

HABITAT FOR HUMANITY OF
LAKE-SUMTER, FLORIDA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

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SILBERNAGEL & BURROUGHS, P.A.

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CERTIFIED PUBLIC ACCOUNTANTS

GABRIEL P. BURROUGHS, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Habitat for Humanity of Lake-Sumter, Florida, Inc.

We have audited the accompanying financial statements of Habitat for Humanity of Lake-Sumter, Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 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 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 Lake-Sumter, Florida, Inc. as of June 30, 2019 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.

A handwritten signature in black ink that reads "Silvana + Burroughs, PA". The signature is written in a cursive, stylized font.

Mount Dora, FL
December 12, 2019

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 739,321
Accounts receivable	12,813
Grants receivable	12,808
Inventory held for sale - Habitat ReStore	232,088
Prepaid expenses	26,160
Escrow advances	7,341
Mortgage notes receivable, unpledged	180,002
Mortgage notes receivable, pledged	74,380
Total current assets	1,284,913
LONG-TERM ASSETS	
Mortgage notes receivable, unpledged, net of discount and current portion	1,008,442
Mortgage notes receivable, pledged, net of discount and current portion	918,915
Land for future home sites	1,050,070
Construction in process	545,177
Land, buildings & equipment, net of accumulated depreciation	2,026,211
Intangible assets, net of accumulated amortization	10,202
Other assets	41,324
Total long-term assets	5,600,341
TOTAL ASSETS	\$ 6,885,254
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	\$ 65,324
Accrued expenses	61,497
Payroll liabilities	56,469
Sales tax liability	6,311
Escrow accounts	723
Line of credit	300,000
Current portion of notes payable	156,368
Total current liabilities	646,692
LONG-TERM LIABILITIES	
Notes payable	501,869
Total liabilities	1,148,561
NET ASSETS	
Net assets without donor restrictions	5,280,217
Net assets with donor restrictions	456,476
Total net assets	5,736,693
TOTAL LIABILITIES AND NET ASSETS	\$ 6,885,254

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues:

In-kind donations - ReStore	\$ 1,392,501
Home and land sales	1,039,815
Donations	607,297
Mortgage discount amortization	254,944
In-kind donations - Homebuilding	140,606
Fund-raising projects	112,735
Global Village income	74,900
Rental income	16,384
Grants	12,808
Other income	12,304
Recapture of forgivable mortgage	8,876
Thrift store sales, net of cost of goods	711
Interest income	26
Loss on asset dispositions	<u>(13,237)</u>

Total Undesignated Revenues, Gains, and Other Support 3,660,670

Expenses:

Thrift stores	1,118,058
Housing	628,676
General and administrative	382,217
Veterans Initiative	1,307,468
Global Village	130,577
Fund development	313,985
Youth construction	<u>191,780</u>

Total Expenses 4,072,761

DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (412,091)

NET ASSETS WITH DONOR RESTRICTIONS

Donations	<u>2,600</u>
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DECREASE IN NET ASSETS (409,491)

