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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2005

Open to Public Inspection

A For the 2005 calendar year, or tax year beginning 7/01/05 , and ending 6/30/06

B Check if applicable

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
Habitat for Humanity of Pulaski County

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
Po Box 1326

City or town, state or country, and ZIP + 4
Little Rock AR 72203

D Employer identification no.
71-0679937

E Telephone number
501-337-4434

F Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) ▶

▪ Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? ☐ Yes ☐ No
(If "No," attach a list. See instr.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☐ No

I Group Exemption Number ▶

G Website: ▶ www.habitatpulaski.org

J Organization type (check only one) ▶ ☒ 501(c) (3) ◂ (insert no.) ☐ 4947(a)(1) or ☐ 527

K Check here ▶ ☐ if the organization's gross receipts are normally not more than $25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. **Some states require a complete return.**

M Check ▶ ☒ if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 563,289

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue

1	Contributions, gifts, grants, and similar amounts received:				
a	Direct public support	1a	339,876		
b	Indirect public support	1b			
c	Government contributions (grants)	1c			
d	**Total** (add lines 1a through 1c) (cash $ 339,876 noncash $)			1d	339,876
2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	182,138
3	Membership dues and assessments			3	
4	Interest on savings and temporary cash investments			4	
5	Dividends and interest from securities			5	
6a	Gross rents	6a			
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)			6c	
7	Other investment income (describe ▶)			7	

		(A) Securities		(B) Other
8a	Gross amount from sales of assets other than inventory		8a	
b	Less: cost or other basis and sales expenses		8b	
c	Gain or (loss) (attach schedule)		8c	

d	Net gain or (loss) (combine line 8c, columns (A) and (B))			8d	
9	Special events and activities (attach schedule). If any amount is from **gaming**, check here ▶ ☐				
a	Gross revenue (not including $ of contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)			9c	
10a	Gross sales of inventory, less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)			10c	
11	Other revenue (from Part VII, line 103)			11	41,275
12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	563,289

Expenses

13	Program services (from line 44, column (B))	13	334,000
14	Management and general (from line 44, column (C))	14	28,390
15	Fundraising (from line 44, column (D))	15	12,216
16	Payments to affiliates (attach schedule)	16	
17	**Total expenses** (add lines 16 and 44, column (A))	17	374,606

Net Assets

18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	188,683
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	773,238
20	Other changes in net assets or fund balances (attach explanation)	20	
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	961,921

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For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.
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P 14

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash $ ___ non-cash $ ___) If this amount includes foreign grants, check here ▶ ☐	22				
23 Specific assistance to individuals (attach schedule) Stmt 1 ☐	23	83,799	83,799		
24 Benefits paid to or for members (attach schedule)	24				
25 Compensation of officers, directors, etc.	25				
26 Other salaries and wages	26	122,549	108,313	14,236	
27 Pension plan contributions	27				
28 Other employee benefits	28				
29 Payroll taxes	29	12,612	11,035	1,577	
30 Professional fundraising fees	30				
31 Accounting fees	31	1,595	1,595		
32 Legal fees	32				
33 Supplies	33	22,211	17,769	2,221	2,221
34 Telephone	34	5,172	4,138	517	517
35 Postage and shipping	35	557	446	55	56
36 Occupancy	36	58,281	43,157	6,420	8,704
37 Equipment rental and maintenance	37				
38 Printing and publications	38				
39 Travel	39	7,182	5,746	718	718
40 Conferences, conventions, and meetings	40				
41 Interest	41				
42 Depreciation, depletion, etc. (attach schedule)	42				
43 Other expenses not covered above (itemize): a See Statement 2	43a	60,648	58,002	2,646	
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 **Total functional expenses.** Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	374,606	334,000	28,390	12,216

Joint Costs. Check ▶ ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ▶ ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs $ ______, (ii) the amount allocated to Program services $ ______;

(iii) the amount allocated to Management and general $ ______, and (iv) the amount allocated to Fundraising $ ______

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Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

	Program Service Expenses (Required for 501(c)(3) & (4) orgs , & 4947(a)(1) trusts, but optional for others.)
What is the organization's primary exempt purpose? ▶ See Statement 3 All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	
a Habitat for Humanity of Pulaski County completed and sold two homes in Pulaski County (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	278,949
b Sale of donated property (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	55,051
c (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
d (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
e Other program services (attach schedule) (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	334,000

