

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2015 AND 2014

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Housing Initiative of North Fulton, Inc.
d/b/a HomeStretch:

Report on the Financial Statements

We have audited the accompanying financial statements of Housing Initiative of North Fulton, Inc. d/b/a HomeStretch (the Agency) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, 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 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 audits 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 Housing Initiative of North Fulton, Inc. d/b/a HomeStretch 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.

Brooks, McInnis & Company, LLC

Atlanta, Georgia
October 22, 2015

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS	2015	2014
Cash and cash equivalents	\$ 306,522	\$ 308,235
Grants and contracts receivable	94,423	16,415
Pledges receivable, net	12,475	23,148
Prepaid expenses	15,349	5,305
Property and equipment, net	1,957,841	2,005,727
Other assets	345	354
Real estate held for sale	118,772	-
Deferred financing costs, net	-	689
Total assets	\$ 2,505,727	\$ 2,359,873

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 31,836	\$ 35,516
Line of credit and short-term note payable	-	65,477
Deferred revenue	8,720	6,310
Total liabilities	40,556	107,303
Commitments and contingencies		
Net assets:		
Unrestricted	2,356,568	2,122,376
Temporarily restricted	108,603	130,194
Total net assets	2,465,171	2,252,570
Total liabilities and net assets	\$ 2,505,727	\$ 2,359,873

The accompanying notes are an integral part of these financial statements.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Revenues, gains and other support:				
Grants and contracts	\$ 58,866	\$ 40,333	\$ 99,199	\$ 84,439
United Way	42,955	38,112	81,067	74,236
Contributions	308,040	48,511	356,551	389,686
Special events, net of expenses of \$98,213 and \$62,822	213,271	-	213,271	125,287
In-kind contributions	62,864	-	62,864	56,737
Rental income	157,556	-	157,556	145,492
Other	(1,291)	-	(1,291)	(1,018)
Net assets released from restrictions	148,547	(148,547)	-	-
Total revenues, gains and other support	990,808	(21,591)	969,217	874,859
Expenses:				
Program services	596,452	-	596,452	588,947
Supporting services:				
Administration	151,513	-	151,513	143,948
Fundraising	108,651	-	108,651	109,379
Total expenses	856,616	-	856,616	842,274
Increase in net assets	134,192	(21,591)	112,601	32,585
Net assets, beginning of year	2,122,376	130,194	2,252,570	1,950,985
Transfer of HUD property	100,000	-	100,000	269,000
Net assets, end of year	\$ 2,356,568	\$ 108,603	\$ 2,465,171	\$ 2,252,570

The accompanying notes are an integral part of these financial statements.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Grants and contracts	\$ 46,439	\$ 38,000	\$ 84,439
United Way	46,203	28,033	74,236
Contributions	224,052	165,634	389,686
Special events, net of expenses of \$62,822	125,287	-	125,287
In-kind contributions	56,737	-	56,737
Rental income	145,492	-	145,492
Other	(1,018)	-	(1,018)
Provision for uncollectible pledges	3,250	(3,250)	-
Net assets released from restrictions	207,293	(207,293)	-
 Total revenues, gains and other support	 853,735	 21,124	 874,859
Expenses:			
Program services	588,947	-	588,947
Supporting services:			
Administration	143,948	-	143,948
Fundraising	109,379	-	109,379
Total expenses	842,274	-	842,274
 Increase in net assets	 11,461	 21,124	 32,585
Net assets, beginning of year	1,841,915	109,070	1,950,985
Transfer of HUD property	269,000	-	269,000
Net assets, end of year	\$ 2,122,376	\$ 130,194	\$ 2,252,570

