

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.

AUDIT
FOR THE YEAR ENDED JUNE 30, 2017

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
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AMERICAN INSTITUTE OF C.P.A.'S
NEW JERSEY SOCIETY OF C.P.A.'S
PENNSYLVANIA INSTITUTE OF C.P.A.'S
INSTITUTE OF MANAGEMENT ACCOUNTANTS

*ADMITTED IN N.J. AND P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Metropolitan Camden Habitat
for Humanity, Inc.
6955 Central Highway
Pennsauken, New Jersey 08109

Report on the Financial Statements

We have audited the accompanying financial statements of Metropolitan Camden Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 qualified audit opinion.

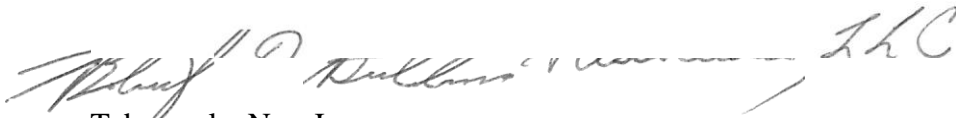
Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence about the amounts recognized as the July 1, 2016 opening inventory amount and the June 30, 2017 closing inventory amount. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Camden Habitat for Humanity, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Robert D. Bertolino & Associates, LLC



Tabernacle, New Jersey
January 30, 2018

ROBERT D. BERTOLINO & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANT

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash and Cash Equivalents	\$1 86,267.30
Accounts Receivable	18,040.29
Mortgages Receivable	95 , 64.55
Unamortized Discount on Mortgage	(588,664.70)
Donated Inventory	111,050.00
Prepaid Expenses	32,054.00
Construction in Progress	159,401.23
Real Estate Held for Resale	159,161.25
Security Deposit — Restore	4, 70.23
Property and Equipment:	
Office and Warehouse	12 ,573.70
Leasehold Improvements — Restore	40,272.88
Tools and Office Equipment	9,243.90
Less — Accumulated Depreciation	(85,545.63)
TOTAL ASSETS	<u>\$1 122,589.00</u>

LIABILITIES

Accounts Payable	\$ 24, 57.31
Loans Payable	<u>234,510.20</u>
TOTAL LIABILITIES	<u>258,867.51</u>

NET ASSETS

Unrestricted	832,170.22
Temporarily Restricted	1,551.27
Permanently Restricted	<u>0.00</u>
TOTAL NET ASSETS	<u>863,721.49</u>

TOTAL LIABILITIES AND NET ASSETS \$1.122589.00

See notes to financial statements.

ROBERT D. BERTOLINO & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANT

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarity Restricted</u>	<u>Total</u>
<u>Support and Revenue:</u>			
Grants/awards-foundations & corporations	\$ 327,307.82	\$.00	\$ 327,307.82
Gifts & donations-individuals	49,550.07	.00	49,550.07
Gifts & donations-congregations	4,000.00	.00	4,000.00
Value of non-cash contributions for			
Inventory to Restore	54,973.58	.00	54,973.58
Home Sales	213,000.00	.00	213,000.00
Restore program income	562,128.30	.00	562,128.30
Program income	11,807.96	.00	11,807.96
Investment income	1.22	2,748.15	2,749.37
Mortgage discount amortization	46,110.68	.00	46,110.68
Satisfaction of Program Restrictions	<u>80,500.00</u>	<u>(80,500.00)</u>	<u>.00</u>
 Total Support and Revenue	 <u>1,838,379.63</u>	 <u>(77,751.85)</u>	 <u>1,760,627.78</u>
 <u>Expenses:</u>			
Program Services	1,566,946.82	.00	1,566,946.82
Administrative	178,128.77	.00	178,128.77
Resource Development	<u>46,845.09</u>	<u>.00</u>	<u>46,845.09</u>
 Total Expenses	 <u>1,791,920.68</u>	 <u>.00</u>	 <u>1,791,920.68</u>
 Change in Net Assets	 46,458.95	 (77,751.85)	 (31,292.90)
Net Assets, Beginning of the Year	692,064.27	109,303.12	801,367.39
Prior Period Adjustment	<u>93,647.00</u>	<u>.00</u>	<u>93,647.00</u>
Net Assets, End of the Year	<u>\$ 821,702.22</u>	<u>\$ 31,551.27</u>	<u>\$ 852,253.49</u>

See notes to financial statements.

