

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016  
(with summarized comparative information  
as of and for the year ended June 30, 2015)**

**With Independent Auditors' Report Thereon**

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
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**JUNE 30, 2016**  
**(with summarized comparative information**  
**as of and for the year ended June 30, 2015)**

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whaley hammonds tomasello, p.c.  
CERTIFIED PUBLIC ACCOUNTANTS + ADVISORS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Southern Crescent Habitat for Humanity, Inc.  
Jonesboro, Georgia

We have audited the accompanying financial statements of Southern Crescent Habitat for Humanity, 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.

### ***Auditors' 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 auditors' 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 Southern Crescent Habitat for Humanity, Inc. as of June 30, 2016, 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.

**Report on Summarized Comparative Information**

We have previously audited Southern Crescent Habitat for Humanity, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2015. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statement information from which it has been derived.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The state contractual assistance schedule on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Whaley Hammond Tomarullo, PC*

November 23, 2016

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**  
**(with comparative information as of June 30, 2015)**

	2016	2015
<b>Assets</b>		
<b>Assets:</b>		
Cash	\$ 31,723	\$ 400,432
Investment in stock	2,043	1,829
Accounts receivable	-	50,676
Grants receivable	172,066	102,760
Mortgages receivable, net	4,210,670	3,912,837
Housing under construction	453,141	465,980
Land held for development	182,286	42,286
Other assets	90,198	21,496
Property and equipment, net	984,841	1,016,486
	<b>Total assets</b>	<b>Total assets</b>
	<b>\$ 6,126,968</b>	<b>\$ 6,014,782</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 65,939	\$ 47,355
Deposits on house purchases	2,208	6,380
Accrued expenses	22,841	16,422
Mortgage escrow liability	-	10,262
Line of credit	149,198	100,085
Due to Clayton County, net	-	736,068
	<b>Total liabilities</b>	<b>Total liabilities</b>
	<b>240,186</b>	<b>916,572</b>
<b>Net assets:</b>		
Unrestricted	5,812,782	5,055,710
Temporarily restricted	74,000	42,500
	<b>Total net assets</b>	<b>Total net assets</b>
	<b>5,886,782</b>	<b>5,098,210</b>
	<b>Total liabilities and net assets</b>	<b>Total liabilities and net assets</b>
	<b>\$ 6,126,968</b>	<b>\$ 6,014,782</b>

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

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(with summarized comparative information for the year ended June 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
<b>Revenue and support:</b>				
<b>Revenue:</b>				
Sales of completed homes	\$ 969,178	\$ -	\$ 969,178	\$ 817,441
Mortgage discounts on homes sold	(582,395)	-	(582,395)	(477,343)
<b>Net revenue from sale of completed homes</b>	<u>386,783</u>	<u>-</u>	<u>386,783</u>	<u>340,098</u>
Amortization of mortgage discount	275,802	-	275,802	269,549
<b>Total revenue</b>	<u>662,585</u>	<u>-</u>	<u>662,585</u>	<u>609,647</u>
<b>Support:</b>				
Contributions - in-kind	156,168	-	156,168	203,097
Government grant revenue	578,857	-	578,857	516,459
Grant revenue	412,966	80,000	492,966	212,886
Development and management fees	366,325	-	366,325	624,886
House sponsorships	75,000	-	75,000	150,500
Donations	105,859	-	105,859	61,376
Income from ReStore	68,471	-	68,471	154,280
Other income	65,089	-	65,089	55,337
<b>Total support</b>	<u>1,828,735</u>	<u>80,000</u>	<u>1,908,735</u>	<u>1,978,821</u>
<b>Total revenue and support</b>	<u>2,491,320</u>	<u>80,000</u>	<u>2,571,320</u>	<u>2,588,468</u>
<b>Net assets released from restrictions</b>	<u>48,500</u>	<u>(48,500)</u>	<u>-</u>	<u>-</u>
<b>Expenses:</b>				
Administration	444,041	-	444,041	284,805
Construction	1,465,626	-	1,465,626	1,487,210
Development and fundraising	308,939	-	308,939	199,867
Program family services	294,003	-	294,003	267,148
Youth programs	8,094	-	8,094	-
<b>Total expenses</b>	<u>2,520,703</u>	<u>-</u>	<u>2,520,703</u>	<u>2,239,030</u>
<b>Change in net assets before other income</b>	<u>19,117</u>	<u>31,500</u>	<u>50,617</u>	<u>349,438</u>
<b>Other income:</b>				
Other NSP income	736,068	-	736,068	-
Net proceeds from insurance claim	1,887	-	1,887	-
<b>Total other income</b>	<u>737,955</u>	<u>-</u>	<u>737,955</u>	<u>-</u>
<b>Change in net assets</b>	<u>757,072</u>	<u>31,500</u>	<u>788,572</u>	<u>349,438</u>
<b>Net assets, beginning of year</b>	<u>5,055,710</u>	<u>42,500</u>	<u>5,098,210</u>	<u>4,748,772</u>
<b>Net assets, end of year</b>	<u>\$ 5,812,782</u>	<u>\$ 74,000</u>	<u>\$ 5,886,782</u>	<u>\$ 5,098,210</u>

