

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

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AUDIT REPORT

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June 30, 2016

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

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Independent Auditor's Report

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, 2016, 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, 2016, 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 & Woodward, LLP

June 13, 2017

HABITAT FOR HUMANITY OF GEORGIA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

<u>Assets</u>	
Cash	62,472
Prepaid expenses	608
Accounts receivable	1,995
Mortgages receivable (net of unamortized discount)	<u>86,474</u>
Total assets	<u><u>151,549</u></u>
<u>Liabilities and Net Assets</u>	
Liabilities	
Accounts payable	4,000
Credit card payable	107
Escrow liabilities	<u>7,228</u>
Total liabilities	<u>11,335</u>
Net assets	
Unrestricted	140,214
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>140,214</u>
 Total liabilities and net assets	 <u><u>151,549</u></u>

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY OF GEORGIA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Changes in net assets:

Support and revenue

Contributions, grants and gifts	15,371
Member dues	26,750
Program fees	7,620
Mortgage discount	4,963
Total support and revenue	<u>54,704</u>

Expenses

Program services	57,290
Supporting services	
Management and general	14,195
Fundraising	6,458
Total expenses	<u>77,943</u>

Decrease in net assets (23,239)

Net assets at beginning of year 163,453

Net assets at end of year 140,214

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, 2016

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expense				
Salaries	36,800	4,600	4,600	46,000
Payroll taxes	2,815	352	352	3,519
Total personnel expense	<u>39,615</u>	<u>4,952</u>	<u>4,952</u>	<u>49,519</u>
Contract services	8,000	-	-	8,000
Dues	-	590	-	590
International tithe	500	-	-	500
Insurance	523	915	65	1,503
Miscellaneous	255	65	626	946
Mortgage service fees	140	-	-	140
Office supplies and expense	282	1,318	429	2,029
Postage and delivery	59	40	99	198
Professional fees	2,015	4,780	-	6,795
Telephone	510	64	64	638
Travel	5,391	1,471	223	7,085
Total functional expenses	<u><u>57,290</u></u>	<u><u>14,195</u></u>	<u><u>6,458</u></u>	<u><u>77,943</u></u>

The accompanying notes are an integral part of these financial statements

HABITAT FOR HUMANITY OF GEORGIA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

Cash flows from (for) operating activities	
Change in net assets	(23,239)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Mortgage discount amortization	(4,963)
Net change in operating assets and liabilities:	
Accounts receivable	(1,995)
Mortgages receivable	8,647
Prepaid expenses	(45)
Accounts payable	4,000
Credit card payable	(43)
Deferred revenue	(14,000)
Homeowner escrow	(92)
Payroll taxes payable	(1,134)
Net cash for operating activities	<u>(32,864)</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net decrease in cash and cash equivalents	(32,864)
Beginning cash and cash equivalents	<u>95,336</u>
Ending cash and cash equivalents	<u><u>62,472</u></u>
Supplemental cash flow information	
Interest paid	<u>-</u>
Income taxes paid	<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, 2016**

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.

Basis of Presentation - The Organization is 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.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a 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 are reported in the statement of activities as net assets released from restriction.

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.

**HABITAT FOR HUMANITY
OF GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2016, the tax years that remain subject to examination by taxing authorities begin with the year ended June 30, 2013. Management believes that all positions taken in those years would be sustained should those years be examined.

Subsequent Events - Management has evaluated subsequent events through June 13, 2017, the date the financial statements were available to be issued. Management was not aware of any subsequent events through this date that would have a material effect on these financial statements.

Note 3 - 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 4 - Mortgages Receivable

In a prior year Burke County Habitat for Humanity ceased operations. On June 25, 2013, six mortgages receivable were transferred from Burke County Habitat for Humanity to Habitat for Humanity of Georgia, Inc. On February 21, 2014 the seventh and final mortgage was transferred. Habitat for Humanity of Georgia, Inc. currently holds and services the mortgages.

Mortgages receivable as of June 30, 2016 were as follows:

Mortgages receivable	149,193
Less unamortized discount	<u>(62,719)</u>
	<u>86,474</u>

Mortgage notes are secured by the related real estate.