

**HABITAT FOR HUMANITY - LOUISIANA STATE  
SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Habitat for Humanity - Louisiana State Support Organization, Inc.  
Baton Rouge, Louisiana

***Report on the Financial Statements***

I have audited the accompanying financial statements of Habitat for Humanity - Louisiana State Support Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity - Louisiana State Support Organization, Inc., as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2013, on our consideration of Habitat for Humanity - Louisiana State Support Organization, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat for Humanity - Louisiana State Support Organization, Inc.'s internal control financial reporting and compliance.



December 30, 2013

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2013**

**ASSETS**

Cash	\$ 54,699
Receivables - affiliates	5,901
Short term loan to affiliates	15,000
Property and equipment, net	6,361
Security deposit	1,800
Neighborhood Stabilization Program forgivable loan receivable (see Note 9)	<u>515,918</u>
Total Assets	<u>\$ 599,679</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Payroll liabilities	\$ 1,947
Deferred revenue	702
Copier lease payable	3,584
Neighborhood Stabilization Program forgivable loan payable (see Note 9)	<u>515,918</u>
Total Liabilities	<u>522,151</u>
Net Assets	
Unrestricted	34,953
Temporarily restricted	<u>42,575</u>
Total Net Assets	<u>77,528</u>
Total Liabilities and Net Assets	<u>\$ 599,679</u>

See accompanying notes to financial statements.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Federal financial assistance (see Note 9)	\$2,993,374	\$	\$2,993,374
Grants	563		563
Contributions	13,927		13,927
Affiliate services:			
Grant administration	28,819		28,819
Mortgage loan origination fees	22,577		22,577
Consulting services	780		780
Membership dues	4,500		4,500
Event fees	3,668		3,668
Tenant rent	8,418		8,418
Net assets released from restrictions	<u>9,425</u>	<u>(9,425)</u>	<u>-0-</u>
Total Support and Revenue	<u>3,086,051</u>	<u>(9,425)</u>	<u>3,076,626</u>
<b>EXPENSES</b>			
Program services	3,015,785		3,015,785
Support services:			
Management and general	43,316		43,316
Fund-raising	<u>10,350</u>	<u>-0-</u>	<u>10,350</u>
Total Expenses	<u>3,069,451</u>	<u>-0-</u>	<u>3,069,451</u>
<b>CHANGES IN NET ASSETS</b>	16,600	(9,425)	7,175
<b>NET ASSETS:</b>			
Beginning of Year	<u>18,353</u>	<u>52,000</u>	<u>70,353</u>
End of Year	<u>\$ 34,953</u>	<u>\$ 42,575</u>	<u>\$ 77,528</u>

See accompanying notes to financial statements.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2013**

	<u>PROGRAM SERVICES</u>				
	<u>Affiliate Support</u>	<u>Homeowner Support</u>	<u>Strategic Partnerships</u>	<u>Public Education &amp; Advocacy</u>	<u>Total</u>
Grants	\$ 2,936,616	\$ 9,425	\$ -0-	\$ -0-	\$ 2,946,041
Salary & wages	25,558	4,119	174	323	30,174
Payroll taxes	1,919	332	11	23	2,285
Medical insurance	4,264	788	119	93	5,264
Workman's comp insurance	<u>603</u>	<u>112</u>	<u>17</u>	<u>13</u>	<u>745</u>
Payroll and related expenses	32,344	5,351	321	452	38,468
Rent	8,361	1,546	233	181	10,321
Audit					-0-
Training events	2,685		2,786		5,471
Telephone & telecommunications	2,191	400	60	47	2,698
Professional services	2,222				2,222
Depreciation	1,818	336	51	39	2,244
Printing & copying	1,318	274	37	29	1,658
Insurance					-0-
Supplies	1,004	186	28	22	1,240
Postage, mailing services	840	438			1,278
Travel	252	322			574
Tithe to Habitat for Humanity International					-0-
Other expenses	<u>929</u>	<u>2,394</u>	<u>227</u>	<u>20</u>	<u>3,570</u>
Total	<u>\$ 2,990,580</u>	<u>\$ 20,672</u>	<u>\$ 3,743</u>	<u>\$ 790</u>	<u>\$ 3,015,785</u>

