Habitat for Humanity of Monroe County, Inc.

Audited Financial Statements

For the Years Ended
June 30, 2010 and 2009

Habitat for Humanity of Monroe County, Inc.

Table of Contents
June 30, 2010 and 2009

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Habitat for Humanity of Monroe County, Inc.
Bloomington, Indiana

We have audited the accompanying statements of financial position of Habitat for Humanity of Monroe County, Inc (an Indiana not-for-profit corporation) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Habitat for Humanity of Monroe County, Inc's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Habitat for Humanity of Monroe County, Inc and related supporting organizations as of June 30, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Bedford, Indiana
August 11, 2010

Habitat for Humanity of Monroe County, Inc.
Statements of Financial Position
As of June 30, 2010 and 2009

Assets	2010	2009
Current Assets		
Cash and Equivalents	$ 487,878	$ 493,931
Mortgages Receivable, Current	2,097,178	1,720,765
Grocery Coupons Unsold	1,672	2,923
Construction Supplies Inventory	4,361	5,000
Prepaid Expenses	4,579	21,412
Total Current Assets	$ 2,595,668	$ 2,244,031
Non-Current Assets		
Land Held for Development	$ 503,388	$ 589,715
Plant & Equipment, net of accumulated depreciation of $64,507 and $45,685, respectively	$ 260,267	$ 278,563
Total Non-Current Assets	763,655	868,278
Total Assets	$ 3,359,323	$ 3,112,309
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 8,917	$ 54,535
Accrued Expenses	34,874	35,647
Home Deposits	8,775	5,436
Current Portion of Long-term Debt	45,091	82,868
Total Current Liabilities	$ 97,657	$ 178,486
Non-Current Liabilities		
Flexcap Note Payable	$ 155,089	$ 176,500
HUD Shop Notes Payable	48,759	42,131
AAR Notes Payable	7,285	29,289
Less: Current Portion of Long-term Debt	(45,091)	(82,868)
Total Non-Current Liabilities	166,042	165,052
Total Liabilities	$ 263,699	$ 343,538
Net Assets		
Unrestricted	$ 3,095,624	$ 2,768,771
Total Net Assets	3,095,624	2,768,771
Total Liabilities and Net Assets	$ 3,359,323	$ 3,112,309

See notes to financial statements

Habitat for Humanity of Monroe County, Inc.
Statements of Activities
For the Years Ended June 30, 2010 and 2009

		2010 Unrestricted		2009 Unrestricted
Revenue and Other Support				
Contributions	$	567,931	$	552,870
Grant Revenue		536,939		234,888
Home Sales (net of imputed interest)		657,888		367,781
Partner Family Income		-		13,522
Merchandise Sales		221,629		191,052
Utility/Credit Card Rebates		2,796		3,362
Rental Income		2,872		3,360
Interest Income		2,995		3,310
Grocery Coupons		205		2,930
Miscellaneous Income		17,019		18,544
Total Revenues and Other Support	$	2,010,274	$	1,391,619
Expenses				
Program Services	$	1,560,414	$	999,518
Management and Administrative		60,508		55,816
Fund Raising		62,541		63,463
Total Expenses		1,683,463		1,118,797
Changes in Net Assets	$	326,811	$	272,822
Net Assets, Beginning of Year	$	2,768,771	$	2,495,949
Prior period adjustment		42		-
Net Assets, Beginning of Year- Restated		2,768,813		2,495,949
Net Assets, End of Year	$	3,095,624	$	2,768,771

See notes to financial statements

Habitat for Humanity of Monroe County, Inc.
Statements of Cash Flows
For the Years Ending June 2010 and 2009

