
HABITAT FOR HUMANITY OF GREATER
INDIANAPOLIS, INC.

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

DECEMBER 31, 2010 AND 2009

GREENWALT CPAs

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Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Habitat for Humanity of Greater Indianapolis, Inc.:

We have audited the accompanying statements of financial position of Habitat for Humanity of Greater Indianapolis, Inc. (Habitat) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Habitat'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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat as of December 31, 2010 and 2009 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Greenwalt CPAs, Inc.

May 31, 2011

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
ASSETS		
Unrestricted cash	\$ 668,389	\$ 507,483
Cash limited as to use and timing	114,718	242,467
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<i>Total cash</i>	783,107	749,950
Grants, sponsorships, and other receivables	371,056	334,157
Mortgage loans receivable, net	5,825,114	5,291,404
Inventory	10,914	1,889
Prepayments	3,463	3,372
Construction in progress	55,821	65,391
Homes available for resale	208,413	265,541
Land available for future builds	107,639	121,360
Property and equipment, net	533,981	553,727
CICF Endowment Fund	44,112	39,878
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<i>Total assets</i>	<u>\$ 7,943,620</u>	<u>\$ 7,426,669</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 248,969	\$ 266,034
Accrued expenses	101,253	80,937
Escrow liability	105,421	231,971
Notes payable	8,857	12,891
	<hr/>	<hr/>
<i>Total liabilities</i>	464,500	591,833
COMMITMENTS (NOTE 7)		
NET ASSETS		
Unrestricted	7,406,684	6,765,470
Temporarily restricted	40,388	37,318
Permanently restricted	32,048	32,048
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<i>Total net assets</i>	7,479,120	6,834,836
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<i>Total net assets and liabilities</i>	<u>\$ 7,943,620</u>	<u>\$ 7,426,669</u>

See accompanying notes to financial statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009

