

# MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

## Grant Application

Fiscal Year 2014

### IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- Application is available at [www.mckinneycdc.org](http://www.mckinneycdc.org); by calling 214.544.0296 or by emailing [cgibson@mckinneycdc.org](mailto:cgibson@mckinneycdc.org)
- Please call to discuss your plans for submitting an application in advance of completing the form provided. 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](http://www.mckinneycdc.org), by calling 214.544.0296 or emailing [cgibson@mckinneycdc.org](mailto:cgibson@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 advance the mission of MCDC and are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines).

**Promotional or Community Event Grant (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 3, 2014	January 2014	February 2014
Cycle II: June 30 2014	July 2014	August 2014

### Project Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 31, 2014	February 2014	March 2014
Cycle II: April 30, 2014	May 2014	June 2014
Cycle III: July 31, 2014	August 2014	September 2014

## APPLICATION

### ORGANIZATION INFORMATION

Name: North Collin County Habitat for Humanity ReStore

Federal Tax I.D.: 752443511

Incorporation Date: 8/26/1992

Mailing Address: 2060 Couch Dr.

City McKinney

ST: TX

Zip: 75069

Phone: 972-548-9112

Fax: 972-548-9112

Email: office@ncc-habitat.com

Website: www.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: 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: Debbie Mormon

Title: Development Associate

Mailing Address: 2060 Couch Dr.

City: McKinney

ST: TX

Zip: 75069

Phone: 972-548-9112

Fax: 972-548-9147

Email: Debbie@ncc-habitat.com

**CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:**

Name: Debbie Mormon

Title: Development Associate

Mailing Address: 2060 Couch Dr.

City: McKinney

ST: TX

Zip: 75069

Phone 972-548-9112

Fax: 972-548-9147

Email: Debbie@ncc-habitat.com

**FUNDING**

Total amount requested: \$4445

**PROJECT/PROMOTION/COMMUNITY EVENT**

Start Date: October 18, 2014

Completion Date: October 18, 2014

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

**LEADERSHIP STAFF** *(may be included as an 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.

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

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

- Outline details of the Project/Promotion/Community Event for which funds are requested. Include information regarding scope, goals, objectives, target audience.
- **For Promotional Grants/Community Events** – describe how this initiative will promote the City of McKinney for the purpose of business development and/or tourism.
- Describe how the proposed Project/Promotion/Community Event fulfills strategic goals and objectives for the organization.
- Please also include planned activities, time frame/schedule, and estimated attendance and admission fees if applicable.
- What is the venue/location for Project/Promotion/Community Event?
- Provide a timeline for the Project/Promotion/Community Event.
- Detail goals for growth/expansion in future years.

**Project Grants – please complete the section below:**

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

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

**Provide specific information to illustrate how this Project/Promotion/Event will enhance quality of life and further business and economic 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
- Support projects eligible for Type B support under state law
- Contribute to business and economic development within McKinney
- Strengthen relationships with our partners
- Maintain financial sustainability
- Educate the community about the impact of MCDC investments on quality of life in McKinney

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

Yes

No

### III. Financial

- Provide an overview of the organization's financial status including the impact of this grant request.
- 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/Promotion/Community Event?**

**\$4140**

**(Please include a budget for the proposed Project/Promotion/Community Event.)**

**What percentage of Project/Promotion/Community Event funding will be provided by the Applicant? 10%**

**Are Matching Funds available?**  Yes

No

Cash \$

Source

% of Total

In-Kind \$400

Source: Entertainment Photography

% of Total 10%

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

**Have any other federal, state, or municipal entities or foundations been approached for funding?** *If so, please list entity, date of request and amount requested.* None

### IV. Marketing and Outreach

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

### V. Metrics to Evaluate Success

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

### 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;

**Acknowledgements - continued**

- 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% will 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 120<sup>th</sup> 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**

**Representative Completing Application**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Celeste Cox  
Printed Name

Debbie Mormon  
Printed Name

1/3/2014  
Date

1/3/2014  
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
- Project/Promotion/Community Event timeline
- 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.***



