

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

**FINANCIAL STATEMENTS
JUNE 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of Habitat for Humanity - Louisiana State Support Organization, Inc., as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Habitat for Humanity - Louisiana State Support Organization, Inc.'s management. 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 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. I believe that my audit provides a reasonable basis for my 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, 2012, 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*, I have also issued my report dated December 27, 2012, on my 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 the laws, regulations, contracts, and grants 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* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as

required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in these three schedules is the responsibility of management and was derived from and relate 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 in these schedules is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script, reading "Thomas W. Kleypeter". The signature is written in black ink and is positioned below the main body of text.

December 27, 2012

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

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS

Cash	\$	50,552
Receivables - affiliates		16,287
Short term loan to affiliates		15,000
Property and equipment, net		9,415
Security deposit		1,800
Neighborhood Stabilization Program forgivable loan receivable		<u>752,479</u>
Total Assets	\$	<u>845,533</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	8,802
Payroll liabilities		9,086
Copier lease payable		4,813
Neighborhood Stabilization Program forgivable loan payable		<u>752,479</u>
Total Liabilities		<u>775,180</u>
Net Assets		
Unrestricted		18,353
Temporarily restricted		<u>52,000</u>
Total Net Assets		<u>70,353</u>
Total Liabilities and Net Assets	\$	<u>845,533</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, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Federal financial assistance	\$ 563,063		\$ 563,063
Grants	25,000	60,000	85,000
Contributions	27,107	2,350	29,457
Affiliate services:			
Grant administration	44,400		44,400
Mortgage loan origination fees	17,909		17,909
Consulting services	3,025		3,025
Grant writing	1,200		1,200
Membership dues	5,700		5,700
Conference event fees and sponsorships	39,290		39,290
Tenant rent and reimbursements	9,219		9,219
Net assets released from restrictions	<u>10,350</u>	<u>(10,350)</u>	<u>-0-</u>
Total Support and Revenue	<u>746,263</u>	<u>52,000</u>	<u>798,263</u>
EXPENSES			
Program services	697,754		697,754
Support services:			
Management and general	45,914		45,914
Fund-raising	<u>25,067</u>	<u>-0-</u>	<u>25,067</u>
Total Expenses	<u>768,735</u>	<u>-0-</u>	<u>768,735</u>
CHANGES IN NET ASSETS	(22,472)	52,000	29,528
NET ASSETS:			
Beginning of Year	<u>40,825</u>	<u>-0-</u>	<u>40,825</u>
End of Year	<u>\$ 18,353</u>	<u>\$ 52,000</u>	<u>\$ 70,353</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, 2012**

Cash Flows from Operating Activities	
Increase in net assets	\$ 29,528
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	3,180
(Increase) decrease in:	
Receivables	(15,686)
Security deposit	(1,050)
(Decrease) increase in:	
Accounts payable	8,757
Payroll liabilities	4,548
Deferred revenue	(260)
Net cash provided by operating activities	<u>29,017</u>
Cash Flows from Investing Activities	
Purchase of equipment	(4,455)
Cash Flows from Financing Activities	
Payments on capitalized lease	(1,229)
Increase in forgivable loan from Louisiana Housing Finance Agency	517,929
Increase in forgivable loan receivable from affiliates	<u>(517,929)</u>
Net cash used by financing activities	<u>(1,229)</u>
Net increase in cash	23,333
Cash at beginning of year	<u>27,219</u>
Cash at end of year	<u><u>\$ 50,552</u></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, 2012**

