

Beaches Habitat for Humanity, Inc.

(a non-profit organization)

Atlantic Beach, Florida

Financial Statements

June 30, 2017 and 2016

Beaches Habitat for Humanity, Inc.
(a non-profit organization)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beaches Habitat for Humanity, Inc.
Atlantic Beach, Florida

We have audited the accompanying financial statements of Beaches Habitat for Humanity, Inc., which comprise the statements of financial position as of June 30, 2017, and 2016, and the related statements of activities, statements of functional expenses and statements of cash flows for the years 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 of financial statements that are free of 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 of 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 risk 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 or 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beaches Habitat for Humanity, Inc. as of June 30, 2017 and 2016, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2018, on our consideration of Beaches Habitat for Humanity, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaches Habitat for Humanity, Inc.'s internal control over financial reporting and compliance.

Ratstone Company, PA

January 20, 2018

Beaches Habitat for Humanity, Inc.
(a non-profit organization)
Statements of Financial Position
June 30, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash	\$ 340,545	\$ 379,316
Escrow deposits	338,267	317,829
Accounts receivable	69,429	78,806
Prepaid insurance	45,734	8,241
Mortgage notes receivable - net	3,974,519	4,932,096
Construction inventory	2,389,288	3,136,979
Property and equipment - net of accumulated depreciation of \$210,626 and \$206,179	<u>590,000</u>	<u>601,564</u>
 Total assets	 <u><u>\$ 7,747,782</u></u>	 <u><u>\$ 9,454,831</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 138,639	\$ 299,673
Accrued expenses	15,040	16,073
Escrow payable	367,308	314,719
Line of credit	417,321	1,750,000
Notes payable	496,106	659,976
Deposits and payments on houses awaiting closing	<u>34,816</u>	<u>2,325</u>
 Total liabilities	 <u>1,469,230</u>	 <u>3,042,766</u>
Net assets:		
Unrestricted	<u>6,278,552</u>	<u>6,412,065</u>
 Total net assets	 <u>6,278,552</u>	 <u>6,412,065</u>
 Total liabilities and net assets	 <u><u>\$ 7,747,782</u></u>	 <u><u>\$ 9,454,831</u></u>

The accompanying notes are an integral part of this statement.

Beaches Habitat for Humanity, Inc.**(a non-profit organization)****Statements of Activities****STATEMENT OF FINANCIAL POSITION June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Changes in unrestricted net assets		
Support and revenue		
Program service	\$ 3,602,792	\$ 4,119,231
Contributions and sponsorships	1,697,803	1,953,889
Grants	-	58,436
Interest income	769	741
Other income	19,476	7,662
	<u>5,320,840</u>	<u>6,139,959</u>
Total support and revenue		
Expenses		
Program services	4,879,761	5,270,893
Management and general	455,344	550,554
Fundraising	119,248	142,642
	<u>5,454,353</u>	<u>5,964,089</u>
Total expenses		
Increase (decrease) in net assets	(133,513)	175,870
Net assets - beginning of year	<u>6,412,065</u>	<u>6,236,195</u>
Net assets - end of year	<u>\$ 6,278,552</u>	<u>\$ 6,412,065</u>

The accompanying notes are an integral part of this statement.

Beaches Habitat for Humanity, Inc.
(a non-profit organization)
Statements of Functional Expenses
STATEMENT OF ACTIVITIES June 30, 2017

	Program Services	Supporting Services Management and General	Fund Raising	2017 Total
Salaries	\$ 348,647	\$ 290,636	\$ 52,707	\$ 691,990
Employee benefits	57,070	47,058	7,914	112,042
Payroll taxes	24,971	20,502	3,341	48,814
Total salaries and related expenses	430,688	358,196	63,962	852,846
Construction and supplies	3,140,249	-	-	3,140,249
Mortgage discounts, net of amortization	947,198	-	-	947,198
Professional fees	93,849	31,283	-	125,132
Office and premises	63,647	21,216	-	84,863
Educational program	84,706	-	-	84,706
Special events	-	-	55,286	55,286
Interest	32,738	16,124	-	48,862
Depreciation	15,572	15,572	-	31,144
Tithe	25,000	-	-	25,000
Travel	19,816	-	-	19,816
Insurance	12,715	6,263	-	18,978
Printing and postage	6,743	3,321	-	10,064
Other	6,840	3,369	-	10,209
Total expenses	<u>\$ 4,879,761</u>	<u>\$ 455,344</u>	<u>\$ 119,248</u>	<u>\$ 5,454,353</u>

The accompanying notes are an integral part of this statement.