	2010			Total	2009 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUES, GAINS, AND OTHER SUPPORT					
Contributions	\$ 1,563,132	\$ 9,736	\$ -	\$ 1,572,868	\$ 1,547,781
Private grants	616,297	-	-	616,297	600,098
In-kind contributions	432,797	-	-	432,797	539,340
Home sales	1,697,750	-	-	1,697,750	1,689,400
Mortgage loan discount amortization	542,370	-	-	542,370	430,048
Fundraising events	209,782	-	-	209,782	190,645
ReStore income	465,852	-	-	465,852	378,162
Investment income	68	4,234	-	4,302	6,918
Loss on disposal of property and equipment	-	-	-	-	(175)
Loss on sale of foreclosed property	(56,974)	-	-	(56,974)	-
Other income, net	1,171	-	-	1,171	26,031
Net assets released from restrictions	10,900	(10,900)	-	-	-
	<u>5,483,145</u>	<u>3,070</u>	<u>-</u>	<u>5,486,215</u>	<u>5,408,248</u>
<i>Total revenues, gains, and other support</i>					
EXPENSES					
Construction program	3,451,144	-	-	3,451,144	3,455,939
Family services	237,496	-	-	237,496	160,391
Volunteer services	139,263	-	-	139,263	113,303
Church relations	67,638	-	-	67,638	68,446
ReStore services	322,770	-	-	322,770	264,342
	<u>4,218,311</u>	<u>-</u>	<u>-</u>	<u>4,218,311</u>	<u>4,062,421</u>
<i>Total program services</i>					
Resource development	304,548	-	-	304,548	275,000
Management and general	319,072	-	-	319,072	346,482
	<u>4,841,931</u>	<u>-</u>	<u>-</u>	<u>4,841,931</u>	<u>4,683,903</u>
<i>Total expenses</i>					
CHANGE IN NET ASSETS	641,214	3,070	-	644,284	724,345
NET ASSETS, BEGINNING OF YEAR	<u>6,765,470</u>	<u>37,318</u>	<u>32,048</u>	<u>6,834,836</u>	<u>6,110,491</u>
NET ASSETS, END OF YEAR	<u>\$ 7,406,684</u>	<u>\$ 40,388</u>	<u>\$ 32,048</u>	<u>\$ 7,479,120</u>	<u>\$ 6,834,836</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 1,540,867	\$ 6,914	\$ -	\$ 1,547,781
Private grants	589,298	10,800	-	600,098
In-kind contributions	539,340	-	-	539,340
Home sales	1,689,400	-	-	1,689,400
Mortgage loan discount amortization	430,048	-	-	430,048
Fundraising events	190,645	-	-	190,645
ReStore income	378,162	-	-	378,162
Investment income	414	6,504	-	6,918
Loss on disposal of property and equipment	(175)	-	-	(175)
Other income, net	26,031	-	-	26,031
Net assets released from restrictions	166,863	(166,863)	-	-
	<u>5,550,893</u>	<u>(142,645)</u>	<u>-</u>	<u>5,408,248</u>
<i>Total revenues, gains, and other support</i>				
EXPENSES				
Construction program	3,455,939	-	-	3,455,939
Family services	160,391	-	-	160,391
Volunteer services	113,303	-	-	113,303
Church relations	68,446	-	-	68,446
ReStore services	264,342	-	-	264,342
	<u>4,062,421</u>	<u>-</u>	<u>-</u>	<u>4,062,421</u>
<i>Total program services</i>				
Resource development	275,000	-	-	275,000
Management and general	346,482	-	-	346,482
	<u>4,683,903</u>	<u>-</u>	<u>-</u>	<u>4,683,903</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS	866,990	(142,645)	-	724,345
NET ASSETS, BEGINNING OF YEAR	<u>5,898,480</u>	<u>179,963</u>	<u>32,048</u>	<u>6,110,491</u>
NET ASSETS, END OF YEAR	<u>\$ 6,765,470</u>	<u>\$ 37,318</u>	<u>\$ 32,048</u>	<u>\$ 6,834,836</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>CHANGE IN CASH</u>	
	<u>2010</u>	<u>2009</u>
CHANGE IN NET ASSETS	\$ 644,284	\$ 724,345
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	38,005	42,619
Mortgage discount expense	789,777	886,580
Amortization of discount on mortgage loans receivable	(542,370)	(430,048)
Bad debt expense	9,214	11,770
Donated housing supplies and property	(432,797)	(539,340)
Loss on disposal of property and equipment	-	175
Loss on sale of foreclosed property	56,974	-
Gain on CICF Endowment Fund	(4,234)	(6,504)
<i>(Increase) decrease in operating assets:</i>		
Grants, sponsorships, and other receivables	(36,899)	32,952
Inventory	(9,025)	10,114
Prepayments	(91)	(447)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(17,065)	11,585
Accrued expenses	20,316	5,647
Escrow liability	(126,550)	55,446
<i>Total adjustments</i>	<u>(254,745)</u>	<u>80,549</u>
<i>Net cash provided by operating activities</i>	<u>389,539</u>	<u>804,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections of mortgage loan receivable	687,868	555,966
Purchases of property and equipment	(18,259)	(13,320)
Purchase of vacant lots	-	(1,121)
Construction in progress additions	<u>(1,021,957)</u>	<u>(1,007,488)</u>
<i>Net cash used in investing activities</i>	<u>(352,348)</u>	<u>(465,963)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	<u>(4,034)</u>	<u>(14,175)</u>
NET CHANGE IN CASH	33,157	324,756
CASH, BEGINNING OF YEAR	<u>749,950</u>	<u>425,194</u>
CASH, END OF YEAR	<u>\$ 783,107</u>	<u>\$ 749,950</u>
NON-CASH ADDITIONS		
Purchases of property and equipment within accounts payable	<u>\$ -</u>	<u>\$ 13,926</u>

See accompanying notes to financial statements.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF OPERATIONS

Habitat for Humanity of Greater Indianapolis, Inc. (Habitat) was incorporated as a not-for-profit organization in 1987 under the laws of the State of Indiana and is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian not-for-profit organization whose purpose is to join with low-income families and other community partners to provide home ownership opportunities and build communities of hope as an expression of God's love. Habitat operates throughout Marion County, Indiana.

Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations. Major sources of revenue for Habitat include contributions from the general public and sales of homes.

BASIS OF ACCOUNTING AND ESTIMATES

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair values measured on a recurring basis at December 31 are as follows:

<u>2010</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
CICF Endowment Fund	<u>\$ 44,112</u>	<u>\$ -</u>	<u>\$ 44,112</u>	<u>\$ -</u>

<u>2009</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
CICF Endowment Fund	<u>\$ 39,978</u>	<u>\$ -</u>	<u>\$ 39,878</u>	<u>\$ -</u>

Fair value for beneficial interest in assets held at Central Indiana Community Foundation (CICF) is determined based on the fund value reported by CICF. CICF allocates investment income to the fund based on the unitized value of the assets held by each individual fund within the overall portfolio. See Note 2.

CASH

Habitat maintains cash balances at commercial banks. At December 31, 2010, Habitat maintained balances in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000.