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

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(with summarized comparative information for the year ended June 30, 2015)**

	<u>Administration</u>	<u>Construction</u>	<u>Development and fundraising</u>	<u>Program family services</u>	<u>Youth Programs</u>	<u>2016 Total</u>	<u>2015 Total</u>
Cost of homes sold	\$ -	\$ 1,465,626	\$ -	\$ -	\$ -	\$ 1,465,626	\$ 1,487,210
Wages	85,388	220,289	203,237	202,656	-	711,570	481,142
Staff costs	72,488	11,148	12,916	8,141	3,543	108,236	56,775
Professional fees	89,027	-	-	1,500	-	90,527	56,672
Office expense	67,524	112	4,190	496	-	72,322	35,408
Payroll taxes	6,763	17,723	15,078	16,192	-	55,756	37,424
Homeowner services	-	-	50	53,807	-	53,857	192,381
Depreciation	36,615	5,022	-	-	-	41,637	43,018
Facility expenses	31,408	7,727	-	-	-	39,135	40,866
Insurance	14,372	13,331	4,497	5,301	-	37,501	60,466
Advertising and marketing	2,208	-	32,128	-	386	34,722	18,710
Volunteer appreciation	1,895	386	26,658	760	63	29,762	7,572
Payments to Habitat International	21,000	-	-	-	-	21,000	34,000
Construction - general	-	14,215	1,725	3,203	-	19,143	2,407
Other expenses	7,956	1,144	335	-	3,046	12,481	4,650
Payroll adminis- trative costs	4,430	2,903	1,649	1,947	-	10,929	10,674
Fundraising supplies	300	-	6,466	-	1,056	7,822	14,200
Vehicle expense	1,008	5,146	10	-	-	6,164	7,823
Taxes and licenses	902	1,091	-	-	-	1,993	2,764
Interest	757	-	-	-	-	757	2,626
Interest on due to Clayton County	-	-	-	-	-	-	44,193
Allocated overhead	-	(62,225)	-	-	-	(62,225)	(70,669)
Allocated wages and payroll taxes	-	(238,012)	-	-	-	(238,012)	(331,282)
<b>Total</b>	<u>\$ 444,041</u>	<u>\$ 1,465,626</u>	<u>\$ 308,939</u>	<u>\$ 294,003</u>	<u>\$ 8,094</u>	<u>\$ 2,520,703</u>	<u>\$ 2,239,030</u>

