

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

Grant Application

Fiscal Year 2018

IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- The Grant Guidelines and Application are available at www.mckinneycdc.org; by calling 972.547.7653 or by emailing cschneible@mckinneycdc.org
- **Please call to discuss your plans for submitting an application in advance of completing the form.** A completed application and all supporting documents are required to be submitted via email or on a thumb drive 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 preliminary Board of Directors review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at www.mckinneycdc.org, by calling 972.547.7653 or emailing cschneible@mckinneycdc.org.*

Applications must be completed in full, using this form, and received by MCDC, via email or on a thumb drive, by 5:00 p.m. on the date indicated in schedule below.

Please indicate the type of funding you are requesting:

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

Promotional or Community Event Grant (maximum \$15,000)
Initiatives, activities or events that promote the City of McKinney for developing new or expanded business opportunities and/or tourism – and enhancing quality of life for McKinney residents.

Promotional and Community Event Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: November 30, 2017	December 2017	January 2018
Cycle II: May 31, 2018	June 2018	July 2018

Project Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 3, 2018	January 2018	February 2018
Cycle II: March 30, 2018	April 2018	May 2018
Cycle III: June 29, 2018	July 2018	August 2018

APPLICATION

INFORMATION ABOUT YOUR ORGANIZATION

Name: North Collin County Habitat for Humanity

Federal Tax I.D.: 75-2443511

Incorporation Date: August 26, 1992

Mailing Address: 2060 COuch Drive

City McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300
habitat.com

Fax: 972-542-5159

Email: development@ncc-

Website: www.ncc-habitat.com

Check One:

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

Professional affiliations and organizations to which your organization belongs: Organizations include Chambers of Commerce for McKinney, Frisco, Prosper, Melissa & Anna, Celina, Princeton and Farmersville. Also members of the Dallas Builders Association and Association of Fundraising Professionals

REPRESENTATIVE COMPLETING APPLICATION:

Name: Elizabeth Johnston

Title: Development & Marketing Manager

Mailing Address: 2060 Couch Dr.

City: McKinney

ST: TX

Zip: 75069

Phone: 972-542-5300
habitat.com

Fax: 972-542-5159

Email: development@ncc-

CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:

Name: Elizabeth Johnston

Title: Development & Marketing Manager

Mailing Address: 2060 Couch Drive

City: McKinney

ST: TX

Zip: 75069

Phone 972-542-5300
habitat.com

Fax: 972-542-5159

Email: development@ncc-

FUNDING

Total amount requested: \$877,521

Matching Funds Available (Y/N and amount): Y - \$3,882,000

Will funding be requested from any other City of McKinney entity (e.g. McKinney Convention and Visitors Bureau, Arts Commission, City of McKinney Community Support Grant)?

Yes

No Not for this project

Please provide details and funding requested: NCC Habitat is requesting funds to cover infrastructure and land prep costs for the Cotton Groves development which will provide 35 affordable housing homes for low income families, a community center, playground and parking areas.

PROJECT/PROMOTIONAL/COMMUNITY EVENT

Start Date: July 1, 2018

Completion Date: March 2019

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

Please See Attachment

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

Please see Attachment

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

I. North Collin County Habitat for Humanity - Overview

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

NCC Habitat has a two pronged housing initiative for low-income families. First, we construct new homes for working families in need earning 30-60% below the median income levels of our area. Second, we provide exterior home repairs for low-income homeowners earning below 60% of median household income levels. Most of these homeowners are seniors or disabled and have both a financial and housing need. All home construction and repair projects are completed by the hands of over 5,000 volunteers with materials obtained through donations, partners, sponsorships, and grants from organizations such as MCDC.

NCC Habitat has been building homes for 25 years helping low-income families since its incorporation in 1992. We build decent, affordable houses in the cities of Anna, Blueridge, Celina, Farmersville, Frisco, McKinney, Melissa, Princeton, Prosper, Westminster, and Weston. On average, a Habitat 4-person household will earn between \$24,000 and \$44,000 per year based on historical data. Habitat homes are sold based on the homeowners ability to pay. The monthly payments are priced at less than 30% of their monthly gross income. Affordable mortgages to homeowners are serviced by NCC Habitat over a 20-30 year period for a zero equivalent interest loan.



To date, NCC Habitat has completed 111 new homes in North Collin County and 186 home rehabs. We estimate 297 families or 1,188 people now live in solid, secure, permanent housing through the programs of NCC Habitat, much of this in McKinney. 96% of our families remain in their homes making timely payments and establishing long stable work patterns.

Habitat plans to build 10 New Construction Homes and repair 30 existing homes in Fiscal Year 2017-2018. We have 26 full and part-time experienced staff members to accomplish it. We have also committed help to Puerto Lempira, Honduras where we have built 48 homes and continually aid the Send Hope orphanage there through building renovations and materials. With your help, we will provide affordable, permanent shelter to McKinney families.

NCC Habitat is currently in confidential discussions with South Collin County Habitat for Humanity concerning a possible merger of the organizations. We feel this will allow us to better serve families, communities, volunteers and sponsors by combining. NCC Habitat leadership will continue to serve in the primary positions of Executive, Financial, and Construction leadership. We will be strengthened with additional staffing resources, another ReStore and an expanded service area to help us execute our strategic plans for all of Collin County. SCC Habitat has 4 executive employees plus 11 in the Plano ReStore. This will bring our total staff to 43. Merger agreements have not yet been approved by Habitat International, but are anticipated and expected to be within 30 days.

The NCC Habitat Board has also contracted with MAP, Mission Advancement Professionals, to conduct a capital campaign feasibility study in preparation of a capital campaign to raise the funds to complete this project over the next 12-24 months.