INVENTORY

Inventory consists of assorted building materials and supplies and is valued at cost using the specific identification method.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Donated property and equipment are recorded at fair market value as of the date received. Depreciation is provided utilizing the straight line method over the estimated useful lives from 3 to 40 years of the depreciable assets. Maintenance and repairs are charged to expense as incurred.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PROPERTY AND EQUIPMENT, CONTINUED

Property and equipment is comprised of the following at December 31:

	<u>2010</u>	<u>2009</u>
Land	\$ 105,200	\$ 105,200
Building, warehouse, and improvements	563,467	563,467
Construction equipment	25,579	21,729
Office equipment	135,943	121,534
Vehicles	<u>115,357</u>	<u>115,357</u>
	945,546	927,287
Accumulated depreciation	<u>(411,565)</u>	<u>(373,560)</u>
	<u>\$ 533,981</u>	<u>\$ 553,727</u>

NET ASSETS

The financial statements have been prepared in accordance with Accounting Standards for the preparation of Financial Statements of Not-for-Profit Organizations. These standards require the financial statements to report information regarding its assets, liabilities, and net assets and its revenue, expense, and other changes in net assets according to class. Net assets are classified as unrestricted, temporarily restricted, and permanently restricted. Habitat maintains the following classifications of net assets:

Unrestricted

These include revenue and expenses from the regular operations of Habitat which are at the discretion of the Board of Directors and management.

Temporarily Restricted

These include contributions and grant revenues used to meet expenses in accordance with restrictions specified by the donors or grantors and appropriations of interest on permanently restricted endowment assets for expenditures (See Note 2). When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS, CONTINUED

Temporarily Restricted, Continued

Temporarily restricted net assets are comprised of the following at December 31:

	<u>2010</u>	<u>2009</u>
2010 operations	\$ -	\$ 10,800
Household sponsorships	7,750	100
Hurricane Katrina relief	13,234	13,234
Service Learning Partnership	7,340	5,354
Endowment assets available for expenditure	<u>12,064</u>	<u>7,830</u>
	<u>\$ 40,388</u>	<u>\$ 37,318</u>

Permanently Restricted

Habitat has an endowment with the Central Indiana Community Foundation (CICF). The principal of this investment will remain in perpetuity. The interest and dividends are available to pay the expenses of Habitat. Permanently restricted net assets were \$32,048 at December 31, 2010 and 2009. See Note 2.

SUPPORT AND REVENUE

Habitat reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restricted contributions received for which the restrictions are met in the same year are reported as unrestricted support by Habitat.

DONATED SERVICES AND CONTRIBUTIONS

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

In addition to receiving contributions of service, Habitat receives in-kind contributions, primarily construction materials and parcels of land, from various donors. It is the policy of Habitat to record the estimated fair market value of certain in-kind donations as an expense in its statements of activities or as construction in progress in the statements of financial position and similarly increase contributions by a like amount. These amounts have been treated as non-cash transactions and excluded from the accompanying statements of cash flows.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DONATED SERVICES AND CONTRIBUTIONS, CONTINUED

A substantial number of volunteers have donated significant amounts of their time to Habitat's program services. While Habitat does not have a method to value volunteers time on an hourly basis, Habitat has reflected the increased value of installed materials versus uninstalled materials as an in-kind contribution.

FUNDRAISING ACTIVITIES

Habitat has an ongoing resource development program to secure contributions from corporations, churches, and individuals.

EXPENSE ALLOCATION

Expenses have been classified as program services, resource development, and management and general based on the actual direct expenditures and cost allocation based on estimates of time and usage by Habitat personnel and programs.

ADVERTISING EXPENSE

Total advertising expense for the years ended December 31, 2010 and 2009 was \$57,126 and \$27,412, respectively. These costs were expensed as incurred.

INCOME TAXES

Habitat is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code under a group exemption letter granted to Habitat International and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Accounting Standards for Income Taxes require financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Habitat individually evaluates its activities to determine that they are in compliance with its tax-exempt purposes. Habitat management does not believe it is engaged in any activities that would create uncertain tax positions. All tax periods prior to 2007 are no longer subject to examination.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through May 31, 2011, which is the date the financial statements were available to be issued.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

2. CICF ENDOWMENT FUND

Habitat holds an endowment through the CICF (see Note 1). The principal amount will permanently remain with CICF, with investment income earned on the investment to be paid back to Habitat. The maximum amount that Habitat may withdraw in a year is 5% of the prior fund balance plus any carryover spendable amount. Future donations made to the endowment will continue to remain permanently with CICF, with income earned on those donations to be paid to Habitat as described above.

Habitat's endowment funds consist of donor-restricted contributions that were made to provide a source of income for operations. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board of Directors of Habitat has interpreted the *State Prudent Management of Institutional Funds Act* (SPMIFA) as requiring the preservation of the purchasing power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Habitat classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. In accordance with SPMIFA, Habitat considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Habitat and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Habitat
- (7) The investment policies of Habitat.