The accompanying notes are an integral part of these financial statements.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	Program Services			Supporting Services			2015 Total	2014 Total
	Transitional Housing	Affordable Housing	Total Program	Management and General	Fundraising	Total Supporting		
Salaries	\$ 165,875	\$ 49,547	\$ 215,422	\$ 74,930	\$ 84,296	\$ 159,226	\$ 374,648	\$ 357,579
Payroll tax and benefits	32,177	9,611	41,788	6,089	24,355	30,444	72,232	71,331
Family contingency assistance	9,981	2,981	12,962	-	-	-	12,962	7,550
Utilities	36,871	11,013	47,884	-	-	-	47,884	49,782
Repairs and maintenance	40,145	11,991	52,136	-	-	-	52,136	65,390
Property management	4,786	1,430	6,216	-	-	-	6,216	6,216
Office and equipment rental	20,356	6,080	26,436	9,751	-	9,751	36,187	33,221
Insurance	15,070	4,502	19,572	2,706	-	2,706	22,278	23,054
Client workshops and volunteer services	16,584	4,954	21,538	-	-	-	21,538	39,427
Interest	403	121	524	524	-	524	1,048	4,116
Printing and postage	1,118	334	1,452	1,452	-	1,452	2,904	13,734
Donated client supplies	17,577	5,250	22,827	-	-	-	22,827	13,858
Office expense	9,410	2,811	12,221	8,147	-	8,147	20,368	7,420
Professional fees	-	-	-	23,105	-	23,105	23,105	28,162
Advertising	-	-	-	5,149	-	5,149	5,149	2,053
Dues and subscriptions	-	-	-	2,409	-	2,409	2,409	2,835
Travel and training	2,626	785	3,411	5,998	-	5,998	9,409	5,839
Telephone	8,824	-	8,824	7,159	-	7,159	15,983	14,380
Bank charges and payroll service fees	3,439	1,027	4,466	3,369	-	3,369	7,835	5,151
Vehicles	4,304	1,286	5,590	-	-	-	5,590	2,361
Bad debt expense	-	-	-	125	-	125	125	3,964
Other expenses	-	-	-	549	-	549	549	148
Total expenses before depreciation	389,546	113,723	503,269	151,462	108,651	260,113	763,382	757,571
Depreciation	71,751	21,432	93,183	51	-	51	93,234	84,703
Total expenses	\$ 461,297	\$ 135,155	\$ 596,452	\$ 151,513	\$ 108,651	\$ 260,164	\$ 856,616	\$ 842,274

The accompanying notes are an integral part of these financial statements.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services			Supporting Services			Total
	Transitional Housing	Affordable Housing	Total Program	Management and General	Fundraising	Total Supporting	
Salaries	\$ 163,056	\$ 40,764	\$ 203,820	\$ 71,516	\$ 82,243	\$ 153,759	\$ 357,579
Payroll tax and benefits	35,718	8,930	44,648	5,337	21,346	26,683	71,331
Family contingency assistance	6,040	1,510	7,550	-	-	-	7,550
Utilities	39,826	9,956	49,782	-	-	-	49,782
Repairs and maintenance	52,312	13,078	65,390	-	-	-	65,390
Property management	4,973	1,243	6,216	-	-	-	6,216
Office and equipment rental	19,318	4,830	24,148	9,073	-	9,073	33,221
Insurance	16,278	4,070	20,348	2,706	-	2,706	23,054
Client workshops and volunteer services	31,542	7,885	39,427	-	-	-	39,427
Interest	1,646	412	2,058	2,058	-	2,058	4,116
Printing and postage	6,422	1,605	8,027	5,707	-	5,707	13,734
Donated client supplies	11,086	2,772	13,858	-	-	-	13,858
Office expense	3,562	890	4,452	2,968	-	2,968	7,420
Professional fees	-	-	-	23,394	4,768	28,162	28,162
Advertising	-	-	-	2,053	-	2,053	2,053
Dues and subscriptions	-	-	-	2,835	-	2,835	2,835
Travel and training	1,946	486	2,432	2,385	1,022	3,407	5,839
Telephone	6,842	-	6,842	7,538	-	7,538	14,380
Bank charges and payroll service fees	2,349	587	2,936	2,215	-	2,215	5,151
Vehicles	1,889	472	2,361	-	-	-	2,361
Bad debt expense	-	-	-	3,964	-	3,964	3,964
Other expenses	-	-	-	148	-	148	148
Total expenses before depreciation	404,805	99,490	504,295	143,897	109,379	253,276	757,571
Depreciation	67,722	16,930	84,652	51	-	51	84,703
Total expenses	\$ 472,527	\$ 116,420	\$ 588,947	\$ 143,948	\$ 109,379	\$ 253,327	\$ 842,274

