

**STAUNTON-AUGUSTA-WAYNESBORO
HABITAT FOR HUMANITY, INC.**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.

BOARD OF DIRECTORS

Charles Frankfort	President
Alan Biskey	Secretary
Minnie Stevenson	Director
Pamela Patrick	Director
Sam Hammock	Director
Andy Beasley	Director
Tammy Lilly	Director
Sarah Crenshaw	Director
Jennie Hill	Director
Tom Montgomery	Director
Rod Ronneberg	Director
Dennis Russell	Director
Lance Barton	Executive Director

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Staunton-Augusta-Waynesboro Habitat for Humanity, Inc.

We have audited the accompanying financial statements of Staunton-Augusta-Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, 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 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 Staunton-Augusta-Waynesboro Habitat for Humanity, Inc. as of June 30, 2017, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Didawick & Company, P.C.

January 27, 2018

BASIC FINANCIAL STATEMENTS

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Statement of Financial Position
At June 30, 2017

ASSETS

Current assets:

Cash - checking	\$	171,535
Cash - savings and certificates of deposit		267,347
Cash - Mortgage escrow checking		2,405
Accounts receivable		5,083
Notes receivable, current portion		104,210
Critical Home Repair receivable, current portion		10,638
Recapture receivable, current portion		49,490
Prepaid expenses		6,147
Inventories		10,547
Construction in process		249,753
Lots for development and improvements		<u>241,210</u>
Total current assets		<u>1,118,365</u>

Property and equipment:

Leasehold improvements	468,341
Office equipment	9,530
Equipment and vehicles	<u>28,749</u>
Total	506,620
Less accumulated depreciation	<u>(160,998)</u>
Net property and equipment	<u>345,622</u>

Noncurrent assets

Cash held for long-term investment		5,350
Noninterest-bearing mortgages receivable, net of current portion	1,624,976	
Less discount	<u>(979,487)</u>	645,489
Critical Home Repair receivable, net of current portion		48,190
Recapture receivable, net of current portion		<u>778,456</u>
Total noncurrent assets		<u>1,477,485</u>
Total assets		<u>\$ 2,941,472</u>

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

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Statement of Financial Position
At June 30, 2017

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 4,686
Payroll taxes payable	1,466
Accrued payroll	16,164
Recapture deferred income, current portion	49,489
Note payable, current portion	<u>29,105</u>
Total current liabilities	<u>100,910</u>

Long-term liabilities:

Notes payable, net of current portion	149,791
Recapture deferred income	<u>778,456</u>
Total long-term liabilities	<u>928,247</u>
Total liabilities	<u>1,029,157</u>

Net assets:

Unrestricted	1,901,965
Temporarily restricted	5,000
Permanently restricted	<u>5,350</u>
Total net assets	<u>1,912,315</u>

Total liabilities and net assets	<u>\$ 2,941,472</u>
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STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Statement of Activities
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	\$ 82,252	\$ 175	\$ -	\$ 82,427
Grants	50,829	5,000	-	55,829
Fundraising	74,164	-	-	74,164
Homeowner sales	577,000	-	-	577,000
Restore	208,680	-	-	208,680
In-kind donations	67,350	-	-	67,350
Interest income	3,363	-	-	3,363
Gain on sale of equipment	1,918	-	-	1,918
Mortgage discount amortization	52,384	-	-	52,384
Administrative service allocation	4,333	-	-	4,333
Miscellaneous	1,851	-	-	1,851
Net Assets Released from Restrictions:				
Satisfaction of Usage Restrictions	6,454	(6,454)	-	-
Total revenues, gains & other support	<u>1,130,578</u>	<u>(1,279)</u>	<u>-</u>	<u>1,129,299</u>
EXPENSES:				
Program services	1,129,455	-	-	1,129,455
General and administration	73,218	-	-	73,218
Fundraising	76,292	-	-	76,292
Total expenses	<u>1,278,965</u>	<u>-</u>	<u>-</u>	<u>1,278,965</u>
CHANGE IN NET ASSETS	(148,387)	(1,279)	-	(149,666)
NET ASSETS AT BEGINNING OF YEAR	<u>2,050,352</u>	<u>6,279</u>	<u>5,350</u>	<u>2,061,981</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,901,965</u>	<u>\$ 5,000</u>	<u>\$ 5,350</u>	<u>\$ 1,912,315</u>

