

**HABITAT FOR HUMANITY
ST. TAMMANY WEST**

Audits of Financial Statements

June 30, 2021 and 2020



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Independent Auditor's Report

To the Board of Directors
Habitat for Humanity St. Tammany West
Mandeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Habitat for Humanity St. Tammany West (a Louisiana not-for-profit corporation) (HFHSTW), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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

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 and, for the year ended June 30, 2021, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Those standards require that we 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 judgment, 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

LOUISIANA • TEXAS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity St. Tammany West as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 on our consideration of HFHSTW's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HFHSTW's 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 HFHSTW's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA
October 27, 2021

HABITAT FOR HUMANITY ST. TAMMANY WEST
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 750,254	\$ 764,750
Restricted Cash - Escrow Deposits	105,131	139,757
Restricted Cash - Expense Reserve	12,540	21,497
Restricted Cash - Microfinance Fund	98,411	97,549
Mortgage Notes Receivable, Current Portion, Net	323,246	322,665
Pledges Receivable, Current Portion, Net	74,483	113,834
Grants Receivable	153,219	37,856
Accounts Receivable	85,675	77,330
Notes Receivable - Microfinance Fund	4,560	6,327
Inventory	13,045	25,300
Other Assets	17,912	20,009
Construction in Progress	289,104	562,059
Total Current Assets	1,927,580	2,188,933
Property and Equipment		
Building and Improvements	1,638,749	1,608,510
Vehicles	123,122	168,160
Office Furniture and Equipment	119,232	112,106
	1,881,103	1,888,776
Less: Accumulated Depreciation	(948,541)	(922,467)
	932,562	966,309
Land	500,829	500,829
Total Property and Equipment, Net	1,433,391	1,467,138
Other Assets		
Long-Term Portion of Mortgage Notes Receivable, Net of Unamortized Discounts	1,607,266	1,646,011
Investment in HFHI NMTC Sub-CDE I, LLC	1,021,941	1,021,941
Land Held for Future Home Sites	613,571	547,641
Security Deposits	2,782	2,782
Long-Term Portion of Pledges Receivable	33,545	59,243
Other	164,956	320,771
Total Other Assets	3,444,061	3,598,389
Total Assets	\$ 6,805,032	\$ 7,254,460

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

HABITAT FOR HUMANITY ST. TAMMANY WEST
Statements of Financial Position (Continued)
June 30, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 67,774	\$ 80,356
Accrued Payroll and Other Expenses	119,672	131,692
Current Maturities of Notes Payable	54,405	164,277
Deferred Revenue	49,540	66,633
Escrow Deposits	105,131	139,757
	<hr/>	<hr/>
Total Current Liabilities	396,522	582,715
Long-Term Liabilities		
Long-Term Portion of Notes Payable	719,070	639,887
QLICI Note Payable	1,495,639	1,495,639
Less: Loan Obligation Costs, Net	(85,175)	(98,929)
	<hr/>	<hr/>
Total Long-Term Liabilities	2,129,534	2,036,597
	<hr/>	<hr/>
Total Liabilities	2,526,056	2,619,312
Net Assets		
Without Donor Restrictions	4,170,948	4,462,071
With Donor Restrictions	108,028	173,077
	<hr/>	<hr/>
Total Net Assets	4,278,976	4,635,148
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 6,805,032	\$ 7,254,460

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

HABITAT FOR HUMANITY ST. TAMMANY WEST
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support			
Sales of Houses			
Sales Revenue	\$ 1,369,031	\$ -	\$ 1,369,031
Less: Mortgage Notes Receivable Discount	(789,914)	-	(789,914)
Amortization of Mortgage Notes			
Receivable Discount	192,632	-	192,632
ReStore Revenues	915,835	-	915,835
Grants	875,360	-	875,360
Contributions	106,090	-	106,090
Event Revenues			
Event Income	302,132	-	302,132
Event Expenses	(12,383)	-	(12,383)
HFHI NMTC Sub CDE I, LLC			
Investment Income	10,203	-	10,203
Contributions In-Kind	124,947	-	124,947
Gain on Sale of Mortgages Receivable	449,145	-	449,145
Other Revenue	105,432	-	105,432
	<u>3,648,510</u>	<u>-</u>	<u>3,648,510</u>
Net Assets Released from Restrictions	<u>65,049</u>	<u>(65,049)</u>	<u>-</u>
Total Revenues, Gains, and Support	<u>3,713,559</u>	<u>(65,049)</u>	<u>3,648,510</u>
Expenses and Losses			
Program Services			
Housing	2,504,758	-	2,504,758
ReStore	824,221	-	824,221
Supporting Services			
Management and General	344,230	-	344,230
Fundraising	256,257	-	256,257
Total Expenses	<u>3,929,466</u>	<u>-</u>	<u>3,929,466</u>
Loss on Sale of Assets	75,216	-	75,216
Total Expenses and Losses	<u>4,004,682</u>	<u>-</u>	<u>4,004,682</u>
Change in Net Assets	<u>(291,123)</u>	<u>(65,049)</u>	<u>(356,172)</u>
Net Assets, Beginning of Year	<u>4,462,071</u>	<u>173,077</u>	<u>4,635,148</u>
Net Assets, End of Year	<u>\$ 4,170,948</u>	<u>\$ 108,028</u>	<u>\$ 4,278,976</u>