The accompanying notes are an integral part of these financial statements.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Increase in net assets	\$ 112,601	\$ 32,585
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	93,234	84,703
Loss (gain) on sale of equipment	1,478	1,041
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	-	6,046
Grants and contracts receivable	(78,008)	18,128
Pledges receivable, not for long-term purposes	10,673	8,530
Prepaid expenses	(10,044)	(429)
Other assets	9	425
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,680)	14,358
Deferred revenue	2,410	(1,280)
Total adjustments	16,072	131,522
Net cash provided by operating activities	128,673	164,107
Cash flows from investing activities:		
Purchase of equipment and building improvements	(64,909)	(48,292)
Net cash used in investing activities	(64,909)	(48,292)
Cash flows from financing activities:		
Repayments on line of credit	(65,477)	(4,454)
Net cash used in financing activities	(65,477)	(4,454)
Net (decrease) increase in cash and cash equivalents	(1,713)	111,361
Cash and cash equivalents, beginning of year	308,235	196,874
Cash and cash equivalents, end of year	\$ 306,522	\$ 308,235
Supplemental disclosure of cash flow information:		
Noncash investing transaction - Transfer of HUD property	\$ 100,000	\$ 269,000
Noncash financing transaction - Cash paid for interest	\$ 1,048	\$ 4,116

The accompanying notes are an integral part of these financial statements.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Accounting Policies

Nature of Organization

Housing Initiative of North Fulton, Inc. d/b/a HomeStretch (the Agency) is a nonprofit organization whose purpose is to assist working families in north Fulton County, Georgia, who are homeless or at risk of becoming homeless due to lack of affordable housing in the area. The Agency provides eligible families with housing and supportive services, helping them resolve barriers to permanent sustainable housing.

The Home Ministries Fund of the North Fulton Community Charities was established during 1991 to help provide affordable housing in north Fulton and to help satisfy the need for transitional placements. As of February 1, 1993, the Home Ministries became a separate entity under the name of Housing Initiative of North Fulton, Inc. The Board approved the Agency's use of the name HomeStretch on February 13, 1996.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

Basis of Presentation

The Agency records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. The Agency is also 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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2015 and 2014 was \$5,149 and \$2,053, respectively.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Rental Income

The Agency provides housing on a rental basis to low income families in the Roswell, Georgia area. Rental income is recognized when earned.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions

In accordance with GAAP, unconditional promises to give and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of donor restrictions.

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Tax Exempt Status

The Agency is a nonprofit organization exempt from federal 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. Income from certain activities not directly related to the Agency’s tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income for the years ended June 30, 2015 and 2014. In the opinion of management, the Agency continues to operate as a tax-exempt organization, and accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions (defined as positions which are deemed “more-likely-than-not” to be unsustainable under audit) that are material to the financial statements. The Agency’s income tax returns are subject to examination by the appropriate regulatory authorities. The Agency’s federal tax returns for the three previous years remain open to examination.

Property and equipment are stated at cost or, if donated, estimated fair value at time of donation. Depreciation is computed by the straight-line method over the estimated useful lives as stated below. At June 30, 2014, the estimated useful lives of property and equipment were as follows:

Vehicles	5 years
Buildings and improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 7 years

The Agency follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated fixed assets is similarly capitalized.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies – Continued

Donated Equipment, Material, Supplies and Services

Donations of property and equipment are recorded as support at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

All non-cash gifts (other than personal services) are recorded at their estimated fair value at date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, a substantial number of volunteers have donated significant amounts of their time to the Agency’s program and supporting services. Since these services do not meet the GAAP criteria noted above, no amounts have been recognized in the financial statements for those volunteer services.

The Agency received donated goods and services as follows for the years ended June 30:

	2015	2014
Donated client supplies	\$ 22,827	\$ 13,858
Repairs and maintenance	21,882	24,754
Rent	14,400	14,400
Professional fees	3,755	3,725
Total	\$ 62,864	\$ 56,737

Cash and Cash Equivalents and Concentration of Credit Risk

The Agency considers all cash investments and highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of demand deposits with a single financial institution. The uninsured portion of the Agency’s bank accounts, as reflected in the banks’ records at June 30, 2015 and 2014, totaled \$67,550 and \$64,108, respectively.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies – Continued

Long-Lived Assets

The Agency evaluates its long-lived assets held for use in operations, including real estate, for indicators for impairment and, if impaired, records such assets at the lower of cost or fair value as described in GAAP. There were no impairment losses during the years ended June 30, 2015 and 2014.

