

Habitat for Humanity/Lenawee County, Inc.
Financial Statements
Year Ended June 30, 2019



Habitat for Humanity/Lenawee County, Inc.

Financial Statements

Table of Contents

Financial Statements	Page Number
Independent Auditor's Report	1 -- 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6 -- 7
Notes to Financial Statements	8 -- 14



517 945 3312
204 E Church St Ste 201
PO Box 384
Adrian, MI 49221

Independent Auditor's Report

To the Board of Directors
Habitat for Humanity/Lenawee County, Inc.
Adrian, Michigan

We have audited the accompanying financial statements of Habitat for Humanity/Lenawee County, Inc. (Habitat), a Nonprofit Organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity /Lenawee County, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Your partner in financial statement auditing and all things accounting.

Phone: 517.945.3312 - Meredith@MeredithFrancis.com

To the Board of Directors
Habitat for Humanity/Lenawee County, Inc.
Adrian, Michigan

Report on Summarized Comparative Information

We have previously audited Habitat's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meredith Francis, CPA, P.C.

Adrian, Michigan
January 7, 2020

Habitat for Humanity/Lenawee County, Inc.

Statements of Financial Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 24,872	\$ 4,688
Restricted cash	160,019	10,010
Escrow accounts	20,819	25,058
Accounts receivable	8,550	36,520
Inventory	17,566	10,749
Current portion of mortgage and land contracts receivable	76,251	81,283
Prepaid expenses	11,461	-
	<u>319,538</u>	<u>168,308</u>
Total current assets		
Noncurrent portion of mortgage and land contracts receivable (net of discount of \$294,967 and \$331,361 respectively)	245,589	314,156
Land	63,744	43,962
Construction in progress	182,338	306,417
Leasehold improvements	117,328	117,328
Office equipment	27,278	11,093
Equipment	10,440	10,440
Leased equipment	2,396	2,396
Vehicle	15,120	15,120
Less: accumulated amortization	(2,396)	(1,797)
Less: accumulated depreciation	(57,969)	(37,155)
	<u>923,406</u>	<u>950,268</u>
Total assets		
Liabilities and Net Assets		
Current liabilities		
Accounts payable	27,158	24,215
Accrued expenses	16,683	12,155
Escrow payable	20,819	26,235
Servicing loans	3,835	3,835
Line of credit	169,634	169,466
Capital lease	-	736
Current portion of loan payable	29,104	5,332
	<u>267,233</u>	<u>241,974</u>
Total current liabilities		
Noncurrent portion of loan payable	106,560	-
	<u>373,793</u>	<u>241,974</u>
Total liabilities		
Net assets:		
With donor restrictions	9,500	10,010
Without donor restrictions	540,113	698,284
	<u>549,613</u>	<u>708,294</u>
Total net assets		
Total liabilities and net assets	<u>\$ 923,406</u>	<u>\$ 950,268</u>

The accompanying notes are an integral part of this statement.

Habitat for Humanity/Lenawee County, Inc.

Statements of Activities

For the Year Ended June 30, 2019
With Comparative Totals for the year ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Operating revenues, gains and other support:				
Contributions	\$ 29,356	71,950	\$ 101,306	\$ 307,094
Grants	112,075	-	112,075	32,234
Program income:				
Home sales and projects	261,000	-	261,000	96,000
Restore sales	379,441	-	379,441	341,263
Mortgage discount	36,394	-	36,394	68,130
Late fees	327	-	327	553
Special event revenue	26,516	64,391	90,907	33,573
Less: costs of direct benefits to donors	(7,962)	-	(7,962)	(3,839)
Gain (loss) on disposition of assets	16,000	-	16,000	(23,114)
Programmatic investing return	831	-	831	3,348
Contributed services	5,120	-	5,120	6,684
Contributed materials	19,000	-	19,000	35,000
Other income	5,143	-	5,143	6,598
Net assets released from restrictions (Note 9):				
Satisfaction of program restrictions	136,851	(136,851)	-	-
Total operating revenues, gains and other support	1,020,092	(510)	1,019,582	903,524
Operating expenses:				
Home construction	723,644	-	723,644	366,390
Restore	281,162	-	281,162	307,554
International tithe	9,092	-	9,092	20,867
General and administrative	92,746	-	92,746	55,533
Fund-raising	71,619	-	71,619	77,246
Total operating expenses (Note 13)	1,178,263	-	1,178,263	827,590
Change in net assets	(158,171)	(510)	(158,681)	75,934
Net assets at the beginning of the year (Note 15)	698,284	10,010	708,294	632,360
Net assets at the end of the year	\$ 540,113	\$ 9,500	\$ 549,613	\$ 708,294

The accompanying notes are an integral part of this statement.

