



***HABITAT FOR HUMANITY
OF FLORIDA, INC.***

FINANCIAL STATEMENTS

JUNE 30, 2014

AND

***REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS***



CLEARWATER, FLORIDA

TABLE OF CONTENTS

	Page
<i>INDEPENDENT AUDITORS' REPORT</i>	1 - 2
Financial Statements for the Year Ended June 30, 2014:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
<i>SUPPLEMENTARY INFORMATION</i>	
Schedule of Affiliate Contributions	13
Schedule of State Financial Assistance	14
Notes to Schedule of State Financial Assistance	15
<i>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</i>	16 - 17
<i>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA</i>	18 - 19
Schedule of Findings and Questioned Costs	20 - 21



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity of Florida, Inc.
Clearwater, Florida

We have audited the accompanying financial statements of Habitat for Humanity of Florida, Inc., (Habitat Florida), which comprise the statement of financial position as of June 30, 2014, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider internal control relevant to the organization'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 organization'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.

CONTINUED

INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat Florida as of June 30, 2014, 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.

Other Matters

Other Information - Schedule of Affiliate Contributions and Schedule of State Financial Assistance

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of affiliate contributions is presented for additional analysis and is not a required part of the financial statements. The accompanying schedule of state financial assistance, as required by Chapter 10.650, Rules of the Auditor General, State of Florida is also presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2014, on our consideration of Habitat Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat Florida's internal control over financial reporting and compliance.

PDR Certified Public Accountants

Clearwater, Florida
August 25, 2014

HABITAT FOR HUMANITY OF FLORIDA, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

ASSETS

Cash and cash equivalents	\$	143,202
Restricted cash		33,964
Accounts receivable, net of allowance for doubtful accounts of \$8,503		2,003
Prepaid expenses and other current assets		1,206
Property and equipment, net		<u>1,230</u>
Total Assets	\$	<u>181,605</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	3,228
Escrow liability		<u>33,964</u>
Total liabilities		37,192

Net Assets

Unrestricted		144,413
Temporarily restricted		-
Permanently restricted		<u>-</u>
Total net assets		<u>144,413</u>

Total Liabilities and Net Assets	\$	<u>181,605</u>
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See accompanying notes to financial statements

HABITAT FOR HUMANITY OF FLORIDA, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Support and Revenue	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions				
Affiliates	\$ 103,781	\$ -	\$ -	\$ 103,781
Corporations	15,500	-	-	15,500
Mortgage Settlement Funds	204,834	-	-	204,834
Annual affiliate assessment	27,000	-	-	27,000
Other	11	-	-	11
<i>Total support and revenue</i>	351,126	-	-	351,126
Expenses				
Program services				
Mortgage Settlement Funds	204,081	-	-	204,081
Advocacy	32,568	-	-	32,568
Supporting services				
General and administrative	86,856	-	-	86,856
<i>Total expenses</i>	323,505	-	-	323,505
<i>Change in Net Assets</i>	27,621	-	-	27,621
<i>Net Assets at Beginning of Year</i>	116,792	-	-	116,792
<i>Net Assets at End of Year</i>	\$ 144,413	\$ -	\$ -	\$ 144,413

See accompanying notes to financial statements

HABITAT FOR HUMANITY OF FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Mortgage Settlement Funds</u>	<u>Advocacy</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 103,448	\$ -	\$ 103,448	\$ 43,149	\$ 146,597
Professional services	78,017	32,304	110,321	4,167	114,488
Other	412	150	562	9,639	10,201
Rent	9,821	-	9,821	3,274	13,095
Travel	1,435	114	1,549	10,729	12,278
Office supplies and utilities	4,489	-	4,489	4,956	9,445
Contract services	4,139	-	4,139	1,225	5,364
Bad debt expense	-	-	-	4,995	4,995
Meals and entertainment	1,691	-	1,691	3,056	4,747
Insurance and taxes	629	-	629	1,390	2,019
Depreciation	-	-	-	276	276
	<u>\$ 204,081</u>	<u>\$ 32,568</u>	<u>\$ 236,649</u>	<u>\$ 86,856</u>	<u>\$ 323,505</u>

See accompanying notes to financial statements

HABITAT FOR HUMANITY OF FLORIDA, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

<i>Cash Flows from Operating Activities</i>	
Change in net assets	\$ 27,621
<i>Adjustments to reconcile change in net assets to cash provided by operating activities</i>	
Depreciation	276
<i>Decrease (Increase) in:</i>	
Restricted cash	(33,964)
Accounts receivable	26,664
Prepaid expenses and other current assets	(1,206)
<i>Increase (Decrease) in:</i>	
Accounts payable	3,154
Deferred revenue	(18,130)
Escrow liability	33,964
	<hr/>
<i>Net cash provided by operating activities</i>	38,379
<i>Cash Flows from Investing Activities</i>	
Cash paid for purchase of property and equipment	<hr/> (1,506)
<i>Net Increase in Cash</i>	36,873
<i>Cash at Beginning of Period</i>	<hr/> 106,329
<i>Cash at End of Period</i>	<hr/> <hr/> \$ 143,202