## **McKINNEY COMMUNITY DEVELOPMENT CORPORATION**

### **Final Report**

**Organization:**

**Funding Amount:**

**Project/Promotion/Community Event:**

**Start Date:**

**Completion Date:**

**Location of Project/Promotion/Community Event:**

**Please include the following in your report:**

- Narrative report on the Project/Promotion/Community Event
- Identify goals and objectives achieved
- Financial report – budget as proposed and actual expenditures, with explanations for any variance
- Samples of printed marketing and outreach materials
- Screen shots of online promotions
- Photographs, slides, videotapes, etc.
- Performance against metrics outlined in application

**Please submit Final Report no later than 30 days following the completion of the Project/Promotion/Community Event to:**

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

Attn: Cindy Schneible  
[cschneible@mckinneycdc.org](mailto:cschneible@mckinneycdc.org)

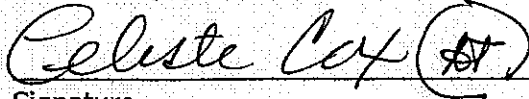


**Acknowledgements - continued**

- 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% will 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 120<sup>th</sup> 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**


 (A handwritten signature in cursive, "Celeste Cox", with a circled "A" next to it, written over a horizontal line.)

Signature

Celeste Cox  
Printed Name

1/3/2014  
Date

**Representative Completing Application**

 (A handwritten signature in cursive, "Debbie Mormon", written over a horizontal line.)

Signature

Debbie Mormon  
Printed Name

1/3/2014  
Date

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

## **North Collin County Habitat for Humanity ReStore**

Founded in 2009, the North Collin County Habitat for Humanity (NCC Habitat) ReStore is a free-standing structure of 36,000 square feet building housing construction materials, furniture and home décor to:

- Provide the community with a resource for low-cost new and used construction materials
- Encourage the recycling of these materials in the community to reduce waste in the county landfill
- Generate funds for NCC Habitat to construct decent housing for eligible families
- Provide materials to other non-profits at a reduced rate to better serve clients.
- Provide workforce training and local jobs to support the economy.

ReStores are a proven means of generating funds for Habitat affiliates, with more than 800 existing in the US since 1992 and more than 300 in Canada. These businesses are benefits to the communities in which they exist and also serve to offset the cost of new Habitat houses through the ability to buy new items in bulk both for the homes and to sell in the stores. NCC Habitat currently realizes a savings of 6% per home through this program.

The McKinney ReStore is open Tuesday through Saturday from 9 a.m. to 6 p.m. with a staff of 6 fulltime and 7 part-time employees. The store also has several volunteers, an active community restitution service program and a workforce training program. Regular volunteers include an 83-year-old couple working to repair donated lighting and fans and two individuals who repair all donated appliances.

Donated items from throughout Collin County are collected by free pick up four to five days a week, a program which is currently two weeks behind in appointments. Donated latex paint is remixed and resold. The ReStore recycles 14,000 pounds of metals per month and diverts 140,000 pounds of bulk waste from the landfill each month.

The store also hosts a donation center for a children's home to collect shoes and clothing in an effort to become a one-stop donation recycling center.

Donated items not sold in the ReStore are delivered to the Samaritan Inn and other nonprofits in the area. The store also provides deep discounts on construction materials and other items to nonprofits embarking on building and refurbishing projects throughout North Collin County.

A ReStore Rewards Program was launched at the beginning of 2013 allowing customers to register their purchases for a 25 percent discount on a purchase made after they accumulate \$500 in sales. The ability to track these sales has allowed the store to monitor customer zip codes. Most sales are made to residents of areas outside McKinney, which has also been proven by subscribers to the weekly ReStore e-news.

More than 1,500 are registered for the Rewards Club, with 41 percent of those residing in McKinney zip codes. Cities reflected by large numbers of shoppers include Princeton, Allen, Anna and Frisco. The store is also attracting visitors to McKinney, including customers from Oklahoma and counties including Dallas, Grayson, Denton, Hunt and more. A zip code breakdown of Rewards customers is attached.

There are, however, thousands of potential customers who are still unaware of the ReStore. Habitat staff report they encounter individuals on an almost-daily basis who are making their first visit to the store, or do not realize it exists. In an effort to attract these shoppers, the ReStore holds free events to entice visitors to McKinney.

