

**City of McKinney  
McKinney Community Development  
Corporation  
Application for Funding**

**Submitted by  
North Collin County Habitat for Humanity**

**March 15, 2011**

**City of McKinney  
McKinney Community Development Corporation  
Application for Funding**

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North Collin County Habitat for Humanity  
March 2011**

1. Application
2. IRS Determination Letter - Attachment A
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# MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

## Grant Application

Fiscal Year 2011

### 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)
- Completed application and all supporting documents are required to be submitted on a CD for consideration by the MCDC board. Please submit the application to:

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

- *If you are interested in a preliminary review of your project proposal or idea, please complete and submit the **Letter of Intent** form, available at [www.mckinneycdc.org](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, on a CD, by 5:00 p.m. on the date indicated in schedule below.**

### Please indicate the type of funding you are requesting:

#### Project Grant

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



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

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

### Promotional and Community Event Grants:

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

### Project Grants:

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

## APPLICATION

### ORGANIZATION INFORMATION

Name: North Collin County Habitat for Humanity

Federal Tax I.D.: 75-2443511

Incorporation Date: 1992

Mailing Address: PO Box 153

City McKinney

ST: TX

Zip: 75070

Phone: 972-542-5300

Fax: 972-542-5159

Email: habitat@ncc-habitat.com

Website:

### Check One: Attachment A

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

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

### REPRESENTATIVE COMPLETING APPLICATION:

Name: Amira Barger

Title: Development Director

Mailing Address: 421 Power House St.

City: McKinney

ST: TX

Zip: 75071

Phone: 972-542-5300

Fax: 972-542-5159

Email: celeste@ncc-habitat.com

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

Name: Celeste Haiduk Cox

Title: Executive Director

Mailing Address: PO Box 153

City: McKinney

ST: TX

Zip: 75070

Phone 972-542-5300

Fax: 972-542-5159

Email: celeste@ncc-habitat.com

**FUNDING**

Total amount requested: \$160,000

**PROJECT/EVENT**

Start Date: May 1, 2011

Completion Date: Occupancy date July, 2011

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

**Attachment B**

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

Celeste Cox – Executive Director

Amira Barger – Development Director

Tony Sowell – ReStore Director

Lisbeth Lockwood – Family Program Director

Wilson Fryar – Construction Director

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

**I. Applying Organization** North Collin County Habitat for Humanity

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

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

North Collin County Habitat for Humanity (NCC-Habitat), located in McKinney, Texas, has been building homes for eligible low-income families since its incorporation in 1992. The affiliate serves more than one-half of the county, with the remainder served by another Habitat for Humanity affiliate whose service area is quickly approaching build-out. NCC-Habitat has constructed 64 homes in Northern Collin County, rehabbed 3, and is beginning construction on 2 additional homes in McKinney.

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 (\$60,000 on average) and mortgages are serviced by NCC-Habitat over a twenty-year period. A deed restriction in the form of a second lien is placed on the property to prevent a windfall profit from being made upon early sale of the property. If a homeowner does sell the home, NCC-Habitat is given first right of refusal. Our success rate for families remaining in their homes (since 1992, when our affiliate was organized) is 90%. We have lost one family due to a move, and two due to inability to make payments.

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

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

NCCHFH has enjoyed a significant growth within the last ten years. Our staff has grown to 21 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.

We are anticipating purchasing 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 650 in the US, 43 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. **ReStore's 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. It received the "2010 Small Business of the Year" designation from the Frisco Chamber of Commerce and was awarded a promotional grant from the McKinney Community Development Corporation in October, 2010.

The store is located in an 18,000 square foot rented warehouse with 46 parking spaces and also houses ReStore staff offices and the construction department of NCCHFH. An additional 3,200 square feet were rented July, 2010 as a donation preparation area, allowing for expanded selling space. Hours of operation are Tuesday through Saturday from 9 a.m. to 6 p.m.

The McKinney ReStore offers free pick up of donated materials. Two of the largest donors are Lowe's and Home Depot. The ReStore prides itself in its **green initiative** of rescuing items from local landfills and also has an **active paint recycling program**. A partnership was developed with the local county waste division, which distributes ReStore flyers during its popular "Free Dump Days" in an effort to divert materials to the store. Donated latex paint is remixed in a commercial mixer and repackaged in five-gallon containers, selling for \$29 and popular with contractors for use as primer. This program will be expanded in a larger facility. **Since September, 2009, the ReStore has resold 1.2 million pounds, or 600 tons, of donated goods otherwise destined for the landfill.**

The store is currently at capacity and cannot accommodate additional merchandise. Parking is difficult on Saturdays, with many patrons using street parking. The current building is neither heated nor cooled, affecting sales during inclement weather. NCCHFH hopes to grow the ReStore to pay all affiliate expenses, guaranteeing that every dollar donated is spent on building homes, but needs to double the amount of selling space to achieve that goal.

