

**HABITAT FOR HUMANITY OF  
TOMPKINS AND CORTLAND COUNTIES, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2008**



**Habitat**  
for Humanity®  
of Tompkins and Cortland  
Counties, New York



# 2008 Annual Report with Audited Financial Statements

**A HAND UP – NOT A HAND OUT**

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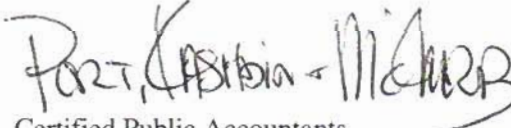
**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Habitat for Humanity of  
Tompkins and Cortland Counties, Inc.

We have audited the accompanying statement of financial position of Habitat for Humanity of Tompkins and Cortland Counties, Inc. (a non-profit organization) as of June 30, 2008, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Tompkins and Cortland Counties, Inc. at June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
Certified Public Accountants

Cortland, New York  
February 16, 2009

**HABITAT FOR HUMANITY OF  
TOMPKINS & CORTLAND COUNTIES, INC.**

**Statement of Financial Position  
June 30, 2008**

<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents		\$ 49,572
Pledges Receivable		10,000
Mortgages Receivable, Net		58,144
Homeowner Escrow Accounts		1,255
Inventories, Net		36,394
Construction in Progress		42,542
<b>TOTAL CURRENT ASSETS</b>		<u>197,907</u>
<b>TOTAL ASSETS</b>		<u>\$ 197,907</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Expenses		\$ 6,402
<b>TOTAL CURRENT LIABILITIES</b>		6,402
<b>NET ASSETS</b>		
Unrestricted		191,505
<b>TOTAL NET ASSETS</b>		<u>191,505</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 197,907</u>

See independent auditor's report and notes to financial statements.

**HABITAT FOR HUMANITY OF  
TOMPKINS & CORTLAND COUNTIES, INC.**

**Statement of Activities  
For the Year Ending June 30, 2008**

<b>PUBLIC SUPPORT AND REVENUE</b>			
Individuals		\$	8,667
Businesses			17,002
Churches			2,081
Foundations			10,470
Material/Services			5,025
Sale to Homeowners			126,600
Special Events, Net			-
Mortgage Discount Amortization			22,206
Rental Income			7,700
Interest Income			895
	<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>		<u>200,646</u>
<b>EXPENSES</b>			
<b>PROGRAM EXPENSES:</b>			
Cost of Construction			155,621
Land Acquisition			-
Mortgage Discount Expense			80,507
Rental Expense			5,763
Tithe Expense			2,744
Specific Assistance			240
Legal and Professional Expenses			17,166
Office Supplies, Postage and Shipping			415
Advertising			896
Taxes on Land			3,174
Other Expenses			503
	<b>TOTAL PROGRAM EXPENSES</b>		<u>267,029</u>
<b>ADMINISTRATION EXPENSES:</b>			
Accounting Fees			4,800
Office Supplies			253
Telephone			890
Office Equipment & Software			537
Dues			307
Insurance			3,725
Other Expenses			113
	<b>TOTAL ADMINISTRATION EXPENSES</b>		<u>10,625</u>
<b>TOTAL EXPENSES</b>			<u>277,654</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED</b>			
<b>NET ASSETS</b>			(77,008)
<b>NET ASSETS, Beginning of Year</b>			<u>268,513</u>
<b>NET ASSETS, End of Year</b>		\$	<u><u>191,505</u></u>

See independent auditor's report and notes to financial statements.