Beaches Habitat for Humanity, Inc.
(a non-profit organization)
Statements of Functional Expenses
STATEMENT OF ACTIVITIES June 30, 2016

	Program Services	Supporting Services Management and General	Fund Raising	2016 Total
Salaries	\$ 403,879	\$ 336,677	\$ 61,056	\$ 801,612
Employee benefits	57,859	47,708	8,023	113,590
Payroll taxes	27,088	22,239	3,624	52,951
Total salaries and related expenses	488,826	406,624	72,703	968,153
Construction and supplies	3,989,314	-	-	3,989,314
Mortgage discounts, net of amortization	430,191	-	-	430,191
Professional fees	68,623	68,623	-	137,246
Office and premises	68,326	22,775	-	91,101
Educational program	75,329	-	-	75,329
Special events	-	-	69,939	69,939
Interest	45,013	22,171	-	67,184
Tithe	52,000	-	-	52,000
Depreciation	14,838	14,838	-	29,676
Insurance	15,000	7,388	-	22,388
Printing and postage	7,614	3,750	-	11,364
Travel	6,917	-	-	6,917
Other	8,902	4,385	-	13,287
Total expenses	<u>\$ 5,270,893</u>	<u>\$ 550,554</u>	<u>\$ 142,642</u>	<u>\$ 5,964,089</u>

The accompanying notes are an integral part of this statement.

Beaches Habitat for Humanity, Inc.**(a non-profit organization)****Statement of Cash Flows****STATEMENT OF FINANCIAL POSITION June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase (decrease) in unrestricted net assets	\$ (133,513)	\$ 175,869
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash provided by operating activities:		
Depreciation	31,144	29,676
Discounts on mortgages, net	947,198	430,191
Changes in assets and liabilities		
Escrow deposits	(20,438)	(16,133)
Accounts receivable	9,377	197,357
Prepaid insurance	(37,493)	4,802
Construction inventory	747,691	195,113
Accounts payable	(161,034)	(64,036)
Accrued expenses	(1,033)	11,552
Escrow payable	52,589	13,233
Deposits and payments on houses awaiting closing	32,491	(1,725)
Net cash provided by operating activities	<u>1,466,979</u>	<u>975,899</u>
Cash flows from investing activities		
Purchases of equipment	(19,579)	(6,723)
Changes in mortgage notes receivable - net of discounts	<u>10,378</u>	<u>(1,571,550)</u>
Net cash used by investing activities	<u>(9,201)</u>	<u>(1,578,273)</u>
Cash flows from financing activities		
Proceeds on long-term debt	-	233,913
Change in line of credit	(1,332,679)	899,290
Repayment of long-term debt	<u>(163,870)</u>	<u>(509,824)</u>
Net cash provided (used) by financing activities	<u>(1,496,549)</u>	<u>623,379</u>
Net increase (decrease) in cash	(38,771)	21,005
Cash at beginning of year	<u>379,316</u>	<u>358,311</u>
Cash at end of year	<u>\$ 340,545</u>	<u>\$ 379,316</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 48,862</u>	<u>\$ 67,184</u>
Cash paid for income taxes	<u>N/A</u>	<u>N/A</u>

The accompanying notes are an integral part of this statement.

Beaches Habitat for Humanity, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2017 and 2016

1. Organization and Purpose

Beaches Habitat for Humanity, Inc. (the Organization) was established November 28, 1990 as an independent affiliate of Habitat for Humanity International. The Organization seeks to put God's love into action, bringing people together to build homes, communities and hope. Primary programs include building new homes, renovating and repairing existing homes for families in need in eastern Duval County Florida, particularly in the beaches communities of Atlantic Beach, Neptune Beach, and Jacksonville Beach. Homes are sold to working low-income families who qualified for the homeownership programs and meet required volunteer hours. Homeowners purchase their homes with an interest free mortgage held by the Organization.

