

HABITAT FOR HUMANITY OF OUACHITA, INC.**Audited Financial Statements****As Of And For The Year Ended
June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/10/10

HABITAT FOR HUMANITY OF OUACHITA, INC.

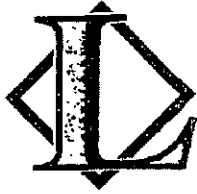
AUDITED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2009**

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Independent Auditors' Report



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Ouachita, Inc.
(A Not-for-Profit Organization)

We have audited the accompanying statement of financial position of Habitat for Humanity of Ouachita, Inc. (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 of Ouachita, Inc. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2010, on our consideration of Habitat for Humanity of Ouachita, Inc.'s internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Little & Associates, LLC

Monroe, Louisiana
January 7, 2010

Financial Statements

HABITAT FOR HUMANITY OF OUACHITA, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 21,108
Mortgage notes receivable - current portion	42,582
Prepaid expenses	2,334
Building supplies inventory	<u>3,203</u>
Total current assets	69,227

RESTRICTED DEPOSITS AND ESCROWS

Cash and cash equivalents	5,251
Homeowner escrow deposits	<u>7,128</u>
Total restricted deposits and escrows	12,379

CONSTRUCTION IN PROGRESS

236,372

PROPERTY AND EQUIPMENT

Equipment	5,090
Less accumulated depreciation	<u>(2,231)</u>
Total property and equipment	2,859

LONG-TERM ASSETS

Long-term portion of mortgage notes receivable	812,736
Investment properties - lots and improvements	<u>130,666</u>
Total long-term assets	<u>943,402</u>

TOTAL ASSETS

\$ 1,264,239

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

HABITAT FOR HUMANITY OF OUACHITA, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 55,349
Current portion of long-term debt	4,750
Line of credit	200,000
Note payable - LHFA (Herman Street)	48,387
Note payable - LHFA (8th Street & Ludwig/Coleman)	<u>94,586</u>
Total current liabilities	403,072

ESCROW DEPOSITS

Homeowner escrow deposits	7,128
Property tax escrow	<u>310</u>
Total escrow deposits	7,438

LONG-TERM LIABILITIES

Long-term portion of notes payable	<u>83,562</u>
Total long-term liabilities	<u>83,562</u>
Total liabilities	<u>494,072</u>

NET ASSETS

Unrestricted	765,226
Temporarily restricted	<u>4,941</u>
Total net assets	<u>770,167</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,264,239</u>
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The accompanying notes are an integral part of this financial statement.

HABITAT FOR HUMANITY OF OUACHITA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Sales of houses	\$ 388,000	\$ -	\$ 388,000
Lease income	239	-	239
Sponsorships and grants	25,000	70,241	95,241
Contributed property, services, and materials	79,428	-	79,428
Contributions	42,230	28,216	70,446
Fundraising, net of expense of \$600	4,521	-	4,521
Interest income	81	-	81
Net assets released from restrictions:			
Satisfaction of purpose restrictions	192,187	(192,187)	-
Total Revenues	731,686	(93,730)	637,956
 Expenses			
Program services:			
Housing	598,735	-	598,735
Supporting services:			
General & Administrative	96,141	-	96,141
Total Expenses	694,876	-	694,876
 Change in Net Assets	36,810	(93,730)	(56,920)
 Net Assets at Beginning of Year	728,416	98,671	827,087
 Net Assets at End of Year	\$ 765,226	\$ 4,941	\$ 770,167

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

HABITAT FOR HUMANITY OF OUACHITA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

	Program Services	Supporting Services	
	Housing	General Administrative	Total
WAGES	\$ 39,535	\$ 39,535	\$ 79,070
OCCUPANCY			
Lease expense	13,615	10,697	24,312
Total Occupancy	13,615	10,697	24,312
OPERATING			
Direct construction costs	457,528	-	457,528
Donations to homebuyers (AHP)	39,915	-	39,915
Worker's compensation insurance	11,829	-	11,829
Builder's risk and volunteer insurance	2,551	-	2,551
Other operating costs	2,425	-	2,425
Forgiveness of debt	6,887	-	6,887
Interest expense	2,704	-	2,704
Temporary labor - contract	6,200	9,550	15,750
Travel and Meetings	-	1,647	1,647
Total Operating	530,039	11,197	541,236
ADMINISTRATIVE			
Advertising	-	3,106	3,106
Audit Fees	-	9,400	9,400
Payroll taxes and benefits	5,416	5,415	10,831
Postage	-	876	876
Office expense	-	11,522	11,522
Computer supplies/repairs	-	1,634	1,634
Professional fees	8,400	2,314	10,714
Tithe to Habitat for Humanity International	1,299	-	1,299
Miscellaneous	-	445	445
Total Administrative	15,115	34,712	49,827
DEPRECIATION	431	-	431
Total	\$ 598,735	\$ 96,141	\$ 694,876