Not only would the affiliate own the new building, the mortgage payments would be substantially less than the rent on the current smaller location. The 50,000 square feet would be allocated between the three NCCHFH departments:

- 36,000 sq. ft. for the ReStore, in addition to a covered outdoor area for housing lawn and garden supplies and expanded parking. An expanded area for home improvement classes and demonstrations.
- 10,000 sq. ft. for the Construction Department, which will allow storage of supplies and equipment as well as an area for assembling house walls inside a heated area. This will allow homes to be constructed faster and encourage more volunteers who might be discouraged by bad weather construction.
- 4,000 sq. ft. for administrative offices and a small meeting area, allowing NCC Habitat to vacate its current location for which it is paying monthly rent.

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

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

- Outline details of the project for which funds are requested. Include information regarding scope, goals, objectives, target audience. We would like to double the space for the ReStore and combine all aspects of North Collin County Habitat for Humanity under one roof. This will give us the opportunity to own our facility instead of renting and drastically cut our monthly expenses as well as expand the ReStore to double the amount of merchandise available for sale and eliminate these items from the landfill. Ultimately, NCC-Habitat will be self-sustained.
- Describe how the proposed project fulfills strategic goals and objectives for the organization. The goal of the organization is to provide housing for eligible families currently residing in substandard residences. By becoming self-sufficient, all dollars donated will go directly to building more homes and with increased revenues from the ReStore, additional homes will be constructed.
- Please also include planned activities, time frame/schedule, and estimated attendance and admission fees if applicable. We will have a grand opening event to include a ribbon cutting, demonstrations, giveaways and special sales as well as the collection of donations for discount coupons. There will be no charge. Estimated attendance is 700.
- What is the venue/location for project or event? 2060 Couch St., McKinney
- Provide a timeline for the project or event. July to September, 2011
- Detail goals for growth/expansion in future years. We plan to remain at this location for many years.

**Is this Project:**

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

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

**ATTACHMENT C**

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

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

The ReStore promotes the **safe and attractive image of McKinney** through the recycling program by eliminating waste from job sites and from resident's homes. It also provides affordable materials for



repairs and upkeep of existing housing stock in the City of McKinney through the low-cost affordable reuse of building materials and supplies.

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

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

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

Home ownership also removes their children from substandard housing and the crime-ridden areas where most currently reside. Children who live in single-family homes are more likely to finish school, avoid crime, remain healthy and become more productive citizens than those reared in poverty-filled areas.

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

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

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

*From September, 2009 to present, the ReStore has recycled 600 tons, or 1.2 M pounds from the landfill. IESI has calculated this is the equivalent of 150 30-yard dumpsters.*

- Creating employment opportunities
- Creating volunteer opportunities
- Creating opportunities for Habitat homeowners to earn sweat equity

From September, 2009 to present, the ReStore has recycled 600 tons, or 1.2 M pounds from the landfill. IESI has calculated this is the equivalent of 150 30-yard dumpsters.

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

Yes

No

**III. Financial**

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

**ATTACHMENT D**

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

**ATTACHMENT E**

**What is the estimated total cost for this Project? \$1.3M**

*(Please attach a Project budget.)*

**ATTACHMENT F**

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

**ReStore Financing Structure**

800	Purchase Price
400	Renovations (includes contingencies)
<u>1200</u>	<u>Amount to Finance</u>
240	20% Down Payment Amount Needed
	<b>Down Payment and Renovation Sources</b>
160	MCDC
<u>100</u>	<u>Meadows Foundation Grant</u>
<b>260</b>	

**\$1,200,000**                      *Total Project*  
80% Amount Provided by Applicant  
13% Amount requested of MCDC

**Are Matching Funds available?**       Yes       No

Cash \$ 1.1 M      Source Cap One      % of Total

In-Kind \$200,000      Source      % of Total

**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.*

Meadows Foundation - \$100,000    Decision – March 16

City of McKinney – Bridge Loan – CDBG

Rees-Jones Foundation - \$30,000    March, 2011

George and Fay Young - \$25,000    March, 2011

Bridgestone Foundation - Letter of inquiry – February, 2011

#### **IV. Marketing and Outreach**

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

We will begin marketing immediately after closing with press releases announcing the move to all media outlets in our service area. We will place signs in the ReStore and a large sign in front of the current and new store announcing the move date, etc.

We will place the notice on both websites, NCC-Habitat, and ReStore as well as include the information in our e-newsletters and keep people informed of the progress in these newsletters.

Announcements will be made at all organizations to which we belong.

Flyers will be prepared and given to all ReStore customers with move dates and a map to the new location. Notices will be sent to all churches in the area for publication in their bulletins.

Ads will be taken in area papers, including McKinney, Frisco, Celina, Princeton, Prosper and Farmersville. Radio spots will also be purchased.

A grand opening celebration will be held featuring activities, free food, giveaways, door prizes, coupons and coupons of larger amounts in exchange for donations. Children's activities and demonstrations will also be scheduled. This will be open to the general public and is tentatively scheduled for a Saturday in September.

Ribbon-cuttings will be scheduled with local chambers to be followed by a Business After Hours Reception, also with giveaways and door prizes. These events are well-publicized by chambers within their membership.

