

**HABITAT FOR HUMANITY-
ST. TAMMANY WEST
FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	10



Brent A. Silva, CPA
Craig A. Silva, CPA*
Thomas A. Gurtner, CPA*
Kenneth J. Abney, CPA, MS Tax*

*Limited Liability Companies

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Habitat for Humanity – St. Tammany West (the “Organization”) as of June 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Silva Gurtner & Abney, LLC

January 18, 2011

200-B Greenleaves Blvd
Mandeville, LA 70448
Phone: (985) 626-8299
Fax: (985) 626-9767

Limited Liability Company
www.silva-cpa.com

4330 Dumaine Street
New Orleans, LA 70119
Phone: (504) 833-2436
Fax: (504) 484-0807

HABITAT FOR HUMANITY-ST. TAMMANY WEST
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

ASSETS

	2010	2009
Current assets		
Cash and cash equivalents	\$ 438,299	\$ 400,436
Certificates of deposit	36,412	35,825
Receivables	956,152	3,428,539
Mortgage notes receivable-current portion, net of unamortized discount (See NOTE B)	480,454	436,335
Inventory	146,270	130,839
Other assets	210,716	238,340
Total current assets	2,268,303	4,670,314
Construction in progress	919,589	1,934,720
Property and equipment		
Land	405,571	405,571
Buildings and improvements	1,747,177	1,753,070
Vehicles	171,797	171,847
Equipment	140,084	139,556
Property and equipment, total	2,464,629	2,470,044
Less accumulated depreciation	(410,757)	(299,375)
Property and equipment, net	2,053,872	2,170,669
Long-term assets		
Land for future homesites	820,838	172,303
Long-term portion of mortgage notes receivable, net of unamortized discounts (See NOTE B)	4,390,080	3,508,473
Long-term receivables	2,926,900	100,000
Total long-term assets	8,137,818	3,780,776
Total assets	\$ 13,379,582	\$ 12,556,479

(continued)

HABITAT FOR HUMANITY-ST. TAMMANY WEST
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2010 AND 2009

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
Current liabilities		
Accounts payable	\$ 68,631	\$ 159,586
Accrued payroll liabilities	30,056	24,224
Sales taxes payable	25,234	3,045
Line of credit	230,504	657,332
Current portion of notes payable	165,297	77,702
Other current liabilities	-	7,948
	<u>519,722</u>	<u>929,837</u>
Total current liabilities	519,722	929,837
Long-term liabilities		
QLICI loan	3,757,086	3,757,086
Long-term portion of notes payable	1,742,408	684,246
	<u>5,499,494</u>	<u>4,456,712</u>
Total long-term liabilities	5,499,494	4,456,712
Total liabilities	6,019,216	5,386,549
Net assets		
Unrestricted, undesignated	6,304,742	6,559,221
Temporarily restricted	1,055,624	610,709
	<u>7,360,366</u>	<u>7,169,930</u>
Total net assets	7,360,366	7,169,930
Total liabilities and net assets	<u>\$ 13,379,582</u>	<u>\$ 12,556,479</u>

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

HABITAT FOR HUMANITY - ST. TAMMANY WEST
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Sales of houses, net of unamortized discounts	\$1,719,083	\$ -	\$1,719,083
Contributed revenue - donated goods	722,833	-	722,833
Sponsorships and grants	340,376	940,625	1,281,001
Contributed services, property and material	182,178	-	182,178
Contributions	398,645	-	398,645
Fundraising	264,541	-	264,541
Interest income	6,458	-	6,458
Other sources	50,384	-	50,384
United Way allocations	7,252	15,000	22,252
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>510,710</u>	<u>(510,710)</u>	<u>-</u>
 Total revenue and support	 4,202,460	 444,915	 4,647,375
Expenses			
Program services			
Housing	3,219,819	-	3,219,819
ReStore/warehouse	722,726	-	722,726
Supporting services			
General and administrative	291,035	-	291,035
Fundraising	<u>223,359</u>	<u>-</u>	<u>223,359</u>
 Total expenses	 <u>4,456,939</u>	 <u>-</u>	 <u>4,456,939</u>
 Changes in net assets	 (254,479)	 444,915	 190,436
 Net assets - beginning of year	 <u>6,559,221</u>	 <u>610,709</u>	 <u>7,169,930</u>
 Net assets - end of year	 <u><u>\$6,304,742</u></u>	 <u><u>\$1,055,624</u></u>	 <u><u>\$7,360,366</u></u>