II. Cotton Groves Community – The Project Overview

NCC Habitat for Humanity and our Cotton Groves development project is a big idea creating big change in affordable housing nationwide. Through this project we hope to see a lasting, transformative impact on McKinney and then beyond.

Over 115 families are currently on our waiting list for an affordable home in North Collin County, TX. Families like Emily Stoddard, single mother of three young children. Emily has been working her way out of poverty for many years. Life has taken Emily from homelessness, to shelter living, through GED and job mentoring programs, and finally to independent apartment living. She is now waiting to build a home she can afford and count on through Habitat. Emily has continued to work hard to keep her family together, cared for and sheltered through it all. She is accustomed to struggle, but the opportunity to create a stable, strong, independent home for her and the kids is something that, until now, was out of reach. She's looking to build a home upon which she will build a life.

NCC Habitat builds simple, decent homes for 8 to 10 families a year on parcels of land that allow us to keep costs low. But as our area grows economically, land costs have escalated, home appraisals have doubled, available land is scarce, building materials are expensive, and keeping pace with the need in our area for an affordable place to live is difficult. Low to moderate income families have no options for permanent housing they can afford, and are forced to move frequently taking low cost rent or government housing options that are less than ideal for families.

NCC Habitat has recently purchased a 2.78 acre lot in East McKinney, TX where we plan to build a 35 unit town home community of homes for low to moderate income Habitat families. This community of homes will be called Cotton Groves and will be built entirely from recycled shipping containers. Our volunteers will finish out the interior of these containers with traditional home materials to make innovative, unique, highly desirable homes for our qualifying families. In addition to permanently housing 35 families which is estimated to impact 140 people, NCC Habitat will construct a Community Center as part of the development to foster connection, unity, diversity, inclusion and strength for all who live in that area. A community playground, adequate parking and cutting edge innovation will also be a part of the complete design which will revitalize a community.



With this innovative solution to affordable housing, NCC Habitat has an opportunity to turn environmental problems, economic struggles, volunteer impact, and socioeconomic interaction into a solution to exponentially serve families through permanent shelter and authentic community. This development is the first of its kind in the U.S.

The Cotton Groves community will be built on the land at 603 Bumpass Street in McKinney. Plans

have been approved by the McKinney City Council. A timeline for the project is below.

October 1, 2018 **Begin EPA/NCC Habitat Joint Project to Demolish & Abate Hazardous Materials in Existing Home on Land** – An existing home currently sits on the site of the development. It contains lead paint and asbestos insulation. This material and

the home will be demolished and properly abated under supervision of the EPA.

- October 21, 2018** **Begin construction of Infrastructure for Development** – roads, sewer and plumbing lines for the development will be laid.
Completion of EPA/NCC Habitat Demolition & Abatement Project
- January 1, 2019** **Ground Breaking of Cotton Groves Development** – Ceremony marking the beginning of construction for the development will be held with a large publicity event. **Infrastructure for Development Completed**
- January 30, 2019** **First set of Containers for Home #1 & #2 Dropped and Installed** – Eight containers will be dropped on the site and will be installed to erect 2 housing units. Each unit will be comprised of 4 containers. Construction of the first and second Home Units will begin.
- April 30, 2019** **First Container Home Completed and Family Move-in** – The first housing unit construction will be completed, using volunteer teams to complete the finish out of the home. The Approved Habitat Family will move in.
- May 31, 2019** **Second Container Home Completed and Family Move-in** - The second housing unit construction will be completed, using volunteer teams to complete the finish out of the home. The Approved Habitat Family will move in.
- June 30, 2019** **Housing Unit #3** - Preparation for the Third Container Home will begin including Containers dropped, installed, Home Construction and then Completion.
- July 1, 2019** **Cotton Groves Community Center construction begins.** During this time home construction will continue.
- November 1, 2019** **Cotton Groves Community Center construction completed.** Home construction will continue until all 35 units are completed.

Additional housing units will be constructed throughout 2019-2021 following this same construction pattern of 10 weeks per unit until the 35 homes are constructed and families move in. NCC Habitat hopes to construct a Phase 2 of this project on a future site in McKinney and possibly construct a similar community in another part of our service area as funds and land are available.

NCC Habitat is asking for \$877,521 which will cover the infrastructure costs for the community.

Breakdown of Proposed Need

Infrastructure	\$746,671
Demolition of vacant structure/Lot Prep	\$7,500
Professional design, structural, MEP services	<u>\$123,350</u>
Proposed Need	\$877,521 (18% of total project)

That is \$25,072 per unit in infrastructure costs not including the community center. Funds for the construction of the home units will be raised through sponsors, grants, and a capital campaign seeking donations from individual contributors.

Total Project Budget

35 New Home units	\$2,800,000
Community Center	300,000
Land (Paid)	225,000
Land Prep and infrastructure costs	754,171
Abatement of Hazardous Materials	22,006
Playground	22,882
Professional Design, consulting, campaign fees	349,870
City Impact fees	<u>285,901</u>
Total Cost	\$4,759,830

Project Grants – please complete the section below:

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

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

NCC Habitat is currently in the middle of a feasibility study for this project. We have hired Mission Advancement Professionals (MAP), a consulting firm specializing in feasibility studies and capital campaigns. The completed study is to be presented to our Board of Directors on April 21, 2018 and will be available to you after that. We would be very happy to share the Executive Summary with you at that time.

