

HOME REPAIR RESOURCE CENTER
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

HOME REPAIR RESOURCE CENTER

JUNE 30, 2014 AND 2013

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November 14, 2014

Board of Directors
Home Repair Resource Center
Cleveland Heights, Ohio

Independent Auditors' Report

We have audited the accompanying financial statements of Home Repair Resource Center (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, 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.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 circumstance, 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 financial statement presentation.

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 Home Repair Resource Center as of June 30, 2014 and 2013 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Koester, DiSalvo and Fried

HOME REPAIR RESOURCE CENTER
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease)</u>
Current Assets			
Cash and cash equivalents	\$ 149,463	\$ 203,408	\$ (53,945)
Certificates of deposit	100,637	100,254	383
Grants receivable	32,873	9,540	23,333
Accounts receivable	3,482	2,840	642
Prepaid expenses	<u>2,769</u>	<u>1,281</u>	<u>1,488</u>
Total Current Assets	289,224	317,323	(28,099)
Fixed Assets			
Vehicles	18,201	18,201	-
Office equipment	8,953	5,041	3,912
Building	61,500	61,500	-
Building improvements	213,528	211,634	1,894
Less: accumulated depreciation	<u>(178,947)</u>	<u>(171,202)</u>	<u>(7,745)</u>
Net Property and Equipment	123,235	125,174	(1,939)
Other Assets			
Money market funds-Woodbridge	1,507	26,506	(24,999)
Money market funds-Richey	-	35,923	(35,923)
Land	41,000	41,000	-
Investments	<u>310,450</u>	<u>209,690</u>	<u>100,760</u>
Total Other Assets	<u>352,957</u>	<u>313,119</u>	<u>39,838</u>
 TOTAL ASSETS	 <u>\$ 765,416</u>	 <u>\$ 755,616</u>	 <u>\$ 9,800</u>

LIABILITIES AND NET ASSETS

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease)</u>
Current Liabilities			
Accounts payable	\$ 1,394	\$ 595	\$ 799
Credit cards	218	218	-
Loans due to clients	<u>21,372</u>	<u>16,065</u>	<u>5,307</u>
Total Current Liabilities	22,984	16,878	6,106
Long-Term Liabilities			
Total Liabilities	22,984	16,878	6,106
Net Assets			
Unrestricted	402,730	388,896	13,834
Temporarily restricted	144,038	155,137	(11,099)
Permanently restricted	<u>195,664</u>	<u>194,705</u>	<u>959</u>
Total Net Assets	<u>742,432</u>	<u>738,738</u>	<u>3,694</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 765,416</u>	 <u>\$ 755,616</u>	 <u>\$ 9,800</u>

The Accompanying Notes are an Integral Part of These Financial Statements

HOME REPAIR RESOURCE CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Un- Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support				
Grants	\$ -	\$ 215,397	\$ -	\$ 215,397
Contributions	89,456	-	-	89,456
Program revenue	31,512	-	-	31,512
Miscellaneous	1,354	-	-	1,354
Interest income	3,761	-	-	3,761
Special events	15,271	-	-	15,271
Investment income	14,094	15,591	959	30,644
Released from restrictions	<u>242,087</u>	<u>(242,087)</u>	<u>-</u>	<u>-</u>
 Total Revenue and Support	 397,535	 (11,099)	 959	 387,395
Expenses				
Program				
Financial Assistance Programs	157,361	-	-	157,361
Homeowner Counseling/Foreclosure	158,574	-	-	158,574
Home How to	12,992	-	-	12,992
Total Program Expenses	<u>328,927</u>	<u>-</u>	<u>-</u>	<u>328,927</u>
Management expenses	21,662	-	-	21,662
Fundraising expenses	<u>33,112</u>	<u>-</u>	<u>-</u>	<u>33,112</u>
 Total Expenses	 <u>383,701</u>	 <u>-</u>	 <u>-</u>	 <u>383,701</u>
 Increase (Decrease) in Net Assets	 13,834	 (11,099)	 959	 3,694
Net Assets at Beginning of Year	<u>388,896</u>	<u>155,137</u>	<u>194,705</u>	<u>738,738</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 402,730</u>	 <u>\$ 144,038</u>	 <u>\$ 195,664</u>	 <u>\$ 742,432</u>