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

HABITAT FOR HUMANITY OF OUACHITA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30,

	<u>2009</u>
Operating Activities	
Change in net assets	\$ (56,920)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	431
Noncash contributions of assets	(67,049)
Sales of houses	(348,085)
Forgiveness of debt on mortgages	6,887
(Increase) decrease in:	
Accounts receivable - grants	6,122
Construction and development of homes	(70,603)
Prepaid expense	2,318
Increase (decrease) in:	
Accounts payable	47,666
Contract payable	(6,122)
Net Cash Provided by (Used in) Operating Activities	<u>(485,355)</u>
Investing Activities	
Payments received on mortgage notes receivable	29,921
Purchase of fixed assets	(31,290)
Net Cash Provided by (Used in) Investing Activities	<u>(1,369)</u>
Financing Activities	
Proceeds from issuance of long-term debt	192,973
Proceeds from line of credit	200,000
Principal payments on debt	(3,500)
Net Cash Provided by (Used in) Financing Activities	<u>389,473</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(97,251)
Cash and Cash Equivalents at Beginning of Year	<u>123,610</u>
Cash and Cash Equivalents at End of Year	<u>\$ 26,359</u>
 Cash and Cash Equivalents as Reported in the Statement of Financial Position:	
Current assets	\$ 21,108
Restricted deposits and escrows	<u>5,251</u>
	<u>\$ 26,359</u>

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

HABITAT FOR HUMANITY OF OUACHITA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30,

	<u>2009</u>
<u>Supplemental Disclosure of Cash Flow Information</u>	
Cash paid during the year for interest	<u>\$ 2,704</u>
<u>Noncash Investing Transactions</u>	
Directly issued mortgage notes receivable	<u>\$ 348,085</u>

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

Notes to the Financial Statements

HABITAT FOR HUMANITY OF OUACHITA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2009

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Habitat for Humanity of Ouachita, Inc. (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 Ouachita 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.

Basis of 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 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.

HABITAT FOR HUMANITY OF OUACHITA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2009

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Notes Receivable

Mortgage notes receivable are carried at unpaid principal balances. Past due status is determined based on contractual terms. Mortgage notes are considered impaired if full principal payments are not anticipated in accordance with the contractual terms, and the amount of the mortgage notes exceeds the fair market value of the property collateralizing the mortgage notes. The Organization's practice is to charge off that portion of any defaulted mortgage note which is not collected from the sale of the property collateralized by the mortgage note.

The Organization uses the direct write-off method to provide for uncollectible mortgage notes. 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.

Building Supplies Inventory

Building supplies inventory is stated at the lower of cost or market as determined by the first-in, first-out (FIFO) method.

Property, Equipment and Depreciation

Property and equipment are stated at cost, with the exception of donated items, which are stated at fair market value at date of donation. Property and equipment acquisitions or donations in excess of \$500 are capitalized. Maintenance and repairs are charged to occupancy when incurred. Betterments and renewals are capitalized. The Organization uses the straight-line depreciation method over the useful lives of its property and equipment. 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, 2009, was \$431.

In past years, the Organization acquired 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 are assets which are not expendable. Only the income and appreciation from the investment of these assets are expendable.

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 OF OUACHITA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2009

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the Louisiana Corporation Income Tax Act, respectively.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

Contributed Materials and Services

Significant services, materials, and use of facilities are contributed to the Organization by various individuals and companies. Contributed services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The value of contributed services, materials, and use of facilities meeting the requirements for recognition in the financial statements for the year ended June 30, 2009, totaled \$79,428. Donated use of facilities valued at \$12,312 has been included in revenue and expenses for the year ended June 30, 2009. Donated materials totaling \$67, donated land totaling \$12,000, and donated services totaling \$55,049 have been included in revenues and assets as of and for the year ended June 30, 2009.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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. Actual results could differ from those estimates.