Through grants from State Farm, the store offers free construction and home remodeling classes on a regular basis, including a free meal from a local restaurant, which also attracts individuals. The two most recent classes in which participants learned to use woodworking tools and construct an oak table, and decorate a piece of their existing furniture, quickly filled and had waiting lists.

The store would like to host its annual birthday party "Birthday Bash, Monster Mash" Saturday, October 18 with a variety of activities attracting potential customers and visitors.

### **Outline of Event**

Target audience – residents of Collin County and surrounding areas

Saturday, October 18, 2014, 11:00 to 2 p.m.

Location – ReStore, 2060 Couch Dr. McKinney

Event is free

Estimated attendance: 500

Estimated ReStore sales - \$12,000

Activities: face painting, balloon artist, Halloween costume contest (each child wins a prize), emcee and singer, balloon artist, petting zoo, assorted children's seasonal games, piñata breaks, small prizes for all children.

Adults spin prize wheel for ReStore promotional gifts, gift cards, discount coupons, etc.

Customers donating saleable items to store will receive a 25% off coupon at donation door.

Food – Free hot dogs cooked on premises, soft drinks and water, popcorn; children receive candy, small prizes when they play games.

Volunteers – Games will be run by National Charity League mothers and daughters

Merchandise sales and specials

### **Future Expansion**

This is an annual event for the store and we hope to expand the time and scope of the party each year so make it an anticipated community event.

## **Vision and Goals**

We plan to heighten the visibility of the ReStore, concentrating on outlying areas, as well as increase the number of saleable donated items which would otherwise end up in the landfill. We also hope to attract volunteers and showcase our store as well as educate the public about Habitat and demonstrate that funds generated through sales provide homes to improve the lives of North Collin County residents and their children.

Attracting potential customers to the ReStore also increases the chance they will visit other venues in the city to shop and eat.

## **Marketing and Outreach**

Advertising – Ad Pages, September

45,000 City of McKinney utility bill stuffers – September

Announcements at chambers of commerce – McKinney, Frisco, Melissa, Celina, Anna, Prosper, Princeton, Farmersville; Tri-County Area Hispanic Chamber

Ads in Prosper Chamber newsletter – September and October

Habitat and ReStore websites

Facebook and Twitter

ReStore weekly e-newsletter – circulation 4,200

Habitat E-newsletter – Circulation 4,400

Press releases – McKinney, Frisco, Dallas Morning News and smaller surrounding papers

Paid advertising in Anna, Melissa, Princeton, Farmersville newspapers

Large signs in store preceding event

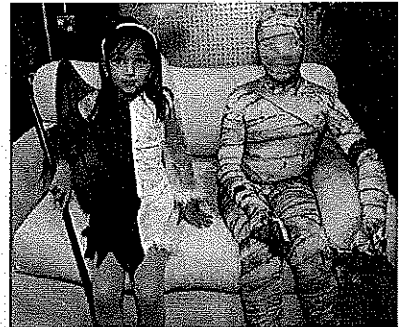
Event announcement bag stuffers month before event

Announcements in area online sites – Town Square Buzz, Frisco-Online, etc.

Listing on community calendars

## **Evaluate Success**

Immediate evaluation of success will be based on attendance at event, the number of donated items received and the sales for the day of the event. Long term success can be measured by an increased number of customers, both as shoppers and donators, continued increase in the number of subscribers to the weekly e-newsletter, and enrollees in the Rewards program, which indicates zip codes of shoppers.



October, 2013



Event signs and posters

 **Rotary Club of McKinney presents**  
**NORTH COLLIN COUNTY HABITAT FOR HUMANITY**  
**MONSTER MASH**  
**BE SCARY!** **OCTOBER 19, 2013**  
**11 AM - 2 PM**

**F e a t u r i n g** 

- HOT DOGS
- SNOW CONES
- CATHY'S CRITTERS PETTING ZOO
- FACES BY DARLENE
- KARAOKE
- GAMES AND PRIZES
- PINATA BREAK
- BALLOON TWISTING

  
FACES AND MUSIC BY  
CLINT BURGESS

 **BB&T**  
SPONSOR

**COSTUME CONTEST 1 PM**  
AGES 0-6, 7-12  
ALL FOOD AND ACTIVITIES ARE FREE

 **Habitat for Humanity**  
**ReStore**  
2060 COUCH DR. MCKINNEY

BRING AN ITEM TO DONATE  
TO THE RESTORE AND  
RECEIVE A  
25% OFF  
ONE ITEM COUPON!  
972-548-9112

NORTH  
COLLIN COUNTY  
HABITAT FOR  
HUMANITY

BRANDY BASH &  
MONSTER MASH!

