

**HABITAT FOR HUMANITY
OF GREATER NASHVILLE**

FINANCIAL STATEMENTS

June 30, 2015 and 2014

HABITAT FOR HUMANITY OF GREATER NASHVILLE

TABLE OF CONTENTS

Independent Auditor’s Report..... 2 – 3

Financial Statements:

 Statements of Financial Position 4

 Statements of Activities 5 – 6

 Statements of Cash Flows..... 7

 Statements of Functional Expenses 8 – 9

Notes to Financial Statements..... 10 – 26



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Habitat for Humanity of Greater Nashville
Nashville, Tennessee

We have audited the accompanying financial statements of Habitat for Humanity of Greater Nashville (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for 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 audits. We conducted our audits 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 present fairly, in all material respects, the financial position of Habitat for Humanity of Greater Nashville, as of June 30, 2015 and 2014, 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.

Frasier, Owen & Harsh, PLLC

September 23, 2015
Nashville, Tennessee

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

Assets	2015	2014
Cash and cash equivalents, including escrow accounts of \$532,489 and \$527,233, respectively	\$ 2,648,543	\$ 1,955,252
Grants receivable	474,528	529,803
Sponsor and other receivables	158,344	171,284
Contributions receivable, net	25,750	158,538
Real estate held for sale	330,334	312,690
Construction-in-progress - rehabilitation	976,829	1,471,234
Construction-in-progress - new homes	470,556	531,342
Property and equipment, net	464,337	502,768
Land held for development	4,152,324	4,054,311
Mortgage notes receivable, net of discounts of \$20,510,603 and \$18,899,097, respectively	27,052,125	24,718,023
New Markets Tax Credit ("NMTC") intangible assets, net	48,614	56,617
NMTC joint venture investment	1,480,880	1,456,067
NMTC joint venture cash	88,445	107,660
Other assets	863,372	899,326
Total assets	\$ 39,234,981	\$ 36,924,915
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 390,972	\$ 279,309
Deferred revenue	1,332,429	1,563,987
Escrow accounts	541,462	558,463
Notes payable	15,351,715	14,134,215
NMTC joint venture note payable	1,880,000	1,880,000
Unearned revenue on mortgage loans	4,808,188	5,264,321
Total liabilities	24,304,766	23,680,295
Net assets:		
Unrestricted	4,960,746	4,069,753
Temporarily restricted	9,969,469	9,174,867
Total net assets	14,930,215	13,244,620
Total liabilities and net assets	\$ 39,234,981	\$ 36,924,915

See accompanying notes.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015
(with Comparative Totals for the Year Ended June 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Transfers to homeowners	\$ 6,333,399	\$ -	\$ 6,333,399	\$ 5,634,091
Cash contributions	2,484,946	32,000	2,516,946	2,405,832
Grant income	2,085,562	5,000	2,090,562	1,963,762
ReStore sales	1,886,660	-	1,886,660	1,820,840
Interest contributions	-	1,474,622	1,474,622	1,008,886
Mortgage loan discount amortization	783,812	-	783,812	675,477
Other income	323,310	-	323,310	220,095
In-kind contributions	296,863	-	296,863	364,637
Interest income	4,585	-	4,585	2,925
NMTC investment income	39,114	-	39,114	39,115
	<u>14,238,251</u>	<u>1,511,622</u>	<u>15,749,873</u>	<u>14,135,660</u>
Net assets released from restrictions	<u>717,020</u>	<u>(717,020)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>14,955,271</u>	<u>794,602</u>	<u>15,749,873</u>	<u>14,135,660</u>
Expenses:				
Program services	12,247,822	-	12,247,822	11,769,500
Supporting services	1,816,456	-	1,816,456	1,833,366
Total expenses	<u>14,064,278</u>	<u>-</u>	<u>14,064,278</u>	<u>13,602,866</u>
Change in net assets	890,993	794,602	1,685,595	532,794
Net assets at beginning of year	<u>4,069,753</u>	<u>9,174,867</u>	<u>13,244,620</u>	<u>12,711,826</u>
Net assets at end of year	<u>\$ 4,960,746</u>	<u>\$ 9,969,469</u>	<u>\$ 14,930,215</u>	<u>\$ 13,244,620</u>

See accompanying notes.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014
(with Comparative Totals for the Year Ended June 30, 2013)