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

HABITAT FOR HUMANITY - ST. TAMMANY WEST
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
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)	-
Total revenue and support	5,327,414	(49,506)	5,277,908
Expenses			
Program services			
Housing	3,834,636	-	3,834,636
ReStore/warehouse	460,046	-	460,046
Supporting services			
General and administrative	293,911	-	293,911
Fundraising	236,906	-	236,906
Total expenses	4,825,499	-	4,825,499
Changes in net assets	501,915	(49,506)	452,409
Net assets - beginning of year	6,057,306	660,215	6,717,521
Net assets - end of year	<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, 2010

	Program Services		Supporting Services		Total
	Housing	ReStore/ Warehouse	General and Administrative	Fundraising	
Wages	\$ 384,676	\$ 155,633	\$ 129,979	\$ 84,425	\$ 754,713
Occupancy					
Interest	-	33,489	60,924	-	94,413
Utilities	8,837	26,698	7,524	5,135	48,194
Insurance	10,438	5,219	7,129	5,219	28,005
Repairs and maintenance	1,295	16,057	3,223	61	20,636
Total occupancy	20,570	81,463	78,800	10,415	191,248
Operating					
Direct construction costs	2,437,877	-	-	-	2,437,877
Costs of goods sold	-	70,809	-	-	70,809
Supplies and general	7,997	17,373	5,181	4,011	34,562
Truck expenses	25,253	9,040	-	-	34,293
Other operating costs	33,862	1,151	649	43,035	78,697
HUD SHOP repayments	109,272	-	-	-	109,272
Fundraising costs	-	-	-	40,156	40,156
Family services coordination	17,725	-	-	-	17,725
Volunteer costs	67,458	-	-	-	67,458
Travel and promotion	175	18,568	4,183	25,123	48,049
Total operating	2,699,619	116,941	10,013	112,325	2,938,898
Administrative					
Payroll taxes and benefits	70,198	33,657	31,527	9,256	144,638
Postage	453	-	1,033	6,492	7,978
Professional fees	17,445	-	19,849	446	37,740
Dues and subscriptions	-	-	2,561	-	2,561
Loss due to theft (NOTE L)	-	267,781	-	-	267,781
Total administrative	88,096	301,438	54,970	16,194	460,698
Depreciation	26,858	67,251	17,273	-	111,382
Total	\$ 3,219,819	\$ 722,726	\$ 291,035	\$ 223,359	\$ 4,456,939