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

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Statement of Functional Expenses
For Year Ended June 30, 2017

	Program Services	General and Administration	Fundraising	Total
Salaries and wages	\$ 263,393	\$ 17,756	\$ 14,797	\$ 295,946
Employee benefits	1,931	130	110	2,171
Payroll taxes	<u>20,544</u>	<u>1,385</u>	<u>1,154</u>	<u>23,083</u>
Total personnel costs	<u>285,868</u>	<u>19,271</u>	<u>16,061</u>	<u>321,200</u>
Advertising	3,944	-	1,112	5,056
Bad debt expense	928	-	-	928
Depreciation	15,019	4,236	-	19,255
Discounts on mortgages	119,872	-	-	119,872
Dues and subscriptions	-	1,502	-	1,502
Event expense	-	-	47,479	47,479
Construction costs	503,424	-	-	503,424
Insurance	9,542	6,121	2,341	18,004
Interest	2,900	1,019	-	3,919
Miscellaneous	6,934	2,531	1,541	11,006
Office expense	11,214	11,216	2,493	24,923
Professional services	24,237	2,796	4,039	31,072
Rent	56,376	8,424	-	64,800
Repairs and maintenance	4,066	5,853	-	9,919
Restore expense	35,240	3,485	-	38,725
Settlement costs	12,802	-	-	12,802
Tithe	12,400	-	-	12,400
Training and travel	11,036	-	1,226	12,262
Taxes and licenses	1,572	-	-	1,572
Utilities	10,146	6,764	-	16,910
Volunteer recognition	<u>1,935</u>	<u>-</u>	<u>-</u>	<u>1,935</u>
Total operating expenses	<u>843,587</u>	<u>53,947</u>	<u>60,231</u>	<u>957,765</u>
Total operating expenses	<u>\$ 1,129,455</u>	<u>\$ 73,218</u>	<u>\$ 76,292</u>	<u>\$ 1,278,965</u>

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

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash flows from operating activities:

Change in net assets	\$ (149,666)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	19,255
(Increase) decrease in accounts receivable	7,115
(Increase) decrease in mortgage receivables	(174,853)
Increase (decrease) in discounts on mortgages	67,489
(Increase) decrease in recapture receivables	(29,814)
(Increase) decrease in Critical Home Repair receivables	(4,327)
Gain on disposal of equipment	(1,918)
(Increase) decrease in prepaid expenses	(1,506)
(Increase) decrease in inventories	2,413
(Increase) decrease in lots and development	190,458
(Increase) decrease in real estate available for sale	121,313
Increase (decrease) in accounts payable	(6,553)
Increase (decrease) in accrued wages	(3,698)
Increase (decrease) in payroll taxes and withholdings	(498)
Increase (decrease) in deferred revenue	<u>29,814</u>
Net cash used by operating activities	<u>65,024</u>

Cash flows from investing activities:

Cash from sale of equipment	4,000
Purchase of property and equipment	<u>(27,000)</u>
Net cash used by investing activities	<u>(23,000)</u>

Cash flows from financing activities:

Repayment of long-term debt	(30,154)
Net cash used by financing activities	<u>(30,154)</u>
Net decrease in cash and cash equivalents	11,870

Cash and cash equivalents, beginning of year	<u>429,417</u>
Cash and cash equivalents, end of year	<u>\$ 441,287</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:	
Interest	<u>\$ 3,919</u>

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

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Staunton-Augusta-Waynesboro Habitat for Humanity, Inc. (SAW Habitat) is a nonprofit affiliate of Habitat for Humanity International, Inc., an ecumenical Christian nonprofit organization whose purposes are to build decent, affordable housing, and to put shelter on the hearts and minds of people in such a powerful way that poverty, housing and homelessness become socially, politically, and religiously unacceptable. SAW Habitat also rehabilitates existing homes for people that are in need of repairs or modifications to their homes. Although Habitat for Humanity International, Inc. assists with information, resources, training, publications, prayer support and other ways, SAW Habitat is primarily and directly responsible for its own operations, SAW Habitat was incorporated January 7, 1993. The mission statement of SAW Habitat is "We build and restore homes, lives, and communities through faith."