<u>SUPPORT SERVICES</u>			<u>TOTAL</u>
<u>Management &amp; General</u>	<u>Fund-raising</u>	<u>Total</u>	
\$ -0-	\$ -0-	\$ -0-	\$ 2,946,041
12,073	6,343	18,416	48,590
912	186	1,098	3,383
1,334	562	1,896	7,160
<u>188</u>	<u>80</u>	<u>268</u>	<u>1,013</u>
14,507	7,171	21,678	60,146
11,738	1,102	12,840	23,161
10,000		10,000	10,000
		-0-	5,471
677	285	962	3,660
	1,111	1,111	3,333
570	240	810	3,054
412	174	586	2,244
2,066		2,066	2,066
314	132	446	1,686
13	12	25	1,303
473		473	1,047
800		800	800
<u>1,746</u>	<u>123</u>	<u>1,869</u>	<u>5,439</u>
<u>\$ 43,316</u>	<u>\$ 10,350</u>	<u>\$ 53,666</u>	<u>\$ 3,069,451</u>

See accompanying notes to financial statements.



**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2013**

Cash Flows from Operating Activities	
Increase in net assets	\$ 7,175
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	3,054
Change in:	
Receivables	10,386
Accounts payable	(8,802)
Payroll liabilities	(7,139)
Deferred revenue	<u>702</u>
Net cash provided by operating activities	5,376
 Cash Flows from Investing Activities	 -0-
 Cash Flows from Financing Activities	
Payments on capitalized lease	(1,229)
Decrease in forgivable loan from Louisiana Housing Finance Agency	(236,561)
Decrease in forgivable loan receivable from affiliates	<u>236,561</u>
Net cash used by financing activities	<u>(1,229)</u>
 Net increase in cash	 4,147
 Cash at beginning of year	 <u>50,552</u>
 Cash at end of year	 <u>\$ 54,699</u>

See accompanying notes to financial statements.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

1. Summary of Significant Accounting Policies

**ORGANIZATION AND PURPOSE**

Habitat for Humanity - Louisiana State Support Organization, Inc. is a not-for-profit organization incorporated in Louisiana on August 22, 2005. The mission is to strengthen every Habitat for Humanity affiliate in the state and to expand their potential to build safe, decent, affordable homes for low income home buyers by increasing access to resources, facilitating communication between affiliates and the community, and providing statewide leadership. The Organization's current programs are:

- ▶ Affiliate Support
- ▶ Homeowner Support
- ▶ Strategic Partnerships
- ▶ Public Education and Advocacy

**INCOME TAX STATUS**

Habitat for Humanity - Louisiana State Support Organization, Inc. qualifies as a tax exempt organization under Section 501 ( c)(3) of the Internal Revenue Code. Therefore, the financial statements have no provision for state and federal income taxes.

In management's judgement, the Organization does not have any tax provisions that would result in a loss contingency considering the facts, circumstances and information available at the reporting date.

With few exceptions, the statute of limitations for the examination of the Organization's income tax returns is generally three years from the due date of the return including extensions. The tax years open for assessment are the years ending on or after June 30, 2010.

**BASIS OF ACCOUNTING**

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

1. Summary of Significant Accounting Policies (continued)

**CLASSES OF ASSETS**

The financial statements report amounts by class of net assets.

Unrestricted net assets are those currently available to use in the Organization's mission under the direction of the Board and those resources invested in property and equipment.

Temporarily restricted net assets are those stipulated by donors for specific purposes. Temporarily restricted net assets are released to unrestricted net assets when the donor stipulated conditions have been met.

Permanently restricted net assets are those contributed with stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

The Organization does not have any permanently restricted net assets at the end of the fiscal year.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**FIXED ASSETS**

Fixed assets are carried at cost or, if donated, at the approximate fair market value at the date of the donation. The Organization's policy is to capitalize furniture, fixtures and equipment with a cost or fair market value of \$500 or more. Depreciation is computed on a straight line basis over three to ten years.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

1. Summary of Significant Accounting Policies (continued)

REVENUE RECOGNITION

Revenue is recognized on the accrual basis.

