	147,659	408,670
Discount amortization	68,750	-	68,750	70,449
Transfers to homeowners	650,000	-	650,000	320,000
ReStore sales	1,016,897	-	1,016,897	822,450
Special events, net of expenses	5,048	-	5,048	9,094
Miscellaneous	22,244	-	22,244	7,551
Interest income	301	-	301	282
Net assets released from restrictions	<u>365,573</u>	<u>(365,573)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>2,320,061</u>	<u>(17,036)</u>	<u>2,303,025</u>	<u>1,961,698</u>
EXPENSES				
Home ownership program	1,548,153	-	1,548,153	1,002,532
ReStore program	906,822	-	906,822	746,723
Management and administrative	<u>110,351</u>	<u>-</u>	<u>110,351</u>	<u>128,653</u>
Total Expenses	<u>2,565,326</u>	<u>-</u>	<u>2,565,326</u>	<u>1,877,908</u>
OTHER INCOME/(EXPENSES)				
Loss on disposition of assets	<u>(25,755)</u>	<u>-</u>	<u>(25,755)</u>	<u>(85,554)</u>
CHANGE IN NET ASSETS	<u>(271,020)</u>	<u>(17,036)</u>	<u>(288,056)</u>	<u>(1,764)</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,780,602</u>	<u>118,055</u>	<u>1,898,657</u>	<u>1,900,421</u>
NET ASSETS, END OF YEAR	<u>\$ 1,509,582</u>	<u>\$ 101,019</u>	<u>\$ 1,610,601</u>	<u>\$ 1,898,657</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, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$(288,056)	\$(1,764)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	79,946	59,343
Discount amortization-mortgages	140,995	57,988
Transfer to homeowners	(435,500)	(219,500)
Loss on the disposal of assets	25,755	85,554
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	454	73,085
(Increase) decrease in inventories - (resale)	(38,028)	(65,010)
(Increase) decrease in contributions receivable	(5,000)	13,252
(Increase) decrease in agency receivable	(20,164)	20,715
(Increase) decrease in other assets	8,654	3,178
(Increase) decrease in homes under construction	450,969	(357,171)
Increase (decrease) in accounts payable and accrued expenses	6,078	81,143
Net Cash Provided by Operating Activities	(73,897)	(249,187)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of land, building and equipment	(87,177)	(570,562)
Net loan proceeds	(45,961)	633,627
Mortgage payments received	139,925	140,682
Net Cash Used by Investing Activities	6,787	203,747
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(67,110)	(45,440)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	179,814	225,254
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 112,704	\$ 179,814
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Issuance of non-interest bearing mortgage loans	\$ 650,000	\$ 320,000
Discount on non-interest bearing mortgages loans	(209,749)	(128,440)
Transfers to homeowners subject to non-interest bearing mortgage loans	\$ 440,251	\$ 191,560
Cash paid for interest	\$ 76,640	\$ 65,386

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

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

Basis of Accounting

The financial statements of North Collin County Habitat for Humanity have been prepared on the accrual basis of accounting 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.

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 8.78% 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.

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, 2010, 2011 and 2012 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.

2. 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>06/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/13</u>
Land	\$ 256,597	\$ -	\$ -	\$ 256,597
Buildings and improvements	1,153,122	45,685	(43,631)	1,155,176
Furniture and fixtures	136,866	1,102	-	137,968
Vehicles and trailers	78,984	-	-	78,984
Machinery and equipment	<u>6,526</u>	<u>39,893</u>	<u>-</u>	<u>46,419</u>
	1,632,095	86,680	(43,631)	1,675,144
Less accumulated depreciation	<u>(119,460)</u>	<u>(79,946)</u>	<u>18,376</u>	<u>(181,030)</u>
Total property and equipment, net of depreciation	<u>\$ 1,512,635</u>	<u>\$ 6,734</u>	<u>\$ (25,255)</u>	<u>\$ 1,494,114</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$79,946 and \$59,343, respectively.