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

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Housing</u>	<u>Restore/ Warehouse</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Wages	\$ 395,397	\$ 160,558	\$ 123,852	\$ 138,475	\$ 818,282
Occupancy					
Interest	-	34,141	33,845	-	67,986
Utilities	17,041	27,580	7,918	5,799	58,338
Insurance	6,706	5,830	6,225	2,105	20,866
Repairs and maintenance	1,164	16,043	3,781	-	20,988
Total occupancy	24,911	83,594	51,769	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	14,552	11,614	2,843	48,407
Truck expenses	27,315	9,222	-	-	36,537
Other operating costs	127,835	3,016	1,981	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	5,693	6,540	28,905	42,236
Total operating	3,335,570	147,429	20,135	57,217	3,560,351
Administrative					
Payroll taxes and benefits	63,950	33,056	21,364	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	33,056	43,395	33,310	188,519
Depreciation	18,922	47,999	23,248	-	90,169
Total	<u>\$ 3,834,636</u>	<u>\$ 460,046</u>	<u>\$ 293,911</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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Cash flows from operating activities		
Changes in net assets	\$ 190,436	\$ 452,409
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	111,382	90,169
Amortization of mortgage loan discount	227,575	199,923
Sales of houses	(1,719,083)	(1,809,176)
Gain on disposal of property and equipment	-	(353,677)
Changes in operating assets and liabilities:		
Receivables	2,472,387	(2,825,728)
Inventory	(15,431)	(94,577)
Other assets	27,624	(189,709)
Construction in progress	1,015,131	450,550
Long-term receivables	(2,826,900)	(100,000)
Accounts payable	(106,335)	(35,818)
Accrued payroll liabilities	5,832	3,899
Sales taxes payable	22,189	(1,113)
Other current liabilities	(7,948)	(49,840)
	(603,141)	(4,262,688)
Net cash used in operating activities		
Cash flows from investing activities		
Payments received on mortgage notes receivable	525,180	348,654
Proceeds from sale of houses, net	40,602	274,234
Purchases of land	(648,535)	(22,068)
Purchases of property and equipment	(2,166)	(823,259)
Proceeds from sale of property and equipment	7,581	450,090
	(77,338)	227,651
Net cash provided by/(used in) investing activities		

(continued)

**HABITAT FOR HUMANITY - ST. TAMMANY WEST
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
Cash flows from financing activities		
Purchases of certificates of deposit	(587)	(1,069)
Proceeds from line of credit	78,000	557,332
Payments on line of credit	(504,828)	-
Proceeds from notes payable	1,209,272	7,316
Principal payments on notes payable	(63,515)	(92,329)
Proceeds from QLICI loan	-	3,757,086
	718,342	4,228,336
Net cash provided by financing activities		
Increase (decrease) in cash and cash equivalents	37,863	194,368
Cash and cash equivalents - beginning of year	400,436	206,068
Cash and cash equivalents - end of year	\$ 438,299	\$ 400,436
Supplemental disclosures of cash flow information		
Cash paid during the period for interest	\$ 94,413	\$ 67,986
Non cash investing transactions		
Directly issued mortgage notes receivable from Organization to homeowners for the sale of new houses	\$ 1,879,670	\$ 1,995,951
Acquiring property by assuming debt	\$ -	\$ 557,332

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

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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

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 statements of activities and changes in net assets 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 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 statements 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.

Allowance for Bad Debts

The Organization uses the direct write-off method to provide for uncollectible accounts. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restore Inventory

Financial Accounting Standards require that contributions be recognized as inventory when received and carried at fair value. Donations of ReStore items are not valued nor is an inventory of items used for financial reporting. A major uncertainty about the existence of value may indicate that an item received or given should not be recognized. Financial accounting standards state that "fair value should be regarded as not determinable within reasonable limits if major uncertainties exist about the realizability of the value."

Inventory

Financial Accounting Standards require that contributions be recognized as inventory when received and carried at fair value. Donations of and bulk discount purchased inventory in excess of the current needed amounts are valued at fair value at the date of donation or purchase and recorded in inventory. Inventory for the year ended June 30, 2010 and 2009 was \$146,270 and \$130,839, respectively.

Property and Equipment

Property and equipment are stated at cost, with the exception of donated items, which are stated at fair market value at the date of donation. Maintenance and repairs are charged to occupancy when incurred. Betterments and renewals are capitalized. Purchased or donated items with a unit cost of \$1,000 or more and a useful life of more than three years are capitalized. The Organization uses the straight-line depreciation method over the useful lives of its property. Buildings and improvements are depreciated over 5 to 30 years. Vehicles and equipment are being depreciated over 5 years. Depreciation expense for the year ended June 30, 2010 and 2009, was \$111,382 and \$90,169, respectively.