Changes in endowment net assets for the years ended December 31:

<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 7,830	\$ 32,048	\$ 39,878
Investment income	-	4,234	-	4,234
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 12,064</u>	<u>\$ 32,048</u>	<u>\$ 44,112</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

2. CICF ENDOWMENT FUND, CONTINUED

<u>2009</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 1,326	\$ 32,048	\$ 33,374
Investment income	-	6,504	-	6,504
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 7,830</u>	<u>\$ 32,048</u>	<u>\$ 39,878</u>

RETURN OBJECTIVES AND RISK PARAMETERS

Habitat has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its Endowment while seeking to maintain the purchasing power of the endowment assets.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, Habitat relies on a total return strategy administered by CICF in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CICF targets a diversified asset allocation that places a greater emphasis on long-term growth and a reasonable return.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

CICF has a policy that Habitat can disburse from the endowment up to 5% of the endowment's previous year fund balance for Habitat operating expenditures. This is consistent with Habitat's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

3. MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable are non-interest bearing and have been discounted at a rate which approximates the average prevailing market rate for these loans at their inception. Discounts are amortized, using the effective interest method, over the lives of the mortgages and range from 4.9% to 8.3%.

Mortgage loans are secured by related real estate. Every effort is made to assist homeowners who have become delinquent in their mortgage payments. However, foreclosure proceedings may be initiated and/or Habitat may accept back the deed in lieu of foreclosure when homeowner mortgage payments are deemed seriously delinquent. Properties acquired through foreclosure or received by accepting a deed in lieu of foreclosure may be refurbished in partnership with and sold to other families in need of decent, affordable housing. Homes available for sale are stated at the lower of cost or market. Management estimates an allowance for doubtful mortgage receivables based on an evaluation of current economic conditions, historical trends, and past experience with homeowners.

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

3. MORTGAGE LOANS RECEIVABLE, CONTINUED

Current mortgage amounts are based on 80% of the appraised value of each home. Mortgage amounts range from \$26,900 for a three bedroom home to \$83,500 for a five bedroom home. Mortgage terms range from 20 to 30 years.

Second mortgages are placed on all Habitat homes. Second mortgages are made up of the difference between the appraised value of the home and the first mortgage amount. It is the policy of Habitat not to recognize the second mortgages in their accounting records. However, the second mortgages are reduced, on a pro rata basis, over the life of the first mortgage and will only be due on demand upon the sale of the home to which they relate.

Habitat contracts with a mortgage service provider. As mortgage servicer, the contracted company receives and processes payments, maintains escrowed amounts for property and real estate taxes, insurance, and remits these amounts to Habitat or on behalf of Habitat on a monthly basis.

Mortgage loans receivable balances as of December 31 are as follows:

	<u>2010</u>	<u>2009</u>
Mortgage loans receivable	\$ 11,033,900	\$ 10,248,951
Less: mortgage discounts	(5,098,258)	(4,850,851)
allowance for doubtful accounts	(125,000)	(125,000)
Plus: escrow advance due from homeowners	<u>14,472</u>	<u>18,304</u>
Mortgage loans receivable, net	<u>\$ 5,825,114</u>	<u>\$ 5,291,404</u>

4. ESCROW LIABILITY

At December 31, 2010 and 2009, Habitat maintained a bank account at a financial institution holding escrow payments for taxes and insurance made on behalf of homeowners. The account has been included in cash limited as to use and timing and a corresponding escrow balance of \$105,421 and \$231,971 has been recorded as a liability in the statements of financial position as of December 31, 2010 and 2009, respectively.

5. BANK LINE OF CREDIT

Habitat has a line of credit with a financial institution. The maximum amount available under the line of credit is \$250,000. Borrowings bear interest at the prime rate (3.25% at December 31, 2010 and 2009) determined by the bank and are secured by substantially all cash balances of Habitat. As of December 31, 2010 and 2009, Habitat has not drawn on the line of credit.

6. NOTES PAYABLE

Notes payable as of December 31 are comprised as follows:

	<u>2010</u>	<u>2009</u>
Installment contracts bearing no interest, payable in monthly installments of \$287, through July 2013, unsecured	<u>\$ 8,857</u>	<u>\$ 12,891</u>

HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

6. NOTES PAYABLE, CONTINUED

Future maturities of notes payable are as follows for the years ending December 31:

2011	\$	3,444
2012		3,444
2013		1,969
		<hr/>
	\$	8,857

7. OPERATING LEASES

Habitat leases office equipment under five operating leases which expire between March 2011 and May 2014. Monthly payments under these leases total \$1,784.

Total lease expense included in the statements of activities was \$21,243 and \$16,391 for the years ended December 31, 2010 and 2009, respectively.

Future minimum lease commitments under operating leases are as follows for the years ending December 31:

2011	\$	17,962
2012		14,157
2013		10,548
2014		4,325
		<hr/>
	\$	46,992

8. RETIREMENT PLAN

Habitat provides a simple IRA plan to eligible full time employees. Habitat contributes 2% of annual compensation of each participant in the plan. Total employer contributions for the years ended December 31, 2010 and 2009 were \$12,702 and \$12,487, respectively.

