

**MCKINNEY COMMUNITY DEVELOPMENT CORPORATION**  
**Grant Application**  
 Fiscal Year 2013

**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:**

**XProject 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 Activity 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 Activity and/or Community Event Grants:**

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: December 20, 2012	January 2013	February 2013
Cycle II: June 28, 2013	July 2013	August 2013

**Project Grants:**

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 31, 2013	February 2013	March 2013
Cycle II: April 30, 2013	May 2013	June 2013
Cycle III: July 31, 2013	August 2013	September 2013

## APPLICATION

### ORGANIZATION INFORMATION

Name: North Collin County Habitat for Humanity in partnership with 3E, and VMC

Federal Tax I.D.: 752443511

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 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 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: \$174,419.75

**PROJECT/PROMOTIONAL ACTIVITY/COMMUNITY EVENT**

Start Date: Immediate

Completion Date: mid 2014

**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 83 homes 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.

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

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

While the income level in Collin County is one of the highest in the country, we also have large areas of poverty and substandard housing in the cities and extensive rural areas in our service area. This will only increase, as our population is projected to reach 871,654 in 2020, up from 786,561 according to the 2010 census. McKinney has been called 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 11 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.

**NCC Habitat ReStore**

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

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

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

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

The McKinney ReStore opened October, 2009, and has been immensely successful, earning in excess of \$491,000 its first year of operation and \$671,000 during its second year. Estimated earnings for 2013 will fall slightly over \$1M. The store received the "2010 Small Business of the Year" designation from the Frisco Chamber of Commerce, was awarded a promotional grant from the McKinney Community Development Corporation in October, 2010, a project grant for the purchase of the new facility in 2011 and improvements to that facility in 2012.

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

The McKinney ReStore offers free pick up of donated materials. Two of the largest donors are Lowe's and Home Depot. The ReStore prides itself in its **green initiative** of rescuing items from local landfills and also has an **active paint recycling program**. Donated latex paint is remixed in a commercial mixer and repackaged in five-gallon containers, selling for \$49 and popular with contractors for use as primer. **Since September, 2009, the ReStore has resold 2,820,000 pounds of donated goods otherwise destined for the landfill.**

We've partnered with other green and non-profit initiatives including Arms of Hope children's homes and an electronics recycler. On location, there are bins to accept clothing, shoes and electronics making our operation more of a one-stop shop for donations.

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

Through the ReStore, we have assisted many non-profit agencies including; First Hispanic Assembly Church, House of Prayer Christian Church-Kileen, Frisco Family Services, AV Lee High School, McKinney Christian Academy, City of McKinney, McKinney Repertory Theater, Church of Jesus Christ-Gainesville, The Heights Baptist-Richardson, LULAC National Education, Crossbend Christian-Plano, First Baptist-Celina, Prestonwood Baptist – Plano, First United Methodist-McKinney, High Pointe Church of Christ, Preston Meadow Lutheran-Plano, Grayson County Habitat for Humanity, Victory Christian Church- McKinney, God's Way Ministry-Tom Bean, Community Life Church-McKinney, Central Baptist Church – McKinney, Housing Crisis Center in Dallas and Send Hope – an orphanage in Puerto Lempira, Honduras through our Non-Profit discount program.

Currently **the ReStore donations have increased significantly**. This has caused our scheduling for pick-up time to increase to almost two weeks. An Additional box truck is needed to reduce the turnaround time for the pick ups for donated items.

After the generous donation from MCDC, we installed 5 fans in the ReStore which make a significant impact on the temperature in the store. We have found that due to the pallet racks, there are dead areas that the fans cannot reach in their current locations. If funds are available, we would like an additional 5 fans.

### **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 has commenced with a needs analysis for each neighborhood, identification of issues, identification of resources, assignment of volunteers to the projects and execution of the projects.

In the first neighborhood, LaLoma, there are 102 lots. Of these, 52 have been identified as having a need for repairs, rehab or general clean-up. In the second phase, Rockwall, there are 185 lots, 120 being identified as having a need for repairs, rehab or general clean-up. Currently, 9 of these are complete, 10 are partially complete and 20 are in the application process.

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.

