

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS
JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Habitat for Humanity of Greater Baton Rouge, Inc.

I have audited the accompanying financial statements of Habitat for Humanity of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 auditor's judgement, 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 used 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Greater Baton Rouge, Inc., as of June 30, 2017, 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 Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to the Executive Director, as required by the Louisiana Legislative Auditor, 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2017 on my consideration of Habitat for Humanity of Greater Baton Rouge, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat for Humanity of Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.



December 20, 2017

HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash	\$ 1,284,852
Receivables	137,454
Prepaid expenses	33,412
Inventories	913,280
Non interest bearing mortgages receivable, net	4,443,918
Property and equipment, net	674,863
Land held for development	<u>273,220</u>
 Total Assets	 <u><u>\$ 7,760,999</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 47,037
Other current payables	21,854
Accrued payroll expenses	101,422
Escrow deposits	184,174
Security deposits	4,785
Forgivable loan	<u>102,447</u>
Total Liabilities	<u>461,719</u>
 Net Assets	
Unrestricted	6,438,980
Temporarily restricted	<u>860,300</u>
 Total Net Assets	 <u>7,299,280</u>
 Total Liabilities and Net Assets	 <u><u>\$ 7,760,999</u></u>

See accompanying notes to financial statements.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Cash	\$ 89,760	\$1,222,052	\$1,311,812
Construction materials and appliances	38,146		38,146
Services	35,627		35,627
Governmental financial assistance	295,651		295,651
Home sales revenue	676,000		676,000
ReStore sales	1,704,342		1,704,342
Interest - Amortization of discount on mortgage loans	396,905		396,905
Rental income and late fees	46,896		46,896
Other income	7,992		7,992
Mortgage late fees	11,846		11,846
Interest - Other	350		350
Net assets released from restrictions	<u>488,782</u>	<u>(488,782)</u>	<u>-0-</u>
Total Support and Revenue	<u>3,792,297</u>	<u>733,270</u>	<u>4,525,567</u>
EXPENSES			
Program services	3,418,011		3,418,011
Support services			
Management and general	374,011		374,011
Fund-raising	<u>140,306</u>		<u>140,306</u>
Total Expenses	<u>3,932,328</u>	<u>-0-</u>	<u>3,932,328</u>
Changes in Net Assets	(140,031)	733,270	593,239
Net Assets			
Beginning of Year	<u>6,579,011</u>	<u>127,030</u>	<u>6,706,041</u>
End of Year	<u>\$6,438,980</u>	<u>\$ 860,300</u>	<u>\$7,299,280</u>

See accompanying notes to financial statements.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL	
	Construction and Family Services	Mortgage Originations	ReStore	Total	Management and General		Fund-Raising		
					Administrative	Rental	Total		
Cost of homes sold									
Materials, supplies and labor	\$ 925,596	\$	\$	\$ 925,596	\$	\$	\$ -0-	\$ 925,596	
Land	88,153			88,153			-0-	88,153	
Contributed services	<u>35,627</u>			<u>35,627</u>			<u>-0-</u>	<u>35,627</u>	
Total cost of home sold	1,049,376			1,049,376			-0-	1,049,376	
Payroll and related expenses	444,472		556,774	1,001,246	216,318		216,318	95,691	
Costs of sales			339,312	339,312			-0-	339,312	
Mortgage discounts		229,114		229,114			-0-	229,114	
Operational costs	53,310		142,092	195,402	12,755	7,206	19,961	3,133	
Flood rehabilitation expenses	215,793			215,793			-0-	215,793	
Rent	43,609		139,466	183,075	14,536		14,536	4,845	
Repairs and maintenance	24,873		9,519	34,392	29,498	13,474	42,972		
Professional services	27,016			27,016	38,987	6,000	44,987		
Insurance	41,913		11,179	53,092	4,637		4,637		
Depreciation	2,907		21,048	23,955	6,413	3,288	9,701		
Construction costs not charged to homes	24,857			24,857			-0-	24,857	
Decrease in value of land	22,970			22,970			-0-	22,970	
Public relations and advertising			6,117	6,117			-0-	16,063	
Fees paid to Habitat International			5,700	5,700	15,000		15,000		
Special events				-0-			-0-	20,574	
Property taxes	31		5,613	5,644		1,744	1,744		
Miscellaneous			950	950	4,087	68	4,155		
Total	\$ 1,951,127	\$ 229,114	\$ 1,237,770	\$ 3,418,011	\$ 342,231	\$ 31,780	\$ 374,011	\$ 140,306	\$ 3,932,328