OCTOBER 19, 2013  
11 AM - 2 PM

IT'S OUR 4TH BIRTHDAY

AND WE'RE

HAVING A PARTY!

SPONSORSHIPS NOW AVAILABLE

Put YOUR name in front of  
8,000 Habitat for Humanity  
ReStore shoppers, house volunteers,  
Facebook followers

### Presenting Sponsor

\$1,500

Your banner displayed at the event  
You or designee serve as costume contest judge  
Opportunity to address attendees  
Name/logo on ReStore/Habitat websites  
Name/logo in ReStore and Habitat e-news (8,000 readers)  
Name/logo on ReStore Facebook page and group + boosts  
Name in Town Square Buzz Marketplace ads  
Name/logo on ReStore signage advertising event  
Name in press releases to 5 newspapers  
Photo with costume contestants on web pages  
Two event t-shirts



### Entertainment Sponsor

\$500

You or designee serve as costume contest judge  
Name/logo on ReStore/Habitat websites  
Name/logo in ReStore and Habitat e-news (8,000 readers)  
Name/logo on ReStore Facebook page and group + boosts  
Name in Town Square Buzz Marketplace ads  
Name/logo on ReStore signage advertising event  
Name in press releases to 5 newspapers  
Photo with costume contestants on web pages  
One event t-shirt



### Costume Contest Sponsor

\$200

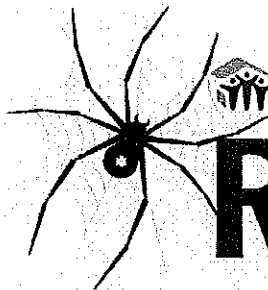
You or designee serve as contest judge  
Name/logo on ReStore/Habitat websites  
Name/logo in ReStore and Habitat e-news (8,000 readers)  
Name/logo on ReStore Facebook page and group + boosts  
Name in Town Square Buzz Marketplace ads  
Name/logo on ReStore signage advertising event  
Name in press releases to 5 newspapers  
Photo with contestants on web pages



### Hot Dog Sponsor

\$150

Name/logo on sign on hot dog cart  
Name/logo on ReStore/Habitat websites  
Name/logo in ReStore and Habitat e-news (8,000 readers)  
Name/logo on ReStore Facebook page and group + boosts  
Name in Town Square Buzz Marketplace ads  
Name/logo on ReStore signage advertising event  
Name in press releases to 5 newspapers

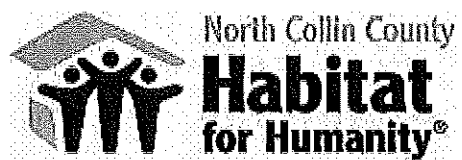


Habitat for Humanity®

ReStore

## **Attachments**





## **North Collin County Habitat for Humanity Leadership Team**

Executive Director – Celeste Cox

Director of Operations – Andrea Tabor

Finance Manager – 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 Board of Directors

