

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

**FINANCIAL STATEMENTS
JUNE 30, 2011**

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 **FEB 08 2012**

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INDEPENDENT ACCOUNTANT'S REPORT

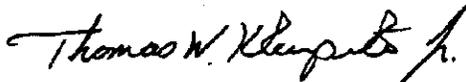
To the Board of Directors
Habitat for Humanity - Louisiana State Support Organization, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of Habitat for Humanity - Louisiana State Support Organization, Inc., as of June 30, 2011, 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, 2011, 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 15, 2011, 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.



December 15, 2011

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

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011**

ASSETS

Cash	\$	27,219
Receivables - affiliates		15,081
Receivables - other		520
Property and equipment, net		8,140
Security deposit		750
Neighborhood Stabilization Program forgivable loan receivable (see Note 7)		<u>234,550</u>
Total Assets	\$	<u>286,260</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$	45
Payroll liabilities		4,538
Deferred revenue		260
Copier lease payable		6,042
Neighborhood Stabilization Program forgivable loan payable (see Note7)		<u>234,550</u>
Total Liabilities		<u>245,435</u>
Net Assets		
Unrestricted		<u>40,825</u>
Total Liabilities and Net Assets	\$	<u>286,260</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, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants	\$ 30,000	\$ 7,500	\$ 37,500
Contributions	17,988	8,425	26,413
Grant administration	28,000		28,000
Mortgage loan origination fees	17,234		17,234
Membership dues	5,750		5,750
Conference event fees and sponsorships	29,672		29,672
Tenant rent and reimbursements	8,902		8,902
Net assets released from restrictions	<u>15,925</u>	<u>(15,925)</u>	<u>-0-</u>
Total Support and Revenue	<u>153,471</u>	<u>-0-</u>	<u>153,471</u>
EXPENSES			
Program services	96,926		96,926
Support services:			
Management and general	30,564		30,564
Fund-raising	<u>2,842</u>	<u>-0-</u>	<u>2,842</u>
Total Expenses	<u>130,332</u>	<u>-0-</u>	<u>130,332</u>
CHANGES IN NET ASSETS	23,139	-0-	23,139
NET ASSETS:			
Beginning of Year, Restated (Note 12)	<u>17,686</u>	<u>-0-</u>	<u>17,686</u>
End of Year	<u>\$ 40,825</u>	<u>\$ -0-</u>	<u>\$ 40,825</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, 2011**

Cash Flows from Operating Activities	
Increase in net assets	\$ 23,139
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,628
Non-cash contribution	(800)
Decrease in accounts receivable	(9,893)
Increase in payroll liabilities	3,088
Increase in deferred revenue	<u>260</u>
Net cash provided by operating activities	18,422
Cash Flows from Investing Activities	
Purchase of property and equipment	(7,030)
Cash Flows from Financing Activities	
Capitalized lease payable	6,452
Payments on capitalized lease	(410)
Forgivable loan from Louisiana Housing Finance Agency	234,550
Forgivable loan receivable from affiliates	<u>(234,550)</u>
Net increase in cash	17,434
Cash at beginning of year	<u>9,785</u>
Cash at end of year	<u>\$ 27,219</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, 2011**

	<u>PROGRAM SERVICES</u>				
	<u>Affiliate Support</u>	<u>Homeowner Support</u>	<u>Strategic Partnerships</u>	<u>Public Education & Advocacy</u>	<u>Direct Lobbying</u>
Salaries & wages	\$ 31,446	\$ 2,592	\$ 1,964	\$ 916	\$ 227
Payroll taxes	2,405	198	150	71	17
Corporation for National & Community Service VISTA	9,930		147	209	
Workman's comp insurance	<u>650</u>	<u>54</u>	<u>41</u>	<u>19</u>	<u>5</u>
Payroll and related expenses	44,431	2,844	2,302	1,215	249
Rent	9,654	493	393	287	43
Training events	13,405				
Grants to affiliates	8,425				
Telephones & telecommunications	2,705	130	114	66	11
Depreciation	1,761	90	79	44	8
Supplies	1,603	122	62	36	31
Accounting					
Equipment repair	1,271	64	57	32	6
Printing & copying	1,437	29	18	86	2
Insurance					
Conferences & conventions	205			50	
Licenses					
Professional services					
Postage, mailing services	496	41			
Tithe to Habitat for Humanity International	500				
Other expenses	<u>401</u>	<u>1,091</u>	<u>202</u>	<u>166</u>	<u> </u>
Total	<u>\$ 86,294</u>	<u>\$ 4,904</u>	<u>\$ 3,227</u>	<u>\$ 1,982</u>	<u>\$ 350</u>