Grants and contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is recorded as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

FUNCTIONAL EXPENSES

Expenses have been charged directly to programs, management and general, or fund-raising categories based on specific identification. Indirect expenses have been allocated among the programs and supporting services benefitted.

2. Receivables - Affiliates

Receivables as of the end of the fiscal year are from the following sources:

Service fees from Habitat affiliates	\$ 5,501
Membership dues from Habitat affiliates	<u>400</u>
	<u>\$ 5,901</u>

Receivables are stated at the amount management expects to collect. No allowance for uncollectible receivables has been recorded. No interest is charged on receivables.

3. Short Term Loan to Affiliate

This non-interest bearing loan provides bridge financing to relieve temporary cash flow needs of an affiliate. Interest is not charged. It is funded from a flexible loan pool that was established from a grant.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

4. Property and Equipment

Property and equipment as of the end of the fiscal year include:

Furniture	\$	2,155
Office equipment		6,452
Computer equipment and software		<u>9,102</u>
		17,709
Less: Accumulated depreciation		<u>(11,348)</u>
	<u>\$</u>	<u>6,361</u>

5. Capital Lease

The Organization leases a copy machine under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Organization's assets and liabilities.

The copy machine is included in property and equipment, net with a cost of \$6,452 and accumulated depreciation of \$2,581.

Future minimum payments required under the lease together are as follows:

Fiscal Year Ended June 30,

2014	\$	1,394
2015		1,394
2016		<u>1,278</u>
Total minimum lease payments		4,066
Less amount representing interest		<u>(482)</u>
Present value of minimum lease payments	<u>\$</u>	<u>3,584</u>

HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

6. Operating Lease Commitments

The Organization leases office space for \$1,800 per month under a non-cancelable operating lease that expires on December 31, 2014.

Future minimum lease payments are as follows:

Fiscal Year Ended June 30,

2014	\$ 21,600
2015	<u>10,800</u>
	<u>\$ 32,400</u>

7. Compensated Absences

Full-time employees of the Organization are entitled to paid vacation and paid sick days in accordance with a written policy. Employees are paid for unused vacation at termination. There was no unpaid vacation at the end of the fiscal year.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

Grants received in FY12 to establish a flexible loan pool for affiliates and to provide closing costs and down payment assistance to Habitat homeowners

\$ 60,000

Released from restriction:

FY12	(8,000)
FY13	<u>(9,425)</u>
	<u>(17,425)</u>

Temporarily restricted at 6/30/13

\$ 42,575

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

9. Federal Financial Assistance

NEIGHBORHOOD STABILIZATION PROGRAM

The Organization entered into an agreement on October 7, 2009 with the Louisiana Housing Finance Agency (LHFA) to act as the Developer for homes built with funds provided under the Neighborhood Stabilization Program (NSP). These funds were awarded by the U. S. Department of Housing and Urban Development (HUD) to the State of Louisiana through the enabling legislation, Emergency Economic Stabilization Act of 2008. The State of Louisiana Office of Community Development contracted with LHFA to manage and oversee activities under the NSP funding agreements. The Louisiana Housing Corporation (LHC) is the successor organization to LHFA.

The Organization has partnered with three Habitat for Humanity affiliates, which are building homes for qualified homeowners with these funds. A total of \$4,010,884 in NSP funds have been received by the Organization. The final funds under this agreement were received in March 2013.

The affiliates submit requests for funds on a cost reimbursement basis to the Organization, which then submits a draw request to LHC. Although funds are received on a cost-reimbursement basis, the agreement states that the disbursements are considered a forgivable loan payable and the disbursements by the Organization to the affiliates are considered a forgivable loan receivable. No interest is charged on these loans. All loans are expected to be forgiven under the terms of the Agreement.