Recognizing the importance of education in breaking the cycle of poverty, the Organization offers a number of educational support and enrichment programs to assist students and families in achieving their highest academic potential. In addition, the Organization provides access to college scholarship programs.

2. Summary of Significant Accounting Principles

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when the obligation is incurred. Revenues from the sale of houses are recognized at the transfer to the homeowner. Construction costs are capitalized and carried as an asset until the property is completed and sold.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. The Organization has no temporarily or permanently restricted net assets.

Mortgage Notes Receivable

The Organization has a policy of selling affordable housing with interest free mortgages. Therefore, mortgages receivable do not have a stated interest rate. Receivables are assessed individually for collectability based on the surrounding facts and circumstances and management's past history. The Organization does not maintain an allowance for uncollectible mortgages receivable because the home buyers are allowed a significant credit for their volunteer labor and the Organization has the ability to foreclose on properties and resell them to collect any past due amounts. All mortgages and contracts for deed are due based on the notes terms. Management believes all mortgages and contracts for deed receivable are realizable through either collection or foreclosure proceeds, if not collected.

Beaches Habitat for Humanity, Inc.
(a non-profit organization)
Notes to the Financial Statements
June 30, 2017 and 2016

Inventories

Inventories consist of construction supplies and homes. The construction supplies are valued at the lower of cost or market. Cost is determined on the first-in, first out method. Donated items are recorded at estimated fair value at the date of donation. Home inventory consists of houses and lots constructed or purchased by the Organization for the rehabilitation and resale. The houses and lots are valued at the lower of specific acquisition and carrying costs or estimated net value. Any additional costs to rehabilitate the homes are added to the carrying cost of the home.

Repurchased Homes

Repurchased homes acquired through or in lieu of loan foreclosure are initially recorded at the lesser of outstanding loan balance less the outstanding discount on the loan or the fair value. Any write-down on the asset to fair value at the date of acquisition is charged to loss on the statement of activities. Cost of significant property improvements are added to the cost of the home, whereas costs relating to holding the property are expensed.

Property and Equipment

Acquisition of property and equipment are capitalized at cost, or if donated, at fair value at the date of donation. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities. Depreciation is computed using straight-line and accelerated methods over the useful lives of the assets.

Donated Materials, Long-lived Assets, Facilities & Services

Donated materials are recorded as contributions at their estimated fair value at the date of donation. Long-lived assets or the use facilities are recorded as contributions in the period received at fair value. Contribution of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills and are provided by individuals possessing those skills.

Notes Payable

Notes payable are recorded at their outstanding principal amounts.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Other income from operations not directly related to the Organization's non-profit purposes is taxable at the regular corporate tax rates. The Organization is no longer subject to U.S. Federal income tax examinations by the tax authorities for years before June 30, 2014.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Beaches Habitat for Humanity, Inc.
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Notes to the Financial Statements
June 30, 2017 and 2016

Valuation

To best reflect economic realities and comply with certain grant requirements, the selling price of new homes is at approximate appraisal value. The mortgage receivable due from the homeowner is adjusted to reflect the value of significant volunteer credits in the form of internal down payment assistance, thus meeting the requirements of the national organization.

Functional Classification of Expenses

The Organization allocated its expenses on a functional basis among its various programs including fundraising activities and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Revenue and Cost Recognition

The Organization recognizes revenue from all homebuilding activities at the closing of the sale using the deposit method. During construction, all direct material and labor costs and those indirect costs related to acquisition and construction are capitalized, and all customer deposits are treated as liabilities. Capitalized costs are charged to earnings upon closing. Costs incurred in connection with completed homes and general and administrative costs are charged to expense as incurred.

Date of Managements' Review

Subsequent events were evaluated through January 20, 2018, the date the financial statements were available for release.