	2014			2013 Total
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Transfers to homeowners	\$ 5,634,091	\$ -	\$ 5,634,091	\$ 4,116,887
Cash contributions	2,405,832	-	2,405,832	2,633,152
Grant income	1,299,517	664,245	1,963,762	1,219,516
ReStore sales	1,820,840	-	1,820,840	1,775,679
Interest contributions	-	1,008,886	1,008,886	1,419,710
Mortgage loan discount amortization	675,477	-	675,477	577,270
In-kind contributions	364,637	-	364,637	410,852
Other income	220,095	-	220,095	54,290
NMTC investment income	39,115	-	39,115	10,654
Interest income	2,925	-	2,925	2,810
	<u>12,462,529</u>	<u>1,673,131</u>	<u>14,135,660</u>	<u>12,220,820</u>
Net assets released from restrictions	<u>1,452,170</u>	<u>(1,452,170)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>13,914,699</u>	<u>220,961</u>	<u>14,135,660</u>	<u>12,220,820</u>
Expenses:				
Program services	11,769,500	-	11,769,500	9,559,027
Supporting services	1,833,366	-	1,833,366	1,856,789
Total expenses	<u>13,602,866</u>	<u>-</u>	<u>13,602,866</u>	<u>11,415,816</u>
Change in net assets from operations	311,833	220,961	532,794	805,004
Contribution of net assets from Habitat for Humanity of Wilson County, Inc.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,136,289</u>
Change in net assets	311,833	220,961	532,794	1,941,293
Net assets at beginning of year	<u>3,757,920</u>	<u>8,953,906</u>	<u>12,711,826</u>	<u>10,770,533</u>
Net assets at end of year	<u>\$ 4,069,753</u>	<u>\$ 9,174,867</u>	<u>\$13,244,620</u>	<u>\$12,711,826</u>

See accompanying notes.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 1,685,595	\$ 532,794
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Non-cash grants	(739,174)	(473,080)
Non-cash construction costs	1,442,384	1,086,399
Interest contributions	(1,474,622)	(1,008,886)
Contribution of real property and equipment	-	(15,750)
Transfers to homeowners	(3,477,757)	(3,101,582)
Depreciation and amortization	151,544	143,830
Bad debt expense	11,874	-
Net gain on disposal of property	(147,514)	(79,624)
Mortgage loan discount amortization	(783,812)	(675,477)
Amortization of discount on notes payable	605,518	466,054
NMTC investment income allocation	(39,114)	(39,115)
Changes in operating assets and liabilities:		
Grants receivable	55,275	(72,024)
Sponsor and other receivables	133,854	(10,258)
Construction-in-progress	228,409	213,324
Land held for development	(107,513)	(446,394)
NMTC joint venture cash	19,215	19,304
Other assets	35,954	2,175
Accounts payable and accrued expenses	111,663	(187,183)
Deferred revenue	33,606	(26,584)
Escrow accounts	(17,001)	116,595
Net cash used in operating activities	(2,271,616)	(3,555,482)
Cash flows from investing activities:		
Improvements to real estate held for sale	(150,124)	(125,828)
Purchases of property and equipment	(105,110)	(40,309)
Proceeds from disposal of property	330,578	159,809
Repurchase of mortgages receivable	(684,266)	-
Mortgage payments received	1,716,931	1,553,235
NMTC joint venture investment net distribution	14,301	14,302
Net cash provided by investing activities	1,122,310	1,561,209
Cash flows from financing activities:		
Proceeds from issuance of notes payable	4,091,373	2,556,961
Repayments on notes payable	(2,248,776)	(1,545,794)
Net cash provided by financing activities	1,842,597	1,011,167
Net increase (decrease) in cash and cash equivalents	693,291	(983,106)
Cash and cash equivalents at beginning of year	1,955,252	2,938,358
Cash and cash equivalents at end of year	\$ 2,648,543	\$ 1,955,252

See accompanying notes.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Program Services				Supporting Services				
	Construction	Family Support and Educational Ministries	Discounts on Mortgage Originations	ReStore Operations	Total	Fund Raising	Management and General	Total	Total
Construction costs-new homes	\$ 3,514,470	\$ -	\$ -	\$ -	\$ 3,514,470	\$ -	\$ -	\$ -	\$ 3,514,470
Salaries and related expenses	627,999	614,473	-	967,673	2,210,145	838,439	323,808	1,162,247	3,372,392
Mortgage discounts	-	-	2,851,643	-	2,851,643	-	-	-	2,851,643
Construction costs-reconstruction	1,761,336	-	-	-	1,761,336	-	-	-	1,761,336
Interest and discount amortization	617,030	808	-	2,589	620,427	808	40,714	41,522	661,949
Lease expense	74,183	40,675	-	257,039	371,897	47,954	19,308	67,262	439,159
Office expenses	38,777	32,058	-	124,767	195,602	44,332	14,845	59,177	254,779
Legal and professional	29,368	62,089	-	2,044	93,501	2,262	66,238	68,500	162,001
Depreciation	50,059	18,027	-	44,539	112,625	24,639	6,278	30,917	143,542
Taxes and insurance	32,002	12,517	-	49,670	94,189	15,430	4,172	19,602	113,791
Recruiting and training	5,691	2,325	-	3,000	11,016	46,604	29,908	76,512	87,528
Travel, meals and entertainment	5,405	11,853	-	11,088	28,346	44,790	9,029	53,819	82,165
Vehicle expenses	52,528	-	-	28,422	80,950	414	-	414	81,364
Printing and public relations	-	8,672	-	2,968	11,640	69,550	-	69,550	81,190
Other	10,335	33,307	-	7,355	50,997	6,665	19,523	26,188	77,185
Repairs and maintenance	53,315	1,767	-	17,779	72,861	1,691	483	2,174	75,035
Tithe to Habitat International	68,993	-	-	-	68,993	-	-	-	68,993
Special events	-	-	-	-	-	60,806	-	60,806	60,806
Bank and credit card fees	16,582	2	-	27,693	44,277	249	8,881	9,130	53,407
Small tools and equipment	18,776	160	-	16,514	35,450	3,993	-	3,993	39,443
Sponsor and volunteer appreciation	603	191	-	155	949	34,967	-	34,967	35,916
Advertising	-	1,394	-	7,595	8,989	9,651	149	9,800	18,789
Bad debt expense	-	-	-	-	-	-	11,874	11,874	11,874
NMTC amortization	-	-	-	-	-	-	8,002	8,002	8,002
Deconstruction	-	-	-	7,519	7,519	-	-	-	7,519
	<u>\$ 6,977,452</u>	<u>\$ 840,318</u>	<u>\$ 2,851,643</u>	<u>\$ 1,578,409</u>	<u>\$ 12,247,822</u>	<u>\$ 1,253,244</u>	<u>\$ 563,212</u>	<u>\$ 1,816,456</u>	<u>\$ 14,064,278</u>