	2010	2009
Cash flows from operating activities		
Changes in net assets	$ 326,811	$ 272,822
Adjustments to reconcile changes in net assets to changes in net cash:		
Gain on sale of equipment	1,510	377
Depreciation Expense	18,822	7,043
Change in prepaid expenses	16,833	(11,238)
Change in property held for sale	86,327	(209,733)
Change in grocery coupons	1,251	
Change in construction supplies	596	-
Change in homes for sale	-	107,424
Change in construction in progress	-	4,036
Change in mortgages receivable	(376,413)	(133,462)
Change in accounts payable	(45,618)	(45,325)
Change in accrued expenses	(773)	35,647
Change home deposits	3,339	642
Change in other liabilities	85	(30,097)
Prior period adjustment	-	(10,122)
Net cash flow provided from (used by) operating activities	$ 32,770	$ (11,986)
Investing Activities		
Purchase of Property and Equipment	(2,036)	(100,791)
Net cash flow provided from (used by) investing activities	$ (2,036)	$ (100,791)
Financing Activities		
Principal payments long term debt	(54,287)	(40,180)
Borrowing long-term debt	17,500	199,250
Net cash provided/(used by) financing activities	$ (36,787)	$ 159,070
Change in Cash	(6,053)	46,293
Cash Beginning of Period	$ 493,931	$ 447,638
Cash End of Period	$ 487,878	$ 493,931

Habitat for Humanity of Monroe County, Inc.
Statement of Functional Expenses
For the Year Ending June 30, 2010

	Services					
	Habitat	ReStore	Total Program Services	Management & Administrative	Fundraising	Total
Salary & Wages	$ 284,629	102,686	387,315	24,005	34,293	445,612
Payroll Taxes	27,886	-	27,886	2,352	3,360	33,597
Benefits	11,662	1,194	12,856	984	1,405	15,244
Temporary Help	30,239	6,150	36,389	2,550	3,643	42,582
Computer Support	3,896	3,384	7,280	5,971	390	13,641
Cost of Homes Sold	858,070	-	858,070	-	-	858,070
Construction Supplies	2,272	-	2,272	-	-	2,272
Dues & Memberships	-	-	-	7	-	7
Advertising	-	6,983	6,983	-	-	6,983
Rental Expense	-	842	842	75	7,130	8,047
Insurance	12,681	-	12,681	6,828	-	19,509
Mortgage Services & Bank Fees	24,649	-	24,649	-	-	24,649
Office Supplies	3,379	3,061	6,440	154	168	6,762
Interest expense	8,850	-	8,850	-	-	8,850
Postage	8,405	118	8,523	185	320	9,028
Printing	1,058	17	1,075	740	8,779	10,594
Professional Services	5,439	-	5,439	3,750	-	9,189
Taxes	824	-	824	-	-	824
Repairs & Maintenance	987	2,632	3,619	-	-	3,619
Travel	11,883	29	11,912	2,136	-	14,048
Utilities	-	9,927	9,927	3,587	-	13,514
Telephone/Fax/Internet	4,072	2,062	6,134	2,838	-	8,972
Training	551	-	551	-	-	551
Vehicle Expense	3,208	5,935	9,143	695	-	9,838
Contributions	30,000	50,000	80,000	-	-	80,000
Depreciation	15,568	65	15,633	1,313	1,876	18,822
Bank Service Fees	31	2,477	2,508	73	1,178	3,759
Other	1,784	10,831	12,615	2,265	-	14,880
Total Expenses	$ 1,352,021	208,393	1,560,414	60,508	62,541	1,683,463

See notes to financial statements

Habitat for Humanity of Monroe County, Inc.
Statement of Functional Expenses
For the Year Ending June 30, 2009

	Services					
	Habitat	ReStore	Total Program Services	Management & Administrative	Fundraising	Total
Salary & Wages	$ 219,883	70,339	290,222	18,544	26,492	335,258
Payroll Taxes	40,593	5,228	45,821	3,423	4,891	54,135
Benefits	10,844	625	11,469	915	1,307	13,690
Temporary Help	33,039	13,625	46,664	8,166	3,463	58,293
Computer Support	2,886	1,855	4,741	5,520	918	11,179
Cost of Homes Sold	455,404	-	455,404	-	-	455,404
Construction Supplies	1,938	-	1,938	-	-	1,938
Dues & Memberships	-	-	-	7	-	7
Advertising	87	6,079	6,166	-	-	6,166
Rental Expense	-	842	842	-	8,376	9,218
Insurance	8,310	-	8,310	5,101	-	13,411
Mortgage Services & Bank Fees	9,362	-	9,362	-	-	9,362
Office Supplies	2,729	2,048	4,777	5,231	80	10,088
Interest expense	3,235	-	3,235	16	-	3,251
Postage	4,106	378	4,484	31	5,537	10,052
Printing	1,731	513	2,244	1,134	7,389	10,767
Professional Services	13,795	-	13,795	210	2,868	16,873
Taxes	3,162	-	3,162	-	-	3,162
Repairs & Maintenance	329	2,389	2,718	1,124	-	3,842
Travel	3,661	240	3,901	1,835	-	5,736
Utilities	21	9,113	9,134	1,280	-	10,414
Telephone/Fax/Internet	174	2,208	2,382	1,113	-	3,495
Training	2,494	-	2,494	-	240	2,734
Vehicle Expense	3,297	2,062	5,359	1,389	-	6,748
Contributions	48,247	2,124	50,371	-	-	50,371
Depreciation	5,350	285	5,635	704	704	7,043
Bank Service Fees	31	1,901	1,932	73	1,178	3,183
Other	802	2,154	2,956	-	21	2,977
Total Expenses	$ 875,510	124,008	999,518	55,816	63,463	1,118,797