ROBERT D. BERTOLINO ASSOCIATES, LLC
 CERTIFIED PUBLIC ACCOUNTANT

METROPOLITAN CAMDEN HABITAT FOR HUMANITY, INC
 STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C

	<u>Program Services</u>	<u>Restore Program</u>	<u>Total Program</u>	<u>Administrative</u>	<u>Resource Development</u>	<u>Totals</u>
	\$	\$	\$	\$	\$	\$
Tithe to Habitat for Humanity International	250.00		250.00			250.00
Cost of Home Sold	301,003.35		301,003.35			301,003.35
Other Project Expenses	21,863.89		21,863.89			21,863.89
Garden Project	4,290.12	-	4,290.12			4,290.12
Insurance		33,685.56	33,685.56	24,655.86	6,164.00	64,505.42
Tools and Equipment		2,254.86	2,254.86			2,254.86
Value of Non-Cash Contributions Sold in Restore		532,923.58	532,923.58			532,923.58
Utilities	1,765.34		1,765.34	1,384.15		24,834.47
Vehicle Expenses	211.50		211.50			22,309.81
Personnel Costs	85,743.94	291,170.63	376,914.57	58,018.88	33,394.07	468,327.52
Postage and Delivery		29,204.72	29,204.72	2,472.29		2,472.29
Purchased Goods for Resale		113,806.50	113,806.50	14,225.81		29,204.72
Rent	14,225.81		14,225.81			142,258.12
Advertising		40,606.62	40,606.62	949.01		41,555.63
Bank and Merchant Fees		6,452.29	6,452.29	2,374.80		8,827.09
Telephone		2,036.38	2,036.38	2,290.53		4,326.91
Mortgage Servicing Fee		1,992.39	1,992.39	8,683.30		8,683.30
Office Supplies & Expenses				774.82		2,767.21
Accounting & Bookkeeping				32,520.26		32,520.26
Warehouse Expenses					7,287.02	7,287.02
Resource Development		5,155.28	5,155.28			5,155.28
Other Restore Expenses	2,219.60		2,219.60			2,219.60
Hospitality and Recognition		104.78	104.78			104.78
Printing				13,504.86		13,504.86
Interest paid				196.01		196.01
Technology		1,432.15	1,432.15	1,064.41		2,496.56
Training & Research				113.23		113.23
Website	283.00	4,250.00	4,533.00	4,912.00		9,445.00
Depreciation		11,231.24	11,231.24	374.00		11,605.24
Maintenance and Repairs	15,000.00		15,000.00			15,000.00
SOSI Fee to HHI				9,614.55		9,614.55
Totals	\$ 446,856.55	\$ 1,120,090.27	\$ 1,566,946.82	\$ 178,128.77	\$ 46,845.09	\$ 1,791,920.68

ROBERT D. BERTOLINO & ASSOCIATES, LLC
 CERTIFIED PUBLIC ACCOUNTANT

METROPOLITAN CAMDEN HABITAF
FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	\$(31,292.90)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities	
Contributed Services	
Depreciation and Amortization	9,445.00
(Increase) Decrease in Operating Assets	
(Increase)Accounts Receivable	(9,669.29)
Decrease Mortgage Receivable	99,157.85
(Increase) in Inventory	(11,050.00)
(Increase) in Prepaid Expenses	(16,681.19)
(Increase) in Real Estate Held for Sale	(4,504.45)
Decrease in Construction in Progress	139,631.29
Increase (Decrease) in Operating Liabilities	
Increase in Accounts Payable	<u>398.35</u>

NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES

175,434.66

CASH FLOWS FROM INVESTING AC TIVITIES

Mortgage Discount Amortization	(46 110 6
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NET CASH PROVIDED (USED)
BY INVESTING ACTIVITIES

(46.110.68)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Loans	(72 940 91
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NET CASH PROVIDED (USED)
BY FINANCING ACTIVITIES

(72,940.91)

NET INCREASE (DECREASE) IN
CASH AND CASH EQUIVALENTS

BEGINNING CASH AND CASH EQUIVALENTS

56,383.07

129,854.23

ENDING CASH AND CASH EQUIVALENTS

1 6 67 0

See notes to financial statements.

