

BLUEPRINTS FOR THE FUTURE

BOARD OF DIRECTORS



New house models, staff, and build sites, oh my! Blitz builds, media attention, and major events, oh my! This year didn't bring scary lions, tigers and bears, but instead challenged us toward a significant increase in capacity which resulted in breaking records.

Not only did we have our largest production year in our history, we built 42 homes with flair! We partnered with traditional home builders, national partners and our faithful local sponsors, churches and volunteers. Thank you for your energy, flexibility and commitment to serving the less fortunate. We can report these wonderful accomplishments because of your willingness to share on so many levels. Thank you for putting your faith into action through Habitat.

Christine Odom accepted the call from Habitat for Humanity International and assumed her new role as the Director of Tithe. She continues to serve by educating affiliates about Habitat's global work and asking them to support these efforts through tithing.

We are pleased to welcome Roger Schwierjohn as the new CEO of our affiliate. His leadership will guide us in 2007-2008 as we open a second ReStore location in the east valley, launch the A Brush with Kindness neighborhood beautification program, implement a case management approach in the Homeowner Services department and address the increasing cost of land and materials. The staff and board are delighted with Roger's substantial knowledge, zeal for the mission, and his ever present humility and humor. We look forward to a great new year!

"There is no higher religion than human service. To work for the common good is the greatest creed."

-Woodrow Wilson

Missie D'Aunoy
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Interim CEO



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Gil Rodriguez, Jamie Shulman, Celia Sias, Jonathan Vento

Mailing Address:
P.O. Box 20186 | Phoenix, AZ 85036

Habitat Office & ReStore Locations:
115 E. Watkins Dr. | Phoenix, AZ 85004

New ReStore Coming Soon!
1135 S. Dobson Ste. 104 | Mesa, AZ 85202

Office (602) 268-9022
ReStore Donation Line (602) 268-4266
habitataz.org

Design & Layout by: Yajahida Acuna



ANNUAL REPORT 2006 - 2007



ROCF 170255

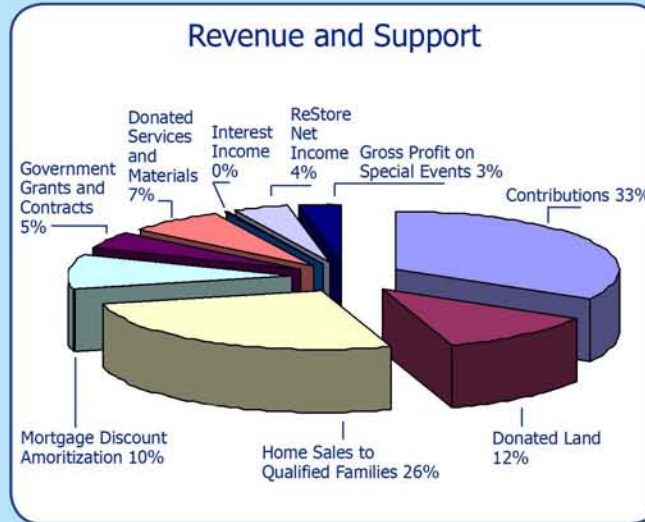
THE NEED FOR AFFORDABLE HOUSING

- Land prices continue to hamper affordability. The average cost to purchase an infill lot during our 2006-2007 fiscal year was \$72,778. Five years ago that same lot could have been purchased for \$5,000.
- In 2006, Arizona's housing increased by 33%, the highest increase in the nation, well above the national average of 13%.
- At the beginning of this fiscal year, the Median Sales Price of an existing single-family home was \$272,000, an all time high. At the end of this fiscal year, the Median Sales Price was \$264,800, only a 2.7% decrease.



- The hourly wage needed to buy a home increased by more than \$10 over the course of the fiscal year and is now \$38.44. Police officers, firefighters, teachers, nurses, and retail workers are among the 1.25 million Arizonan's who can not afford to own a home.
- Projections say the US will add 80 million people in population in the next 30 years with six states highly affected, one of them being Arizona.
- Substandard housing endangers the health and safety of its occupants, erodes their hope and self-worth, and impairs their children's' ability to succeed in school.

