East Pasco Habitat for Humanity Board of Directors **Revised 12/03/07**

15000 Citrus Country Drive Ste. 420, Dade City, FL 33523
P.O. Box 1931, Dade City, FL 33526
Phone: 352 567-1444; FAX: 352 567-6453
E-Mail – epascohh@earthlink.net
www.ephabitat.org

Article III, Section 3.2 of the ByLaws states that "...a duly elected and qualified director shall not be eligible for re-election to the board of directors if he or she has served three (3) consecutive two year terms.

Richard Behnke
Chairman, Site Selection Committee
PO Box 129 San Antonio, FL 33576
Phone: 352-424-2211© Fax: 352-588-0462
1st term 2006-2008 rickbeh@msn.com
Owner, South Branch Ranch

Ed Blommel
38008 Meridian Ave., Dade City, FL 33525
Phone: 352-567-1665 (w) 813-783-4261 ©
Fax 352-567-5104
1st term 2002-2003; 2nd 2004-2006, 3rd 2006-2008
ecblommel@tecoenergy.com
Regional Manager, Tampa Electric Company

Lane Creech
14150 Sixth Street, Dade City, FL 33525
Phone: 352-567-5658(w), 813-340-5800 ©
1st term 2007-2009
Lane.creech@gmail.com
Owner, Classic Clothing by Lane, LLC

Wanda Davis
PO Box 432, Dade City, FL 33525
Phone: 352/567-6300 (h), 352/521-5178(w)
Wanda.Davis@gal.fl.gov
1st term 2006-2008
Guardian Ad Litem

Irene Dobson
39816 Cole Avenue, Zephyrhills, FL 33540
Phone: 813/782-2360
1st term 2005-2007; 2nd 2007-2009

Mary Eversmann
Family Support Chairperson
PO Box 791, Dade City, FL 33526
Phone: 352/521-5654 (h) 352/567-5628 (w)
1st term 2005-2007, 2nd 2007-2009
Bank of America

David Gaskin, Treasurer
8833 Handcart Rd., Zephyrhills, FL 33544
Phone: (813) 782-1184 (h)
1st term 2004-2005; 2nd 2005-2007; 3rd 2007-2009
dgpapa@wmconnect.com
Retired CFO, Withlachoochee River Electric Co-Op

Jeanie Germain
14150 Sixth Street, Dade City, FL 33525
Phone: 352-567-5658(w), 352-585-3762©
jeaniegerm@gmail.com
1st term 2007-2009
President, Premium Title

Lowell Harris
37420 Meridian Ave., Dade City, FL 33525
Phone: (352) 523-2930 (w) (352) 567-3126 (h)
1st term 2004-2006, 2nd 2006-2008
Retired Pharmacist

Bob Hartwig
39038 Ninth Avenue, Zephyrhills, FL 33540
Phone: (813) 782-9465 (h) 813-714-6324 ©
1st term 2006-2008
Retired, Zephyrhills Fire Chief

Camille Hernandez
37848 Bougainvillea, Dade City, FL 33525
Phone: (352) 567-2113 (h) 523-5050 x322 (W)
chernandez@dadecityfl.com 1st term 2006-2008
Dade City Commissioner

John Henson
P.O. Box 517., Zephyrhills, FL 33539
Phone: (813) 782-0580 (w) Fax: 782-5914
1st term 2004-2006, 2nd 2006-2008
jhensoncpa@verizon.net
Owner, John Henson CPA

Stan Holm
13100 Ft. King Road, Dade City, FL 33525
352-521-1150(w); 772-321-1900©
Fax:352-521-1196 stan.holm@prmc.hma-corp.com
1st term 2007-2009
CEO, Pasco Reg'l Medical Center

Debbie Milton, Secretary
12835 Grand Traverse Dr. Dade City, FL 33525
(352) 588-2906 (h) 352-467-0366 ©
debbiemilton7@yahoo.com
1st term 2004-2006, 2nd 2006-2008

David Ostrander
33937 Williams Cemetery Rd. San Antonio, FL 33576
Phone: 352 588-8644
david.ostrander@saintleo.edu
1st term 2007-2009
VP St. Leo University Advancement