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

HABITAT FOR HUMANITY ST. TAMMANY WEST
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Support			
Sales of Houses			
Sales Revenue	\$ 624,732	\$ -	\$ 624,732
Less: Mortgage Notes Receivable Discount	(359,576)	-	(359,576)
Amortization of Mortgage Notes			
Receivable Discount	359,434	-	359,434
ReStore Revenues	791,128	-	791,128
Grants	97,500	-	97,500
Contributions	218,912	-	218,912
Event Revenues			
Event Income	184,039	145,845	329,884
Event Expenses	(36,590)	-	(36,590)
Volunteer Income	18,966	-	18,966
HFHI NMTC Sub CDE I, LLC			
Investment Income	10,203	-	10,203
Contributions In-Kind	86,310	-	86,310
Gain on Sale of Mortgages Receivable	699,696	-	699,696
Gain on Sale of Assets	15,036	-	15,036
Other Revenue	130,612	-	130,612
	<u>2,840,402</u>	<u>145,845</u>	<u>2,986,247</u>
Net Assets Released from Restrictions	<u>146,391</u>	<u>(146,391)</u>	<u>-</u>
Total Revenues, Gains, and Support	<u>2,986,793</u>	<u>(546)</u>	<u>2,986,247</u>
Expenses			
Program Services			
Housing	1,778,057	-	1,778,057
ReStore	751,902	-	751,902
Supporting Services			
Management and General	327,334	-	327,334
Fundraising	242,197	-	242,197
Total Expenses	<u>3,099,490</u>	<u>-</u>	<u>3,099,490</u>
Change in Net Assets	(112,697)	(546)	(113,243)
Net Assets, Beginning of Year	<u>4,574,768</u>	<u>173,623</u>	<u>4,748,391</u>
Net Assets, End of Year	<u>\$ 4,462,071</u>	<u>\$ 173,077</u>	<u>\$ 4,635,148</u>

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

HABITAT FOR HUMANITY ST. TAMMANY WEST
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services		Total Program Services	Supporting Services		Total Supporting Services	Total
	Housing	ReStore		Management and General	Fundraising		
Wages	\$ 573,790	\$ 394,354	\$ 968,144	\$ 223,458	\$ 182,940	\$ 406,398	\$ 1,374,542
Occupancy							
Interest	25,603	5,260	30,863	840	315	1,155	32,018
Utilities	15,129	24,395	39,524	3,819	4,291	8,110	47,634
Insurance	41,994	17,532	59,526	4,135	4,669	8,804	68,330
Repairs and Maintenance	6,399	33,906	40,305	2,083	1,784	3,867	44,172
Total Occupancy	89,125	81,093	170,218	10,877	11,059	21,936	192,154
Operating							
Direct Construction Costs - NMTC	296,689	-	296,689	-	-	-	296,689
Direct Construction Costs - Other	1,222,882	-	1,222,882	-	-	-	1,222,882
Cost of Goods Sold	-	31,100	31,100	-	-	-	31,100
Supplies and General	4,584	10,421	15,005	2,324	346	2,670	17,675
Vehicle Fuel, Insurance, and Maintenance	2,962	7,441	10,403	39	54	93	10,496
Other Operating Costs	80,119	86,950	167,069	25,742	17,369	43,111	210,180
Total Operating	1,607,236	135,912	1,743,148	28,105	17,769	45,874	1,789,022
Administrative							
Payroll Taxes and Benefits	151,152	90,317	241,469	27,575	40,585	68,160	309,629
Professional Fees	69,733	67,007	136,740	52,647	3,120	55,767	192,507
Total Administrative	220,885	157,324	378,209	80,222	43,705	123,927	502,136
Depreciation	13,722	55,538	69,260	1,568	784	2,352	71,612
Total Functional Expenses	\$ 2,504,758	\$ 824,221	\$ 3,328,979	\$ 344,230	\$ 256,257	\$ 600,487	\$ 3,929,466