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

Impact Initiative: Together We 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 committed to serve 20 families through this program last year in honor of our 20<sup>th</sup> anniversary.

It is estimated that on average, a project will cost approximately \$2,000 cash and \$2,000 GIK (Gifts in Kind) donated materials. The City of McKinney Housing Finance Corporation has committed \$8,100 to this project and we have applied for 2 projects @ \$2500 each to the Thrivent Builds Repairs program. We are requesting **\$75,719.75 to complete 42 projects, serving 40 families with an average family size of 4 (160 persons-adults, seniors and children)** and community gardens projects serving **24 households with 51 persons**. This project would have significant impact on several neighborhoods and would be an average of **\$358.86** cost per person.

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 this projects as well as a full-time Director of ReStore Operations.

**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.

NCCHF is requesting funding in the areas described below:

ReStore:

11 overhead doors	\$27,500
Repair 8 heaters	4,800
Repipe building for gas	5,000
Truck for daily donations	25,000
5 fans	31,700

Software

20/20 Cabinet Home Interior Design	2,800
QB RPOS	1,900

NRI:

40 homes	70,000
Tiller for community garden	600
Volunteer Support	4,000
Success Measures Training and Program	1,120

The ReStore is housed in a former manufacturing plant which is large and not fully equipped to handle Texas weather in many seasons. The store was recently insulated and now has six large overhead fans which have greatly improved shopping and working conditions but the facility continues to lose heat through 11 large overhead doors which leak air and are unsafe. Staff is constantly repairing main structural components in the doors to keep them working but some have become unusable and remain closed but leaking inside heat and letting in hot air.

The heaters are old and worn out with gas pipes that are too small to allow them to efficiently heat. Customer comfort is important in the day-to-day operations and sales. Our competitors at other ReStores constantly advertise that they have heat and air conditioning, and while this is not fully possible here, we strive to make shopping as pleasant an experience as possible. Staff also needs to remain comfortable, as they are moving heavy objects throughout the store as well as loading and unloading trucks and cars, difficult in the summer months.

One of the areas offering the ReStore the greatest amount of profitability is new cabinet sales. We design kitchens free for customers but are using antiquated software, which does not meet industry benchmarks. The 20/20 Home Interior Design software is currently used by Lowe's, Home Depot and others to provide a total look of the kitchen, an essential sales tool for these large purchases. This software may also be used in the building side of Habitat for future homeowners to more fully participate in the design of their homes.

Through extensive marketing and word-of-mouth, donations are increasing rapidly. The store has a large donated truck, which needs a new \$3,000 transmission, and a smaller pickup, but donation pick up is rapidly slowing due to a lack of vehicles. The ReStore needs another box truck for donation pick up efficiency and relief.

QuickBooks RPOS is an upgrade to the existing management information system currently in use at the store and is 3.5 years old. A newer version will help us more accurately track inventory and capture customer information for direct contact.

**Tiller for community garden** - Rising food costs make it difficult for many Habitat homeowners to meet monthly needs. NCCHFH has available land on both Lively Hill and in the Charleston subdivision which is not large enough for a home, but would be suitable for community gardens. Polls of the residents indicate they approve and are enthusiastic about this project and one area has divided the chores amongst the homeowners. We are requesting a tiller to help prepare the land and also assist in maintenance of the garden. Residents will be taught to operate the equipment, which will be housed at NCCHFH. We also have interest expressed from other organizations to start community gardens to feed our low income families including Holy Family School, Holy Family Church, Samaritan Inn, High Pointe Church of Christ, and Boys and Girls Club. This project is being supported by the Master Gardeners and the Texas A&M Agri-life Program with expertise being given by Dr. Church.

- **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/Promotional Activity/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/Promotional Activity/Community Event?
- Provide a timeline for the Project/Promotional Activity/Community Event.
- Detail goals for growth/expansion in future years.

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

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

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

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.