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.			(A) Beginning of year		(B) End of year
Assets					
45 Cash-non-interest-bearing			86,117	45	103,195
46 Savings and temporary cash investments				46	
47a Accounts receivable	47a				
b Less: allowance for doubtful accounts	47b			47c	
48a Pledges receivable	48a				
b Less: allowance for doubtful accounts	48b			48c	
49 Grants receivable				49	
50 Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
51a Other notes and loans receivable (attach schedule) See Worksheet	51a	1,112,792			
b Less: allowance for doubtful accounts	51b	541,682	563,841	51c	571,110
52 Inventories for sale or use				52	
53 Prepaid expenses and deferred charges				53	5,593
54 Investments-securities ▶ ☐ Cost ☐ FMV				54	
55a Investments-land, buildings, and equipment: basis	55a	284,344			
b Less: accumulated depreciation (attach schedule) See Statement 4	55b		131,570	55c	284,344
56 Investments-other (attach schedule) See Stmt 5			12,500	56	13,046
57a Land, buildings, and equipment: basis	57a	20,519			
b Less: accumulated depreciation (attach schedule) See Statement 6	57b		6,102	57c	20,519
58 Other assets (describe ▶)				58	
59 **Total assets** (must equal line 74). Add lines 45 through 58.			800,130	59	997,807
Liabilities					
60 Accounts payable and accrued expenses			18,286	60	8,661
61 Grants payable				61	
62 Deferred revenue				62	
63 Loans from officers, directors, trustees, and key employees (attach schedule)				63	
64a Tax-exempt bond liabilities (attach schedule)				64a	
b Mortgages and other notes payable (attach schedule)				64b	
65 Other liabilities (describe ▶ See Statement 7)			8,606	65	27,225
66 **Total liabilities.** Add lines 60 through 65			26,892	66	35,886
Net Assets or Fund Balances					
Organizations that follow SFAS 117, check here ▶ ☒ and complete lines 67 through 69 and lines 73 and 74.					
67 Unrestricted			690,565	67	749,886
68 Temporarily restricted			82,673	68	212,035
69 Permanently restricted				69	
Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 70 through 74.					
70 Capital stock, trust principal, or current funds				70	
71 Paid-in or capital surplus, or land, building, and equipment fund				71	
72 Retained earnings, endowment, accumulated income, or other funds				72	
73 **Total net assets or fund balances** (add lines 67 through 69 **or** lines 70 through 72; column (A) **must** equal line 19; column (B) **must** equal line 21)			773,238	73	961,921
74 **Total liabilities and net assets/fund balances.** Add lines 66 and 73.			800,130	74	997,807

Part IV-A . Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements			a	563,289
b	Amounts included on line a but not on Part I, line 12:				
1	Net unrealized gains on investments	b1			
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify):	b4			
	Add lines b1 through b4			b	
c	Subtract line b from line a			c	563,289
d	Amounts included on Part I, line 12, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify):	d2			
	Add lines d1 and d2			d	
e	**Total revenue** (Part I, line 12). Add lines c and d ▶			e	563,289

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements			a	374,606
b	Amounts included on line a but not Part I, line 17:				
1	Donated services and use of facilities	b1			
2	Prior year adjustments reported on Part I, line 20	b2			
3	Losses reported on Part I, line 20	b3			
4	Other (specify):	b4			
	Add lines b1 through b4			b	
c	Subtract line b from line a			c	374,606
d	Amounts included on Part I, line 17, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify):	d2			
	Add lines d1 and d2			d	
e	**Total expenses** (Part I, line 17). Add lines c and d ▶			e	374,606

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contrib. to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
David Jones 425 W. Capitol S Little Roc AR 72201	President 0	0	0	0
Rob Young 601 Spruce Little Rock AR 72206	Vice Pres. 0	0	0	0
Tjuana Byrd 1 Shelby Rd Sherwood AR 72120	Secretary 0	0	0	0
Erin Gibbs 222 E C Ave North Litt AR 72116	Treas 0	0	0	0

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

			Yes	No
75a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶			
b	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b		X
c	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control? **Note.** Related organizations include section 509(a)(3) supporting organizations. If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization.	75c		X
d	Does the organization have a written conflict of interest policy?	75d		X

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contrib. to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
N/A				

Part VI Other Information (See the instructions.)

			Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77		X
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	78b		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a		X
b	If "Yes," enter the name of the organization ▶ and check whether it is ☐ exempt **or** ☐ nonexempt			
81a	Enter direct and indirect political expenditures. (See line 81 instructions.) 81a			
b	Did the organization file **Form 1120-POL** for this year?	81b		X

Part VI Other Information (continued)

			Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) — 82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? N/A	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less? N/A	85b		
	If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
c	Dues, assessments, and similar amounts from members — 85c			
d	Section 162(e) lobbying and political expenditures — 85d			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices — 85e			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) — 85f			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A	85h		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 — 86a			
b	Gross receipts, included on line 12, for public use of club facilities — 86b			
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders — 87a			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) — 87b			
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88		X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0			
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year sections 4912, 4955, and 4958 ▶			0
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶			0
90a	List the states with which a copy of this return is filed ▶ AR			
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90b		2

91a The books are in care of ▶ William Plunkett Telephone no. ▶

Located at ▶ 3805 W. 12th Street Little Rock, AR ZIP + 4 ▶ 72201

			Yes	No
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b		X
	If "Yes," enter the name of the foreign country ▶			
	See the instructions for exceptions and filing requirements for **Form TD F 90-22.1**, Report of Foreign Bank and Financial Accounts.			
	At any time during the calendar year, did the organization maintain an office outside of the United States?	91c		X
c	If "Yes," enter the name of the foreign country ▶			

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of **Form 1041**- Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by sec 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Transfers to home owners					109,000
b Restores Income			5	73,138	
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b Mortgage Discount & Amortizat					41,220
c Misc Income					55
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		73,138	150,275
105 Total (add line 104, columns (B), (D), and (E)) ▶					223,413

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93a	Transfers to home owners
93b	Resale of Donated Property

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

▶ [signature] Signature of officer | 5/15/07 Date

▶ William Plunkett Executive Director
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ [signature]	Date 5/15/07	Check if self-employed ▶ ☐	Preparer's SSN or PTIN (See Gen. Instr. W) 432-96-8446
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ LEEK AND ASSOCIATES, PLLC 11815 Hinson Rd Little Rock, AR 72212		EIN ▶ 20-2949461	Phone no. ▶ 501-223-9336

DAA

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

2005

Name of the organization: Habitat for Humanity of Pulaski County

Employer identification number 71-0679937

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Comp	(d) Contrib to empl ben. plans & deferred comp.	(e) Expense account & other allowances
NONE				
Total number of other employees paid over $50,000 ▶				

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over $50,000 for other services ▶		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Part III Statements About Activities (See page 2 of the instructions.)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ ______ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1		X
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)?	2d		X
e	Transfer of any part of its income or assets?	2e		X
3a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)	3a		X
b	Do you have a section 403(b) annuity plan for your employees?	3b		X
c	During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	3c		X
4a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a		X
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).

6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)

7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).

8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).

9 ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ▶

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)

11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)

11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)

12 ☐ An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions-subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A.)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: **(1)** lines 5 through 12 above; or **(2)** section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: ▶ ☐ Type 1 ☐ Type 2 ☐ Type 3

Provide the following information about the supported organizations. (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)	**(b)** Line number from above

14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4) (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	174,677	225,085	258,396	140,689	798,847
16 Membership fees received					0
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc , purpose	40,187	64,662	17,398	74,915	197,162
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975		535	2,767	302	3,604
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					0
22 Other income. Attach a schedule Do not include gain or (loss) from sale of capital assets					0
23 Total of lines 15 through 22	214,864	290,282	278,561	215,906	999,613
24 Line 23 minus line 17	174,677	225,620	261,163	140,991	802,451
25 Enter 1% of line 23	2,149	2,903	2,786	2,159	

26 **Organizations described on lines 10 or 11:** a Enter 2% of amount in column (e), line 24 ▶ 26a 16,049

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a. **Do not file this list with your return.** Enter the total of all these excess amounts ▶ 26b

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ 26c 802,451

d Add: Amounts from column (e) for lines: 18 3,604 19 ____ 22 ____ 26b ____ ▶ 26d 3,604

e Public support (line 26c minus line 26d total) ▶ 26e 798,847

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ 26f 99.5509 %

27 **Organizations described on line 12:** a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." **Do not file this list with your return.** Enter the sum of such amounts for each year: N/A

(2004) .... (2003) .... (2002) .... (2001) ....

