

**HABITAT FOR HUMANITY OF  
TOMPKINS AND CORTLAND COUNTIES, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**



**Habitat**  
**for Humanity**<sup>®</sup>

of Tompkins and Cortland  
Counties, New York



# Fiscal Year 2009 and 2008 Financial Statements

A HAND UP – NOT A HAND OUT

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

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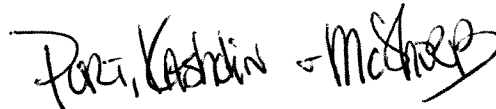
Board of Directors  
Habitat for Humanity of  
Tompkins and Cortland Counties, Inc.

We have reviewed the accompanying statements of financial position of Habitat for Humanity of Tompkins and Cortland Counties, Inc. (a non-profit organization) as of June 30, 2009, and the related statements of activities, and changes in net assets, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Habitat for Humanity of Tompkins and Cortland Counties, Inc.

A review consists principally of inquiries of the Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended June 30, 2008 were audited by us, and we expressed an unqualified opinion on them in our report dated February 16, 2009, we have not performed any auditing procedures since that date.

  
Certified Public Accountants

Cortland, New York  
February 9, 2010

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

**Statements of Financial Position  
June 30, 2009 (Unaudited) and 2008 (Audited)**

<b>ASSETS</b>		<b><u>2009</u></b>	<b><u>2008</u></b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$	70,482	\$ 49,572
Pledges Receivable		1,454	10,000
Mortgages Receivable, Net		94,127	58,144
Homeowner Escrow Accounts		616	1,255
Inventories, Net		36,419	36,394
Construction in Progress		31,962	42,542
<b>TOTAL CURRENT ASSETS</b>		<b>235,060</b>	<b>197,907</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>235,060</b>	<b>\$ 197,907</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$	1,310	\$ -
Accrued Expenses		11,073	6,402
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,383</b>	<b>6,402</b>
<b>NET ASSETS</b>			
Unrestricted		222,677	191,505
<b>TOTAL NET ASSETS</b>		<b>222,677</b>	<b>191,505</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>235,060</b>	<b>\$ 197,907</b>

See accompanying notes and accountant's report.

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

**Statements of Activities  
June 30, 2009 (Unaudited) and 2008 (Audited)**

	<u>2009</u>	<u>2008</u>
<b>PUBLIC SUPPORT AND REVENUE</b>		
Individuals	\$ 60,804	\$ 8,667
Businesses	11,261	17,002
Churches	10,385	2,081
Foundations	23,150	10,470
Material/Services	11,444	5,025
Sale to Homeowners	92,000	126,600
Special Events, Net	1,160	-
Mortgage Discount Amortization	4,277	22,206
Rental Income	3,850	7,700
Interest Income	227	895
Other Income	1,085	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>219,643</u>	<u>200,646</u>
<b>EXPENSES</b>		
<b>PROGRAM EXPENSES:</b>		
Cost of Construction	103,061	155,621
Mortgage Discount Expense	51,538	80,507
Rental Expense	4,292	5,763
Tithe Expense	4,512	2,744
Specific Assistance	49	240
Legal and Professional Expenses	8,074	17,166
Office Supplies, Postage and Shipping	2,946	415
Advertising	2,936	896
Taxes on Land	-	3,174
Other Expenses	533	503
<b>TOTAL PROGRAM EXPENSES</b>	<u>177,941</u>	<u>267,029</u>
<b>ADMINISTRATION EXPENSES:</b>		
Accounting Fees	1,850	4,800
Office Supplies, Postage and Shipping	3,376	253
Telephone	913	890
Office Equipment & Software	1,170	537
Dues	417	307
Insurance	2,147	3,725
Other Expenses	657	113
<b>TOTAL ADMINISTRATION EXPENSES</b>	<u>10,530</u>	<u>10,625</u>
<b>TOTAL EXPENSES</b>	<u>188,471</u>	<u>277,654</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	31,172	(77,008)
<b>NET ASSETS, Beginning of Year</b>	<u>191,505</u>	<u>268,513</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 222,677</u>	<u>\$ 191,505</u>

See accompanying notes and accountant's report.

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

**Statements of Cash Flows  
June 30, 2009 (Unaudited) and 2008 (Audited)**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 31,172	\$ (77,008)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided By (Used In) Operating Activities:		
(Increase) Decrease in Pledges Receivable	8,546	812
(Increase) Decrease in Homeowner Escrow	639	6,021
Construction in Progress	10,580	51,283
(Increase) Decrease in Accounts Payable	1,310	
Increase (Decrease) in Accrued Expenses	<u>4,671</u>	<u>6,267</u>
Net Cash Provided by (Used In) Operating Activities	56,918	(12,625)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mortgages Receivable	(83,243)	(75,878)
Mortgage Discount Unearned	-	29,500
Unamortized Mortgage Discount	47,261	58,301
Purchase of Land	<u>(26)</u>	<u>(14,394)</u>
Net Cash Provided by (Used In) Investing Activities	<u>(36,008)</u>	<u>(2,471)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	20,910	(15,096)
<b>CASH, Beginning of Year</b>	<u>49,572</u>	<u>64,668</u>
<b>CASH, End of Year</b>	<u>\$ 70,482</u>	<u>\$ 49,572</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest	\$ -	\$ -
Taxes	-	-

See accompanying notes and accountant's report.