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

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(with comparative information for the year ended June 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
<b>Sources for operations:</b>		
Mortgage payments received	\$ 382,500	\$ 357,476
Government grant revenue received	509,551	516,459
Grant revenue received	412,966	130,756
Development and management fees received	366,325	609,721
House sponsorships received	75,000	150,500
Donations received	105,859	61,376
Income received from ReStore	119,147	204,280
Other income received	44,842	50,319
<b>Total sources for operations</b>	<u>2,016,190</u>	<u>2,080,887</u>
<b>Uses for operations:</b>		
Payments for administrative services	(376,365)	(352,907)
Payments for construction program	(1,436,620)	(1,220,666)
Payments for development and fundraising	(308,939)	(199,867)
Payments for family services	(294,003)	(222,954)
Payments for youth programs	(8,094)	-
<b>Total uses for operations</b>	<u>(2,424,021)</u>	<u>(1,996,394)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(407,831)</u>	<u>84,493</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(9,991)	-
<b>Net cash used in investing activities</b>	<u>(9,991)</u>	<u>-</u>
<b>Cash flows from financing activities:</b>		
Proceeds from line of credit	50,000	200,000
Principal payments on line of credit	(887)	(149,915)
<b>Net cash provided by financing activities</b>	<u>49,113</u>	<u>50,085</u>
<b>Net increase (decrease) in cash</b>	(368,709)	134,578
<b>Cash, Beginning of year</b>	<u>400,432</u>	<u>265,854</u>
<b>Cash, End of year</b>	<u>\$ 31,723</u>	<u>\$ 400,432</u>

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



**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(with comparative information for the year ended June 30, 2015)**

	<b>2016</b>	<b>2015</b>
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ 788,572	\$ 349,438
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Mortgage discounts on homes sold	582,395	477,343
Depreciation	41,637	43,018
Discount on notes	-	44,193
Other NSP income	(736,068)	-
Amortization of mortgage discount	(275,802)	(269,549)
Donated land held for development	(140,000)	-
Property reacquired by foreclosure	(31,433)	-
(Increase) decrease in assets:		
Investment in stock	(214)	(590)
Accounts receivable	50,676	90,161
Grants receivable	(69,306)	(97,295)
Mortgages receivable	(572,994)	(460,039)
Housing under construction	12,839	(22,413)
Investment in ReStore	-	50,000
Other assets	(68,702)	(491)
Increase (decrease) in liabilities:		
Accounts payable	18,584	(72,902)
Deposits on house purchases	(4,172)	(4,354)
Accrued expenses	6,419	6,525
Mortgage escrow liability	(10,262)	(48,552)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (407,831)</b>	<b>\$ 84,493</b>

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

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(with summarized comparative information**  
**as of and for the year ended June 30, 2015)**

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

Southern Crescent Habitat for Humanity, Inc. (the "Organization") is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"). The Organization is a nondenominational Christian organization dedicated to eliminating poverty housing by building modest but adequate housing in partnership with responsible, low-income families. By having volunteers and the families work together in partnership, the Organization builds new hope, new relationships, and a new sense of community, as well as new houses. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, the Organization is primarily and directly responsible for its own operations.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenues and expenses are recognized as they are incurred, whether or not cash is received or paid out at the time.

**Prior Year Summarized Information**

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**Cash**

Cash includes bank deposits which are maintained in bank deposit accounts. Cash balances may exceed federally insured limits. The Organization has not experienced any losses on deposits and believes it is not exposed to any significant credit risk.

**Mortgages Receivable**

Mortgages receivable consist of noninterest-bearing mortgages, which are secured by real estate and payable in monthly installments. Most of the mortgages receivable have an original maturity of 20 to 30 years and arose in connection with the Organization's homebuilding initiative in the Clayton, Henry and Fayette Counties of Georgia.

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(with summarized comparative information**  
**as of and for the year ended June 30, 2015)**

**1. Summary of Significant Accounting Policies (Continued)**

**Mortgages Receivable (Continued)**

Consistent with Habitat International, these receivables have been discounted using discount rates ranging between 6% and 9%. Interest income is recorded using the effective interest method over the lives of the mortgages.

Mortgages receivable are considered impaired when, based upon current information and events, it is determined that the Organization will not be able to collect all amounts due in accordance with the mortgage. This evaluation is primarily based upon delinquency information. When a mortgage receivable is identified as impaired, the impairment is measured as the difference between the recorded mortgage receivable and the net realizable value. Impaired mortgage receivables are written down to the lesser of the mortgage receivable and the net realizable value of the secured property.