We will ask for proclamations from the city and county for Habitat for Humanity ReStore Day.

We have also discussed asking local student artists to help decorate the interior store walls with artwork and host a reception for the artists and their instructors to unveil the work. The press will also be invited and hopefully will feature the project in their media.

#### **V. Metrics to Evaluate Success**

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

Evaluating success is very concrete. ReStore sales, customer count, donations and attendance at special events will give us a picture of our outreach efforts and will be easily tracked for months afterward. We will also evaluate success by the number of houses built through increased ReStore revenue.

## Acknowledgements

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

- The event/project/program for which financial assistance is sought will be administered by or under the supervision of the applying organization;
- All funds awarded will be used exclusively for the event/project/program described in the application;
- MCDC will be recognized in all marketing, outreach, advertising and public relations as a funder of the event/project. Specifics to be agreed upon by applicant and MCDC and included in an executed Performance Agreement;
- Organization's officials who have signed the application are authorized by the organization to submit the application;
- Applicant will comply with the MCDC Grant Guidelines in executing the event/project for which funds were received.
- A final report detailing the success of the project, as measured against identified metrics, will be provided to MCDC no later than 30 days following the event/completion of project.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to project/program conclusion with submission of invoices/receipts to MCDC. The final 20% will be forwarded upon MCDC's receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final project/program/event report.
- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 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:**

*Celeste Haiduk Cox*

Signature

Celeste Haiduk Cox

Printed Name

3/14/11

Date

**Representative Completing Application**

*Amira Barger*

Signature

Amira Barger

Printed Name

3/14/11

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 event/project plan description, goals and objectives
- Event/Project timeline
- Plans for marketing and outreach
- Evaluation metrics
- List of board of directors and staff

**Attachments:**

- Financials: organization's budget for current fiscal year; event/project 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.***

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



## McKINNEY COMMUNITY DEVELOPMENT CORPORATION

### Final Project Report

**Organization:**

**Funding Amount:**

**Project/Promotion/Event:**

**Start Date:**

**Completion Date:**

**Location of Project/Event:**

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

- Narrative report on the project/promotion/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.
- Evaluation against metrics outlined in application

**Please submit Final Project Report no later than 30 days following the completion of the project/event to:**

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

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

Attachment A

Internal Revenue Service  
District Director

Department of the Treasury

EO GROUP 7201  
P.O. BOX 1055  
ATLANTA, GA. 30370

Date: FEB 13 1987

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

Dear Sirs:

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

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

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

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

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

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

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

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

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

A handwritten signature in cursive script, appearing to read "Paul J. ...", with a horizontal line underneath it.

District Director



# Attachment B

## North Collin County Habitat for Humanity Board of Directors 2010-11

Dennis Heydanek	Board President	Retired Executive
Ed Stankunas	Vice President	Mortgage Broker
Olive Swearingen	Secretary	Retired Executive
Gary Carley	Treasurer	Dallas North Bank
Cindy Bathea	Marketing	Viewpoint Bank
Terry Busha	Finance	Simpson Strong Tie
Judy Gagliardo	Receptionist	Rodman Companies
Marta Gore	Staff Development	McKinney Independent School District
Larry Pietenpol	Retail Operations	JCPenney
Terri Ricketts	Nonprofit Management	IESI Waste Disposal
Ed Smith	Insurance	Ed Smith Agency
Brian Umberger	Engineer	BWR Corporation
Sharon Weideman	Realtor; Mayor Pro Tem	Keller Williams; City of Melissa

## Attachment C

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

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

Our affiliate is currently in the middle of a feasibility study to determine the community's reaction to this new venture. This study will help our organization determine if the venture is needed, will serve an obvious purpose in the community, and if we will have enough cash flow to run the program. The study will be completed by April 29<sup>th</sup>, 2011.

Some of the areas this study will address are:

- **New Venture or Opportunity:** This portion will contain what the venture is and why it is rational for our affiliate to proceed with the venture.
- **Venture Competitiveness:** If there are similar non-profits already involved in the opportunity our affiliate wants to seek, this study will define them. It will also explain why our venture is different and what milestones we expect to hit that other non-profits will not.
- **Resources:** This study will clearly identify what resources our non-profit will require for the new venture. It will include the cost of all the resources as well as identifying them.
- **Target Audience:** Explanation of the target audience that our new venture will serve. Describes the target audience as well as how we arrived at finding our market niche.
- **Benefits:** Outlines how the opportunity is beneficial to the people it serves and the non-profit as a whole. Describes in detail how it will benefit as well as potential growth of the idea and the non-profit organization.
- **Disadvantages:** Along with the benefit section, the study includes disadvantages or roadblocks that may come up. Any risks associated with entering into the new opportunity, legal considerations, as well as the extent of our non-profit status will be determined.
- **Finances:** Determining if we have enough finances to initially start the program. Items like cash flow statements and income and expense statements will be determined for at least 18 months into the new program.
- **Final Determination:** The final determination in the feasibility study should help decide if the venture is wise or not doable

## **I. Financial – ATTACHMENT D**

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

Per our current audited financials, NCCHFH is a sound, financially diverse organization. Our current admin evaluation for last year show a 3% cost. This means that 97% of all donations to our organization go directly to program services.