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, 2013		June 30, 2012	
	Number	Cost	Number	Cost
Homes under construction July 1, 2012	8	\$ 555,039	4	\$ 197,871
Additional cost incurred during the year	-	129,425	-	5,802
New homes started during the year	4	195,556	9	817,829
Homes transferred during the year	(9)	(775,947)	(5)	(466,463)
Homes under construction June 30, 2013	<u>3</u>	<u>\$ 104,073</u>	<u>8</u>	<u>\$ 555,039</u>

4. INVENTORIES

Land 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 \$158,527 and \$158,981 as of June 30, 2013 and 2012, 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 \$204,267 and \$166,239 as of June 30, 2013 and 2012, respectively.

5. SALES TO HOMEOWNERS

During the year, 9 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 year's rate 7.39%). The discount totaled \$209,749 for 2013 and \$128,440 for 2012.

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, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Mortgages receivable (at face value)	\$ 2,105,010	\$ 1,809,435
Unamortized discount on mortgages	<u>(1,063,776)</u>	<u>(922,781)</u>
	<u>\$ 1,041,234</u>	<u>\$ 886,654</u>

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

2014	\$ 142,891
2015	142,891
2016	142,891
2017	142,891
2018	142,891
Thereafter	<u>1,390,555</u>
Total	<u>\$ 2,105,010</u>

Mortgages are considered delinquent when the monthly mortgage payment is at least 31 days past due. As of June 30, 2013, seven mortgages totaling \$3,466 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, 2013, the balance in the agency receivables is \$745,332 and agency payables account is \$747,466. Typically, the balance of the agency receivable equals the balance of the agency payable. However, during the current 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. The balances of the agency receivable and payable as of June 30, 2012 were \$605,887 and \$626,602, respectively.

During the prior fiscal year, 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, 2013, the balances of the agency receivable and payable were \$18,250 and \$16,667, respectively. As of June 30, 2012, the balance of the agency receivable and agency payable was \$20,000 for both.

7. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2013 are as follows:

Less than 1 year	\$	21,500
1 year to 5 years		<u>46,000</u>
	\$	<u>67,500</u>

8. NOTES PAYABLE

Notes Payable consists of the following notes as of June 30, 2013:

	<u>2013</u>	<u>2012</u>
Raza Development Fund in the amount of \$50,200 due May 31, 2014; interest rate of 6.25%.	\$ 25,887	\$ 48,241
Note payable to Habitat for Humanity International, Inc. Accelerated Cost Recovery Program (FlexCAP); 5.5% interest rate, due December 31, 2016. Secured by Mortgage Notes.	-	137,167
Line of credit to a bank converted to a note payable fiscal year 2012; interest rate of 5.25%; due May 25, 2026. Secured by Land & Building.	914,206	943,051
Note payable to a bank; interest rate of prime + 2.275% with a floor of 6%, due October 25, 2013. Secured by the Building.	25,631	70,470
Note payable to a vehicle financing company; interest rate of 1.90%; due June 14, 2017. Secured by the associated vehicle.	<u>17,919</u>	<u>22,380</u>
	983,643	1,221,309
Less current installments	<u>(61,272)</u>	<u>(154,261)</u>
Long-term debt, excluding current installments	<u>\$ 922,371</u>	<u>\$ 1,067,048</u>

During the year, Habitat entered into three loan purchases and servicing agreements with a bank, whereas the Organization sold the outstanding balance of three mortgages receivable to a bank, but maintains servicing responsibilities. The balance of these notes payable to the bank is \$200,022 as of June 30, 2013. They bear a 4% rate of interest and will mature in June 2030.

Habitat has six additional loan purchase and servicing agreements with another bank. The balance of these notes payable to the bank was \$191,141 as of June 30, 2013 and \$199,457 as of June 30, 2012. They bear a 4% rate of interest and will mature in June 2032.

The net servicing income generated from these loans is nominal and insignificant to the financial statements. As such, no servicing asset has been recognized.