**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 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 (NRI – yes; remainder – 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/Promotional Activity/Community Event?**

\$1,016,822.42

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

**Attachment**

846030

**What percentage of Project/Promotional Activity/Community Event funding will be provided by the Applicant? 83.4%**

**Are Matching Funds available?**  Yes                       No

Cash \$547,257.33	Source Grants and Admin	% of Total 53.8
In-Kind \$301,145 fans	Source GIK Materials	% of Total 29.6

**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.**

Yes, City of McKinney CDBG \$35,120  
 Thrivent Financial for Lutherans \$7,500  
 City of McKinney Community Services Grant 35,120 (if CDBG not awarded)

**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.

NCCHF 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. Volunteers for NRI are aggressively recruited through this media, as are ReStore shoppers. Home improvement classes, financed through a grant from State Farm, are held on a regular basis to attract customers to the store to promote both sales and knowledge of basic construction. Press releases are distributed regularly to area media and also posted to online sites, including McKinney's Town Square Buzz. 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.

Success in the ReStore is measured through sales and the use of coupons in all paid advertising as well as online to e-newsletter subscribers.

NRI projects are easily evaluated through before and after results. Some project photos are attached. Community Gardens will be measured by the successful output of produce and # of individuals fed.

## 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;

### **Acknowledgements - continued**

- 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 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.**

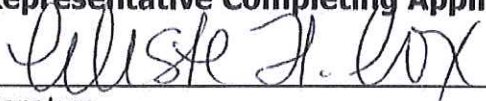
**Chief Executive Officer**

  
\_\_\_\_\_  
Signature

Celeste H. Cox, Executive Director  
Printed Name

6/3/2013  
Date

**Representative Completing Application**

  
\_\_\_\_\_  
Signature

Celeste H. Cox, Executive Director  
Printed Name

6/3/2013  
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/Promotional Activity/Community Event; description, goals and objectives
- Project/Promotional Activity/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/Promotional Activity/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/PROMOTIONAL ACTIVITY/COMMUNITY EVENT.***

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

**Board of Directors 2012 – 13**

Larry Pietenpol	President	Retired	
Ed Smith	President-elect	President-elect	Insurance agent/owner
Jim Orr	Vice President	Vice President	Attorney
Olive Swearingen	Secretary	Retired	
Cindy Maxwell-Bathea		CRA Development Officer	Viewpoint Bank
Nelson Carter		Director Mktg/Training	Alcatel-Lucent
Mike Foreman		City Manager	City of Celina
Marta Gore		Community Advocate	
Larry Hoffman		Retired	
Melody Lennox		Human Resources	Axxess Healthcare
Sharon Weideman		Realtor	Keller Williams Realty

**Leadership Team**

Executive Director – Celeste Haiduk Cox

Director of Operations – Andrea Tabor

Finance Manager – Ruthie Drye

Director of Construction – Wilson Fryar

Director of Construction Programs – Joe Prickett

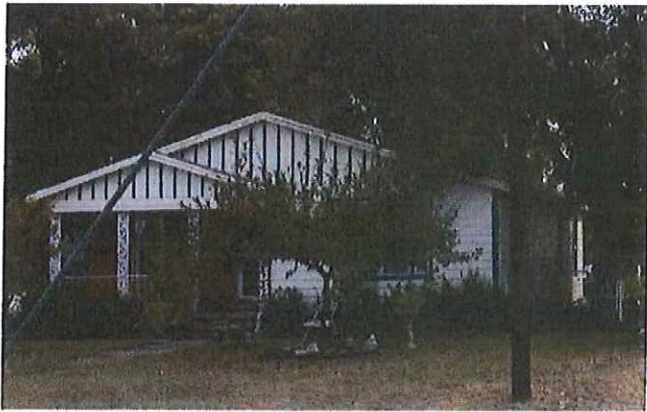
Director of ReStore Operations – Tony Sowell

Director of Family Programs – LaVeeta Hamilton

Photos of Current NRI Projects

Before

After





RESTORE PROJECTS









Since 1959

**Quotation**  
Firm for 30 Days

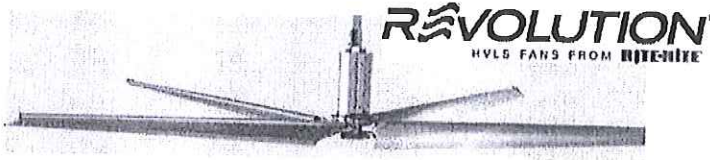
Corporate Office: 4674 Olin Road • Dallas, Texas 75244 • Phone 972-661-9822 • Fax 972-404-1142