The economic impact of this request for our new ReStore location will reduce the overall cost of administration to our organization and will provide the ability for this non-profit to become self-sufficient.

It will reduce the monthly rent burden from \$12,000 to a \$6,000 mortgage. The savings from this would allow for significantly more waste to be recycled from the local community which in turn will provide more affordable housing opportunities for more families.

# **BUDGET FOR: North Collin County Habitat for Humanity FY 2011**



Approved by the Board of Directors on May 21, 2010

North Collin County Habitat for Humanity  
 FY 2011 Budget Comparison (as of 5/17/10)

	FY 2010		FY 2011
	Projected Actuals	Budget	Draft Budget
<b>Income</b>			
\$Contributions			
\$ Business Contributions	132,844	250,000	265,000
\$ Individual Contributions	34,884	40,000	40,000
Carpenter Club - Restricted	18,000	20,000	30,000
\$Church Contributions	67,909		61,000
\$Agency Contributions	2,500		2,500
Total \$Contributions	256,137	310,000	398,500
Donation - Materials (GIK)	155,201	400,000	175,000
Restore Net Sales (GrossProfit)	420,000	575,000	543,000
Grants	32,561	560,000	243,000
Fundraising Proceeds	440		
Special Events Net Income	29,000	70,000	20,000
Admin Fee Income	6,500	13,000	9,495
Late Fee Income	1,446	2,500	1,500
Interest Income	1,548	3,500	1,800
<b>Total Income</b>	<b>902,832</b>	<b>1,934,000</b>	<b>1,392,295</b>
<b>Expense</b>			
Administrative			
Dues and Subscriptions	2,910	3,500	3,500
Office Equipment Related	4,926	4,000	4,000
Liability Insurance	7,630	10,000	9,000
Office Supplies/Services	4,752	5,500	5,500
Postage and Delivery	2,760	3,800	3,000
Repairs&Maint	1,202	4,000	2,000
Telephone/Fax/Internet	7,586	8,500	8,000
Interest/Finance Charges	14,081	2,100	15,000
Total Administrative	45,848	41,400	50,000
Construction Costs			
Construction-General Costs	1,445	5,000	2,500
Equip&Tool Repairs&Services	356	1,500	1,500
Small Tools	10,000		4,000
Warranty Expense	0	800	2,000
Total Construction Costs	11,801	7,300	10,000
Fundraising Expense - Cap Campaign			20,000
Fleet Expense			
Gas-Company Vehicles	2,172	4,000	2,500
Vehicle Repairs & Maintenance	3,018	1,000	3,000
Vehicle Insurance/Registration	7,000		5,500
Total Fleet Expense	12,190	5,000	11,000
Program Svcs-Mission Specific			
Ruby Green Maintenance Expense	8,252		5,000
Family Selection	598	1,100	1,350
Family Support	307	1,500	1,450
Ground Breaking & Dedications	1,340		1,000
Volunteer Support	1,667	2,910	4,700
Total Program Svcs-Mission Specific	12,164	5,510	13,500
Marketing & Advertising	2,297	5,100	3,000
Employee Related Expenses	201,356	205,735	545,724
Professional Fees (Audit)	6,000	4,000	6,000
Rent / Utilities	9,652	9,600	10,000
ReStore Expense	304,378	270,018	460,625
Meetings/Meals/Travel	2,361	8,000	3,500
<b>Total Expense</b>	<b>303,670</b>	<b>291,645</b>	<b>1,133,349</b>

*Approved  
5/27/10*

North Collin County Habitat for Humanity  
 FY 2011 Budget Comparison (as of 5/17/10)

	FY 2010		FY 2011
	Projected Actuals	Budget	<i>Draft</i> Budget
Net Ordinary Income	599,162	1,642,355	258,946
Other Income/Expense			
Other Income			
Sale to Homeowners	445,000		650,000
Mortgage Discount Income	50,000		60,000
Early Note Termination	15,567		
Total Other Income	510,567		710,000
Other Expense			
Total Construction Cost (CIP)	533,161		718,000
Discount on Mortgages Issued	159,372		195,000
Experience Works (GIK)	21,637		18,000
Depreciation Expense	9,000	3,500	9,000
HFH International Tithe	5,000	13,000	10,000
Total Other Expense	728,170	16,500	950,000
Net Other Income	(217,603)	(16,500)	(240,000)
Net Income	381,559	1,625,855	18,946