3. Escrow Deposits

The Organization holds escrow deposits on behalf of persons with outstanding mortgage receivables. The escrows are for purposes of repairs and maintenance. The escrow deposits are held in a commercial bank account. The outstanding escrow balances were \$338,267 and \$317,829 at June 30, 2017 and 2016, respectively.

4. Mortgage Notes Receivable

The Organization provides 100% financing on homes purchased over a 20 to 30 year period at no interest. Generally Accepted Accounting Principles require that contractual rights to receive money in the future be recorded at the present value of the consideration given in exchange.

The value of the house given in exchange for the mortgage note is deemed to be the present value of all future mortgage principal payments using an imputed interest rate. The difference between the face amount of the note and its present value is accounted for as a discount, recorded on the balance sheet reducing mortgage notes receivable, and amortized over the life of the note by the interest method. Present value is calculated using rates determined for the year the mortgage was executed. Rates used for the year ending, June 30, 2017 and 2016, were 7.47% and 7.48% respectively.

Beaches Habitat for Humanity, Inc.
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Notes to the Financial Statements
June 30, 2017 and 2016

The Organization has an agreement with a commercial bank, whereby the bank acts as loan processor after closing takes place.

	<u>2017</u>	<u>2016</u>
Mortgage notes receivable	\$ 9,105,290	\$ 10,732,534
Less: Unamortized discount	<u>(5,130,771)</u>	<u>(5,800,438)</u>
	<u>\$ 3,974,519</u>	<u>\$ 4,932,096</u>

All notes are collateralized by a first mortgage lien on the real property sold. In the event of a default by the mortgagor, the property may be repossessed to satisfy any outstanding obligations. In addition, all mortgages are non-assumable without prior written approval of the Organization. Since all houses are collateralized by a first mortgage lien and the high demand for affordable housing in the area, the Organization has made no allowance for uncollectible mortgages.

\$1,751,062 of select mortgage receivables serve as collateral for a commercial bank line of credit.

As of June 30, 2017 and 2016, the Organization had 45 and 55 delinquent loans, with approximate delinquent balances of \$85,000 and \$76,000, respectively. The total principal balance for the delinquent mortgages as of June 30, 2017 and 2016 is approximately \$2,670,000 and \$2,674,000, respectively.

During the years ending June 30, 2017 and 2016, loan sales took place of:

	<u>2017</u>	<u>2016</u>
Principal	\$ 3,261,929	\$ 1,421,964
Mortgage discount	<u>(1,616,865)</u>	<u>(734,053)</u>
Net	1,645,064	687,911
Sales price, net	<u>2,111,895</u>	<u>941,653</u>
Gain	<u>\$ 466,831</u>	<u>\$ 253,742</u>

The Organization is obligated to swap out any mortgages sold, if any become significantly in arrears.

5. Construction Inventory

All construction costs, including materials and subcontract labor paid by the Organization as well as the value of those items donated to the Organization, are considered work in progress until a mortgage is signed on the house.

Beaches Habitat for Humanity, Inc.
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At June 30, 2017 and 2016, there were no completed but unsold homes as well as 26 and 32 homes in process, respectively. There were 6 and 0 repurchased homes at June 30, 2017 and 2016, respectively. The detail of the construction inventory is as follows:

	<u>2017</u>	<u>2016</u>
Land & land infrastructure	\$ 1,588,085	\$ 2,255,185
Construction in process	801,203	881,794
	<u>\$ 2,389,288</u>	<u>\$ 3,136,979</u>

6. Property and Equipment

Property and equipment consisted of:

	<u>2017</u>	<u>2016</u>
Land	\$ 106,848	\$ 106,848
Building & improvements	524,171	509,134
Equipment	169,606	191,761
	<u>800,625</u>	<u>807,743</u>
Less accumulated depreciation	(210,626)	(206,179)
	<u>\$ 590,000</u>	<u>\$ 601,564</u>

7. Deposits and Payments on Houses Awaiting Closing

As stated in Note 1, families must meet certain requirements before they can sign a mortgage on a house. If the house is completed before these requirements are met, then the family is allowed to rent the house while working to meet the requirements. Families receive a rent credit at the time the house is closed, at which time it is applied to reduce the mortgage. In addition, down payments of \$500 are collected on all houses and are applied to reduce the mortgage at closing.