See accompanying notes to financial statements.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 593,239
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	33,656
Amortization of mortgage discount	(396,905)
Forgiveness of debt	(159,677)
Decrease in value of land	22,970
New mortgages, net of discounts	(315,593)
Purchase and development of land	(94,222)
Home construction costs	(1,170,272)
Cost of homes transferred	1,013,749
Change in prepaid expenses	13,876
Change in receivables	(125,553)
Change in building supply inventory	5,639
Change in purchases for resale	(150,700)
Change in accounts and current payable	38,141
Change in accrued liabilities	50,223
Change in other liabilities	<u>7,467</u>
Net cash used in operating activities	(633,962)
CASH FLOWS FROM INVESTING ACTIVITIES	
Collections on mortgages receivable	882,537
Purchase of property and equipment	<u>(69,514)</u>
Net cash provided by investing activities	813,023
CASH FLOWS FROM FINANCING ACTIVITIES	
Forgivable loan proceeds	<u>262,124</u>
Net cash provided by financing activities	<u>262,124</u>
NET INCREASE IN CASH	441,185
CASH AT BEGINNING OF YEAR	<u>843,667</u>
CASH AT END OF YEAR	<u><u>\$ 1,284,852</u></u>

See accompanying notes to financial statements.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

1. Summary of Significant Accounting Policies

ORGANIZATION AND PURPOSE

Habitat for Humanity of Greater Baton Rouge, Inc. (“Habitat”) is a non-profit organization incorporated in 1988, with offices in Baton Rouge, Louisiana, and operations in four Louisiana parishes. Habitat is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information and funding resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations. The accompanying financial statement includes the activities of the Campus Chapter of Habitat for Humanity at Louisiana State University and the Habitat Young Professional Council of Greater Baton Rouge.

Habitat builds homes in partnership with volunteers and low-income families. The homes are sold to qualifying partner families at less than fair market value. Since the homeowners are involved in building their own homes, family support and education activities are inherent in the construction activities. Habitat provides no interest mortgage loans to these homeowners.

After the major flooding in August 2016, Habitat gutted homes for homeowners who lived in their home at the time of the flood and did not have flood insurance. Habitat is also rebuilding homes damaged by the flood for homeowners who are (1) under 80% median family income or under 100% if they are first responders or veterans, and (2) who did not have flood insurance or have proof of contractor fraud if they did receive an insurance payout.

Habitat owns and operates ReStore of Baton Rouge, LLC, which has two stores. These stores sell donated surplus building materials, furniture, appliances, and items purchased in bulk to the general public at below retail prices. The LLC owns the building which houses one store, and leases the other part of the building to tenants. The second store leases its operation space. The net proceeds from the ReStore operations and rentals are used to further the mission of Habitat.

INCOME TAX STATUS

Habitat has received exemption from income taxes under the provisions of Section 501 (c)(3) of the Internal Revenue Code under a group exemption letter granted to Habitat International.

In management’s judgment, Habitat does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date.

With few exceptions, the statute of limitations for the examination of Habitat’s income tax returns is generally three years from the due date of the tax returns including extensions. The tax years open for assessments are the years ending on or after June 30, 2014.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

1. Summary of Significant Accounting Policies - (continued)

BASIS OF PRESENTATION

The financial statements report information regarding financial position and activities by class of net assets.