ROBERT D. BERTOLINO & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANT

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

SUPPLEMENTAL DISCLOSURES OF NON CASH ACTIVITIES:

Rent Expense	<u>\$142,258.12</u>
Discount on Non-Interest Bearing Mortgage Loans	<u>\$ 46,110.68</u>
Prior period adjustment for recognized Inventory in prior year	\$100,000.00
Prior period adjustment for deduction of Mortgage Receivable	<u>(6,350.00)</u>
Total Adjustment To Unrestricted Net Assets	<u>\$ 93,647.00</u>

See notes to financial statements.

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note 1 — Nature of Activities

Nature of Activities

Metropolitan Camden Habitat for Humanity, Inc. also trading as Camden County Habitat for Humanity (the Organization) or (MCHH), is a not-for-profit corporation that partners with God, people and organizations to build and renovate houses for those in need of affordable, decent homes in Camden County. In addition MCHH fosters and empowers healthy communities through educational programs in personal finance, successful homeownership, and job training in the construction trades. MCHH is an affiliate of Habitat for Humanity International, Inc., a nondenominational Christian non-profit 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 for Humanity International assists with information, resources, training, publications, prayer support, and in other ways, MCHH is primarily and directly responsible for its own operations.

Note 2 — Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly they reflect all significant receivables, payables, and other liabilities.

Adoption of the FASB Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) issued FASB Accounting Standards Codification (“ASC”) effective for financial statements issued for interim and annual periods ending after September 15, 2009. The ASC is an aggregation of previously issued authoritative accounting principles generally accepted in the United States of America (“GAAP”) in one comprehensive set of guidance organized by subject area. In accordance with the ASC, references to previously issued accounting standards have been replaced by ASC references. Subsequent revisions to GAAP will be incorporated into the ASC through Accounting Standards Updates (ASU). The ASC did not have an effect on MCHH’s results of operations or financial condition.

Basis of Presentation

According to FASB, ASC 958-210-45-9 requires the providing of information about the three classes of net assets (that is, unrestricted, temporarily restricted and permanently restricted). The amounts for each of the three classes of net assets and total net assets are required to be reported on the face of the statement of financial position. In doing so, this provides information about liquidity, financial flexibility, and the interrelationship of assets and liabilities.

METROPOLITAN CAMDEN HABITA f
FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 0. 2017

Note 2— Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization defines cash and cash equivalents to include only cash on hand, demand deposits, and investments with original maturities of three months or less with essentially no market risk.

Property and Equipment

All property and equipment purchased and or donated is depreciated using the straight-line method or the double declining balance method of depreciation over their estimated useful lives. If property and equipment is donated it is recorded as support at its estimated fair value. Repairs and maintenance are expensed as incurred unless the asset's useful life is increased and the repair is material, in which case the repair is capitalized. Assets are capitalized when the purchase price exceeds \$500.00 and the estimated useful life is more than one year. Depreciation is provided over the following estimated useful lives of the assets as follows:

Furniture and equipment	3-7 years
Leasehold improvements	10-15 years
Building and building improvements	25- 9 years

Mortgages Receivable

Mortgages receivable consists of non-interest bearing mortgages which are secured by real estate and payable in monthly installments over the life of the mortgage.

Inventory Re-Store

Contributed inventory for the Re-Store is stated at fair value which is measured at the average Re-Store sales price per item during the month of June. The valuing of inventory and the expensing of inventory against Re-Store sales in the financial statements constitute a change in accounting policies from that of prior years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note 2 Significant Accounting Policies (continued)

Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received by MCHH. Gifts of cash and other assets are reported as temporarily restricted support 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 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.

Donated Services

Donated services are recognized as contributions in accordance with standards of the Financial Accounting Standards Board. Under these standards, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, as performed by people with those skills, and would otherwise be purchased by MCHH. In addition a substantial number of volunteers have made significant contributions of their time to MCHH's program and supporting services. The value of this contributed time is not reflected in these financial statements since it does not meet the above criteria.

Transfers to Homeowners

Sales to homeowners are recorded at the gross mortgage amount. Non-interest bearing mortgages have been discounted based upon prevailing market rates for low income housing at the inception of the mortgages. Utilizing a straight-line basis, this discount is recognized as interest income over the term of the mortgage. The Organization also transfers home ownership in the normal way that is that the home owner acquires its own mortgage and MCHH is no longer involved.

