HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2017

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

Board of Directors
Habitat for Humanity of Greater Greensboro, Inc.
Raleigh, North Carolina

We have audited the accompanying financial statements of Habitat for Humanity of Greater Greensboro, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 the 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 Organization'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 Organization'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 present fairly, in all material respects, the financial position of the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in related to the consolidated financial statements as a whole.

Cherry Bekaert LLP

Raleigh, North Carolina
January 31, 2018

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS		
Current Assets:		
Cash	$	505,428
Cash - escrow for homeowners' taxes, insurance, and maintenance		457,597
Net pledges receivable		249,915
Construction in process		738,359
Current portion of mortgage receivable		878,549
Prepaid expenses and other current assets		191,481
Total Current Assets		3,021,329
Net property, plant, and equipment		1,403,439
Noncurrent Assets:		
Real estate held for development or resale, at cost		1,127,461
Long-term mortgages receivable		5,088,359
Endowment funds		159,364
Total Noncurrent Assets		6,375,184
Total Assets	$	10,799,952
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of notes payable	$	63,388
Accounts payable and other liabilities		98,797
Escrow liability for homeowners' taxes, insurance, and maintenance		401,333
Total Current Liabilities		563,518
Noncurrent portion of notes payable		776,950
Total Liabilities		1,340,468
Net Assets:		
Unrestricted		7,910,772
Temporarily restricted		1,419,279
Permanently restricted		129,433
Total Net Assets		9,459,484
Total Liabilities and Net Assets	$	10,799,952

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Public Support:				
Contributions	$ 243,333	$ 1,073,825	$ 22,461	1,339,619
In-kind	-	87,895	-	87,895
Governmental and housing finance agency revenue	-	86,200	-	86,200
Mission trip donations	14,025	-	-	14,025
Total Public Support	257,358	1,247,920	22,461	1,527,739
Revenue:				
ReStore revenue	1,077,667	-	-	1,077,667
Home sales	1,006,200	-	-	1,006,200
Mortgage interest income	398,895	-	-	398,895
Other revenue	96,321	-	-	96,321
Gain on sale of property, plant, and equipment	13,313	-	-	13,313
Net assets released from restriction	953,119	(953,119)	-	-
Total Revenue	3,545,515	(953,119)	-	2,592,396
Total Support and Revenue	3,802,873	294,801	22,461	4,120,135
Expenses:				
Program Services	3,257,295	-	-	3,257,295
Supporting Services:				
General and administrative expenses	604,418	-	-	604,418
Fundraising	374,426	-	-	374,426
Total Expenses	4,236,139	-	-	4,236,139
Other Events:				
Pledges write off	(4,598)	(60,729)	-	(65,327)
Investment income from endowment funds	-	3,848	-	3,848
Total Other Events	(4,598)	(56,881)	-	(61,479)
Changes in net assets	(437,864)	237,920	22,461	(177,483)
Net assets, beginning of year	8,348,636	1,181,359	106,972	9,636,967
Net assets, end of year	$ 7,910,772	$ 1,419,279	$ 129,433	9,459,484

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 14,080	$ 272,099	$ 249,573	$ 535,752
Payroll taxes and employee benefits	-	17,421	17,725	35,146
Retirement	-	2,708	4,085	6,793
Cost of construction	1,901,595	-	23,170	1,924,765
Depreciation	-	2,861	-	2,861
Conferences and memberships	1,268	17,102	6,182	24,552
Meeting expenses	-	6,294	2,431	8,725
Health insurance	-	58,440	47,687	106,127
Miscellaneous	4,732	46,079	10,767	61,578
Mission trip	30,669	-	-	30,669
Office supplies	-	13,580	-	13,580
Postage	-	2,342	618	2,960
Printing	-	916	1,982	2,898
Professional services	-	86,420	2,361	88,781
Office equipment and maintenance	-	43,714	-	43,714
ReStore expenses	650,884	-	-	650,884
Office rental	-	20,987	-	20,987
Neighborhood stabilization program	3,810	-	-	3,810
Bad debt	200,000	-	-	200,000
Telephone	21	13,455	-	13,476
Tithe to Habitat International	45,000	-	-	45,000
Life of loan services	214,593	-	-	214,593
Neighborhood outreach	39,809	-	-	39,809
Recruitment and training	150,834	-	7,845	158,679
	$ 3,257,295	$ 604,418	$ 374,426	$ 4,236,139