See accompanying notes.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014

	Program Services					Supporting Services			
	Construction	Family Support and Educational Ministries	Discounts on Mortgage Originations	ReStore Operations	Total	Fund Raising	Management and General	Total	Total
Construction costs-new homes	\$ 3,887,733	\$ -	\$ -	\$ -	\$ 3,887,733	\$ -	\$ -	\$ -	\$ 3,887,733
Salaries and related expenses	636,164	576,056	-	953,992	2,166,212	814,550	342,518	1,157,068	3,323,280
Mortgage discounts	-	-	2,538,379	-	2,538,379	-	-	-	2,538,379
Construction costs-reconstruction	1,350,062	-	-	-	1,350,062	-	-	-	1,350,062
Interest and discount amortization	474,170	1,933	-	6,359	482,462	1,933	26,518	28,451	510,913
Lease expense	83,774	41,408	-	252,402	377,584	47,837	20,735	68,572	446,156
Office expenses	38,036	34,773	-	121,178	193,987	49,629	16,938	66,567	260,554
Legal and professional	10,684	93,202	-	1,009	104,895	39,342	74,165	113,507	218,402
Taxes and insurance	46,869	15,842	-	53,590	116,301	19,363	6,231	25,594	141,895
Depreciation	40,053	17,241	-	46,556	103,850	20,729	11,249	31,978	135,828
Vehicle expenses	57,005	-	-	33,181	90,186	120	-	120	90,306
Recruiting and training	2,213	5,964	-	2,179	10,356	46,404	29,173	75,577	85,933
Repairs and maintenance	47,089	5,761	-	26,915	79,765	2,757	2,483	5,240	85,005
Travel, meals and entertainment	3,826	16,003	-	10,176	30,005	39,059	11,596	50,655	80,660
Other	6,663	43,142	-	5,356	55,161	7,930	10,727	18,657	73,818
Printing and public relations	120	3,289	-	2,802	6,211	63,555	128	63,683	69,894
Tithe to Habitat International	69,220	-	-	-	69,220	-	-	-	69,220
Special events	-	-	-	-	-	62,113	500	62,613	62,613
Bank and credit card fees	20,321	-	-	23,334	43,655	516	10,103	10,619	54,274
Small tools and equipment	29,117	758	-	20,175	50,050	1,240	659	1,899	51,949
Sponsor and volunteer appreciation	1,033	-	-	231	1,264	33,496	190	33,686	34,950
Advertising	-	253	-	3,679	3,932	10,878	-	10,878	14,810
Deconstruction	-	-	-	8,230	8,230	-	-	-	8,230
NMTC amortization	-	-	-	-	-	-	8,002	8,002	8,002
	<u>\$ 6,804,152</u>	<u>\$ 855,625</u>	<u>\$ 2,538,379</u>	<u>\$ 1,571,344</u>	<u>\$ 11,769,500</u>	<u>\$ 1,261,451</u>	<u>\$ 571,915</u>	<u>\$ 1,833,366</u>	<u>\$ 13,602,866</u>

See accompanying notes.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 – ORGANIZATION AND PURPOSE

Habitat for Humanity of Greater Nashville (“Habitat”), a nonprofit corporation, was chartered by the State of Tennessee on March 25, 1985. Habitat is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Habitat have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below.

Income Taxes

Habitat is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for income taxes has been made.

Habitat follows guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Habitat has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include the years ended June 30, 2012 through June 30, 2015. Habitat has no uncertain tax positions at June 30, 2015 and 2014.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Habitat and changes therein are classified and reported as follows:

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

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Habitat and/or the passage of time. Temporarily restricted net assets at June 30, 2015 and 2014 consist of contributions received and receivable restricted for home construction, the purchase of land, and the unamortized discount on below market interest rate loans payable.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Habitat. Habitat has no permanently restricted net assets at June 30, 2015 and 2014.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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.