Habitat for Humanity/Lenawee County, Inc.

Statements of Functional Expenses

For the Year Ended June 30, 2019
With Comparative Totals for the year ended June 30, 2018

	Construction	Restore	Total Programs	General & Administrative	Fund Raising	Total 2019	Total 2018
Cost of sales	\$ 416,511	\$ 27,472	\$ 443,983	\$ -	\$ -	\$ 443,983	\$ 146,846
Salaries	145,365	130,168	275,533	29,217	38,458	343,208	322,339
Payroll taxes	11,451	10,468	21,919	2,391	2,826	27,136	31,357
Employee benefits	18,061	9,483	27,544	7,762	3,609	38,915	41,888
Professional fees	6,505	4,175	10,680	-	-	10,680	9,644
Client assistance	22,801	-	22,801	-	-	22,801	12,000
Occupancy	9,400	43,576	52,976	1,360	1,360	55,696	50,790
Interest expense	248	62	310	13,989	-	14,299	10,459
Printing, postage & publications	3,334	-	3,334	250	1,329	4,913	5,988
Office supplies	7,893	678	8,571	1,853	99	10,523	9,145
Information technology	-	-	-	1,330	3,844	5,174	15,253
Telephone and internet	4,334	1,162	5,496	1,161	-	6,657	6,377
Travel expense	5,625	7,044	12,669	84	-	12,753	9,612
Meetings	17,250	924	18,174	-	1,202	19,376	9,756
Depreciation and amortization	1,263	5,313	6,576	14,837	-	21,413	12,175
Insurance	9,849	14,750	24,599	1,997	-	26,596	31,573
Membership fees	5,220	-	5,220	557	135	5,912	5,757
Bank charges	3,160	5,931	9,091	117	-	9,208	8,399
Public relations	28,339	5,444	33,783	1,148	4,067	38,998	22,668
Utilities	-	6,911	6,911	-	-	6,911	7,192
Supplies	597	569	1,166	480	14,690	16,336	21,565
Equipment lease	-	6,780	6,780	-	-	6,780	6,745
Miscellaneous	6,438	252	6,690	14,213	-	20,903	13,034
Total expenses	\$ 723,644	\$ 281,162	\$ 1,004,806	\$ 92,746	\$ 71,619	\$ 1,169,171	\$ 810,562

The accompanying notes are an integral part of this statement.

Habitat for Humanity/Lenawee County, Inc.

Statements of Cash Flows

For the Year Ended June 30, 2019
With Comparative Totals for the year ended June 30, 2018

Increase (Decrease) In Cash

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from donors	\$ 101,297	\$ 312,722
Cash from special events	82,945	33,573
Cash from program income and grants	870,412	516,846
Cash from other	5,143	6,598
Interest received	831	3,348
Interest paid	(14,299)	(10,459)
Cash paid for program and other expenses	(1,153,358)	(813,746)
Net cash provided by (used in) operating activities	<u>(107,029)</u>	<u>48,882</u>
Cash flows from investing activities:		
Home purchases	(152,280)	(241,721)
Property asset purchases	(16,185)	(22,030)
Proceeds from sale of assets	317,100	162,950
Net cash provided by (used in) investing activities	<u>148,635</u>	<u>(100,801)</u>
Cash flows from financing activities:		
Proceeds from loan payable	150,000	-
Proceeds from line of credit	168	105,000
Escrow accounts	(1,177)	1,184
Repayment of loan payable and capital lease	(20,404)	(21,796)
Redemption of line of credit principal	-	(50,000)
Net cash provided by financing activities	<u>128,587</u>	<u>34,388</u>
Increase (decrease) in cash	170,193	(17,531)
Cash at beginning of year	<u>14,698</u>	<u>32,229</u>
Cash at end of year	<u>\$ 184,891</u>	<u>\$ 14,698</u>
Non-cash activity:		
Cost of goods sold (not shown in above figures)	41,523	41,684

The accompanying notes are an integral part of this statement.