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

Cash flows from operating activities:	
Changes in net assets	$ (177,483)
Adjustments to reconcile changes in net assets to cash provided by operating activities:	
Depreciation	38,618
(Increase) decrease in related assets:	
Net pledges receivable	(36,379)
Real estate held for development or resale	(112,659)
Construction in process	(93,786)
Mortgages receivable	400,659
Contributions and gains to endowment funds	(26,309)
Prepaid expenses and other current assets	63,168
(Decrease) in related liabilities:	
Accounts payable	(14,647)
Net cash from operating activities	41,182
Cash flows from investing activities:	
Purchase of property, plant, and equipment	(49,897)
Escrow liability for homeowners' taxes, insurance, and maintenance	30,414
Net cash from investing activities	(19,483)
Cash flows from financing activities:	
Payments on notes payable	(341,994)
Net change in cash	(320,295)
Cash, cash in escrow and cash equivalents, beginning of year	1,283,320
Cash, cash in escrow and cash equivalents, end of year	$ 963,025
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	$ 5,150

Note 1—Nature of operations

Habitat for Humanity of Greater Greensboro, Inc. ("Habitat") was incorporated as a nonprofit Habitat which works with donors, volunteers, contractors and homeowners to create affordable housing for those in need in Greensboro, North Carolina on October 12, 1987. Habitat also promotes self-reliance through home ownership, providing affordable mortgages and preparing its applicant families for home ownership through the provision of family support services, credit counseling, and resource management training.

Program services provided by Habitat are as follows:

Construction Services – This program constructs or rehabilitates modest housing for sale to low income residents.

Homeowner Services – This program recruits and selects eligible homeowners, recruits and trains volunteers who provide family support and services. Additionally, it provides affordable mortgage financing for low income residents.

Volunteer Services – This program recruits and trains volunteers to assist in the construction of homes.

ReStore Services – This program sells donated household and salvaged building materials to the general public at below market prices, with the net proceeds going towards the support of Habitat's mission.

Note 2—Summary of significant accounting policies

Basis of Presentation – As required by generally accepted accounting principles ("GAAP"), Habitat is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Unrestricted net assets include resources which are available for the support of Habitat's operating activities and are both undesignated and designated in nature. In addition, they include Habitat's net investment in property and equipment and other resources designated by the Board of Directors for specific purposes.

Temporarily Restricted – Temporarily restricted net assets include resources that have been donated to Habitat subject to restrictions as defined by the donor.

Permanently Restricted – Net assets subject to stipulations imposed by a third party that they be maintained permanently by Habitat. Generally, the donors of these assets permit Habitat to use all or part of the income earned on any related investments for general or specific purposes.

Basis of Accounting – The financial statements of Habitat are prepared on the accrual basis of accounting, whereby, revenues are recognized when earned and expenditures are recognized when incurred. This basis of accounting conforms to GAAP.

Cash and Cash Equivalents – Habitat maintains its cash in several North Carolina financial institutions. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. Habitat from time to time may have amounts on deposit in excess of the insured limits. Habitat considers all highly liquid investments to be cash equivalents.

Note 2—Summary of significant accounting policies (continued)

Restricted and Unrestricted Revenues and Support – Grants and contributions of cash and other assets are reported as unrestricted, temporarily restricted, or permanently restricted net assets based on donor restrictions, if any, that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and change in net assets as net assets released from restrictions. Contributions received with donor restrictions that are satisfied in the same year as received are classified as unrestricted assets in the statements of activities.

Cost-reimbursement type grant revenue are recorded when the costs are incurred.

In-Kind Donated Materials, Services, and Facilities – A substantial number of volunteers have made significant contributions of their time to Habitat, principally in the areas of house construction, administration, and fundraising. The value of non-professional contributed time is not reflected in the accompanying financial statements. However, donated materials, specialized services, and facilities received by Habitat are reflected as both contributions and expenses in the accompanying statements at their estimated fair market value at the time of receipt.

Net Pledges Receivable – Net pledges receivable represent valid pledges and are reported at their estimated net realizable value. Pledges receivable due in more than one year are recorded at the present value of estimated future cash flows using current prime interest rates. If amounts are deemed uncollectible after periodic review by management, they will be charged to activities when the determination is made. Long term pledges receivable due in more than one year are recorded at the present value of estimated future cash flows. Habitat uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises to give. An allowance for uncollectible pledges of $19,373 has been provided based on management's evaluation of potential uncollectible pledges receivable as of June 30, 2017.