Larry Pletenpol 904 Autumn Ridge Dr., McKinney, TX 75070	President	Consultant	Fila USA	Frisco Rotary Club
Ed Smith 11721 Bayton Dr., Frisco, TX 75035	Vice President	Agent/Owner	JGS Advisors Insurance Group, LLC	McKinney Rotary Club-Officer State Bar of TX and Collin County Texas Bar Foundation
Jim Orr 103 E. Virginia St. #203, McKinney, TX 75069	President-elect	Attorney	Francis, Orr & Totusek, LLP	Curt B. Henderson American Inn of Court-Officer Abilene Christian College-Board of Trustees
Cindy Maxwell-Bathea 1309 W. 15th St. Ste 302, Plano, TX 75075	Secretary	CRA Development Officer	View Point Bank-Plano	Bank of Dallas Task Force Member Financial Fitness Greater Dallas-Committee Member People Fund and Dallas Advisory Committee
Terry Busha 2221 Country Ln., McKinney, TX 75069	Treasurer	Branch Controller	Simpson Strong-Tie	TX Society of CPA's-Member
Gary Carley PO Box 130, Frisco, TX 75034		Ex. Vice President	North Dallas Bank & Trust	City of Frisco Development Board-President Frisco Rotary Frisco Education Foundation Board Frisco Chamber of Commerce
Nelson Carter 209 Palomino Ct., Celina, TX 75009		Dir/Marketing/Sales Training	Alcatel-Lucent	International City Manager's Association
Mike Foreman 142 No. Ohio, Celina, TX 75009		City Manager	City of Celina, Texas	CCAR McKinney P & Z/ Chamber TX ASSN. of Realtors Pol. Involvement Council
Matt Hilton 5429 Hampshire Dr., McKinney, TX 75070		Realtor	Step Up Realty	St. Andrew's Episcopal Church
Larry Hoffman 6008 Pih Oak Dr., McKinney TX 75070		Retired	Sanchez & Associates, LLC	NCC Veterans Coalition-Member Illinois Retired Teachers Assoc-Member
Martin Sanchez 220 East Virginia, McKinney, TX 75069		Consultant	Community Volunteer	Girl Scouts of America 3 e McKinney
Olive Sweatingen 5920 Mockingbird Ln., McKinney, TX 75070		Retired	St. Gabriel Catholic Church	Presbyteral Council Dallas Diocese Dean of Northern Deanery Knights of Columbus
Fr. Don Zeiler 110 St. Gabriel Way, McKinney, TX 75071		Minister		

**ReStore Birthday/Monster Mash October 18, 2014**

**Entertainment**

Tommy Williams - emcee, singer	\$350
Face painting/balloon twister (3 hours)	\$300
Kathy's Critters (1.5 hours)	\$350
Prize wheel giveaways	
\$10, \$20 gift cards to store	\$400
ReStore promotional products	\$300

**TOTAL** \$1,700

**Food**

Hot Dog Phil (3 hours)	\$250
Drinks	\$300
Ice	\$100
Candy	\$150
Popcorn	\$65

**TOTAL** \$1,115

**Prizes**

Oriental Trading Co - small trinkets, 3 pinatas	\$400
Costume contest winners	\$200

**TOTAL** \$600

**Advertising**

Melissa/Anna Tribune	\$225
Frisco/McKinney Star newspapers	\$400
Banner	\$100
2 in-store signs	\$80
Farmersville/Princeton advertising	\$225

**TOTAL** \$1030

**TOTAL AMOUNT REQUESTED** \$4445

**North Collin County Habitat for Humanity**  
**Profit & Loss Budget-Final**  
**July 2013 through June 2014**

Ordinary Income/Expense	<u>FY14 Budget</u>
<b>Income</b>	
Total \$Contributions	288,425
Total Grants	377,780
Total Special Events Net Income	13,000
Total ReStore Sales	1,237,500
Total Other Income	<u>27,350</u>
<b>Total Income</b>	<u><b>1,944,055</b></u>
Total Cost of Goods Sold	<u>375,000</u>
<b>Gross Profit</b>	<b>1,569,055</b>
<b>Expense</b>	
Total Administrative	110,518
Total Fleet Expense	43,450
Total Program Svcs-Mission Specific	124,060
Total Marketing & Advertising	44,095
Total Employee Related Expenses	812,280
Total Occupancy Expense	108,850
Total Meetings & Travel	<u>42,055</u>
<b>Total Expense</b>	<u><b>1,285,308</b></u>
<b>Net Ordinary Income</b>	<b>283,747</b>
<b>Other Income/Expense</b>	
<b>Other Income</b>	
Sale to Homeowners	715,000
Mortgage Discount Amortization	70,000
GIK-Material Donations	243,220
Donated Materials-ReStore	<u>275,000</u>
<b>Total Other Income</b>	<b>1,303,220</b>
<b>Other Expense</b>	
Total Construction Cost (CIP)	874,500
Mortgage Discount Expense	100,000
ReStore GIK (COGS)	275,000
Other GIK Expense	29,220
Depreciation Expense	89,700
HFH International SOSI Fee	7,500
HFH International Tithe	<u>20,000</u>
<b>Total Other Expense</b>	<u><b>1,395,920</b></u>
<b>Net Other Income</b>	<u><b>(92,700)</b></u>
<b>Net Income</b>	<u><b>191,047</b></u>
<b>Capital Expenditures</b>	
Land Acquisition	70,000
Roof Repairs	15,000
ReStore Improvements	37,300
ReStore Truck	25,000
Software	4,700
Tiller	<u>600</u>
<b>Total Capital Expenditures</b>	<u><b>152,600</b></u>
<b>Net Surplus</b>	<u><b>38,447</b></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**