9. RELATED PARTY TRANSACTIONS

Habitat remits annually a portion of its contributions to Habitat International. These funds are used to construct homes in economically depressed areas around the world. Habitat contributed \$77,000 for the years ended December 31, 2010 and 2009. Such amounts are included in home construction expenses in the statement of activities. At December 31, 2010 and 2009, Habitat had installment notes payable to Habitat International totaling \$8,857 and \$12,891, respectively.



Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Habitat for Humanity of Greater Indianapolis, Inc.:

Our audit of the 2010 financial statements was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Our report on the basic financial statements appears on page one. The supplementary information shown in Exhibits I and II is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information presented in Exhibit I and II has been subjected to the same auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.

The information presented in Exhibit III has not been subjected to the same auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Greenwalt CPAs, Inc.

May 31, 2011

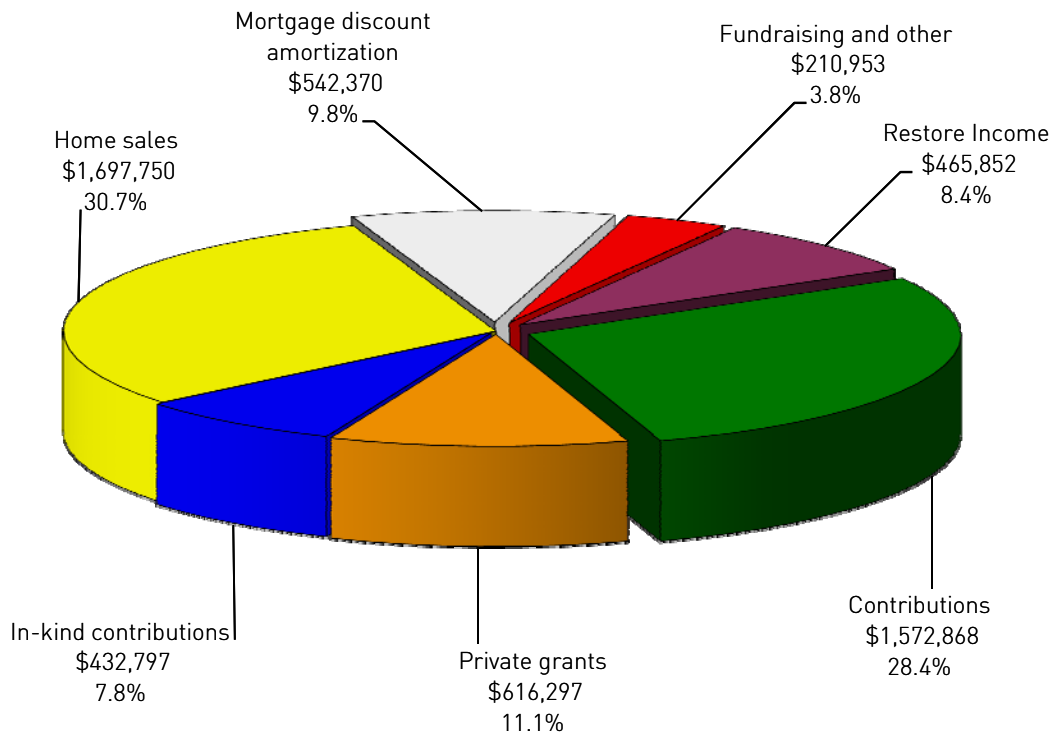
HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