Real Estate Held for Development or Resale – Real estate, including acquisition and building materials, are recorded at cost when the assets are acquired. Foreclosed homes purchased by Habitat are recorded at fair market value when the homes are acquired.

Mortgages Receivable – Mortgages receivable are reported at their outstanding principal balances discounted to their present value. Habitat has established an allowance for uncollectible accounts of $200,000 as of June 30, 2017 to cover both note errors that cause principal balance to not be fully amortized at maturity and to cover principal balance for under reported number of months delinquent that are uncollectible. Mortgages receivable are generally considered delinquent when payment is thirty days past due; however, delinquency status may be mitigated by other qualitative factors.

Accounts Receivable – Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. Habitat provides for losses on receivables using the allowance method. The allowance method is based on experience, third-party contracts, and other circumstances which may affect the ability of debtors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with contractual terms. It is Habitat's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Property, Plant, and Equipment – Property, plant, and equipment are recorded at cost, and if donated, are recorded at the approximate fair market value at the date of donation. The ReStore building is depreciated using the straight-line basis over an estimated useful life of fifty years and equipment, vehicles, leasehold improvements, building improvements and rental property are depreciated over estimated useful lives of five to twenty-five years for the respective assets using the straight-line basis. Maintenance, repair costs, and minor replacements are charged to expense as incurred.

Note 2—Summary of significant accounting policies (continued)

Materials Inventory – Material inventory is purchased or donated and valued at fair value which due to the quick turnover of inventory, is typically subsequent sales.

ReStore Services – Habitat operates a resale store ("ReStore") to raise additional funds for programs. Donations of building materials, supplies, equipment, household, and other items by businesses and individuals are maintained in inventory. Due to the nature of the donated items, the value of the inventory is not recognized until sold.

Advertising – Advertising costs for the ReStore for the year ended June 30, 2017 was $16,073. Advertising costs for Habitat for the year ended June 30, 2017 was $2,261.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited

Income Taxes – Habitat is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Habitat and recognize a tax liability or asset if Habitat has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. Habitat is not currently under examination for any tax periods. Habitat, by expiration of the statute of limitations, is generally no longer subject to examination by taxing authorities for the fiscal year ended June 30, 2014 or earlier.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Endowment Funds – The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this standard are as follows: Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 2 – Inputs to the valuation methodology include which include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2017. There were no transfers in or out of Level 1, 2, or 3 investments for the year ended June 30, 2016. Endowment funds are invested in mutual funds which were considered a Level 2 investment.

Note 2—Summary of significant accounting policies (continued)

Retirement Plan – The Organization has a 403(b) tax deferred annuity plan ("Plan") available to qualified employees. The Organization offers their employees the opportunity to make a voluntary contribution and the Organization contributes two percent of compensation after completion of one thousand hours and a year of service. Habitat contributed $49,168 for the year ended June 30, 2017 to the Plan.

Future Pronouncements – On February 2016, the Financial Accounting Standards Board (the "FASB"), issued a new accounting standard, Accounting Standard Update ("ASU") 2016-02, *Leases (Topic 842)*, which says Lessees will be required to recognize a lease liability and a right-of-use asset for all leases, operating and capital, at the commencement date. The new standard will be effective for the Organization on July 1, 2020. Early adoption is permitted. The Organization is currently evaluating the effect that the standard will have on its financial statements and related disclosures.

On August 2016, the FASB issued a new accounting standard, ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which change presentation and disclosure requirements to provide more relevant information about their resources to donors, grantors, creditors and other users. These changes include qualitative and quantitative requirements within net assets classes, investment returns, expenses, liquidity and availability of resources and presentation of operating cash flows. The new standard will be effective for the Organization on July 1, 2018. Early adoption is permitted. The Organization is currently evaluating the effect that the standard will have on its financial statements and related disclosures.

On August 2016, the FASB issued a new accounting standard, ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which provides classification guidance over many areas of the cash flow statement. The new standard will be effective for the Organization on July 1, 2019. Early adoption is permitted. The Organization is currently evaluating the effect that the standard will have on its financial statements and related disclosures.

On November 2016, the FASB issued a new accounting standard, ASU 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new standard will be effective for the Organization on July 1, 2019. Early adoption is permitted. The Organization is currently evaluating the effect that the standard will have on its financial statements and related disclosures.

