

**HABITAT FOR HUMANITY OF  
RABUN  
COUNTY**

**AUDITED FINANCIAL  
STATEMENTS**

**For the Year  
Ended  
September 30,  
2019**

*Jack P. Green, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

September 22, 2020

**INDEPENDENT AUDITOR'S OPINION**

## **Board of Director Habitat for Humanity of Rabun County Clayton, Georgia**

**I have audited the accompanying financial statements of Habitat for Humanity of Rabun County which comprise the Statement of Financial Position as of September 30, 2019 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**

**My responsibility is to express an opinion on these financial statements based on my audit. Except as stated in the following paragraph, I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies user and the reasonableness of significant accounting estimates made **by** management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Basis for Qualified Opinion on Financial Statements**

Management has not adopted a methodology valuing noncash contributions of resalable household goods to be sold at the ReStore Store and construction materials that are to be used in client houses. Accounting principles generally accepted in the United States of America require that these noncash contributions be valued upon receipt. The amount by which this departure would affect the assets, fund balance and revenues of the financial statements has not been determined.

### **Opinion**

In my opinion, except for the effects, if any, of the matter discussed in the preceding paragraph above, the financial statements referred to above, present fairly, in all material respects, the financial position of Habitat **for** Humanity **of** Rabun County as of September 30, 2019, and the results of its operations and its cash **flows for** the year then ended in conformity **with** accounting principles generally accepted in the United State of America.

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**HABITAT FOR HUMANITY OF RABUN COUNTY STATEMENT OF  
FINANCIAL POSITION**

**For the Year Ended September 30, 2019**

**ASSETS**

**\$**

**Current Assets:**

**Cash Cash Restricted Accounts Receivable**

**143,507**

**2,381 59,250**

**Total Current Assets**

**\$**

**205,138**

**\$**

**Land for Development Construction in Progress Lease Purchases Mortgages Receivable**

**Deposits Land Restore Building Property and Equipment, net Note 2 Less :**

**Accumulated Depreciation**

**288,027**

**94,207 169,290 1,281,153**

**450 96,000 223,176**

**17,523 (27,877)**

**Total Noncurrent Assets**

**2,141,949**

**Total Assets**

**\$ 2,347,087**

## **LIABILITIES AND NET ASSETS**

### **Current Liabilities:**

**Accounts Payable Client Escrows Current Portion of Installment Loans**

**3,458 39,344 16,994**

**Total Current Liabilities**

**59,796**

**Long Term Portion of Installment Notes Payable**

**\$**

**309,801**

Net Assets

**Net Assets Unrestricted**

**Temporarily Restricted**

**\$ 1,975,109**

**2,381**

**Total Net Assets**

**1,977,490**

**Total Liabilities and Net Assets**

**\$ 2,347,087**

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

# HABITAT FOR HUMANITY OF RABUN COUNTY

## STATEMENT OF ACTIVITIES For the Year Ended September 30, 2019

Temporarily Restricted

Unrestricted

Total

\$

### REVENUES, GAINS AND OTHER SUPPORT:

Contributions Store Sales Rhapsody Proceeds Interest Income Other Net Assets released  
from Restrictions

Satisfaction of Program Restrictions TOTAL REVENUE, GAIN, AND SUPPORT \$

38,063 243,839 59,250

754 17,076

38,063 243,839 59,250

754 17,076

215 359,197

(215) (215)

\$

\$

358,982

### EXPENSES

Program Services Management and Administration

Fundraising TOTAL EXPENSES

58,586 129,840 188,426

58,586 129,840 188,426

\$

\$

\$

### INCOME FROM OPERATIONS

\$

**170,771**

**\$**

**(215) \$**

**170,556**

**LOSS ON SALE OF RESTORE BUILDING**

(145,170

(145,170)

