

**HABITAT FOR HUMANITY OF OUACHITA, INC.****Audited Financial Statements****As Of And For The Year Ended  
June 30, 2010**

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 5/4/11

**HABITAT FOR HUMANITY OF OUACHITA, INC.**

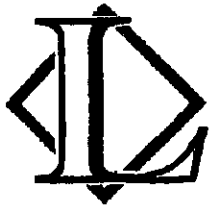
**AUDITED FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2010**

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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, 2010, 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, 2010, 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 December 1, 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  
December 1, 2010

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***Financial Statements***

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HABITAT FOR HUMANITY OF OUACHITA, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 65,952
Accounts receivable:	
CDBG Grant - City of Monroe	3,945
Mortgage notes receivable - current portion	64,752
Prepaid expenses	<u>6,000</u>
Total current assets	140,649

RESTRICTED DEPOSITS AND ESCROWS

Cash and cash equivalents	5,215
Homeowner escrow deposits	<u>12,670</u>
Total restricted deposits and escrows	17,885

CONSTRUCTION IN PROGRESS

382,670

PROPERTY AND EQUIPMENT

Equipment	6,546
Less accumulated depreciation	<u>(2,892)</u>
Total property and equipment	3,654

LONG-TERM ASSETS

Long-term portion of mortgage notes receivable	1,222,768
Investment properties - lots and improvements	<u>170,662</u>
Total long-term assets	<u>1,393,430</u>

TOTAL ASSETS

\$ 1,938,288

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

HABITAT FOR HUMANITY OF OUACHITA, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 38,813
Current portion of long-term debt	6,318
Line of credit	356,024
Note payable - LHFA (Faletta)	<u>273,608</u>
Total current liabilities	674,763
<b>ESCROW DEPOSITS</b>	
Homeowner escrow deposits	12,670
Property tax escrow	<u>311</u>
Total escrow deposits	12,981
<b>LONG-TERM LIABILITIES</b>	
Long-term portion of notes payable	<u>126,268</u>
Total long-term liabilities	<u>126,268</u>
Total liabilities	<u>814,012</u>
<b>NET ASSETS</b>	
Unrestricted	1,119,371
Temporarily restricted	<u>4,905</u>
Total net assets	<u>1,124,276</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,938,288</u></u>

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, 2010

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Sales of houses	\$ 490,000	\$ -	\$ 490,000
Gain on sale of land	640	-	640
Lease income	9,583	-	9,583
Sponsorships and grants	11,500	526,135	537,635
Contributed property, services, and materials	176,593	-	176,593
Contributions	45,225	1,500	46,725
Fundraising, net of expense of \$320	4,426	-	4,426
Interest income	889	-	889
Miscellaneous	165	-	165
Satisfaction of purpose restrictions	527,671	(527,671)	-
<b>Total Revenues</b>	<u>1,266,692</u>	<u>(36)</u>	<u>1,266,656</u>
<b>Expenses</b>			
Program services:			
Housing	806,299	-	806,299
Supporting services:			
General & Administrative	106,248	-	106,248
<b>Total Expenses</b>	<u>912,547</u>	<u>-</u>	<u>912,547</u>
Change in Net Assets	354,145	(36)	354,109
Net Assets at Beginning of Year	<u>765,226</u>	<u>4,941</u>	<u>770,167</u>
Net Assets at End of Year	<u>\$ 1,119,371</u>	<u>\$ 4,905</u>	<u>\$ 1,124,276</u>

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, 2010

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Housing</u>	<u>General &amp; Administrative</u>	<u>Total</u>
WAGES	\$ 35,534	\$ 35,534	\$ 71,068
OCCUPANCY			
Lease expense	<u>23,447</u>	<u>18,422</u>	<u>41,869</u>
Total Occupancy	<u>23,447</u>	<u>18,422</u>	<u>41,869</u>
OPERATING			
Direct construction and lot costs	654,438	-	654,438
Worker's compensation insurance	21,353	-	21,353
Builder's risk and volunteer insurance	5,769	-	5,769
Other operating costs	3,691	-	3,691
Forgiveness of debt	16,906	-	16,906
Interest expense	9,991	-	9,991
Travel and Meetings	<u>-</u>	<u>4,983</u>	<u>4,983</u>
Total Operating	<u>712,148</u>	<u>4,983</u>	<u>717,131</u>
ADMINISTRATIVE			
Advertising	3,368	-	3,368
Payroll taxes and benefits	2,719	2,719	5,437
Office expense	-	14,253	14,253
Computer/IT expense	-	3,037	3,037
Professional fees	25,281	25,739	51,020
Tithe to Habitat for Humanity International	3,141	-	3,141
Miscellaneous	<u>-</u>	<u>1,562</u>	<u>1,562</u>
Total Administrative	<u>34,509</u>	<u>47,309</u>	<u>81,818</u>
DEPRECIATION	<u>661</u>	<u>-</u>	<u>661</u>
Total	<u>\$ 806,299</u>	<u>\$ 106,248</u>	<u>\$ 912,547</u>