Note 3—Pledges receivable

The following is a reconciliation of the activity in net pledges receivable:

Net pledges receivable at beginning of year	$	213,536
Current year pledges and donations (not including in-kind)		896,266
Less cash received for pledges and donations		(785,405)
Less write offs of uncollectible pledges		(65,327)
Less discounts to present value		(7,470)
Increase in allowance for uncollectible pledges		(1,685)
Total net pledges receivable	$	249,915

Note 4—Mortgages receivable

It is Habitat's policy to sell homes to selected families through the issuance of non-interest bearing mortgages. Mortgages receivable consists of amounts due from home sales to first time homeowners who complete Habitat's program for home ownership. Mortgages are discounted to their present value and adjusted annually, based on the interest rate applicable in the year of issuance of each mortgage, ranging from 7.00% to 9.25%. Mortgages receivable of $13,706,714 was outstanding as of June 30, 2017. The mortgages receivable are secured by their respective homes.

Habitat participates in a program sponsored by the North Carolina Housing Finance Agency ("NCHFA"), whereby NCHFA provides a co-first to Habitat's homeowners. Habitat also receives grants from the city of Greensboro that provide a second mortgage to homeowners. These programs allow Habitat to recover those funds immediately and Habitat is paid a nominal servicing fee by NCHFA. Habitat has the contingency to continue payments, if a homeowner is not paying their second mortgage.

At June 30, 2017, mortgages receivable consisted of the following:

Gross mortgage receivables	$ 13,706,714
Mortgage discount	(4,298,964)
Mortgage allowance	(200,000)
NCHFA mortgage receivable	(2,960,807)
City of Greensboro mortgage receivable	(280,035)
Net mortgage receivables	5,966,908
Less current portion	(878,549)
Noncurrent portion of mortgages receivable	$ 5,088,359

These mortgages do not earn interest and are secured by deeds of trust on the houses. As of June 30, 2017, the total discount was $4,298,964.

GAAP requires that receivables that are contractual rights to receive money in the future at a fixed or determinable date be recorded at the present value of the consideration given in the exchange.

Prior to the fiscal year ended June 30, 2001, homebuyers purchased houses from Habitat at less than fair value with the equity amount determined as the difference between the purchase price and the fair value. Beginning with the fiscal year ended June 30, 2001, homebuyers purchased houses at fair value and Habitat discounts the mortgages receivable. Under both methods, homebuyers pay the equity over the life of their mortgages, typically between twenty and thirty years (not to exceed forty years) or as the mortgages are repaid. If the homebuyers default on their mortgages, Habitat retains all or a portion of the equity in the house. If homebuyers wish to dispose of their property, Habitat retains the right of first refusal.

At June 30, 2017, the delinquencies in our mortgages receivables consisted of the following:

	0-29 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	Over 90 Days Past Due	Total Past Due	Current	Total Mortgages Receivable
Mortgages Receivable	$ -	$ 950	$ 863	$ 76,741	$ 78,554	$ 5,888,354	$ 5,966,908

A loan is defined as impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due under the contractual terms of the loan agreement. Habitat considers single family mortgage loans and consumer installment loans to be homogeneous and, therefore, does not generally evaluate them for impairment, unless they are considered troubled debt restructurings. All other loans are evaluated for impairment on an individual basis.

Note 4—Mortgages receivable (continued)

AmeriNat services all of these mortgages.

Current changes in the mortgages receivable accounts are summarized as follows:

	Loan Balance
Beginning balance, June 30, 2016	$ 6,364,461
New loans	832,214
Payments received	(1,229,767)
Ending balance, June 30, 2017	$ 5,966,908

Note 5—Property, plant, and equipment

Property, plant, and equipment consisted of the following as of June 30, 2017:

ReStore/Deconstruction Services:	
Land	$ 750,000
Building and improvements	872,793
Vehicles	86,765
Equipment	81,620
Total ReStore/Deconstruction Services	1,791,178
Office equipment	83,234
Vehicles	24,140
Leasehold improvements	49,696
Construction equipment	23,040
Total property, plant, and equipment	180,110
Less accumulated depreciation	(567,849)
Net property, plant, and equipment	$ 1,403,439

Note 6—Notes payable and line of credit

Notes payable consist of the following:

Note payable to a bank secured by the ReStore real estate, with a carrying value of approximately $750,000; due in monthly installments of 6,250 for 120 months.	$	750,000
Various unsecured non-interest bearing notes payable to Habitat for Humanity International ("International"); monthly principal payments of approximately $1,800 through June 2018; then $1,500 through June 2019 and $700 through June 2020.		90,338
Total long-term notes payable		840,338
Less current portion		(63,388)
Long-term portion of notes payable	$	776,950

Estimated future maturities of notes payable are as follows:

Years Ending June 30:		
2018	$	63,388
2019		101,208
2020		96,628
2021		87,525
2022		79,089
Thereafter		412,500
Total	$	840,338

The terms of the notes payable to International contain financial reporting requirements. At June 30, 2017, Habitat was in compliance with these requirements.