Eunice Penix, (12/2004)
13834 Wilson St., Dade City, FL 33525
Phone: 352-567-6533 (h) 352-424-0739 (m)
epenix@aol.com
1st term 2003-2004, 2nd 2004-2006; 3rd 2006-2008
Ret. School Teacher, Dade City Commissioner

Lamar Roberts
13315 Highway 301 Dade City, FL 33525
Phone: 352-521-6689 (w) 813-788-2385 (h)
813-713-4593 (c) lroberts@FNBPasco.com
1st term 2003-2004, 2nd 2004-2006; 3rd 2006-2008
President, 1st National Bank of Pasco

Wilton Simpson, Chairman Elect
PO Box 721
Trilby, FL 33593
352-583-2509 (w); 813-355-7660 ©
wsmpson@msn.com 1st term 2006-2008
Owner/President, Simpson Environmental Services

Natalie Sotomayor
PO Box 1268, San Antonio, FL 33576
Phone: 813-714-9040(w), 813-714-9040©
Fax: 352-588-0975, sotomayorhomes@msn.com
1st term 2007-2009
President, Sotomayor Homes

Bud Stalnaker
PO Box 2149, Dade City, FL 33526
Phone: 352-523-1800(w), 813-713-3232©
Fax: 352-523-1880, bstalnaker@fltraditionsbank.com
1st term 2007-2009
President & CEO, Florida Traditions Bank

Maynard Swanson
36741 Missouri Ave, Dade City, FL 33523
Phone: 352/521-6202
MFSwanson@earthlink.net
1st term 2003-2004, 2nd 2004-2006; 3rd 2006-2008
Retired Circuit Court Judge

Dave Tully
30302 Fairway Drive, Wesley Chapel, FL 33543
Phone: 813-973-2121 (w) 813-713-5420 ©
c21dtully@yahoo.com
1st term 2005-2007; 2nd 2007-2009
Bill Nye Realty

Gene Whitfield, Chairman
5008 Gall Blvd., Zephyrhills, FL 33541
Phone: 813/783-9900 (w) 813/788-4624 (h)
genewhit02@yahoo.com
1st term 2005-2007; 2nd 2007-2009
Owner, Whitfield Funeral Home

Non-Board Support Personnel

Habitat Program Office
15000 Citrus Country Drive Ste. 420, Dade City, FL 33523
P.O. Box 1931, Dade City, FL 33526
Phone: 352-567-1444; Fax: 352-567-6453
www. ephabitat.org

Habitat Store ReStore
14940 Citrus Country Dr. Dade City, FL 33523
Phone: 352-523-2020; Fax: 352-523-2021

John J. Finnerty-President & CEO
352-523-1754(h) 352-461-1142 ©
E-Mail: edhfh@earthlink.net

Jenaro Aguirre-ReStore, 352-567-8864(h)

Michael Fremlin-Construction Supervisor
352-585-1660 ©

Charlene Giella-Family Selection
352-206-2681©

Amanda Vickers-Vol & Recycle Coord.
352-457-6235 ©

JoAnn Fiorelli-Recept. 813-713-3397©

Gary Hinson-ReStore, 352-424-1407 ©

Nicki Trapnell- ReStore Manager
813-362-4824©
ephfhrestore@embarqmail.com

Ginny Solberg-Office Manager
352-999-1760 ©

Karen Streaker-Dir. of Development &
Public Relations, 352-457-5325 ©

Bob Larkin-Contractor, 352-279-1906©

Jo Larkin-Mortgage Closings
352-567-1241 (w) FAX: 352-567-0457

PAID STAFF
EAST PASCO HABITAT FOR HUMANITY
January 24, 2008

Full Time:

Office Staff:
John J. Finnerty, III
Karen Streaker
Ginny Solberg

ReStore Staff:
Michael Fremlin
Gary Hinson
Niki Trapnell

Part Time:

Office Staff:
Amanda Vickers
Joanne Fiorelli

Restore Staff:
Jenaro Aguirre

East Pasco Habitat for Humanity
Budget
2007-2008

	A	B	C	D	E	F
1		Income				
2		301 Cash Contributions				
3			Annual Sponsor		60,000.00	
4			Caravaneers		250.00	
5			Carpenters Club		7,400.00	
6			Churches		6,500.00	
7			Civic Clubs		1,800.00	
8			Collegiate Challenge		6,000.00	
9			General		25,000.00	
10			Habichat		750.00	
11			Honorarium		500.00	
12			Memorials		1,000.00	
13			Recycling		9,000.00	
14			Restricted Contrib.		0.00	
15		Total 301 Cash Contributions				118,200.00
16		301.01 United Way Contributions				0.00
17		301.02 Grant Revenues				
18			Homeowner's Assist. Program		500,000.00	
19			Misc. Grants		5,000.00	
20			Pasco Opportunity Program		0.00	
21			Tax Incentive Program		174,000.00	
22		Total 301.02 Grant Revenues				679,000.00
23		303 HFHI Cash Contributions				0.00
24		305 Transfers to Homeowners				0.00
25		310 Sale of Merchandise				325,000.00
26		310.05 Fund Raise Event Recpts				
27			310.05.1 Papa Joe's Event		0.00	
28			310.05.2 Annual Dinner		25,000.00	
29			310.05.3 Belk's Sale		250.00	
30			310.05.4 Free Trade Goods		0.00	
31			310.05.5 Race for Humanity		40,000.00	
32			310.05.6 Pasco Co. Donor Forum		0.00	
33			310.05.8 Papa John's Promo		0.00	
34			310.05 Fund Raise Event Recpts - Other		5,000.00	
35		Total 310.05 Fund Raise Event Recpts				70,250.00
36		312 Rental Income-Houses				6,400.00
37		312.5 Rental Income-Depot				6,000.00
38		620 Interest Income				5,000.00
39		180 Mortgage Payments				66,520.00
40		630 Other Income				10,000.00
41		Total Income				1,286,370.00
42		Expense				
43		132 Land for Development				250,000.00
44		401 Cost of Merchandise Sold				80,000.00
45		401.05 Cost-Fund Raising Events				
46			401.05.2 Annual Dinner		10,000.00	

East Pasco Habitat for Humanity
Budget
2007-2008

	A	B	C	D	E	F
47			401.05.3 Belk's		0.00	
48			401.05.4 Free Trade Goods		0.00	
49			401.05.5 Race for Humanity		35,000.00	
50			401.05.9 Arts for Humanity		0.00	
51			401.05 Cost-Fund Raising Events - Other		10,000.00	
52		Total 401.05 Cost-Fund Raising Events				55,000.00
53		402 Cost of Homes Transferred				0.00
54		403 Cost of Homes Under Constr				0.00
55		404 Mtge Disc. Amortized				25,500.00
56		411 Exp. of Rental Property				0.00
57		501 Salaries				298,115.00
58		502 Contract Labor				10,000.00
59		503 Extd Volunteers				10,000.00
60		505 Payroll Taxes				21,000.00
61			Payroll Expenses-Corporate			19,000.00
62		511 Travel				20,000.00
63		512 Food & Lodging				12,000.00
64		521 Office Supplies				
65			Copier Lease		1,400.00	
66			Copier Maintenance Warranty		1,000.00	
67			521 Office Supplies - Other		30,000.00	
68		Total 521 Office Supplies				32,400.00
69		522 Utilities				
70			Electric		21,000.00	
71			Pest Control		0.00	
72			Trash Removal		6,500.00	
73			Water		2,000.00	
74			522 Utilities - Other		500.00	
75		Total 522 Utilities				30,000.00
76		523 Office Rent				38,000.00
77		524 Phone & Fax				12,000.00
78		525 Postage & Freight				7,500.00
79		531 Taxes & Ins				30,000.00
80		532 Repairs				5,000.00
81		533 Equipment				
82			533.6 Inspection/Repair		250.00	
83			533 Equipment - Other		40,000.00	
84		Total 533 Equipment				40,250.00
85		533.5 Equipment Rental				5,000.00
86		534 Printing				15,000.00
87		535 Subscript, Mbrship & Regist				3,500.00
88		541 Legal Fees				5,000.00
89		542 Accounting Fees				12,000.00
90		551 Bad Debt Expense				500.00
91		553 Interest Expense				0.00
92		561 Contrib-HFHI				42,000.00
93		599 Other Expenses				