See notes to financial statements

Habitat for Humanity of Monroe County, Inc.
Notes to Financial Statements
For the Years Ending June 30, 2010 and 2009

Note 1 - Summary of Significant Accounting Policies

Nature of Activity

Habitat for Humanity of Monroe County, Inc. (HFH) is a not-for-profit Indiana Corporation formed in 1996 for the purpose of providing residential housing for low income families who have been residents of Monroe County and adjacent counties for at least one year.

Families who purchase homes are identified by the Family Selection Committee who uses predetermined criteria which does not consider race, gender, nationality, age, handicap, religion, marital status or source of personal income. An approved applicant must provide 250 hours of "sweat equity", maintain the home as required by the mortgage contract, and participate in HFH's nurturing program which provides education and counseling.

HFH homes are sold at a predetermined price which is below cost, and HFH provides and services no-interest mortgages to the home buyers. For accounting purposes, the mortgages are discounted using an imputed interest rate of 8%. The discounts are amortized using the effective interest method over the life of the mortgage.

Income Taxes

The Organization is a nonprofit charitable organization as described in Section 501 (c) 3 of the Internal Revenue Code and therefore made no provision for federal and state income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private Organization" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2010 or 2009. Gifts to the Organization are tax deductible. HFH solicits contributions from individuals, businesses, and churches in the Bloomington, Monroe County area and also receives grants from HFH International as well as other organizations.

Basis of Accounting

The Organization prepares it financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. Expirations of temporarily restricted net assets by virtue of satisfaction of the restriction or expiration of the restriction are reported as reclassifications between the applicable classes of net assets.

Note 1 - Summary of Significant Accounting Policies (continued)

Accounting Method

HFH has adopted Statement of Financial Accounting Standards (SFAS) No. 116 and No. 117 which standards refer to accounting for contributions received and contributions made. In accordance with SFAS No. 116, all contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the nature, if any, of the donor's restrictions. Under SFAS No. 116, temporarily restricted contributions are required to be reported as such until the restriction is satisfied or expired. Temporarily restricted contributions received and satisfied in the current year are considered unrestricted contributions. Under SFAS No. 117, net assets are identified on the statement of financial position as unrestricted, temporarily restricted, or permanently restricted, as required. All contributions are considered unrestricted unless specifically restricted by the donor.

Cash and Cash Equivalents

For purposes of the statement of cash flows, HFH considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and gains, and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Materials and Services

Much of the labor on housing construction is performed by unpaid volunteers as well as fund raising activities. The value of this contributed time has not been valued, and hence not a part of these financial statements. Building materials donated to the Restore operations have not been valued. Sale of these items is recorded as net income to Restore. These items and services are not susceptible to objective measurement. Donated items such as new appliances for the houses being constructed are valued at their cost by the donor.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were $6,983 and $6,166 as of June 30, 2010 and 2009, respectively.

Note 1 - Summary of Significant Accounting Policies (continued)

Disclosure about Fair Value of Financial Instruments

In 2008, the Organization adopted the provisions of SFAS No. 157, *Fair Value Measurements*. Under SFAS No. 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS No. 157 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair values hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active market for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 – Valuations are based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such instances, an investment's level within fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Organization's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair values are as follows:

Investments – The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon extremely developed models that use unobservable inputs due to limited market activity of the investment. As of June 30, 2010 and 2009 there were no investments.