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000 (Include in the list organizations described in lines 5 through 11b, as well as individuals.) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year: N/A

(2004) .... (2003) .... (2002) .... (2001) ....

c Add: Amounts from column (e) for lines: 15 ____ 16 ____ 17 ____ 20 ____ 21 ____ ▶ 27c

d Add: Line 27a total. ____ and line 27b total ____ ▶ 27d

e Public support (line 27c total minus line 27d total) ▶ 27e

f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) ▶ 27f

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ 27g %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ 27h %

28 **Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. **Do not file this list with your return.** Do not include these grants in line 15.

Part V Private School Questionnaire (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	If "Yes," please describe; if "No," please explain (If you need more space, attach a separate statement.)			
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768) N/A

Check ▶ a ☐ if the organization belongs to an affiliated group. Check ▶ b ☐ if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table-			
If the amount on line 40 is- / **The lobbying nontaxable amount is-**			
Not over $500,000 — 20% of the amount on line 40			
Over $500,000 but not over $1,000,000 — $100,000 plus 15% of the excess over $500,000			
Over $1,000,000 but not over $1,500,000 — $175,000 plus 10% of the excess over $1,000,000	41		
Over $1,500,000 but not over $17,000,000 — $225,000 plus 5% of the excess over $1,500,000			
Over $17,000,000 — $1,000,000			
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B **Lobbying Activity by Nonelecting Public Charities**
(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.) N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines through **c h.**)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines through **c h.**)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of:			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions:			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule:

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Forms **990 / 990-PF**

Other Notes and Loans Receivable

2005

For calendar year 2005, or tax year beginning 7/01/05 , and ending 6/30/06

Name	Employer Identification Number
Habitat for Humanity of Pulaski County	71-0679937

Form 990, Part IV, Line 51a - Additional Information

	Name of borrower	Relationship to disqualified person
(1)	Mortgages Receivable	
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

	Secunty provided by borrower	Purpose of loan
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year	Fair market value (990-PF only)
(1)		563,841	571,110	
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
Totals		563,841	571,110	

Statement 1 - Form 990, Part II, Line 23 - Specific Assistance to Individuals

Description	Amount
Transfer to homeowners	$ 83,799
Total	$ 83,799

Statement 2 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
	$	$	$	$
Expenses				
Investment Depreciation	2,646		2,646	
Restore supplies	4,094	4,094		
Insurance	6,061	6,061		
Mortgage Discounts	47,847	47,847		
Total	$ 60,648	$ 58,002	$ 2,646	$ 0

Statement 3 - Form 990, Part III - Organization's Primary Exempt Purpose

The Mission of Habitat for Humanity is to work in Partnership with God and people everywhere, from all walks of life, to develop communities with God's people in need by building and renovation houses, so that there are decent houses in decent communities in which God's people can live and grow into all that God intended. Habitat for Humanity is a people-to-people partnership and resources to build decent, affordable housing for needy people. Habitat for Humanity is committed to the development and uplifting of families and communities in need with volunteers construction of houses. Habitat for Humanity builds, renovates and repairs simple, decent affordable housing with people who are living in inadequate housing. The families are selected without descrimination on the basis of race, creed, or ethnic background. The houses are sold to selected families with no profit or interest added.

Statement 4 - Form 990, Part IV, Line 55 - Investments in Land, Buildings, and Equipment

Description	Beginning of Year	Accum Deprec	End of Year	Accum Deprec
Construction in Progress	$ 131,570	$	$ 284,344	$
Total	$ 131,570	$ 0	$ 284,344	$ 0

Statement 5 - Form 990, Part IV, Line 56 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation
Other Assets	$ 12,500	$ 13,046	
Total	$ 12,500	$ 13,046	

Statement 6 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Deprec	End of Year	Accum Deprec
Fixed Assets	$ 6,102	$	$ 20,519	$
Total	$ 6,102	$ 0	$ 20,519	$ 0

Statement 7 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
Escrowed Funds	$ 8,606	$ 27,225
Total	$ 8,606	$ 27,225

HABITAT FOR HUMANITY
OF PULASKI COUNTY, INC.

