

Habitat for Humanity of Pinellas County, Inc. 2010 Financial Highlights

Prepared by:

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**Report of Independent
Certified Public Accountant**

Auditors' Report – Unqualified Opinion

**Report on Internal Control Over Financial Reporting – Unqualified opinion with no
findings**

**Report on Compliance with Requirements Applicable to Each Major Program – Unqualified
opinion with no findings**

Summary Statements of Financial Position June 30, 2010 and 2009



	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Assets			
Cash	\$ 376,168	\$ 745,980	
Cash – temporarily restricted	34,805	101,088	
Assets held in escrow	216,358	170,980	
Residential mortgages, net	760,247	468,422	
Accounts receivable	13,258	38,454	
Unconditional promises to give	68,110	92,634	
Habitat Outlet inventory	62,149	63,397	
Homes under construction	1,165,228	852,038	
Homes awaiting closing	106,862	106,862	
Land for future construction	2,991,279	2,869,471	
Real estate held for investment or resale	196,779	311,138	
Property and equipment, net	56,113	93,916	
Beneficial interest in assets held by others – permanently restricted	20,000	20,000	
Deferred affordable housing note receivable	350,000	350,000	
Intangibles, net	4,761	-	
Other	11,476	17,454	
	<u>\$ 6,433,593</u>	<u>\$ 6,301,834</u>	<u>2%</u>
Liabilities			
Accounts payable	\$ 83,549	\$ 34,896	
Accrued liabilities	80,716	40,163	
Other	12,500	12,277	
Escrow deposits	227,681	181,679	
Line-of-credit	130,000	147,500	
Notes payable	2,930,027	2,354,418	
Deferred	350,000	350,000	
Total liabilities	<u>3,814,473</u>	<u>3,120,933</u>	<u>22%</u>
Net Assets			
Unrestricted	2,440,347	2,944,377	
Temporarily restricted	158,773	216,524	
Permanently restricted	20,000	20,000	
Total net assets	<u>2,619,120</u>	<u>3,180,901</u>	<u>(18%)</u>
	<u>\$ 6,433,593</u>	<u>\$ 6,301,834</u>	<u>2%</u>

Summary Statements of Activities June 30, 2010 and 2009



	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Revenues			
Contributions	\$ 1,724,781	\$ 1,278,793	
Transfers to homeowners	3,964,100	2,892,989	
Mortgage discount amortization	35,885	36,022	
Sales – Habitat Outlet	382,625	385,544	
Fundraising events – net of direct costs of \$12,860 and \$27,451, respectively	88,066	96,301	
Grants	248,176	370,050	
Other revenue	<u>39,841</u>	<u>57,641</u>	
Total revenues	<u><u>6,483,474</u></u>	<u><u>5,117,340</u></u>	<u>27%</u>
Expenditures:			
Program services:			
Construction and mortgage discounts	5,940,042	5,002,864	
Habitat Outlet	699,679	664,733	
General and administrative	169,124	137,291	
Fundraising	<u>150,136</u>	<u>254,807</u>	
Total expenditures	<u><u>6,958,981</u></u>	<u><u>6,059,695</u></u>	<u>15%</u>
Other changes			
Loss on sale of property	(86,274)	-	
Decrease in net assets	(561,781)	(942,355)	
Net assets at beginning of year	<u>3,180,901</u>	<u>4,123,256</u>	
Net assets at end of year	<u><u>\$ 2,619,120</u></u>	<u><u>\$ 3,180,901</u></u>	



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Revenues:

- ◆ Total revenues increased by approximately \$1,400,000 or 27 % from prior year.
- ◆ Cash contributions of approximately \$708,000 increased \$165,000 or 31% from the prior year. The increase is primarily due to a \$100,000 bequest from the Estate of June Gerlach.
- ◆ Total contributions of approximately \$1,700,000 increased \$445,988 or 35%.
- ◆ Transfers to homeowners of \$3,964,100 increased by approximately \$1,000,000 or 37% from prior year, noting an increase in the total number of homes transferred from 23 in 2009 to 29 in 2010.
- ◆ Fundraising income (net of direct costs) of \$88,066 decreased approximately \$8,000 or 9%.
- ◆ Grant revenue of \$248,176 decreased 33% from the prior year.