	<u>PROGRAM SERVICES</u>				
	<u>Affiliate Support</u>	<u>Homeowner Support</u>	<u>Strategic Partnerships</u>	<u>Public Education & Advocacy</u>	<u>Total</u>
Salaries & wages	\$ 66,077	\$ 12,544	\$ 7,724	\$ 1,787	\$ 88,132
Payroll taxes	4,724	946	571	122	6,363
Medical insurance	3,485	20	207	106	3,818
Corporation for National & Community Service VISTA	3,327		16	168	3,511
Workman's comp insurance	<u>659</u>	<u>314</u>	<u>47</u>	<u>11</u>	<u>1,031</u>
Payroll and related expenses	78,272	13,824	8,565	2,194	102,855
Grants	526,108	8,000			534,108
Training events	35,065				35,065
Rent	6,327	2,368	436	142	9,273
Professional services					-0-
Telephone & telecommunications	2,210	827	153	50	3,240
Depreciation	1,685	631	116	38	2,470
Printing & copying	1,606	601	111	36	2,354
Supplies	1,099	404	70	26	1,599
Postage, mailing services	560	794			1,354
Travel	315				315
Equipment repair	545	204	38	12	799
Tithe to Habitat for Humanity International	500				500
Other expenses	<u>1,004</u>	<u>2,108</u>	<u>599</u>	<u>111</u>	<u>3,822</u>
Total	<u>\$ 655,296</u>	<u>\$ 29,761</u>	<u>\$ 10,088</u>	<u>\$ 2,609</u>	<u>\$ 697,754</u>

<u>SUPPORT SERVICES</u>			<u>TOTAL</u>
<u>Management & General</u>	<u>Fund-raising</u>	<u>Total</u>	
\$ 19,431	\$ 20,446	\$ 39,877	\$ 128,009
1,395	1,513	2,908	9,271
1,032	551	1,583	5,401
716	41	757	4,268
143	131	274	1,305
<u>22,717</u>	<u>22,682</u>	<u>45,399</u>	<u>148,254</u>
		-0-	534,108
		-0-	35,065
9,158	997	10,155	19,428
8,010		8,010	8,010
583	348	931	4,171
444	266	710	3,180
423	253	676	3,030
290	175	465	2,064
273	47	320	1,674
931		931	1,246
144	86	230	1,029
		-0-	500
<u>2,941</u>	<u>213</u>	<u>3,154</u>	<u>6,976</u>
<u>\$ 45,914</u>	<u>\$ 25,067</u>	<u>\$ 70,981</u>	<u>\$ 768,735</u>

See accompanying notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2009.

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, 2012**

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, 2012**

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:

Reimbursement grant receivable from Habitat for Humanity International	\$ 3,750
Service fees from Habitat affiliates	11,687
Membership dues from Habitat affiliates	<u>850</u>
	<u>\$ 16,287</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. It is funded from a flexible loan pool that was established from two grants.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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>(8,294)</u>
	<u>\$ 9,415</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 \$1,505.

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

Fiscal Year Ended June 30,

2013	\$ 1,394
2014	1,394
2015	1,394
2016	<u>1,278</u>
Total minimum lease payments	5,460
Less amount representing interest	<u>(647)</u>
Present value of minimum lease payments	<u>\$ 4,813</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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,

2013	\$	21,600
2014		21,600
2015		10,800
	\$	<u>54,000</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. The cost of unpaid vacation at the end of the fiscal year is included in payroll liabilities.

8. 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 Organization has partnered with three Habitat for Humanity affiliates, which are building homes for qualified homeowners with these funds. A total of \$4,300,000 in NSP funds have been awarded to the Organization.

The affiliates submit requests for funds on a cost reimbursement basis to the Organization, which then submits a draw request to LHFA. Although funds are received on a cost-reimbursement basis, the agreement with LHFA states that the disbursements from LHFA are considered a forgivable loan

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

8. Federal Financial Assistance (continued)

NEIGHBORHOOD STABILIZATION PROGRAM (continued)

payable and the disbursements by the Organization to the affiliates are considered a forgivable loan receivable. No interest is charged on these loans.

Under the terms of the NSP Revenue Re-Use Plan, the costs incurred by the affiliates to provide additional lower income, affordable housing constitute repayment of the forgivable loans to the Organization and the forgivable loans from LHFA on a dollar-for-dollar basis. All loans are expected to be forgiven under these terms.

