

**HABITAT FOR HUMANITY
OF CAMDEN COUNTY, INC.**

Statement of Financial Position
and
Independent Auditors' Report

June 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity of Camden County, Inc.

Report on the Financial Statement

We have audited the accompanying Statement of Financial Position of Habitat for Humanity of Camden County, Inc., as of June 30, 2021, and the related Notes to the Financial Statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 Statement of Financial Position referred to above presents fairly, in all material respects, the financial position of Habitat for Humanity Camden County, Inc., as of June 30, 2021 in conformity with accounting principles generally accepted in the United States of America.

Marshall Jones

Atlanta, Georgia
February 22, 2022

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS	
Cash	\$ 202,797
Mortgages receivable, net of imputed interest	224,388
ReStore inventory	25,000
Lease deposit	19,800
Land held for development	229,300
Equipment, net of depreciation	16,797
Construction in progress	18,307
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TOTAL ASSETS	\$ 736,389
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LIABILITIES	
Accrued expenses	\$ 4,385
Escrows	11,584
Loan subject to forgiveness	33,300
Notes payable	6,256
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TOTAL LIABILITIES	55,525
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NET ASSETS	
Net assets without donor restrictions	680,864
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TOTAL NET ASSETS	680,864
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TOTAL LIABILITIES AND NET ASSETS	\$ 736,389

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statement.

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND BASIS OF PRESENTATION

Description of Organization

Habitat for Humanity of Camden County, Inc. (“the Organization,”), a non-profit corporation located in St. Mary’s, Georgia, was incorporated in 1997 in the State of Georgia. The Organization is an affiliate of Habitat for Humanity International, Inc. The Organization empowers individuals and families to build and buy their own homes with the help of people in the local community. With volunteer labor, local donations and some in-kind materials, homes are sold and rehabilitated at no interest to workforce households who are required to have a need for housing, the ability to pay their mortgage and participate in the construction of the homes. The program prepares partner families to be successful homeowners. The Organization also operates a ReStore, which is a retail center for new and gently-used building materials and home furnishings sold to the general public at deeply discounted prices.

Basis of Presentation

The Organization prepares its Statement of Financial Position in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The Organization is required to report information regarding its financial position according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization are classified as follows:

Net assets without donor restrictions - represents net assets that are not restricted by donor-imposed stipulations and are available for support of operations and other expenditures.

Net assets with donor restrictions - represents net assets whose use by the Organization is subject to stipulations imposed by donor. Some donor restrictions are temporary in nature; that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Other donor restrictions are perpetual in nature that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There are no net assets with donor restrictions at June 30, 2021.

Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, and deficiencies in information about liquidity and availability of resources. The Organization has adjusted the presentation of this statement accordingly.

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the Statement of Financial Position in conformity with GAAP includes the use of estimates that may affect the financial statement. Accordingly, actual results could differ from those estimates.

Cash

Cash may, from time to time, exceed federally insured limits.

Mortgages Receivable

Mortgage receivable balances represent the amount charged to the homeowners for houses built and secured with real estate that are to be paid back over a mutually established period of time. These mortgages are typically paid back on a monthly basis.

The Organization recognizes the income from the sales to homeowners in accordance with ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Under Topic 606, the Organization recognizes revenue when a customer obtains control of a promised good or service, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition, the Organization performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the Organization satisfies the performance obligation. The Organization only applies the five-step method to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to a customer. The Organization recognizes revenue on homebuilding activities upon the closing of the sale.

The Organization's mortgages are non-interest-bearing. A first mortgage is written for the portion affordable to the purchaser according to federal guidelines. The Organization obtains a deed of trust for any difference between the purchase price (i.e., the current fair value) and the amount of the first mortgage. A second equity agreement (the shared appreciation agreement) reflects the difference between the fair value and the total development costs if greater than fair value. A portion is recaptured at the time of title transfer based upon future appreciation. The equity agreements are not reflected in the Statement of Financial Position.

(Continued)

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Construction in Progress

Property and equipment are stated at cost. Depreciation is provided for on the straight-line method over the estimated useful lives of the asset. Minor improvements, maintenance and repairs are charged to expense as incurred.