East Pasco Habitat for Humanity
Budget
2007-2008

	A	B	C	D	E	F
94			Bank Charges		2,500.00	
95			599 Other Expenses - Other		4,000.00	
96		Total 599 Other Expenses			6,500.00	
97		Total Expense			1,085,265.00	
98		Net Income			201,105.00	

EAST PASCO HABITAT FOR HUMANITY, INC.

(A Non-Profit Corporation)

Financial Statements

Year Ended June 30, 2006

EAST PASCO HABITAT FOR HUMANITY, INC.

(A Non-Profit Corporation)

Financial Statements

Year Ended June 30, 2006

EAST PASCO HABITAT FOR HUMANITY, INC.
YEAR ENDED JUNE 30, 2006

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ADDITIONAL INFORMATION

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Judson B. Baggett, CPA, PA

Certified Public Accountants

Judson B. Baggett, MBA, CPA, CVA, Partner
Marci Reutimann, CPA, Partner

6815 Dairy Road
Zephyrhills, FL 33542
Phone: (813) 788-2155
Fax: (813) 782-8606

INDEPENDENT AUDITOR'S REPORT

September 7, 2006

Board of Directors
East Pasco Habitat for Humanity, Inc.
Dade City, Florida 33525

We have audited the accompanying statement of financial position of East Pasco Habitat for Humanity, Inc. (a non-profit organization) as of June 30, 2006, and the related statements of activity, cash flow, and functional expenses for the year then ended. These financial statements are the responsibility of East Pasco Habitat for Humanity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 audit provides 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 East Pasco Habitat for Humanity, Inc., as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 7, 2006, on our consideration of East Pasco Habitat for Humanity's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

JUDSON B. BAGGETT, CPA, PA

Member: American Institute of Certified Public Accountants (AICPA) and Florida Institute of Certified Public Accountants (FICPA); National Association of Certified Valuation Analysts (NACVA)

EAST PASCO HABITAT FOR HUMANITY, INC.
(A Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
June 30, 2006

ASSETS:		
Cash		$ 411,001
Construction in Process		180,577
Inventory - Restore		4,177
Inventory of Lots for Development		202,741
Prepaid Expenses		5,966
Non-Interest Bearing Mortgage Loans		1,023,665
Discount on Non-Interest Bearing Mortgage Loans		(522,937)
Equipment, Property and Improvements - Net		135,182
Escrow Funds		23,145
Other Assets		1,415
	Total Assets	$1,464,932
LIABILITIES AND NET ASSETS:		
Liabilities		
Accounts Payable		20,240
Escrow Liability		20,778
Mortgage Note Payable		60,000
	Total Liabilities	101,018
Net Assets		
Unrestricted		
Undesignated		863,186
Designated		500,728
Total Unrestricted		1,363,914
Temporarily Restricted		0
	Total Net Assets	1,363,914
	Total Liabilities and Net Assets	$1,464,932

The accompanying notes are an integral part of the financial statements.
See Accountant's Report.

EAST PASCO HABITAT FOR HUMANITY, INC.
(A Non-Profit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
June 30, 2006

CHANGES IN UNRESTRICTED NET ASSETS:	2006
Support and Revenues:	
Support:	
County Financial Assistance	$ 109,000
Contributions and Memorials	452,604
Transfer to Homeowners	61,500
Contributions In-Kind	42,490
Mortgage Loan Discount Amortization	27,660
Rental - Housing	7,948
Total Support	701,202
Revenues:	
Restore Revenues	229,705
Restore Operating Cost	(154,889)
Restore Net Revenue	74,816
Fundraising Receipts	66,635
Interest Revenue	4,233
Other	2,877
Total Other Revenue	73,745
Total Support and Revenues	849,763
Expenses and Losses:	
Program Services	354,120
Supporting Services:	
Fund Raising	60,808
Management and General	59,096
Total Expenses and Losses	474,024
Increase in Unrestricted Net Assets	375,739
INCREASE IN NET ASSETS	375,739
NET ASSETS AT BEGINNING OF YEAR	988,175
NET ASSETS AT END OF YEAR	$1,363,914

The accompanying notes are an integral part of the financial statements.
See Accountant's Report.