9. 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, 2013 was \$147,659 and \$408,670 in 2012.

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.

10. RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>2013</u>	<u>2012</u>
Temporarily restricted		
Contributions Temporarily Restricted	<u>\$ 101,019</u>	<u>\$ 118,055</u>

11. OPERATING LEASES

Habitat leases office equipment under operating lease agreements with various terms. The lease agreements have expiration dates ranging February to July of 2016.

Annual minimum lease payments on these leases are as follows:

2014	7,409
2015	7,409
2016	7,409
2017	-
2018	-
Thereafter	-
	<u>\$ 22,227</u>

Rent expense for the years ended June 30, 2013 and 2012, was \$8,555 and \$9,184 respectively.

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's had no uninsured cash balances as of June 30, 2013 and June 30, 2012.

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. 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, 2013, Habitat contributed \$20,005 to Habitat International and \$10,000 in 2012.

15. RECLASSIFICATIONS

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

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 18, 2013, 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.

SUPPLEMENTAL SCHEDULES

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Services		Support Services	Total
	Construction	ReStore	Management and General	2013
Salaries and benefits	\$ 326,093	\$ 362,369	\$ 55,557	\$ 744,019
Mortgage discount	209,749	-	-	209,749
Materials and supplies	829,240	286,748	-	1,115,988
Insurance	7,559	20,006	1,441	29,006
Rent	-	-	-	-
Telephone	8,669	8,177	1,946	18,792
Program expenses	48,505	60	-	48,565
Tithe	20,005	-	-	20,005
Fleet Expense	3,350	15,074	1,373	19,797
Office expenses	8,008	9,006	1,778	18,792
Repairs & Maintenance	2,938	14,330	3,528	20,796
Printing, promotions, and advertising	4,969	27,125	10,308	42,402
Postage	1,396	647	916	2,959
Dues and subscriptions	1,433	369	3,792	5,594
Bank charges	5	65	1,609	1,679
Credit card fees	-	19,184	189	19,373
Equipment rental	4,585	2,786	1,184	8,555
Depreciation expense	15,007	58,743	6,196	79,946
Utilities	7,155	33,568	1,829	42,552
Interest expense	21,403	43,153	12,084	76,640
Professional fees	3,375	1,125	3,000	7,500
Miscellaneous	5,561	2,438	607	8,606
Meetings & Travel	19,148	1,849	3,014	24,011
Total Expenses	\$ 1,548,153	\$ 906,822	\$ 110,351	\$ 2,565,326

See accompanying independent auditor's report.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Program Services</u>		<u>Support Services</u>	<u>Total</u>
	<u>Construction</u>	<u>ReStore</u>	<u>Management and General</u>	<u>2012</u>
Salaries and benefits	\$ 268,082	\$ 292,840	\$ 52,517	\$ 613,439
Mortgage discount	128,440	-	-	128,440
Materials and supplies	506,802	188,321	-	695,123
Insurance	6,303	2,128	19,663	28,094
Rent	900	45,188	300	46,388
Telephone	9,685	8,592	2,263	20,540
Program expenses	10,710	64	71	10,845
Tithe	10,000	-	-	10,000
Fleet expense	5,118	17,287	442	22,847
Office expenses	7,030	6,373	2,458	15,861
Repairs & maintenance	2,323	3,371	627	6,321
Printing, promotion, and advertising	3,610	27,498	4,558	35,666
Postage	1,194	360	892	2,446
Dues and subscriptions	2,602	904	4,028	7,534
Bank charges	-	-	2,736	2,736
Credit card fees	-	17,299	597	17,896
Equipment rental	4,760	2,981	1,443	9,184
Depreciation expense	9,864	44,655	4,824	59,343
Utilities	7,902	37,864	1,068	46,834
Interest expense	11,526	36,711	17,149	65,386
Professional fees	-	-	10,367	10,367
Miscellaneous	2,331	9,295	17	11,643
Travel	3,350	4,992	2,633	10,975
Total Expenses	\$ 1,002,532	\$ 746,723	\$ 128,653	\$ 1,877,908

See accompanying independent auditor's report.