REVENUE GRAPHS, EXCLUDING INVESTMENT INCOME

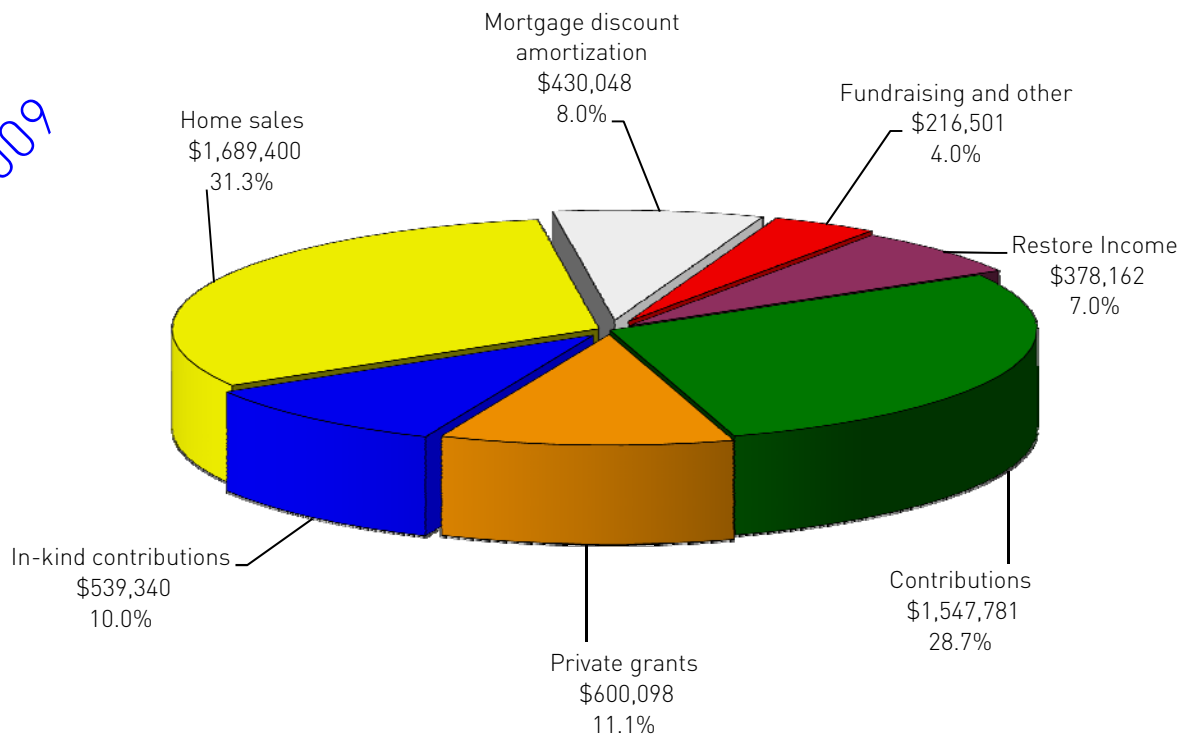
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Exhibit I

2010



2009



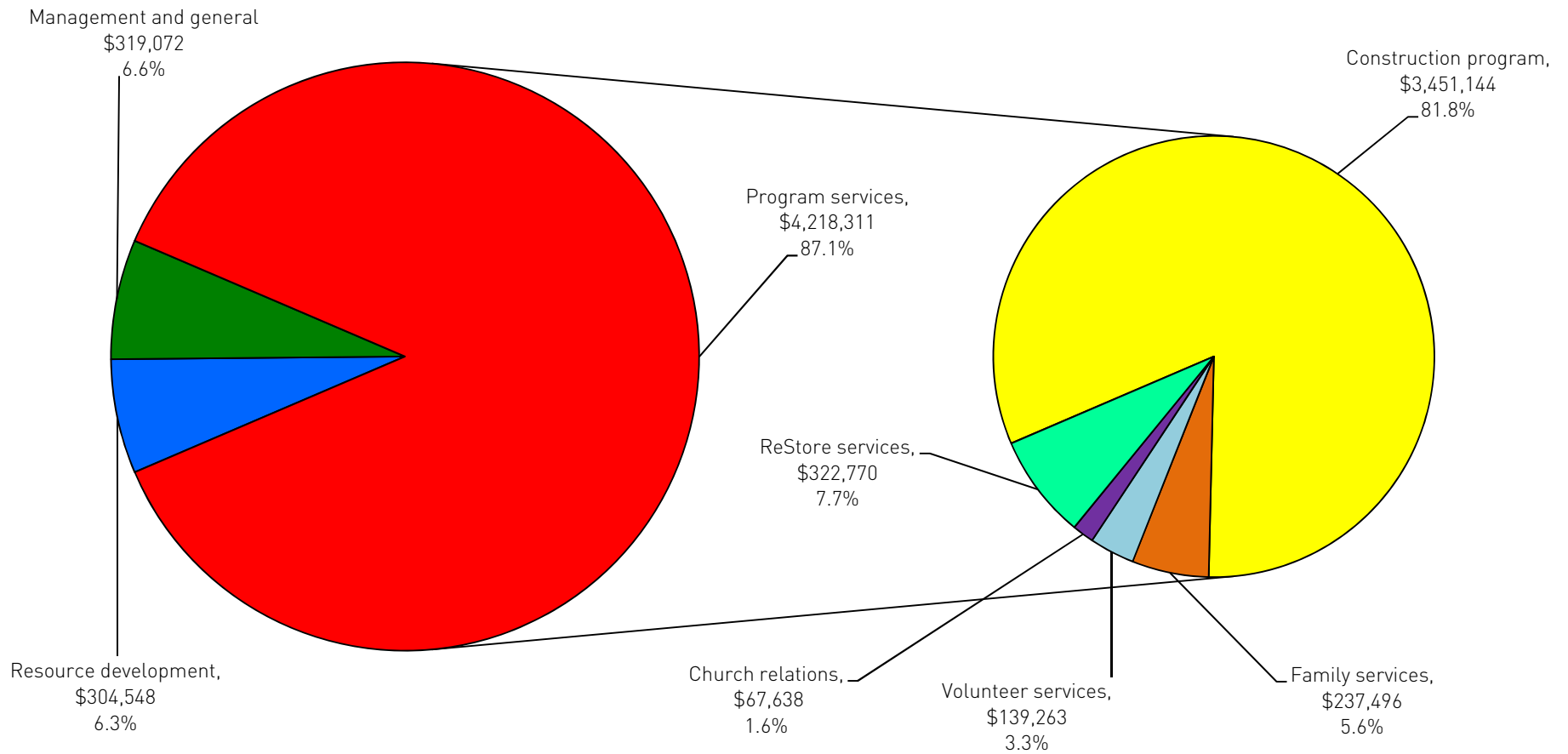
HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