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

Wednesday, August 1, 2012

Reference Job:  
Fans

<u>Product Description</u>	<u>Qty</u>	<u>Unit Price</u>	<u>Extended Price</u>
HVLS - Rite-Hite Revolution Fan Rite-Hite Revolution Fan	5	\$6,340.00	\$31,700.00



- Energy Savings Year Round
- Increase Comfort
- Increase Productivity

**LegendAIRy Performance**

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

**ExtraordinAIRy Construction**

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

**Backed By Outstanding Warranties**

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

Rite-Hite Revolution Fan Rite-Hite Revolution Fan  
16' Fan Diameter, 4 Blade  
440-480/3/60  
Ceiling Truss Kit adder  
Obstruction less than 18"  
Motor Shroud Included

HVLS - Rite-Hite Revolution Fan Rite-Hite Revolution Fan	1	\$0.00	\$0.00
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- Rite-Hite Revolution Fan Rite -Hite Revolution Fan

**16' Fan Diameter, 4 Blade**

**440-480/3/60**

**Ceiling Truss Kit adder**

**Obstruction less than 18"**

**Motor Shroud Included**

<b>Freight and Handling</b>	<b>Included</b>
<b>Mechanical Installation</b>	<b>Included</b>
<b>Tax</b>	<b>Add</b>
<b>Total</b>	<b>\$31,700.00</b>

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

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

**Fans**

**Standard Remarks Unless otherwise specified in writing**

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

**Accepted By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**P.O. #:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**FY 2014 BUDGET FORM for MCDC**  
A Brush with Kindness & ReStore – North Collin County Habitat for Humanity  
2013-2014

**Project Costs**

<b>ABWK / NRI / Together We Serve</b>		Total MCDC	Total Other Funds	Total Project
<b>Item</b>				
Program Materials Type:	20 Projects @ \$2,500 each	50,000.00		50,000.00
	20 Projects @ \$1,000 each	20,000.00		20,000.00
<b>Administration</b>				
NRI Program Director	25 hrs per week @ 23.79		29,737.50	29,737.50
Family Program Director	5 hrs per week @ 21.53		5,382.50	5,382.50
Volunteer McKinney Director			1,000.00	1,000.00
Program Supplies	Volunteer Support 500* \$8 <i>Portapotties, first-aid, water, golf carts</i>	4,000.00		4,000.00
Equipment	Tiller for community garden <i>Lively Hill - 21 Residents Pride Ct. - 51 Residents</i>	600.00		600.00
Training	Success Measures Training	594.75		594.75
Software	Success Measures Program	525.00		525.00
GIK Materials	40 Projects @ \$1500 each		60,000.00	60,000.00
<b>TOTAL OPERATING:</b>		<b>75,719.75</b>	<b>60,000.00</b>	<b>135,719.75</b>
<b>TOTAL ADMIN:</b>			<b>35,120.00</b>	<b>35,120.00</b>
<b>GRAND TOTAL:</b>		<b>75,719.75</b>	<b>96,120.00</b>	<b>171,839.75</b>
<b>TOTAL PROJECT COST:</b>			<b>171,839.75</b>	
<b>MCDC % of Total Project</b>			<b>44%</b>	

<b>RESTORE</b>		Total MCDC	Total Other Funds	Total Project
<b>Item</b>				
Program Materials Type:	Repair 8 Heaters @600	4,800.00		4,800.00
	RePipe Building for Gas	5,000.00		5,000.00
	11 Overhead Doors @ 2500	27,500.00		27,500.00
	Truck for daily donations	25,000.00		25,000.00
	5 Fans	31,700.00		31,700.00
Software	20/20 Cabinet Design Software	2,800.00		2,800.00
	QB RPOS Software	1,900.00		1,900.00
Administration & Overhead	Admin, Fleet, Employees, OccupancyTravel		512,137.33	512,137.33
GIK Materials	Donated Product		234,145.33	234,145.33
<b>TOTAL OPERATING:</b>		<b>98,700.00</b>	<b>234,145.33</b>	<b>332,845.33</b>
<b>TOTAL ADMIN:</b>			<b>512,137.33</b>	<b>512,137.33</b>
<b>GRAND TOTAL:</b>		<b>98,700.00</b>	<b>746,282.67</b>	<b>844,982.67</b>