EAST PASCO HABITAT FOR HUMANITY, INC.
(A Non-Profit Corporation)
STATEMENT OF CASH FLOWS
June 30, 2006

Operating Activities	2006
Increase in Net Assets	$ 375,739
Adjustments to reconcile support and revenue over expenses to net cash provided by operating activities:	
Transfers to Homeowners (Net)	(41,681)
Mortgage Loan Discount Amortization	(27,660)
Depreciation	9,491
Effect of Changes in Other Assets and Liabilities	
(Increase) in Construction in Process	(61,186)
(Increase) in Restore Inventory	(2,025)
(Increase) in Lots for Development (net)	(6,951)
(Increase) in Other Assets	(705)
(Increase) in Accounts Payable	(11,752)
(Increase) in Escrow Funds	(2,511)
Net Cash Provided (Used) by Operations	230,759
Investing Activities	
Mortgage Principal Payments Received	55,958
Equipment Additions	(67,161)
Extra Funds Transferred from Escrow Account	624
Net Cash Provided by Investing Activities	(10,579)
Net Increase (Decrease) in Cash	220,180
Cash Balance at Beginning of Year	190,821
Cash Balance at End of Year	$ 411,001

The accompanying notes are an integral part of the financial statements.
See Accountant's Report.

EAST PASCO HABITAT FOR HUMANITY, INC.
(A Non-Profit Corporation)
STATEMENT OF CASH FLOWS
June 30, 2006

Supplemental Disclosure of Non-Cash Activities

Issuance of Non-Interest Bearing Mortgage Loans	$ 61,500
Discount on Non-Interest Bearing Mortgage Loans	(19,819)
Transfer to Homeowners Subject to Non-Interest Bearing Mortgage Loans	$ 41,681

Non-Cash Contributions and Expense Amounts:

Construction Services and Fixtures	$ 11,330
Professional Accounting Services	3,360
Rent	3,800
Property for Development	74,000
	$ 92,490

The accompanying notes are an integral part of the financial statements.
See Accountant's Report.

EAST PASCO HABITAT FOR HUMANITY, INC.
(A Non-Profit Corporation)
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
June 30, 2006

	Program Services				Support Services			
	Home Construction	Family Support Education Ministries	Discounts on Mortgage Originations	Total	Fund Raising	Management & General	Total	Total Expenses
Salaries	$ 63,131	$	$	$ 63,131	$ 24,599	$ 20,418	$ 45,017	$ 108,148
Payroll Taxes	4,719			4,719	1,320	3,203	4,523	9,242
Contracted Services	3,636			3,636		1,695	1,695	5,331
Extended Volunteers	8,518			8,518				8,518
Travel, Food & Lodging	9,812			9,812		2,494	2,494	12,306
Fund-raising Supplies/Exp					34,864		34,864	34,864
Building Materials, Lots & Supplies	179,654			179,654				179,654
Mortgage Discounts			19,819	19,819				19,819
Tithing Share with HFHI		10,631		10,631				10,631
Depreciation	1,261	1,603		2,864		2,211	2,211	5,075
Rental Property Expenses		385		385				385
Taxes & Insurance	16,210			16,210		486	486	16,696
Office Supplies	2,836			2,836		4,289	4,289	7,125
Printing & Postage	5,757			5,757	25	3,946	3,971	9,728
Professional Fees	5,983			5,983		4,220	4,220	10,203
Telephone & Fax	792			792		4,989	4,989	5,781
Utilities	6,268			6,268		662	662	6,930
Misc. Equipment & Repairs	2,883			2,883		3,962	3,962	6,845
Rent						5,122	5,122	5,122
Other Expenses	10,222			10,222		1,399	1,399	11,621
Total	$ 321,682	$ 12,619	$ 19,819	$ 354,120	$ 60,808	$ 59,096	$ 119,904	$ 474,024