Funding received for NSP is as follows:

	FY11	FY12	TOTAL
Expenditure Reimbursements	\$ 234,550	\$ 1,006,925	\$ 1,241,475
Developer Fees	<u>-0-</u>	<u>34,692</u>	<u>34,692</u>
	<u>\$ 234,550</u>	<u>\$ 1,041,617</u>	<u>\$ 1,276,167</u>

All of these funds have been passed through to the affiliate builders, which then pays a grant administration fee to the Organization.

The NSP forgivable loan balance at June 30, 2012, is calculated as follows:

Total expenditure reimbursements	\$ 1,241,475
Debt forgiven under the terms of Re-Use plan	<u>(488,996)</u>
NSP forgivable loan	<u>\$ 752,479</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 is being used to pay for salary expense and training for a Development Director who was hired as of August 1, 2011. 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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

8. Federal Financial Assistance (continued)

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	\$ 488,996
Developer fees	<u>34,692</u>
	523,688
Capacity Building	<u>39,375</u>
Total federal financial assistance	<u>\$ 563,063</u>

9. Cash Held in Separate Accounts

The Organization opened a separate bank account to receive and disburse NSP funds. All funds received from LHFA are disbursed to the affiliates.

The Organization also opened a separate bank account to receive funds from HFHI for the Capacity Building grant. These funds are then transferred to the operating account.

10. Concentrations

Income of \$523,688 from the Neighborhood Stabilization Program (NSP) was received and was passed-through to affiliates as grants. The Organization also recorded revenue of \$44,400 in affiliate service fees for the administration of the NSP grant. This grant will be completed in FY13.

11. 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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

11. Supplemental Cash Flow Information (continued)

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 \$166 was paid.

12. Lobbying Expenses

Expenses for direct lobbying of \$60 and for grassroots lobbying of \$1,113 are included in Public Education and Advocacy in the Statement of Functional Expenses.

13. Subsequent Events

Management has evaluated subsequent events through December 27, 2012, 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

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

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

<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 Finance Agency	14.264	HD-01	\$ 1,041,617
Section 4 Capacity Building for Community Development and Affordable Housing Passed through from Habitat for Humanity International	14.252	CB10	<u>39,375</u>
Total expenditure of federal awards			<u>\$ 1,080,992</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, 2012

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, 2012. 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. Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Neighborhood Stabilization Program	14.264	<u>\$ 1,041,617</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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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

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

I have audited the financial statements of Habitat for Humanity - Louisiana State Support Organization, Inc. as of and for the year ended June 30, 2012, and have issued my report thereon dated December 27, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Habitat for Humanity - Louisiana State Support Organization, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures 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 over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Habitat for Humanity - Louisiana State Support Organization, 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat for Humanity - Louisiana State Support Organization, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, pass-through entities, and the Legislative Auditor of the State of Louisiana 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.

A handwritten signature in black ink, reading "Thomas W. Kluge" with a stylized flourish at the end.

December 27, 2012

THOMAS W. KLEINPETER, JR.

CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL CORPORATION
610 NAPOLEON STREET
BATON ROUGE, LOUISIANA 70802

MEMBER
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Compliance

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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Habitat for Humanity- Louisiana State Support Organization, Inc.'s management. My responsibility is to express an opinion on Habitat for Humanity- Louisiana State Support Organization, Inc.'s compliance based on my audit.

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 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. My audit does not provide a legal determination of Habitat for Humanity- Louisiana State Support Organization, Inc.'s compliance with those requirements.

In my opinion, Habitat for Humanity- Louisiana State Support Organization, Inc. complied, in all material respects, with the 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, 2012.

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 requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Habitat for Humanity- Louisiana State Support Organization, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Director's, federal awarding agencies and pass-through entities, and the 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.



December 27, 2012

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unqualified

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: Unqualified

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, 2012**

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, 2012**

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, 2012**

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, 2012

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.