At June 30, 2017 and 2016, the Organization had \$34,816 and \$2,325 down payment credits. There were no rent applied credits.

8. Line of Credit

The Organization has a commercial bank line of credit in the amount of \$2,000,000, with interest at the LIBOR rate plus two and one-half percent, subject to a floor of 3% and a ceiling of 5%, currently 3.00%, secured by select mortgage notes receivable. The line of credit matures October 2017. The outstanding balance was \$417,321 and \$1,750,000.00 at June 30, 2017 and 2016, respectively.

Beaches Habitat for Humanity, Inc.
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Notes to the Financial Statements
June 30, 2017 and 2016

9. Notes Payable

The Organization had the following notes payable at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Commercial bank note, interest at the bank's prime rate plus one-half percent, currently 4.0%, secured by land and assignment of leases and rents of property built on the land; payable in 48 monthly principal payments of \$4,372, with decreasing interest and total payments.	\$ 140,821	\$ 218,548
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$781, beginning July 2013 and maturing December 2017.	4,698	14,070
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$950 a month beginning January 2015 and maturing January 2019.	17,101	28,501
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$73 beginning July 2015 and maturing July 2019.	2,193	3,069
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$1,169 beginning July 2016 and maturing July 2020.	42,096	56,124
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$234 beginning July 2015 and maturing July 2019.	8,442	11,250
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$1,328 beginning July 2016 and maturing July 2020.	47,814	63,750
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$3,015 beginning January 2017 and maturing January 2021.	126,678	144,769
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$390 beginning January 2017 and maturing January 2021.	16,410	18,750

Beaches Habitat for Humanity, Inc.
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Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$364 beginning July 2017 and maturing July 2021.	17,500	17,500
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$1,101 beginning January 2018 and maturing January 2022.	52,874	52,874
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$478 beginning January 2018 and maturing December 2021.	19,479	19,479
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$1,041, beginning July 2014 and maturing July 2018.	-	6,278
Unsecured, non-interest bearing notes payable to affiliate, payable in 48 monthly principal payments of \$833 beginning July 2012 and maturing July 2016.	-	5,014
	<u>496,106</u>	<u>659,976</u>
Less current portion	(150,783)	(156,185)
Long-term portion	<u>\$ 345,323</u>	<u>\$ 503,791</u>

Principal payments on notes payable for each of the next five years are as follows:

2018	\$ 150,783
2019	152,828
2020	140,757
2021	43,255
2022	8,483
Thereafter	-
	<u>\$ 496,106</u>

10. Donations

Building materials, subcontract labor and land which are donated to the Organization are valued at their estimated fair value and recorded as contract costs. In kind contributions totaled \$147,335 and \$159,350 for the years ended June 30, 2017 and 2016, respectively.

Beaches Habitat for Humanity, Inc.
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Notes to the Financial Statements
June 30, 2017 and 2016

11. Concentrations of Credit Risk

Since the Organization's home sales are concentrated within one geographic location (Beaches Community of the Duval County, Florida area) to individuals who would otherwise not qualify for home mortgage financing, there is a significant concentration of credit risk associated with the Organization's mortgage notes receivable. In an effort to minimize this risk, it is the Organization's policy to require credit reports, employment verifications and police checks on all potential homeowners. Additional protection is provided by the recorded first mortgage lien on the real property during the period the mortgage is outstanding and the non-assumable nature of the mortgage without prior written approval of the Organization.

The Organization had commercial bank accounts at two commercial banks of \$375,873 and \$375,215 at June 30, 2017, which are \$251,088 above the insured FDIC limit of \$250,000.

12. Affiliation

The Organization is an affiliate of Habitat for Humanity International, Inc.

13. Separate Cash Accounts

Certain grants require separate cash accounts and/or accounting. The Organization maintains the appropriate accounts and/or accounting.

14. Related Party Transaction

During the year ending June 30, 2017 and 2016, \$11,540 and \$43,862 was paid to a Board Member for architectural services.