Expenses:

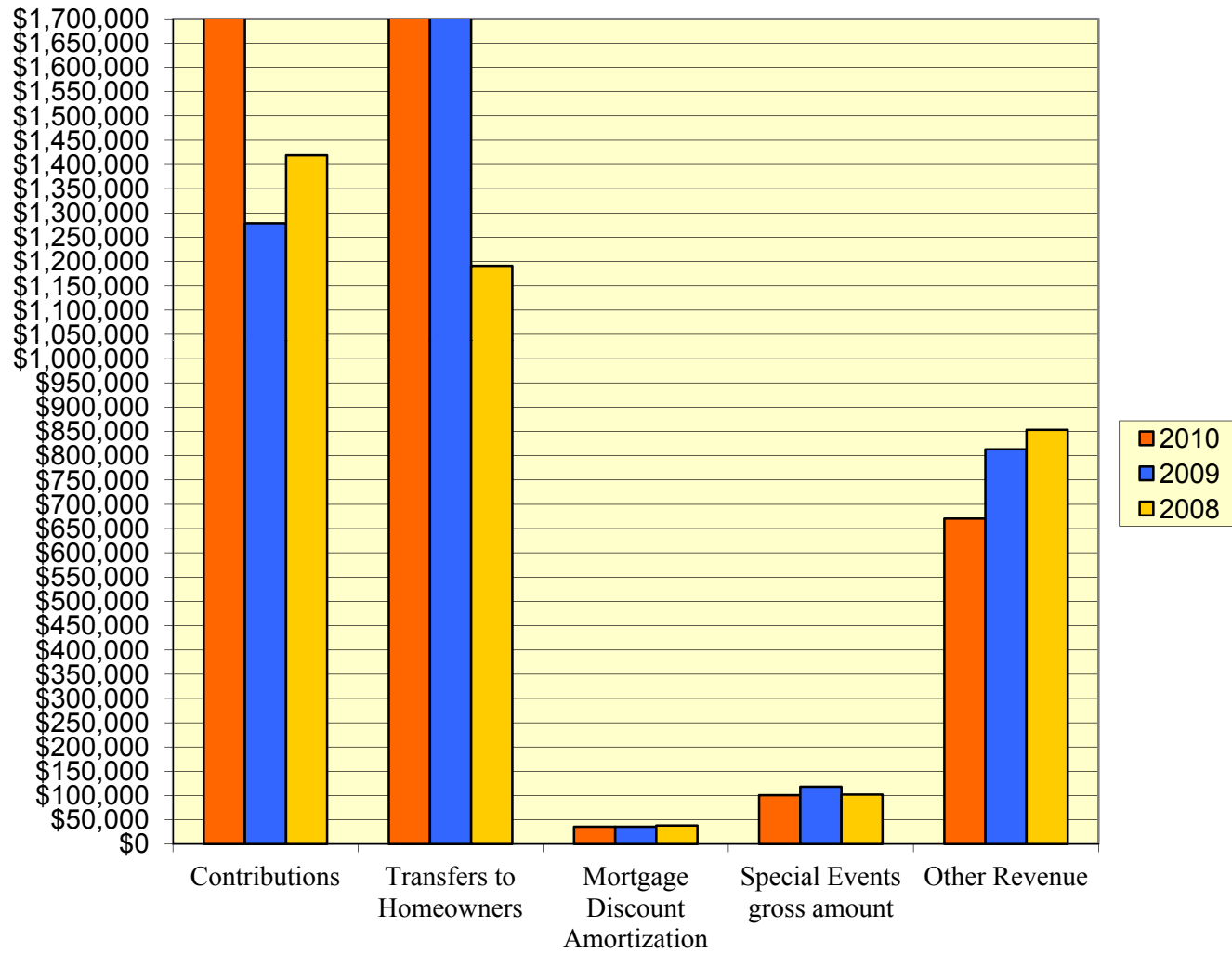
- ◆ Total expenditures of \$6,958,981 increased in comparison to prior year by approximately \$900,000 or 15%.
- ◆ Program service costs of \$6,639,721 increased by approximately \$980,000, due to an increase in cost of transfers to homeowners and the recorded discount on the six mortgages being held by Habitat.
- ◆ Total salaries of approximately \$1,000,000 remain constant in comparison to prior year.

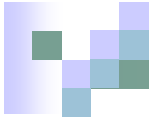
Cash Flow:

- ◆ (Decrease)/increase in cash balances of approximately \$(436,000) for 2010 vs. \$70,000 in 2009 – mostly due to cash used to purchase land for future construction. The two large land purchases in prior years contain multiple lots that will be developed within the next 3-5 years.
- ◆ Net cash provided by operating activities was approximately \$467,000 for 2010 vs. \$20,000 in 2009, due to an increase in the number of homes transferred in 2010.
- ◆ Net cash used in investing activities was approximately \$885,000 for 2010 vs. net cash used in investing activities of approximately (\$97,000) in 2009 – due to cash used in the purchase of future construction.