EXPENSE GRAPH

FOR THE YEAR ENDED DECEMBER 31, 2010

Exhibit II

Page 1 of 2



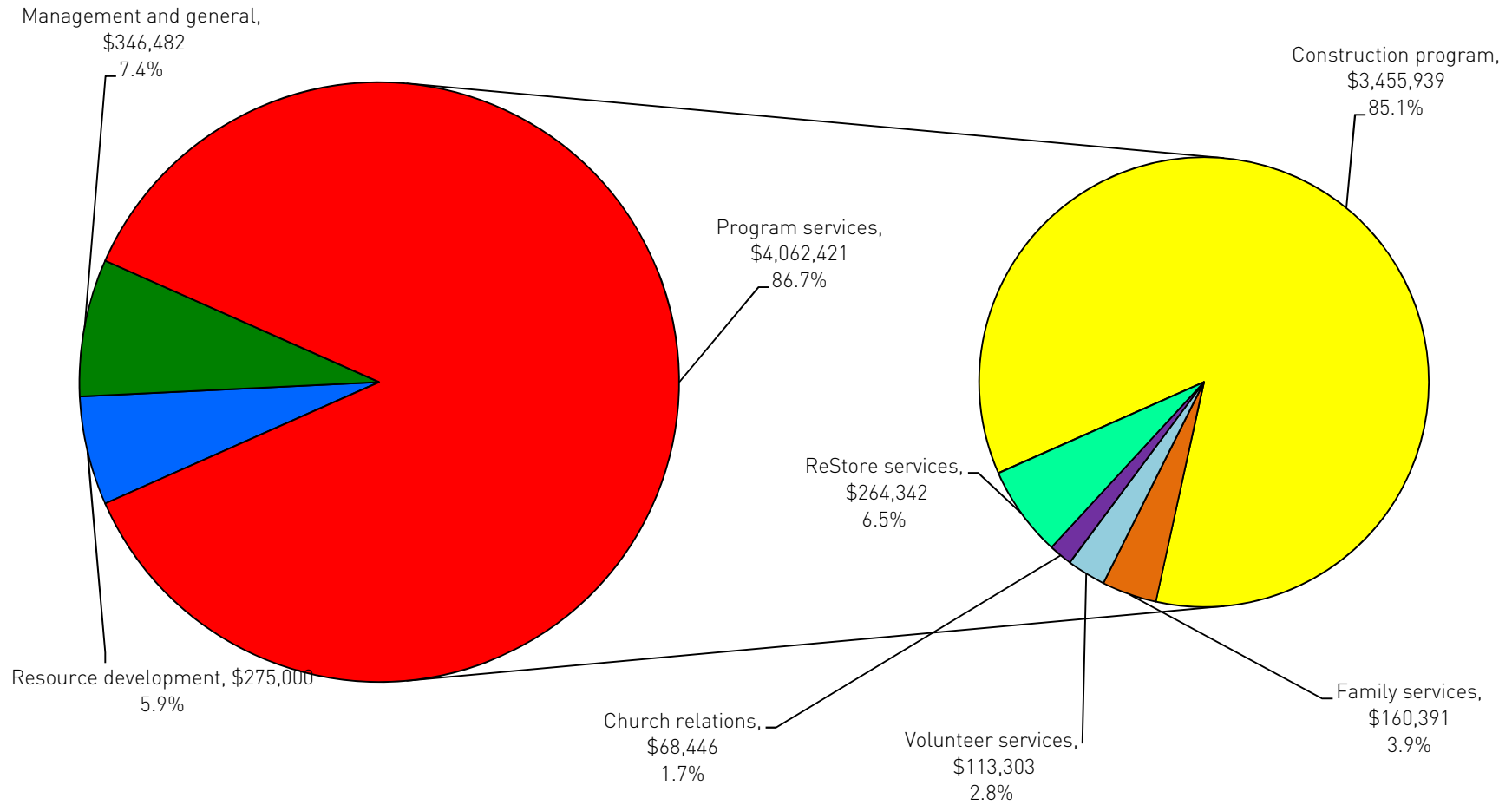
HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.