Note 1 - Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109.* FIN 48 clarifies the accounting uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement 109, *Accounting for Income Taxes.* FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting, and disclosing in the financial statements tax positions taken or expected to be taken on a tax return including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result application of FIN 48 these will be accounted for as an adjustment to the opening balance of retained earnings. Additional disclosures about the amounts of such liabilities will be required also. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies.* The Organization adopted FIN 48 in its 2010 annual financial statements and management does not expect the adoption of FIN 48 to have a material effect on its financial statements since HFH utilized the guidance within FASB No. 109.

In June 2009, the FASB issued SFAS 168 *Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* to replace SFAS No. 162. SFAS 168 modifies the GAAP hierarchy to include only two levels of GAAP: authoritative and nonauthoritative. The hierarchy of accounting principles within SFAS No. 168 is consistent with that previously defined SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles.* SFAS No. 162 identifies the sources of accounting principles and provides a consistent framework, or hierarchy, for selecting the accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for nongovernmental entities. SFAS No. 168 became effective for years beginning on or after December 15, 2009 for nonpublic nongovernmental entities. HFH had previously utilized the guidance within SFAS No. 162, and, therefore, does not expect the adoption of SFAS No. 168 to have a material effect on the financial statements.

Note 2 - Mortgages Receivable

As of June 30, 2010 and 2009, HFH held mortgages for 86 and 74 houses, respectively. Management believes that all mortgages are collectible, thus no allowance for doubtful accounts has been recorded.

Note 3 – Grocery Coupons

HFH purchases grocery coupons at a 5% discount from Kroger and Marsh which they sell as part of fund raising activities. Coupons not sold are valued at cost.

Note 4 – Land, Property and Equipment

Land, property and equipment are stated at cost or, in the case of donated property or equipment, at appraised value at the date of acquisition. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reclassifies temporarily restricted net assets at that time. Depreciation is computed using primarily the straight-line method based upon the following estimated useful lives of such assets:

			Years
	Buildings and improvements		10-40
	Machinery and equipment		5-10
	Furniture, fixtures and other		5-10

Routine maintenance and repairs under $1,000 are expensed as incurred and major additions or improvements are capitalized. Upon retirement, sale or disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and gain or loss included in operations.

The following are the components of Land, Plant and Equipment:

		6/30/10		**6/30/09**
Campbell House improvements	$	120,767	$	120,767
Lindbergh rental		75,106		75,106
Equipment		39,478		37,442
Furniture and fixtures		0		1,510
Vehicles		71,808		71,808
Land Lindbergh rental		17,615		17,615
Less: accumulated depreciation		64,507		45,685
Total Land, property and equipment	**$**	**260,267**	**$**	**278,563**

Depreciation expense for the years ended June 30, 2010 and 2009 was $18,822 and $7,043, respectively.

Note 5- Property Held for Development and Resale

HFH purchases building lots on which residential dwellings will be constructed in the future. Land held for development was $503,388 and $589,715, respectively as of June 30, 2010 and 2009.

Note 6 – Concentration of Credit Risk

At various times during the year, the Organization's cash in bank balances at financial institutions exceeded the federally insured limits. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. On October 3, 2008, FDIC deposit insurance temporarily increased from $100,000 to $250,000 per depositor through December 31, 2013. As of June 30, 2010 and 2009, the Organization's uninsured cash balances including certificates of deposit totaled $12,085 and $48,809, respectively. Cash management separates the SHOP account as a requirement of a Habitat for Humanity International, Inc. As of June 30, 2010 and 2009 certificates of deposit having maturities of twelve months or less were $35,514 and $35,514, respectively and twelve months or more were $0.

Note 7 - Notes Payable

HFH notes payable from Habitat for Humanity International, Inc. as of June 30, 2010.