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

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**Notes to Financial Statements  
June 30, 2009**

**NOTE 1 – ORGANIZATION AND PURPOSE**

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

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

**BASIS OF ACCOUNTING**

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

**INCOME TAXES**

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

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 *Accounting for Uncertainty in Income Taxes* (FIN 48). This interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns.

In December 2008, the FASB issued FASB Staff Position (FSP) No. FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, which further delays the effective date of FIN 48 for certain nonpublic enterprises until annual financial statements for fiscal years beginning after December 15, 2008.

The Corporation has elected to defer the application of FIN 48, in accordance with FSP FIN48-3. The Corporation will continue to follow Financial Accounting Standards No. 5, *Accounting for Contingencies*, until it adopts FIN 48.

**CASH AND EQUIVALENTS**

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

**PLEDGES RECEIVABLE**

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

**Notes to Financial Statements  
June 30, 2009**

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

**MORTGAGES RECEIVABLE**

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

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

**INVENTORIES**

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

**NET ASSETS**

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

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

No temporarily or permanently restricted net assets were held during 2009 and 2008 and accordingly, these financial statements do not reflect any activity related to these classes of net assets for 2009 and 2008.

**Notes to Financial Statements  
June 30, 2009**

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

**ADVERTISING**

The Organization expenses advertising costs as incurred. Advertising expenses amounted to \$2,936 and \$896 in 2009 and 2008, respectively.

**TITHING**

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

**CONTRIBUTIONS**

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

**CONTRIBUTED SERVICES**

A substantial number of volunteers have made significant contributions of their time to TCHFH's program and supporting services. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied. However, certain other contributed services that require specialized skills, where provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation, are recognized as revenue and attributed to expense or assets as appropriate. Such amounts, which are included in the accompanying financial statements totaled \$-0- for 2009 and 2008.

**PROGRAM SERVICES**

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

**MANAGEMENT ESTIMATES**

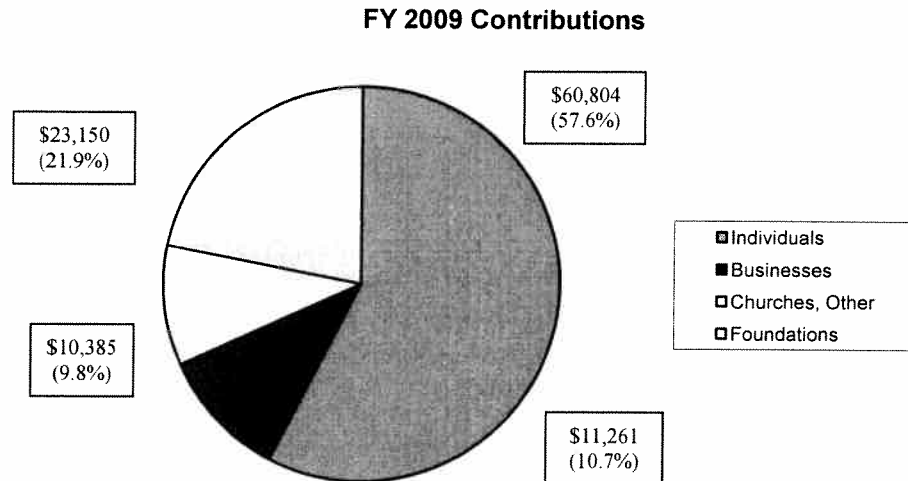
The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

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

**Notes to Financial Statements  
June 30, 2009**

**NOTE 3 – CONTRIBUTIONS**

Contributions are received from individuals, businesses, foundations, churches and other organizations. For the year ending June 30, 2009 the distribution of these contributions are shown below.



**NOTE 4 – INVESTMENTS**

Investments consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Certificates of Deposits	\$ -	\$ 23,687
Total Investments	<u>\$ -</u>	<u>\$ 23,687</u>

**NOTE 5 – PLEDGES RECEIVABLE**

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

	<u>2009</u>	<u>2008</u>
Finger Lakes Reuse	\$ 1,454	\$ -
Wells Fargo	<u>-</u>	<u>10,000</u>
Total Pledges Receivable	<u>\$ 1,454</u>	<u>\$ 10,000</u>

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

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**Notes to Financial Statements  
June 30, 2009**

**NOTE 6 – MORTGAGES RECEIVABLE**

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

	<u>2009</u>	<u>2008</u>
Primary Installment Contract	\$ 224,080	\$ 140,836
Total Mortgages Receivable	<u>\$ 224,080</u>	<u>\$ 140,836</u>

**NOTE 7 – RENTAL INCOME**

One of the Organization's properties is leased on a month-to-month basis requiring fixed monthly payments over various terms. Rental income from the property amounted to \$3,850 and \$7,700 for the years ended June 30, 2009 and 2008, respectively. Rental expense amounted to \$4,292 and \$5,763 for the years ended June 30, 2009 and 2008, respectively.