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, 2010

<b>Operating Activities</b>	
Change in net assets	\$ 354,109
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	661
Development grant subsidy	(432,019)
Sales of houses - noncash	(480,415)
Direct land cost - noncash	36,600
Forgiveness of debt on mortgages	16,906
Gain on sale of land	(640)
(Increase) decrease in:	
Accounts receivable - grants	(3,945)
Building supplies inventory	3,203
Construction in progress	(146,298)
Prepaid expense	(3,666)
Increase (decrease) in:	
Accounts payable	(20,481)
Net Cash Provided by (Used in) Operating Activities	<u>(675,985)</u>
<b>Investing Activities</b>	
Payments received on mortgage notes receivable	31,307
Payments for investment property and improvements	(85,150)
Proceeds from sales of investment properties	13,140
Purchase of fixed assets	(1,456)
Net Cash Provided by (Used in) Investing Activities	<u>(42,159)</u>
<b>Financing Activities</b>	
Proceeds from issuance of short-term debt	562,654
Proceeds from issuance of long-term debt	50,000
Proceeds from JPMorgan Chase Bank line of credit	356,024
Payoff of BancorpSouth Bank line of credit	(200,000)
Principal payments on debt	(5,726)
Net Cash Provided by (Used in) Financing Activities	<u>762,952</u>
Net Increase (Decrease) in Cash and Cash Equivalents	44,808
Cash and Cash Equivalents at Beginning of Year	<u>26,359</u>
Cash and Cash Equivalents at End of Year	<u>\$ 71,167</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, 2010**

Cash and Cash Equivalents as Reported in the Statement of Financial Position:

Current assets	\$ 65,952
Restricted deposits and escrows	<u>5,215</u>
	<u>\$ 71,167</u>

**Supplemental Disclosure of Cash Flow Information**

Cash paid during the year for interest	<u>\$ 9,991</u>
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**Noncash Investing/Financing Transactions**

Directly issued mortgage notes receivable	<u>\$ 480,415</u>
Cancellation of LHFA promissory notes and mortgages	<u>\$ 432,019</u>

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

***Notes to the Financial Statements***

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**HABITAT FOR HUMANITY OF OUACHITA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2010**

**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 the provisions of Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. Under FASB ASC 958, 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 the provisions of Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. Under FASB ASC 958, 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, 2010**

**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 depreciated over 5 years. Depreciation expense for the year ended June 30, 2010, was \$661.

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, 2010**

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

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. During the year ended June 30, 2010, the Organization adopted the provisions of FASB ASC 740, *Income Taxes*. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organizations' Federal Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2007, 2008, and 2009 are subject to examination by the IRS, generally for three years after they were filed.

**Advertising Costs**

The Organization uses advertising to promote its programs among the audiences it serves. In addition, the process to acquire an adjudicated property requires certain postings in the local newspaper. Also, some project funding has detailed requirements to advertise for bids. 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, 2010, totaled \$176,593. Donated use of facilities valued at \$24,336 has been included in revenue and expenses for the year ended June 30, 2010. Donated services totaling \$152,212 and gifts in kind totaling \$45 have been included in revenues and assets as of and for the year ended June 30, 2010.

**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 and labor costs incurred to construct family housing per the provisions of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 970, *Real Estate*. 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.

**HABITAT FOR HUMANITY OF OUACHITA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2010**

**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 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, 2010, \$1,287,520 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, 2010, totaled \$1,143,073 and \$144,447 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 \$22,578 are not reported in the Statement of Financial Position.

In several instances, mortgagors moved into their respective houses prior to the sales of the houses to the mortgagors. From the date of move-in to the date of the sale of the house to the mortgagor, each mortgagor leased the house from the Organization and paid a monthly rent equivalent to the monthly principal payment on the expected amount of the first mortgage. Upon the sale of each house, the Organization reduced the principal amount of the first mortgage by the amount of the rent paid by the mortgagor. Lease income received from the mortgagors and first mortgage debt forgiven during the year ended June 30, 2010, totaled \$9,583. 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, 2010, totaled \$7,323. The amount of second mortgage debt forgiven on those second mortgages not reported in the Statement of Financial Position totaled \$1,421 for the year ended June 30, 2010.

As of June 30, 2010, mortgage receivable balances of \$562,600 have been pledged against the Organization's notes payable and line of credit. See Note 8 – Debt for additional information regarding the Organization's indebtedness.

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 \$382,670 are included as an asset at June 30, 2010. These costs consist of labor and materials 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, 2010, the Organization had \$88,994 in deposits (bank balances). These deposits are adequately secured by the FDIC.