Grants and Contracts

The Agency received approximately 10% of its funding through various governmental agencies for the years ended June 30, 2015 and 2014, respectively. The majority of the grant funding is through the U.S. Department of Housing and Urban Development (HUD) that is passed through and administered by Fulton County and the Georgia Housing and Finance Authority. Receivables arise from fees for services provided under, and to a lesser extent, reimbursement owed through these government contracts. The Agency's ability to collect amounts due is affected by the outside agencies' acceptance of reimbursable expenses and performance-based outcomes, which meet contract requirements.

In addition, the Agency depends heavily on contributions and grants for its revenue. The ability of certain of the Agency's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon overall economic conditions. While the Agency's Board of Directors believes the Agency has the resources to continue its program, its ability to do so and the extent to which it continues may be dependent on the above factors.

Functional Allocation of Expenses

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

Deferred Revenue

Certain grants require the Agency to perform specific services to earn the related revenue. In some cases, cash payments are received from the grantor in advance of the Agency performing the related services. Accordingly, grant revenue proceeds received related to services to be performed in future periods are deferred on the statements of financial position and recognized as revenue in the statement of activities in the year when earned. Income from special events is deferred and recognized in the period when the special event takes place. As of June 30, 2015 and 2014, deferred revenue was \$8,720 and \$6,310, respectively.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. Nature of Organization and Significant Accounting Policies – Continued

Allowance for Doubtful Accounts

The Agency uses an allowance method to determine uncollectible grants and contracts. The allowance is based on prior years' experience and management's analysis of specific promises made and amounts billed and to be reimbursed. All grants and contract receivable were considered collectible at June 30, 2015 and 2014, and accordingly, no allowance for doubtful accounts was recorded.

2. Grants and Contracts Receivable

At June 30, grants and contracts receivable consist of the following:

	2015	2014
United Way - EFSP	\$ 875	\$ 727
Community Foundation	40,000	-
FRESH grant	40,333	-
HUD - Supportive Housing Program	13,215	15,688
	\$ 94,423	\$ 16,415

3. Pledges Receivable, Net

The Agency initiated a "Circle of 500" fundraising campaign in October 2009, primarily for the purpose of raising monies to help with program services provided to HomeStretch families. Total campaign pledges through June 30, 2015 and 2014 were \$97,500 and \$95,000, of which the Agency estimates \$92,625 and \$90,250 will be collected, respectively, and was recorded in temporarily restricted contributions in the statement of activities. The Agency also receives indirect pledge contributions from the United Way.

Pledges receivable consisted of the following as of June 30:

	2015	2014
Circle of 500 pledges receivable, net of uncollectible amounts	\$ 92,625	\$ 90,250
Total payments against pledges	(83,790)	(73,180)
	8,835	17,070
Present value discount (5% effective rate)	(1,203)	(1,985)
Circle of 500 pledges receivable, net	7,632	15,085
United Way - indirect contributions	4,843	8,063
Pledges receivable, net	\$ 12,475	\$ 23,148

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

3. Pledges Receivable, Net – Continued

The Agency anticipates that approximately \$8,634 of the outstanding pledges receivable will be collected within one year with the remaining balance to be collected within 4 years.

4. Property and Equipment, Net

Property and equipment, net consists of the following at June 30:

	2015	2014
Land and land improvements	\$ 225,106	\$ 225,106
Housing units and improvements	2,492,403	2,455,231
Furniture and equipment	136,876	134,095
Vehicles	8,279	6,345
Total property and land at cost	2,862,664	2,820,777
Less accumulated depreciation	(904,823)	(815,050)
Property and equipment, net	\$ 1,957,841	\$ 2,005,727

The land and land improvements and housing units and improvements are restricted for use only in the HUD housing program under grants described in Note 9.

