

**HABITAT FOR HUMANITY-
ST. TAMMANY WEST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity - St. Tammany West

We have audited the accompanying statement of financial position of Habitat for Humanity – St. Tammany West (the “Organization”) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization’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 Habitat for Humanity – St. Tammany West as of June 30, 2009, 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.

Silva Gurtner & Abney, LLC

October 5, 2009

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HABITAT FOR HUMANITY-ST. TAMMANY WEST
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	436,261
Receivables		3,428,539
Mortgage notes receivable-current portion, net of unamortized discount (See NOTE B)		436,335
Building supplies inventory		130,839
Other assets		238,340
		238,340

Total current assets		4,670,314
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CONSTRUCTION IN PROGRESS		1,934,720
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PROPERTY AND EQUIPMENT		2,470,044
Less accumulated depreciation		(299,375)
		(299,375)

Net property and equipment		2,170,669
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LONG-TERM ASSETS

Land for future homesites		172,303
Long-term portion of mortgage notes receivable, net of unamortized discounts (See NOTE B)		3,508,473
Pledge receivable		100,000
		100,000

Total long-term assets		3,780,776
		3,780,776

TOTAL ASSETS	\$	12,556,479
		12,556,479

(continued)

**HABITAT FOR HUMANITY-ST. TAMMANY WEST
STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2009**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	159,586
Accrued payroll liabilities		24,224
Sales taxes payable		3,045
Line of credit		657,332
Current portion of notes payable		77,702
Other current liabilities		7,948

Total current liabilities		929,837
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LONG-TERM LIABILITIES

QLICI loan		3,757,086
Accounts payable		15,380
Long-term portion of notes payable		684,246

Total long-term liabilities		4,456,712
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Total liabilities		5,386,549
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NET ASSETS

Unrestricted, undesignated		6,559,221
Temporarily restricted		610,709

Total net assets		7,169,930
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TOTAL LIABILITIES AND NET ASSETS	\$	12,556,479
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The accompanying notes are an integral part of this financial statement.

HABITAT FOR HUMANITY - ST. TAMMANY WEST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Sales of houses, net of unamortized discounts	\$ 1,809,176	\$ -	\$ 1,809,176
Contributed revenue - donated goods	548,911	-	548,911
Sponsorships and grants	1,384,074	110,000	1,494,074
Contributed services, property and material	360,267	-	360,267
Contributions	134,641	245,000	379,641
Fundraising	63,097	-	63,097
Interest income	223,543	-	223,543
Other sources	399,199	-	399,199
Net assets released from restrictions:			
Satisfaction of program restrictions	404,506	(404,506)	-
	<u>5,327,414</u>	<u>(49,506)</u>	<u>5,277,908</u>
EXPENSES			
Program services			
Housing	3,834,636	-	3,834,636
Supporting services			
General and administrative	293,911	-	293,911
Home Store/ReStore/warehouse	460,046	-	460,046
Fundraising	236,906	-	236,906
	<u>4,825,499</u>	<u>-</u>	<u>4,825,499</u>
CHANGES IN NET ASSETS	501,915	(49,506)	452,409
NET ASSETS - BEGINNING OF THE PERIOD	<u>6,057,306</u>	<u>660,215</u>	<u>6,717,521</u>
NET ASSETS - END OF THE PERIOD	<u>\$ 6,559,221</u>	<u>\$ 610,709</u>	<u>\$ 7,169,930</u>

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

**HABITAT FOR HUMANITY - ST. TAMMANY WEST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

	Program Services	Supporting Services			Total
	Housing	General and Administrative	Home Store/ Restore/ Warehouse	Fundraising	
WAGES	\$ 395,397	\$ 123,852	\$ 160,558	\$ 138,475	\$ 818,282
OCCUPANCY					
Interest	-	33,845	34,141	-	67,986
Utilities	17,041	7,918	27,580	5,799	58,338
Insurance	6,706	6,225	5,830	2,105	20,866
Repairs and maintenance	1,164	3,781	16,043	-	20,988
Total occupancy	24,911	51,769	83,594	7,904	168,178
OPERATING					
Direct construction costs	3,039,716	-	-	-	3,039,716
Costs of goods sold	-	-	114,946	-	114,946
Supplies and general	19,398	11,614	14,552	2,843	48,407
Truck expenses	27,315	-	9,222	-	36,537
Other operating costs	127,835	1,981	3,016	14,928	147,760
Fundraising costs	-	-	-	10,541	10,541
Family services coordination	15,099	-	-	-	15,099
Volunteer costs	105,109	-	-	-	105,109
Travel and promotion	1,098	6,540	5,693	28,905	42,236
Total operating	3,335,570	20,135	147,429	57,217	3,560,351
ADMINISTRATIVE					
Payroll taxes and benefits	63,950	21,364	33,056	14,841	133,211
Postage	255	1,481	-	5,790	7,526
Professional fees	14,553	16,668	-	12,679	43,900
Dues and subscriptions	-	3,882	-	-	3,882
Total administrative	78,758	43,395	33,056	33,310	188,519
DEPRECIATION	-	54,760	35,409	-	90,169
Total	<u>\$ 3,834,636</u>	<u>\$ 293,911</u>	<u>\$ 460,046</u>	<u>\$ 236,906</u>	<u>\$ 4,825,499</u>