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 amount 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 and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the statements of cash flows, Habitat considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Home Sales and Mortgage Notes Receivable

Transfers to homeowners are recorded at the gross amount of payments to be received over the lives of the mortgage notes receivable. These mortgage payments do not include interest and, accordingly, the mortgages have been discounted at various interest rates based upon prevailing market rates at the inception of the mortgages. Discounts are amortized using the straight-line method over the lives of the mortgages. The discounted value of mortgages at the time of sale is generally less than the home's fair market value. Therefore, management believes that losses resulting from non-payment of mortgages are not reasonably probable, and accordingly, no allowance for mortgage notes receivable has been recorded. Past due status is based on contractual terms of the mortgage notes receivable. At 120 days past due, the mortgage notes receivable become subject to foreclosure.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Home Sales and Mortgage Notes Receivable (Continued)

Unearned revenue on mortgage notes receivable represents the discounted value of non-interest bearing second and third mortgage loans obtained on Habitat homes. The homeowner is required to sign one or more additional mortgages for the difference between the estimated fair market value of the home and the first mortgage balance as of the transfer date. Certain of these mortgages are fully forgiven if the homeowner lives in the home for a certain period of time and complies with all other covenants and restrictions per the deed of trust. In the event the homeowner does not comply with these restrictions, the mortgage balance will be recognized as income at the time it is collected. Habitat generally does not foresee collection of the non-payable second and third mortgage loans except in the event of sale, refinance or foreclosure of the home.

Property and Equipment

Property and equipment is reported at cost at the date of purchase or at fair market value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three to seventeen years.

Land Held for Development

Land held for development consists of land and improvements to be utilized as lots for future Habitat homeowners. Costs incurred to improve land are capitalized when incurred. Interest incurred on related debt during the construction period is capitalized as incurred. The total allocated cost of each lot is charged to construction-in-progress upon commencement of building activities.

Deferred Revenue

Deferred revenue consists of deposits received on conditional promises to give and amounts received through The Housing Fund, Inc. via a Community Development Block Grant. Deposits on conditional promises to give are from sponsors of future home building and totaled \$634,420 and \$638,659 at June 30, 2015 and 2014, respectively. Amounts received through The Housing Fund, Inc. totaled \$563,009 and \$925,328 at June 30, 2015 and 2014, respectively, and represent amounts that have been expended toward the purchase and rehabilitation of homes in flood impacted areas. The deferred revenue will be recognized as income only upon completion of the rehabilitation and sale of the home to a qualifying family. Deferred revenue at June 30, 2015 also includes \$135,000 received as a deposit on a real estate sales contract. This amount will be recognized as revenue at the completion of the sales transaction.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are recognized as revenue when received. Contributed land and equipment are recorded at fair value at the date of the donation. In-kind contributions (primarily construction materials and land for development) are recorded based on their estimated value on the date of receipt.

No amounts have been reflected in the financial statements for donated labor by unskilled volunteers as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to Habitat's program services.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

ReStore sales are recognized as revenue at the time merchandise is transferred to the customer. Historically, sales returns have not been significant.

Grant Income

Grant funds are earned and reported as revenue when Habitat has incurred expenses in compliance with the specific restrictions of the grant agreement.

Grant funds that are restricted for use in home construction are reflected as unrestricted revenue since these funds are generally received and spent during the same year.

Program Services

Program services include construction, ReStore operations, family support and educational ministries and the discounts on mortgage originations. The cost of home building is charged to program services upon transfer to the homeowner. Program services include the cost of new homes transferred, which have an average cost of \$109,827 and \$114,345 for the years ended June 30, 2015 and 2014, respectively.

Advertising

Advertising costs are charged to expense as incurred. Advertising expense totaled \$18,789 and \$14,810 for the years ended June 30, 2015 and 2014, respectively.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Financial Information

The financial statements include certain 2013 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Habitat’s financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation.

Subsequent Events

Habitat evaluated subsequent events through September 23, 2015, when these financial statements were available to be issued. Habitat is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 3 – GRANTS RECEIVABLE

A summary of grants receivable as of June 30 is as follows:

	<u>2015</u>	<u>2014</u>
Federal Home Loan Bank	\$ 370,250	\$ 395,750
Foundations and other	<u>104,278</u>	<u>134,053</u>
	<u>\$ 474,528</u>	<u>\$ 529,803</u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Habitat has included unconditional promises to give as contributions receivable. Contributions are scheduled to be received as follows at June 30:

	<u>2015</u>	<u>2014</u>
Amount receivable within one year	\$ 24,150	\$ 79,338
Amount receivable in 1 to 5 years	<u>1,600</u>	<u>79,200</u>
	25,750	158,538
Less allowance for uncollectible contributions	<u>-</u>	<u>-</u>
Contributions receivable, net	<u>\$ 25,750</u>	<u>\$ 158,538</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 5 – CONSTRUCTION-IN-PROGRESS – REHABILITATION

Construction-in-progress—rehabilitation consists of homes purchased with funds provided by The Housing Fund, Inc. in flood impacted areas for the purpose of rehabilitation and sale to qualified partner families. At June 30, 2015 and 2014, costs accumulated under this agreement totaled \$976,829 and \$1,471,234, respectively, including capitalized interest on related debt of \$16,396 and \$11,859, respectively.