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

Traditionally, NCC Habitat builds simple, decent homes for 8 to 10 families a year on parcels of land that allow us to keep costs low. But as our area grows economically, land costs have escalated, available land is scarce, appraisals have doubled, building materials are expensive, and **keeping pace with the need in our area** for an affordable place to live is difficult. Low to moderate income families have no options for permanent housing they can afford, and are forced to move frequently taking low cost rent or government housing options that are less than ideal for families. This development will improve the quality of life for McKinney residents by providing an affordable home where low to moderate income families can build their financial strength and live independently.

About 21,000 shipping containers arrive in U.S. docks every day. With the U.S. currently importing more goods than it exports, an estimated 2 million empty shipping containers are sitting idle at any given time. With this innovative solution to affordable housing, NCC Habitat has an opportunity to turn environmental problems, economic struggles, volunteer impact, and socioeconomic interaction into a solution to exponentially serve families through permanent shelter and authentic community. This community will attract residents and visitors to the city of McKinney to see this unique,

cutting edge community of homes that has sparked nationwide interest.

Through the Cotton Groves development, NCC Habitat will offer this cutting edge, designer, high-end building technique to affordable housing units. These shipping container home designs are something families across all socio-economic levels have a sincere interest. Providing these homes to lower income families will give them a unique place to live that many would appreciate.

Adding a Community Center as part of the development will foster connection, unity, diversity, inclusion and strength for all who live in that area. Providing a place for meetings, trainings, social events, life building skills and more will offer residents more than just a place to live, but a place to thrive. A community playground, adequate parking and cutting edge innovation will also be a part of the complete design which will revitalize a community and improve quality of life for everyone in the neighborhood.

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

Meet citizen needs for quality of life improvements, business development and sustainable economic growth for residents in the City of McKinney. Also, highlights and promotes McKinney as a unique destination for residents and visitors alike, and supports community projects and events that attract residents and visitor participation and contribute to quality of life.

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

Yes

No

The land was purchased by MCDC

Date(s): July 2017

Financial

NCC Habitat is financially sound and positioned well for growth and future strength. With our ReStore operations, NCC Habitat is self-sustaining, providing for the administrative expenses of the organization. That revenue allows NCC Habitat to put 96% of every dollar donated directly to housing programs that benefit our families.

That said, we are embarking upon a large scale project that will greatly improve the lives of many residents in McKinney. The cost of the project is approximately \$4,750,000 which we plan to raise through a capital campaign receiving pledges and donations over a three year period. This grant is seeking funds for the project infrastructure. Completing the infrastructure phase of the project through this grant will allow us to springboard construction raising money for the homes themselves. We expect to begin construction of the first container home in January of 2019.

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

\$\$4,759,830

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

Are Matching Funds available? Yes

No

Cash \$3,325,000

Source See below

% of Total 85%

In-Kind \$548,500

Source See below

% of Total 15%

Please provide details regarding other potential sources for funding. Include name of organization solicited; date of solicitation; amount of solicitation and date that notice of any award is expected.

MCDC – Land Acquisition	\$225,000	Paid (in 2017)
Fannie Mae	\$500,000	Proposed
Environmental Protection Agency (EPA)	\$22,000	Proposed
Wells Fargo	\$90,000	Proposed
Citibank	\$50,000	Proposed
Independent Bank	\$30,000	Proposed
Martin Marietta	\$40,000 – GIK	Proposed
Material Partners	\$710,000– GIK	Proposed
Church Partners	\$90,000	Confirmed \$40,000 Proposed \$50,000
LegacyTexas Bank	\$75,000	Proposed
Capital Campaign – Individual Habitat Donors	\$2,000,000	To be raised
Meadows Foundation	\$50,000	
TOTAL	\$3,882,000	
GAP	\$878,000	

IV. Marketing and Outreach

NCC Habitat is actively marketing and promoting our programs to the public and our service to the community. We are a part of all area chambers of commerce including the McKinney Chamber where we widely spread awareness for our programs. Our partnerships with many local churches allow us to reach a large number of people with the work we do for families and programs we offer LMI families. Our internal media list has a broad reach as well publicizing events such as Wall Raisings, Dedications, partnerships, accomplishments and the plans for our Cotton Groves development. Through our marketing relationships, NCC Habitat has already received 5 television interviews with local news stations like NBC 5, ABC, CBS, and Telemundo. The Dallas Morning News among several other publications has already done stories on this project with the interest to cover more as the project begins. Making an impact in the media about affordable housing needs and options is important to NCC Habitat and the Cotton Groves development is a unique vehicle through which we can do that.

Increasing awareness for the project and our programs will help us find families, In-Kind material donations, funding,

volunteers and new options for affordable housing in the future. Sharing this conversation through public relations avenues increases our effectiveness and the opportunities we have to increase our work for communities.

V. Metrics to Evaluate Success

NCC Habitat is looking for incredible and exciting outcomes throughout the entire process of the project. First we expect to see ready adoption of the innovative housing solution and new partnerships coming to us to further expand what we can offer to LMI families. We expect new families approved for the program and working on their sweat equity hours, preparing to be a part of this unique affordable housing solution. We expect momentum to grow, new GIK donations coming in for this phase and the phase 2 of this planned development. We expect to have a large group of trained volunteers ready to lead and implement a scaled version of the development using this new material concept.

Following the completion of the project, we expect to see 35 LMI families living in community with one another in their first ever affordable, permanent home. We expect to see once struggling LMI families beginning to build a financial future, finishing college degrees, establishing long solid work history, paying their mortgage on time and in full each month. We want to see families that are finally able to live strong, stable, self-reliant futures and reach goals long abandoned.

This community can find strength in each other. Our community concept was designed with the goal of bringing people together for connection. With our design concept and patio living, access to a community center and a playground, we hope neighbors are building lasting relationships that can build each other up and strengthen the families that live there.