B. Financial Statement Presentation

For the year ended June 30, 2017, SAW Habitat has prepared its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, SAW Habitat 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.

Unrestricted net assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of SAW Habitat and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2017, SAW Habitat had temporarily restricted of \$5,000.

Permanently restricted net assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by SAW Habitat. Permanent restricted net assets consist of the endowment fund. Earnings from the endowment fund are unrestricted and may be used at the discretion of the Board. The endowment fund consists of contributions totaling \$5,350 at June 30, 2017.

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting

The financial statements of SAW Habitat have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues are recognized when earned and expenses are recognized when incurred. The bases of revenue recognition for the major sources of income are as follows:

Support and Revenue

SAW Habitat receives donations of household items and building supplies that are then sold at Habitat's ReStore building. Donations of items for sale in the ReStore are not valued for financial reporting due to the uncertainty about existence of value and realization of the value. Revenue is recognized when items are sold.

Grants and Contributions

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grant and contribution revenue are recognized as cash is received. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. There were \$5,000 temporarily restricted contributions for 2017.

In-Kind Contributions

Contributions in the form of property, equipment and contributed services of licensed contractors performing skilled trades are recorded as support and expense or capital additions at fair market value at the date of donation. Equipment values are capitalized and depreciated over their useful lives. Values of donated materials for home building are recorded as expenses in the year contributed. No value is recorded for support or expense for contributed services of general volunteer labor for building Habitat homes. At the time of sale of a Habitat home, a significant portion of the difference between the fair market value and cost is attributable to general volunteer labor. The difference is represented in the Purchase Money Deed of Trust referred to as a "Recapture"

D. Property and Equipment

SAW Habitat capitalizes all real and personal property acquired with a significant value and useful life greater than one year. Property and equipment are recorded at cost or fair value at the date of gift, if contributed. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Equipment	5-7 years
Leasehold improvements	15-30 years

E. Contributed Services and Supplies

The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2017

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Doubtful Accounts

SAW Habitat follows the policy of writing off uncollectable accounts in the period deemed uncollectible and taking into earnings any subsequent recoveries in the period collected.

G. Use of 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.

H. Income Tax Status

SAW Habitat is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, no provision is made for income tax in the financial statements. Generally, federal, state, and local authorities may examine the SAW Habitat's tax returns for three years from the date of filing or the due date of the return and the current and prior three years remain subject to examination as of June 30, 2017.

I. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, SAW Habitat considers cash in bank, cash on hand, and all highly liquid investments purchased with a maturity date of three months or less to be cash and cash equivalents.

J. Inventory

Inventories consisting of construction tools, building materials, and purchased materials for resale are recorded at the lower of cost or market.

K. Transfers to Homeowners

SAW Habitat transfers completed houses to homeowners and records the value of the transfer at the gross amount of payments to be received over the lives of the mortgages attached. Noninterest-bearing mortgages have been discounted between 6% and 10% based upon rates provided by Habitat for Humanity International at the inception of the mortgages. The discount is recognized as mortgage discount amortization over the term of the mortgages using the straight-line method. A discount is an expense in the first year of a mortgage and is recaptured as income as the discounts are amortized.

L. Advertising

SAW Habitat expenses advertising costs as they are incurred.

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2017

2. ENDOWMENT FUND FOR SAW HABITAT

In 2008, SAW Habitat established an agency endowment fund to provide a means for all those who support the mission of Habitat for Humanity to make gifts and bequests that will serve this purpose in perpetuity. Under the terms of the agreement, the fund is managed by the Executive Committee with the approval of the Board of Directors. Distributions are ordinarily made only out of income earned so that the principal of the Fund may be preserved for endowment.