Construction in Progress

Construction in progress represents all direct material, labor, and infrastructure costs incurred to construct family housing per Statement of Accounting for Costs of Real Estate Projects No. 67 (SFAS 67). The proceeds from the sale of the completed houses and the total costs incurred in the construction and development of the houses are recognized in revenues and expenses, respectively, under the full accrual method when the houses are sold to the homeowners.

NOTE 2 – MORTGAGE NOTES RECEIVABLE

Upon completion of construction, the Organization grants credit to new homeowners through mortgage notes collateralized by the house with typical repayment terms over 20 years at zero percent interest. The Organization holds a first mortgage and a second mortgage on each residence. The first mortgage amount

HABITAT FOR HUMANITY OF OUACHITA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2009

NOTE 2 – MORTGAGE NOTES RECEIVABLE (CONTINUED)

is equal to the Organization's total cost of developing and constructing the house as of the date of the sale to the new homeowner. The second mortgage amount is based on the difference in the appraised value of the house at the time of sale and the first mortgage amount. At June 30, 2009, \$855,318 in non-interest bearing loans was outstanding. The amount attributable to the first mortgages and the second mortgages as reported in the Statement of Financial Position at June 30, 2009, totaled \$726,964 and \$128,354, respectively. Generally, each house is sold to the new homeowner at each house's appraised value. However, in several instances in prior years, houses were sold to the new homeowners at the Organization's total cost of developing and constructing the houses. As a result, second mortgages totaling \$23,999 are not reported in the Statement of Financial Position. The second mortgages are being forgiven each year based on the principal reduction of the first mortgage. The amount of second mortgage debt forgiven and included in forgiveness of debt for the year ended June 30, 2009, totaled \$5,546.

As of June 30, 2009, mortgage receivable balances of \$360,356 have been pledged against the Organization's notes payable and line of credit.

Management feels no provision for loan losses is required because the fair market value of the homes exceeds the related outstanding mortgage note balances.

NOTE 3 – CONSTRUCTION IN PROGRESS

Costs on uncompleted projects of \$236,372 are included as an asset at June 30, 2009. These costs consist of labor, materials, and infrastructure costs related to the construction of homes that will be made available for sale to low-income families.

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located in North Louisiana. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 at each institution. At June 30, 2009, the Organization had \$39,226 in deposits (bank balances). These deposits are adequately secured by the FDIC.

Financial instruments that potentially subject the Organization to credit risk include mortgage notes receivable as described in Note 2 – Mortgage Notes Receivable.

Except for deposits in excess of FDIC insurance limits, the Organization requires collateral to support financial instruments subject to credit risk.

NOTE 5 – RESTRICTIONS ON NET ASSETS

At June 30, 2009, temporarily restricted net assets in the amount of \$4,941 are available for the construction and development of houses. Net assets in the amount of \$192,187 were released from donor restrictions by incurring expenses satisfying the restricted purposes as specified by the donors.

HABITAT FOR HUMANITY OF OUACHITA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2009

NOTE 6 – CONCENTRATION OF REVENUES

The Organization receives grants and contributions primarily from nonfederal sources. For the year ended June 30, 2009, grant and contribution revenues totaled \$245,115. This represents 39% of revenue and support for 2009.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Executive Director of Habitat for Humanity of Ouachita, Inc. is an immediate family member of the Secretary of the Organization’s Board of Directors. During the year ended June 30, 2009, the Executive Director was compensated in the amount of \$47,158 for services provided as an employee of the Organization.

NOTE 8 – NOTES PAYABLE AND LINE OF CREDIT

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

Holder	Maturity Date	Interest Rate	Total	Current	Long-Term
(1) BancorpSouth Bank	1/19/2027	0.01%	\$39,563	\$2,250	\$37,313
(2) BancorpSouth Bank	12/20/2028	0.01%	\$48,750	\$2,500	\$46,250
(3) BancorpSouth Bank	01/26/2010	Prime + 0.5%	\$200,000	\$ -	\$ -
(4) LHFA	04/01/2010	0.00%	\$48,387	\$48,387	\$ -
(5) LHFA	04/01/2010	0.00%	\$94,586	\$94,586	\$ -

(1) BancorpSouth Bank – The loan is payable in monthly payments of \$187 and is collateralized primarily by a mortgage receivable held by the Organization.

(2) BancorpSouth Bank – The loan is payable in monthly payments of \$208 and is collateralized primarily by a mortgage receivable held by the Organization.