**CHANGE IN NET ASSETS**

**\$**

**25,601**

**\$**

**(215) \$**

**25,386**

**NET ASSETS, OCTOBER 1, 2018**

**1,949,508**

**2,596**

**1,952,104**

**NET ASSETS, SEPTEMBER 30, 2019**

**\$ 1,975,109**

**\$**

**2,381**

**\$**

**1,977,490**

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

**UNANCICTIONAL 30, 2019**

**HABITAT FOR HUMANITY OF RABUN COUNTY STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended September 30, 2019**

Program Expense

Administrative and General

Fundraising

Total

\$

\$

**97,580 8,526**



**21,662**

3,855 **5,051**

**Salaries** Payroll Taxes **Administrative Bank** Charges Office Expense Occupancy

Taxes Interest Affilates Depreciation **Insurance** Truck **Other**

11,041 **1,473**

**97,580**

8,526 **21,662**

**3,855 5,051 11,041**

**1,473** 10,242 5,600 6,390 **12,176 4,628 202**

10,242 5,600

6,390

**12,176**

4,628

**202**

Totals

ZA

\$

58,586

\$

129,840

\$ **188,426**

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

HABITAT FOR HUMANITY OF RABUN COUNTY

**STATEMENT OF CASH FLOWS For the Year Ended September 30, 2019**

**CASH FLOWS FROM OPERATIONS**

\$

**170,556**

**Income from Operations Transactions Not Affecting Cash: Depreciation**

**Decrease in Accounts Receivable Increase in Accounts Payable Decrease in**

**Client Escrows**

**Net Cash Flows From Operations**

**6,390 (54,250)**

**558 (6,201)**

.

\$

117,053

CASH FLOWS FOR INVESTING

\$

Increase in Land for Development Increase in Construction in Progress Decrease  
in Lease Purchases Increase in Mortgages Receivable Sale of Re Store Decrease in  
Notes Payable

Cash Flow For Investing

(142,248) (18,816) 371,376 (481,261) 129,220 (25,477)

\$

(167,206

Net Decrease in Cash

\$

(50,153)

Cash Balance, October 1, 2018

196,041

Cash Balance, September 30, 2019

\$

145,888

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

**HABITAT FOR HUMANITY OF RABUN COUNTY**

**NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2019**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Habitat for Humanity of Rabun County (Habitat) is a non-profit corporation, exempt from income tax under Section 501©(3) of the Internal Revenue Code. Habitat was incorporated in 1989. Habitat is an organization based on Christian principles that works to strengthen their community by building simple, decent homes in partnership with hardworking families in need and people from all walks of life. Habitat is an affiliate of Habitat for Humanity International, Inc. (HFHI) Although HFHI assists with information, resources, branding and training Habitat operates independent of HFHI and a local board of directors is directly responsible for its operation.**

Habitat builds houses using primarily volunteer labor, purchased materials and donated materials. The houses are sold to qualified buyers at no profit with a non-interest bearing loan provided by Habitat. Prospective homeowners must demonstrate a need for housing and prove an ability to pay a monthly mortgage payment, including taxes, homeowners insurance and upkeep. In addition, they are required to invest at least two hundred fifty hours of labor ("sweat equity") into the construction of their and their neighbors homes and participate in financial counseling and homeownership education classes.

During the fiscal year 2019 Habitat completed the construction of a home and renovation of another home in Rabun County and sold them to newly selected Habitat families.

Habitat is responsible for raising its own funding. Habitat has received the majority of its funding from individual contributions, foundation grants and profits of the Habitat ReStore.

Habitat owns and operated the Habitat ReStore which accepts donations of furniture, building materials, appliances and household items. While some donations are used in the construction of Habitat homes the majority of the donations are sold to the public. Store profits support the administrative and operating expenses of Habitat.

#### **Basis of Accounting**

The financial statements of Habitat have been prepared on the modified accrual basis of accounting and inconformity with standards promulgated by the American Institute of Certified Public Accountants in it audit guide for Not for Profit organizations.

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Cash donations are recorded when received by Habitat.

#### **Financial Statement Presentation**

Habitat presents its financial statements in accordance with accounting

principles generally accepted in the United State of America and the Not-for-Profit requirements of the Financial Accounting Standards Board Accounting Standards Codification. Habitat 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. In addition, Habitat is required to present a statement of Cash Flows.