Under the terms of the NSP Revenue Re-Use Plan, the costs incurred by the affiliates to provide additional lower income affordable housing require acceptable reuse of program revenues on a dollar-for-dollar basis. Appropriate reuse requirements have been met.

Funding received for NSP is as follows:

	FY13	PRIOR YEARS	TOTAL
Expenditure Reimbursements	\$ 2,282,006	\$ 1,241,475	\$ 3,523,481
Developer Fees	<u>452,711</u>	<u>34,692</u>	<u>487,403</u>
	<u>\$ 2,734,717</u>	<u>\$ 1,276,167</u>	<u>\$ 4,010,884</u>

Developer fees are not part of the forgivable loan and are recognized as income when the related home construction is completed.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

9. Federal Financial Assistance (continued)

NEIGHBORHOOD STABILIZATION PROGRAM (continued)

Except for a total of \$41,221, NSP funds have been passed through to the affiliate builders, which then pay grant administration fees to the Organization.

The NSP forgivable loan balance at June 30, 2013, is calculated as follows:

Total expenditure reimbursements	\$ 3,523,481
Debt forgiven under the terms of Re-Use plan	<u>(3,007,563)</u>
NSP forgivable loan	<u>\$ 515,918</u>

CAPACITY BUILDING FOR COMMUNITY DEVELOPMENT AND AFFORDABLE HOUSING

In June 2011, the Organization was awarded a \$95,000 three year Housing and Urban Development grant as a sub-recipient of Habitat for Humanity International (HFHI). The grant was used to pay for salary expense and training for a Development Director. Under the terms of the grant, the Organization is required to provide funding assistance for 70 homes to be built by Habitat affiliates during the three year grant period. The Organization voluntarily withdrew from this grant during the fiscal year.

TOTAL FEDERAL FINANCIAL ASSISTANCE

Total federal financial assistance as shown on the Statement of Activities is comprised of Neighborhood Stabilization Program:

Forgiveness of debt income	\$ 2,518,567
Developer fees	<u>452,711</u>
	2,971,278
Capacity Building	<u>22,096</u>
Total federal financial assistance	<u>\$ 2,993,374</u>



**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

10. Cash Held in Separate Accounts

The Organization opened a separate bank account to receive and disburse NSP funds. The Organization also opened a separate bank account to receive funds from HFHI for the Capacity Building grant, which were then transferred to the operating account. In addition the Organization has a separate account for grant funds used to make short-term loans to Habitat affiliates and to provide closing costs and down payment assistance to individual Habitat homeowners.

11. Concentrations

Both federal financial assistance grants (see Note 9) ended during the fiscal year. All except \$35,554 of the income from NSP for the fiscal year was passed through to affiliate builders. The Organization received \$28,819 in affiliate service fees for the administration of the NSP grant.

12. Supplemental Cash Flow Information

CASH EQUIVALENTS

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

SUPPLEMENTARY INFORMATION OF NON-CASH ACTIVITIES

There were no non-cash investing and financing transactions during the fiscal year.

ADDITIONAL CASH FLOW INFORMATION

During the fiscal year, no income taxes were paid and interest expense of \$165 was paid. The interest expense is included in Other Expenses - Management and General in the Statement of Financial of Functional Expenses.

13. Lobbying Expenses

Expenses for direct lobbying of \$270 and for grassroots lobbying of \$359 are included in Public Education and Advocacy in the Statement of Functional Expenses.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

14. Subsequent Events

Management has evaluated subsequent events through December 30, 2013, the date that the financial statements were available to be issued, and has determined that no additional events or transactions have occurred which require disclosure or recognition in the financial statements.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED  
BY OMB CIRCULAR A-133**

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development, Office of Community Planning and Development: Neighborhood Stabilization Program Passed through from the State of Louisiana Office of Community Development and the Louisiana Housing Corporation	14.264	HD-01	\$ 2,734,717
Section 4 Capacity Building for Community Development and Affordable Housing Passed through from Habitat for Humanity International	14.252	CB10	<u>22,096</u>
Total expenditure of federal awards			<u>\$ 2,756,813</u>

See accompanying notes to schedule of expenditures of federal awards.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
JUNE 30, 2013**

A. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is prepared on the accrual basis of accounting, which is the same basis of accounting as the Organization's financial statements. The Schedule includes the federal grant activity of the Habitat for Humanity - Louisiana State Support Organization, Inc. for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Habitat for Humanity - Louisiana State Support Organization, Inc., it is not intended to and does not present the financial position and changes in net assets of Habitat for Humanity - Louisiana State Support Organization, Inc.