The Accompanying Notes are an Integral Part of These Financial Statements

HOME REPAIR RESOURCE CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Un- Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support				
Grants	\$ -	\$ 254,077	\$ -	\$ 254,077
Contributions	110,632	-	100	110,732
Program revenue	26,756	-	-	26,756
Miscellaneous	1,118	-	-	1,118
Interest income	499	386	8	893
Special events	4,435	-	-	4,435
Investment income	222	4,226	-	4,448
Released from restrictions	<u>270,956</u>	<u>(270,956)</u>	<u>-</u>	<u>-</u>
 Total Revenue and Support	 414,618	 (12,267)	 108	 402,459
Expenses				
Program				
Financial Assistance Programs	179,888	-	-	179,888
Homeowner Counseling/Foreclosure	184,714	-	-	184,714
Home How to	11,256	-	-	11,256
Total Program Expenses	<u>375,858</u>	<u>-</u>	<u>-</u>	<u>375,858</u>
 Management expenses	 11,472	 -	 -	 11,472
Fundraising expenses	26,909	-	-	26,909
Total Expenses	<u>414,239</u>	<u>-</u>	<u>-</u>	<u>414,239</u>
 Increase (Decrease) in Net Assets	 379	 (12,267)	 108	 (11,780)
 Net Assets at Beginning of Year	 <u>388,517</u>	 <u>167,404</u>	 <u>194,597</u>	 <u>750,518</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 388,896</u>	 <u>\$ 155,137</u>	 <u>\$ 194,705</u>	 <u>\$ 738,738</u>

The Accompanying Notes are an Integral Part of These Financial Statements

HOME REPAIR RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Home Repair Programs</u>	<u>Homeowner Counseling/ Foreclosure</u>	<u>Home How-to</u>	<u>Management Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Expenses						
Advertising	\$ 334	\$ 12	\$ 6	\$ 7	\$ 15	\$ 375
Bank charges	-	-	-	20	131	151
Computer software	1,277	819	212	593	257	3,158
Contract labor	669	-	-	-	190	859
Data processing	974	753	155	144	78	2,104
Depreciation	881	162	92	6,600	9	7,745
Dues	215	186	-	403	1,470	2,273
Insurance	4,489	768	478	112	45	5,892
Health insurance	3,569	2,367	20	616	95	6,667
Loan defaults	8,558	-	-	-	-	8,558
Maintenance	5,396	1,003	579	221	53	7,251
Miscellaneous	433	580	-	694	6,597	8,303
Office supplies	1,040	1,034	441	261	69	2,846
Payroll	103,235	129,450	8,452	9,153	18,952	269,242
Postage	315	185	74	405	1,498	2,477
Professional fees	4,332	255	189	807	140	5,723
Printing	2,161	1,910	258	821	1,682	6,832
Supplies	1,735	-	208	54	-	1,997
Taxes-payroll	10,395	12,634	812	505	1,649	25,996
Tax-real estate	142	45	13	6	1	207
Telephone	1,914	1,489	326	142	37	3,908
Travel/conference	2,035	3,709	169	45	8	5,966
Utilities	3,261	1,213	508	53	136	5,172
Total Expenses	<u>\$ 157,361</u>	<u>\$ 158,574</u>	<u>\$ 12,992</u>	<u>\$ 21,662</u>	<u>\$ 33,112</u>	<u>\$ 383,701</u>

The Accompanying Notes are an Integral Part of These Financial Statements

HOME REPAIR RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Home Repair Programs</u>	<u>Homeowner Counseling/ Foreclosure</u>	<u>Home How-to</u>	<u>Management Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Expenses						
Advertising	\$ 518	\$ 90	\$ 45	\$ 478	\$ 235	\$ 1,366
Bank charges	-	-	-	288	1,004	1,292
Computer software	1,803	1,258	349	931	156	4,497
Data processing	1,015	733	133	263	57	2,201
Depreciation	3,296	3,777	179	66	464	7,782
Dues	336	480	105	422	1,211	2,553
Insurance	4,039	581	436	165	35	5,256
Health insurance	2,635	7,393	-	2,187	-	12,215
Loan defaults	3,003	-	-	-	-	3,003
Maintenance	3,541	675	356	611	48	5,232
Miscellaneous	815	195	21	715	30	1,776
Office supplies	1,514	1,194	246	32	153	3,140
Payroll	126,119	144,552	6,833	2,519	17,769	297,791
Postage	700	561	82	211	1,944	3,498
Professional fees	5,769	753	189	911	81	7,702
Printing	1,744	1,632	238	654	2,096	6,365
Supplies	1,006	-	609	25	-	1,640
Taxes-payroll	14,437	14,415	653	352	1,541	31,399
Tax-real estate	142	24	13	6	1	186
Telephone	1,904	1,495	348	150	38	3,935
Travel/conference	1,882	4,210	14	355	7	6,468
Utilities	3,670	696	407	131	39	4,943
Total Expenses	<u>\$ 179,888</u>	<u>\$ 184,714</u>	<u>\$ 11,256</u>	<u>\$ 11,472</u>	<u>\$ 26,909</u>	<u>\$ 414,239</u>