REVENUE





Summary of Functional Expenses

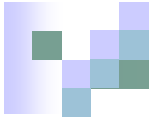


	<u>6/30/2010</u>		<u>6/30/2009</u>		<u>6/30/2008</u>	
Program Services:						
Construction	\$ 5,940,042	85%	\$ 5,002,864	83%	\$ 3,072,049	76%
Habitat Outlet	699,679	10%	664,733	11%	576,421	14%
Total program	6,639,721	95%	5,667,597	94%	3,648,470	90%
Supporting Services:						
General and Administrative	169,124	3%	137,291	2%	142,543	4%
Fundraising	150,136	2%	254,807	4%	228,799	6%
Total supporting services	319,260	5%	392,098	6%	371,342	10%
Total	<u>\$ 6,958,981</u>	<u>100%</u>	<u>\$ 6,059,695</u>	<u>100%</u>	<u>\$ 4,019,812</u>	<u>100%</u>

Average Cost per Home



	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>
Homes transferred during the year:			
Cost	\$ 4,316,408	\$ 3,795,260	\$ 1,676,165
Number	29	23	10
Average	\$ 148,842	\$ 165,011	\$ 167,617
Total construction costs during the year	\$ 4,720,613	\$ 3,292,473	\$ 2,576,416
Cost of homes transferred as % of total construction costs	91 %	115%	65%
Total program service costs, net of discounts	\$ 5,564,437	\$ 5,086,336	\$ 2,850,130
Less homes transferred during the year	(4,316,408)	(3,795,260)	(1,676,165)
Net program costs	\$ 1,248,029	\$ 1,291,076	\$ 1,173,965
% of net program costs related to homes transferred	\$ 1,141,166	\$ 1,488,234	\$ 763,758
Cost of homes transferred during the year	4,316,408	3,795,260	1,676,165
Total estimated cost of homes transferred during the year	\$ 5,457,574	\$ 5,283,494	\$ 2,439,923
Average cost per home transferred	\$ 188,192	\$ 229,717	\$ 243,992



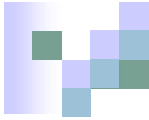
Average Subsidy Cost per Home



	<u>06/30/10</u>	<u>06/30/09</u>	<u>06/30/08</u>
Subsidy Home Costs	\$ 386,294	\$ 995,330	\$ 618,822
# of Homes Transferred	29	23	10
Subsidy Cost per Home *	<u>\$ 13,320</u>	<u>\$ 43,275</u>	<u>\$ 61,882</u>
Construction costs of homes transferred during the year **	\$ 4,316,408	\$ 3,795,260	\$ 1,676,165
Subsidy of home costs as % of construction costs	9 %	26%	37%

* Subsidy cost includes in-kind labor and appliances of \$16,700 per home transferred and \$2,700 per Rehab transferred.

** This represents transfers out to homeowners. This number includes 14 Rehabs at a total cost of approximately \$1,798,000 plus a prior year rehab at 1750 Preston with total costs of \$73,685.



Management Letter Comments



Current Year – (Financial Statement Audit)

No issues noted

Prior Year

- **Significant Deficiency**

No reconciliation of pledge activity between Development and Accounting

It was noted during our audit that no reconciliation of pledge activity is being done between the general ledger and E-Tapestry.

Recommendation:

It is recommended that Habitat reconcile the E-Tapestry reports with accounting records on a monthly basis to ensure all pledge activity is being properly recorded.

Result:

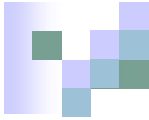
Corrective Action Taken



Required Communications



- Responsibility Under Auditing Standards
- Planned Scope and Timing of the Audit – performed as communicated
- Significant Accounting Policies – Summarized in Note A
- Accounting Estimates – allocation of expenses by function and asset lives
- Sensitive Disclosures – promises to give and related discount, sale of mortgages, and grants and contract funding
- Passed Audit Adjustments – none
- Audit Adjustments – see attached
- Disagreements with Management – none
- Management Representations – see Management Representation letter
- Consultations with Other Accountants – none
- Issues Discussed Prior to Our Engagement as the Independent Auditors – none
- Difficulties Encountered During Audit – none



Summary of Audit Adjustments



Increase (Decrease)

	Assets	Liabilities/Net Assets	Revenues	Expenses
Net Adjustments	\$ (345,037)	\$ (22)	\$ 107,980	\$ 452,995

We proposed 14 adjusting entries related to reclassifications and accruals and 4 of the 14 were provided by the client. The client has agreed to post all of our proposed entries.



American Recovery and Reinvestment Act of 2009 (ARRA Funds)

- Recipients and Subrecipients must separately document at the time of the subaward and disbursement of funds, the federal award number, CFDA number, and the amount of the funds
- Must provide identification of ARRA awards in the Schedule of Expenditures of Federal Awards (SEFA) and on the Data Collection form
- A federal program with ARRA awards cannot be considered a low risk program
- Reporting for a Subrecipient of ARRA awards is within 5 days after quarter end to the Recipient stating how the funds were used