Habitat for Humanity/Lenawee County, Inc.

Statements of Cash Flows

For the Year Ended June 30, 2019
With Comparative Totals for the year ended June 30, 2018

Reconciliation of Change in Net Assets to Net Cash
Provided by (Used In) Operating Activities

	<u>2019</u>	<u>2018</u>
Change in net assets	\$ (158,681)	\$ 75,934
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,413	12,175
Mortgage discount	(36,394)	(68,130)
Contributed services and materials included in projects	(24,120)	(41,684)
Gain (loss) on disposition of assets	-	23,114
(Increase) decrease in:		
Accounts receivable	101,569	46,796
Restricted cash	(9)	5,628
Inventory	(6,817)	12,287
Prepaid expenses	(11,461)	-
Increase (decrease) in:		
Accounts payable	2,943	(23,212)
Accrued expenses	4,528	5,974
Total adjustments	<u>51,652</u>	<u>(27,052)</u>
Net cash provided by (used in) operating activities	<u>\$ (107,029)</u>	<u>\$ 48,882</u>

The accompanying notes are an integral part of this statement.

Habitat for Humanity/Lenawee County, Inc.

Notes to Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

Habitat for Humanity/Lenawee County, Inc. ("Habitat") is a Michigan Non-Profit Corporation. Habitat for Humanity envisions a world where everyone has a decent place to live. The mission of Habitat is "Seeking to put God's love into action, Habitat for Humanity for Lenawee County brings people together to build homes, communities and hope." Habitat builds, renovates and repairs homes in Lenawee County, Michigan. Habitat's major sources of revenue are home sales, philanthropic contributions and ReStore proceeds.

Basis of Accounting

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

Financial Statement Presentation

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Contributions

Habitat distinguishes between contributions received with donor-imposed restrictions and those received without donor-imposed restrictions. The former is reported as donor restricted support that increases net assets with donor restrictions. The latter is reported as support that increases net assets without donor restrictions. Habitat reports donor-restricted support whose restrictions are met in the same reporting period as support within net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash is defined as cash on hand, in banks and investments purchased with a maturity within three months of the date of purchase.

Habitat's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash	\$ 24,872
Accounts receivable	8,550
Loan proceeds expected to be released from purpose accomplishments	150,000
Other cash expected to be released from purpose accomplishments	10,019
Current portion of mortgage and repair receivables	<u>76,251</u>
Financial assets available	<u>\$ 269,692</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. To help manage unanticipated liquidity needs, Habitat can withdraw from established lines of credit (see Note 7) with a local bank.

Habitat for Humanity/Lenawee County, Inc.

Notes to Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies (Concluded)

Inventory

Purchased inventory is recorded at the lower of cost or market determined by the specific identification method. Inventories represent building materials and materials to be sold in the ReStore. Donated inventory items are not valued until the time of sale.

Capital Assets

Habitat capitalizes and depreciates building improvements and equipment and furniture that it believes will provide benefit to future years. Property and equipment are valued at cost and depreciated over their estimated useful lives using the straight-line method. Donated property and equipment are valued at fair value at the date of contribution.

Contributed services, materials and facility use

Contributed services, materials and facility use are reflected in the financial statements for significant contributions of services, items or facility use that would otherwise be purchased. These are reported at their estimated fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 7, 2020, which is the date the financial statements were available to be issued.

2. Reporting Entity

Habitat for Humanity/Lenawee County, Inc. is a tax-exempt Michigan Non-Profit Corporation under Section 501(c)(3) of the Internal Revenue Code.

Income Taxes

According to the Internal Revenue Service's statute of limitations, there are three years, 2016-2018, of Form 990 information returns that are potentially subject to examination.

Measure of Operations

Habitat's operating revenues in excess of expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from other nonoperating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions. The measure of operations excludes investment return in excess of (less than) amounts made available for current support, gains and losses on the sale of assets in the open market.