The Accompanying Notes are an Integral Part of These Financial Statements

HOME REPAIR RESOURCE CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 3,694	\$ (11,780)
Adjustments to reconcile Net Change to net cash provided by (used in) operating activities		
Depreciation and amortization	7,745	7,782
Losses (Gains) on sales of Investments	(30,644)	(4,448)
Decrease (Increase) in Operating Assets:		
Accounts receivable	(23,975)	11,948
Prepays	(1,488)	2,845
Increase (Decrease) in Operating Liabilities:		
Accounts payable	799	(2,672)
Credit cards payable	-	(3,006)
Accrued liabilities	5,307	531
Total Adjustments	<u>(42,256)</u>	<u>12,980</u>
Net Cash Provided By Operating Activities	(38,562)	1,200
Cash Flows Provided By (Used In) Investing Activities		
Proceeds from sale of investments	4,318	-
Purchase of investments	(74,434)	(205,191)
Purchase of certificates of deposit	(383)	(50,254)
Purchase of fixed assets	(5,806)	-
Proceeds from sale of money market funds	<u>60,922</u>	<u>124,873</u>
Net Cash Provided By (Used In) Investing Activities	(15,383)	(130,572)
Cash Flows Provided By (Used In) Investing Activities		
Net Cash Provided By (Used In) Financing Activities	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(53,945)	(129,372)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>203,408</u>	<u>332,780</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 149,463</u>	<u>\$ 203,408</u>

The Accompanying Notes are an Integral Part of These Financial Statements

HOME REPAIR RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1- Description of Organization

- A. Home Repair Resource Center (HRRC) is a nonprofit organization chartered in 1971. Its mission is to empower homeowners to maintain their homes for sustainable and diverse communities. The Organization focuses on owner-occupied, one- and two-family homes. HRRC's programs recognize the special needs of low-moderate income homeowners and provide incentives to encourage and enable their participation. Programs are designed to prevent deterioration and blight and to encourage rehabilitation, in order to maintain the condition and value of housing in the community. HRRC also serves as a HUD-approved counseling agency to provide housing counseling (including financial education and home buyer education) and foreclosure intervention.

Financial Assistance Programs

Challenge Fund, Assist Benefits, Senior program and Lead Grants.

Other Programs

Project Repair, Home How-To, Homeowner Counseling, Repair Library and Tool Loan

- B. Home Repair Resource Center is tax exempt under Internal Revenue Service Code Section 501(c) 3.

NOTE 2- Summary of Significant Accounting Policies

- A. General Methods- The accompanying financial statements have been prepared as prescribed in the American Institute of Certified Public Accountants' Guide for Not-For-Profit Organizations.
- B. Accrual Basis- The organization records transactions on an accrual basis. Revenue (if any) is recognized when earned, support is recognized when receivable, and expenses are recognized when incurred.
- C. HRRC complies with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-25, which affects the timing of revenue recognition with regard to temporarily restricted net assets.

HRRC also complies with FASB ASC 958-205, which establishes standards for general purpose external financial statements of not-for-profit organizations. This standard requires classification of an organization's net assets and its support and revenue, expenses and distributions based on the existence or absence of donor-imposed restrictions into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

See Auditors' Report

HOME REPAIR RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014 AND 2013

NOTE 2- Summary of Significant Accounting Policies (Continued)

- D. Depreciation - Property and equipment are depreciated using the straight-line method over estimated useful lives. Property and equipment costing less than \$1,000 is expensed in the year acquired. (See Note 5- Property and Equipment)
- E. 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 of assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- F. Contributions and Grants- Nonrestricted contributions, if any, are recorded as support when received or receivable. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grants with donor restrictions are recorded as temporarily restricted grants when awarded. Some grants awarded to HRRC require the fulfillment of certain specific conditions. Failure to fulfill these conditions could result in either the return of funds to the grantor or the refusal by the grantor to release additional funds pursuant to the grant.
- G. Advertising Costs- HRRC expenses advertising costs when the cost is incurred.
- H. HRRC complies with FASB ASC 740-Accounting for Uncertainty in Income Taxes. FASB ASC 740 details how companies should recognize, measure, present and disclose uncertain tax positions that have been or are expected to be taken. As such, the financial statements would reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts, if they existed. Management believes that there are no uncertain tax positions. The organization's tax years that remain subject to examination by the Internal Revenue Service are June 30, 2011, 2012 and 2013.
- I. Unadopted FASB ASC statements- Various FASB ASC statements have been issued, where compliance is encouraged but not required until years ending after June 30, 2014. Management is unaware of any issued and unadopted FASB ASC statements that would have a material effect on the financial statements.
- J. HRRC complies with FASB ASC 958-605, Revenue Recognition for donated services and materials. In accordance with accounting principles generally accepted in the United States of America, only those services which require a specialized skill have been recorded as an in-kind donation and corresponding expense depending on the service performed.