**NCC Habitat for Humanity  
Cash Flow Budget  
FY 2011**

	<b>Budget FY11</b>	
<b>Cash provided (used) by Operating Activities</b>		
Income	1,392,295	
Less Donated Materials & Services	(175,000)	
Cash Income	1,217,295	
General and Administrative Expenses	(1,133,349)	
Net Cash Used for General/Admin Expenses	(1,133,349)	
CIP to complete FY10 houses (3)	(68,000)	
Construction Exp-Homes started and completed in FY11 (7)	(536,000)	
Construction Expenses-Homes started and in progress (3)	(33,500)	
Add: Donated Materials and Services - (non cash)	150,000	
Net Cash Used for Construction	(487,500)	
Net Cash Provided (Used) by Operating Activities	(403,554)	
<b>Cash provided (used) by Investing Activities</b>		
Purchases of Land	0	<i>(Use Grants)</i>
Purchases of Equipment/Vehicles	(12,500)	
Net Cash Used by Investing Activities	(12,500)	
<b>Cash provided (used) from Mortgage Activity</b>		
Principal Payments	108,000	
TDHCA-Down Payment Assistance (Home)	60,000	(1)
TDHCA-Bootstrap AAR	136,250	(2)
Net Cash Provided by Mortgage Activity	304,250	
Net Increase (Decrease) in Cash	(111,804)	
Cash, Beginning of Period	95,000	
Cash, End of Period	(16,804)	

(1) This assumes 8 homes will get \$7,500 in down payment assistance.

(2) This assumes 5 homes will get TDHC Bootstrap AAR money of a pre-approved amt below

Winters	29,500	1/22/11
Escamilla	25,750	1/22/11
Phillips	25,750	1/21/11
Ferguson	29,500	5/19/11
Hash	25,750	1/19/11

**136,250**

McKinney ReStore 2011 FY Budget

Draft

<b>Income</b>	
Capacity Build Grant	28,000
ReStore Sales-Donated Items	491,000
ReStore Sales-Purchased Product	150,000
Transfer to Construction	40,000
Cost Avoidance	(20,000)
<b>Total ReStore Income</b>	<b>689,000</b>
<b>Cost of Goods Sold</b>	
Cost of ReStore Products Sold	91,000
Parts & Supplies	10,000
Inventory Loss/Damage	5,000
Credit Card Discount Fees	12,000
<b>Total COGS</b>	<b>118,000</b>
<b>Gross Profit</b>	<b>571,000</b>
<b>Expense</b>	
Dues and Subscriptions	500
Computer&OfficeEq Repair&Maint	500
Office Equipment Leases	600
Office Supplies	1,000
Postage and Delivery	450
Repairs&Maint	2,250
Telephone/Fax/Internet	4,800
<b>Total Administrative</b>	<b>10,100</b>
Gas-Company Vehicles	4,800
Vehicle Repairs & Maintenance	2,000
Auto Insurance	4,200
<b>Total Fleet Expense</b>	<b>11,000</b>
Advertising	10,000
Promotional	2,000
Printing & Publications	1,500
<b>Total Marketing &amp; Advertising</b>	<b>13,500</b>
Wages	180,000
Health Insurance	25,440
Employee Benefits	4,415
Payroll Taxes	13,770
Staffing-Americorp/Vista/ExpWks	10,600
<b>Total Employee Related Expenses</b>	<b>234,225</b>
Rent	151,000
Utilities/Disposal/Trash	33,600
Security	1,200
Storage	1,500
<b>Total Occupancy Expense</b>	<b>187,300</b>
Parking/Tolls	1,500
Meals	250
Meetings	750
Travel	2,000
<b>Total Meetings &amp; Travel</b>	<b>4,500</b>
<b>Total Expense</b>	<b>460,625</b>
<b>Net Ordinary Income</b>	<b>110,375</b>
Depreciation Expense	1,600
<b>Net Income</b>	<b>108,775</b>



North Collin County Habitat for Humanity  
 Budget vs. Actual  
 July 2009 through April 2010

	ReStore		
	Jul '09 - Apr 10	Annual Budget	% of Budget
<b>Income</b>			
\$Contributions	763		
Donation - Materials (GIK)	54,346		
Grants	28,648	45,000	64%
ReStore Income	265,353	530,000	50%
<b>Total Income</b>	<b>349,110</b>	<b>575,000</b>	<b>61%</b>
<b>Cost of Goods Sold</b>			
Cost of ReStore Products Sold	31,050		
COGS - GIK	51,300		
Parts & Supplies	3,089		
Freight	2,328		
<b>Total COGS</b>	<b>87,767</b>		
<b>Gross Profit</b>	<b>261,343</b>	<b>575,000</b>	<b>45%</b>
<b>Expense</b>			
Administrative	15,313	5,000	306%
Construction Costs	1,908		
Fleet Expense	6,920	3,000	231%
Marketing & Advertising	12,612		
Employee Related Expenses	121,221	173,661	70%
Occupancy Expense	93,971	88,357	106%
Meetings & Travel	2,433		
<b>Total Expense</b>	<b>254,378</b>	<b>270,018</b>	<b>94%</b>
<b>Net Ordinary Income</b>	<b>6,965</b>	<b>304,982</b>	<b>2%</b>
<b>Other Expense</b>			
Depreciation Expense	15,053		
<b>Total Other Expense</b>	<b>15,053</b>		
<b>Net Other Income</b>	<b>(15,053)</b>		
	<b>(8,088)</b>	<b>304,982</b>	<b>(3%)</b>