	SUPPORT SERVICES				TOTAL
	Grassroots Lobbying	Total	Management & General	Fund-raising	Total
\$ 119	\$ 37,264	\$ 12,704	\$ 1,193	\$ 13,897	\$ 51,161
9	2,850	972	91	1,063	3,913
	10,286	2,357	123	2,480	12,766
<u>1</u>	<u>770</u>	<u>257</u>	<u>25</u>	<u>282</u>	<u>1,052</u>
129	51,170	16,290	1,432	17,722	68,892
19	10,889	3,237	274	3,511	14,400
	13,405	43		43	13,448
	8,425			-0-	8,425
7	3,033	933	73	1,006	4,039
5	1,987	591	50	641	2,628
4	1,858	487	41	528	2,386
	-0-	2,000		2,000	2,000
4	1,434	426	36	462	1,896
1	1,573	191	32	223	1,796
	-0-	1,691		1,691	1,691
	255	1,211		1,211	1,466
	-0-	1,461		1,461	1,461
	-0-		750	750	750
	537	40	54	94	631
	500			-0-	500
	<u>1,860</u>	<u>1,963</u>	<u>100</u>	<u>2,063</u>	<u>3,923</u>
<u>\$ 169</u>	<u>\$ 96,926</u>	<u>\$ 30,564</u>	<u>\$ 2,842</u>	<u>\$ 33,406</u>	<u>\$ 130,332</u>

See accompanying notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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
- ▶ Habitat Homeowner Support
- ▶ Strategic Partnerships
- ▶ Public Education and Advocacy
- ▶ Lobbying

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, 2008.

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, 2011**

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 temporarily or 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, 2011**

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

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

Receivables - affiliates

Reimbursement grant receivable from Habitat for Humanity International	\$ 11,250
Mortgage loan origination fees from Habitat affiliates	3,031
Membership dues from Habitat affiliates	800
	<u>\$ 15,081</u>

Receivable - other

Tenant rent and reimbursements	<u>\$ 520</u>
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Receivables are stated at the amount management expects to collect. No allowance for uncollectible receivables has been recorded. No interest is charged on receivables.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. 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		4,649
Leasehold improvements		<u>2,600</u>
		15,856
Less: Accumulated depreciation		<u>(7,716)</u>
	\$	<u>8,140</u>

4. 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 \$340.

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

Fiscal Year Ended June 30,

2012	\$	1,394
2013		1,394
2014		1,394
2015		1,394
2016		<u>1,278</u>
Total minimum lease payments		6,854
Less amount representing interest		<u>(812)</u>
Present value of minimum lease payments	\$	<u>6,042</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

5. Operating Lease Commitments

The Organization leases office space for \$1,200 per month under a non-cancelable operating lease that expires on December 31, 2011.

Future minimum lease payments are as follows:

Fiscal year 2012	<u>\$ 7,200</u>
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In August 2011 additional space was leased for \$125 per month.

6. 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.

7. Federal Financial Assistance

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 1 (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 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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

7. Federal Financial Assistance (continued)

to be forgiven under these terms. To date, the participating affiliates have invested more than \$3,700,000 in additional house construction projects which meet criteria to be eligible under the Re-Use Plan.

In lieu of the Developer fee, the Organization charges a grant administration fee to each participating affiliate of 2.5% of their total grant award.

8. Cash Held in a Separate Account

The Organization opened a separate bank account to receive and disburse NSP funds. All funds received from LHFA are disbursed to the affiliates. The account balance at the end of the fiscal year of \$30 does not include any NSP funds.

9. Concentrations

The Organization receives grant administration fees, membership dues and conference fees from Habitat for Humanity affiliates in Louisiana. In addition, the Organization receives grants from Habitat for Humanity International.

10. 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 \$55 was paid.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

11. Additional Information

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. 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.

12. Prior-Period Adjustment

Net assets as of the beginning of the year have been adjusted related to the following corrections:

The Organization inadvertently overstated accounts payable for the year ended June 30, 2010. Accordingly, an adjustment of \$1,500 was made to reduce accounts payable and to increase previously reported net assets as of the beginning of the year.

In addition, receivables related to the governmental financial assistance administered by LHFA (see Note 7) were incorrectly recorded. Accordingly, an adjustment of \$16,185 was made to reduce accounts receivable and reduce previously reported net assets as of the beginning of the year.

13. Subsequent Events

Management has evaluated subsequent events through December 15, 2011, 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.

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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, 2011, and have issued my report thereon dated December 15, 2011. 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 for the information of management, the Board of Directors, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



December 15, 2011