CITY OF McKinney
 CDBG ANNUAL ACTION PLAN
 Program Year 2014-15 Projects and
 Programs
 FY 2014-2015

ORGANIZATION	ACTIVITY DESCRIPTION	FUNDING
CASA of Collin County	<i>Funding to support a portion of the salaries of the Caseworker Supervisor and Program Director to recruit & train court-appointed volunteer to serve as an advocate for abused and neglected children.</i>	\$16,022
Collin County Committee On Aging (Meals On Wheels)	<i>Funding to provide daily meals (Meals on Wheels) for home-bound, nutritionally at-risk senior citizens, aged 62 years or older.</i>	\$23,439
Communities In Schools of the Dallas Region	<i>Funding for the CISDR Program at Caldwell Elementary that will provide comprehensive academic and support services for at-risk students the 2014-15 school year.</i>	\$14,286
Community Dental Care	<i>Funding to support a portion of the salaries of those providing dental services and dental education for low/mod McKinney seniors (62 yrs. or older) and children.</i>	\$8,969
Community Lifeline Center	<i>Homeless Prevention: Funding for Emergency Rental and Utility assistance for McKinney residents.</i>	\$10,357
Health Services of North Texas	<i>Funding to support the salary of the LCSW providing Behavioral Health Counseling to persons living with HIV/AIDS.</i>	\$6,857
Maurice Barnett Wellness Resource Center	<i>Funding support the salary of a Social Work-Case Manager that will provide in-home services to senior adults aged 62 & older, allowing them to remain independent.</i>	\$8,674
McKinney Housing Authority	<i>Infrastructure funding support for the redevelopment of Newsome Homes: Currently a 1960s multifamily property made up of 64 units in 21 buildings. The current structure (over 40 years old) will be redevelopment to a Seniors community for eligible residents.</i>	\$100,000

SERVICE AGENCIES	ACTIVITY DESCRIPTION	FUNDING
North Collin County Habitat for Humanity	<i>Funding to acquire 5 plots to build affordable homes.</i>	\$10,000 0
The Salvation Army	<i>Funding for Emergency Rental, Utility, and Mortgage assistance for McKinney residents.</i>	\$10,571 0
The Samaritan Inn	<i>Funding to support the salary of the Case Manager providing services for McKinney homeless shelter residents.</i>	\$10,436 0
City of McKinney-Housing Rehab	<i>Operations and City-Wide direct services funding to include repairs to a minimum of **housing units for home repairs of eligible low to mod income homeowners.</i>	\$286,186 0
City of McKinney-Economic Development	<i>Project delivery and activities to include CDBG eligible projects in the areas of acquisition/disposition, façade improvement, technical assistance or direct financial assistance.</i>	\$78,801
City of McKinney-Grant Administration	<i>Administration of the CDBG Program.</i>	\$146,149 0
TOTAL:		\$730,747

“Together We Serve” “Neighborhood Revitalization Initiative”

NRI Project Activity

Funding: \$33,129 MCDC & Habitat + \$50,000 City rehabs + \$14,000 Christ Fellowship
(does not include staffing costs)

GIK (donated): \$31,140 Habitat and Material donors (Valspar Paint)

LaLoma Neighborhood..... 79 Total Homes... 18 Projects Complete (30%)
75% Need Repairs (59) 18 Applications Active (30%)
2 Projects Approved

Rockwall Neighborhood.... 120 Total Homes ... 9 Projects Complete (11%)
71% Need Repairs (85) 24 Applications Active (28%)
5 Projects Approved

City of McKinney Rehabilitations.....13 Projects

Other Areas in East McKinney.... 6 Projects Complete
14 Applications Active
3 Projects Approved

NRI Projects Completed July 2012 – June 2013:	33
City Rehab:	13
NRI Active Applications:	56
NRI Projects Approved:	10
Volunteers:	1600 (15 residents La Loma/24 Rockwall)
Volunteer Hours:	9000
Resident Leaders Engaged:	4 La Loma 2 Rockwall

