

# STATE OF NORTH CAROLINA

**FINANCIAL STATEMENT AUDIT REPORT OF**

**GHG CONSTRUCTION CORPORATION**

**JAMESTOWN, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2004**

**OFFICE OF THE STATE AUDITOR**

**LESLIE W. MERRIT, JR., CPA, CFP**

**STATE AUDITOR**

**FINANCIAL STATEMENT AUDIT REPORT OF**

**GHG CONSTRUCTION CORPORATION**

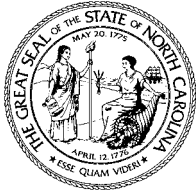
**JAMESTOWN, NORTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF NORTH CAROLINA  
Office of the State Auditor

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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 basic financial statements of GHG Construction Corporation as of and for the year ended June 30, 2004, as listed in the table of contents. 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, 2004, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Leslie W. Merritt, Jr.*

Leslie W. Merritt, Jr., CPA, CFP  
State Auditor

May 6, 2005

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***GHG Construction Corporation***  
***Statement of Financial Position***  
***June 30, 2004***

***Exhibit A***

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**CURRENT ASSETS**

Cash In Bank	\$	684.09
Short Term Investment Fund (STIF)		90,548.63
Construction In Progress - The Retreat Lot #23 - Job 0022		163,137.76
Land - Rolling Green Estates Lot #63 - Job 0023		20,778.89
Land - Rolling Green Estates Lot #64 - Job 0024		<u>20,778.88</u>
Total Assets		<u>295,928.25</u>

**LIABILITIES AND NET ASSETS**

Accounts Payable		908.88
Net Assets - Unrestricted		<u>295,019.37</u>
Total Liabilities and Net Assets	\$	<u><u>295,928.25</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

***GHG Construction Corporation***  
***Statement of Activities***  
***Year to Date Through June 30, 2004***

***Exhibit B***

**REVENUES**

Interest Income \$ 4,438.29

**GENERAL & ADMINISTRATIVE EXPENSES**

Warranty Work - 103 Oak Village Dr. 51.36  
Audit Expense 2,400.00  
Meeting Expenses 155.23  
Bank Charges 472.54  
Equipment Repairs 20.00

Total General and Administrative Expenses 3,099.13

Change in Net Assets 1,339.16

Net Assets at Beginning of Year 293,680.21

Net Assets at June 30, 2004 \$ 295,019.37

The accompanying notes to the financial statements are an integral part of this statement.

***GHG Construction Corporation***  
***Statement of Cash Flows***  
***Year to Date Through June 30, 2004***

***Exhibit C***

**CASH FLOWS FROM OPERATING ACTIVITIES**

Miscellaneous reimbursements	\$ 36.77
Payments to vendors	<u>(80,310.40)</u>
Net Cash Used by Operating Activities	<u>(80,273.63)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	<u>4,438.29</u>
Net Cash Provided by Investing Activities	<u>4,438.29</u>

Net decrease in Cash and Cash Equivalents	(75,835.34)
Cash and Cash Equivalents at Beginning of Year	<u>167,068.06</u>
Cash and Cash Equivalents at End of Year	<u>\$ 91,232.72</u>

The accompanying notes to the financial statements are an integral part of this statement.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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 on 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, 2004. 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 Corporation follows the accrual basis of accounting.

**NOTE 2 - CONSTRUCTION IN PROGRESS**

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