Construction in progress consists of fair value of donated or purchased land, plus the direct home construction costs. Donated land is recorded at the property's fair value. Costs incurred are recognized as assets until the sale of the home with a reserve to bring them to the lower of cost or market. When the corresponding homes are completed and transferred to homeowners, these costs are expensed.

Inventory

ReStore inventory represents building materials and materials to be used in construction of Habitat houses or sold to the general public. All inventory is donated and valued at fair value at date of receipt. ReStore inventory is recorded net of any allowance for obsolescence. ReStore sales are recognized at the time the transaction occurs in the store.

Escrows

The Organization is responsible for paying property taxes and insurance from funds paid by the homeowners along with their regular mortgage payment. The liability represents the amounts paid for by the homeowner and not yet transferred by the Organization.

Contributions

The Organization recognizes revenues in accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (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.

(Continued)

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Subject to Forgiveness

Loan subject to forgiveness resulted from the Organization receiving government assistance in the form of a loan in accordance with the Paycheck Protection Program of \$33,300, with an interest rate of 1.000% and a maturity date of May 22, 2022. This loan was subsequently forgiven in its entirety on July 29, 2021, by satisfying certain conditions related to payroll expenditures.

Income Taxes

The Organization qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3).

The Organization only recognizes the tax benefit from an uncertain tax position taken or expected to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse affect on the Organization's financial condition. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties, for uncertain income tax positions at June 30, 2021. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to June 30, 2018.

The Organization is subject to unrelated business income tax on certain income not directly related to the Organization's tax-exempt purpose. In the opinion of management, the Organization did not have unrelated business income tax liabilities at June 30, 2021.

NOTE 3 – MORTGAGES RECEIVABLE

The Organization holds 13 non-interest-bearing mortgages, which are secured by sold homes as of June 30, 2021. GAAP requires that interest be imputed on below-market interest instruments. The effect is to discount each note with an offsetting charge to mortgage discounts. This discount is then amortized over the life of each note as interest income. The resulting carrying value of the mortgages receivable approximates fair value. The notes are due upon the earlier of the sale of the home, refinance or at maturity.

Uncollectible notes are expected to be insignificant. Accordingly, no provision for doubtful accounts has been included on the Statement of Financial Position. The notes have been discounted at rates of 7.39% to 8.14%, according to rates established by Habitat for Humanity International's Finance Department.

(Continued)

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2021

NOTE 3 – MORTGAGES RECEIVABLE (Continued)

Aggregate maturities of the mortgages receivable at June 30, 2021 are as follows:

Years ending June 30,	Amount
2022	\$ 80,104
2023	26,693
2024	26,693
2025	26,693
2026	26,693
Thereafter	237,977
Less discount	(200,465)
Mortgages receivable, net	\$ 224,388

NOTE 4 – LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization’s financial assets available within one year of the Statement of Financial Position date for designated expenditures are as follows as of June 30, 2021:

Cash	\$ 202,797
Mortgages receivable, current portion	80,104
Financial assets available to meet cash needs within one year	\$ 282,901

NOTE 5 – LEASES

In June 2021, the Organization entered a 39-month property lease agreement, including a lease deposit of \$19,800. The terms of the lease require monthly payments of \$4,950 with an annual escalation each October through September, 2024.

Future minimum rent lease payments are as follows for the years ended June 30:

2022	\$ 44,550
2023	70,538
2024	85,388
2025	22,275
Total	\$222,751

HABITAT FOR HUMANITY OF CAMDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2021

NOTE 6 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 22, 2022, the date this financial statement is available to be issued.

On November 15, 2021 Habitat for Humanity International communicated anonymous complaints against the Organization through its Habitat Ethics & Accountability Line. The Organization responded to these allegations and management does not believe they will have a material adverse effect on the Organization's financial position, results of operations or cash flows. The Organization has evaluated its policies and procedures for its programs and services, and is in the process of searching for a new full time Executive Director.

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak may have an impact on the operations of the Organization. The extent of the impact to the financial performance of the Organization will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of the Organization is impacted because of these things for an extended period, the Organization's financial results may be adversely affected. Final results of the relief measures are not currently known.

These notes should be read only in connection with the
accompanying financial statement and independent auditors' report.