ABWK **TOTAL PROJECT COST:** 844,982.67  
**MCDC % of Total Project** 12%

**TOTAL MCDC REQUEST:** 174,419.75

**COMBINED TOTAL PROJECT COST:** 1,016,822.42  
**MCDC % of Total Project** 17%

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

Ordinary Income/Expense	<u>FY14 Budget</u>
Income	
Total \$Contributions	288,425
Total Grants	377,780
Total Special Events Net Income	13,000
Total ReStore Sales	1,237,500
Total Other Income	27,350
Total Income	<u>1,944,055</u>
Total Cost of Goods Sold	<u>375,000</u>
Gross Profit	1,569,055
Expense	
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	42,055
Total Expense	<u>1,285,308</u>
Net Ordinary Income	283,747
Other Income/Expense	
Other Income	
Sale to Homeowners	715,000
Mortgage Discount Amortization	70,000
GIK-Material Donations	243,220
Donated Materials-ReStore	275,000
Total Other Income	<u>1,303,220</u>
Other Expense	
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	20,000
Total Other Expense	<u>1,395,920</u>
Net Other Income	<u>(92,700)</u>
Net Income	<u>191,047</u>
Capital Expenditures	
Land Acquisition	70,000
Roof Repairs	15,000
ReStore Improvements	37,300
ReStore Truck	25,000
Software	4,700
Tiller	600
Total Capital Expenditures	<u>152,600</u>
Net Surplus	<u>38,447</u>

**NORTH COLLIN COUNTY  
HABITAT FOR HUMANITY**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2012 AND 2011**

**WITH INDEPENDENT AUDITORS' REPORT**

**NORTH COLLIN COUNTY HABITAT FOR HUMANITY**

**TABLE OF CONTENTS**

	<u>Page Number</u>
Independent Auditors' Report.....	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5 - 13
<b>SUPPLEMENTAL SCHEDULES</b>	
Statement of Functional Expenses Year Ended June 30, 2012.....	14
Statement of Functional Expenses Year Ended June 30, 2011.....	15





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, 2012, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of North Collin County Habitat for Humanity as of June 30, 2011, were audited by other auditors whose report dated October 24, 2011, expressed an unqualified opinion on those statements.

We have conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Collin County Habitat for Humanity as of June 30, 2012, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 14-15 are presented for purposes of additional analysis and are 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 3, 2012

# **FINANCIAL STATEMENTS**

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

	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 124,259	\$ 85,907
Temporarily restricted cash	55,555	139,347
Contributions receivable	16,000	17,500
Inventory	166,239	101,229
Inventories - land	158,981	232,066
Non-interest bearing mortgages receivable - current	122,709	146,227
TDHCA Boot Strap agency receivables	35,938	35,913
Other assets	<u>8,969</u>	<u>12,147</u>
<b>Total Current Assets</b>	<u><b>688,650</b></u>	<u><b>770,336</b></u>
<b>LONG-TERM ASSETS</b>		
Property, furniture and equipment (net)	1,512,638	1,086,973
Contributions receivable	46,500	58,252
TDHCA Boot Strap agency receivables	569,949	540,760
HBA agency receivable	20,000	-
Non-interest bearing mortgages receivable	1,686,726	1,584,390
Discount on non-interest bearing mortgage	( 922,781)	( 864,793)
Construction in progress	<u>555,042</u>	<u>197,871</u>
<b>Total Property and Equipment</b>	<u><b>3,468,074</b></u>	<u><b>2,603,453</b></u>
<b>Total Assets</b>	<u><b>\$ 4,156,724</b></u>	<u><b>\$ 3,373,789</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 101,511	\$ 52,929
Escrow-mortgage holders	65,934	56,626
Due to ReStore	23,253	-
Due to TDHCA Boot Strap	35,938	35,913
Line of credit	70,471	573,596
Current portion of long-term notes payable	<u>83,790</u>	<u>28,136</u>
<b>Total Current Liabilities</b>	<b>380,897</b>	<b>747,200</b>
<b>LONG-TERM LIABILITIES</b>		
Due to TDHCA Bootstrap	590,664	540,760
Due to HBA	20,000	-
Long-term notes payable	<u>1,266,506</u>	<u>185,408</u>
<b>Total Long-term Liabilities</b>	<u><b>1,877,170</b></u>	<u><b>726,168</b></u>
<b>Total Liabilities</b>	<u><b>2,258,067</b></u>	<u><b>1,473,368</b></u>
<b>NET ASSETS</b>		
Unrestricted	1,780,602	1,685,322
Temporarily restricted	<u>118,055</u>	<u>215,099</u>
<b>Total Net Assets</b>	<u><b>1,898,657</b></u>	<u><b>1,900,421</b></u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 4,156,724</b></u>	<u><b>\$ 3,373,789</b></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, 2012**

