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To the Board of Directors and Management
Habitat for Humanity - Buffalo, Inc.

In planning and performing our audit of the financial statements of Habitat for Humanity - Buffalo, Inc. as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Habitat for Humanity - Buffalo, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

This communication is intended solely for the information and use of management, the board of directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Federspiel, Pfeifer & Kubicki CPA

Federspiel, Pfeifer & Kubicki, CPA

January 6, 2016

HABITAT FOR HUMANITY - BUFFALO, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity - Buffalo, Inc.
Buffalo, New York

We have audited the accompanying financial statements of Habitat for Humanity - Buffalo, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity - Buffalo, Inc., as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Federspiel, Pfeifer & Kubicki, CPA, PC

January 5, 2016

HABITAT FOR HUMANITY - BUFFALO, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 789,570	\$ 552,913
Cash restricted for escrow	-	670
Investments	2,520	1,236
Grants receivable	30,000	-
Mortgages receivable	7,374,836	6,481,437
Unamortized discount on mortgages receivable	(4,409,448)	(3,817,718)
Escrow deposits receivable	22,607	20,055
Other receivables	12,256	11,107
Mortgage deposits receivable	-	792
Prepaid expenses	32,357	31,474
Construction in progress	776,644	1,263,334
Real estate held for development	32,353	19,716
Homes available for resale	76,961	75,008
Mortgage closing costs, net	8,072	9,071
Property and equipment, net	<u>480,400</u>	<u>475,154</u>
TOTAL ASSETS	<u>\$ 5,229,128</u>	<u>\$ 5,124,249</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 95,206	\$ 85,163
Escrow deposits liability	-	670
Deferred revenue	31,500	81,500
Long-term debt	<u>299,593</u>	<u>316,382</u>
TOTAL LIABILITIES	426,299	483,715
NET ASSETS		
Unrestricted	<u>4,802,829</u>	<u>4,640,534</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,229,128</u>	<u>\$ 5,124,249</u>

See accompanying notes.

HABITAT FOR HUMANITY - BUFFALO, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
CHANGES IN UNRESTRICTED NET ASSETS				
REVENUE AND SUPPORT				
ReStore sales	\$ 823,057	20.45%	\$ 772,417	32.67%
Contributions:				
Cash	787,190	19.56%	637,932	26.98%
Services	52,069	1.29%	63,399	2.68%
Materials and other	32,146	0.80%	4,212	0.18%
Transfers to homeowners	1,457,567	36.22%	398,013	16.83%
Mortgage discount amortization	214,798	5.34%	227,199	9.61%
Grants	644,300	16.01%	224,930	9.51%
Other income	11,442	0.29%	34,626	1.47%
Investment income	1,370	0.04%	1,673	0.07%
	<u>4,023,939</u>	<u>100.00%</u>	<u>2,364,401</u>	<u>100.00%</u>
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program services	3,680,442	91.46%	1,876,697	79.37%
Administrative	126,659	3.15%	113,724	4.81%
Fundraising	54,543	1.36%	42,713	1.81%
	<u>3,861,644</u>	<u>95.97%</u>	<u>2,033,134</u>	<u>85.99%</u>
TOTAL EXPENSES				
INCREASE IN NET ASSETS	162,295	<u>4.03%</u>	331,267	<u>14.01%</u>
NET ASSETS, BEGINNING	<u>4,640,534</u>		<u>4,309,267</u>	
NET ASSETS, ENDING	<u>\$ 4,802,829</u>		<u>\$ 4,640,534</u>	

See accompanying notes.