A summary of rehabilitation activity for 2015 is as follows:

	<u>Number</u>	<u>Costs</u>
Homes under rehabilitation, June 30, 2014	13	\$ 1,471,234
Additional costs incurred on beginning inventory		251,334
Homes purchased and started in 2015	5	628,675
Homes closed in 2015	<u>(10)</u>	<u>(1,374,414)</u>
Homes under rehabilitation, June 30, 2015	<u>8</u>	<u>\$ 976,829</u>

NOTE 6 – CONSTRUCTION-IN-PROGRESS – NEW HOMES

A summary of new home construction activity for 2015 is as follows:

	<u>Number</u>	<u>Costs</u>
New homes under construction, June 30, 2014	15	\$ 531,342
Additional costs incurred on beginning inventory		1,073,290
New homes started in 2015	27	2,380,394
New homes closed in 2015	<u>(32)</u>	<u>(3,514,470)</u>
New homes under construction, June 30, 2015	<u>10</u>	<u>\$ 470,556</u>

NOTE 7 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30 is as follows:

	<u>2015</u>	<u>2014</u>
Buildings	\$ 249,720	\$ 249,720
Office equipment	211,441	220,216
Leasehold improvements	226,421	221,978
Vehicles and trailers	321,364	280,310
Other	<u>234,650</u>	<u>216,750</u>
	1,243,596	1,188,974
Less accumulated depreciation	<u>(779,259)</u>	<u>(686,206)</u>
	<u>\$ 464,337</u>	<u>\$ 502,768</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 8 – LAND HELD FOR DEVELOPMENT

Land held for development consists of real property and incurred development costs for the purpose of future home construction. Land held for development consists of the following by area at June 30:

	<u>2015</u>	<u>2014</u>
Park Preserve	\$ 3,263,264	\$ 3,183,234
Hallmark	459,632	707,004
Park at Priest Lake	206,939	-
Dickson County	116,117	67,796
Edison Park	96,372	51,318
Wilson County	10,000	35,459
Other	<u>-</u>	<u>9,500</u>
	<u>\$ 4,152,324</u>	<u>\$ 4,054,311</u>

NOTE 9 – MORTGAGE NOTES RECEIVABLE

At June 30, 2015 and 2014, Habitat holds mortgage notes receivable totaling \$47,562,728 and \$43,617,120, respectively, at face value generally with original maturities of 30 years. The notes are non-interest bearing mortgages, payable in equal monthly installments, and are secured by deeds of trust on the properties. The notes have been discounted at various interest rates ranging from 4.5% to 9% using the straight line method over the lives of the mortgages. Mortgages are reported net of amortized cost. Mortgage notes receivable and the related discount are summarized as follows at June 30:

	<u>2015</u>	<u>2014</u>
First mortgages	\$ 35,883,614	\$ 32,627,098
Second mortgages	10,378,400	9,601,490
Third mortgages	<u>1,300,714</u>	<u>1,388,532</u>
	47,562,728	43,617,120
Less unamortized discount	<u>(20,510,603)</u>	<u>(18,899,097)</u>
	<u>\$ 27,052,125</u>	<u>\$ 24,718,023</u>

In previous years, Habitat sold non-interest bearing mortgage notes receivable to a financial institution. These non-interest bearing mortgage notes receivable were repurchased in 2015. At June 30, 2015 and 2014, the total principal balance of sold mortgages was \$0 and \$955,179, respectively.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 9 – MORTGAGE NOTES RECEIVABLE (Continued)

Principal payments due on mortgage notes receivable are as follows:

Year ending June 30,		
2016	\$	1,818,237
2017		1,806,122
2018		1,784,477
2019		1,744,659
2020		1,722,974
Thereafter (including non-paying second and third mortgages of \$7,132,351)		<u>38,686,259</u>
Notes receivable at face value		47,562,728
Less: unamortized discount		<u>(20,510,603)</u>
	\$	<u><u>27,052,125</u></u>

Following is a table which includes an aging analysis of the recorded investment of past due mortgage notes receivable as of June 30:

	<u>2015</u>	<u>2014</u>
31-60 days past due	\$ 423,457	\$ -
61-90 days past due	-	390,804
Greater than 90 days past due	<u>272,074</u>	<u>315,936</u>
Total past due	695,531	706,740
Current	<u>46,867,197</u>	<u>42,910,380</u>
	<u>\$ 47,562,728</u>	<u>\$ 43,617,120</u>

NOTE 10 – NEW MARKETS TAX CREDIT INTANGIBLE ASSETS

Habitat incurred \$44,136 in guarantor fees related to its NMTC financing in August 2012, to be amortized over 7 years, the period to which the guarantee applies. The guarantor fee represents fees paid to the third party administrator in the transaction, who is responsible for ensuring that Habitat performs and complies with all aspects of the transaction requirements. Habitat also incurred \$27,151 in closing costs related to its NMTC note payable in August 2012, to be amortized over the 15-year loan term.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 10 – NEW MARKETS TAX CREDIT INTANGIBLE ASSETS (Continued)

As of June 30, the balances of NMTC intangible assets and accumulated amortization are as follows.