Success Measure Surveys

LaLoma Neighborhood....55 Surveys Complete
 Rockwall Neighborhood...33 Surveys Complete

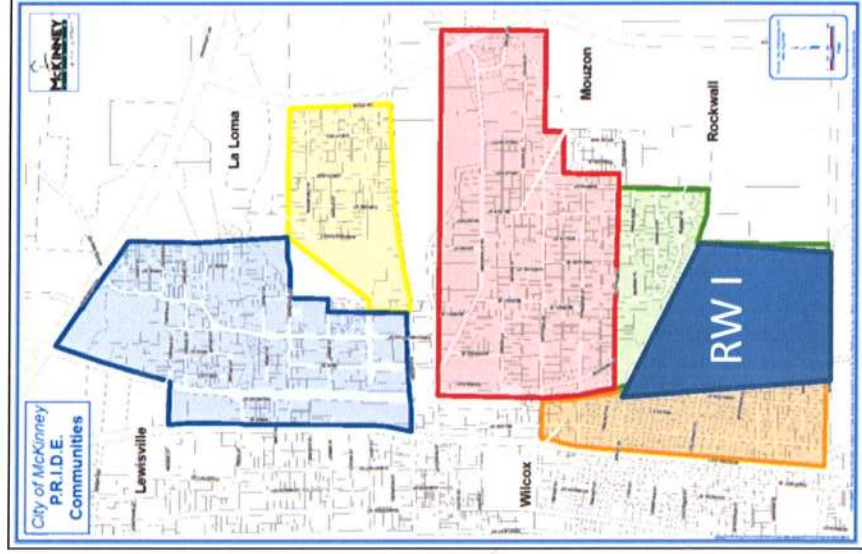
Success Measure Issue Topics

- Safety At Night
- Drug Activity
- Traffic Control/Speeding
- Street Lighting
- Animal Control
- Cutting Through Alley Easements
- Neighborhood Watch
- Trees
- Mosquito Control
- Vacant Property Conditions
- Public Transportation