**TABLE OF CONTENTS**

	<b><u>Page Number</u></b>
Independent Auditors' Report.....	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows .....	5
Notes to Financial Statements.....	6 - 14
<b>SUPPLEMENTAL SCHEDULES</b>	
Schedule of Functional Expenses Year Ended June 30, 2013.....	15
Schedule of Functional Expenses Year Ended June 30, 2012.....	16

**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
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
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	315	8,969
Total Current Assets	685,142	688,650
<b>LONG-TERM ASSETS</b>		
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	104,073	555,042
Total Property and Equipment	3,261,174	3,468,074
Total Assets	\$ 3,946,316	\$ 4,156,724
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
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	128,630	83,790
Total Current Liabilities	386,975	380,897
<b>LONG-TERM LIABILITIES</b>		
Due to TDHCA Bootstrap	711,528	590,664
Due to HBA	16,667	20,000
Long-term notes payable	1,220,545	1,266,506
Total Long-term Liabilities	1,948,740	1,877,170
Total Liabilities	2,335,715	2,258,067
<b>NET ASSETS</b>		
Unrestricted	1,509,582	1,780,602
Temporarily restricted	101,019	118,055
Total Net Assets	1,610,601	1,898,657
Total Liabilities and Net Assets	\$ 3,946,316	\$ 4,156,724

**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)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
<b>REVENUE AND OTHER SUPPORT</b>				
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>
<b>EXPENSES</b>				
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>
<b>OTHER INCOME/(EXPENSES)</b>				
Loss on disposition of assets	<u>( 25,755)</u>	<u>-</u>	<u>( 25,755)</u>	<u>( 85,554)</u>
<b>CHANGE IN NET ASSETS</b>				
	<u>( 271,020)</u>	<u>( 17,036)</u>	<u>( 288,056)</u>	<u>( 1,764)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>				
	<u>1,780,602</u>	<u>118,055</u>	<u>1,898,657</u>	<u>1,900,421</u>
<b>NET ASSETS, END OF YEAR</b>				
	<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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 67,110)	( 45,440)
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	179,814	225,254
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 112,704	\$ 179,814
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
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>-</u>
	<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
<b>Total Expenses</b>	<b>\$ 1,548,153</b>	<b>\$ 906,822</b>	<b>\$ 110,351</b>	<b>\$ 2,565,326</b>

**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	<u>\$ 1,002,532</u>	<u>\$ 746,723</u>	<u>\$ 128,653</u>	<u>\$ 1,877,908</u>

See accompanying independent auditor's report.



January 5, 1993

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

Dear Noel,

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

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

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

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

In partnership,

Carol Gregory  
Area Director, US

CG/ln

Enclosure

cc: Joe Gatlin



ATTACHMENT #2



The State of Texas

Secretary of State

AUG. 26, 1992

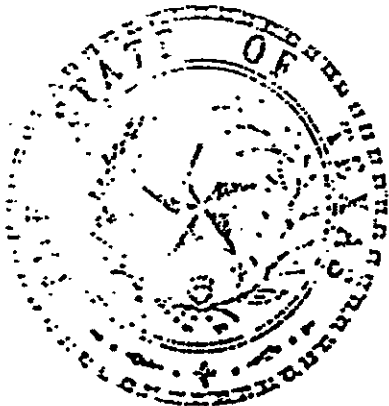
NOEL GLUCKSHAN  
4405 SAN MATEO LANE  
MCKINNEY TX. 75070

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,

A handwritten signature in cursive script that reads "John Hannah Jr."  
Secretary of State