**HABITAT FOR HUMANITY OF  
TOMPKINS & CORTLAND COUNTIES, INC.**

**Statement of Cash Flows  
For the Year Ending June 30, 2008**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets		\$ (77,008)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided By (Used In) Operating Activities:		
(Increase) Decrease in Pledges Receivable		812
Construction in Progress		51,283
Increase (Decrease) in Accrued Expenses		6,267
(Increase) Decrease in Homeowner Escrow		<u>6,021</u>
Net Cash Provided by (Used In) Operating Activities		(12,625)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mortgages Receivable		(75,878)
Mortgage Discount Unearned		29,500
Unamortized Mortgage Discount		58,301
Purchase of Land		<u>(14,394)</u>
Net Cash Provided by (Used In) Investing Activities		<u>(2,471)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		<u>(15,096)</u>
<b>CASH, Beginning of Year</b>		<u>64,668</u>
<b>CASH, End of Year</b>		<u><u>\$ 49,572</u></u>

See independent auditor's report and notes to financial statements.

**HABITAT FOR HUMANITY OF  
TOMPKINS & CORTLAND COUNTIES, INC.**

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**Notes to Financial Statements  
June 30, 2008**

**NOTE 1 – ORGANIZATION AND PURPOSE**

Habitat for Humanity of Tompkins & Cortland Counties, Inc (TCHFH) is a not-for-profit ecumenical Christian organization whose purposes are to build decent, affordable housing, and to associate with other organizations that have a kindred purpose.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The financial statements of TCHFH are prepared on the accrual basis of accounting. As such, revenue is recorded when earned and expenses are recorded as incurred.

**INCOME TAXES**

TCHFH is exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, pursuant to a group exemption letter received from the Internal Revenue Service, and is an affiliate of Habitat for Humanity International (HFHI), who holds the group designation.

**CASH AND EQUIVALENTS**

TCHFH considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

**PLEDGES RECEIVABLE**

Pledges receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Pledges receivable are reflected net of an allowance for uncollectible amounts based on management's judgment and analysis of the creditworthiness of the donors, past payment experience, and other relevant factors.

**MORTGAGES RECEIVABLE**

Mortgage receivable balances represent the amount charged to the homeowners for Habitat houses built and secured with real estate that are to be paid back over an established and mutually agreed period of time. These mortgages are typically paid back on a monthly basis.

Generally, TCHFH's mortgages are non-interest bearing. Mortgages generally have two installment contracts, one for the amount normally repaid to TCHFH, and a second that represents the enhanced market value of the house when compared to the sale price. The second mortgage becomes relevant if a partner family defaults on the loan or the house is sold within the period of the note. In accordance with GAAP, FASB "#5, which considers the likelihood of an event occurring as the determinant for recording, these secondary mortgage events are deemed as not likely and are therefore not recorded as an asset. In the event that a foreclosure is deemed necessary, the value of the secondary mortgage is recorded as an asset. This practice encourages the homeowner to live in the house for longer periods of time, thus deterring the sale of the house just to make a profit. Each year that a family continues ownership, the amount of the secondary mortgage is reduced, eventually to zero.

**Notes to Financial Statements  
June 30, 2008**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INVENTORIES**

Inventories represent building materials and land held for sale as part of a Habitat house. Gift-in-kind inventory is recorded at the fair market value on the date of receipt, and such items are expensed to construction in progress when used as part of a house build. Purchased material is recorded at cost.

**ADVERTISING**

The Organization expenses advertising costs as incurred. Advertising expenses amounted to \$896 in 2008.

**NET ASSETS**

TCHFH's net assets, revenues and gains, and expenses are classified as temporarily restricted, unrestricted, or permanently restricted based on the existence or absence of donor-imposed restrictions. These classifications are defined as follows:

- Temporarily restricted net assets contain donor-imposed restrictions that permit TCHFH to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of TCHFH.
- Unrestricted net assets do not contain donor restrictions or the donor-imposed restrictions have expired.
- Permanently restricted net assets contain donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets.

No temporarily or permanently restricted net assets were held during 2008 and accordingly, these financial statements do not reflect any activity related to these classes of net assets for 2008.

**TITHING**

TCHFH is an affiliate of Habitat for Humanity International, and as such is recommended to Tith 10% of its unrestricted contribution to HFHI or a recognized affiliate program supported by HFHI.