NET ASSETS AT BEGINNING OF YEAR 6,146,184

NET ASSETS AT END OF YEAR \$ 5,736,693

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Thrift Stores	Housing	Administrative	Veterans Initiative	Global Village/VM	Fund Development	Youth Construction	Total
Personnel	\$ 790,826	\$ 200,585	\$ 178,150	\$ 28,574	\$ 48,393	\$ 163,438	\$ 58,415	\$ 1,468,381
Advertising and newsletters	14,067	120	43	6,591	-	1,971	6,664	29,456
Collegiate challenge	-	-	-	-	5,095	-	-	5,095
Community preservation	247	76,498	-	141	-	-	-	76,886
Construction goods and services	-	104,286	-	1,003,666	-	-	112,174	1,220,126
Bank and credit card fees	30,077	256	319	142	111	419	8	31,332
Depreciation and amortization	68,307	42,634	12,950	-	32,842	8,190	-	164,923
Development expense	-	-	350	180	-	9	-	539
Donations	-	57,974	272	-	-	-	-	58,246
Dues and subscriptions	288	1,215	17,345	880	110	4,111	238	24,187
Grants to individuals	-	-	-	242,993	-	-	-	242,993
Insurance	-	25,426	1,641	2,500	85	156	8,920	38,728
Legal and accounting	-	1,977	20,905	971	-	1,919	-	25,772
Loan interest	6,127	12,715	24,445	7,066	-	-	-	50,353
Merchandise and apparel	1,041	20	770	-	-	-	-	1,831
Minor equipment and tools	1,768	3,158	494	-	911	276	728	7,335
Office expense	13,009	729	1,973	37	1,880	1,361	58	19,047
Other expenses	919	149	4,261	481	-	256	-	6,066
Printing and postage	442	152	1,630	486	31	8,493	22	11,256
Property taxes	371	1,672	315	-	-	-	-	2,358
Rent	1,261	(118)	34,910	-	-	-	-	36,053
Repairs and maintenance	12,226	4,563	786	12	2,388	85	259	20,319
Service agreements	16,756	36,548	41,324	5,837	13,085	6,255	607	120,412
Special events	64	-	-	855	-	103,372	-	104,291
Tithe	-	-	15,000	-	-	-	-	15,000
Title transfer and recording fees	174	1,501	80	-	-	-	-	1,755
Training and conferences	190	56	11,222	-	328	2,364	-	14,160
Travel and mileage	3,703	21	3,806	-	-	135	265	7,930
Utilities	99,005	10,523	4,863	-	21,784	5,151	1,269	142,595
Vehicle operation and maintenance	56,842	21,443	4,363	3	2,145	5,460	2,115	92,371
Veterans Initiative direct cost	-	-	-	6,053	-	-	-	6,053
Volunteer costs	348	102	-	-	1,389	564	38	2,441
Discount on mortgages issued	-	24,471	-	-	-	-	-	24,471
	<u>\$ 1,118,058</u>	<u>\$ 628,676</u>	<u>\$ 382,217</u>	<u>\$ 1,307,468</u>	<u>\$ 130,577</u>	<u>\$ 313,985</u>	<u>\$ 191,780</u>	<u>\$ 4,072,761</u>

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (409,491)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation and amortization	164,923
Amortization of discounts on loans receivable	(251,152)
Loans receivable issued	(114,575)
Discounts on loans receivable issued	24,471
Loss on disposal of assets	71,211
Recapture of forgivable mortgage	(8,876)
Land used in building	404,588
(Increase) decrease in:	
Escrow advances	(3,766)
Inventory	16,065
Accounts receivable	(25,621)
Prepaid expenses	1,952
Construction in process	(238,404)
Land for future home sites	346,694
Increase (decrease) in:	
Accounts payable	37,895
Accrued expenses	4,834
Other liabilities	923
Escrow balances	(1,727)
Total adjustments	<u>429,435</u>
Net increase in cash from operating activities	19,944
CASH FLOWS FROM INVESTING ACTIVITIES:	
Equipment purchases	(20,338)
Vehicle purchases	(20,372)
Building and land purchases and improvements	(192,013)
Payments received on mortgage notes receivable	<u>473,337</u>
Net increase in cash from investing activities	240,614
CASH FLOWS FROM FINANCING ACTIVITIES:	
Loan proceeds	17,372
Line of credit proceeds	168,745
Note payments	<u>(392,606)</u>
Net decrease in cash from financing activities	<u>(206,489)</u>
NET INCREASE IN CASH	54,069
CASH AT BEGINNING OF YEAR	<u>685,252</u>
CASH AT END OF YEAR	<u><u>\$ 739,321</u></u>

Non-cash transactions for June 30, 2019 included in-kind homebuilding materials of \$140,606.
Interest paid was \$50,353.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

A. Summary of Significant Accounting Policies

Organization and Purpose – Habitat for Humanity of Lake-Sumter, Florida, Inc. (the Organization), a nonprofit organization, was incorporated on October 13, 1989. The Organization is an affiliate of Habitat for Humanity International, Inc. 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 and prayer support, the Organization is primarily and directly responsible for its own operations. The Organization is a local organization which is supported by individuals, clubs, businesses, churches, and thrift store sales.

The Organization is a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code under a group exemption letter issued to Habitat International and is exempt from federal and state income taxes.

Basis of Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contributions were received.

Fair Values of Financial Instruments – The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments.

Cash and cash equivalents – The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

Mortgage notes receivable – The carrying amount approximates fair value, which is determined by discounting the future cash flows using rates that approximate the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Interest income (amortization of the discount) is recorded using the effective interest method over the lives of the mortgage notes.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts 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 during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventory – The Organization receives donations of building materials that would otherwise have to be purchased to complete house construction. The fair value of these goods is recognized as revenue and inventory when received. They are expensed as construction costs when used. The Organization did not have any building materials on hand as of June 30, 2019.

Habitat ReStore inventory includes furniture, household items, and other materials used for re-sale. Habitat estimates the value of donated inventory items are at fair value as determined by management using average monthly sales for the year, based on an estimated inventory turnover rate of 6 times annually. Inventory held for sale at June 30, 2019 was \$232,088. ReStore sales and cost of sales for the year ending June 30, 2019 were \$1,409,277 and \$1,408,566, respectively.