Loan Number	Note Balance	Current Portion Long-term Debt	Collateral	Interest Rate	Maturity Date	Original Loan Date	Monthly Payment
103025	4,017	3,984	Unsecured	0%	6/01/2011	08/01/2006	332.00
121054	6,096	2,436	Unsecured	0%	7/01/2012	6/11/2007	203.00
122016	2,044	804	Unsecured	0%	1/01/2013	7/09/2007	67.00
123011	4,880	1,620	Unsecured	0%	7/01/2013	2/21/2008	135.00
131079	14,222	2,028	Unsecured	0%	12/01/2013	11/15/2008	338.00
151039	17,500	4,368	Unsecured	0%	12/29/2014	9/29/2009	364.00
50333	7,285	7,285	Mortgage	3.25%	12/01/2010	3/01/2004	409.66
Flexcap 09	155,089	22,566	Mortgage	5.30%	6/01/2016	4/01/2009	2528.74
Total	211,133	45,091					

Future scheduled maturities of long term obligation are as follows:

June 30, 2011	$	45,091
June 30, 2012		35,057
June 30, 2013		34,747
June 30, 2014		32,870
June 30, 2015		29,883
June 30, 2016 and thereafter		33,485

Note 7 - Notes Payable (continued)

HFH notes payable from Habitat for Humanity International, Inc. as of June 30, 2009.

Loan Number	Note Balance	Current Portion Long-term Debt	Collateral	Interest Rate	Maturity Date	Original Loan Date	Monthly Payment
103025	8,001	3,983	Unsecured	0%	6/01/2011	08/01/2006	332.00
121054	8,532	2,436	Unsecured	0%	7/01/2012	6/11/2007	203.00
122016	2,848	804	Unsecured	0%	1/01/2013	7/09/2007	67.00
123011	6,500	6,500	Unsecured	0%	7/01/2013	2/21/2008	135.00
131079	16,250	16,250	Unsecured	0%	12/01/2013	11/15/2008	338.00
50282	7,784	7,784	Mortgage	3.85%	12/01/2009	3/01/2003	1,316.04
50333	21,505	14,748	Mortgage	3.25%	12/01/2010	3/01/2004	409.66
Flexcap 09	176,500	30,363	Mortgage	5.30%	6/01/2016	4/01/2009	2528.74
Total	247,920	82,868					

Note 8 - Amortization of Homes Sold

The selling price of each HFH home is calculated as follows:

Bids for all material to be used in a home are submitted in December of the year, being received in January of the following year. A fixed cost for land is added. HFH subsidizes part of the housing costs. In this way costs are updated annually. Amounts are added for administrative costs plus any allowances for options chosen by the prospective homeowner. Costs in excess of "budgeted" amounts are absorbed as program expenses by HFH.

Note 9 - Long Term Contracts

On March 11, 2009, HFH entered into a construction contract in the amount of $342,000 with an independent third party for the development of infrastructure. HFH is responsible for remitting payments as work is completed and approved for payment. During the fiscal year ended June 30, 2009 $189,358 was paid. The remaining balance was paid as the work was completed as of June 30, 2010.

Note 10 - Restore Operation

Restore is a relatively new operation which was instituted in FY 2004. Donated building materials are sold to the general public. During the year, revenues realized exceeded the cost of operations by $56,851 and $88,617.

Note 11 - Related Party Transactions

There were no known related party transactions in the current or prior year.

Note 12 – Contingencies

There were no known contingencies as of June 30, 2010 and 2009.

Note 13– Commitments

On September 18, 2006 the First Christian Church and HFH entered into an agreement whereas HFH for the sum of one dollar shall rent the office building located at 213 East Kirkwood Avenue in Bloomington, Indiana for the period of twenty (20) years ending on September 17, 2026. In addition to the one dollar rent HFH further agreed to renovate the office building at a sum to approximate $130,000 to make the building suitable for their business offices. In the event of early lease termination the church agrees to a buyout provision whereas the church remits to HFH the depreciated value as of the termination date any improvements made by HFH to the demised premises as evidenced by Internal Revenue Service depreciation schedules.

Note 14 – Retirement Plan

The Organization provides a pension plan under the provisions of 401(k) of the Internal Revenue Code for qualifying employees. Eligible employees are employees with one year of service and minimum age of 21. An eligible employee may make a salary reduction election to have his or her compensation for each pay period reduced by a percentage or set dollar amount. The total amount of the reduction in the employee's compensation cannot exceed $16,500 or $21,500 catch-up provisions for employees over fifty years of age for any calendar year. For each calendar year, the Organization, with board approval, will make a matching contribution to each eligible employee's pension equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.