HABITAT FOR HUMANITY - BUFFALO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2015 and 2014

	2015				2014					
	Program Services	Administrative	Fundraising	Total	%	Program Services	Administrative	Fundraising	Total	%
Cost of homes transferred	\$ 1,512,445	\$ -	\$ -	\$ 1,512,445	37.59%	\$ 472,886	\$ -	\$ -	\$ 472,886	20.00%
Discount on mortgages receivable	856,860	-	-	856,860	21.29%	239,850	-	-	239,850	10.14%
ReStore	517,632	-	-	517,632	12.86%	478,415	-	-	478,415	20.23%
Labor	298,886	46,982	25,125	370,993	9.22%	277,137	46,608	20,819	344,564	14.57%
AHC grant development fee	90,000	-	-	90,000	2.24%	25,000	-	-	25,000	1.06%
Employee benefits	69,833	2,563	2,068	74,464	1.85%	65,257	3,122	2,084	70,463	2.98%
Habitat International tithe	66,210	-	-	66,210	1.65%	70,843	-	-	70,843	3.00%
Americorps/Vista labor	60,981	-	-	60,981	1.52%	87,500	-	-	87,500	3.70%
Professional fees	24,936	32,610	-	57,546	1.43%	31,715	26,066	115	57,896	2.45%
Depreciation/amortization	43,705	1,880	-	45,585	1.13%	35,863	934	-	36,797	1.56%
Construction support	35,252	-	-	35,252	0.88%	39,508	-	-	39,508	1.67%
Office expense	6,828	23,775	-	30,603	0.75%	6,662	16,618	-	23,280	0.99%
AmeriNational service fees	29,897	-	-	29,897	0.74%	28,338	-	-	28,338	1.20%
Materials	29,247	-	-	29,247	0.73%	-	-	-	-	0.00%
Printing & postage	-	2,982	24,751	27,733	0.69%	-	2,965	16,527	19,492	0.82%
Insurance	18,822	781	-	19,603	0.49%	15,936	1,023	-	16,959	0.72%
Miscellaneous	7,664	5,769	2,599	16,032	0.40%	605	2,651	3,168	6,424	0.27%
Bad debt expense	10,339	-	-	10,339	0.26%	230	-	-	230	0.01%
Rent	-	6,440	-	6,440	0.16%	-	11,040	-	11,040	0.47%
Telephone	-	2,275	-	2,275	0.06%	-	2,697	-	2,697	0.11%
Interest	905	-	-	905	0.02%	952	-	-	952	0.04%
Utilities	-	602	-	602	0.01%	-	-	-	-	0.00%
TOTAL	\$ 3,680,442	\$ 126,659	\$ 54,543	\$ 3,861,644	95.97%	\$ 1,876,697	\$ 113,724	\$ 42,713	\$ 2,033,134	85.99%

See accompanying notes.

HABITAT FOR HUMANITY - BUFFALO, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 162,295	\$ 331,267
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	45,585	36,797
Unrealized/realized gain on investments	(172)	(217)
Donation of investments	(1,112)	(1,019)
Donation of materials	(31,034)	(3,193)
Mortgage discount amortization	(214,797)	(227,199)
Discount on mortgages receivable	856,860	239,850
Issuance of mortgage loans	(1,405,092)	(395,103)
Mortgage payments received	405,289	423,825
Foreclosures, net of discount amortization	9,994	-
Mortgage adjustment for homes returned to Habitat	46,077	7,993
(Increase) decrease in:		
Cash restricted for escrow	670	2,288
Grants receivable	(30,000)	213,950
Escrow deposits receivable	(2,552)	(3,026)
Other receivables	(1,149)	(4,700)
Prepaid expenses	(883)	(24,991)
Construction in progress	517,724	(506,667)
Real estate held for development	(12,637)	4,592
Homes available for resale	(1,953)	16,841
Increase (decrease) in:		
Accounts payable and accrued expenses	10,043	199
Escrow deposits liability	(670)	(2,288)
Mortgage deposits receivable/liability	792	(17,109)
Deferred revenue	(50,000)	10,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	303,278	102,090
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, equipment and intangibles	(49,832)	(28,719)
NET CASH USED BY INVESTING ACTIVITIES	(49,832)	(28,719)

See accompanying notes.

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(17,741)	(15,873)
Discount on note payable	<u>952</u>	<u>952</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(16,789)</u>	<u>(14,921)</u>
NET INCREASE IN CASH	236,657	58,450
CASH, BEGINNING	<u>552,913</u>	<u>494,463</u>
CASH, ENDING	<u>\$ 789,570</u>	<u>\$ 552,913</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 12,793	\$ 12,404

See accompanying notes.