EXPENSE GRAPH

FOR THE YEAR ENDED DECEMBER 31, 2009

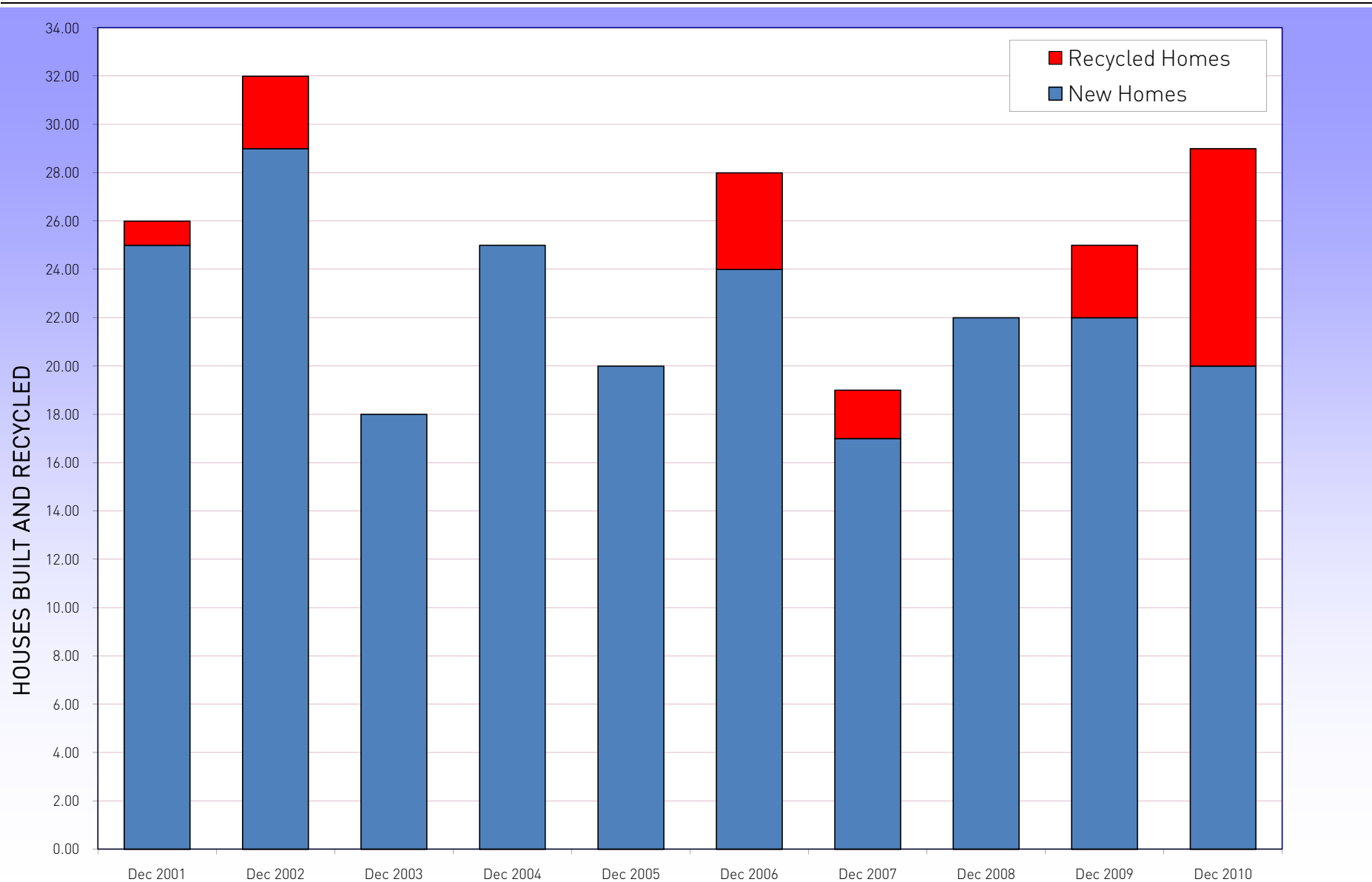
Exhibit II

Page 2 of 2



HABITAT FOR HUMANITY OF GREATER INDIANAPOLIS, INC.
NUMBER OF HOUSES BUILT AND RECYCLED (UNAUDITED)
FOR THE TEN YEARS ENDED DECEMBER 31, 2010

Exhibit III



See independent auditors' report on supplementary information.