**MCKINNEY HABITAT FOR HUMANITY, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
**With Independent Auditor's Report**

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

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**Emma S. Walker, P.C.**

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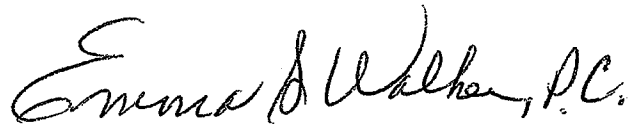
Independent Auditor's Report

To the Board of Directors of  
McKinney Habitat for Humanity  
McKinney, Texas

We have audited the accompanying statements of financial position of McKinney Habitat for Humanity ("Habitat") (a non profit corporation) as of June 30, 2009, and the related statement of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of Habitat management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Habitat's financial statements and, in our report dated October 31, 2008 we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat at June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



October 12, 2009

**McKinney Habitat for Humanity, Inc.**  
**Statement of Financial Position**  
**For Year Ending June 30, 2009 and Comparative Total for 2008**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
<b>ASSETS</b>		
Cash	\$ 7,657	\$ 145,092
Temporarily Restricted Cash	153,857	140,438
Grants Receivable	-	122,793
Inventories - Land	233,140	91,393
Non-Interest Bearing Mortgages Receivable - Current (note 3)	92,830	83,778
Agency Receivables	389,904	270,904
Other Assets	1,550	1,427
Prepaid Expenses	13,119	219
Total current assets	<u>892,057</u>	<u>856,044</u>
Property, Furniture and Equipment (net) (note 4)	187,325	54,738
Non-Interest Bearing Mortgages Receivable (note 3)	1,366,255	1,301,082
Discount on Non-Interest Bearing Mortgage (note 3)	(739,203)	(700,485)
Construction In Progress (note 5)	216,520	282,060
Total long-term assets	<u>1,030,897</u>	<u>937,395</u>
Total Assets	<u>\$ 1,922,954</u>	<u>\$ 1,793,439</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts Payable & Accrued Expenses	\$ 55,206	\$ 63,526
Escrow-Mortgage Holders	63,614	70,087
Agency Payables	389,904	270,904
Line of Credit (Due to Other funds)	-	-
Total Current Liabilities	<u>508,724</u>	<u>404,517</u>
Net Assets		
Unrestricted - Undesignated	1,260,373	1,238,915
Temporarily Restricted	153,857	150,007
Total Net Assets	<u>1,414,230</u>	<u>1,388,922</u>
Total Liabilities and Net Assets	<u>\$ 1,922,954</u>	<u>\$ 1,793,439</u>

See accompanying notes to financial statements.

**McKinney Habitat for Humanity, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2009 and Comparative Total for 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total June 30, 2009</u>	<u>Total June 30, 2008</u>
<b>REVENUE AND OTHER SUPPORT:</b>				
Grants	\$ -	\$ 118,473	\$ 118,473	\$ 323,793
Contributions	97,976	119,427	217,403	189,934
Contributions - Non Cash	163,968		163,968	265,274
Discount amortization	44,342		44,342	36,561
Transfers to Homeowners	285,000		285,000	504,599
ReStore Sales	17,059		17,059	-
Special Events , net of expenses	27,375		27,375	75,457
Miscellaneous	13,483	-	13,483	11,425
Interest Income	4,616	759	5,375	10,085
Net assets released from restrictions	225,240	(225,240)	-	
<b>Total Revenue and Other Support</b>	<u>879,059</u>	<u>13,419</u>	<u>892,478</u>	<u>1,417,128</u>
<b>EXPENSES:</b>				
Home Ownership Program	805,723	-	805,723	1,102,451
ReStore Program	8,337	-	8,337	-
Management and administrative	53,110	-	53,110	164,670
<b>Total Expenses</b>	<u>867,170</u>	<u>-</u>	<u>867,170</u>	<u>1,267,121</u>
Change in Net Assets	11,889	13,419	25,308	150,007
Net Assets, June 30, 2008	1,248,484	140,438	1,388,922	1,238,915
Net Assets, June 30, 2009	<u>\$ 1,260,373</u>	<u>\$ 153,857</u>	<u>\$ 1,414,230</u>	<u>\$ 1,388,922</u>

See accompanying notes to financial statements.