Endowment monies include amounts that were specifically designated by the contributor for the Endowment Fund. Earnings are accounted for separate from the principal and is the only money authorized for expenditure. This balance is insured by the Federal Deposit Insurance Corporation (FDIC), and are subject to credit or investment risk. SAW Habitat believes that carry amount of this balance is a reasonable estimate of fair value.

SAW Habitat made no contributions to the Fund during the year ended June 30, 2017 and there were no unfunded commitments to the Fund. The amount outstanding at June 30, 2017 was \$5,350.

Interpretation of Relevant Law

SAW Habitat has interpreted the Virginia State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of original gifts received and designated as endowments. As a result of this interpretation, SAW Habitat classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds not classified as permanently restricted net assets are classified as unrestricted net assets in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, SAW Habitat considers the following factors in making a determination to appropriate or accumulate funds in the endowment funds designated by the Board of Directors.

- The fund's principal will not be spent or used as collateral for loans
- The fund will not be used to support or given to any individual
- The purposes of SAW Habitat and a donor-restricted endowments fund
- General economic conditions
- Other resources of SAW Habitat
- The investment policies of SAW Habitat

Return Objectives and Risk Parameters

SAW Habitat has placed its endowment funds with the intention of keeping the principal amount in the operating account for the foreseeable future. Endowment assets include Board-designated funds and assets of donor-restricted funds that SAW Habitat must hold in perpetuity or for a donor-specified period. Under SAW Habitat's policy, as approved by the Board of Directors, the endowment assets are invested with a long-term horizon. Some donor-restricted endowment funds could restrict annual distributions to net income. SAW Habitat would use the same investment policies and intends to produce the same investment results as described above for any such donor-restricted endowment funds.

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2017

2. ENDOWMENT FUND FOR SAW HABITAT (CONT'D)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, SAW Habitat relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

SAW Habitat has a current spending policy of spending only the interest and leaving the total principal and within the endowment. Accordingly, over the long term, SAW Habitat expects the current spending policy to allow the endowment fund to grow consistent with the Objective of maintaining the purchasing power of the endowment assets.

Funds with Deficits

The Endowment Fund contains no funds with deficits.

Net Assets composition for the endowment fund as of June 30, 2017 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,350</u>	<u>\$5,350</u>

Changes in endowment net assets were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,350</u>	<u>\$5,350</u>
Investment Income	-	-	-	-
Investment Expenses	-	-	-	-
Unrealized Gain/(Loss)	-	-	-	-
Withdrawals	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,350</u>
June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,350</u>	<u>\$5,350</u>

3. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the functions.

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2017

4. EMPLOYEE BENEFIT PLAN

SAW Habitat sponsors a defined contribution salary deferral plan offered to qualified employees. The plan is a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). The Organization matched employees' contributions in the amount of \$2,170.

5. HOMEOWNER LOANS

SAW Habitat sells houses to program participants in exchange for mortgage loans with no interest. These notes are payable to SAW Habitat over periods varying from 15 to 40 years and are shown on the Statement of Financial Position discounted at rates provided by Habitat for Humanity International, Inc. based on the time value of money. At June 30, 2017 SAW Habitat had loans outstanding with a gross value of \$1,729,186 and a discounted value of \$749,699. Management feels that a provision for loan losses is not required because SAW Habitat is a secured creditor and the fair market value of the houses is in excess of the related mortgage note balances. Loan payments are due on the first of each month. Payment status of the mortgage loans at June 30, 2017 are as follows:

	<u>Mortgage Balance</u>	<u>Number of Loans</u>
Current	\$ 1,630,704	34
30 days past due	49,270	2
Over 90 days past due	<u>49,212</u>	<u>1</u>
Total	<u>\$ 1,729,186</u>	<u>37</u>

6. CRITICAL HOME REPAIR LOANS

SAW Habitat has a Critical Home Repair program that helps low-income homeowners by offering interior and exterior repairs and/or rehabilitation improvements.

Upon completion of the project, the homeowner owes SAW Habitat for the cost of the improvements. The loan term varies for each homeowner and requires a minimum payment per month at zero percent interest based on the homeowner's qualifications.