5. Line of Credit

The Agency has a line of credit with a local financial institution. The line of credit has a limit of \$150,000 with a variable interest rate equal to the bank's prime rate plus 1.25% with a minimum rate of 5% and maximum rate of 20%. The interest rate was 5% at June 30, 2015 and 2014. The outstanding balance of the line of credit as of June 30, 2015 and 2014 was \$0 and \$65,477, respectively. The line of credit was renewed subsequent to year-end with a new maturity date of July 2016.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of funds the Agency has received subject to donor-imposed restrictions consisting of the following at June 30:

	2015	2014
Pledges receivable (see Note 3)	\$ 12,475	\$ 23,148
Purpose restrictions:		
Family contingency	8,363	17,599
Life skills	17,907	44,718
Property cleanup and community enrichment	1,652	8,229
Family and youth development	32,861	1,500
Centrino new project funds	35,000	35,000
Other projects	345	-
	96,128	107,046
Temporarily restricted net assets	\$ 108,603	\$ 130,194

Net assets in the amount of \$148,547 and \$207,293 were released from donor restrictions during the years ended June 30, 2015 and 2014, respectively, by satisfying the restricted purposes.

7. Retirement Plan

The Agency maintains a Savings Incentive Match (SIMPLE IRA) Plan for its employees. Participation in the plan is voluntary and is available to all employees receiving \$5,000 or more in annual compensation. The Agency has elected to match employee contributions up to 3% of total employee compensation. Employer contributions for the years ended June 30, 2015 and 2014, totaled \$8,564 and \$7,634, respectively.

8. Operating Lease Commitments

The Agency extended their operating leases for office space effective August 1, 2012. The terms of the new lease is month-to-month basis with a 60 day termination notice. The new monthly rent is \$1,450 per month. The Agency also has a non-cancelable operating lease for office equipment.

HOUSING INITIATIVE OF NORTH FULTON, INC.
d/b/a HOMESTRETCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

8. Operating Lease Commitments – Continued

The future minimum lease payments for all non-cancelable leases with initial or remaining terms in excess of one year are as follows:

Year ended June 30,	
2016	\$ 5,676
2017	2,275
2018	2,275
2019	2,275
2020	2,275
	\$ 14,776

9. Commitments and Contingencies

Grants and contracts often require fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Agency deems the contingency unlikely. The grants and contracts are subject to audit by the grantor, or in the case of federal, state or local funds, the related governmental unit or agency. They have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

In addition, the Agency has obtained grants that enabled them to either purchase or renovate the majority of the housing units and improvements detailed in Note 4. These grants require the funds to be converted to debt if the Agency changes the use of the facilities within a prescribed period. The primary compliance requirements are prescribed by HUD and require use as temporary housing for low income families. The following schedule shows the years in which these compliance requirements will expire and the loans will be forgiven:

Year ended June 30,	
2016	\$ 87,266
2018	53,850
2020	627,000
2021	120,000
2022	46,341
2023	287,067
2028	99,667
	\$ 1,321,191

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10. Donated Rent

In February 2013, the Agency signed an operating lease with an unrelated third-party to lease a residential home to be used as part of their housing program. Under the terms of the lease, the Agency would pay the original homeowner \$1 per month during the one year lease term. The Agency has recorded the fair market value of the home's monthly rental value as an in-kind contribution. This fair market rental value is included in the table of donated goods and services in Note 1.

11. Transfer of HUD Property

As part of Find a Way Home's plan of dissolution, the Agency acquired a condominium property from Find a Way Home, Inc., a former Georgia nonprofit organization that promoted long term affordable housing in that area. In the prior year, the Agency also received a triplex from Find a Way Home, Inc. These properties were operated under the same HUD program as the Agency's other properties. For the years ended June 30, 2015 and 2014, the Agency assumed the potential indebtedness of \$36,000 and \$269,000, respectively. The Agency is currently renovating the condominium property received during the current year with the intention of selling it, and the sale of this property has been approved by HUD. The Agency's obligation to operate the condominium property is included in Note 9 until it is sold. The Agency continues to operate the triplex property under the HUD program guidelines, and the related HUD obligation for the triplex remains and is reflected in Note 9.

12. Subsequent Event

Subsequent to year-end the Agency purchased an 8 unit housing property. The property is currently being held by 800 Forest Street, LLC which is a one member Limited Liability Company formed by the Agency for the sole purpose of owning this property. This property is subject to a 10 year note payable with a fixed interest rate of 4.35%, due in monthly installments of \$2,991 through August 2025, and a balloon payment due September 2025. No other subsequent events were noted through October 22, 2015, which is the date the financial statements were available to be issued.