Opportunities

- Neighborhood Entry Monuments
- Church Property Repairs
- Amenities

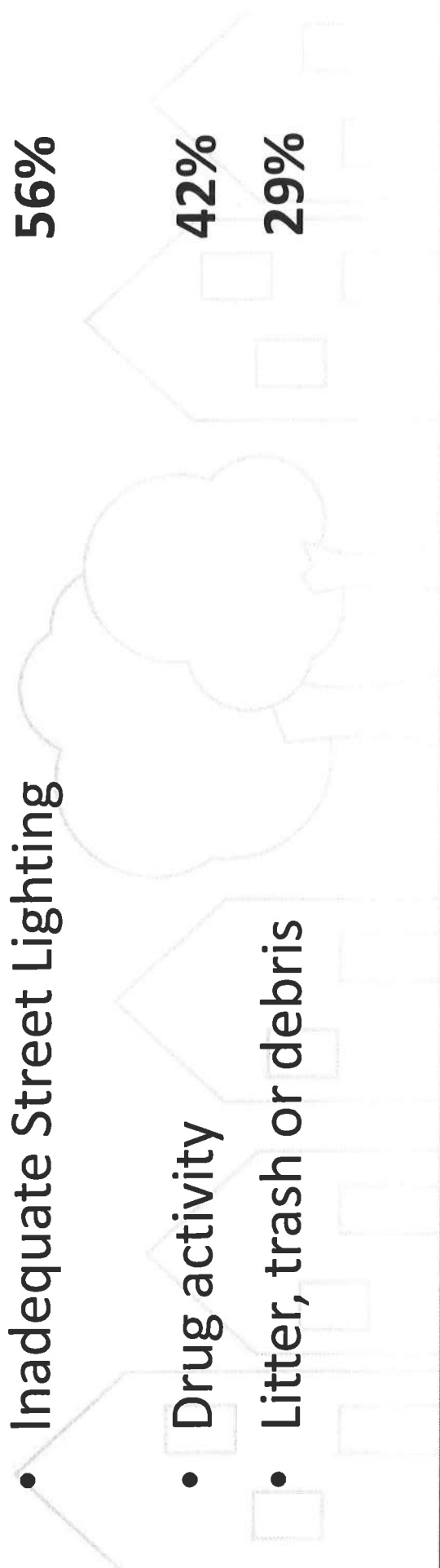
Who was surveyed? RW I



- 115 households within the NRI boundary
- 107 occupied households
- 8 vacant

The Top 5 Neighborhood Problems

- Traffic or speeding vehicles **76%**
- Stray Cats and/or Dogs **62%**
- Inadequate Street Lighting **56%**
- Drug activity **42%**
- Litter, trash or debris **29%**





This is Rosie Woods. You may have seen her if you shop at Sam's, where she serves food samples two days a week. She has a small Social Security check and a house that needs big help.

Her house, built in 1951, is sagging in the center and needs a new foundation. Every rain brings more water into the dwelling, which is leaking in every room and has cracks, mold and mice. The floors are uneven, causing the 69-year-old to stumble as she walks.

Rosie lives across from the railroad tracks, which means the city cannot help her with government grants, as the house cannot be cleared by the EPA due to noise pollution from the trains. Habitat cannot qualify her for a new home as she falls outside the necessary criteria. She cannot afford to move and has nowhere to go.

North Collin County Habitat for Humanity is looking for help to give Rosie Woods a decent, safe place to live. We need:

\$20,000 for the foundation repair and flooring

and we will provide the roof, siding, paint, windows and other materials to repair this home as well as the expertise and volunteers.



Do something for someone in need and change your life and your community.

Will you help us repair Rosie's home?

- Donations
- Volunteers
- In-kind materials
- Lunch on workdays

We have another home with similar needs, belonging to the Johnson family. Won't you help us help your neighbors?





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 subsidiaries 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
Area Director, US

CG/ln

Enclosure

cc: Joe Gatlin

Internal Revenue Service
District Director

Department of the Treasury

EO GROUP 7201
P.O. BOX 1055
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).

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 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. 230. 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:

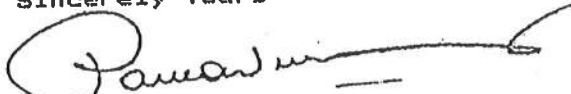
Internal Revenue Service Center
Attention: Entity Control Unit
Atlanta, GA 31101

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



The State of Texas

Secretary of State

AUG. 26, 1992

NOEL GLUCKSMAN
4405 SAN MATEO LANE
MCKINNEY ,TX 75070

RE:
MCKINNEY HABITAT FOR HUMANITY, INC.
CHARTER NUMBER 01241252-01

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD THE ARTICLES OF INCORPORATION THAT CREATED YOUR CORPORATION. WE EXTEND OUR BEST WISHES FOR SUCCESS IN YOUR NEW VENTURE.

AS A CORPORATION, YOU ARE SUBJECT TO STATE TAX LAWS. SOME NON-PROFIT CORPORATIONS ARE EXEMPT FROM THE PAYMENT OF FRANCHISE TAXES AND MAY ALSO BE EXEMPT FROM THE PAYMENT OF SALES AND USE TAX ON THE PURCHASE OF TAXABLE ITEMS. IF YOU FEEL THAT UNDER THE LAW YOUR CORPORATION IS ENTITLED TO BE EXEMPT YOU MUST APPLY TO THE COMPTROLLER OF PUBLIC ACCOUNTS FOR THE EXEMPTION. THE SECRETARY OF STATE CANNOT MAKE SUCH DETERMINATION FOR YOUR CORPORATION.

IF WE CAN BE OF FURTHER SERVICE AT ANY TIME, PLEASE LET US KNOW.



VERY TRULY YOURS,

John Hannah Jr.
Secretary of State