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

HABITAT FOR HUMANITY ST. TAMMANY WEST
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services		Total Program Services	Supporting Services		Total Supporting Services	Total
	Housing	ReStore		Management and General	Fundraising		
Wages	\$ 574,765	\$ 360,324	\$ 935,089	\$ 218,085	\$ 173,137	\$ 391,222	\$ 1,326,311
Occupancy							
Interest	34,837	5,966	40,803	955	358	1,313	42,116
Utilities	13,708	24,187	37,895	3,757	4,363	8,120	46,015
Insurance	39,349	17,492	56,841	4,437	4,592	9,029	65,870
Repairs and Maintenance	20,880	32,643	53,523	3,942	1,246	5,188	58,711
Total Occupancy	108,774	80,288	189,062	13,091	10,559	23,650	212,712
Operating							
Direct Construction Costs - NMTC	13,754	-	13,754	-	-	-	13,754
Direct Construction Costs - Other	761,396	-	761,396	-	-	-	761,396
Cost of Goods Sold	-	27,241	27,241	-	-	-	27,241
Supplies and General	9,396	10,722	20,118	2,015	515	2,530	22,648
Vehicle Fuel, Insurance, and Maintenance	2,465	7,411	9,876	343	270	613	10,489
Other Operating Costs	111,209	73,516	184,725	37,928	22,045	59,973	244,698
Total Operating	898,220	118,890	1,017,110	40,286	22,830	63,116	1,080,226
Administrative							
Payroll Taxes and Benefits	122,907	69,242	192,149	25,794	34,887	60,681	252,830
Professional Fees	62,306	68,416	130,722	28,510	-	28,510	159,232
Total Administrative	185,213	137,658	322,871	54,304	34,887	89,191	412,062
Depreciation	11,085	54,742	65,827	1,568	784	2,352	68,179
Total Functional Expenses	\$ 1,778,057	\$ 751,902	\$ 2,529,959	\$ 327,334	\$ 242,197	\$ 569,531	\$ 3,099,490

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

HABITAT FOR HUMANITY ST. TAMMANY WEST
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ (356,172)	\$ (113,243)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used in Operating Activities		
Depreciation	71,612	68,179
Loss (Gain) on Disposal of Assets	75,216	(15,036)
Gain on Sale of Mortgage Notes Receivable	(449,145)	(699,696)
Donations of Land for Future Home Sites	(40,000)	(24,800)
Income from HFHI NMTC Sub-CDE I, LLC	(10,203)	(10,203)
Loan Forgiveness - Paycheck Protection Program	(285,200)	-
Amortization of Loan Obligation Costs	13,754	13,754
(Increase) Decrease in Assets		
Mortgage Notes Receivable	(304,184)	(68,220)
Pledges Receivable	65,049	546
Grants Receivable	(115,363)	(37,856)
Accounts Receivable	(8,345)	53,225
Notes Receivable - Microfinance Fund	1,767	3,928
Inventory	12,255	(6,672)
Other Assets	(68,103)	317
Construction in Progress	272,955	(250,337)
Increase (Decrease) in Liabilities		
Accounts Payable	(12,582)	(3,759)
Accrued Payroll and Other Expenses	(12,020)	30,449
Deferred Revenue	(17,093)	(15,613)
Escrow Deposits	(34,626)	(3,065)
Net Cash Used in Operating Activities	(1,200,428)	(1,078,102)
Cash Flows from Investing Activities		
Distribution from HFHI NMTC Sub-CDE I, LLC	10,203	10,203
Purchases of Property and Equipment	(37,866)	(43,200)
Proceeds from Sale of Property and Equipment	4,800	76,600
Proceeds from Sale of Other Assets	146,000	-
Proceeds from Sale of Mortgage Notes Receivable	791,493	1,339,112
Proceeds from Sale of Land Held for Future Home Sites	198,070	152,600
Purchases of Land Held for Future Home Sites	(224,000)	(60,436)
Net Cash Provided by Investing Activities	888,700	1,474,879

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

HABITAT FOR HUMANITY ST. TAMMANY WEST
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Financing Activities		
Proceeds from Lines of Credit	100,000	100,000
Repayments of Lines of Credit	(100,000)	(350,000)
Proceeds from Notes Payable	285,200	285,200
Principal Payments on Notes Payable	(30,689)	(41,809)
Net Cash Provided by (Used In) Financing Activities	254,511	(6,609)
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(57,217)	390,168
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,023,553	633,385
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 966,336	\$ 1,023,553
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 32,018	\$ 42,116
Non-Cash Donations of Materials, Supplies, and Other	\$ 103,782	\$ 103,782

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

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Habitat for Humanity St. Tammany West (HFHSTW) was founded in 1981 as the tenth affiliate of Habitat for Humanity International and first in the State of Louisiana. HFHSTW's vision is a world where everyone has a decent place to live, and its mission is implemented by bringing people together to build homes, communities, and hope. HFHSTW identifies and acquires building sites and builds housing for workforce and low-income family partners. These homes, located in the western half of St. Tammany Parish, are sold to qualified family partners who have contributed 300-400 hours of sweat equity and signed non-interest-bearing mortgage notes. HFHSTW relies heavily on volunteer efforts, donations from individuals, churches, companies, Habitat's Fund for Humanity, grants, and various other financing vehicles to fund the construction projects.