See Auditors' Report

HOME REPAIR RESOURCE CENTER
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014 AND 2013

NOTE 2- Summary of Significant Accounting Policies (Continued)

K. Investments (if any)- Initial valuation- Pursuant to FASB ASC 958-320 and FASB ASC 958-325, HRRC initially measures investments at acquisition cost (including brokerage cost and transaction fees) if they are purchased. If they are received as a donation, they are recorded at estimated fair value.

Subsequent valuation- HRRC complies with FASB ASC 958-320, which requires investments in equity securities with readily determined fair value and all investments in debt securities to be measured at fair value in the statement of financial position. With regard to other investments, such as real estate, HRRC values the investment at lower of cost or management's estimate of fair value.

Valuation hierarchy- FASB ASC 820-10-50 Fair Value Measurements and Disclosures requires categorization of applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

NOTE 3- Cash and Cash Equivalents

HRRC considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There are no bank restrictions on the cash accounts. Included in the cash balance are funds restricted to the following projects:

	June 30,	
	<u>2014</u>	<u>2013</u>
Challenge Fund	\$ 29,252	\$ 6,808
Senior Program	-	10,000
The Gayle & Rhea Richey Fund	<u>-</u>	<u>7,658</u>
Total Restricted Cash	<u>\$ 29,252</u>	<u>\$ 24,466</u>

HRRC maintains its cash in a bank which, at times, exceeds the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. HRRC has not experienced any losses and believes it is not exposed to any significant credit risk related to cash.

NOTE 4- Certificates of Deposit

HRRC purchased four \$25,000 Certificates of Deposit with an original maturity of ten months to thirteen months when purchased, with maturity dates of March 2015, July 2015 and October 2015 (2). A penalty of loss of interest or principle may occur for early withdrawal. These funds are restricted to the Challenge Fund.

See Auditors' Report

HOME REPAIR RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014 AND 2013

NOTE 5- Grants and Accounts Receivable

HRRC records an allowance for uncollectible program fees, contributions and grant receivables, based upon review of individual amounts due, current information and historical bad debt experience. As of June 30, 2014 and 2013, no allowance for doubtful receivables was considered necessary.

NOTE 6- Property and Equipment

Property and equipment are stated at cost, if purchased, or at the fair market value on the date of donation, if contributed. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

Category	Estimated useful life
Vehicle	5 years
Furniture & Fixtures	7 years
Leasehold Improvements	3 years
Building and Improvements	39 years

Costs of maintenance and repairs and minor purchases (Under \$1,000) are charged to expense. Costs of renewals and betterments, where significant in amount, are capitalized.

NOTE 7-Investments

As discussed in Note 2 (K), HHRC complies with FASB ASC 958-320. Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets.

Also as discussed in Note 2 (K) - FASB ASC 820-10-50 Fair Value Measurements and Disclosures requires categorization of applicable financial instruments into a required fair value hierarchy. The fair value hierarchy of investments which are valued based on quoted prices in active markets for identical assets is Level 1.

See Auditors' Report

HOME REPAIR RESOURCE CENTER
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014 AND 2013

NOTE 7-Investments (Continue d)

The fair value as of June 30, 2014 and 2013, is summarized as follows:

	<u>2014</u>	<u>2013</u>
Fidelity – BP ADR	\$ -	\$ 2,004
Fidelity - Sears Holding Corp	-	2,314
Exon Mobel Corp	2,105	-
Fidelity Money Market funds	10,783	39
Berkshire Hathaway	27,464	-
500 Index Fund	40,315	-
Vanguard-Wellesley Income Fund	<u>229,783</u>	<u>205,333</u>
Total	<u>\$310,450</u>	<u>\$209,690</u>

The Gayle & Rhea Richey permanently restricted Fund	\$168,200
Diana Woodbridge Founders Fund	27,464
The Gayle & Rhea Richey Home How to Fund	45,171
Challenge Fund	<u>69,615</u>
Total restricted	<u>\$310,450</u>

NOTE 8- Line of Credit

HRRC has a line of credit with Ohio Commerce Bank with a credit limit of \$140,000. The line of credit is secured by the building located 2520 Noble Road. Interest was calculated at 6%. The balance as of June 30, 2014 and 2013 was \$0.