See accompanying notes to financial statements

HABITAT FOR HUMANITY OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A - DESCRIPTION OF ORGANIZATION

Habitat for Humanity of Florida, Inc. (Habitat Florida) was incorporated in June 2009 as a not-for-profit corporation operating in the State of Florida. Habitat Florida is a formal State Support Organization (SSO) of Habitat for Humanity International, Inc. (Habitat International). Habitat Florida's programs and services are designed and developed to meet the expressed needs of Habitat for Humanity affiliates in Florida (Florida Affiliates). Habitat Florida offers a central place for Florida Affiliates to carry out the variety of functions needed to provide a unified voice, garner statewide attention, solicit group discounts, solicit statewide funding opportunities, advocate for legislative change, facilitate training opportunities, and more. Habitat Florida participates in the State Support Organization Alliance, a national organization of Habitat SSOs who meet regularly to share program ideas to help develop Florida Affiliates.

Habitat Florida was awarded \$20 million through the State of Florida Mortgage Settlement Funds to rehabilitate or demolish/replace homes across Florida. The Funding and Program Agreement, between the Department of Economic Opportunity (DEO) and Habitat Florida, calls for these funds to be distributed among qualifying Florida Affiliates between September 30, 2013 and June 30, 2015.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Presentation**

The financial statements of Habitat Florida have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Habitat Florida presents information regarding its financial position and activities according to three classes of net assets described as follows:

- Unrestricted Net Assets - All resources over which the governing board has discretionary control. The governing board of Habitat Florida may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.
- Temporarily Restricted Net Assets - Resources accumulated through donations or grants for specific operating or capital purpose. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time. Habitat Florida currently has no temporarily restricted net assets.

HABITAT FOR HUMANITY OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. **Basis of Presentation - Continued**

- Permanently Restricted Net Assets - Resources accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. These net assets include the original value of the gift, plus any subsequent additions. Habitat Florida currently has no permanently restricted net assets.

2. **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with US GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses. Actual results could vary from the estimates that were used. Significant estimates included in the financial statements include allocation of expenses by function and the collectability of accounts receivable.

3. **Fair Value of Financial Instruments**

At June 30, 2014, the following methods, assumptions, and accounting principles are used to estimate fair value of each of the following classes of financial instruments for which it is practical to estimate value:

Cash and cash equivalents - The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Accounts receivable - The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Accounts payable and escrow liability - the carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

4. **Cash and Cash Equivalents**

Cash and cash equivalents consists of cash on deposit with financial institutions. Habitat Florida considers all highly liquid assets with an initial maturity of three months or less as cash and cash equivalents.

The restricted cash represents amounts paid to Habitat Florida from the State of Florida Mortgage Settlement Funds that are restricted in use for the state project awarded to them for acquisition and rehabilitation or reconstruction of existing housing stock to provide affordable housing to low-income applicants as well as interest earned on the account which is due back to the State of Florida.

HABITAT FOR HUMANITY OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. **Cash and Cash Equivalents - Continued**

Financial instruments, which potentially subject Habitat Florida to concentrations of credit risk, consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the year ending June 30, 2014, Habitat Florida's cash balance may have exceeded the federally insured limit. However, Habitat Florida has not experienced and does not expect to incur any losses in such accounts.

5. **Accounts Receivable**

Accounts receivable consist of amounts due from Florida Affiliates for annual assessments and contributions. Periodically, management reviews the allowance for doubtful accounts and evaluates it for adequacy based upon general market conditions, bad debt write-offs experienced in the past, and for specific uncollectible amounts. An allowance for doubtful accounts of \$8,503 was established at June 30, 2014.

6. **Property and Equipment**

Property and equipment are recorded at acquisition cost, including costs necessary to prepare the asset for its intended use. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the assets of five years.

Maintenance and repairs are charged to expense as incurred, while renewals and betterments in excess of \$1,000 are capitalized.

7. **Public Support and Revenue**

Public support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor/grant-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor/grant-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Support from Florida Affiliates consists of an annual assessment and an assessment based on 1% of an affiliate's prior year Community Contribution Tax Credit Program (CCTCP) donations received (see *NOTE G*). These are assessed annually and due upon receipt of invoice.