Construction in Progress/Project Income

Costs associated with the renovation of properties, including MCHH labor costs, are capitalized. When the property is sold the related costs are offset against the sale prices and the excess revenues or expenses are reflected in the statement of activities. Any excess revenue from the sale of a property is used to offset overhead costs and to provide for the continuation of MCHH's mission.

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note 2 — Significant Accounting Policies (continued)

Taxes

All required payroll tax returns have been filed and all amounts due have been paid. The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and is not considered a private foundation. The Organization's forms 990, Return of Organization Exempt from Income Tax, for the years 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed. In June 2006 the Financial Accounting Standards Board issued FIN 48, Accounting for Uncertainty in Income Taxes, which prescribes how an entity should measure, recognize, present and disclose in its financial statements tax positions that an organization has taken or expects to take on its information returns. FIN 48 is effective for years beginning after December 31, 2008 for nonpublic entities.

Federal Home Loan Bank Grants

The Organization has been participating with the Federal Home Loan Bank Board (FHLB) to receive subsidies. The proceeds from the subsidies have been used in the renovation of the Organization's properties. The subsidies are forgivable loans which require no repayment as long as the project remains in compliance with the purpose for which the project was approved for a period of 5 years. It is the Organization's intention to remain in compliance with the terms of the subsidies and therefore the amount has been reflected as support in the accompanying statements.

Fair Value Measurements

The Organization has adopted the Financial Accounting Standards Board's standards that applies to all assets and liabilities that are being measured and Reported on a fair value basis. Under the standards new disclosures are required that establish a framework for measuring fair value in accounting principles general accepted in the United States of America, and expands disclosure about fair value measurements. The standards enable the reader of the financial statements to access the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

The standards require that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

1. Level 1: Quoted market prices in active markets for identical assets or liabilities.
2. Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- o. Level 3: Unobservable inputs that are not corroborated by market data.

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note 2 — Significant Accounting Policies (continued)

Fair Value Measurements (continued)

In determining the appropriate levels, MCHH performs a detailed analysis of the assets and liabilities that may be subject to the Standards.

The carrying amounts of financial instruments including cash and cash equivalents, receivables, prepaid and payable approximates fair value due to the short maturity of these instruments. The carrying amounts of the mortgages receivable is reflected at fair value using a discount rate of

Advertising Costs

Advertising costs are expensed as incurred.

Note 3 - Property and Equipment

Property and equipment at June 30, 2017 is as follows:

Office and Warehouse	\$123,573.70
Leasehold Improvements — Restore	40,272.88
Tools and Office Equipment	<u>9,243.90</u>
Total	173,090.48
Accumulated Depreciation	<u>(85,545.6)</u>
Net Book Value	<u>\$ 87,544.85</u>

Note 4 — Mortgage Receivable

The mortgage receivable balance at June 30, 2017 consists of 34 loans on properties developed by MCHH. These loans are non-interest loans with maturities ranging from 15 to 25 years. The balance receivable for these loans was \$953,364.55 at June 30, 2017. The amount of principal that will be collected on the above mortgages is approximately \$70,000.00 per year for each of the next five years. During a prior year MCHH completed the transfer of the servicing of all of the mortgages to an outside service provider. The provider collects the mortgage and escrow payments. On a monthly basis the principal collected is transferred to MCHH. In addition, the provider disburses escrow funds for the payment of real estate taxes and homeowners insurance.

Note 5 — Construction in Progress

As of June 30, 2017 MCHH was in the process of renovating a number of properties for sale under the Programs.

Note 6 — Real Estate Held for Resale

Properties donated to or purchased by MCHH that are not going to be renovated are held for sale.

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 0, 2017

Note 7 — Discount on Mortgages

The Organization accounts for their mortgages in accordance with the Habitat for Humanity International's U.S. Affiliate Accounting Policy Manual. Under this guide the non-interest mortgages are discounted to their present value at the time the mortgage is issued. The discounted amount is amortized over the life of the mortgage using an imputed interest rate, averaging 8%, on the straight line basis.

The following reflects the activity in the related accounts for the year ended June 30, 2017:

Unamortized Discount on Mortgages

Balance at June 30, 2016	\$6 4,775. 8
Mortgage discount amortization for the year ended June 30, 2017	<u>(46,110.68)</u>
Balance at June 0, 2017	<u>\$588,664.70</u>

Note 8 — Functional Allocation of Expenses

Expenses are apportioned to program, administrative and resource development functions based on specific or estimated allocations.