Note 7—In-kind donations

For the year ended June 30, 2017, Habitat received in-kind donations totaling $87,895. The donations are valued using estimated current market values for the items donated and have been included in both revenues and expenses.

Note 8—Lease

Habitat leases administrative offices from a local church on a month-to-month basis as of June 30, 2017. The Organization signed a new lease for its administrative offices starting on August 11, 2017. Lease expense for the year ended June 30, 2017 was approximately $21,000. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2017, are as follows:

Years Ending June 30:		
2018	$	80,509
2019		246,115
2020		256,213
2021		256,213
Thereafter		718,112
	$	1,557,162

Note 9—Restricted net assets

Restricted net assets at June 30, 2017 consisted of the following:

Temporarily restricted:	
Net donations for specific sponsored homes	$ 588,349
Restricted cash for sponsored homes	343,402
Mortgage escrow	457,597
Endowment funds	29,931
	$ 1,419,279
Permanently restricted:	
Endowment funds	$ 129,433

Note 10—Related party transactions

Habitat, as an affiliate of International, made contributions to International of $49,168 for the year ended June 30, 2017. These contributions represent a portion of unrestricted donations received, plus additional amounts approved by Habitat's Board of Directors and are used to support International's programs in Honduras and Jordan.

Note 11—Endowment funds

Habitat follows the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as enacted by the state of North Carolina on March 19, 2009 ("SPMIFA") and its own governing documents.

The Board of Directors of Habitat has interpreted the enacted versions of SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Habitat classifies as permanently or temporarily restricted net assets as (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, or (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Changes in the endowment funds for the year ended June 30, 2017 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, June 30, 2016	$ 26,083	$ 106,972	$ 133,055
Investment returns:			
Interest and dividends	3,178	-	3,178
Net realized and unrealized gains (losses)	670	-	670
Total investment returns	3,848	-	3,848
Contributions	-	22,461	22,461
Distributions	-	-	-
Endowment funds, June 30, 2017	$ 29,931	$ 129,433	$ 159,364

Note 11—Endowment funds (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires Habitat to retain as a fund of perpetual duration. These deficiencies result primarily from unfavorable market fluctuations that occur during the year.

The value, liquidity, and related income of the securities held by the endowment funds is sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Note 12—Escrow funds payable

Habitat held $457,597, which had been collected from homebuyers by Habitat for payment of maintenance and deposits towards closing costs as of June 30, 2017. This amount was held in escrow by Habitat.

Note 13—Grant audits

Habitat receives grant funds at times from various federal, state, and local governments. Such costs are subject to final approval by the grantor agencies and deficiencies, if any, are the responsibility of Habitat.

Note 14—Construction in process

During the year ended June 30, 2017, the Organization had 10 houses under construction which were still in progress at year-end. Houses under construction totaled $738,359 as of June 30, 2017.

Note 15—Home sales

During the current year the Organization sold ten homes at a net profit of the following:

Home sales	$ 1,006,200
Contributions and in-kind related to home sales	1,106,637
Cost of construction	(1,924,765)
Additional home expenses	(37,449)
Non-Habitat home sales	(47,934)
Net home sales	$ 102,689

Note 16—Subsequent events

Habitat has evaluated subsequent events through January 31, 2018, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY OF GREATER GREENSBORO, INC.

RESTORE SERVICE SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Revenues and support:	
Net revenues	$ 1,075,360
Cash donations	2,307
Total Revenues and Support	1,077,667
Operating expenses:	
Salaries and wages	265,056
Insurance	72,744
Salaries and wages - shared	37,572
Interest expense	38,115
Utilities	41,163
Temporary labor	28,598
Depreciation and amortization	34,580
Advertising	16,073
Vehicle expense	29,484
Credit card fees	17,617
Payroll taxes	19,263
Office expenses and other	12,115
Repairs and maintenance	9,504
Telephone	10,943
Miscellaneous	11,318
403(b) contribution	4,499
Contract labor	2,240
Total Operating Expenses	650,884
Revenues in Excess of Expenses	$ 426,783