	<u>2015</u>	<u>2014</u>
Qualified active low income community business (“QALICB”) guarantor fee	\$ 44,136	\$ 44,136
NMTC closing costs	<u>27,151</u>	<u>27,151</u>
	71,287	71,287
Accumulated NMTC amortization	<u>(22,673)</u>	<u>(14,670)</u>
NMTC intangible assets, net	<u>\$ 48,614</u>	<u>\$ 56,617</u>

NOTE 11 – NEW MARKETS TAX CREDIT JOINT VENTURE INVESTMENT

In August 2012, Habitat invested, along with five other Habitat affiliates, in a joint venture, CCML Leverage II, LLC (“LLC”), to take advantage of New Markets Tax Credit (“NMTC”) financing. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new markets tax credits to be applied against their federal tax liability. Habitat invested a combination of cash and construction in progress totaling \$1,430,134 for a 16.67% ownership stake, enabling it to secure a 15-year loan in the amount of \$1,880,000 payable to CCM Community Development XXVII, LLC (“CCM”), a community development entity. The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low income residents.

The investment in joint venture is accounted for using the equity method and the carrying amount of the investment is increased for Habitat’s proportionate share of the joint venture’s earnings and decreased for Habitat’s proportionate share of the joint venture’s losses.

The activity of the NMTC joint venture investment during the year ended June 30 is as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 1,456,067	\$ 1,431,254
Capital contributed	-	-
Distributions received	(14,301)	(14,302)
Share of income	<u>39,114</u>	<u>39,115</u>
Ending balance	<u>\$ 1,480,880</u>	<u>\$ 1,456,067</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 12 – NOTES PAYABLE

	2015	2014
<p>Notes payable to Tennessee Housing Development Agency, non-interest bearing, payable in total monthly principal installments totaling \$71,990 (at June 30, 2015) with varying maturities through July 2045, secured by non-interest bearing first mortgages held by Habitat, with a discounted value of \$11,250,675. The notes payable have an undiscounted balance outstanding of \$20,702,797 and \$19,333,331 at June 30, 2015 and 2014, respectively. Discount rates ranging from 4.5% to 5.25% were applied to arrive at net present value of the notes payable at issuance. Contribution revenue of \$1,211,308 and \$1,008,886 has been recognized in 2015 and 2014 respectively, to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense on the straight-line method over the respective terms of the notes. The unamortized discount at June 30, 2015 and 2014 amounted to \$9,452,122 and \$8,838,583, respectively.</p>	\$ 11,250,675	\$ 10,494,748
<p>Note payable to bank, secured by certain real property held for development. Principal payment of \$135,000 was due on June 30, 2015 with interest accruing at the bank's base rate (as defined) less 4.0% (0% at June 30, 2015) on unpaid principal balance maturing December 2016.</p>	1,457,700	1,606,600
<p>Notes payable to The Housing Fund, Inc. secured by certain real property, bearing interest at 3%, payable in 120 to 180 equal monthly principal installments ranging from \$195 to \$617, through approximately December 2030.</p>	1,090,073	638,795
<p>Notes payable to Habitat International, non-interest bearing, payable in monthly principal installments ranging from \$78 to \$3,125 through June 2021.</p>	546,343	597,044
<p>Note payable to bank, secured by certain real property, bearing interest at 5.75%, payable in monthly installments of \$1,570, maturing April 2026 and paid off early in 2015.</p>	-	160,746

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 12 – NOTES PAYABLE (Continued)

	2015	2014
Notes payable to bank secured by mortgages receivable, bearing interest at 2%, payable in monthly installments totaling \$1,000, maturing November 2037 through November 2038.	220,598	228,044
Notes payable to bank secured by mortgages receivable, bearing interest at 4.15%, payable in monthly installments totaling \$1,134, maturing July 2042. Notes were paid off during 2015.	-	224,875
Notes payable to bank secured by mortgages receivable, bearing interest at 1.80%, payable in monthly principal and interest installments totaling \$2,609, maturing at multiple times through August 2043. The notes payable have been discounted using a rate of 2.7% representing the difference between a market rate of 4.5% and the nominal rate of the notes. The notes have an undiscounted balance outstanding at June 30, 2015 of \$547,166. Contribution revenue of \$130,394 has been recognized in 2015 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense on the straight-line method over the respective terms of the notes. The unamortized discount at June 30, 2015 amounted to \$126,458.	420,708	-
Notes payable to bank secured by mortgages receivable, bearing interest at 1.80%, payable in monthly principal and interest installments totaling \$2,020, maturing at multiple times through March 2042. The notes payable have been discounted using a rate of 2.7% representing the difference between a market rate of 4.5% and the nominal rate of the notes. The notes have an undiscounted balance outstanding at June 30, 2015 of \$494,726. Contribution revenue of \$132,920 has been recognized in 2015 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense on the straight-line method over the respective terms of the notes. The unamortized discount at June 30, 2015 amounted to \$129,108.	365,618	-