**CONTRIBUTIONS**

Unconditional promises to give are recognized as revenue when the underlying promises are received by TCHFH. Gifts of cash and other assets are reported as temporarily restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

**Notes to Financial Statements  
June 30, 2008**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CONTRIBUTED SERVICES**

A substantial number of volunteers have made significant contributions of their time to TCHFH's program and supporting services. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied. However, certain other contributed services that require specialized skills, where provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation, are recognized as revenue and attributed to expense or assets as appropriate. Such amounts, which are included in the accompanying financial statements totaled \$-0- for 2008.

**PROGRAM SERVICES**

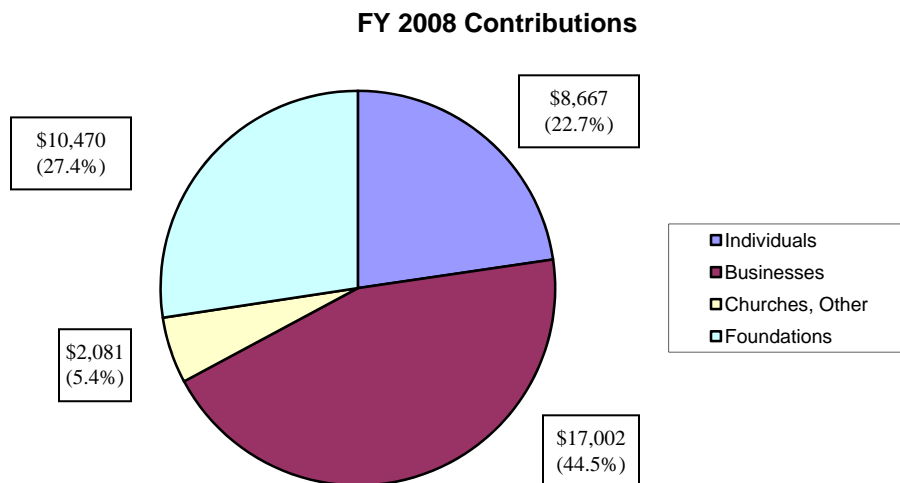
Program services expenses include direct expenditures relating to the specified mission of TCHFH, and not for administrative or fundraising purposes.

**MANAGEMENT ESTIMATES**

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, 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. Actual results may differ from those estimates.

**NOTE 3 – CONTRIBUTIONS**

Contributions are received from individuals, businesses, foundations, churches and other organizations. For the year ending June 30, 2008 the distribution of these contributions are shown below.



**HABITAT FOR HUMANITY OF  
TOMPKINS & CORTLAND COUNTIES, INC.**

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**Notes to Financial Statements  
June 30, 2008**

**NOTE 4 - INVESTMENTS**

Investments at June 30, 2008 consist of the following:

Certificates of Deposits	\$ <u>23,687</u>
Total Investments	\$ <u><u>23,687</u></u>

**NOTE 5 - PLEDGES RECEIVABLE**

Pledges receivable at June 30, 2008 consist of the following, and were deemed receivable within one year with no risk of loss:

Wells Fargo	\$ <u>10,000</u>
Total Pledges Receivable	\$ <u><u>10,000</u></u>

**NOTE 6 - MORTGAGES RECEIVABLE**

The value of mortgages receivable reflected by primary and secondary installment contracts as of June 30, 2008 is noted below:

Primary Installment Contract	\$ <u>140,836</u>
Total Mortgages Receivable	\$ <u><u>140,836</u></u>

**NOTE 7 - RENTAL INCOME**

Two of the Organization's properties are leased on a month-to-month basis requiring fixed monthly payments over various terms. Rental income from the properties amounted to \$7,700 for the year ended June 30, 2008. In April 2008, one of the properties was sold and is now financed by a mortgage. Rental expense amounted to \$5,763 for the year ended June 30, 2008.