NOTE 9- Temporarily Restricted Net Assets

The temporarily restricted net assets restricted by expenditure are for the following programs:

	June 30,	
	<u>2014</u>	<u>2013</u>
Challenge Fund	\$ 98,867	\$ 107,062
The Gayle & Rhea Richey Fund	45,171	38,075
Other grants	<u>10,000</u>	<u>10,000</u>
Net Assets restricted by expenditure	144,038	155,137
HRRC has no additional funds restricted by time	-	-
Total Temporarily Restricted Net Assets	<u>\$ 144,038</u>	<u>\$ 155,137</u>

See Auditors' Report

HOME REPAIR RESOURCE CENTER
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014 AND 2013

NOTE 9- Temporarily Restricted Net Assets (Continued)

Challenge Fund

The Challenge Fund is a program started with an agreement originally made January 27, 1975, under the terms of which certain Organization deposits with a bank are held as guarantee of collectibility on loans of the described type and upon which the loan guarantee had originally been approved and forwarded to the bank by the Organization. HRRC generally attempts to secure an organizational exposure on each single loan of no more than 40% of the current balance. Subject to its loan committee approval, guarantees in excess of 40% can be made. KeyBank became a participant in this program under generally the same terms and conditions by an agreement dated July 31, 1979. In this case, the line of credit extended amounts presently to \$500,000, and a provision for minimum deposit requirement 20% of approved loan balances applies.

A summary of the approximate amounts of Challenge Fund loans outstanding with lending institutions at June 30, 2014 is as follows:

<u>Number of Outstanding Loans</u>	<u>Aggregate Net Balance</u>		<u>Contingency Exposure</u>
54	\$123,759	100% Guarantee	\$ 123,759
<u>9</u>	<u>8,964</u>	40% Guarantee	<u>3,586</u>
63	<u>\$132,723</u>		<u>\$ 127,345</u>

NOTE 10- Permanently Restricted Net Assets

The funds consist of Investments and money market funds as follows:

	June 30,	
	<u>2014</u>	<u>2013</u>
The Gayle & Rhea Richey Fund	\$168,200	\$ 168,200
Diana Woodbridge Founders Fund	<u>27,464</u>	<u>26,505</u>
Total Permanently Restricted Net Assets	<u>\$195,664</u>	<u>\$194,705</u>

The Gayle & Rhea Richey Fund

Individuals, local foundations and businesses have provided grants for annual operating costs and to build a sustaining fund for Home How-To. The program currently targets women, but the fund is not restricted to that purpose. The Sustaining Fund goal of \$200,000 was reached in 2005. It is anticipated that the fund will generate income sufficient to underwrite a portion of annual program costs on a long-term basis.

Diana Woodbridge Founders Fund

In honor of a former executive director, an endowment fund was established in 2006 to secure funding for the long-term financial health of the Organization. Investment earnings from the fund are used for ongoing operations.

See Auditors' Report

HOME REPAIR RESOURCE CENTER
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014 AND 2013

NOTE 11- Lease Obligations

HRRC is obligated under two non-cancellable lease agreements for various office equipment. HRRC has signed two leases for office equipment beginning February 2009 for \$143 per month. The future minimum payments are as follows:

2015	\$ 2,400
2016	2,400
2017	2,400
2018	-
2019	-
Thereafter	-
Total	<u>\$ 7,200</u>

NOTE 12- Statement of Cash Flows Disclosures

The amount of interest paid on all indebtedness for fiscal years ended June 30, 2014 and 2013 was \$0.

NOTE 13- Employee Benefit Plan

HRRC has established an employee benefit plan under which employees could make elective deferrals as provided for under I.R.C. section 403 (b). HRRC did not match employee's contributions and discontinued its employee benefit plan during fiscal year ended June 30, 2011. The pension expense for the years ended June 30, 2014 and 2013 was \$0. HRRC has no further obligations with regard to this plan.

NOTE 14- Conditional Promises To Give

HRRC has been named as a remainderman in an irrevocable charitable trust. The trust has indicated that the value at the date of the gift is approximately \$15,000. No value has been recorded in these financial statements since management has no basis on which to determine its current or its future value.

NOTE 15- Subsequent Events

HRRC has evaluated subsequent events through January 13, 2015 which is the date the financial statements were available to be issued.

See Auditors' Report

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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NOTE 16- Income Taxes

HRRC is a not-for-profit organization exempt from income taxes under section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been reported in the financial statements.

See Auditors' Report