Habitat's Fund for Humanity consists of non-interest-bearing mortgage notes receivable payments from existing homeowners (see Note 5). In effect, homeowners, when making monthly mortgage payments for their homes, are supporting the construction financing for future homeowners.

HFHSTW's programs include:

Housing

HFHSTW provides exceptional services to ensure that low-income individuals and families in western St. Tammany Parish have the opportunity for successful and sustainable homeownership. For 39 years, HFHSTW has been offering a hand up, not a handout, to its partner families. All Habitat homeowners purchase their homes and pay an affordable, interest-free mortgage. In 2013, HFHSTW opened the St. Tammany Homeownership Center (HOC). HOC services include financial literacy, first-time homebuyer training, and home maintenance classes. The HOC is open to both HFHSTW homebuyers and to any first-time homebuyer in St. Tammany Parish. In 2020, the HOC was approved as a HUD local Housing Counseling Agency.

ReStore

HFHSTW also operates a 20,000+ square foot ReStore facility from which it primarily sells donated building materials and home furnishings to the public. The ReStore is a social enterprise which connects the mission of the affiliate with the market-driven approach of a business. The net cash flow from ReStore operations is used to fund a portion of the acquisition of the building sites and construction of homes referred to in the previous paragraphs.

Basis of Accounting

The financial statements of HFHSTW are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

Basis of Presentation

HFHSTW follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of HFHSTW and changes thereto are classified and reported as:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no donor-imposed restrictions that are perpetual in nature as of June 30, 2021 and 2020. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates. Estimates are used primarily for depreciation and amortization, the allowance for doubtful accounts, and discount on mortgage notes receivable.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, HFHSTW considers all short-term highly liquid investments with an original maturity of one year or less from the date of acquisition to be cash equivalents.

Mortgage Notes Receivable

Mortgage notes receivable consist of non-interest-bearing mortgage notes which are collateralized by real estate in the St. Tammany West area and payable in monthly installments over the life of the mortgage loans. The mortgage notes receivable are net of discounts, which represent the difference between the stated amount of the mortgage notes and the present value based on an imputed amount of interest. The present value calculation also reflects credit risk. The discounts are amortized over the lives of the mortgage loans. The mortgage discount interest rate is set annually by Habitat for Humanity International. The rate is calculated by taking the average rate for twelve months, as published by the Internal Revenue Service (IRS) under the Index of Applicable Federal Rates (AFR) Rulings for Low-Income Housing Tax Credits. Mortgage notes receivable are considered past due if payments are more than 30 days late. Management believes that the values of such collateral are in excess of the net mortgage notes receivable as of June 30, 2021 and 2020, and, therefore, no allowance for losses has been provided.

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Land Held for Future Home Sites

Land held for future home sites consists of purchased lots that will be used in future development of houses to be sold. The land is carried at the lower of cost or net realizable value and reclassified to construction in progress once construction has begun.

Loan Obligation Costs

Certain costs related to the New Markets Tax Credit financing (see Note 7) have been capitalized and are being amortized over the estimated life of the related note payable. Financing and loan acquisition costs totaled \$165,407 as of June 30, 2021 and 2020. Accumulated amortization totaled \$80,232 as of June 30, 2021 and \$66,478 as of June 30, 2020.

Compensated Absences

Accumulated paid time off is payable upon termination of employment and is accrued. HFHSTW's obligation as of June 30, 2021 and 2020 totaled \$79,326 and \$96,381, respectively, which is included in accrued payroll and other expenses on the statements of financial position.

Sale of Houses

HFHSTW builds and sells houses to low-income individuals. Such revenues are recognized at the date of closing for the house as this is the point in time HFHSTW has determined to satisfy their performance obligation.

ReStore Revenue

HFHSTW has a resale store that sells primarily donated goods. The sales revenue is not restricted and is recognized at the time the goods are sold.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions were made. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Gifts of long-lived operating assets such as land, buildings, or equipment are reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

Events Revenue

Events revenue includes the cost of direct benefits to donors and contribution revenue. Direct benefits to donors for special events are generally received within the fiscal year the payments are received. If the direct benefits are received subsequent to the fiscal year end, revenue will be recognized in the period the benefits are received.

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Sale of Mortgages

HFHSTW sells existing mortgages to a third-party bank. Such revenues are recognized at the date of sale as this is the point in time HFHSTW has determined to satisfy their performance obligation.