Habitat for Humanity/Lenawee County, Inc.

Notes to Financial Statements

June 30, 2019

3. Deposits and Investments

Deposits

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to Habitat. Habitat does not have a deposit policy for custodial credit risk. As of June 30, 2019 and 2018, Habitat's bank balance of \$194,246 and \$39,128, respectively, had no exposure to custodial credit risk. All deposits were fully insured as the balance is below the FDIC threshold of \$250,000.

Restricted cash represents amounts received from grantors or donors with either time or purpose restrictions.

4. Inventory

Inventory consists of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Construction materials	\$ 2,000	\$ 2,000
Purchased inventory	<u>15,566</u>	<u>8,749</u>
Total	<u>\$ 17,566</u>	<u>\$ 10,749</u>

5. Mortgage, Land Contract and Project Receivables

In previous years, Habitat sold properties to homeowners without any interest charge. Receivables are reported at cost, equal to the sales price of the home, and secured by the property. In the event that a homeowner defaults on the mortgage or land contract, Habitat reacquires the property and sells it to another homeowner. A mortgage loan is issued with a face value equal to the purchase price of the house. At the point of those sales, a mortgage discount was estimated using the current market interest rate of similar mortgages and amortized over the life of the mortgage. Current practice is to sell the properties to homeowners through a partnership with a local financial institution. The local financial institution issues and collects the mortgage from Habitat homeowners.

Habitat for Humanity/Lenawee County, Inc.

Notes to Financial Statements

June 30, 2019

5. Mortgage, Land Contract and Project Receivables (Concluded)

The current portion of contracts receivable at the year-end consists of the principal payments due during the following year. Management estimates the amount of doubtful accounts based on historical measures and existing economic conditions. When receivables are deemed uncollectible, they are written off. At June 30, 2019 and 2018, total current mortgage, land contracts and repair projects receivable are \$718,959, \$1,232 and \$6,609, and \$869,603, \$1,232 and \$7,411, respectively, which are deemed collectible.

An analysis follows:

	Current	30 Days	Past Due 60 Days	90+ Days	Total
Mortgages receivable	\$ 386,736	\$ 172,047	\$ 33,228	\$ 18,645	\$ 610,656
Repair projects receivable	2,338	-	-	3,813	6,151
Total receivables	<u>\$ 389,074</u>	<u>\$ 172,047</u>	<u>\$ 33,228</u>	<u>\$ 22,458</u>	<u>\$ 616,807</u>

6. Capital Assets

A summary of capital assets follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Nondepreciable assets:				
Land	\$ 43,962	\$ 19,782		\$ 63,744
Construction in progress	306,417	151,498	275,577	182,338
Total nondepreciable assets	350,379	171,280	275,577	246,082
Depreciable assets:				
Leasehold improvements	117,328		-	117,328
Office equipment	11,093	16,185	-	27,278
Equipment	10,440	-	-	10,440
Leased equipment	2,396			2,396
Vehicle	15,120	-	-	15,120
Total depreciable assets	156,377	16,185	-	172,562
Less: accumulated amortization	(1,797)	(599)		(2,396)
Less: accumulated depreciation	(37,155)	(20,814)	-	(57,969)
Total of accumulated depreciation and amortization	(38,952)	(21,413)	-	(60,365)
Net capital assets	<u>\$ 467,804</u>	<u>\$ 166,052</u>	<u>\$ 275,577</u>	<u>\$ 358,279</u>

Current year additions include a phone system and other office equipment used in the Habitat office. Depreciation expense at June 30, 2019 and 2018 was \$20,814 and \$11,376, respectively. Amortization expense at June 30, 2019 and 2018 was \$599 and \$799, respectively.

Habitat for Humanity/Lenawee County, Inc.

Notes to Financial Statements

June 30, 2019

7. Line of Credit

Habitat has established a renewable line of credit with First Federal Bank of \$200,000 at an interest rate of 6.25%. The line of credit is due March 31, 2020 however, Habitat expects to refinance this line of credit and any balance owed at the due date. At June 30, 2019, the balance of this line of credit was \$169,634. The interest expense for the years ended June 30, 2019 and 2018 was \$10,921 and \$7,458, respectively.