1/3/2014

11:13 AM

Bill To ZIP	Qty Sold	Ext Price	Ext Cost	Margin %
	115,584.77	616,928.29	154,226.27	75
2608	28	358	0	100
4264	18	121.45	18	85.18
67070	111	633.18	106.04	83.25
67273	43	1,501.07	920.87	38.65
70452	6	18.98	0	100
73004	858	152.32	6.89	95.48
73401	8	306.93	117.29	61.79
73446	17	44.43	1.92	95.68
73569	39	539.88	144.49	73.24
74020	50	-395.12	-240.31	39.18
74523	36	377.2	31	91.78
74701	109	1,651.03	301.03	81.77
75001	2	149.9	75.06	49.93
75002	2,384	16,241.79	5,186.84	68.06
75003	43	479.64	272.09	43.27
75006	3	575	0	100
75007	16	242.37	90.27	62.76
75009	446	10,509.09	1,974.09	81.22
750090	54	1,157.37	310.43	73.18
75010	5	544.28	5.74	98.95
75013	977	6,713.91	1,594.34	76.25
75019	3	6.27	2.64	57.89
75020	77	1,836.23	317.57	82.71
75021	71	968.64	291.21	69.94
75022	1	65	0	100
75023	282	3,882.21	1,152.98	70.3
750238	28	155.62	66.12	57.51
75024	161	1,943.46	682.25	64.9
75025	779	6,879.42	1,133.23	83.53
75028	63	497.26	2.02	99.59
75031	2	24.99	0	100
75033	366	9,759.52	4,336.72	55.56
75034	153	2,930.62	1,176.88	59.84
75035	615	7,598.24	2,016.89	73.46
75038	93	1,625.91	570.3	64.92
75040	63	1,362.12	181.43	86.68
75041	7	25.89	0	100
75042	34	493.03	39.07	92.08
75043	66	4,445.00	4,438.75	0.14

75044	10	222.91	120.7	45.85
750444	1	450	0	100
75047	1	30	0	100
75048	15	10.13	1.5	85.19
75049	6	34.85	-21.62	162.04
750490	13	97.92	0	100
75054	3	30	0	100
75056	233	2,806.60	975.26	65.25
75058	25	184.06	5.78	96.86
75061	10	72.6	33.61	53.71
75062	30	374.64	43	88.52
75067	3	52.73	16.05	69.56
75068	405	9,158.94	2,350.05	74.34
75069	8,702	75,046.20	22,743.46	69.69
75070	9,101	78,597.01	24,091.05	69.35
75071	2,713	41,581.85	10,797.95	74.03
75074	119	2,787.39	704.38	74.73
75075	1,981	2,869.95	999.21	65.18
75076	17	109.18	5.87	94.62
75077	5	1,362.49	0	100
75078	309	11,914.37	6,735.15	43.47
75080	46	569.11	37.14	93.47
75081	380	942.17	29.3	96.89
75087	15	104.38	12.62	87.91
75088	4	77.27	5.8	92.49
75090	24	633.34	246.9	61.02
75091	69	3,598.12	2,318.53	35.56
75092	19	604.02	195.8	67.58
75093	47	1,236.54	605.66	51.02
75094	235	1,028.71	117	88.63
75098	192	3,097.40	921.97	70.23
75104	14	588.67	245.19	58.35
75119	27	504	319.37	36.63
75121	151	1,391.40	398.33	71.37
75126	6	29.27	3	89.75
75127	25	90.71	39.07	56.93
75135	2	200	0	100
75149	3	100	0	100
75166	20	245.37	14.63	94.04
75173	115	2,976.96	1,211.49	59.3
75180	1	75	0	100
75181	13	185.47	89.05	51.99
75189	4	138.78	54.1	61.02
75203	59	754.81	71.57	90.52
75204	45	149.98	23.66	84.22
75205	4	85	0	100
75208	608	1,147.15	115.18	89.96