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

**HABITAT FOR HUMANITY - ST. TAMMANY WEST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 452,409
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	90,169
Amortization of mortgage loan discount	199,923
Sales of houses	(1,809,176)
Gain on disposal of property and equipment	(353,677)
Changes in assets and liabilities:	
Receivables	(2,825,728)
Building supplies inventory	(94,577)
Other assets	(189,709)
Construction in progress	450,550
Pledge receivable	(100,000)
Accounts payable	(35,818)
Accrued payroll liabilities	3,899
Sales taxes payable	(1,113)
Other current liabilities	<u>(49,840)</u>
Net cash used in operating activities	(4,262,688)

CASH FLOWS FROM INVESTING ACTIVITIES

Payments received on mortgage notes receivable	348,654
Proceeds from sale of houses, net	274,234
Purchase of land	(22,068)
Purchase of property and equipment	(823,259)
Proceeds from sale of property and equipment	<u>450,090</u>
Net cash provided by investing activities	227,651

(continued)

**HABITAT FOR HUMANITY - ST. TAMMANY WEST
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	557,332
Proceeds from notes payable	7,316
Principal payments on notes payable	(92,329)
Proceeds from QLICI loan	<u>3,757,086</u>

Net cash provided by financing activities 4,229,405

Increase in cash and cash equivalents 194,368

CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD 241,893

CASH AND CASH EQUIVALENTS - END OF THE PERIOD \$ 436,261

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for interest \$ 67,986

NON CASH INVESTING TRANSACTIONS

Directly issued mortgage notes receivable from Organization
to homeowners for the sale of new houses \$ 1,995,951

Acquiring property by assuming debt \$ 557,332

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

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Habitat for Humanity – St. Tammany West (the “Organization”) is a recognized affiliate of Habitat for Humanity International and follows the accounting procedures and practices for voluntary health and welfare organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on “Audits of Voluntary Health and Welfare Organizations,” which constitutes accounting principles generally accepted in the United States of America. The Organization helps provide housing for low-income families by identifying potential home sites, constructing new homes, or refurbishing existing structures. These homes, located in Western St. Tammany Parish, are financed to qualified families with mortgage notes carrying a zero percent interest rate. The Organization relies heavily on volunteer efforts and various contributions and sponsorships to complete the construction projects.

Contribution Recognition

The Organization is required to record contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, “*Accounting for Contributions Received and Contributions Made.*” Under SFAS No. 116, contributions are recorded as restricted if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. If there are not explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Financial Statement Presentation

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, “*Financial Statements of Not-for-Profit Organizations.*” Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a) Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- b) Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.

All contributions are considered available for unrestricted use, unless specifically restricted by donors. All expenses are reported as changes in unrestricted net assets.

Income Taxes

The Organization was formed in 1981 to provide housing for low-income families. The Organization was chartered in the State of Louisiana as a nonprofit organization and is exempt from federal income taxes under Section 501(c) 3 of the Internal Revenue Code.

Donated Materials and Services

Statement of Financial Accounting Standards (SFAS) No. 116 requires that contributions be recognized as revenue when received. During the year ended June 30, 2009, the Organization recognized contributed merchandise with a fair value of \$548,911 as contribution revenue. These contributions require program related expenses/processes to be accomplished by volunteers before it reaches its point of sale.

The value of contributed services, properties and material meeting the requirements for recognition in the financial statements for the year ended June 30, 2009 amounted to \$360,267. In addition, a substantial number of volunteers have contributed significant amounts of their time in the Organization's program services. However, these volunteer services do not always meet all of the applicable requirements of SFAS No. 116. The Organization has recorded \$105,109 as expense in the financial statements for these volunteered services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Construction in Progress

Construction in progress represents all direct material, labor, land and infrastructure costs incurred to construct family housing per Statement of Accounting Standards for Costs of Real Estate Projects No. 67 (SFAS 67). Revenue is recognized under the full accrual method per Statement of Accounting Standards No. 66 (SFAS 66) when the mortgage is transferred to the homeowner.

**HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS**

NOTE D – RECEIVABLES (continued)

As of June 30, 2009, receivables were as follows:

Grants	\$ 548,085
New Market Tax Credit, net receivable	2,851,900
Pledge receivable – current portion	25,000
Other	3,554
	<u>3,428,539</u>
Pledge receivable – long-term portion	100,000
Total receivables	<u>\$ 3,528,539</u>

NOTE E – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located in southeast Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2009, the Organization had no deposits in excess of FDIC limit.

NOTE F – PLEDGE RECEIVABLE

During the year ended June 30, 2009, Habitat for Humanity – St. Tammany West purchased a piece of land from the St. Romain Family Foundation Trust. Part of the purchase agreement stated that the St. Romain Family Foundation Trust would make a donation to Habitat for Humanity – St. Tammany West in the amount of \$25,000 per year, for the following five years, payable beginning July 2009 and each July thereafter until fulfilled.

As of year ended June 30, 2009, \$25,000 is considered current in receivables on the statement of financial position with the remaining \$100,000 as a pledge receivable.

NOTE G – PROPERTY AND EQUIPMENT

As of June 30, 2009, property and equipment consisted of the following:

Land	\$ 405,571
Buildings and improvements	1,753,070
Vehicles	171,847
Equipment	139,556
	<u>2,470,044</u>
Less accumulated depreciation	<u>(299,375)</u>
Total property and equipment	<u>\$ 2,170,669</u>

Depreciation expense for the year ended June 30, 2009 was \$90,169.

**HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS**

NOTE H – RESTRICTIONS ON NET ASSETS

At June 30, 2009, temporarily restricted net assets are available for the following purposes:

Contributed property	\$	709
Sponsorships and grants		485,000
Other contributions		125,000
		125,000
	\$	610,709

NOTE I – LINE OF CREDIT

The Organization has a line of credit agreement with a local bank which permits borrowings up to \$1,500,000 at 2.25%. The line matures in May 2010 and is secured by mortgages. At June 30, 2009, the Organization had \$657,332 outstanding under the above agreement.

NOTE J – NOTES PAYABLE

At June 30, 2009, the Organization was indebted to the following:

Holder	Maturity Date	Interest Rate	Secured By	Total	Current	Long- Term
GMAC Financing Company	7/10/2010	0.00%	2007 Chevy Truck	\$ 6,057	\$ 6,057	\$ -
HFHI	3/1/2008	0.00%	Unsecured	17,548	17,548	-
Parish National Bank	5/28/2035	4.62%	Real Estate	721,183	47,979	673,204
Sunburst Shutters New Orleans	9/23/2013	6.95%	Forklift	8,488	3,807	4,681
Chase	3/15/2013	0.00%	Unsecured	8,672	2,312	6,361
				\$ 761,948	\$ 77,702	\$ 684,246

**HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS**

NOTE J– NOTES PAYABLE (continued)

A schedule of maturities is as follows for the years ending June 30:

2010	\$ 77,702
2011	54,098
2012	51,165
2013	49,714
2014	47,979
Thereafter	481,290
	<u>\$ 761,948</u>

Total interest expense for the year ended June 30, 2009 was \$67,986.

NOTE K – QUALIFIED LOW-INCOME COMMUNITY INVESTMENT AND NEW MARKET TAX CREDIT PROGRAM

The qualified low-income community investment (QLICI) loan is a loan from a community development entity (CDE) used as the initial funding for the new market tax credit (NMTC) program. The loan was established as a 15 year loan with interest of 0.759%. Loan payments are made bi-annually as interest only payments. If the Organization follows the guidelines of the loan agreement, the loan amount will be forgiven after seven years. Included in other assets on the statement of financial position is \$233,752 of unamortized closing costs related to the NMTC program.

NOTE L – LONG-TERM ACCOUNTS PAYABLE

Long-term accounts payable consists of amounts owed for mitigation services. These services were for wetlands mitigation – by Federal law, if you want to build on property that is determined to have wetlands by the Corp of Engineers, you must “mitigate” those wetlands by a contract in which other land is “banked” and preserved as wetlands. The Organization entered into a wetlands mitigation contract for the property owned on North Lane. This allows the Organization to build on the property in the future – part of the property has already been improved to create the large parking lot next to the Organization’s office. Typically, mitigation contracts are paid in full at the time of signature – but, because the Organization is a non-profit, St. Tammany Mitigation Services allowed installment payments; \$10,000 at the time the agreement was signed and the balance of \$15,380 is due September 1, 2010.

NOTE M – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 5, 2009, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.