Acknowledgements

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

- The Project/Promotional/Community Event for which financial assistance is sought will be administered by or under the supervision of the applying organization.
- All funds awarded will be used exclusively for the purpose described in this application.
- MCDC will be recognized in all marketing, advertising, outreach and public relations as a funder of the Project/Promotional/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/ Community Event for which funds were received.
- A final report detailing the success of the Project/Promotional/Community Event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotional/Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotional/Community Event with submission of invoices/receipts to MCDC. The final 20% may be paid following MCDC's receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final report on the Project/Promotional/Community Event.
- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120th day after the date the MCDC notifies the applicant of the violation.

We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.

Chief Executive Officer

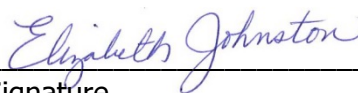


Signature

Celeste H. Cox
Printed Name

March 29, 2018
Date

Representative Completing Application



Signature

Elizabeth C. Johnston
Printed Name

March 29, 2018
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/Community Event; description, budget, goals and objectives
- Indicate the MDCDC goal(s) that will be supported by this Project/Promotional/Community Event
- Project/Promotional/Community Event timeline and venue
- Plans for marketing and outreach
- Evaluation metrics
- List of board of directors and staff

Attachments:

- Financials: organization's budget for current fiscal year; Project/Promotional/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 MDCDC WITHIN 30 DAYS OF THE EVENT/COMPLETION OF THE PROJECT/PROMOTIONAL/COMMUNITY EVENT.

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

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



McKINNEY COMMUNITY DEVELOPMENT CORPORATION

Final Report

Organization:

Funding Amount:

Project/Promotional/Community Event:

Start Date:

Completion Date:

Location of Project/Promotional/Community Event:

Please include the following in your report:

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

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

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

Attn: Cindy Schneible
cschneible@mckinneycdc.org



North Collin County

**Habitat
for Humanity®**

ReStore

Board of Directors - Fiscal Year 2017 - 2018

Board Member

Position

Background

Mr. Matt Hilton	President	Real Estate Owner/Agent
Mr. Marty Smith	President-Elect	Legal
Mr. Larry Pietenpol	Vice President	Retired
Mr. Jason Jupiterwala	Treasurer	Finance
Mr. Nelson Carter	Secretary	Director Mkt/Training
Mr. Tim Baker	Assistant Secretary	Retired
Mr. Rache Barnett	Assistant Treasurer	Banking
Mr. Terry Busha	Immediate Past President	Finance
Mr. Doc Compton		
Mr. Jack Kocks		
Mr. Hunter Lord		
Mr. Larry Pietenpole		
Mr. JR Russell		
Mr. Martin Smith		
Ms. Olive Swearingen		
Mr. Bud Ward		
Mr. Terrence Wegner		

Organizational Leadership Team

CEO – Celeste Haiduk Cox

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

COO – Marnie Diepenbrock

Marnie Diepenbrock joined NCC Habitat in 2018. Marnie served as the Senior Human Resource Manager for Cabela's in Allen. Her duties included opening 4 new retail locations, managing the benefits program, recruitment and training of employees. While at Cabela's, she was the acting Area Manager over 6 retail store locations in Texas. Marnie has served as the Southwest Regional Operations/HR Manager for Chrysler/Dodge which included managing a regional budget, creating a team environment, coaching/mentoring, conflict resolution and tracking regional KPI's. Prior to Cabela's, she

led a Child Development Center in Plano/Murphy with 300 students. Her experience includes HR, Marketing, Retail, Business Management, Benefits, Training, Employee Relations, Recruiting, Compensation, and Performance Management.

CFO – Ruthie Drye

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

Construction Project Manager – Bryant Knepp

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

ReStore Manager – Rick Greene

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

Family and Volunteer Manager – Dawn Serr

Dawn has been on staff at NCC Habitat since 2010, when she joined as the Volunteer Coordinator. Dawn has served in this role organizing and managing all of our weekly, daily, and occasional volunteers which number in the thousands! Dawn also serves as a Family Mentor working with our Habitat families helping them through the Habitat homeownership program, and on into the first year of being a homeowner. Dawn is passionate about both our families and our volunteers. She is a very integral part of this entire organization working with so many of the people this people organization serves. Dawn is also a wife, mother of 4 grown children, and grandmother to 4 grandchildren.

Development & Marketing Manager – Elizabeth Johnston

Elizabeth joined NCC Habitat in 2014 as the Marketing Coordinator for promoting both NCC Habitat and the ReStore. She took on the additional responsibilities of Grant Writer in 2015 and writes over 30 grants annually on behalf of NCC Habitat. Elizabeth transitioned to the role of Development Manager in 2017 to strengthen our Donor management and procurement efforts for the organization while continuing to oversee the marketing strategies for the affiliate and ReStore. Elizabeth is also a wife and mother of two wonderful children.

NCC HABITAT OPERATIONS BUDGET

North Collin County Habitat for
Humanity
FY18 Proposed Amended Budget

	FY18 Original Budget	FY18 Amended Budget
Ordinary Income/Expense		
Income		
Total 4100-\$ Business Contributions	117,700	72,700
Total 4200-\$ Individual Contributions	99,200	87,356
Total 4300-\$Agency Contributions	5,000	5,000
Total 4400-\$Church Contributions	48,500	36,000
Total 4000-\$Contributions	270,400	201,056
Total 4600-Grants	413,000	503,200
Total 4700-Other Income	38,340	51,871
4800-ReStore Sales		
4810-Construction Cost Avoid	(18,000)	(18,000)
4820-ReStore Sales-DonatedProd	877,400	833,657
4830-ReStore Sales-PurchasdProd	478,600	337,307
4840-ReStore Trfr to Constr	33,000	33,000
4850-ReStore Trfr to HFH Affil	4,000	98
Total 4800-ReStore Sales	1,375,000	1,186,062
Total 4900-Special Events Net Income	78,450	107,052
Total Income	2,175,190	2,049,241
Cost of Goods Sold		
5000-Cost of GoodsSold(ReStore)		
5010-Cost of Construction Txfrs	18,000	18,000
5030-Cost of HFH Affiliate Txfr	3,600	100
5040-Cost of ReStore Prod Sold	248,872	180,280
5050-Freight	6,000	4,350
5060-Merchant Acct Fees	23,052	23,773
5070-Parts & Supplies	2,000	223
5080-Vending Costs	900	900
Total 5000-Cost of GoodsSold(ReStore)	302,424	227,626