Donated Services of Volunteers and Other In-Kind Donations

A substantial number of volunteers have given extensive amounts of time and services to HFHSTW. However, no amounts are reflected in the financial statements for such services as management feels that the requirements for recording in-kind services have not been satisfied. Other contributed services that require specialized skills provided by individuals possessing those skills and otherwise needing to be purchased if not provided by donation are recognized as revenue and expense and totaled \$40,675 and \$39,386 for the years ended June 30, 2021 and 2020, respectively.

Donations of materials, supplies, and other totaled \$84,273 and \$103,782 for the years ended June 30, 2021 and 2020, respectively.

Income Taxes

HFHSTW is a non-profit entity organized under the laws of the State of Louisiana and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of Louisiana Revised Statute 47.121(5).

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. HFHSTW believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in interest expense.

Sales Tax

The State of Louisiana and St. Tammany Parish impose a combined sales tax of 8.7% on all of HFHSTW sales to non-exempt customers. HFHSTW collects that sales tax from customers and remits the entire amount to the State. For the years ended June 30, 2021 and 2020, HFHSTW remitted state sales taxes totaling \$77,561 and \$66,718, respectively. Sales tax collected and paid is not reported as revenues and expenses on the statements of activities and changes in net assets.

Advertising Expense

HFHSTW uses advertising to promote ReStore operations and fundraising activities. The costs of advertising are expensed as incurred. For the years ended June 30, 2021 and 2020, advertising costs totaled \$9,600 and \$4,183, respectively.

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Allocated Expenses

Expenses are summarized on a functional basis. The statements of functional expenses present the natural classification detail of expense by function. Salaries and related payroll expenses are allocated based upon the time spent for each function. Allocation of all other shared expenses is based upon management's estimates of the usage applicable to conducting various program or support activities. The other shared expenses that are allocated include utilities, insurance, telephone, rent, and interest.

Recently Issued Accounting Pronouncements - Pending Adoption

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as financing or operating leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05, *Leases (Topic 842): Effective Dates for Certain Entities*, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. HFHSTW is currently evaluating the impact ASU 2016-02 will have on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard addresses measurement of contributed nonfinancial assets recognized by not-for-profit organizations and enhances disclosures with respect to these contributions. The ASU will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. HFHSTW is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

Recently Issued Accounting Pronouncements - Adopted

HFHSTW has adopted ASU No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of HFHSTW's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way HFHSTW recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 2. Liquidity and Availability

HFHSTW regularly monitors liquidity required to meet its operating needs and other contractual commitments. HFHSTW manages its cash available to meet general expenditures following the guiding principles of operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets. In addition, HFHSTW maintains a line of credit as a source of liquidity if needed. See Note 8 for information about this line of credit. In addition to financial assets available to meet general expenditures over the next 12 months, HFHSTW operates with a budget to monitor resources and spending.

As of June 30, 2021, financial assets available for general operating purposes within one year of the balance sheet date consist of the following:

Cash and Cash Equivalents	\$	750,254
Mortgage Notes Receivable, Current Portion, Net		323,246
Pledges Receivable, Current Portion, Net		74,483
Grants Receivable		153,219
Accounts Receivable		85,675
Total	\$	1,386,877

Note 3. Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	June 30,	
	2021	2020
Cash and Cash Equivalents	\$ 750,254	\$ 764,750
Restricted Cash	216,082	258,803
Total	\$ 966,336	\$ 1,023,553

HFHSTW services the mortgages on the homes it sells. Restricted cash for escrow deposits as of June 30, 2021 and 2020 was \$105,131 and \$139,757, respectively.

During the year ended June 30, 2016, HFHSTW participated in a New Markets Tax Credit (NMTC) transaction. Upon commencement of the transaction, HFHSTW established an expense reserve fund to pay Habitat for Humanity International for servicing, compliance, and consulting fees related to the NMTC transaction. The balance of the expense reserve as of June 30, 2021 and 2020 was \$12,540 and \$21,497, respectively.

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 3. Cash, Cash Equivalents, and Restricted Cash (Continued)

During the year ended June 30, 2018, HFHSTW created a Microfinance Fund, used to make short-term, low-interest loans to HFHSTW homeowners in need of critical home repairs. The balance of the Microfinance Fund as of June 30, 2021 and 2020 was \$98,411 and \$97,549, respectively.

Note 4. Concentration of Credit Risk

HFHSTW builds and rehabilitates homes in the St. Tammany West area. As a result, all of the mortgage notes receivable from homeowners are concentrated as to geographic risk. Also, all homes built are transferred to low-income families, which can represent a credit risk.

HFHSTW maintains cash balances at several local financial institutions where the funds are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. As of June 30, 2021, HFHSTW had cash deposits in excess of the insured limits in the amount of \$256,114. As of June 30, 2020, HFHSTW had cash deposits in excess of the insured limits in the amount of \$228,179.