(With Summarized Financial Information for the Year Ended June 30, 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Grants	\$ -	\$ 91,439	\$ 91,439	\$ 354,115
Contributions	36,850	194,913	231,763	348,676
Contributions - non cash	408,670	-	408,670	342,540
Discount amortization	70,449	-	70,449	54,535
Transfers to homeowners	320,000	-	320,000	370,000
ReStore sales	822,450	-	822,450	637,603
Special events, net of expenses	9,094	-	9,094	12,570
Miscellaneous	7,551	-	7,551	14,060
Interest income	282	-	282	1,411
Net assets released from restrictions	<u>383,396</u>	<u>( 383,396)</u>	<u>-</u>	<u>-</u>
<b>Total Revenue and Other Support</b>	<u><b>2,058,742</b></u>	<u><b>( 97,044)</b></u>	<u><b>1,961,698</b></u>	<u><b>2,135,510</b></u>
<b>EXPENSES</b>				
Home ownership program	1,002,532	-	1,002,532	876,423
ReStore program	746,723	-	746,723	621,922
Management and administrative	<u>128,653</u>	<u>-</u>	<u>128,653</u>	<u>93,055</u>
<b>Total Expenses</b>	<u><b>1,877,908</b></u>	<u><b>-</b></u>	<u><b>1,877,908</b></u>	<u><b>1,591,400</b></u>
<b>OTHER INCOME/(EXPENSES)</b>				
Loss on disposition of assets	<u>( 85,554)</u>	<u>-</u>	<u>( 85,554)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	95,280	<u>( 97,044)</u>	<u>( 1,764)</u>	544,110
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,685,322</u>	<u>215,099</u>	<u>1,900,421</u>	<u>1,356,311</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 1,780,602</b></u>	<u><b>\$ 118,055</b></u>	<u><b>\$ 1,898,657</b></u>	<u><b>\$ 1,900,421</b></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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$( 1,764)	\$ 544,110
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	59,343	26,226
Discount amortization-mortgages	57,988	( 88,669)
Transfer to homeowners	( 219,500)	( 281,331)
Loss on the disposal of assets	85,554	-
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	73,085	46,424
(Increase) decrease in inventories - (resale)	( 65,010)	( 101,229)
(Increase) decrease in contributions receivable	13,252	( 75,752)
(Increase) decrease in agency receivable	20,715	-
(Increase) decrease in other assets	3,178	7,228
(Increase) decrease in homes under construction	( 357,171)	( 65,154)
Increase (decrease) in accounts payable and accrued expenses	<u>81,143</u>	<u>( 23,298)</u>
Net Cash Provided by Operating Activities	<u>( 249,187)</u>	<u>( 11,445)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchases of land, building and equipment	( 570,562)	( 767,867)
Net loan proceeds	633,627	530,692
Mortgage payments received	<u>140,682</u>	<u>146,227</u>
Net Cash Used by Investing Activities	<u>203,747</u>	<u>( 90,948)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>( 45,440)</b>	<b>( 102,393)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>225,254</b></u>	<u><b>327,647</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 179,814</b></u>	<u><b>\$ 225,254</b></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Issuance of non-interest bearing mortgage loans	\$ 320,000	\$ 370,000
Discount on non-Interest bearing mortgages loans	<u>( 128,440)</u>	<u>( 88,669)</u>
Transfers to homeowners subject to non-interest bearing mortgage loans	<u>\$ 191,560</u>	<u>\$ 281,331</u>
Cash paid for interest	<u>\$ 65,386</u>	<u>\$ 18,211</u>

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

# NORTH COLLIN COUNTY HABITAT FOR HUMANITY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### 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.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation** (Continued)

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.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 7.69% 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.