Total COGS		
	302,424	227,626
Gross Profit	1,872,766	1,821,615
Expenses		
Total 5100-Administrative	107,350	140,731
Total 5200-Employee Related Expenses	1,151,449	1,090,472
Total 5300-Fleet Expense	46,009	41,474
Total 5400-Marketing & Advertising	79,333	66,383
Total 5500-Meetings & Travel	26,330	10,164
Total 5600-Occupancy Expense	86,624	96,840
Total 5700-Prgm Svcs-Mission Specific	169,721	182,444
Total Expense	1,666,816	1,628,508
Net Ordinary Income	205,950	193,107
Other Income/Expense		
Other Income		
6000-Donated Materials-ReStore	877,400	1,327,693
6100-Early Note Termination	-	21,840
6200-GIK-Material Donations	138,400	195,609
6300-Mtg Discount Amortization	95,000	113,553
6400-Sale to Homeowners	947,103	958,607
Total Other Income	2,057,903	2,617,302
Other Expense		
Total 7100-Construction Cost CIP Exp	818,633	768,121
7200-Depreciation Expense	97,700	97,700
7300-HFH International SOSI Fee	22,200	22,200
7400-HFH International Tithe	30,000	30,000
7600-Mortgage Discount Expense	250,000	250,000
7800-Other GIK Expense	18,800	17,887
7900-ReStore GIK (COGS)	877,400	1,327,693
Total Other Expense	2,114,733	2,513,601
Net Other Income	(56,830)	103,701
Net Income	149,120	296,808

Cotton Groves - Project Budget

<u>Total Project Budget</u>	<u>Cost</u>
35 New Home units	\$2,800,000
Community Center	300,000
Land (Paid)	225,000
Land Prep and infrastructure costs	754,171
Abatement of Hazardous Materials	22,006
Playground	22,882
Professional Design, consulting, campaign fees	349,870
City Impact fees	285,901
Total Cost	\$4,759,830



Help build it!

September 29, 2015

North Collin County HFH
PO Box 153
McKinney, TX 75070-0153

RE: 501(c)(3) Letter for North Collin County HFH, Partner ID# 1328-5090

Dear Affiliate Leader:

This letter will confirm that North Collin County HFH (McKinney HFH, Inc. DBA- North Collin County HFH), with employer identification number 75-2443511, is considered a subordinate under the group tax exemption umbrella of Habitat for Humanity International, Inc. ("HFHI") under Section 501(c)(3) of the Internal Revenue Code.

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.

Enclosed is a copy of the determination letter dated March 9, 2015, provided by the IRS as evidence of HFHI's tax exempt status as well as its group exemption. The determination letter, together with this letter, confirms North Collin County HFH's subordinate status and provides evidence of its tax exempt status under Section 501(c)(3) of the Code.

In partnership,

Beverly Huffman
Director, US/Canadian Support Services Center
Habitat for Humanity International 877-434-4435
USSupportCenter@habitat.org · habitat.org | **Habitat. We build.**

Enclosure



OGDEN UT 84201-0029

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

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



052913

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

Dear Taxpayer:

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

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

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

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

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

Sincerely yours,

Tamera Ripperda
Director, Exempt Organizations

FEASIBILITY STUDY – EXECUTIVE SUMMARY

This report will be available after April 21, 2019, and will be sent to Cindy Schneible at MCDC on April 23, 2018. Thank you!

**NORTH COLLIN COUNTY
HABITAT FOR HUMANITY**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016**

WITH INDEPENDENT AUDITORS' REPORT

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of North Collin County Habitat for Humanity (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, statements of cash flows, and schedules of functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above presented fairly in all material respects, the financial position of North Collin County Habitat for Humanity as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited North Collin County Habitat for Humanity's June 30, 2016 financial statements, and our report dated September 14, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented on the Statement of Activities for the year ended June 30, 2016, is consistent, in all material respects, with the audited Statement of Activities from which it has been derived.