HABITAT FOR HUMANITY - BUFFALO, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Habitat for Humanity - Buffalo, Inc. (the Organization) is a nonprofit corporation, organized as an affiliate of Habitat for Humanity International. They are an ecumenical Christian housing organization that works in partnership with people in need to build and renovate decent, affordable housing in Buffalo, New York and nearby Lackawanna.

The houses are sold to pre-qualified families at no profit and with no interest charged while the Organization holds the mortgages. Homeowners and volunteers build the houses under trained supervision. Homeowner families are selected based on their level of need, willingness to work, acceptance of responsibilities and ability to repay their mortgage. Families must complete 500 hours of "sweat equity," which includes attending workshops, working at the Organization's ReStore, and by educational achievement. Veteran's Build families must complete 300 hours of "sweat equity."

Habitat for Humanity - Buffalo, Inc. operates two ReStore locations where they sell new and gently used household items. Proceeds from the sale of goods go directly towards building more houses for low income families in Buffalo, New York.

The Organization is financed by private cash donations from individuals, community groups, corporations, charities, foundations, schools, and religious organizations, as well as grants from public entities. They also receive contributions of construction materials, household items, land, and volunteer labor and professional services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

The Organization had concentrated its credit risk by maintaining deposits in banks located within the same geographic region. The maximum loss that would have resulted from that risk totaled \$520,305 at the end of June 2015 and \$284,392 at the end of June 2014 for the excess of the deposit liabilities reported by the bank over the amounts that would have been covered by federal insurance.

Investments

Investments are carried at fair value, based upon quoted market prices in the statement of financial position. Realized and unrealized gains and losses are reflected in the statement of activities.

Mortgages Receivable

Mortgages receivable are non-interest bearing notes which are secured by real estate and payable in monthly installments over the life of the mortgage. The Organization's management closely monitors outstanding balances and writes off any balances deemed uncollectible.

Non-interest bearing mortgages have been discounted based upon the discount rate established by Habitat for Humanity International as of June 30th of each year. The mortgage discount interest rate is determined according to an annual simple average, by taking the average

HABITAT FOR HUMANITY - BUFFALO, INC.
NOTES TO FINANCIAL STATEMENTS

rate for twelve months, published by IRS "Revenue Ruling 2002-32 section 42(b)(2)" for buildings placed in service during the period. The rates in effect were 7.51% and 7.58% for June 30, 2015 and 2014, respectively. Discounts are amortized using the straight-line method over the lives of the mortgages.

The Organization outsources the administration of a majority of their mortgages to AmeriNational Community Services, Inc.

Construction in Progress

Costs incurred in conjunction with home construction are accumulated in construction in progress on the statement of financial position until the house is transferred to a homeowner.

Real Estate Held for Development

Real estate held for development includes the costs associated with acquiring real estate for potential home sites. Once construction has begun, the recorded value of the real estate is transferred to "Construction in Progress."

Homes Available for Resale

Homes available for resale represents homes that had previously been sold to disadvantaged families who were unable to make the mortgage payments and the homes were then deeded back to the Organization. It is the Organization's intention to prepare these homes so that they will be available for resale back to qualifying families.

Mortgage Closing Costs

Mortgage closing costs are being amortized by the straight-line method over the life of the related loan.

Property, Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets.

Escrow Deposits Receivable/Liability

Habitat for Humanity - Buffalo, Inc. collects and escrows payments received from homeowners for insurance and real estate taxes, and remits these payments when they are due for the mortgage servicing retained in house. Escrow funds are held in a separate bank account and the total amount of escrow funds held is recorded as a corresponding liability in the statements of financial position.

AmeriNational Community Services, Inc. handles the escrow administration for the mortgages that they service.

Escrow deposits receivable represents delinquent escrow payments owed to the Organization or to the loan servicing company from the homeowners.

Contributed Services

A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these financial statements since it does not require a specialized skill. However, certain other contributed services that require specialized skills, were provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation, are recognized as revenue and expense.

HABITAT FOR HUMANITY - BUFFALO, INC.
NOTES TO FINANCIAL STATEMENTS

Transfers to Homeowners

Transfers to homeowners are recorded at the gross mortgage amount plus down payment received.

