



# STATE OF NORTH CAROLINA

**FINANCIAL STATEMENT AUDIT REPORT OF**

**GHG CONSTRUCTION CORPORATION**

**JAMESTOWN, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2001**

**OFFICE OF THE STATE AUDITOR**

**RALPH CAMPBELL, JR.**

**STATE AUDITOR**

**FINANCIAL STATEMENT AUDIT REPORT OF**

**GHG CONSTRUCTION CORPORATION**

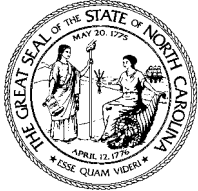
**JAMESTOWN, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2001**

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Ralph Campbell, Jr.  
State Auditor

STATE OF NORTH CAROLINA

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## INDEPENDENT AUDITOR'S REPORT

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Board of Trustees  
GHG Construction Corporation  
Jamestown, North Carolina

We have audited the accompanying Statement of Financial Position of GHG Construction Corporation, as of June 30, 2001, and the related Statement of Activities and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GHG Construction Corporation as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Ralph Campbell, Jr.'.

Ralph Campbell, Jr.  
State Auditor  
March 22, 2002

<b>GHG Construction Corporation</b>				
<b>Statement of Financial Position</b>				
<b>June 30, 2001</b>				<i>Exhibit A</i>
<b>Assets:</b>				
Cash in Bank		\$	15,614.94	
Short Term Investment Fund			153,976.76	
Construction in Progress - 915 New Hampshire			72,009.23	
Construction in Progress - 917 New Hampshire			37,215.44	
<b>Total Assets</b>		<b>\$</b>	<b>278,816.37</b>	
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Accounts Payable		\$	1,299.56	
<b>Net Assets - Unrestricted</b>			<b>277,516.81</b>	
<b>Total Liabilities and Net Assets</b>		<b>\$</b>	<b>278,816.37</b>	
The accompanying notes to the financial statements are an integral part of this statement.				

<b><i>GHG Construction Corporation</i></b>					
<b><i>Statement of Activities</i></b>					
<b><i>Year to Date Through June 30, 2001</i></b>					<b><i>Exhibit B</i></b>
<b>Revenue:</b>					
Net Gain on Sale of House					
915 New hampshire Colony Park		\$	28,517.68		
917 New Hampshire Colony Park			10,102.30		
Interest Income			6,690.69		
			<u>45,310.67</u>		
<b>General and Administrative Expenses:</b>					
Finance Charges			2.26		
Warranty Work - Stafford Oaks - 950016			174.50		
Warranty Work - Colony Park - 980019			1,106.50		
Advertising			3,500.00		
Audit Expense			1,100.00		
Duplicating			18.34		
Meeting Expenses			351.92		
			<u>6,253.52</u>		
<b>Total Expenses</b>		\$	6,253.52		
Change in Net Assets			39,057.15		
Net Assets at Beginning of Year			238,459.66		
			<u>277,516.81</u>		
<b>Net Assets at End of Year</b>		\$	277,516.81		
The accompanying notes to the financial statements are an integral part of this statement.					

<b><i>GHG Construction Corporation</i></b>				
<b><i>Statement of Cash Flows</i></b>				
<b><i>Year Ended June 30, 2001</i></b>				<b><i>Exhibit C</i></b>
<b>Cash Flows from Operating Activities:</b>				
Change in Net Assets		\$	39,057.15	
Decrease in Due from Vendor			317.19	
Decrease in Due to Vendors			(6,129.50)	
Increase in Due from State			2,381.13	
Decrease in Interest Receivable			118.83	
Decrease in Construction in Progress - 915 New Hampshire			121,850.96	
Decrease in Construction in Progress - 917 New Hampshire			90,591.90	
Increase in Construction in Progress - The Retreat Lot #24 - Job 0021			(72,009.23)	
Increase in Construction in Progress - The Retreat Lot #23 - Job 0022			(37,215.44)	
<b>Net Cash Used by Operating Activities</b>		\$	138,962.99	
Net Change in Cash			138,962.99	
Cash and Cash Equivalents at Beginning of Year			30,628.71	
<b>Cash and Cash Equivalents at End of Year</b>		\$	169,591.70	
The accompanying notes to the financial statements are an integral part of this statement.				

**GHG CONSTRUCTION CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2001**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

- A. Purpose and Objectives** – GHG Construction Corporation is a publicly supported, non-profit, tax-exempt organization. The corporate charter was issued by the State of North Carolina, June 2, 1977. The purpose of the Corporation is to provide “hands-on” training for students of Guilford Technical Community College in the areas of carpentry, air conditioning and electrical wiring. The end product of these activities is a house, which is then sold.
- B. Basis of Presentation** – Effective July 1, 1996, the Corporation adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, SFAS No. 117, Financial Statements for Not-For-Profit Organizations and SFAS No. 124, Accounting for Certain Investments Held by Not-For-Profit Organizations. SFAS No. 116 requires contributions and pledges to be recognized as revenue in the period received. Unconditional promises to give cash and other assets to the Corporation are reported at fair value on the date the promise is received. The Corporation had no uncollected pledges at June 30, 2001. SFAS No. 117 establishes standards for general purpose external financial statements provided by a not-for-profit organization. SFAS No. 124 establishes standards of financial accounting and reporting for most investments held by not-for-profit organizations.
- C. Basis of Accounting** – The accounting policies of GHG Construction Corporation conform to accounting principles generally accepted in the United States of America. The accrual basis of accounting is followed by the Corporation.

**NOTE 2 - CONSTRUCTION IN PROGRESS**

The Construction in Progress reflected in Exhibit A consists of site costs to date for houses being constructed for sale upon completion.