

**HABITAT FOR HUMANITY  
OF GEORGIA, INC.  
COLUMBUS, GEORGIA**

\*

**AUDIT REPORT**

\*

**June 30, 2020**

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

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To the Board of Directors  
Habitat for Humanity of Georgia, Inc.  
Columbus, Georgia

We have audited the accompanying financial statements of Habitat for Humanity of Georgia, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, 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.

***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 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 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 of Georgia, Inc. as of June 30, 2020, 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.

Canady, Richbourg & Associates, LLP

April 11, 2021

**HABITAT FOR HUMANITY OF GEORGIA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

<b><u>Assets</u></b>	
Cash	395,423
Prepaid expenses	1,487
Accounts receivable	391
Advanced escrow payments	30,433
Grant receivable	5,975
Mortgages receivable (net of unamortized discount)	<u>327,291</u>
<b>Total assets</b>	<b><u><u>761,000</u></u></b>
<b><u>Liabilities and Net Assets</u></b>	
<b>Liabilities</b>	
Accounts payable	8,526
Credit card payable	531
Payroll liabilities	2,373
Payroll protection program loan payable	<u>12,552</u>
<b>Total liabilities</b>	<b><u>23,982</u></b>
<b>Net assets</b>	
Without donor restrictions	737,018
With donor restrictions	<u>-</u>
<b>Total net assets</b>	<b><u>737,018</u></b>
 <b>Total liabilities and net assets</b>	 <b><u><u>761,000</u></u></b>

The accompanying notes are an integral part of these financial statements

**HABITAT FOR HUMANITY OF GEORGIA, INC.**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2020**

**Changes in net assets:**

**Support and revenue**

Contributions, grants and gifts	40,912
Member dues	28,000
Program fees	4,740
Mortgage discount	26,576
Interest income	339
Loss on sale of assets	<u>(12,999)</u>
<b>Total support and revenue</b>	<u><u>87,568</u></u>

**Expenses**

Program services	83,975
Supporting services	
Management and general	25,478
Fundraising	<u>10,308</u>
<b>Total expenses</b>	<u><u>119,761</u></u>

**Decrease in net assets** (32,193)

**Net assets at beginning of year** 769,211

**Net assets at end of year** 737,018

The accompanying notes are an integral part of these financial statements

**HABITAT FOR HUMANITY OF GEORGIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Program</u>	Management & <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expense				
Salaries	15,500	-	-	15,500
Salaries - executive director	41,600	5,200	5,200	52,000
Employee benefits	650	-	-	650
Payroll taxes	4,131	516	516	5,163
Total personnel expense	<u>61,881</u>	<u>5,716</u>	<u>5,716</u>	<u>73,313</u>
Contract services	8,000	-	-	8,000
Conferences and conventions	4,389	758	-	5,147
Dues	-	825	-	825
Insurance	-	3,758	-	3,758
Miscellaneous	2,127	350	1,614	4,091
Office supplies and expense	25	3,066	-	3,091
Postage and delivery	-	721	25	746
Professional fees	701	9,690	-	10,391
Telephone	1,728	216	216	2,160
Travel	5,124	378	2,737	8,239
	<u>5,124</u>	<u>378</u>	<u>2,737</u>	<u>8,239</u>
Total functional expenses	<u><u>83,975</u></u>	<u><u>25,478</u></u>	<u><u>10,308</u></u>	<u><u>119,761</u></u>

The accompanying notes are an integral part of these financial statements

**HABITAT FOR HUMANITY OF GEORGIA, INC.**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2020**

<b>Cash flows from (for) operating activities</b>	
Change in net assets	(32,193)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Mortgage discount amortization	(26,576)
Loss on sale of assets	12,999
Net change in operating assets and liabilities:	
Prepaid expenses	(45)
Accounts receivable	(391)
Advanced escrow payments	(14,872)
Grants receivable	(5,975)
Mortgages receivable	109,993
Accounts payable	2,028
Credit card payable	531
Payroll taxes payable	1,172
Deferred revenue	(3,920)
<b>Net cash from operating activities</b>	<u>42,751</u>
 <b>Cash flows from (for) investing activities</b>	
Proceeds from sale of vacant property held for sale	79,900
Closing cost expenditures on vacant property held for sale	(9,688)
Capital expenditures on vacant property held for sale	(8,190)
<b>Net cash from investing activities</b>	<u>62,022</u>
 <b>Cash flows from (for) financing activities</b>	
Borrowings on payroll protection loan payable	<u>12,552</u>
 <b>Net increase in cash and cash equivalents</b>	117,325
 <b>Beginning cash and cash equivalents</b>	<u>278,098</u>
 <b>Ending cash and cash equivalents</b>	<u><u>395,423</u></u>
 <b>Supplemental cash flow information</b>	
Interest paid	<u><u>-</u></u>
Income taxes paid	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

**HABITAT FOR HUMANITY  
OF GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 1 - Nature of Activities**

Habitat for Humanity of Georgia, Inc. is the state support organization (SSO) for Habitat for Humanity affiliates in Georgia. It exists to advocate and act on behalf of member affiliates throughout the state of Georgia. Habitat for Humanity of Georgia, Inc. is aligned with the global Habitat for Humanity movement. The purpose of the SSO is to provide services and benefits to Georgia affiliates that are not available from other sources.