## **HABITAT FOR HUMANITY OF RABUN COUNTY**

### **NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2019**

**Accounting principles generally accepted in the United State of America require that noncash contributions of resalable household goods and construction materials that are to be used in client houses be recorded as contributions at the time of receipt at fair market value. Management has not adopted a methodology valuing and recording these noncash contribution which is departure from generally accepted accounting principles. The amount by which this departure would affect the assets, fund balance and revenues of the financial statements has not been determined.**

**The preparation of financial statements in conformity with generally accepted accounting principles requires inagement to make estimates and assumptions that affect certain reported amounts and disclosures . Accordingly, actual results could differ from those estimates.**

**Unrestricted net assets represent revenues and expenses related to the operation and management of the Corporation's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted.**

**Temporarily restricted net assets represent resources available for use, but expendable only for the purposes specifically stated by the donor. Habitat holds funds that are restricted for the maintenance**

of property that it owns.

Accounts Receivable are the proceeds from a fund raiser by Rhapsody in Rabun.

Property and equipment is recorded at cost to the Corporation or, if donated, at estimated fair value at the time of the donation. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose. The Corporation follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$ 2,000. Depreciation is based on the straight-line method over the estimated useful lives of assets acquired.

Donated services are recognized as contributions if the services (1) create or enhance nonsinancial assets or (2) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Corporation. Volunteers also provide services that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Organization receives a substantial amount of services donated by volunteers. No amount has been reflected in these financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

Management has evaluated subsequent events through September 22, 2020, the date on which the financial statements were available to be issued.

Note 2, ASSETS USED IN THE HOUSE CONSTRUCTION AND FINANCING

Land for Development is land purchased and donated to building client

housing on. This property is valued at original cost or estimated value at the date of donation.

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**HABITAT FOR HUMANITY OF RABUN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2019**

**Construction in Progress** is the cost of unfinished construction at the year end

Habitat **leases** all properties for one year to insure that the client can meet the obligations of ownership. At the end of one year if the obligations have been met the lease purchase is converted to a mortgage.

**Mortgages Receivable**-these are remaining **balances** on the thirty **year** mortgages for houses built by Habitat. These are noninterest bearing notes.

**Note 3. FIXED ASSETS AND DEPRECIATION**

Statement of Standards #93 of the Financial **Accountant** Standards Board requires that all **not-for-profit** organizations recognize depreciation on its fixed **assets**. All fixed assets are valued at historical cost. Depreciation has been calculated over the estimated useful lives of the fixed assets on the straight line bases. Estimated useful lives are as follows: Equipment and Vehicles 5-7 years and Buildings 31-39 years. Depreciation expense for the year was \$ 6,390. Fixed Assets are as follows:

Land

\$  
**96,000**

Buildings Vehicles **Equipment**

**\$ 223,176**

13,000

**4,523 \$ 240,699**



( 27,877)

Accumulated Depreciation

Net Fixed Assets

\$ 212,822

Note 4. CLIENT ESCROW

Each month a part of the client's monthly payment is placed in escrow to pay property taxes and homeowner's insurance. This payment is recomputed each year.

Note 5. ALLOCATION OF FUNCTIONAL EXPENSES

The cost of providing Habitat's programs and activities are reported on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated amount the programs and supporting services benefitted. Any program expenses or support costs not directly chargeable to a specific program are allocated to the programs based on management policies and estimates and the guidelines outlined in the contracts and grants.

HABITAT FOR HUMANITY OF RABUN COUNTY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2019

Note 5 NOTES PAYABLE

During the current year the Corporation borrowed money from a local bank to acquire and renovate a retail building in Clayton Georgia for the ReStore thrift store. At the year end the balance due on the loan was \$ 234,795 with monthly payments of \$ 1,532.51 including interest calculated at 3.99 % per annum. This loan is matures September 2037 and is secured by the building and land.

The Corporation also purchased seven lots for future construction of homes for clients. The balance on this loan is \$ 92,000 with monthly

payments of \$ 1,055.65 including interest calculated at 4.49 % per annum.  
This loan matures September 2037 and is secured by the lots.

Principal portion of debt due in the next five years is as follows:

FYE

9/30/2020  
16,994

9/30/2021  
18,676

9/30/2022  
19,483

9/30/2023  
20,324

9/30/2024  
21,202