**Investments**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

**Housing Under Construction**

Housing under construction represents those houses which are currently under construction for families. Purchased materials for the construction of these houses are recorded at cost. Donated materials and labor, if applicable, are recorded at the fair market value of such.

**Land Held for Development**

Land held for development is recorded at acquisition cost, if purchased, or fair market value at the time of the gift, if donated.

**Property and Equipment**

Property and equipment is recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Donated items are recorded at fair market value at the time of the gift.

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(with summarized comparative information**  
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**1. Summary of Significant Accounting Policies (Continued)**

**Property and Equipment (Continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Life</u>
Buildings and improvements	29.5 years
Furniture and equipment	5 - 7 years
Vehicles	5 years

**Functional Expense Allocations**

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

**Revenue Recognition**

In accordance with U.S. generally accepted accounting principles, the Organization's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization records contributions of cash and other assets as unrestricted income unless specifically restricted by the donor.

Restricted contributions are recorded as restricted income. When the donor stipulation expires, the temporarily restricted assets are reclassified to unrestricted net assets and are reported as net assets released from restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. The Organization does not have any permanently restricted net assets.

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(with summarized comparative information**  
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**1. Summary of Significant Accounting Policies (Continued)**

**Government Grants**

Grant revenue is deemed to be a fee-for-services transaction and is not considered contribution income. Therefore, grant revenue is recognized during the period in which the related grant expenses are incurred. Accordingly, grant revenue is accrued or deferred, as needed, to match grant revenue with the related grant expenses.

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported.

**Sales of Completed Homes**

Sales of completed homes represents the sale of houses built. The resulting mortgages are noninterest bearing and have been discounted based upon rates established by Habitat International. The amount presented in the Statements of Activities is net of this discount.

**Contributed Materials and Services**

Materials donated to the Organization are recorded at the fair value of the materials received. In addition, a substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these financial statements since it does not require a specialized skill. However, from time to time certain other contributed services that require specialized skills are provided by individuals possessing those skills that would otherwise need to be purchased if not provided by donation, are recognized as revenue.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(with summarized comparative information**  
**as of and for the year ended June 30, 2015)**

**1. Summary of Significant Accounting Policies (Continued)**

**Use of Estimates (Continued)**

liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Subsequent Events**

Management evaluates all activity of the Organization through the issuance date of the financial statements. Management has evaluated subsequent events through November 23, 2016 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.

**2. Investment in ReStore**

On May 28, 2013, the Organization entered into an agreement with Habitat for Humanity ReStore Operations Group (the "ReStore Group") to establish a ReStore in the Organization's service area. In accordance with this agreement, the Organization shares in the revenue of the Restore. The Organization had income of \$68,471 and \$154,280 from ReStore during the years ended June 30, 2016 and 2015.

**3. Mortgages Receivable**

Consistent with Habitat International, imputed interest is calculated with mortgage discount rates ranging from 6% to 9%.

The receivable and related discounts are as follows as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Face value	\$ 8,779,549	\$ 8,205,817
Less unamortized discount	<u>4,568,879</u>	<u>4,292,980</u>
<b>Mortgages receivable, net of discount</b>	<b><u>\$ 4,210,670</u></b>	<b><u>\$ 3,912,837</u></b>

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
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**3. Mortgages Receivable (Continued)**

Projected five year maturities as of June 30, 2016 are as follows:

	<u>Face</u>	<u>Net</u>
June 30, 2016	\$ 436,577	\$ 120,092
June 30, 2017	435,584	128,685
June 30, 2018	431,237	134,741
June 30, 2019	419,550	133,675
June 30, 2020	409,357	133,920
Thereafter	<u>6,647,244</u>	<u>3,559,557</u>
<b>Total</b>	<b><u>\$ 8,779,549</u></b>	<b><u>\$ 4,210,670</u></b>

**4. Property and Equipment**

Property and equipment at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 983,850	\$ 983,850
Land	133,565	133,565
Equipment	66,348	58,138
Vehicles	<u>41,350</u>	<u>39,568</u>
Subtotal	1,225,113	1,215,121
Less: accumulated depreciation	<u>240,272</u>	<u>198,635</u>
<b>Total property and equipment, net</b>	<b><u>\$ 984,841</u></b>	<b><u>\$ 1,016,486</u></b>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$41,637 and \$43,018, respectively.