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

Waco, Texas
October 19, 2017

FINANCIAL STATEMENTS

NORTH COLLIN COUNTY HABITAT FOR HUMANITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 52,843	\$ 103,921
Temporarily restricted cash	16,639	134,884
Contributions receivable	251,116	247,454
Inventory	314,419	268,523
Inventories - land held for development	293,976	333,201
Non-interest bearing mortgages receivable, current portion (net of discount)	192,156	170,791
TDHCA Boot Strap agency receivables, current portion	67,438	61,438
Other receivables	28,512	30,615
Total Current Assets	1,217,099	1,350,827
LONG-TERM ASSETS		
Property, furniture and equipment (net)	1,495,803	1,470,752
Contributions receivable	77,675	84,000
Non-interest bearing mortgages receivable, long-term portion (net of discount)	2,509,700	2,037,266
TDHCA Boot Strap agency receivables, long-term portion	928,064	862,569
HBA agency receivable	14,250	15,250
Discount on non-interest bearing mortgage	(1,388,956)	(1,113,567)
Construction in progress	153,636	226,438
Total Long-term Assets	3,790,172	3,582,708
Total Assets	\$ 5,007,271	\$ 4,933,535
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 100,139	\$ 53,982
Escrow-mortgage holders	86,421	75,012
Due to ReStore	95,719	74,661
Due to TDHCA Boot Strap, current portion	67,438	61,438
Line of credit	16,979	-
Notes payable, current portion (net of discount)	85,626	88,674
Total Current Liabilities	452,322	353,767
LONG-TERM LIABILITIES		
Due to TDHCA Bootstrap, long-term portion	929,090	863,590
Due to HBA	8,667	10,667
Notes payable, long-term portion (net of discount)	1,210,108	1,229,638
Total Long-term Liabilities	2,147,865	2,103,895
Total Liabilities	2,600,187	2,457,662
NET ASSETS		
Unrestricted	2,055,833	1,639,620
Temporarily restricted	351,251	836,253
Total Net Assets	2,407,084	2,475,873
Total Liabilities and Net Assets	\$ 5,007,271	\$ 4,933,535

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, 2017

(With Summarized Financial Information for the Year Ended June 30, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
REVENUE AND OTHER SUPPORT				
Grants	\$ -	\$ 315,267	\$ 315,267	\$ 369,662
Contributions	56,233	240,496	296,729	350,962
Contributions - non cash	202,885	-	202,885	172,009
Donated materials	927,762	-	927,762	814,803
Discount amortization	114,448	-	114,448	100,224
Transfers to homeowners	943,811	-	943,811	387,325
ReStore sales	1,236,830	-	1,236,830	1,241,251
Special events, net of expenses	62,187	-	62,187	38,845
Miscellaneous	45,174	-	45,174	38,183
Interest income	283	-	283	516
Net assets released from restrictions	<u>1,040,765</u>	<u>(1,040,765)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>4,630,378</u>	<u>(485,002)</u>	<u>4,145,376</u>	<u>3,513,780</u>
EXPENSES				
Home ownership program	2,095,239	-	2,095,239	1,417,765
ReStore program	1,854,471	-	1,854,471	1,554,373
Management and administrative	<u>264,455</u>	<u>-</u>	<u>264,455</u>	<u>164,628</u>
Total Expenses	<u>4,214,165</u>	<u>-</u>	<u>4,214,165</u>	<u>3,136,766</u>
OTHER INCOME/(EXPENSES)				
Gain (Loss) on disposition of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	416,213	(485,002)	(68,789)	377,014
NET ASSETS, BEGINNING OF YEAR	<u>1,639,620</u>	<u>836,253</u>	<u>2,475,873</u>	<u>2,098,859</u>
NET ASSETS, END OF YEAR	<u>\$ 2,055,833</u>	<u>\$ 351,251</u>	<u>\$ 2,407,084</u>	<u>\$ 2,475,873</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, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$(68,789)	\$ 377,014
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	92,754	88,877
Discount amortization-mortgages	275,389	46,788
Transfer to homeowners	(917,381)	(387,325)
Effect of changes in assets and liabilities:		
(Increase) decrease in inventories - (lots)	39,225	(157,775)
(Increase) decrease in inventories - (resale)	(45,896)	(81,789)
(Increase) decrease in contributions receivable	2,663	(38,135)
(Increase) decrease in agency receivable	(995)	(547)
(Increase) decrease in other receivables	2,103	(7,800)
(Increase) decrease in homes under construction	72,802	(63,355)
Increase (decrease) in accounts payable and accrued expenses	78,624	(4)
Net Cash Used by Operating Activities	(469,501)	(224,051)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of land, building and equipment	(117,805)	(38,270)
Net loan proceeds	(5,599)	(107,955)
Mortgage payments received	423,582	291,849
Net Cash Provided by Investing Activities	300,178	145,624
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(169,323)	(78,427)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	238,805	317,232
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 69,482	\$ 238,805
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Issuance of non-interest bearing mortgage loans	917,381	387,325
Discount on non-interest bearing mortgages loans	(389,839)	(147,009)
Transfers to homeowners subject to non-interest bearing mortgage loans	\$ 527,542	\$ 240,316
Cash paid for interest	\$ 25,747	\$ 36,560

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

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>		<u>Support Services</u>	<u>Total</u>
	<u>Home Ownership</u>	<u>ReStore</u>	<u>Management and Administrative</u>	<u>2017</u>
Bad debt expense	\$ 7,885	\$ -	\$ -	\$ 7,885
Bank charges	811	255	659	1,725
Contract labor	17,869	19,192	2,763	39,824
Credit card fees	-	-	1,970	1,970
Depreciation expense	14,368	71,719	6,667	92,754
Dues and subscriptions	4,134	987	5,213	10,334
Equipment rental	4,984	2,295	1,518	8,797
Fleet Expense	14,444	13,185	1,108	28,737
Insurance	12,582	22,194	3,034	37,810
Interest expense	11,279	13,071	1,397	25,747
Materials and supplies	993,725	1,145,164	1,178	2,140,067
Miscellaneous	808	856	2,428	4,092
Mortgage discount	389,839	-	-	389,839
Office expenses	3,431	7,199	5,579	16,209
Postage	614	587	2,712	3,913
Printing, promotions, and advertising	21,045	28,340	6,629	56,014
Professional fees	4,026	1,342	3,578	8,946
Program expenses	167,626	-	-	167,626
Repairs & Maintenance	2,733	12,291	1,766	16,790
Salaries and benefits	352,639	451,312	208,670	1,012,621
Telephone	8,025	9,821	1,711	19,557
Tithe/ SOSI fee	31,000	600	-	31,600
Travel	13,802	560	3,931	18,293
Utilities	<u>17,570</u>	<u>53,501</u>	<u>1,944</u>	<u>73,015</u>
 Total Expenses	 <u>\$ 2,095,239</u>	 <u>\$ 1,854,471</u>	 <u>\$ 264,455</u>	 <u>\$ 4,214,165</u>