When homes are transferred to family partners, the sales price is typically less than the cost of construction and overhead. The deficiency is met through two types of homeowner subsidies: (a) funds received from government grants that are applied towards the sales price upon closing and, (b) private contributions and grants provided by Habitat for Humanity - Buffalo, Inc. donors and applied toward the sales price to close the gap.

Presentation of Sales Tax

The State of New York, as well as certain counties located in New York State, imposes a sales tax on specific ReStore sales that the Organization has to nonexempt customers. The Organization collects that sales tax from ReStore customers and remits the entire amount to New York State. The Organization's accounting policy is to exclude the tax collected and remitted to New York State from ReStore revenues and expenses.

Income Taxes

Habitat for Humanity - Buffalo, Inc. has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Additionally, the Organization is exempt from registration with the New York Department of State due to its status as a religious corporation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the fiscal years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Advertising

The Organization expenses the cost of advertising in the year incurred. Total advertising costs were \$5,821 and \$6,868 for the years ended June 30, 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All of its activities and net assets are classified as unrestricted.

Date of Management's Review

Management has evaluated subsequent events as of January 5, 2016, the date the financial statements were available to be issued. There were no subsequent events noted.

HABITAT FOR HUMANITY - BUFFALO, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B—INVESTMENTS

The following is a summary of available-for-sale securities at June 30:

	2015			2014		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)
Common Stock	\$ 2,130	\$ 2,520	\$ 390	\$ 1,019	\$ 1,236	\$ 217

Investment income consisted of the following at June 30:

	2015	2014
Interest and dividends	\$ 1,198	\$ 1,456
Unrealized gain	172	217
	<u>\$ 1,370</u>	<u>\$ 1,673</u>

Fair value for all investments is determined by reference to quoted prices in active markets of identical assets, which is a level 1 input per FASB ASC 820-10.

NOTE C—GRANTS RECEIVABLE

Grants receivable consisted of New York State grants awarded to the Organization to assist in subsidizing the cost of homebuilding. The New York State grant revenue is earned by the Organization upon the sale of a home and upon satisfactory interim project reports for the foundation grant. As of June 30, 2015 and 2014, there was \$30,000 and \$0, respectively, of grants that had not been received by the Organization as of year-end. The amounts were fully collected and therefore no allowance for doubtful accounts was deemed necessary.

NOTE D—PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2015	2014
Building and improvements	\$ 541,755	\$ 541,755
Office equipment	13,375	13,375
Vehicles	167,477	142,366
Land	24,366	24,366
	<u>746,973</u>	<u>721,862</u>
Accumulated depreciation	<u>(266,573)</u>	<u>(246,708)</u>
	<u>\$ 480,400</u>	<u>\$ 475,154</u>

HABITAT FOR HUMANITY - BUFFALO, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E—HOME BUILDING ACTIVITY AND REAL ESTATE HELD FOR DEVELOPMENT

The following is a summary of home building activity and real estate held for development for the year ended June 30, 2015:

	<u>Number</u>	<u>Construction in Progress</u>	<u>Real Estate Held for Development</u>
Balance at July 01, 2014	21	\$1,263,334	\$ 19,716
Additional costs incurred	12	929,680	23,928
Transfer of real estate		10,786	(11,291)
Homes transferred during the year	<u>(19)</u>	<u>(1,427,156)</u>	<u>-</u>
Balance at June 30, 2015	<u>14</u>	<u>\$ 776,644</u>	<u>\$ 32,353</u>

The following is a summary of home building activity and real estate held for development for the year ended June 30, 2014:

	<u>Number</u>	<u>Construction in Progress</u>	<u>Real Estate Held for Development</u>
Balance at July 01, 2013	16	\$ 753,474	\$ 24,308
Additional costs incurred	11	909,326	8,038
Transfer of real estate		6,543	(12,630)
Homes transferred during the year	<u>(6)</u>	<u>(406,009)</u>	<u>-</u>
Balance at June 30, 2014	<u>21</u>	<u>\$ 1,263,334</u>	<u>\$ 19,716</u>