Note 5. Mortgage Notes Receivable

HFHSTW sells its completed homes to individual and family partners in exchange for a mortgage note (see Note 11) secured by the residence with typical repayment terms over 15 to 35 years and bearing 0% interest. As of June 30, 2021, HFHSTW held 116 non-interest-bearing loans, with none pledged to secure certain notes payable. As of June 30, 2020, HFHSTW held 117 non-interest-bearing loans, 7 of which (\$306,049 gross carrying value) were pledged to secure certain notes payable. (see Note 9).

During the year ended June 30, 2021, HFHSTW sold 7 of its loans (\$842,219 gross carrying value) to a financial institution. The sales prices ranged from 90% to 100% of face value. During the year ended June 30, 2020, HFHSTW sold 26 of its loans (\$1,385,092 gross carrying value) to a financial institution. The sales prices ranged from 90% to 100% of face value. The loans are considered to be delinquent after 90 days of non-payment of principal. HFHSTW will repurchase or replace any delinquent loans if those loans are called by the financial institution. HFHSTW has retained servicing of these loans, which is performed by a third-party financial institution. During the years ended June 30, 2021 and 2020 no delinquent loans were repurchased and replaced.

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 5. Mortgage Notes Receivable (Continued)

As of June 30, 2021 and 2020, a summary of the mortgage notes receivable was:

	2021	2020
Mortgage Notes Receivable	\$ 4,372,880	\$ 4,308,527
Unamortized Discount	(2,442,368)	(2,339,851)
Mortgage Notes Receivable, Net	\$ 1,930,512	\$ 1,968,676
Current Portion	\$ 323,246	\$ 322,665
Long-Term	1,607,266	1,646,011
Total	\$ 1,930,512	\$ 1,968,676

As of June 30, 2021, contractual maturities of mortgage notes receivable were as follows:

Year Ending June 30,	Amount
2022	\$ 323,246
2023	311,178
2024	300,660
2025	291,688
2026	272,658
Thereafter	2,873,450
Total	\$ 4,372,880

Note 6. Pledges Receivable

Beginning in the year ended June 30, 2013 and for each year thereafter, HFHSTW has held its Community Partners Breakfast (CPB), in which donors made unconditional promises to give. The long-term pledges were discounted using a rate of 5%. Management estimated \$6,000 and \$9,000 of pledges to be uncollectible as of June 30, 2021 and 2020, respectively.

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 6. Pledges Receivable (Continued)

As of June 30, 2021 and 2020, a summary of the CPB pledges receivable is as follows:

	2021	2020
Pledges Receivable, Beginning of Year	\$ 185,984	\$ 196,950
New CPB Pledges Made During the Year	-	145,845
Less:		
Cash Received	(61,190)	(152,301)
Write-Offs	(9,000)	(4,510)
Pledges Receivable, End of Year	115,794	185,984
Unamortized Discount	(1,677)	(3,608)
Allowance for Doubtful Promises	(6,089)	(9,299)
Pledges Receivable, Net	\$ 108,028	\$ 173,077
Current Portion	\$ 74,483	\$ 113,834
Long-Term	33,545	59,243
Total	\$ 108,028	\$ 173,077

Future maturities of pledges receivable are as follows:

Year Ending June 30,	Amount
2022	\$ 74,483
2023	13,145
2024	7,400
2025	5,800
2026	4,800
Thereafter	2,400
Total	\$ 108,028

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 7. New Markets Tax Credit

On August 19, 2015, HFHSTW invested, along with four other Habitat for Humanity affiliates, in a joint venture, HFHI NMTC Sub-CDE I, LLC, to take advantage of additional NMTC financing. HFHSTW's investment in HFHI NMTC Sub-CDE I, LLC as of June 30, 2021 and 2020 was \$1,021,941. Income earned on the investment in HFHI NMTC Sub-CDE I, LLC totaled \$10,203 for the years ended June 30, 2021 and 2020 and is reported as investment income on the statement of activities and changes in net assets. HFHSTW secured a 30-year loan in the amount of \$1,495,639 payable to a community development entity. The loan proceeds were used solely for the purpose of constructing and selling qualified housing properties to low-income residents. The loan accrues interest only for years one through seven at the rate of 0.682% per annum. Beginning in year 8 through year 30, the principal balance of the loan is reduced by a 21-year amortization at the same rate of 0.682%. The loan has a put option that will enable the leverage lender to become owner of HFHI NMTC Sub-CDE I, LLC and its assets, including the loan. Interest expense on this note totaled \$10,203 for the years ended June 30, 2021 and 2020.

Included in the statements of financial position as of June 30, 2021 and 2020 is \$85,175 and \$98,929, respectively, of unamortized closing costs related to the NMTC. These costs are being amortized on a straight-line basis from 7 to 30 years.