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 12 – NOTES PAYABLE (Continued)

Note payable to Tennessee Housing Development Agency, bearing interest at 4%, payable in annual principal installments of \$20,000 plus interest, maturing August 2021 and paid off during 2015.	-	160,000
Note payable to bank secured by equipment, bearing interest at 4.5%, payable in monthly installments of \$696, maturing February 2016 and paid off during 2015.	-	13,387
Note payable to bank secured by equipment, bearing interest at 4.75%, payable in monthly installments of \$522, maturing November 2015 and paid off early in 2015.	-	8,559
Notes payable to bank secured by certain real property, non-interest bearing, payable in monthly installments of \$146 and \$191, maturing at various times through April 2015.	-	1,417
	<u>-</u>	<u>1,417</u>
	<u>\$ 15,351,715</u>	<u>\$ 14,134,215</u>

Future principal maturities of notes payable are as follows:

Year ending June 30,	
2016	\$ 1,152,627
2017	2,618,389
2018	1,153,172
2019	1,058,174
2020	1,041,586
Thereafter	<u>18,035,455</u>
Total principal maturities	25,059,403
Amounts representing imputed interest	<u>(9,707,688)</u>
	<u>\$ 15,351,715</u>

NOTE 13 – LINE OF CREDIT

Habitat has a \$950,000 unsecured line of credit agreement with a bank bearing interest at the bank's index rate plus 1% (4.25% at June 30, 2015). The line of credit has a maturity date of November 2015. Management intends to renew the line of credit agreement with its bank. At June 30, 2015 and 2014, no borrowings were outstanding under the line of credit agreement.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 14 – NEW MARKETS TAX CREDIT JOINT VENTURE NOTE PAYABLE

Habitat has a loan payable to CCM Community Development XXVII, LLC (“CCM”), a community development entity, dated August 31, 2012 as part of the NMTC transaction. It is a 15-year loan bearing interest at 0.76% with semi-annual interest-only payments commencing on November 10, 2012 and continuing until November 10, 2020. Principal and interest payments are to commence on November 10, 2020 due semi-annually to then fully amortize the principal balance over an 8-year period, maturing May 10, 2028. The loan is secured by substantially all the assets acquired by Habitat from the project loan proceeds. The debt is associated with a put option feature under an option agreement between the joint venture’s related parties that is expected to be exercised in 2020 that will effectively extinguish the liability from Habitat. The balance of the note payable at June 30, 2015 and 2014 is \$1,880,000.

Simultaneous with these transactions, the LLC entered into an option agreement (the “Agreement”) with U.S. Bancorp Community Development Corporation (“USBCDC”), the federal tax credit investor, who is the sole-member of CCM CD 27 Investment Fund, LLC (the “Fund”), and the upstream effective owner of CCM. Under the terms of the option agreement, USBCDC is expected to place its ownership interest into the Fund for \$1,000, during the six month put period beginning September 15, 2019.

Exercise of this option will effectively extinguish Habitat’s outstanding debt owed to the Fund. Habitat will recognize income on the forgiveness of debt in an amount approximating the difference in the book value of the investment and the debt. The investment and debt will then come off Habitat’s books. All entities including CCML Leverage II, LLC, will then be dissolved effectively ending the structured financing deal.

Pursuant to the agreement, Habitat is required to comply with the NMTC requirements as generally set forth in the Internal Revenue Code (“IRC”) Section 45D, including that Habitat maintain a separate part of business such that the separate business will qualify as a qualified active low-income community business as defined in IRC Section 45D. Only the separate part of business assets of Habitat was pledged as security under the agreement with CCM.

NOTE 15 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist principally of contributions restricted for future programs or improvements to existing programs. Significant components include the following at June 30:

	<u>2015</u>	<u>2014</u>
Unamortized discount on notes payable	\$ 9,707,688	\$ 8,838,583
Donor restricted contributions	252,994	326,151
Contributions receivable, net	<u>8,787</u>	<u>10,133</u>
	<u>\$ 9,969,469</u>	<u>\$ 9,174,867</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 16 – CONCENTRATIONS

Habitat maintains its cash in bank accounts that at times may exceed federally insured limits. Habitat has not experienced any losses in such accounts. Deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”). Management believes Habitat is not exposed to any significant credit risk on its cash balances. Uninsured balances at June 30, 2015 and 2014 totaled \$95,242 and \$110,676, respectively.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

In connection with the development of Park Preserve and Edison Park subdivisions, Habitat has obtained letters of credit totaling \$960,000 and \$770,250 at June 30, 2015 and 2014 respectively, securing the completion of certain improvements. Habitat had no outstanding borrowings associated with these letters of credit at June 30, 2015 and 2014. The letters of credit expire December 2015 through September 2016.