8. Loans Payable

Habitat is obligated by a loan from the Adrian Dominican Sisters, with proceeds restricted for the construction program in the next fiscal year. The rate of interest is 2.00% with a maturity date of December 15, 2023. Payments are due quarterly based on an agreed upon amortization schedule. The interest expense related to this loan for the years ended June 30, 2019 and 2018 was \$1,501 and \$508, respectively.

A schedule of payments follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 29,104	\$ 2,496	\$ 31,600
2021	29,690	1,910	31,600
2022	30,289	1,311	31,600
2023	30,899	701	31,600
2024	15,682	118	15,800
	<u>\$ 135,664</u>	<u>\$ 6,536</u>	<u>\$ 142,200</u>

9. Net Assets with Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors, as follows.

Purpose restrictions accomplished:	
Construction	\$ 72,460
Special events	64,391
Total restrictions released	<u>\$ 136,851</u>

Contributions were received throughout the year with donor restrictions. As of June 30, 2019, net assets with donor restrictions were for the following activities.

Subject to expenditure for specified purpose:	
Construction program	\$ 9,500
Total net assets with donor restrictions	<u>\$ 9,500</u>

Habitat for Humanity/Lenawee County, Inc.

Notes to Financial Statements

June 30, 2019

10. Operating Leases

Habitat is obligated by a lease for a copier. The 63-month lease began in August 2015 with monthly payments of \$250, which include a certain number of copies, overages are not included. Total rental expense including maintenance for the year ended June 30, 2019 and 2018 was \$5,188 and \$4,724, respectively.

Habitat leases space for its operations. Its office space is \$850 per month on a month to month basis. The ReStore is leased for a base rent of \$2,750 per month for a renewable term of five years ending April 2020, with no rent due the last two months of the lease. Habitat also pays for common area maintenance (CAM) evaluated annually. Total rental expense for the year ended June 30, 2019 and 2018 for both facilities, including CAM, was \$45,511 and \$44,463, respectively.

Habitat leases a postage meter for a 24-month term ending June 2019 for \$25 per month. The total rental expense for the year ended June 30, 2019 and 2018 was \$299 and \$299, respectively.

Habitat leases a forklift for its ReStore. The 60-month term ends August 2020 with payments of \$399.42 per month. Total rental expense for the year ending June 30, 2019 and 2018 was \$4,793 and \$4,793, respectively.

A schedule of future operating lease payments follows:

Year Ending June 30,	Office	ReStore	Copier	Forklift	Total
2020	\$ 850	\$ 22,000	\$ 3,957	\$ 4,793	\$ 31,600
2021	-	-	134	799	933
	<u>\$ 850</u>	<u>\$ 22,000</u>	<u>\$ 4,091</u>	<u>\$ 5,592</u>	<u>\$ 32,533</u>

11. Contributed Services, Materials and Facility Use

Habitat utilizes a number of volunteers for its home construction and other support services. The value of this contributed time is not reflected in the financial statements since it does not require a specialized skill. However, certain other contributed services that require specialized skills, were provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation are recognized as revenue and expense.

Habitat received contributed professional services valued at \$5,120, shown as revenue and expense in the financial statements. The contributed services of board members are determined to be immeasurable for financial statement purposes.

A donation of materials for the ReStore is not valued or carried in inventories. The items are considered to have no value or indeterminate value until someone purchases them. One property with a value of \$19,000 was donated and added to Construction in Process, representing future construction projects.

Habitat for Humanity/Lenawee County, Inc.

Notes to Financial Statements

June 30, 2019

12. Fundraising

Fundraising expenses for the years ended June 30, 2019 and 2018 were \$71,619 and \$81,085, respectively.

13. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, taxes and benefits, rent, professional fees and construction costs, which are allocated on the basis of estimates of time and effort.

14. Concentration of Risk

Habitat operates in Lenawee County, Michigan and is affected by the state of the local economy.

15. Accounting Standards Update (ASU)

Habitat adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* at the beginning of the fiscal year. The amount reported in the prior year as temporarily restricted net assets is restated as beginning net assets with donor restrictions, as a result of applying this update.