**HABITAT FOR HUMANITY OF OUACHITA, INC.  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2010**

**NOTE 4 – CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

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, 2010, temporarily restricted net assets in the amount of \$4,905 are available for the construction and development of houses. Net assets in the amount of \$527,671 were released from donor restrictions by incurring expenses satisfying the restricted purposes as specified by the donors.

**NOTE 6 – CONCENTRATION OF REVENUES**

The Organization receives grants and contributions primarily from nonfederal sources. For the year ended June 30, 2010, grant and contribution revenues totaled \$760,953. This represents 60% of revenue and support for 2010.

**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, 2010, the Executive Director was compensated in the amount of \$47,158 for services provided as an employee of the Organization.

**NOTE 8 – DEBT**

**Long-Term Debt**

At June 30, 2010, the Organization had long-term debt as follows:

Holder	Maturity Date	Interest Rate	Total	Current	Long-Term
(1) BancorpSouth Bank	1/19/2027	0.01%	\$37,313	\$2,250	\$35,063
(2) BancorpSouth Bank	12/20/2028	0.01%	\$46,249	\$2,500	\$43,749
(3) BancorpSouth Bank	10/10/2012	5.00%	\$49,024	\$1,568	\$47,456

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

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

**HABITAT FOR HUMANITY OF OUACHITA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2010**

**NOTE 8 – DEBT (CONTINUED)**

(3) BancorpSouth Bank – The loan is payable in monthly principal and interest payments of \$332 and is collateralized primarily by a mortgage receivable held by the Organization.

**Maturities of Long-Term Debt:**

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

Year Ending June 30,	Amount
2011	\$ 6,318
2012	\$ 6,398
2013	\$ 50,558
2014	\$ 4,750
2015	\$ 4,750
Thereafter	\$ 59,812

**Lines of Credit**

In December, 2010, the Organization paid off its line of credit with BancorpSouth Bank and entered into a \$400,000 line of credit agreement with JPMorgan Chase Bank. The interest rate to be applied to the unpaid principal balance of the line of credit is computed at a rate of 2.75% above the LIBOR Rate. Interest on the line of credit is payable monthly until the line of credit matures on December 15, 2010, at which time, all unpaid interest and principal are due and payable. The loan is collateralized by mortgage receivables held by the Organization. At June 30, 2010, the principal balance due on the JPMorgan Chase Bank line of credit totaled \$356,024.

**Louisiana Housing Finance Agency Loans**

***Faletta Family Project Loan***

The Organization entered into a loan agreement with LHFA in November 2009 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. At June 30, 2010, the principal balance due on the Faletta Family Project Loan totaled \$273,608.

***Herman Street Project Loan***

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 was the Louisiana Housing Trust Fund. The total amount that was drawn on this loan was \$208,622. The promissory note was canceled and the mortgage was released by LHFA on June 22, 2010. The cancellation of the promissory note and release of mortgage effectively converted the loan to a

**HABITAT FOR HUMANITY OF OUACHITA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2010**

**NOTE 8 – DEBT (CONTINUED)**

development subsidy of \$208,622, which is reported in Sponsorships and Grants Revenues in the Statement of Activities for the year ended June 30, 2010.

***Coleman/Ludwig Project Loan***

The Organization entered into a loan agreement with LHFA in March 2009 for the purpose of financing the development and construction of the 8<sup>th</sup> Street and Ludwig/Coleman Project (the “Project”). The source of the financing was the Louisiana Housing Trust Fund. The total amount that was drawn on this loan was \$223,397. The promissory note was canceled and the mortgage was released by LHFA on June 22, 2010. The cancellation of the promissory note and release of mortgage effectively converted the loan to a development subsidy of \$223,397, which is reported in Sponsorships and Grants Revenues in the Statement of Activities for the year ended June 30, 2010.

**NOTE 9 – SUBSEQUENT EVENTS**

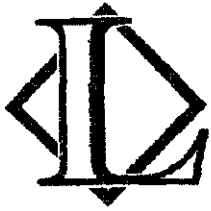
During the period from July 1, 2010 through December 1, 2010, the Organization received \$238,594 in loan proceeds from LHFA for the Faletta Family Project. In addition, during this same time period, the Organization completed five houses that are a part of the Faletta Family Project.

The Organization has evaluated subsequent events through December 1, 2010, the date which the financial statements were available for issue.

***Other Reports and Schedules***

**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 of  
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, 2010, and have issued our report thereon dated December 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 members 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.

*Little & Associates, L.L.C.*

Monroe, Louisiana  
December 1, 2010

**HABITAT FOR HUMANITY OF OUACHITA, INC.**

**Schedule of Findings and Responses  
As of and For the Year Ended June 30, 2010**

**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, 2010**

In connection with our audit of Habitat for Humanity of Ouachita, Inc. as of and for the year ended June 30, 2010, 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, 2009.