McKinney Habitat for Humanity, Inc.  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2009 and June 30, 2008**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
<b>OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 25,308	\$ 150,968
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation Expense	8,515	6,574
Discount amortization-mortgages	(44,342)	(36,561)
Transfer to Home Owners	(201,940)	(325,968)
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	(141,747)	(57,869)
(Increase) decrease in grants receivable	122,793	(122,793)
(Increase) decrease in prepaid expenses	(12,900)	8,899
(Increase) decrease in accounts receivable	-	518
(Increase) decrease in homes under construction	65,540	3,156
Increase (decrease) in accounts payable and accrued expenses	(13,849)	19,541
Net cash used by operating activities	<u>(192,622)</u>	<u>(353,535)</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of Equipment	(143,800)	(14,338)
Mortgage payments received	187,098	135,375
Net cash used by investing activities	<u>43,298</u>	<u>135,375</u>
<b>NET INCREASE (DECREASE) IN CASH AND TEMPORARILY RESTRICTED CASH</b>		
	(124,016)	(67,192)
<b>CASH AND TEMPORARILY RESTRICTED CASH:</b>		
Beginning of Year	285,530	352,722
End of Year	<u>\$ 161,514</u>	<u>\$ 285,530</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON CASH ACTIVITIES:</b>		
Issuance of non-interest bearing mortgages loans	\$ <u>285,000</u>	\$ <u>504,599</u>
Discount on non-interest bearing mortgages loans	\$ <u>(83,060)</u>	\$ <u>(178,631)</u>
Transfers to homeowners subject to non-interest bearing mortgage loans	\$ <u>201,940</u>	\$ <u>325,968</u>

See accompanying notes to financial statements.

McKinney Habitat for Humanity, Inc.  
Statement of Functional Expenses  
For The Year Ended June 30, 2009 and Comparative Totals for 2008

	Program Services		Support Services	Total June 30, 2009	Total June 30, 2008
	Construction	ReStore	Management & General		
Salaries & Benefits	\$ 170,355	\$ -	\$ 42,588	212,943	\$ 148,783
Mortgage Discount	83,060	-	-	83,060	178,631
Materials and Supplies	328,882	-	-	328,882	537,623
Development Expenses	108,200	-	-	108,200	307,668
Insurance	7,465	-	830	8,295	14,465
Rent	3,000	-	775	3,775	3,600
Telephone	7,856	-	1,964	9,820	4,694
Program Expenses	19,823	-	-	19,823	5,877
Advertising	-	-	-	-	2,174
Auto Trailer Expense	5,654	-	-	5,654	3,495
Office Expenses	4,415	-	491	4,906	6,560
Repairs	2,344	-	260	2,604	3,842
Printing and Promotions	1,498	-	-	1,498	4,397
Postage	2,951	100	339	3,390	3,428
Dues & Subscriptions	3,598	-	300	3,898	1,270
Bank Charges	970	1,385	110	2,465	1,649
Depreciation Expense	8,015	-	500	8,515	6,574
Utilities	5,657	-	629	6,286	5,481
Tithe	15,289	-	-	15,289	13,989
Professional Fees	9,176	1,147	1,147	11,470	3,564
Miscellaneous	8,838	5,705	1,008	15,551	6,376
Travel	8,677	-	2,169	10,846	7,214
	<u>\$ 805,723</u>	<u>\$ 8,337</u>	<u>\$ 53,110</u>	<u>867,170</u>	<u>\$ 1,271,354</u>

See accompanying notes to financial statements.



**MCKINNEY HABITAT FOR HUMANITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

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

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

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

**Basis of Accounting**

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

**Basic of Presentation**

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

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

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

**MCKINNEY HABITAT FOR HUMANITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)**

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

**CASH AND CASH EQUIVALENTS**

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

**MORTGAGES RECEIVABLE**

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

**PROPERTY & 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.

**MCKINNEY HABITAT FOR HUMANITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)**

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

**INKIND CONTRIBUTIONS**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Donated services are recognized in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise need to be purchased by Habitat.

**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.

**NOTE 2 – 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 \$233,140 as of June 30, 2009 which included 28 lots.

**MCKINNEY HABITAT FOR HUMANITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 3 – PROPERTY, EQUIPMENT AND DEPRECIATION**

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

	<u>2009</u>
Land	\$ 2,750
Building & Improvements	117,526
Office Equipment	42,196
Vehicles & Trailers	52,630
Machinery & Equipment	<u>6,526</u>
	221,628
Less: Accumulated Depreciation	<u>(34,303)</u>
	<u>\$ 187,325</u>

**NOTE 4 – CONSTRUCTION IN PROGRESS**

Real estate costs, building materials and contract labor are recorded at cost when incurred. The administrative costs of developing projects are allocated to the respective projects. Construction in progress consists of the following as of June 30, 2009:

	<u>JUNE 30, 2009</u>	
	<u>NUMBER</u>	<u>COST</u>
Homes Under Construction		
July 1,	7	\$ 282,060
Additional Cost Incurred		
During the Year		249,641
New Homes Started		
During the Year	3	119,398
Homes Transferred		
During the Year	<u>(5)</u>	<u>(434,579)</u>
Homes Under Construction		
June 30	<u>5</u>	<u>\$ 216,520</u>

**MCKINNEY HABITAT FOR HUMANITY  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 5 – SALES TO HOMEOWNERS**

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

**NOTE 6 – MORTGAGES RECEIVABLE**

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

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

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

2010	58,363
2011	58,363
2012	58,363
2013	58,363
2014	58,363
Thereafter	<u>1,167,270</u>
Total	<u>\$1,459,085</u>

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

**MCKINNEY HABITAT FOR HUMANITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 7 – IN-KIND CONTRIBUTIONS**

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

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

**NOTE 8 – RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of June 30, 2009:

Temporarily Restricted	
Contributions Temporarily Restricted	<u>\$153,857</u>

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

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

**NOTE 10 – CONCENTRATION OF CREDIT RISK**

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

**NOTE 11 – TRANSACTIONS WITH HABITAT INTERNATIONAL**

Habitat annually remits a portion of its 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, 2009, Habitat contributed \$15,289 to Habitat International.