See accompanying independent auditor's report.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>		<u>Support Services</u>	<u>Total</u>
	<u>Home Ownership</u>	<u>ReStore</u>	<u>Management and Administrative</u>	<u>2016</u>
Bad debt expense	\$ 2,036	\$ -	\$ -	\$ 2,036
Bank charges	450	150	400	1,000
Contract labor	9,397	11,355	2,181	22,933
Credit card fees	-	-	1,053	1,053
Depreciation expense	13,510	68,103	7,264	88,877
Dues and subscriptions	3,364	827	2,295	6,486
Equipment rental	5,563	3,133	1,701	10,397
Fleet expense	8,977	22,405	658	32,040
Insurance	11,919	22,959	1,617	36,495
Interest expense	14,343	20,178	2,039	36,560
Materials and supplies	564,752	929,019	21,431	1,515,202
Miscellaneous	510	1,257	2,396	4,163
Mortgage discount	147,009	-	-	147,009
Office expenses	1,378	6,440	6,159	13,977
Postage	6,131	334	1,926	8,391
Printing, promotion, and advertising	24,810	27,058	7,419	59,287
Professional fees	3,406	1,135	3,028	7,569
Program expenses	112,282	290	-	112,572
Repairs & maintenance	1,799	11,984	1,472	15,255
Salaries and benefits	421,246	377,582	94,551	893,379
Telephone	9,069	9,241	1,390	19,700
Tithe/ SOSI fee	41,000	-	-	41,000
Travel	2,854	1,476	3,849	8,179
Utilities	11,960	39,447	1,799	53,206
Total Expenses	<u>\$ 1,417,765</u>	<u>\$ 1,554,373</u>	<u>\$ 164,628</u>	<u>\$ 3,136,766</u>

See accompanying independent auditor's report.

NORTH COLLIN COUNTY HABITAT FOR HUMANITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

1. ORGANIZATION

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

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

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

A description of the three net asset categories follows:

Unrestricted Net Assets

Unrestricted Net Assets represent resources over which the Board of Directors has discretionary control and can be used currently for the general purposes of North Collin County Habitat for Humanity in accordance with its bylaws. The Board may voluntarily designate unrestricted resources for 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. The Organization has no permanently restricted net assets as of June 30, 2017 and 2016.

Cash and Cash Equivalents

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

Restricted Cash

The Board of Directors has restricted \$16,639 and \$134,884 of cash for purposes of renovations for the years ended June 30, 2017 and 2016, respectively.

Contributions Receivable

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in temporarily restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due.

Mortgages Receivable

Mortgages receivables consist of non-interest-bearing mortgages, which are secured by real estate and payable in monthly installments. The mortgages have an original maturity of 20 years. These mortgages have been discounted at various rates ranging from 7.39% to 8.34% based on the prevailing market rates at the inception of the mortgages. Interest income (amortization of the discount) is recorded using the straight-line method over the lives of the mortgages.

Property and Equipment

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

Construction in Progress

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

Support

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

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Organization's significant estimates include the useful lives of property and equipment, the market value of donated inventory, and the amortization of discounts on mortgage loans based on the estimated life of the notes as a method that approximates the effective interest rates.

Income Taxes

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

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Habitat may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Habitat and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2017 and 2016.

Habitat files its forms 990 in the U.S. federal jurisdiction. Habitat is no longer subject to examination by the Internal Revenue Service for years before 2013.

Support and Cost

Grants, gifts of cash, and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of net activities as net assets released from restrictions.

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

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

Allocation of Functional Expenses

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

Donated Services

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

Construction in Progress

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

Transfer or Sale to Homeowners

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

Home Construction Costs

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

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Habitat's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

3. PROPERTY AND EQUIPMENT

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

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Land	\$ 253,847	\$ -	\$ -	\$ 253,847
Buildings and improvements	1,277,807	69,333	-	1,347,140
Furniture and fixtures	101,753	1,943	-	103,696
Vehicles and trailers	124,689	7,502	-	132,191
Machinery and equipment	<u>149,491</u>	<u>39,027</u>	<u>-</u>	<u>188,518</u>
	1,907,587	117,805	-	2,025,392
Less accumulated depreciation	<u>(436,835)</u>	<u>(92,754)</u>	<u>-</u>	<u>(529,589)</u>
Total property and equipment, net depreciation	<u>\$ 1,470,752</u>	<u>\$ 25,051</u>	<u>\$ -</u>	<u>\$ 1,495,803</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$92,754 and \$88,877, respectively.

4. CONSTRUCTION IN PROGRESS

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

	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Homes</u>	<u>Cost</u>	<u>Homes</u>	<u>Cost</u>
Homes under construction at beginning of year	7	\$ 226,438	5	\$ 163,083
Additional cost incurred during the year	-	323,618	-	318,713
New homes started during the year*	8	575,530	7	226,438
Homes transferred during the year	<u>(9)</u>	<u>(971,950)</u>	<u>(5)</u>	<u>(481,796)</u>
Homes under construction at year-end	<u>6</u>	<u>\$ 153,636</u>	<u>7</u>	<u>\$ 226,438</u>

*Includes home purchased back from homeowner (803 Hight) on 2/7/17 and transferred to asset until sold.