HFHSTW is subject to certain financial covenants under the loan agreement with a community development entity. HFHSTW is required to have a solvency ratio of not less than 1.1 to 1.0 of total assets to total debt, and a debt service coverage ratio of not less than 1.1 to 1.0. At June 30, 2021, HFHSTW was in compliance with these covenants.

Note 8. Line of Credit

In February 2013, HFHSTW obtained a line of credit at a financial institution with a floating interest rate of the Wall Street Journal Prime Rate, 3.25% as of June 30, 2021, with an original maturity date of February 19, 2014. This line of credit has been renewed annually and has a current maturity date of November 16, 2022. Borrowings under the line are collateralized by certain assets of HFHSTW. The maximum borrowing limit is \$750,000. There were no outstanding balances on the line of credit as of June 30, 2021 and 2020.

For the years ended June 30, 2021 and 2020, interest expense on the line of credit totaled \$298 and \$8,048, respectively.

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 9. Notes Payable

As of June 30, 2021 and 2020, HFHSTW had the following notes payable:

	2021	2020
Note payable to Home Bank. The note is due in 59 equal installments of \$3,686 and one balloon payment estimated at \$366,763. The note bears interest at 4% and is secured by ReStore real estate. The note matures in November 2025.	\$ 482,123	\$ -
Note payable to Home Bank. The note is due in 48 equal installments of \$6,127. The note bears interest at 1% and is unsecured. The note matures in February 2026. The specific purpose of this loan is SBA Paycheck Protection Plan (PPP Loan 2). See Note 15.	285,200	-
Note payable to Habitat for Humanity International. The note is due in 47 monthly installments of principal of \$494 beginning January 2018, with the final payment of \$532 due January 2022. The note does not bear interest and is unsecured.	5,472	10,412
Note payable to Habitat for Humanity International. The note is due in 47 monthly installments of principal of \$59 beginning January 2018, with the final payment of \$90 due January 2022. The note does not bear interest and is unsecured.	680	1,270
Note payable to Home Bank. The note is due in 93 equal installments of \$4,349 and one balloon payment estimated at \$428,200. The note bears interest at 4.5% and is secured by ReStore real estate and mortgage notes. The note was refinanced in November 2022.	-	506,103
Note payable to Home Bank. The note is due in 18 equal installments of \$16,053. The note bears interest at 1% and is unsecured. The note matures in April 2022. The specific purpose of this loan is SBA Paycheck Protection Plan (PPP Loan). See Note 15.	-	285,200
Note payable to Habitat for Humanity International. The note is due in 47 monthly installments of principal of \$539 beginning January 2017, with the final payment of \$562 due January 2021. The note does not bear interest and is unsecured.	-	1,179
	<u>773,475</u>	<u>804,164</u>
Less: Current Portion	<u>(54,405)</u>	<u>(164,277)</u>
Long-Term Portion	\$ 719,070	\$ 639,887

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 9. Notes Payable (Continued)

Future principal payments to be made on these notes are as follows:

Year Ending June 30,	Amount
2022	\$ 54,405
2023	96,222
2024	98,323
2025	100,576
2026	<u>423,949</u>
Total	<u><u>\$ 773,475</u></u>

Total interest expense for the above notes payable totaled \$21,507 and \$23,864 for the years ended June 30, 2021 and 2020, respectively.

Note 10. Net Assets With Donor Restrictions and Net Assets Released from Restrictions

As of June 30, 2021 and 2020, HFHSTW's net assets with donor restrictions of \$108,028 and \$173,077, respectively, are time restricted by donors related to pledges receivable. Net assets released from restrictions for the years ended June 30, 2021 and 2020 totaled \$65,049 and \$146,391, respectively, and relate to expiration of time restrictions on pledges receivable.

Note 11. Sales of Houses

HFHSTW charges no interest on the mortgage notes receivable from its partner families. The mortgages are recorded net of a discount to present value, considering both the time value of money and the historic credit risk associated with HFHSTW's homeowners. The result is a significant non-cash reduction of revenue. The discount is then amortized as interest income over the life of the mortgage as principal payments are collected. For the years ended June 30, 2021 and 2020, the following amounts are included in the statements of activities and changes in net assets:

	2021	2020
Sales of Houses		
Sales Income	\$ 1,369,031	\$ 624,732
Mortgage Discount Expense	<u>(789,914)</u>	<u>(359,576)</u>
Sales of Houses, Net of Discount Expense	<u><u>\$ 579,117</u></u>	<u><u>\$ 265,156</u></u>
Amortization Income on Mortgage Notes Receivable Discount	<u><u>\$ 192,632</u></u>	<u><u>\$ 359,434</u></u>

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 12. Retirement Plan

HFHSTW adopted a defined contribution plan, which allows eligible participating employees to contribute by salary reduction pursuant to Section 401(k) of the IRC. The plan allows HFHSTW to contribute a discretionary amount on a uniform basis to all participants, 50% of a participant's contribution up to 3% of compensation. HFHSTW's contribution to the plan totaled \$22,976 and \$20,918 for the years ended June 30, 2021 and 2020, respectively.