Habitat leases certain office and warehouse space and equipment under leasing arrangements classified as operating leases. Rent expense under such arrangements amounted to \$439,159 and \$446,156 for the years ended June 30, 2015 and 2014, respectively. A summary of future minimum rental payments as of June 30, 2015 is as follows:

Year ending June 30,	
2016	\$ 421,972
2017	187,830
2018	32,814
2019	<u>9,367</u>
	<u>\$ 651,983</u>

Habitat is, from time to time, involved in litigation. In the opinion of management, no current or threatened litigation will have a material effect on Habitat’s financial position or activities.

NOTE 18 – IN-KIND CONTRIBUTIONS

In-kind contributions received by Habitat are recorded based on their estimated value on the date of receipt. A summary of in-kind contributions is as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Building supplies and home appliances	\$ 288,365	\$ 348,887
Donated services	8,498	-
Real property held for development	-	9,500
Property and equipment	<u>-</u>	<u>6,250</u>
	<u>\$ 296,863</u>	<u>\$ 364,637</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 18 – IN-KIND CONTRIBUTIONS (Continued)

Approximately 7,000 individuals contributed significant amounts of time to Habitat’s activities during the years ended June 30, 2015 and 2014, respectively. The financial statements do not reflect the value of these services because they do not meet the recognition criteria prescribed by accounting principles generally accepted in the United States of America.

NOTE 19 – THE HOUSING FUND, INC. COMMUNITY DEVELOPMENT BLOCK GRANT

Habitat entered into a grant and loan agreement with The Housing Fund, Inc. to acquire and rehabilitate homes which are located in areas that were impacted by the May 2010 floods in Nashville. The grant funds are provided by a Community Development Block Grant. Total funds available to Habitat under the agreement are not to exceed \$3,000,000 for Phase I. 70% of the funds received will be in the form of a grant with the remaining 30% repayable under a 10 year note payable at 3% interest. Acquisition of properties must be approved by The Housing Fund, Inc. prior to purchase. In 2015, Phase II of this grant and loan agreement with The Housing Fund, Inc. began which allows for funds not to exceed \$2,331,590. 60% of the funds received will be in the form of a grant with the remaining 40% payable under a 15 year note payable at 3% interest. \$250,000 of Phase II funds may be used to complete the rehabilitation of homes acquired under the Phase I. Ten and seven homes were transferred to qualified families during the years ended June 30, 2015 and 2014, respectively. Another eight and thirteen homes were under renovation at June 30, 2015 and 2014, respectively.

Balances related to the agreement in the accompanying financial statements are as follows at June 30:

	<u>2015</u>	<u>2014</u>
Grants receivable	\$ 42,277	\$ 132,589
Construction-in-progress - rehabilitation	\$ 976,829	\$ 1,471,234
Deferred revenue	\$ 563,009	\$ 925,328
Notes payable	\$ 1,090,073	\$ 638,795
Grant income	\$ 1,162,525	\$ 702,027

NOTE 20 – RETIREMENT PLAN

Habitat has a defined contribution retirement plan for its employees, which was established as a Simple IRA. As described in the plan document, substantially all full time employees are eligible to participate in the plan. Discretionary contributions may be made at the option of the board of directors.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 21 – SUPPLEMENTAL CASH FLOW INFORMATION

The following is supplemental cash flow information required by accounting principles generally accepted in the United States of America.

Supplemental Cash Flow Information

	2015	2014
Interest paid	\$ 56,100	\$ 39,095

Supplemental Schedule of Non-Cash Investing and Financing Activities

Issuance of non-interest bearing mortgage loans	\$ 6,329,400	\$ 5,639,961
Discount on non-interest bearing mortgage loans	(2,851,643)	(2,538,379)
Transfers to homeowners subject to non-interest bearing mortgage loans	\$ 3,477,757	\$ 3,101,582
Loans transferred to real estate held for sale	\$ 438,669	\$ 322,883
Additions to construction-in-progress - rehabilitation through deferred revenue and issuance of notes payable	\$ 610,017	\$ 1,774,785
Donated lots included in deferred revenue	\$ 108,000	\$ -

NOTE 22 – RELATED PARTIES

At June 30, 2015 and 2014, Habitat owed notes payable totaling \$1,952,426 and \$1,767,346 respectively, to financial institutions that have four executives that serve on Habitat's board of directors.

Habitat receives voluntary contributions, house sponsorship funding, gift-in-kind donations, and volunteer labor from various board members and their companies throughout the year. Some professional services are also purchased from board members and their companies throughout the course of the year. None of these transactions are considered to be individually significant to Habitat's financial statements.

Habitat annually remits a portion 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, 2015 and 2014, Habitat contributed \$68,993 and \$69,220, respectively, to Habitat International. At June 30, 2015 and 2014, the accompanying statements of financial position included tithe payable to Habitat International of \$26,940 and \$23,479, respectively.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 22 – RELATED PARTIES (Continued)

Habitat has received Self-Help Homeownership Opportunity Program (“SHOP”) funds from Habitat International. 75% of the funds received were in the form of a grant with the remaining 25% repayable under non-interest bearing four year notes payable. During the years ended June 30, 2015 and 2014, Habitat received \$406,362 and \$9,115, respectively, of SHOP funds. At June 30, 2015 and 2014, the balances of the loans totaled \$546,343 and \$597,044, respectively.