(3) BancorpSouth Bank – Line of Credit - The interest rate is computed at 0.50% above the Prime Rate as published in the money rates section of the Wall Street Journal. The line of credit is payable in monthly interest payments until it matures, at which time, all unpaid interest and principal are due and payable. The loan is collateralized by mortgage receivables held by the Organization.

(4) Louisiana Housing Finance Agency (LHFA) – The Organization entered into a loan agreement with LHFA in March 2009 for the purpose of financing the development and construction of the Herman Street Project (the “Project”). The source of the financing is the Louisiana Housing Trust Fund. The maximum amount that can be drawn on this loan is \$208,622. The loan is payable in one lump sum on April 1, 2010. The loan is collateralized primarily by the Project’s real estate and improvements, thereon. Other

HABITAT FOR HUMANITY OF OUACHITA, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2009

NOTE 8 – NOTES PAYABLE AND LINE OF CREDIT (CONTINUED)

collateral for the loan is detailed in the UCC Financing Statement filed and recorded with the Ouachita Parish Clerk of Court.

(5) Louisiana Housing Finance Agency (LHFA) – The Organization entered into a loan agreement with LHFA in March 2009 for the purpose of financing the development and construction of the 8th Street and Ludwig/Coleman Project (the “Project”). The source of the financing is the Louisiana Housing Trust Fund. The maximum amount that can be drawn on this loan is \$223,397. The loan is payable in one lump sum on April 1, 2010. The loan is collateralized primarily by the Project’s real estate and improvements, thereon. Other collateral for the loan is detailed in the UCC Financing Statement filed and recorded with the Ouachita Parish Clerk of Court.

Maturities of Long-Term Debt:

Aggregate principle payments over the next five years and thereafter are as follows:

Year Ending June 30,	Amount
2010	\$ 4,750
2011	\$ 4,750
2012	\$ 4,750
2013	\$ 4,750
2014	\$ 4,750
Thereafter	\$ 64,562

NOTE 9 – SUBSEQUENT EVENTS

In November 2009, the Organization entered into a loan agreement with Louisiana Housing Finance Agency for the purpose of financing the development and construction of the Faletta Family Project (the “Project”). The source of the financing is the Louisiana Housing Trust Fund. The maximum amount that can be drawn on this loan is \$803,312. The loan bears an interest rate of 0.00% and is payable in one lump sum on May 1, 2011. The loan is collateralized primarily by the Project’s real estate and improvements, thereon. Other collateral for the loan is detailed in the UCC Financing Statement filed and recorded with the Ouachita Parish Clerk of Court.

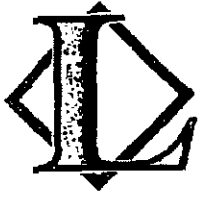
In December 2009, the Organization entered into a \$400,000 line of credit agreement with Chase, drew \$197,844 against the Chase line of credit, and paid off its line of credit with BancorpSouth Bank.

Since June 30, 2009, the Organization has received \$104,876 and \$128,811 in loan proceeds for the Herman Street Project and the 8th Street and Ludwig/Coleman Project, respectively. In September through October 2009, the Organization completed three houses that are a part of the 8th Street and Ludwig/Coleman Project.

The Organization has evaluated subsequent events through January 7, 2010, the date which the financial statements were available for issue.

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent Auditors' report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' 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 Ouachita, Inc.
Monroe, Louisiana

We have audited the financial statements of Habitat for Humanity of Ouachita, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated January 7, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Habitat for Humanity of Ouachita, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity of Ouachita, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Habitat for Humanity of Ouachita, Inc.'s internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat for Humanity of Ouachita, Inc.'s financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and Management of Habitat for Humanity of Ouachita, Inc. and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Riddle + Associates, LLC

Monroe, Louisiana
January 7, 2010

HABITAT FOR HUMANITY OF OUACHITA, INC.

**Schedule of Findings and Responses
As of and For the Year Ended June 30, 2009**

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unqualified opinion on the basic financial statements of Habitat for Humanity of Ouachita, Inc.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of Habitat for Humanity of Ouachita, Inc. were identified during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

HABITAT FOR HUMANITY OF OUACHITA, INC.

**Summary Schedule of Prior Audit Findings
As of and For the Year Ended June 30, 2009**

In connection with our audit of Habitat for Humanity of Ouachita, Inc. as of and for the year ended June 30, 2009, we have also reviewed the status of the prior year's findings.

There were no findings reported in the audit for the year ended June 30, 2008.