The primary sources of revenue are corporate contributions, grants from Habitat of Humanity International, Inc. and member dues.

**Note 2 - Summary of Significant Accounting Policies**

Accounting Method - The Organization uses the accrual method of accounting, recognizing revenues when earned and expenses when incurred.

Recent Accounting Pronouncements - In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

In June 2018, the FASB issued ASU 2018-08 “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” (Topic 958). The ASU amends the current reporting model for nonprofit organization and enhances their required disclosures. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, “Not-for-Profit Entities”, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.” The Organization has implemented this ASU.

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Contributions - Contributions received are recorded as unrestricted or donor-restricted support, depending on the existence or nature of any donor restrictions. Support that is donor-restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.



**HABITAT FOR HUMANITY  
OF GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Mortgages Receivable - Non-interest bearing mortgages received from the sale of Habitat homes are discounted at rates established by Habitat for Humanity International. Revenue is recognized each year by amortizing the original discount on a straight-line basis over the term of the mortgage. There is no provision for uncollectible mortgages, as Habitat makes every effort to keep Habitat families in their homes. Should a foreclosure become necessary, Habitat would refurbish the home for a new Habitat family, and recover all cost incurred.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include cash on hand and cash in banks, including certificates of deposit with maturities of three months or less.

Income Tax - Habitat for Humanity of Georgia, Inc. is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been determined by the Internal Revenue Service not to be a private foundation under Section 509(a) of the Code. Contributions to the organization are deductible within the limitations of the Code.

As of June 30, 2020, the tax years that remain subject to examination by taxing authorities begin with the year ended June 30, 2017. Management believes that all positions taken in those years would be sustained should those years be examined.

**Note 3 - Liquidity**

Financial assets available within one year of the statement of financial position date, without donor or other restrictions limiting their use, comprise the following:

Cash and cash equivalents	395,423
Prepaid expenses	1,487
Accounts receivable	391
Advanced escrow payments	30,433
Grants receivable	5,975
Mortgages receivable	<u>327,291</u>
Total financial assets	761,000
Less: Non-current assets	<u>235,393</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>525,607</u>

**Note 4 - Concentration of Credit Risk**

The Organization maintains its cash in bank deposits accounts, which at times, may exceed the insured limits of \$250,000 per financial institution. At June 30, 2020, the Organization had cash balances in excess of the FDIC limits in the amount of \$56,856.

**HABITAT FOR HUMANITY  
OF GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 5 - 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 and disclosures 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 these estimates.

**Note 6 - Functional Allocation of Expenses**

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

**Note 7 - Mortgages Receivable**

Mortgages receivable are comprised of mortgages transferred from Satilla County Habitat for Humanity in May 2018, mortgages transferred from Thomson-McDuffie County Habitat for Humanity in January 2019, and mortgages transferred from Bainbridge-Decatur County Habitat for Humanity in April 2019.

Mortgages receivable as of June 30, 2020 were as follows:

Mortgages receivable	592,476
Less unamortized discount	<u>(265,185)</u>
	<u>327,291</u>

Mortgage notes are secured by the related real estate.

**Note 8 - Payroll Protection Program Loan**

The Habitat received loan proceeds in the amount of \$12,552 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Although we cannot provide assurance, Habitat believes that its use of the loan proceeds will meet the conditions for full forgiveness.

**HABITAT FOR HUMANITY  
OF GEORGIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 9 - Sale of Vacant Property**

In the previous year Bainbridge-Decatur Habitat for Humanity transferred one vacant property that was previously foreclosed. The property was recorded as revenue at the fair market value of \$70,721 when transferred. The Organization placed the home on the market and it was sold on October 24, 2019 for \$79,900.

**Note 10 - Related Party Transactions**

During the current year the Organization paid Bouhan Falligant, LLP, Attorneys at Law, a total of \$2,635 for the performance of legal services rendered to the Organization. Board Member, Rob Brannen, is a partner in the firm of Bouhan Falligant, LLP.

**Note 11 - Subsequent Events**

COVID-19 Outbreak

Management has evaluated subsequent events through April 11, 2021, the date the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. The related financial impact and duration cannot be reasonably estimated at this time.