Note 13. Operating Lease

During the year ended June 30, 2021, HFHSTW renewed an operating lease for an administrative office space. Lease expense related to the office space totaled \$16,200 and \$15,900 for the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2019, HFHSTW renewed an operating lease for a freightliner truck to be used in ReStore operations. Lease expense related to the freightliner totaled \$15,765 and \$14,320 for the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2019, HFHSTW renewed an operating lease for a construction warehouse. Lease expense related to the warehouse totaled \$15,000 for the years ended June 30, 2021 and 2020.

During the year ended June 30, 2020, HFHSTW renewed an operating lease for three color copiers. Lease expense related to the copiers totaled \$8,888 and \$7,872 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2022	\$ 47,152
2023	24,558
2024	<u>4,208</u>
Total	<u>\$ 75,918</u>

HABITAT FOR HUMANITY ST. TAMMANY WEST

Notes to Financial Statements

Note 14. Related-Party Transactions

HFHSTW annually remits a portion of its contributions without donor restrictions (excluding in-kind contributions) to Habitat for Humanity International. These funds are used to construct homes in economically depressed areas around the world. HFHSTW contributed \$12,000 and \$9,000 for the years ended June 30, 2021 and 2020, respectively, to Habitat for Humanity International, which is included in other operating costs on the statements of functional expenses.

Note 15. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which HFHSTW operates.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the coronavirus pandemic. HFHSTW's first Paycheck Protection Program (PPP) loan was fully forgiven by the Small Business Association (SBA) on June 21, 2021 in the amount of \$285,200. The amount of forgiveness is presented as a component of grant revenue in the statement of activities. Even upon the SBA's review and approval of the forgiveness amount, the SBA still has the right to audit HFHSTW's compliance with the PPP for a period of up to six years. HFHSTW may be required to repay its second PPP loan to the extent any balance remains unforgiven.

Note 16. Commitments and Contingencies

In June 2021, HFHSTW entered into a purchase agreement for the purchase of real property for \$250,000. The agreement has a contingency period of 180 days wherein HFHSTW may cancel the agreement.

Note 17. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 27, 2021, and determined that no events occurred that require disclosure. No further subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY ST. TAMMANY WEST
Schedule of Compensation, Benefits, and Other Payments to
Agency Head
For the Year Ended June 30, 2021

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement or local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
 Jeffrey St. Romain, President/CEO

Purpose	Amount
Salary	\$7,429
Benefits - Insurance	\$2,028
Benefits - Retirement	\$214
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$22
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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***

Independent Auditor's Report

To the Board of Directors
Habitat for Humanity St. Tammany West

We 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 St. Tammany West (HFHSTW) which comprise the statement of financial position as of June 30, 2021, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered HFHSTW's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HFHSTW's internal control. Accordingly, we do not express an opinion on the effectiveness of HFHSTW'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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 HFHSTW's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA
October 27, 2021

HABITAT FOR HUMANITY ST. TAMMANY WEST
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards - Not applicable

Part II - Financial Statement Findings

None noted.

HABITAT FOR HUMANITY ST. TAMMANY WEST
Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

None noted.

AGREED-UPON PROCEDURES REPORT

Habitat for Humanity St. Tammany West

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Year Ended June 30, 2021

To Management and Members of the Board of Directors of
Habitat for Humanity St. Tammany West and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance areas identified by the Louisiana Legislative Auditor (LLA) in accordance with the authority of Act 774 of the 2014 Regular Legislative Session (the Subject Matter). Habitat for Humanity St. Tammany West's management is responsible for the Subject Matter.

Management of Habitat Humanity St. Tammany West has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the control and compliance areas identified by the LLA in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the fiscal period July 1, 2020 to June 30, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; and (3) the preparation and approval process of purchase requisitions and purchase orders.

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- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a crucial event.

Results: No exceptions were found as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

1. We performed the procedure and discussed the results with management.
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: No exceptions were found as a result of this procedure.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results: No exceptions were found as a result of this procedure.

- c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: No exceptions were found as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

1. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
2. For each location selected under #1 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b. At least two employees are involved in processing and approving payments to vendors.
 - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d. Either the employee responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions were found as a result of this procedure.

3. For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a. Observe that the disbursement matched the related original itemized invoice and that documentation is present indicated deliverables included on the invoice were received by the entity.
 - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #2, as applicable.

Results: No exceptions were found as a result of this procedure.

We were engaged by Habitat for Humanity St. Tammany West to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified by the LLA. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Habitat for Humanity St. Tammany West and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of management of St. Tammany Parish School Board and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Metairie, Louisiana
November 15, 2021