Unrestricted net assets are those currently available to use in Habitat's mission under the direction of the Board and those resources invested in land, building and equipment.

Temporarily restricted net assets are those stipulated by donors for specific purposes. Temporarily restricted net assets are released to unrestricted net assets when the donor stipulated conditions have been met.

Permanently restricted net assets are those contributed with stipulations that they be held in perpetuity with use of the income for unrestricted or temporarily restricted purposes. Habitat currently has no permanently restricted net assets.

BASIS OF ACCOUNTING

Habitat prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

REVENUE RECOGNITION

Contributions are recognized when received or unconditionally promised. They are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Home sales revenue and the cost of homes sold are recorded when the title is transferred. The zero interest first mortgages are discounted to their present value by using prevailing market rates at the inception of the mortgages. Discounts are amortized using the straight line method over the lives of the mortgages.

Habitat also executes a supplemental mortgage with homeowners upon sale of the home. The amount of these mortgages is approximately equal to the difference between the sales price and the fair market value of the home. These mortgages bear no interest, and the homeowner is discharged

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

1. Summary of Significant Accounting Policies - (continued)

REVENUE RECOGNITION - (continued)

from his/her annual payment so long as he/she is not in default on the first mortgage. No amount is included in the financial statements for these mortgages as collection is contingent upon future events and is generally unexpected and unintended.

The fair market value of items donated to ReStore is not determinable until the items are sold. Therefore, revenue is recorded at the time of sale and no value is included in inventory for the unsold items.

INVENTORIES

The inventory of new homes is valued at cost. It does not include the cost of land and the value of contributed labor, which are recognized when the home is sold.

Foreclosures included in inventory are valued at cost, which includes the unpaid mortgage, related costs at the time of foreclosure and the cost of repairs after foreclosure.

Construction materials inventory consists of items donated in bulk through a gift-in-kind program established by Habitat International. Items are ordered from the vendor by Habitat, approved by Habitat International, and valued per the fair market value included on the gifts-in-kind receipt sent with the materials. Materials are removed from inventory when used on a specific house.

Purchases for resale at ReStore are included in inventory at cost.

PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are recorded at acquisition cost if purchased and at fair market value if contributed. Habitat capitalizes additions of property and equipment with a unit cost of \$2,500 or more. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, ranging from three to ten years for all fixed assets except buildings and parking lot improvements, which are depreciated over 38 years.

EXPENSE ALLOCATION

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

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

1. Summary of Significant Accounting Policies - (continued)

USE OF ESTIMATES

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

CONTRIBUTED SERVICES

Volunteers provide substantial services to Habitat. Services provided by volunteers building homes are measured either by the fair value of the services received or by the increase in value of the home, whichever is more objectively determinable. During the year ended June 30, 2017, \$35,627 in services were recognized on homes sold. In addition, Habitat receives administrative and fund-raising services from volunteers. These services are not of a type permitted to be recognized in financial statements; thus no value is recorded.

RESERVED CASH

Reserved cash includes amounts received from homeowners for escrow payments, for payments received prior to closing and for security deposits received from tenants. Reserved cash equals \$188,959 at June 30, 2017.

2. Concentrations

Habitat builds and rehabilitates homes in the Baton Rouge and surrounding areas. As a result, all of the mortgages receivable from homeowners are concentrated as to geographic risk. Also, all homes built are sold to low-income families, which can represent a credit risk.