Mortgage Settlement Funds represent amounts paid by the State of Florida for direct administrative costs of Habitat Florida. These amounts are estimated in advance for reimbursement by the State of Florida and recognized on a cost reimbursement basis.

HABITAT FOR HUMANITY OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. **Income Tax Status**

Habitat Florida is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

9. **Uncertain Tax Positions**

Habitat Florida accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Habitat Florida has identified its tax status as a tax-exempt entity as its only significant tax position; however, Habitat Florida has determined that such tax position does not result in an uncertainty requiring recognition. Habitat Florida is not currently under examination by any taxing jurisdiction. Habitat Florida’s federal returns are generally open for examination for three years following the date filed.

10. **Functional Expenses**

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

Program and supporting expenses, when specifically identifiable, are classified to the function which incurred the expense. Certain expenses, such as salaries and other expenses not specifically identifiable are allocated to each function based on management’s estimate of time spent within each category.

HABITAT FOR HUMANITY OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2014:

Computer equipment	\$ 1,506
Less accumulated depreciation	(<u>276</u>)
	<u>\$ 1,230</u>

NOTE D - MORTGAGE SETTLEMENT FUNDS

Habitat Florida was awarded a \$20 million project through the State of Florida's Mortgage Settlement Funds for acquisition and rehabilitation or reconstruction of existing housing stock to provide affordable housing to low-income applicants. This project was awarded through the Department of Economic Opportunity and required Habitat Florida to issue a request for proposal (RFP) to Habitat Affiliates in August 2013. Habitat Affiliates were notified of the amount awarded to them September 23, 2013. These funds must be expended by June 30, 2015. These are cost reimbursed awards so each Florida Affiliate presents quarterly requests as building progresses. Habitat Florida is responsible for its compliance and the compliance of all Florida Affiliates paid from these funds. Habitat Florida is allowed to spend 3% of the total award for administrative expenses and technical assistance.

NOTE E - ESCROW LIABILITY

The escrow liability amount represents amounts paid to Habitat Florida through the Mortgage Settlement Funds but not yet earned and passed through to the Habitat Affiliates. A portion represents interest earned on the Mortgage Settlement Funds which is due back to the State of Florida. The escrow liability consists of the following as of June 30, 2014:

Mortgage Settlement Funds	\$ 30,329
Interest earned on Mortgage Settlement Funds	<u>3,635</u>
	<u>\$ 33,964</u>

HABITAT FOR HUMANITY OF FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE F - CONCENTRATION

A major portion of Habitat Florida's revenue is received from the State of Florida Mortgage Settlement Funds. For the year ended June 30, 2014, this accounted for approximately 58% of total revenues.

NOTE G - SUPPORT FROM AFFILIATES

Habitat Florida receives an annual assessment from each of the 58 Florida Affiliates that ranges from \$250 - \$500 depending on the size of the Florida Affiliate. Annual affiliate assessment for the year ended June 30, 2014 was \$27,000.

Contributions from Florida Affiliates reflect an assessment of 1% of the Florida Affiliate's prior year CCTCP donations received. CCTCP provides a tax incentive to encourage Florida businesses to make donations toward community development and housing projects for low-income persons. Florida Affiliates throughout the state are recipients of these contributions. This assessment due is calculated by Habitat Florida and is billed in August of each fiscal year and due upon receipt of the invoice. This contribution from Florida Affiliates for the year ended June 30, 2014 was \$103,781. See the schedule of affiliate contributions in the supplementary information of these financial statements for detail related to this assessment.

NOTE H - SUBSEQUENT EVENTS

Habitat Florida has evaluated all subsequent events through August 25, 2014, the date the financial statements were available and issued. Habitat Florida is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY OF FLORIDA, INC.

SCHEDULE OF AFFILIATE CONTRIBUTIONS

YEAR ENDED JUNE 30, 2014

Bay County	\$ 500
Beaches	4,535
Brevard County	390
Broward County	200
Charlotte County	2,015
Citrus County	2,680
Clay County	1,306
Collier County	19,350
East and Central Pasco County	2,775
Flagler County	2,135
Highlands County	742
Hillsborough County	610
Indian River County	5,915
Jackson County	500
Jacksonville	8,947
Lakeland	883
Lake-Sumter	1,465
Lee County	6,103
Marion County	645
Martin County	1,600
Miami	2,351
Middle Keys	2,300
Okaloosa County	510
Orlando	5,130
Palm Beach County	2,685
Pensacola	16,007
Pinellas County	3,565
Seminole County	905
South Palm Beach County	1,750
South Sarasota County	1,407
Southeast Volusia County	1,644
St. Lucie County	39
Upper Keys	1,025
Walton County	892
West Pasco County	275
	<hr/>
	\$ 103,781
	<hr/> <hr/>

HABITAT FOR HUMANITY OF FLORIDA, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2014

<i>Florida State Agency/ Program Title/ <u>Florida State Project Title</u></i>	<i><u>CSFA Number</u></i>	<i><u>Expenditures</u></i>
Florida Department of Economic Opportunity		
Community Planning		
Habitat for Humanity of Florida	40.031	
Direct Award		\$ 204,834
Appropriated to State Affiliates		<u>2,955,260</u>
<i>Total Expenditures of State Awards</i>		<u>\$ 3,160,094</u>

See notes to schedule of state financial assistance

HABITAT FOR HUMANITY OF FLORIDA, INC.

NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE

JUNE 30, 2014

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of state financial assistance includes the State of Florida project activity of Habitat Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations and the requirements of Chapter 10.650, Rules of the Auditor General, State of Florida.

NOTE B - CONTINGENCIES

Expenditures incurred by Habitat Florida are subject to audit and possible disallowance by the Department of Economic Opportunity. Management believes that if audited, any adjustments for disallowed expenses would be immaterial in amount.

NOTE C - HABITAT FOR HUMANITY OF FLORIDA APPROPRIATIONS TO STATE AFFILIATES

Of the state expenditures presented in this schedule, Habitat Florida provided appropriations to State Affiliates as follows:

<u>Appropriation to State Affiliates</u>	<u>Amount</u>
Jacksonville	\$ 391,318
Collier	300,000
Lee and Hendry	300,000
Pinellas	300,000
Charlotte	240,000
Highlands	156,707
Alachua	120,000
Walton	119,266
Arcadia	106,789
Seminole/Apopka	101,492
Marion	91,710
Clay	60,000
Citrus	60,000
Lake Sumter	60,000
Sarasota	60,000
Southeast Volusia	60,000
St. Augustine	60,000
West Pasco	60,000
Halifax	59,990
Jackson	59,983
Martin	54,042
East Polk	44,374
St. Lucie	40,547
South Palm Beach	27,385
Brevard	21,657
	<u>\$ 2,955,260</u>



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***INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS***

Board of Directors
Habitat for Humanity of Florida, Inc.
Clearwater, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Chapter 10.650, Rules of the Auditor General, State of Florida, the financial statements of Habitat for Humanity of Florida, Inc. (Habitat Florida), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Habitat Florida's internal control over financial reporting (internal control) to determine the audit 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 Habitat Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Habitat Florida's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

CONTINUED

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS - CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Habitat Florida's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat Florida's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

POR Certified Public Accountants

Clearwater, Florida
August 25, 2014



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***INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH STATE PROJECT,
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA***

Board of Directors
Habitat for Humanity of Florida, Inc.
Clearwater, Florida

Report on Compliance for Each Major State Project

We have audited Habitat for Humanity of Florida, Inc.'s (Habitat Florida) compliance with the types of compliance requirements described in *Florida Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on Habitat Florida's major state project for the year ended June 30, 2014. Habitat Florida's major state project is identified in the accompanying summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Habitat Florida's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General, State of Florida. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Habitat Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the state project. However, our audit does not provide a legal determination of Habitat Florida's compliance.

Opinion on Each Major State Project

In our opinion, Habitat Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state project for the year ended June 30, 2014.

CONTINUED

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH STATE PROJECT,
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA - CONTINUED**

Report on Internal Control over Compliance

Management of Habitat Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Habitat Florida's internal control over compliance with the types of requirements that could have a direct and material effect on its state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Habitat Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General, State of Florida. Accordingly, this report is not suitable for any other purpose.

PDR Certified Public Accountants

Clearwater, Florida
August 25, 2014

HABITAT FOR HUMANITY OF FLORIDA, INC.

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS*

JUNE 30, 2014

Part I - Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? yes X no

Significant deficiencies identified not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

State Project Section

Internal control over major state projects:

Material weaknesses identified? yes X no

Significant deficiencies identified not considered to be material weaknesses? yes X none reported

Type of auditors' report on compliance for major state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 yes X no

Identification of Major State Project:

<u>CSFA Number</u>	<u>Name of Project</u>
40.031	Department of Economic Opportunity Habitat for Humanity of Florida

Dollar threshold used to determine Type A projects:

State Project \$ 300,000

Auditee qualified as low-risk auditee? yes X no

HABITAT FOR HUMANITY OF FLORIDA, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE PROJECTS - CONTINUED**

JUNE 30, 2014

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III – State Project Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state projects, as required to be reported by Chapter 10.650, Rules of the Auditor General, State of Florida.

There were no findings required to be reported.

Part IV – Summary Schedule of Prior Audit Findings

A Summary Schedule of Prior Audit Findings is not necessary since there were no prior audit findings.