B. Sub-recipients

Habitat for Humanity - Louisiana State Support Organization, Inc. provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Neighborhood Stabilization Program	14.264	<u>\$ 2,699,163</u>

C. No federal awards were expended in the form of non-cash assistance during the fiscal year.

**THOMAS W. KLEINPETER, JR.**

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**INDEPENDENT AUDITOR'S 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 - Louisiana State Support Organization, Inc.

I have audited, in accordance with the 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, the financial statements of Habitat for Humanity - Louisiana State Support Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 30, 2013.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Habitat for Humanity - Louisiana State Support Organization, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat for Humanity - Louisiana State Support Organization, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material

weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Habitat for Humanity - Louisiana State Support Organization, Inc. financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Thomas W. Klepser". The signature is written in a cursive style with a large, stylized initial "T".

December 30, 2013

**THOMAS W. KLEINPETER, JR.**

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MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133**

To the Board of Directors  
Habitat for Humanity - Louisiana State Support Organization, Inc.

**Report on Compliance for Each Major Federal Program**

I have audited Habitat for Humanity - Louisiana State Support Organization, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Habitat for Humanity - Louisiana State Support Organization, Inc.'s major federal programs for the year ended June 30, 2013. Habitat for Humanity - Louisiana State Support Organization, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Habitat for Humanity - Louisiana State Support Organization, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Habitat for Humanity - Louisiana State Support Organization, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Habitat for Humanity - Louisiana State Support Organization, Inc.'s compliance.



## ***Opinion on Each Major Federal Program***

In my opinion, Habitat for Humanity - Louisiana State Support Organization, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

Management of Habitat for Humanity - Louisiana State Support Organization, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Habitat for Humanity - Louisiana State Support Organization, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Habitat for Humanity - Louisiana State Support Organization, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



December 30, 2013

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None were reported
- Noncompliance material to the financial statements noted? No

**Federal Awards:**

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None were reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133? No

The program tested as major programs is as follows:

U. S. Department of Housing and Urban Development - Office of Community Planning and Development

Neighborhood Stabilization Program, CFDA # 14.264

The threshold for distinguishing Types A and B programs was \$300,000.

Habitat for Humanity- Louisiana State Support Organization, Inc. was determined not to be a low-risk auditee.

**FINANCIAL STATEMENT FINDINGS**

There were no matters that are required to be reported in this section of the report.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**FEDERAL AWARD FINDINGS AND QUESTIONS COSTS**

There were no matters that are required to be reported in this section of the report.

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR YEARS FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

Financial Statements Findings

No matters were reported last year

Federal Award Findings and Questioned Costs

No matters were reported last year

Management Letter

None was issued last year

**HABITAT FOR HUMANITY - LOUISIANA STATE SUPPORT ORGANIZATION, INC.  
BATON ROUGE, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2013**

To the following oversight agencies for audit:

**Federal:** U.S. Department of Housing and Urban Development - Office of Community Planning and Development

**State:** Legislative Auditor of the State of Louisiana; and Louisiana Housing Corporation

**Name and address of independent public accounting firm:** Thomas W. Kleinpeter, Jr., CPA, Inc.,  
610 Napoleon St., Baton Rouge, Louisiana 70802

**Audit Period:** For the year ended June 30, 2013

The auditor did not report any findings relating to the financial statements or federal awards. Accordingly, there was not any need for management to have a corrective action plan this year in response to findings or other matters.

If you have any questions regarding this audit, please call Sue Chenevert, the Organization's Executive Director, at (225) 389-0088.