Habitat maintains checking and savings accounts at five banks in Baton Rouge, Louisiana. The accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. Two of Habitat's bank accounts exceeded the FDIC insurance limit by a total of \$191,073 at the end of the fiscal year.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

3. Receivables

Receivables at June 30, 2017, consist of the following:

Cost reimbursement grants	\$ 123,856
Homeowner escrow shortages	11,934
Other	<u>1,664</u>
	<u>\$ 137,454</u>

4. Inventories

Inventories at June 30, 2017, consist of the following:

	<u>Number</u>	<u>Cost</u>
Homes		
New construction	4	\$ 362,655
Repossessions/Dations	5	239,661
Rentals	<u>1</u>	<u>74,843</u>
	<u>10</u>	677,159
Construction materials		72,345
Purchases for resale		<u>163,776</u>
		<u>\$ 913,280</u>

Rentals are repossessions/dations for which Habitat has not been able to find qualified partners to purchase the homes through the Habitat program and has not been able to sell the houses otherwise. The Board has approved the temporary rental of these houses through the U.S. Housing and Urban Development Section 8 rental assistance program. These houses are included in inventory because management's intent in renting them is to offset the costs of vacant houses until a suitable owner is found. At that time, they are reclassified back to repossessions/dations.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

5 . Mortgages Receivable

Mortgages receivable consist of non-interest bearing mortgage notes of \$8,809,571 less unamortized discounts of \$4,365,653. All mortgages are collateralized by real estate in the Baton Rouge area.

Mortgages are subject to foreclosure if a payment is 90 days or more past due and no revised payment plan has been approved by the Habitat Board of Directors. Homeowners that have not responded to prior notifications and are 120 days late may be presented to the Board for approval of the foreclosure. Foreclosures are only begun with Board approval. If approved, the homeowner's file is turned over to an attorney to send the official notice of default, which states that the homeowner has 30 days to cure the default.

The following schedule shows the past due principal payments as of June 30, 2017. These past due balances are based on the payments required by the mortgages and have not been reduced to reflect modifications made under payments plans.

	<u>Mortgages Past Due</u>	<u>Past Due Amount at 6/30/17</u>
Past due amounts:		
6 months or more	8	\$ 27,718
5 months	2	3,889
4 months	4	6,775
3 months	2	2,389
2 months	10	8,481
1 month	<u>29</u>	<u>12,672</u>
	<u>55</u>	<u>\$ 61,924</u>

There were two mortgage loans in foreclosure procedure at June 30, 2017, that are not included in this schedule. The total past due amount was \$5,869, and the total mortgages was \$83,712.

Since management estimates that the fair market value of the homes exceeds the related mortgage balance, no allowance for uncollectible loans has been recorded.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

6. Property and Equipment

Property and equipment at June 30, 2017, consists of the following:

Building and improvements	\$ 651,777
Parking lot improvements	68,213
Leasehold improvements	10,669
Furniture and equipment	68,854
Construction and warehouse equipment	43,393
Vehicles	<u>175,490</u>
	1,018,396
Accumulated depreciation	<u>(405,561)</u>
	612,835
Land	<u>62,028</u>
	<u>\$ 674,863</u>

7. Line of Credit

On April 12, 2016, Habitat entered into a line of credit agreement with a local bank in the amount of \$500,000, with a variable interest rate of Wall Street Journal Prime. The line of credit matured on April 17, 2017, and was renewed until April 22, 2018. The line is secured by a pledge of first mortgage notes on houses built and financed by Habitat with an assignment of specific mortgage notes. Loan-to-value is not to exceed 75% of face value of the mortgage notes. The line has not been used.

8. Governmental Financial Assistance

During fiscal year 2016, Habitat was awarded a forgivable loan of up to \$349,835 from the City of Baton Rouge-Parish of East Baton Rouge (City-Parish) using funds from the HOME Investment Partnership Program (HOME), administered by the U.S. Department of Housing and Urban Development (HUD). The loan proceeds, which are to be used to build homes for three qualified buyers, are received by Habitat on a cost reimbursement basis and are forgiven when each house is sold to a qualified buyer. Revenue is recognized at that time. As of the end of the fiscal year, two homes have been sold and the third was under construction. Revenue of \$159,677 was recognized and there is a forgivable loan payable of \$102,447 at the fiscal year end.