The pension account expenses and balances are summarized below:

	6/30/10	**06/30/09**
Matching employer contributions	$ 7,806	$ 6,372
Employee contributions	18,983	16,351
	$ 26,789	$ 22,723

Note 15 – Summary of Grants

Grants and bequests require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting gifts and their terms; it has accommodated the objectives of the Organization to the provisions of the gift.

Note 15 – Summary of Grants (continued)

Indiana Department of Environmental Management (IDEM)

The Indiana General Assembly made funding available under IC 13-20-22 to provide grants to promote and assist recycling throughout Indiana. The IDEM "Indiana Recycling Grant" in the amount of $39,347 has the following objective: purchase a truck with a lift gate, forklift and deconstruct equipment. Grant funds will also be used for educational material to encourage the public to donate quality reusable materials to the ReStore for resale to support a reduction in waste and conserve resources in Indiana.

City of Bloomington

In fiscal year June 30, 2010, the City of Bloomington and Neighborhood Development Department (HAND) awarded $89,000 in grants with the following objective: to help pay for the construction of two single-family homes for low-income individuals and families in accordance with HUD regulations. The City of Bloomington also awarded $1,000 for the furtherance of the HFH mission.

In fiscal year June 30, 2009, the City of Bloomington awarded $40,000 in grants with the following objective: to help pay for the restoration of Campbell House for use by agency and staff. The City of Bloomington also awarded $4,900 for the furtherance of the HFH mission.

Federal Home Loan Bank (FHLB)

As of June 30, 2010 and 2009, the FHLB Homeownership Opportunities Program (HOP) Grants awarded $100,000 and $30,000, respectively to homeowner borrowers with the agreement that the borrower shall maintain ownership and reside in the property as their primary residence for a period of five (5) years from the date of closing.

The Home Depot Foundation (HDF)

As of June 30, 2010, the HDF awarded $24,000 to HFH with the agreement to create the Partners in Sustainable Building Program. The partnership funds are awarded for up to 15 houses at $3,000 per house for the construction and rehabilitation of houses to be occupied by low-income individuals or families who assume a mortgage on the house. The funds are awarded upon completion and certification of occupancy.

Note 15 – Summary of Grants (continued)

Habitat for Humanity International (HFHI)

As of June 30, 2010 and 2009, the HFHI Self-Help Homeownership Opportunities Program (SHOP) awarded $70,000 for the purchase of land and/or infrastructure for six units. HFH agrees to build energy star –labeled houses and use energy star-labeled products and appliances. The program provides for 75% grant of $52,500 and 25% loan of $17,500.

Indiana Housing and Community Development Authority (IHCDA)

As of June 30, 2010, IHCDA awarded HFH $482,500 for the construction of single family homes for low-income individuals and families. Included in the grant was $374,000 for new home construction, $70,000 developer's fee and $38,500 for home ownership counseling. As of June 30, 2010, $183,180 was applied for, received, and included in grant income on the statement of financial position.

U.S. Canada Softwood Lumber Agreement

Habitat for Humanity, International was awarded $100 million for distribution to U.S. affiliates in timber-reliant states. The funds are allocated through 4,000 grants of $25,000 each – the cost of lumber for the typical U.S. Habitat home. Lumber purchases account for about one-third of the cost of a Habitat house. During fiscal year end June 30, 2010 and 2009, $45,868 and $75,315, respectively was applied for and received.

Note 16 – Subsequent Events

HFH entered into four "Offers to Purchase Unimproved Property" in July 2010. HFH submitted $10,000 in earnest money on a total purchase price of $230,000 for 5.5 acres more or less in the City of Bloomington, Indiana. The offer had the following terms: 60 days for due diligence, a closing date by 12/30/10, and the seller agrees to donate $30,000 to HFH at closing. The three offers were for $30,000 each for 3 unimproved lots in Perry Township Bloomington, Indiana with a closing date on or before August 31, 2010.

The available to issue date and review of subsequent events was August 11, 2010 of the audit.