(continued)



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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, 2009, 2010 and 2011 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>06/30/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/12</u>
Land	\$ 256,597	\$ -	\$ -	\$ 256,597
Buildings and improvements	730,664	505,035	( 82,575)	1,153,124
Furniture and fixtures	127,460	37,373	( 27,967)	136,866
Vehicles and trailers	50,831	28,154	-	78,985
Machinery and equipment	<u>6,526</u>	<u>2,000</u>	<u>( 2,000)</u>	<u>6,526</u>
	1,172,078	572,562	( 112,542)	1,632,098
Less accumulated depreciation	<u>( 85,105)</u>	<u>( 59,353)</u>	<u>24,998</u>	<u>( 119,460)</u>
Total property and equipment, net of depreciation	<u>\$ 1,086,973</u>	<u>\$ 513,209</u>	<u>\$( 87,544)</u>	<u>\$ 1,512,638</u>

Depreciation expense for the year ended June 30, 2012 was \$59,343.

### 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, 2012		June 30, 2011	
	Number	Cost	Number	Cost
Homes under construction July 1,	4	\$ 197,871	3	\$ 132,716
Additional cost incurred during the year	-	5,802	-	155,408
New homes started during the year	9	817,829	7	364,879
Homes transferred during the year	( 5 )	( 466,463 )	( 6 )	( 455,132 )
Homes under construction June 30	<u>8</u>	<u>\$ 555,039</u>	<u>4</u>	<u>\$ 197,871</u>

### 4. INVENTORIES

Inventory consists of home lots to be developed and costs incurred in conjunction with home construction. They are capitalized until the completion of each home. Home lot inventory was \$158,981 as of June 30, 2012 and \$232,066 as of June 30, 2011 which included 19 and 22 lots, 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 \$166,239 and \$101,229 as of June 30, 2012 and 2011, respectively.

### 5. SALES TO HOMEOWNERS

During the year, 5 homes were sold to qualifying applicants. The resulting mortgages are non-interest bearing and the presentation of their book value have been discounted based upon the prevailing market rates for low-income housing at the inception of the mortgages (current year's rate 7.50%). The discount totaled \$128,440 for 2012 and \$88,670 for 2011.

## 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, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Mortgages receivable (at face value)	\$ 1,809,435	\$ 1,730,616
Unamortized discount on mortgages	<u>( 922,781)</u>	<u>( 864,794)</u>
	<u>\$ 886,654</u>	<u>\$ 865,822</u>

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

2013	\$ 122,709
2014	122,709
2015	122,709
2016	121,116
2017	121,116
Thereafter	<u>1,199,076</u>
Total	<u>\$ 1,809,435</u>

Mortgages are considered delinquent when the monthly mortgage payment is at least 31 days past due. As of June 30, 2012, five mortgages totaling \$4,790 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, 2012, the balance in the agency receivables is \$605,887 and agency payables account is \$626,602. 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 balance of both the agency receivable and payable as of June 30, 2011 was \$576,673.

During the 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, 2012, the balance of the agency receivable and payable is \$20,000.

## 7. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2012 are as follows:

Less than 1 year	\$ 16,000
1 year to 5 years	<u>46,500</u>
	<u>\$ 62,500</u>

## 8. NOTES PAYABLE

Notes Payable consists of the following notes as of June 30, 2012:

	<u>2012</u>	<u>2011</u>
Raza Development Fund in the amount of \$50,200 due May 31, 2014; interest rate of 6.25%.	\$ 48,241	\$ 50,210
Line of credit payable to a bank; 3% interest rate, no scheduled maturity date.	-	13,596
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	163,334
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.	943,051	560,000
Note payable to a bank; interest rate of prime + 2.275% with a floor of 6%, due October 25, 2012. Secured by the Building.	70,470	-
Note payable to a vehicle financing company; interest rate of 1.90%; due June 14, 2017. Secured by the associated vehicle.	<u>22,380</u>	<u>-</u>
	1,221,309	787,140
Less current installments	<u>( 154,261)</u>	<u>( 601,732)</u>
Long-term debt, excluding current installments	<u>\$ 1,067,048</u>	<u>\$ 185,408</u>

During the year, Habitat entered into six loan purchase and servicing agreements with a bank, whereas the Organization sold the outstanding balance of six mortgages receivable to a bank, but maintains servicing responsibilities. The balance of these notes payable to the bank is \$199,458 as of June 30, 2012. They bear a 4% rate of interest and will mature in June 2032.

**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, 2012 was \$408,670 and \$342,540 in 2011.

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>2012</u>	<u>2011</u>
Temporarily restricted Contributions Temporarily Restricted	\$ <u>118,055</u>	\$ <u>215,099</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:

2013	\$ 6,735
2014	7,409
2015	7,409
2016	7,409
2017	-
Thereafter	-
	<u>\$ 28,962</u>

Rent expense for the years ended June 30, 2011 and 2010, was \$9,184 and \$3,489, 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**

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, 2012, Habitat contributed \$10,000 to Habitat International and \$10,000 in 2011.

**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 3, 2012, 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, 2012**

	Program Services		Support Services	Total
	Construction	ReStore	Management and General	2012
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, promotions, 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
Relocation	2,331	9,295	17	11,643
Meetings & Travel	3,350	4,992	2,633	10,975
<b>Total Expenses</b>	<b>\$ 1,002,532</b>	<b>\$ 746,723</b>	<b>\$ 128,653</b>	<b>\$ 1,877,908</b>

See accompanying independent auditor's report.



**NORTH COLLIN COUNTY HABITAT FOR HUMANITY**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services		Support Services	Total
	Construction	ReStore	Management and General	2011
Salaries and benefits	\$ 257,982	\$ 223,676	\$ 15,803	\$ 497,461
Mortgage discount	88,670	-	-	88,670
Materials and supplies	439,143	146,765	-	585,908
Insurance	-	2,800	15,096	17,896
Rent	4,800	150,065	-	154,865
Telephone	-	7,418	9,641	17,059
Program expenses	25,736	-	-	25,736
Tithe	10,000	-	-	10,000
Auto trailer expense	-	7,317	3,802	11,119
Office expenses	-	6,328	7,221	13,549
Repairs	-	9,280	5,084	14,364
Printing and promotions	25,111	26,307	-	51,418
Postage	-	73	5,467	5,540
Dues and subscriptions	-	290	3,722	4,012
Bank charges	-	-	670	670
Credit card fees	-	-	611	611
Equipment rental	-	484	3,005	3,489
Depreciation expense	7,598	18,034	-	25,632
Utilities	6,014	18,291	-	24,305
Interest expense	2,416	-	15,795	18,211
Professional fees	-	-	6,998	6,998
Miscellaneous	1,748	-	140	1,888
Travel	7,205	4,794	-	11,999
<b>Total Expenses</b>	<b>\$ 876,423</b>	<b>\$ 621,922</b>	<b>\$ 93,055</b>	<b>\$ 1,591,400</b>

See accompanying independent auditor's report.



## **Habitat for Humanity International**

Building houses in partnership with God's people in need

January 5, 1993

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

Dear Noel,

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

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

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

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

In partnership,

Carol Gregory  
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)(9) of the Internal Revenue Code.

Our records show that you were recognized as exempt from Federal income tax under section 501(c)(9) 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)(9) 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 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. 290. This is the same information required by Schedule A, Form 1023, Application for Recognition of Exemption Under Section 501(c)(2) 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:

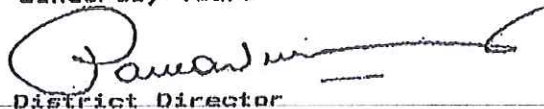
Internal Revenue Service Center  
Attention: Entity Control Unit  
Atlanta, GA 31101

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



Pawan

District Director