7. MORTGAGE RECAPTURE RECEIVABLE

At the closing of each SAW Habitat house, the purchaser signs a recapture agreement which represents a note for the difference between the fair market value at the time of the sale and the actual cost of the house. This agreement personally obligates the purchaser to pay to SAW Habitat the recapture amount immediately in the event of sale, transfer or other conveyance of the purchaser's Habitat house. At the date of home ownership, provided the homeowner's mortgage is current, the recapture amount is reduced to zero. For all years prior to and including June 30, 2011, recapture begins after five years. At June 30, 2017, 15 of the SAW Habitat houses have been owned by the purchasers for more than five years.

Beginning in 2006, the deeds of houses sold include a "Reserved Appreciation Value Interest" provision. In the event of a sale, transfer or other conveyance by the purchaser during the first five years the purchaser is obligated to pay to SAW Habitat the difference between the sales price of the house and cost based on the unpaid mortgage term. As of June 30, 2017, 13 mortgages contained this provision.

Beginning in July 1, 2011 new mortgages contain a provision that the purchaser is not entitled to use of the decreasing percentage. There are 9 new mortgages with this provision.

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2017

8. LEASE AGREEMENT

SAW Habitat conducts a portion of its operations in leased facilities. Office, warehouse and retail store space is leased in Staunton, Virginia. A revised lease with an amendment in regards to improvements made by SAW Habitat commenced on June 21, 2008 for fifteen years. The lease is renewable for three five year extensions. Rental expense for this facility in 2017 totaled \$48,000. Future minimum lease payments are as follows:

<u>Year Ending June 30, 2017</u>	<u>Amount</u>
2018	\$ 48,000
2019	48,000
2020	48,000
2021	48,000
2022	48,000
2023	<u>48,000</u>
Total	<u>\$ 288,000</u>

9. LONG-TERM DEBT

A summary of SAW Habitat's long-term debt is as follows:

Promissory Note payable to the Virginia Housing Development Authority (VHDA) payable in monthly installments of \$2,317, including interest at 3% per annum due September 1, 2022. The note is collateralized with Deeds of Trust of existing homeowners to whom SAW Habitat has transferred homes. Loans used as collateral total \$138,592.

\$ 138,592

Promissory Note payable to Virginia Housing Development Authority (VHDA) payable in monthly installments of \$522, including interest at 3% per annum due September 1, 2024. This loan is collateralized with Deeds of Trust of existing homeowners to whom SAW Habitat has transferred homes. Loans used as collateral total \$40,304.

\$ 40,304

Total Debt
Less Current Portion

\$ 178,896
(29,105)

Total Long-Term Debt

\$ 149,791

STAUNTON-AUGUSTA-WAYNESBORO HABITAT FOR HUMANITY, INC.
Notes to Financial Statements
June 30, 2017

9. LONG-TERM DEBT (CONT'D)

Maturities of long-term debt by year are as follows:

Year Ending June 30, 2017	Amount
2018	\$ 29,105
2019	29,989
2020	30,902
2021	31,842
2022	32,811
Thereafter	<u>24,247</u>
Total	<u>\$ 178,896</u>

10. LOTS FOR DEVELOPMENT AND IMPROVEMENTS

SAW Habitat acquires lots through purchase or contribution with the intent of building houses for qualified homeowners. The total in these accounts represent the value of these lots and any construction in process prior to transfer to the homeowner.

11. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

Purpose restrictions accomplished -	<u>2017</u>
Specified Use	<u>\$ 6,454</u>
Total	<u>\$ 6,454</u>

12. RELATED PARTY TRANSACTIONS

The organization paid Lilly Title \$6,669.19 for homeowner closings. Lilly Title is owned by Tammy Lilly, a board member of the organization.

The company sold a truck to Jerome Randolph, an employee of the organization for \$1,000.

13. SUBSEQUENT EVENTS

SAW Habitat did not have any subsequent events requiring recording in the financial statements through January 27, 2018 which is the date the financial statements were issued.