Fair Value Measurements – The Organization has adopted FASB ASC 820, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participant would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1: Inputs to the valuation methodology are unadjusted quotes prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in the active markets; quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs.

In accordance with FASB ASC 820, the Organization measures cash and cash equivalents and marketable securities at fair value. Realized and unrealized gains and losses on marketable securities are determined by using specific identification.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Fair value for securities that are traded on a national securities exchange is based upon the last reported sales price on the last business day of the year. Fair value for investments traded in the over-the-counter market, and listed securities for which no sale was reported on that date, is based upon average of the last reported bid and ask price.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Land for Future Home Sites – These parcels are held by the Organization to be used for future home building sites. Donated parcels are recorded at appraised valuation. Purchased and foreclosed parcels are recorded at cost. Real estate assets are evaluated for impairment if impairment indicators are present. An impairment write-down to fair value less costs to sell occurs when management believes that events or changes in circumstances indicate that its carrying amount may not be recoverable. No impairment losses were recorded during 2019.

Construction in Process – All direct material and equipment costs and those indirect costs related to home construction are recorded as construction in process on the statement of financial position. When revenue from the sale of a home is recognized, the corresponding costs are then expensed in the statement of activities as program services.

Property and Equipment – It is the Organization’s policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Property and equipment are recorded at cost if purchased or at their estimated fair value at date of donation. Depreciation is provided using the straight-line method over the following estimated useful lives:

Building and Improvements	10 – 40 years
Office Equipment, Furniture & Fixtures	5 – 7 years

Warranties – The Organization provides a one-year warranty covering general defects in materials and workmanship on each home sold. Warranty costs are expensed when incurred.

Functional Expense Allocation – Program and supporting expenses are classified to the function which incurred the expenses when specifically identifiable. Certain expenses are allocated to each function based on management’s estimation of time spent within each function.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

New Accounting Pronouncement – In August 2016, the Financial Accounting Standards Boards (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization’s financial statements:

- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note R)

B. Accounts Receivable

Accounts receivable represents amounts due from clients and vendors. Due to the nature of the receivable, prior years’ experience and analysis of the specific receivables, management believes that the amounts are fully collectible; therefore, no allowance for doubtful accounts has been recorded.

C. Sales to Homeowners

During the year ending June 30, 2019, there were 6 homes sold to qualifying applicants. Home closings for June 30, 2019 were \$1,039,815, and mortgage discounts relating to these sales were \$24,471 for the year ending June 30, 2019, as some applicants received third party financing.

D. Mortgage Notes Receivable

Mortgage notes receivable consist of noninterest-bearing and below-market interest-bearing mortgage notes which are secured by real estate and payable in monthly installments. Most of the mortgage notes have an original maturity of 20 to 30 years and arose in connection with the Organization’s homebuilding initiatives in Lake and Sumter Counties of Florida. As the payments are received, the discount is amortized to recognize the imputed interest portion of each payment. The amortization of the discount is shown as mortgage discount amortization revenue on the statement of activities. Amortization included as revenue for the fiscal year amounted to \$254,944. Mortgage notes receivable at June 30, 2019 are presented net of unamortized discount resulting from the imputation of interest, as follows:

Mortgage notes receivable at face value	\$ 3,985,179
Less unamortized discount ranging from 6% to 10%	<u>(1,803,440)</u>
	<u><u>\$ 2,181,739</u></u>

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

These mortgage notes will be received as follows:

Year Ending June 30,	
2020	\$ 329,208
2021	329,208
2022	329,208
2023	329,208
2024 and thereafter	<u>2,668,347</u>
	<u>\$ 3,985,179</u>

The Organization received \$365,400 in total mortgage principal and interest payments during the fiscal year ending June 30, 2019.

E. Pledged Receivables

The Organization pledged the following amounts as collateral for loans as of June 30, 2019:

Flex 2015 mortgage notes at face value	\$ 967,023
Flex 2014 mortgage notes at face value	390,695
Flex 2013 mortgage notes at face value	621,472
Mortgage notes discount	<u>(985,895)</u>
	<u>\$ 993,295</u>

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

F. Land, Buildings and Equipment

Land, buildings and equipment are comprised of the following at June 30, 2019:

Land, building and improvements	\$ 2,392,322
Office equipment, furniture & fixtures	360,119
Transportation equipment	<u>342,353</u>
	3,094,794
Less accumulated depreciation	<u>(1,068,583)</u>
	<u>\$ 2,026,211</u>

G. Line of Credit

Habitat for Humanity of Lake-Sumter, Florida, Inc. has a line of credit balance of \$300,000 with Florida Community Loan Fund, Inc., which expires December 31, 2021.