5. INVENTORIES

Land held for development consists of home lots to be developed and costs incurred in conjunction with home construction. They are capitalized until the completion of each home. Home lot inventory was \$293,976 and \$333,201 as of June 30, 2017 and 2016, 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 on the date of donation, with the fair market value being recorded as the asset, and the remainder is immediately recognized as contribution expense. The balance of inventory totaled \$314,419 and \$268,523 as of June 30, 2017 and 2016, respectively.

6. SALES TO HOMEOWNERS

During the years ended June 30, 2017 and 2016, nine and five homes were sold to qualifying applicants, respectively. The resulting mortgages are non-interest bearing and the presentation of their book value have been discounted based upon the prevailing market rates for low-income housing at the inception of the mortgages. The discount rates for the years ended June 30, 2017 and 2016 were 7.47% and 7.48%, respectively. The discounts totaled \$389,839 for 2017 and \$147,009 for 2016.

7. MORTGAGES RECEIVABLE

Habitat finances all of the homes that are sold. Each mortgage is issued as a zero-interest mortgage to the buyer. Habitat discounts the mortgages using the current interest rates at the time the home is sold. The discount is amortized using the effective interest method. Mortgages receivable as of June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Mortgages receivable (at face value)	\$ 2,701,856	\$ 2,208,057
Unamortized discount on mortgages	<u>(1,388,956)</u>	<u>(1,113,567)</u>
Mortgages receivable, net of discount	<u>\$ 1,312,900</u>	<u>\$ 1,094,490</u>

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

2018	\$ 192,156
2019	192,156
2020	192,156
2021	192,156
2022	192,156
Thereafter	<u>352,120</u>
Total	<u>\$ 1,312,900</u>

Mortgages are considered delinquent when the monthly mortgage payment is at least 31 days past due. As of June 30, 2017, twelve mortgages totaling \$6,780 were past due. As of June 30, 2016, nineteen mortgages totaling \$8,144 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, 2017, the balance in the agency receivables is \$995,502 and agency payables account is \$996,528. The balances of the agency receivable and payable as of June 30, 2016, the balance in the agency receivables is \$924,007 and agency payables account is \$925,028. Typically, the balance of the agency receivable equals the balance of the agency payable. However, during the current and prior fiscal year, Habitat decided to take back the house of one homeowner. While the Organization wrote off the outstanding receivable from the homeowner, Habitat is still liable to TDHCA for the balance due to them from the homeowner.

During 2012, two homeowners also entered into secondary agreements with the Texas Department of Housing and Community Affairs Homebuyer Assistance Program. Similar as to their agreement with the TDHCA Texas Boot Strap Loan Program, Habitat continues to collect and manage these mortgages and then remits the amount collected to the agency. These amounts are reported as agency receivables and agency payables on the statement of financial position and do not have any effect on the change in net assets. As of June 30, 2017, the balances of the agency receivable and payable were \$14,250 and \$8,667, respectively. As of June 30, 2016, the balances of the agency receivable and payable were \$15,250 and \$10,667, respectively.

8. LONG-TERM DEBT

Long-term debt, net of discounts, consists of the following notes as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Notes payable to Texas Department of Housing and Community Affairs (TDHCA) in the original amounts of \$1,892,373 and \$1,685,456 as of June 30, 2017 and 2016, respectively, bearing interest ranging from 0% to 4%, discount calculated based on an imputed interest rate ranging between 7.39% and 8.34%, the rate provided annually by Habitat for Humanity International, resulting in a discount of \$717,881 and \$499,821, as of June 30, 2017 and 2016, respectively. The Organization remits monthly payments of \$7,135 and the loans mature July 2021 through August 2046.	\$ 1,149,743	\$ 1,031,971
Line of credit to LegacyTexas bank in the amount of \$100,000 due January 18, 2019; interest rate of 5.75%	25,000	-
Note payable to a bank; interest rate of 5.25%; due May 25, 2026. Secured by land and building.	120,991	282,341
Note payable to a vehicle financing company; interest rate of 1.90% due June 14, 2017. Secured by the associated vehicle.	<u>-</u>	<u>4,000</u>
Total outstanding balance	1,295,734	1,318,312
Less current installments	<u>(85,626)</u>	<u>(88,674)</u>
Total long-term debt	<u>\$ 1,210,108</u>	<u>\$ 1,229,638</u>

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

2018	\$ 85,626
2019	110,841
2020	86,222
2021	90,742
2022 & Thereafter	<u>922,303</u>
Total	<u>\$ 1,295,734</u>

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 gift, 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, 2017 was \$202,885 and \$172,009 in 2016.

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>2017</u>	<u>2016</u>
Temporarily restricted Contributions Temporarily Restricted	\$ <u>351,251</u>	\$ <u>836,253</u>

11. 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.

12. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents balances in local financial institutions. All accounts for a single depositor are insured by the Federal Deposits Insurance Corporation up to \$250,000. The Organization had uninsured cash balances of \$0 as of June 30, 2017. The Organization had uninsured cash balances of \$67,126 as of June 30, 2016.

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.

13. ADVERTISING

Habitat uses advertising to promote its program. Advertising expenses are expensed as incurred. For the years ended June 30, 2017 and 2016, advertising expenses of \$56,014 and \$59,287 were incurred, respectively.

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 years ended June 30, 2017 and 2016, Habitat contributed \$16,000 and \$26,000 to Habitat International, respectively. In addition to these unrestricted contributions to Habitat International, Habitat also paid a support fee in the amount of \$15,600 for the year ended June 30, 2017 and \$15,000 for the year ended June 30, 2016.

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 19, 2017 the issuance date of the report. No subsequent events requiring disclosure were noted.