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2006

Leek & Associates, PLLC
11815 Hinson Road
Little Rock, AR 72212

HABITAT FOR HUMANITY OF PULASKI COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Habitat for Humanity of Pulaski County, Inc.

We have audited the accompanying statements of financial position of Habitat for Humanity of Pulaski County, Inc. (an Arkansas non profit corporation), as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organizations management Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S generally accepted auditing standards. 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 in the first paragraph present fairly, in all material respects, the financial position of Habitat for Humanity of Pulaski County, Inc. at June 30, 2006, and the results of its operations and its cash flows for the year then ended in conformity with U S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplemental schedule is the responsibility of Habitat for Humanity of Pulaski County, Inc. management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Leek & Associates, PLLC

Leek & Associates, PLLC
May 8, 2007

HABITAT FOR HUMANITY OF PULASKI COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2006

ASSETS

Cash	$	103,195
Houses in progress		284,344
Prepaid expense		5,593
Non-interest bearing mortgage loans		1,112,792
Discount on non-interest bearing mortgage loans		(541,682)
Equipment, net of accumulated depreciation		20,519
Other assets		13,046
TOTAL ASSETS	$	997,807

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	$	8,661
Escrow funds held for others		27,225
Total liabilities		35,886
NET ASSETS		
Temporarily restricted		212,035
Unrestricted		749,886
Total net assets		961,921
TOTAL LIABILITIES AND NET ASSETS	$	997,807

See notes to financial statements.

HABITAT FOR HUMANITY OF PULASKI COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

CHANGES IN UNRESTRICTED NET ASSETS	
Revenue and gains	
Home sales	$ 109,000
Contributions – unrestricted	126,926
Restore	73,138
Mortgage loan discount amortization	41,220
Other revenue	55
Total revenue and gains	350,339
Net assets released from restrictions	83,588
Expenses and losses	
Program services	334,000
Supporting services	
Fund raising	12,216
Management and general	28,390
Total expenses and losses	374,606
INCREASE IN UNRESTRICTED NET ASSETS	59,321
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	
Contributions	212,950
Net assets released from restrictions	(83,588)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	129,362
INCREASE IN NET ASSETS	188,683
NET ASSETS AT BEGINNING OF YEAR	773,238
NET ASSETS AT END OF YEAR	$ 961,921

See notes to financial statements.

HABITAT FOR HUMANITY OF PULASKI COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$	188,683
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Transfers to homeowners, net of discounts		(47,847)
Mortgage loan discount amortization		(41,220)
Depreciation		2,645
Effect of changes in assets and liabilities:		
Increase in houses in progress		(152,769)
Decrease in accounts payable		(9,625)
Increase in prepaid		(5,593)
Increase in escrow funds held for others		18,619
Net cash used in operating activities		(47,107)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgage payments received		81,798
Payments for purchase of new equipment		(17,613)
Net cash provided by investing activities		64,185
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used by financing activities		0
NET INCREASE IN CASH		17,078
Cash at beginning of year		86,117
Cash at end of year	$	103,195
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Issuance of non-interest bearing mortgage loans	$	89,000
Discount on non-interest bearing loans		(41,153)
Transfers to homeowners subject to non-interest bearing mortgage loans	$	47,847

See notes to financial statements.

NOTE 1 - ORGANIZATION AND PURPOSE

Habitat for Humanity of Pulaski County, Inc. (a non-profit corporation)("HHPC") was incorporated on July 11, 1989. Habitat for Humanity of Pulaski County, Inc. is an affiliate of Habitat for Humanity International, Inc. (HHI), 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 for Humanity International assists with information resources, training, publications, prayer support, and in other ways, Habitat for Humanity of Pulaski County, Inc. is primarily and directly responsible for its own operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents – Habitat for Humanity of Pulaski County, Inc. considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Temporarily Restricted Cash – HHPC currently services the mortgages on the homes it sells. Included in restricted cash are amounts received for insurance and property taxes on such homes.

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.