Interest is payable monthly at 4.25%. Habitat for Humanity of Lake-Sumter, Florida, Inc.'s interest expense for the line of credit was \$10,265 for the year ended June 30, 2019.

H. Notes Payable

The following is a summary of notes payable at June 30, 2019:

4.75% note payable to Habitat for Humanity International, Inc., \$4,393 monthly installments with a maturity date of June 2025, secured by mortgage notes receivable.	\$ 273,813
3.80% note payable to Habitat for Humanity International, Inc., \$16,554 quarterly installments with a maturity date of June 2020, secured by mortgage notes receivable.	64,671
4.75% note payable to Habitat for Humanity International, Inc., \$7,610 quarterly installments with a maturity date of June 2024, secured by mortgage notes receivable.	120,448

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

4.75% fixed rate mortgage note secured by real estate. Monthly installments of \$2,079 with a maturity date of May 2024.	108,851
5.0% fixed rate mortgage note secured by real estate. Monthly installments of \$636 with a maturity date of September 2032.	73,469
4.2% fixed rate truck loan. Monthly installments of \$1,613 with a maturity date of August 2019.	1,609
5.99% fixed rate truck loan. Monthly installments of \$337 with a maturity date of October 2023.	<u>15,376</u>
Total notes payable	<u><u>\$ 658,237</u></u>

Scheduled principal payments are as follows:

Year ending June 30,	
2020	\$ 156,368
2021	94,483
2022	99,125
2023	103,996
2024 - thereafter	<u>204,265</u>
	<u><u>\$ 658,237</u></u>

I. Lease

The Organization has a noncancelable operating lease for equipment that expires in 2021. Rental expense for the lease was approximately \$6,758 for the year ended June 30, 2019.

The Organization leases office space under an operating lease expiring in 2024. Rental expense under the lease was \$34,910 for the year ended June 30, 2019.

Future minimum lease payments remaining under these operating leases are as follows:

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Year Ended June 30,	Equipment	Office Space
2020	\$ 6,823	\$ 33,382
2021	2,843	33,382
2022	-	33,382
2023	-	33,382
2024	-	33,382
	\$ 9,666	\$ 166,910

J. Donor Restricted Net Assets

At June 30, 2019, temporarily restricted net assets consisted of the following:

South Lake Build	\$ 24,741
Veteran's Projects	2,600
Land	429,135
Total	\$ 456,476

The restricted land may not be disposed of until 2020.

K. In-Kind Contributions

The Organization receives numerous in-kind contributions of materials, supplies and land used in the construction and furnishings of homes. Supplies and materials contributed during the year ended June 30, 2019 totaled \$107,531 and \$33,075 in donated lots.

The Organization receives donations of time and effort from volunteers to construct the homes, operate the thrift stores and serve as family partners. The value of these services is not reflected in the financial statements. Last fiscal year, over 5,585 volunteers contributed their services.

The Organization also receives donations of items which are sold through its four thrift store locations. The value of these items is reflected in the financial statements.

HABITAT FOR HUMANITY OF LAKE-SUMTER, FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

L. Retirement Plan

The Organization has a Simple IRA retirement plan funded by employees' voluntary contributions. Starting in May 2012, the Organization may contribute up to 3% of employee earnings or contributions, whichever is less. The Organization contributed \$19,423 to the retirement plan for the year ended June 30, 2019.

M. Other Matters

Deposits at FDIC-insured institutions are insured up to \$250,000 per account. At June 30, 2019, the Organization's uninsured bank balances totaled \$270,500.

N. Subsequent Events

Subsequent events have been evaluated through December 12, 2019 which is the date the financial statements were available to be issued. No material subsequent events were identified for recognition or disclosure.

O. Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet date to fund expenses without limitations:

Cash and cash equivalents	\$ 739,321
Accounts receivable	25,621
Mortgage notes receivable – current portion, unpledged	180,002
Mortgage notes receivable – current portion, pledged	74,380
	<u>\$ 1,019,324</u>

P. Restatement of Net Assets

The previously issued financial statements have been restated in order to properly reflect certain financial statement accounts as of June 30, 2018. The following net adjustments were made:

Balance at June 30, 2018	\$ 5,957,745
Recording of Ending Inventory	248,153
Expensing of Construction Costs	(59,714)
Balance at June 30, 2018, as restated	<u>\$ 6,146,184</u>