NOTE F—MORTGAGE CLOSING COSTS

Mortgage closing costs consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Mortgage closing costs	\$ 9,986	\$ 9,986
Accumulated amortization	<u>(1,914)</u>	<u>(915)</u>
	<u>\$ 8,072</u>	<u>\$ 9,071</u>

NOTE G—DEFERRED REVENUE

Deferred revenue consists of grant funds that have been awarded, but not yet earned. Deferred revenue was comprised of the following at June 30:

	<u>2015</u>	<u>2014</u>
Green Affordable Housing Program	\$ 31,500	\$ 31,500
Rehab Program	<u>-</u>	<u>50,000</u>
	<u>\$ 31,500</u>	<u>\$ 81,500</u>

HABITAT FOR HUMANITY - BUFFALO, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H—LINE OF CREDIT

The Organization has a revolving line of credit with First Niagara Bank of \$350,000. The line carries an interest rate of prime plus .50% per annum (3.75% at June 30, 2015). The line is secured by general assets of the Organization. There was no outstanding balance on the line of credit at June 30, 2015 and 2014.

NOTE I—LONG-TERM DEBT

As of June 30, 2015 and 2014, long-term debt consisted of the following:

	<u>2015</u>	<u>2014</u>
First Niagara Bank – a \$300,000 mortgage note due in monthly installments of \$2,257, including interest at 4.25%. The note matures July 2023 and is secured by the real property at 1675 South Park Avenue, Buffalo, New York.	\$ 271,433	\$ 286,627
West Side Neighborhood Housing Services Inc. – a \$50,000 noninterest-bearing note discounted at the imputed interest rate of 3.0% and due in annual installments of \$2,500. The note matures November 2029.	<u>28,160</u>	<u>29,755</u>
	<u>\$ 299,593</u>	<u>\$ 316,382</u>

The carrying value of the noninterest-bearing obligation is shown net of total unamortized discount of \$6,840 and \$7,745 at June 30, 2015 and 2014, respectively.

Annual maturities of long-term debt subsequent to June 30, 2015 are as follows:

June 30, 2016	\$ 17,496
2017	18,233
2018	19,001
2019	19,802
2020	20,638
Thereafter	<u>204,423</u>
	<u>\$ 299,593</u>

NOTE J—TITHE TO HABITAT INTERNATIONAL

The Organization tithes a portion of the non-designated contributions and non-operating income it receives to Habitat International. These funds are used to construct houses in economically depressed areas around the world. The Organization contributed \$66,210 and \$70,843 for the years ended June 30, 2015 and 2014, respectively. These amounts are included in program services expense in the statements of activities and changes in net assets.

HABITAT FOR HUMANITY - BUFFALO, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE K-LEASES

Operating Leases

The Organization leases property located in Buffalo, New York, for one of their ReStore locations. The three year lease expires October 2016 and calls for monthly payments of \$2,279 until September 1, 2015 and \$2,394 for the remaining lease term. Rent expense of \$27,348 and \$26,045 is reflected in the statements of activities and changes in net assets as part of ReStore expenses for the years ended June 30, 2015 and 2014.

The future lease payments under this operating lease are as follows:

June 30, 2016	\$	28,374
2017		9,572

The Organization had another lease for office space in Buffalo, New York, that was on a month-to-month basis. The lease called for monthly rent payments of \$920. For the years ended June 30, 2015 and 2014, rent expense totaled \$6,440 and \$11,040.

The Organization is also leasing warehouse space in Buffalo, New York for additional storage space. The lease began June 1, 2015 and is on a month-to-month basis. The lease calls for monthly payments of \$1,500. Rent expense totaled \$1,500 for the year ended June 30, 2015.

The Organization is leasing solar panels to help lower energy costs at one of their ReStore locations. The 15 year lease expires April 2028 and calls for monthly payments of \$100. The \$1,200 lease expense for June 30, 2015 and 2014, was included with ReStore expenses.

The future lease payments under this operating lease are as follows:

June 30, 2016	\$	1,200
2017		1,200
2018		1,200
2019		1,200
2020		1,200
Thereafter		9,400