During the current fiscal year, Habitat was awarded a cost-reimbursement grant of up to \$575,000 from the City-Parish which used funds from HOME, administered by HUD, to build six homes for qualified buyers. Revenue is recognized when expenses that qualify for reimbursement are incurred. Revenue of \$135,974 was recognized, and there is a grant receivable of \$123,856 at the fiscal year end.

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

9. Temporarily Restricted Net Assets

Temporarily restricted net assets consist primarily of cash donated for flood relief (57%) and the construction of new homes (40%).

10. Payments to Habitat International

Habitat voluntarily remits a portion of its contributions to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2017, contributions of \$4,000 are included in cost of homes sold.

Habitat pays Habitat International an annual Stewardship and Organizational Sustainability Initiative (SOSI) fee based on the population of the geographic area served. ReStore pays a monthly ReStore Collaborative fee. These are shown in the Statement of Functional Expenses as "Fees paid to Habitat International".

11. Operating Leases

Habitat leases space for administrative purposes under a non-cancelable operating lease that has been extended to March 31, 2022, and leases space for the second ReStore location under a non-cancelable operating lease that extends through December 2020.

Future minimum lease payments under the operating lease as of June 30, 2017 are as follows:

<u>FY</u>	
2018	219,524
2019	222,624
2020	225,787
2021	145,930
2022	<u>48,357</u>
	<u>\$ 862,222</u>

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

12. Mortgages Sold in Prior Year

In fiscal year 2016, Habitat sold 13 mortgages to Iberia Bank. Habitat services these loans for a fee of \$10 per month per loan. Habitat is responsible for collection activities and disbursement of property taxes and insurance. Principal payments on loans are remitted to Iberia monthly.

All loans sold are with recourse. If loan becomes nonperforming Habitat is required to repurchase the mortgage loan and, at Habitat's option, require Iberia Bank to purchase another loan which is acceptable.

13. Supplemental Cash Flow Information

CASH EQUIVALENTS

For purposes of cash flows, Habitat considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ADDITIONAL CASH FLOW INFORMATION

No interest or income taxes were paid during the fiscal year.

There were no non-cash investing and financing transactions during the year.

14. Subsequent Events

Management has evaluated subsequent events through December 20, 2017, the date that the financial statements were available to be issued, and has determined that no additional events or transactions have occurred which require disclosure or recognition in the financial statements.

THOMAS W. KLEINPETER, JR.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Habitat for Humanity of Greater Baton Rouge, Inc.

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Habitat for Humanity of Greater Baton Rouge, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Greater Baton Rouge, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat for Humanity of Greater Baton Rouge, Inc. financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.



December 20, 2017

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

A. Summary of Auditor's Results

Type of auditor's report issued: Unqualified

- ▶ Material weakness(es) identified? Yes No
- ▶ Significant deficiencies identified that are
not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

A management letter was not issued for the current year's audit.

B. Findings and Questioned Costs

None

C. Prior Year Findings and Questioned Costs

None

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.
BATON ROUGE, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED JUNE 30, 2017**

Executive Director: Lynn Clark

Purpose	Amount
Salary	\$ -0-
Benefits - insurance (Health)	-0-
Benefits - retirement	-0-
Deferred compensation	-0-
Benefits - other (Social Security/medicare taxes)	-0-
Benefits - other (describe) (Life insurance and A/D&D)	-0-
Benefits - other (describe) (Disability insurance)	-0-
Car allowance (Gas cards/repairs - company car)	-0-
Cell phone	-0-
Dues	-0-
Vehicle rental	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Housing	-0-
Unvouchered expenses (example: travel advances, etc.)	-0-
Special meals	-0-
Other (including payments made by other parties on behalf of the Executive Director)	-0-
TOTAL	\$ -0-

Note - All payments to the Executive Director for compensation, benefits and other payments were made from private funds.

See independent auditor's report.