Note 9 — Transactions with Habitat for Humanity International

The Organization annually remits a portion of its unrestricted contributions (excluding in-kind contributions) to Habitat for Humanity International. These funds are used to construct homes in economically depressed areas around the world. During the year the Organization remitted \$15,000.00 to Habitat for Humanity International. These amounts are included in program service expenses in the statement of functional expenses.

Note 10 — Loans Payable

During 2002 MCHH borrowed \$133,700.00 through a loan program sponsored by Habitat for Humanity International. The loan is payable in monthly installments of principal and interest for a period of 15 years. The interest rate on the mortgage is 1%. The balance at June 00, 2017 is \$3,990.95.

During 2013 MCHH entered into a line of credit with a local financial institution in the amount of \$80,000.00. Interest is payable at the bank's prevailing rate of 5.75% at June 30, 2017. The balance outstanding under the line was \$38,205.57 as of June 00, 2017.

METROPOLITAN CAMDEN HABITAT F
FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

During 2014 MCHH obtained a loan in the amount of \$274,900.00 from Habitat for Humanity International. Interest on the loan is 4.5%. The monthly payments are \$2,857.45. The balance at June 30, 2017 was \$192,610.68. Select mortgages are collateral for this loan.

Principal maturities on the above loans for the next five years are as follows:

June 30, 2018	\$ 0,855.00
June 30, 2019	27,263.00
June 30, 2020	28,515.00
June 30, 2021	29,825.00
June 30, 2022	1,187.00

Note 11 — Building Lease

During 2009 MCHH entered into a lease agreement to rent space in Pennsauken, New Jersey for the operation of the program. The lease commenced in September 2009. The lease was for the term of 36 months ending August 2012. In that time the Organization moved their administrative offices from Camden, New Jersey to this location. The new lease is for 10 years commencing in March 2012. The fixed monthly rent is \$6,981.54 per month for the first two years, \$7,196.36 for year 3, \$7,411.18 for year 4, \$7,625.99 for year 5, \$7,840.81 for year 6, \$8,163.03 for year 7, \$8,485.16 for year 8, \$8,807.48 for year 9 and \$9,129.71 for year 10.

Note 12 — Restore Operation

The Restore is a place that collects new and gently used building materials, furniture, and appliances from companies, contractors, and homeowners then sells them to the public at discounted prices. The items donated are recorded at fair value as determined by management using factors such as sales and inventory turnover. Income that is received from this program is used to support MCHH's operations.

Note 13 — Line of Credit

The Organization entered into a Loan Agreement with the Community Loan Fund of New Jersey, Inc. The loan is an Acquisition and Construction Revolving Line of Credit in the amount of \$250,000.00. The proceeds from the loan is to be used for the acquisition and construction of scattered-site properties located in Camden County. The initial term is 24 months. A maximum of 2 properties may be financed under the line of credit at a single time. The loan will fund up to 50% of the project costs not to exceed 90% of the "as completed" appraised value of the combined acquisition and construction costs. The interest rate on outstanding balance is a fixed rate of 6.5%. The loan is primarily secured by a first mortgage lien on the properties financed under the line. The balance outstanding on the line of credit as of June 30, 2017 is \$0.00.

METROPOLITAN CAMDEN HABITAT
FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note 14 — Temporarily Restricted Net Assets

The temporarily restricted net assets are restricted for the renovation of several homes that are owned by MCHH and are available for sale. The following is a breakdown of this account.

Stock Donation	\$ 4,396.35
566 Royden Street	<u>27,154.92</u>
Total	<u>\$31,551.27</u>

Note 15 - Accrued Compensated Absences

The Organization does not accrue compensated absences because the amount cannot be reasonably estimated.

Note 16 — Prior Period Adjustment

Certain prior year items have been reclassified to conform to the current year presentation and also as a correction to the opening balance to the mortgage receivable account. These items include the following:

Prior period adjustment for recognition of a June 30, 2016 inventory.	\$100,000.00
Prior period adjustment for reduction of mortgage receivable at June 30, 2016.	<u>(6,353.00)</u>
Total adjustment to Unrestricted Net Assets	<u>\$ 93,647.00</u>

Note 17 — Evaluation of Subsequent Events

The Financial Accounting Standards Board has issued a standard that applies to annual financial periods ending after June 15, 2009. These standards establish principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements.

The Organization has evaluated subsequent events through January 30, 2018, the date which the financial statements were available to be issued.