The Organization acquires properties, both donated and purchased, to be used as future home sites. These investment properties are stated at cost, with the exception of donated items, which are stated at fair market value at the date of donation.

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.
- c) Permanently restricted net assets represent the portion of net assets that are restricted by the donor or by law to be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of June 30, 2010 and 2009.

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

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

Donated Materials and Services

Financial Accounting Standards require that contributions be recognized as revenue when received. During the year ended June 30, 2010 and 2009, the Organization recognized contributed merchandise with a fair value of \$656,292 and \$548,911 as contribution revenue, respectively. These contributions require program related expenses/processes to be accomplished by volunteers before the homes reach the 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, 2010 and 2009 amounted to \$182,178 and \$360,267, respectively. 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 Financial Accounting Standards necessary to be recorded in the financial statements. The Organization has recorded \$67,458 and \$105,109, respectively, 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. Revenue is recognized under the full accrual method per Statement of Accounting Standards for Costs of Real Estate Projects when the mortgage is transferred to the homeowner.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE B – MORTGAGE NOTES RECEIVABLE

Upon completion of construction, the Organization grants credit to new homeowners through mortgage notes secured by the residence with typical repayment terms over 15 to 30 years at 0% interest. At June 30, 2010 and 2009, 189 and 162, respectively, non-interest bearing loans were outstanding.

As of June 30, the face value of mortgage notes receivable was as follows:

	<u>2010</u>	<u>2009</u>
Mortgage notes receivable	\$ 9,212,112	\$ 7,810,780
Less unamortized discount	(4,341,578)	(3,865,972)
Less current maturities	<u>(480,454)</u>	<u>(436,335)</u>
Mortgage notes receivable long-term	<u>\$ 4,390,080</u>	<u>\$ 3,508,473</u>

Management feels no provision for loan losses is required because the fair market value of the homes exceeds the related outstanding mortgage note balances, and, in the past, the Organization has been able to find other suitable purchasers for the properties.

The Organization records its non-interest bearing loans at fair market value. For the year ended June 30, 2010 and 2009, the Organization discounted its mortgage notes receivable using the interest method and a crediting interest rate of 7.81% and 7.77%, respectively. For the year ended June 30, 2010 and 2009, a discount of \$705,309 and \$586,537, respectively, was recorded on mortgage notes issued as a reduction to mortgage notes receivable on the statements of financial position and sales of houses on the statements of activities and changes in nets assets. Amortization of the mortgage receivable discount is recorded as interest income over the life of the note. For the year ended June 30, 2010 and 2009, amortization of discounted mortgage notes of \$227,575 and \$199,923, respectively, was recorded and is included as interest income on the statement of activities. As of June 30, 2010 and 2009, the long-term portion of mortgage notes receivable is shown net of an unamortized discount on mortgage notes receivable of \$4,341,578 and \$3,865,972, respectively.

NOTE C – 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, 2010 and 2009, the Organization's cash balances were not in excess of FDIC insurance. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk to cash.

NOTE D – CONSTRUCTION IN PROGRESS

Costs on uncompleted projects of \$919,589 and \$1,934,720, respectively, are included as an asset at June 30, 2010 and 2009. These costs consisted of land, labor, materials, and supplies related to the construction of future homes that will be made available for sale to low-income families. At the time of transfer of ownership, the revenue from the sale of the home and the related costs are included in the statement of activities and changes in net assets.

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE E - RECEIVABLES

Receivables consisted of amounts owed from organizations that sponsor the building of new homes and grants from federal housing programs, and also of amounts due from homeowners on whose behalf the Organization has paid closing costs and other expenses incurred in the acquisition of homes. Management estimates that all are collectible as of June 30, 2010.