75211	40	1,135.20	18.57	98.36
75217	26	858.78	476.86	44.47
75219	23	39.69	20.2	49.11
75220	79	494.21	248.77	49.66
75227	44	174.54	2.7	98.45
75228	125	1,165.13	181.81	84.4
75235	58	109.03	0	100
75238	3	575	0	100
75242	14	356.86	249.2	30.17
75246	8	58.46	4.52	92.27
75248	17	146.07	0	100
75252	54	582.78	3.92	99.33
75254	29	1,167.74	612	47.59
75321	-1	-51.75	-34.5	33.33
75328	56	1,797.04	1,032.14	42.56
75374	1	3.99	0	100
75401	16	268.36	158.52	40.93
75402	1	129.95	63.21	51.36
75404	3	39.87	17.1	57.11
75406	4	101.97	2.6	97.45
75407	1,816	25,290.00	9,439.49	62.68
75409	2,008	19,488.17	7,686.44	60.56
75409-3561	1	20	0	100
75412	2	61	14.5	76.23
75414	7	156.99	1.82	98.84
75418	394	5,202.54	1,210.98	76.72
7542	21	215.12	44.64	79.25
75422	15	211.39	61.54	70.89
75423	58	88.44	23.76	73.13
75424	448	6,068.46	1,122.89	81.5
75432	28	397.9	30.54	92.32
75438	20	621.19	81.77	86.84
75439	9	51.42	3.33	93.52
75442	1,246	12,716.62	3,272.10	74.27
75443	44	1,066.56	665.2	37.63
75446	192	2,479.19	1,269.02	48.81
75448	15	681.94	0	100
75451	10	572.97	257.98	54.97
75452	65	2,224.88	164.48	92.61
75453	0	-50	0	100
75454	547	8,928.10	1,677.63	81.21
75459	140	2,712.70	600.16	77.88
75460	27	320.8	149.83	53.29
75474	18	293.82	13.97	95.25
75476	32	103.52	21.43	79.3
75477	1	21.99	13.41	39.02
75479	2	38.99	3	92.31

75485	10	32.95	0	100
75488	55	998.25	238.06	76.15
75489	35	572.05	46.9	91.8
75490	17	611.85	300.36	50.91
75491	65	1,968.18	228.06	88.41
75495	240	2,280.91	495.6	78.27
75568	2	209	96.29	53.93
75609	7	264.98	72.62	72.59
7570	20	72.45	6.22	91.41
75750	3	147	75	48.98
75783	105	594.02	232.11	60.93
76002	11	22.79	8.1	64.46
76005	31	126.21	15.29	87.89
76018	56	615.19	38.88	93.68
76028	30	30	0	100
76069	1	75	0	100
76078	47	407	124.52	69.41
76092	10	123.94	0	100
76131	7	79	0	100
76133	11	331.94	114.71	65.44
76182	17	490.31	48.21	90.17
76201	33	1,194.48	0	100
76208	6	27	0	100
76209	26	3,643.08	382.17	89.51
76210	40	804.38	177.47	77.94
76226	15	161.42	3.08	98.09
76227	76	669.56	295.82	55.82
76234	10	424	0	100
76258	361	1,348.24	274.44	79.64
76262	232	3,953.84	1,081.93	72.64
76268	83	657.79	0.69	99.9
76273	116	1,246.15	277.75	77.71
76484	14	80.14	23.55	70.61
76528	20	265.66	149.86	43.59
76541	1,045	17,286.20	1,565.99	90.94
76652	20	284.78	131.15	53.95
77859	4	160	0	100
7803	1	19.99	7.99	60.03
78962	7	227.94	5.8	97.46
79015	158	1,141.61	219.08	80.81
79415	869	3,994.40	1,581.23	60.41
79556	9	279.22	55	80.3
79701	70	1,534.61	684.63	55.39
92321	9	881	0	100
f7f5070	1	11.25	0	100
tx	17	297.29	3.84	98.71

<u>161,319.77</u>	<u>1,101,482.54</u>	<u>298,177.10</u>	<u>72.93</u>
-------------------	---------------------	-------------------	--------------

**McKinney Restore  
Zip Code Sales Summary**

Date: 1/1/2013 12:00:00 AM to 12/31/2013 11:59:59 PM