**MCKINNEY HABITAT FOR HUMANITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**NOTE 12 – SUBSEQUENT EVENTS**

On September 1, 2009 Habitat leased approximately 18,200 square feet for the Habitat Restore. The lease is a two year lease from September 1, 2009 thru September 1, 2011. At the end of the lease Habitat has the option to buy the building or renew the lease.

Future minimum payments for the two year period:

2010	\$ 91,800
2011	129,222
2012	<u>32,882</u>
Total	\$ <u>253,904</u>

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

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



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**Emma S. Walker, P.C.**

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

**Independent Auditor's Report**

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

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

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

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



October 19, 2010

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

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

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

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

**Basis of Accounting**

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

**Basic of Presentation**

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

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

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

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

**Cash and Cash Equivalents**

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

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

**Mortgages Receivable**

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

**Property and Equipment**

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

**Construction In Progress**

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

**Support**

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

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

**Functional Expenses**

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

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



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

**NOTE 2 – PROPERTY, EQUIPMENT AND DEPRECIATION**

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

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

**NOTE 3 – CONSTRUCTION IN PROGRESS**

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

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

**NOTE 4 – INVENTORIES**

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

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

**NOTE 5 – SALES TO HOMEOWNERS**

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

**NOTE 6 – MORTGAGES RECEIVABLE**

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

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

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

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

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

**NOTE 7 – IN-KIND CONTRIBUTIONS**

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

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

**NOTE 8 – RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following:

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

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

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

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

**NOTE 10 - CONCENTRATION OF CREDIT RISK**

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

**NOTE 11 - TRANSACTIONS WITH HABITAT INTERNATIONAL**

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

**NOTE 12 - LEASE COMMITMENTS**

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

Future minimum payments for the two year period:

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

**NOTE 13 - NOTES PAYABLE**

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

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

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

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

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

**NOTE 14: SUBSEQUENT EVENTS**

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

# 2060 Couch

## Remodel Estimates EXTERIOR

Concrete		
repair drives/parking		\$5,000.00
ADA ramps		\$1,000.00
Striping Parking		\$3,000.00

Sheet Metal		
Repair walls		\$2,000.00
Repair louvers		\$1,000.00
Roof repair		\$10,000.00
Gutters/down spouts		\$2,000.00

Fencing		
Repair		\$1,000.00
New		\$2,000.00

Lighting		
Repair		\$1,000.00
New		\$5,000.00

Landscape		
repair Irrigation System		

Bill Cox says, system has never worked.  
small area - God waters

Clean-up		
concrete rubble in back lot		\$5,000.00

Gas service entrance      Atmos will revise to smaller meter at their expense

Loading Dock Sump		\$500.00
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Erosion Control		\$5,000.00
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EXTERIOR TOTAL      \$43,500.00

INTERIOR TOTAL      \$290,500.00

Total	\$334,000.00
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OPTION 1	Paint building exterior - Metal	\$10,000.00
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OPTION 2	Roof Coating	\$30,000.00
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# 2060 Couch

## Remodel Estimates INTERIOR

Sales Floor		
	repair Concrete	\$20,000.00
	ADA	\$5,000.00
Framing		
	Remove Walls	\$5,000.00
	New Walls	\$5,000.00
	Ceilings	\$10,000.00
	Insulation	\$10,000.00
Painting		\$5,000.00
Store Front		\$3,000.00
Flooring		\$20,000.00
Plumbing		
	ADA Restrooms	\$5,000.00
	Gas - remove regulators	\$1,000.00
	Drinking Fountian(s)	\$1,000.00
	Mop sink ?	\$2,000.00
Electrical		
	Clean-up existing - cap off unused	\$2,000.00
	New	\$10,000.00
HVAC		
	5 split system Air Conditioners	
	Check out existing	\$1,000.00
	Reduct to cover new areas	\$5,000.00

Repair Gas Shop Heaters	\$2,000.00
move 4 radiant heaters	\$1,000.00
Fire Sprinklers	\$125,000.00
Fire Extinguishers	\$500.00
Communications	
Security	
Alarms	\$5,000.00
Cameras	\$5,000.00
Phone System	\$2,000.00
Office Network	\$5,000.00
Store	
Pallet Racks	\$20,000.00
Graphics	\$5,000.00
Signage	\$10,000.00
INTERIOR TOTAL	\$290,500.00



### **ReStore Financing Structure**

800 Purchase Price  
400 Renovations (includes contingencies)  
1200 Amount to Finance

240 20% Down Payment Amount Needed

**Down Payment Sources**  
160 MCDC  
100 Meadows Foundation Grant  
**260**