As of June 30, receivables were as follows:

	<u>2010</u>	<u>2009</u>
Grants	\$ 922,942	\$ 548,085
New Market Tax Credit, net receivable	2,851,900	2,851,900
Pledge receivable – current portion	25,000	25,000
Other	8,210	3,554
	<u>3,808,052</u>	<u>3,428,539</u>
Pledge receivable – long-term portion	75,000	100,000
Total receivables	<u>\$ 3,883,052</u>	<u>\$ 3,528,539</u>

NOTE F – PLEDGE RECEIVABLE

During the year ended June 30, 2009, Habitat for Humanity – St. Tammany West purchased a piece of land from an unrelated foundation. Part of the purchase agreement stated that the unrelated foundation 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, 2010 and 2009, \$25,000 is considered current in receivables on the statements of financial position with the remaining \$75,000 and \$100,000, respectively, as a pledge receivable.

NOTE G – RESTRICTIONS ON NET ASSETS

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

	<u>2010</u>	<u>2009</u>
Contributed property	\$ -	\$ 709
Sponsorships and grants	955,624	485,000
Other contributions	100,000	125,000
	<u>\$ 1,055,624</u>	<u>\$ 610,709</u>

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE H– NOTES PAYABLE

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

Holder	Maturity Date	Interest Rate	Secured By	2010 Total	2009 Total
GMAC	7/10/2010	0.00%	2007 Chevy Truck	\$ -	\$ 6,057
HFHI 2003	3/1/2008	0.00%	Unsecured	4,698	17,548
HFHI 2007	6/30/2014	0.00%	Unsecured	62,397	-
HFHI 2009		0.00%	Unsecured	46,875	-
Whitney	5/28/2035	4.62%	Real Estate	706,693	721,183
Sunburst Shutters New Orleans	9/23/2013	6.95%	Forklift	4,681	8,488
Chase	3/15/2013	0.00%	Unsecured	6,359	8,672
Whitney	6/28/2011	3.75%	Secured	500,000	-
Private individual	2019-2020	5.00%	Secured	576,002	-
				<u>\$ 1,907,705</u>	<u>\$ 761,948</u>

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

2011	\$ 165,297
2012	127,361
2013	128,517
2014	129,425
2015	116,781
Thereafter	<u>1,240,324</u>
	<u>\$ 1,907,705</u>

There are no repayment terms for HFHI 2009 note payable as of June 30, 2010, therefore management has elected to record as long-term note payable.

Total interest expense for the year ended June 30, 2010 and 2009 was \$94,413 and \$67,986, respectively.

HABITAT FOR HUMANITY – ST. TAMMANY WEST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE I – LINE OF CREDIT

The Organization has a line of credit agreement with a local bank which permits borrowings up to \$1,000,000 at 2.25%. The line matures in June 2011 and is secured by mortgages. At June 30, 2010 and 2009, the Organization had \$230,504 and \$657,332, respectively, outstanding under the above agreement.

NOTE J – 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 on July 1, 2008 as a fifteen year loan with an interest rate of 0.759% per annum. 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 on June 30, 2015. Included in other assets on the statement of financial position is \$197,537 and \$233,752, respectively, as of June 30, 2010 and 2009 of unamortized closing costs related to the NMTC program. These costs are being amortized over seven years on a straight line basis.

NOTE K – LOSS DUE TO THEFT

In October 2010, management discovered an ongoing theft of cash proceeds from sales in its ReStore that occurred in the fiscal year ended June 30, 2010 and has recorded losses of \$246,235 from this series of thefts, along with related sales tax expense of \$21,546. Additional losses of \$119,235 and related sales tax expense of \$10,433 were recorded in fiscal year ending June 30, 2011. The Organization maintains employee dishonesty insurance and expects to recover up to the limit of its liability amounting to \$100,000, less a deductible of \$5,000. Management has elected not to record an account receivable for the expected insurance recovery, pending completion of the claims process. Accounts payable have been established for the payment of sales taxes on the stolen funds. Appropriate changes in ReStore personnel and internal controls have been implemented to minimize the possibility of similar incidents.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 18, 2011, and determined that, except for events related to the loss due to theft, no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.