The accompanying notes are an integral part of these financial statements
See Accountant's Report

NOTE 1. ORGANIZATION AND PURPOSE

East Pasco Habitat for Humanity, Inc., ("Habitat")(a non-profit corporation) was incorporated on July 13, 1994. Habitat is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"), a nondenominational Christian non-profit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Basis of Accounting:
The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Support, Revenues and Expenses:
Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization 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, or if they are designated as support for future periods. 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 statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support 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 restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Functional Allocation of Expenses:
The cost of providing services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, support services, and fund raising functions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONT'D)

Donated Services, Goods, and Facilities:
A substantial number of volunteers have donated significant hours to the Organization's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services (which include accounting and construction services) are reflected in the statement of activities at their fair value.

Materials and other assets received as donations, for use in home construction, are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

The Organization opened a retail establishment called Habitat Restore (Restore) which sells at retail, various remodeling and building supplies to the general public. The store is staffed principally by paid persons, but principally sells items donated to East Pasco Habitat for Humanity, Inc.. Donations to Restore are not valued nor is an inventory of items used for financial reporting purposes in accordance with provisions of SFAS No. 116. A major uncertainty about the existence of value precludes donated items from being recognized at time of donation.

Cash and Cash Equivalents:
Habitat considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Organization has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately $240,000 at June 30, 2006. The Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

Equipment, Property, and Improvements
The Organization capitalizes all expenditures for property and equipment in excess of $500 at cost. Contributed capital property and equipment are recognized at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Mortgages Receivable:
Mortgages receivable consists of non-interest bearing mortgages which are secured by real estate and payable in monthly installments over the life of the mortgage. Escrow accounts are maintained for each homeowner (restricted bank account) to fund the annual insurance and property tax amounts owed on the respective properties. No allowance for uncollectable amounts is deemed necessary.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Assets:
Net Assets consist of unrestricted and temporarily restricted amounts as of June 30, 2006. The unrestricted amount consists of:

Unrestricted/Undesignated	$ 863,186
Unrestricted/Designated	500,728
Unrestricted Net Assets Total	$ 1,363,914

The designated portion of the unrestricted net assets consists of the net amount of non-interest bearing mortgages held on property transferred to homeowners.

Temporarily Restricted Net Assets Total:	$ -0-

There are no Permanently Restricted net assets as of June 30, 2006.

Transfers to Homeowners:
Transfers to homeowners are recorded at the gross amount of payments to be received over the lives of mortgages. Non-interest bearing mortgages have been discounted at 8.01% for the current year based upon prevailing market rates at the inception of the mortgages. Discounts are amortized using the straight line method over the lives of the mortgages.

In addition to the first mortgages, which are recorded as indicated, the organization also receives second or third mortgages and notes related to the transferred properties in an amount which approximates the excess of the fair market value of the homes over the actual amount to be repaid. As long as all terms and conditions related to the first mortgage are satisfied, this amount is forgiven annually based on the expected repayment terms of the first mortgage. No amounts for these second mortgages have been recorded on these financial statements. (See also Note 4)

Other Revenues:
Other revenue consists of merchandise sales and other fund raising efforts net of direct costs and gross rental revenue.

Home Construction Costs:
Costs incurred in conjunction with home construction are expensed when the home is transferred to the owner.

Following is a summary of home building activity for 2006:

	Number	Costs
Homes Under Construction, July 1, 2005	4	$ 119,391
New Homes Started in 2006	4	239,131
Homes Transferred in 2006	3	(177,945)
Homes Under Construction, June 30, 2006	5	$ 180,577

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Taxes:
Habitat has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code under a group exemption letter granted to Habitat International.

Estimates in the Financial Statements:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from the estimates.