**5. Line of Credit**

As of June 30, 2016 and 2015, the Organization had a \$200,000 line of credit collateralized by the real property of the Organization with interest at 3.25% and 5% at June 30, 2016 and 2015, respectively. The line of credit matures on December 30, 2016 and had a balance outstanding of \$149,198 and \$100,085 at June 30, 2016 and 2015.

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(with summarized comparative information**  
**as of and for the year ended June 30, 2015)**

**6. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following temporary purposes as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Services for veterans	\$ 74,000	\$ -
New construction and critical home repair	-	20,000
Community improvement	-	22,500
<b>Temporarily restricted net assets</b>	<b><u>\$ 74,000</u></b>	<b><u>\$ 42,500</u></b>

**7. Contributed Materials and Services**

Contributed materials and services for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Donated property	\$ 140,000	\$ 156,100
Donated materials and equipment	16,168	42,697
Donated services	-	4,300
<b>Total contributed materials and services</b>	<b><u>\$ 156,168</u></b>	<b><u>\$ 203,097</u></b>

**8. Other NSP Income**

As a result of new information obtained from the Neighborhood Stabilization Program ("NSP") program administrator during the year ended June 30, 2016, the Organization concluded that no amount is Due to Clayton County related to NSP, as previously recorded on the Statement of Financial Position. The result of this adjustment is a reduction of the amount recorded as Due to Clayton County on the Statement of Financial Position and Other NSP income on the Statement of Activities of \$736,068.

**9. Transactions with Affiliate**

In addition to the other transactions described herein, the Organization annually remits a portion of its contributions (excluding in-kind contributions) to Habitat International. The Organization paid \$21,000 and \$34,000 to Habitat International during the years ended June 30, 2016 and 2015. These amounts are included as Payments to Habitat International in the Statement of Functional Expenses.



**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(with summarized comparative information**  
**as of and for the year ended June 30, 2015)**

**10. Income Taxes**

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, gifts to the Organization are tax deductible. The Organization is required to pay federal and state income taxes only on its net unrelated business income. The Organization is subject to examinations of its returns by the federal, state and local authorities for three years after the returns are filed. Currently, the 2012 through 2015 tax returns are open and subject to examination. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

**11. Related Parties**

During the years ended June 30, 2016 and 2015, the Organization paid \$50,164 and \$31,591 to a company owned by a member of its board of directors. The payments were made for construction costs required to complete homes.

During the year ended June 30, 2015 an employee of the Organization lived in one of the completed homes at a reduced rent.

**SUPPLEMENTARY INFORMATION**  
(See independent auditors' report)

**SOUTHERN CRESCENT HABITAT FOR HUMANITY, INC.  
STATE CONTRACTUAL ASSISTANCE SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>State grantor/Program title</u>	<u>Grant/ contract number</u>	<u>CFDA number</u>	<u>Expenditure amount</u>
Georgia Department of Housing and Urban Development			
CDBG - HOME Investment Partnership	M-13-UC-13209	14.239	\$ 25,000
CDBG - HOME Investment Partnership	M-14-UC-130209	14.239	391,748
Georgia Department of Housing and Urban Development			
CDBG - Henry County		14.218	31,786
CDBG - Clayton County	B-12-UC-13-0005	14.218	14,076
CDBG - Clayton County	B-14-UC-13-0055	14.218	77,500
CDBG - Clayton County	B-15-UC-13-0055	14.218	<u>38,747</u>
<b>Total</b>			<u><u>\$ 578,857</u></u>

See independent auditors' report.