Concentrations and Allowance for Loan Losses – Valuation of mortgages are considered adequate at face value because the home fair market values are always in excess of the cost to build the home, by which the mortgage is secured. Credit risk is assessed based on the applications and history of each mortgagee, who generally have low socio-economic characteristics.

Property and Equipment – It is the policy of HHPC to capitalize property and equipment with an economic life of greater than one year. Purchased property and equipment is capitalized at cost and depreciated using the straight-line method over 5 – 7 years.

Recognition of Donor Restricted Contributions – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All temporarily restricted net assets are restricted for the purpose of home building.

HABITAT FOR HUMANITY OF PULASKI COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continue)

Donated Services – A substantial number of volunteers have made significant contributions of their time to HHPC's program and supporting services The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurements or valuation.

Transfers to Homeowners – Transfers to homeowners are recorded at the gross mortgage amount plus down payment received. Non-interest bearing mortgages have been discounted based upon prevailing market rates for low income housing at the inception of the mortgages Utilizing a straight-line basis, this discount is recognized as interest income over the term of the mortgage.

Homes in progress – Costs incurred in conjunction with home construction are recorded as homes in progress. As homes are completed and sold, the associated cost is removed from home in progress and recorded an expense. The specific identification method is used in determining the cost of a home sold.

Income taxes – Habitat for Humanity of Pulaski County, Inc. has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code under a group exemption letter granted to Habitat for Humanity International by the Internal Revenue Service.

Estimates in the Financial Statements – The preparation of financial statements in conformity with U.S. 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 expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments – HHPC's financial instruments consist of cash and cash equivalents, loans receivable and houses in progress, accounts payable and accrued expenses, all of which are stated at cost, which approximates fair value

Financial Statement Presentation – HHPC has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, HHPC 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 As permitted by the statement, the Organization does not use fund accounting.

NOTE 3 – LINE OF CREDIT

Habitat for Humanity of Pulaski County, Inc. has an unsecured line of credit in the amount of $40,000 at a local financial institution. The lender's interest rate is variable as of June 30, 2006, and no amount was borrowed at that date

NOTE 4 – TRANSACTIONS WITH HABITAT INTERNATIONAL

HHPC generally remits a portion of its contributions (excluding in-kind contributions) to Habitat for Humanity International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2006, HHPC did not contribute to Habitat for Humanity International. Such amounts when made would be included in program services expenses in the Statement of Activities.

NOTE 5 – CONTINGENT RECEIVABLES

Habitat for Humanity of Pulaski County, Inc. secures a second mortgage on each property at the time of sale. This second mortgage reflects the approximate difference between the fair market value of the property and the sale price. The mortgage is forgiven ratably over a twenty-year period as long as the purchaser remains with the property. If the property is sold by the original purchaser or foreclosed, the remaining balance on the second mortgage must be repaid to the mortgage holder along with the balance due on the first mortgage. No contingent receivable and offsetting deferred revenue are recorded in these financial statements, but the practice is being disclosed for informational purposes. The amount that may actually be collected is undetermined.

NOTE 6 – ESCROW FUNDS HELD

HHPC maintains escrow accounts to service the insurance, real estate tax, and maintenance liabilities of its customers.

NOTE 7 – RESTRICTED CASH

When cash is received that is earmarked for the development of a specific property, the funds are held as restricted until such time as they are applied to the cost of that property.

HABITAT FOR HUMANITY OF PULASKI COUNTY, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

	Program Services		Supporting Services		
	Home Construction	Restore	Fundraising	Management and General	Total
Salaries and wages	$ 80,669	$ 27,644	$ -	$ 14,236	$ 122,549
Payroll taxes	8,937	2,098	-	1,577	12,612
Building materials and supplies	83,799	4,094	-	-	87,893
Depreciation	-	-	-	2,646	2,646
Insurance	6,061	-	-	-	6,061
Postage	446	-	56	55	557
Office Supplies	17,769	-	2,221	2,221	22,211
Mortgage discounts	47,847	-	-	-	47,847
Professional fees	1,595	-	-	-	1,595
Telephone	4,138	-	517	517	5,172
Travel	5,746	-	718	718	7,182
Other	21,942	21,215	8,704	6,420	58,281
Totals	$ 278,949	$ 55,051	$ 12,216	$ 28,390	$ 374,606