NOTE 3. EQUIPMENT, PROPERTY AND IMPROVEMENTS

Equipment, property and improvements at June 30, 2006 consist of the following:

Restore Improvements and Equipment	$ 54,063
Construction Equipment	24,835
Office Equipment	22,162
Rental Home	52,253
	153,313
Less accumulated depreciation	(18,131)
Net equipment, property, and improvements	$ 135,182

Depreciation is provided principally by the straight line method over the item's estimated useful life. Charges to operations totaled $9,491 for the year ended June 30, 2006.

NOTE 4. PASCO OPPORTUNITY PROGRAM

During a prior year, Habitat entered into an agreement with the Pasco County (Florida) Community Development Division for assistance in funding infrastructure improvements related to building lots located in the eastern part of Dade City, FL. The agreement indicates it is to provide a permanent revolving fund for housing for qualified new home buyers.

As a result of this agreement, Pasco County has filed a first mortgage of $10,000 each on the fourteen lots involved. This mortgage amount ($140,000) has not been reflected on these financial statements.

During the year ended June 30, 2006, funds totaling $109,000 were drawn, and used for development. Properties along with the related mortgage amounts have been transferred to homeowners and Habitat is not liable to Pasco County. The total contracted amount was increased to $175,000, by agreement dated November 4, 2003. The funding received under this agreement has been reported as grant revenues in the financial statements.

NOTE 4. PASCO OPPORTUNITY PROGRAM (CONT'D)

As the completed homes are transferred to the homeowner, the County releases this first mortgage on the property and Habitat records its first mortgage as indicated in Note 2. In addition, the County will require the home buyer to grant a second mortgage on the transferred home and Habitat is required to take a third mortgage position for the balance of the fair market value of the home so transferred. As long as all terms and conditions related to the first mortgage are satisfied, this third mortgage amount will be forgiven annually based on the expected repayment terms of the first mortgage.

Pasco County has indicated that their mortgage amounts will be subject to adjustment when the total actual cost of the infrastructure improvements financed by this agreement is determined.

NOTE 5. MORTGAGE NOTES PAYABLE

Mortgage notes payable relate to properties transferred to Habitat by Pasco County Development Division Home Buyer Assistance Program.

Delmar Street - 2 lots	$ 10,000
Hardee Avenue - House & 2 lots	50,000
	$ 60,000

Terms of the mortgage provide this funding with 0.00% interest rate.

Subject to County approval, debt amounts will be transferred to applicable home buyers, which will relieve Habitat of further liability related to these debts.

NOTE 6. TRANSACTIONS WITH HABITAT INTERNATIONAL

Habitat annually remits a portion of its contributions (excluding in-kind, designated and any restricted contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2006, Habitat contributed $10,631 to Habitat International. Such amount is included in program services expense in the Statements of Activities and Changes in Net Assets.

NOTE 7. LEASE OBLIGATION

Habitat Restore (see note 2) entered into a lease for its store location. This lease covers a period of three years from July 1, 2005 through June 30, 2008. The lease is renewable for three additional one year periods with adjustments annually based on the CPI index change from the prior year. Minimum annual rentals under this lease are as follows:

Year	Amount
6/30/2007	36,000
6/30/2008	36,000
Total	$ 72,000

NOTE 8. RESTORE OPERATIONS

Restore operating costs consisted of the following amounts:

Salaries and Wages	$	74,426
Payroll Taxes		5,418
Store Rent		39,000
Travel		4,002
Food and Lodging		1,057
Office Supplies		6,199
Utilities		2,562
Telephone and Fax		2,226
Small Equipment and repairs		5,149
Professional Fees		2,500
Depreciation		4,417
Contract Services		1,833
Taxes and Insurance		1,631
Printing and Postage		622
Other		3,847
Total	$	154,889

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September 7, 2006

Board of Directors
East Pasco Habitat for Humanity, Inc.
Dade City, Florida

We have audited the financial statements of East Pasco Habitat for Humanity, Inc. (a non-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Organization's Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

JUDSON B. BAGGETT, CPA PA