REVENUE AND SUPPORT, EXPENSES AND GRAPHS

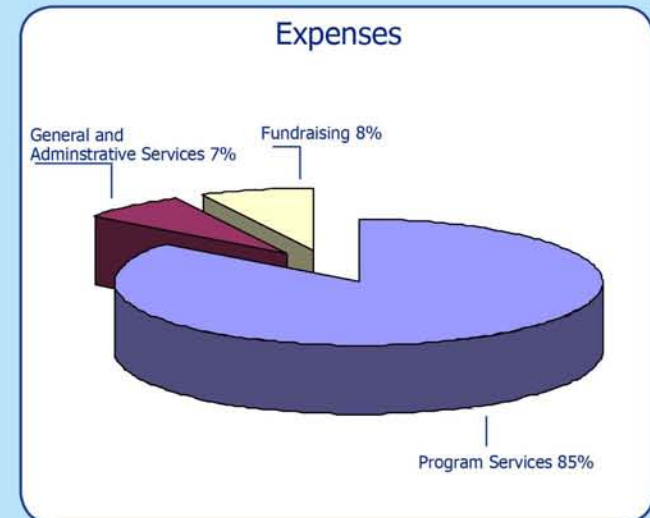


Support and Revenue

Contributions	\$3,375,532
Donated Land	\$1,200,000
Home Sales to Qualified Families	\$2,675,293
Mortgage Discount Amortization	\$976,330
Government Grants and Contracts	\$486,988
Donated Services and Materials	\$705,716
Interest Income	\$22,817
ReStore Net Income	\$405,524
Gross Profit on Special Events	\$308,639
TOTAL	\$10,156,839

Expenses

Program Services	\$7,748,981
General & Administrative Services	\$617,017
Fundraising	\$680,417
TOTAL	\$9,046,415



Basis for Preparation

These Condensed Financial Statements of Habitat for Humanity Valley of the Sun do not include all of the Financial Statements or Footnotes required by generally accepted accounting principals. Habitat for Humanity Valley of the Sun is audited by Mayer Hoffman McCann P.C., Certified Public Accountants. Copies of the audited Financial Statements are available from Habitat for Humanity Valley of the Sun.

OUR MISSION

Habitat for Humanity Valley of the Sun, an affiliate of Habitat for Humanity International, is an independent, locally operated, nonprofit 501 (c)(3) organization.



Founded in 1986, Habitat for Humanity Valley of the Sun, a faith-based organization, is an advocate for eliminating sub-standard housing by creating partnerships to build and renovate owner-occupied housing. Our goal is to eliminate sub-standard housing from the greater Phoenix area. We have built 433 homes across 12 valley locations during our 20 year history. We are the largest Habitat affiliate in the Western United States and are among the top 12 affiliates out of more than 1,700 US affiliates in terms of house production.

Habitat for Humanity Valley of the Sun builds houses for low-income working families from diverse backgrounds all around the Valley. Our service area includes 12 cities, approximately 88% of the population of Maricopa County.

Habitat families benefit through increased stability and income due to lower household expenses. The higher quality environment translates to higher academic achievement and reduced behavioral problems in children as documented by an Ohio State University study. Community benefits include lower crime levels, increased property values, neighborhood revitalization and workforce stability.

DONOR RECOGNITION

Home Sponsorship

Abrazo Health Care
Achen-Gardner
Anderson Windows
ARMLS
AZREIA
Bank of America
Ben Franklin Plumbing
Blanford Homes
Boeing Mesa
Buffini
Catholic Coalition
Camelot Homes
Chase Bank
Coldwell Banker Residential Brokerage
Concord General Contracting/Jim Jackson
Desert Schools Federal Credit Union
Discover Financial Services
East Valley Churches Coalition
Eileen Tait Memorial
Episcopal Coalition
GMAC
IKEA
Lutherans Building for Christ Coalition
Lutherans – North East Coalition
Lutherans – Mountain View Coalition
Mighty Methodist Coalition
Morrison Homes
Phoenix Coyotes
Presbyterian Coalition
Realty Executives
Rio Verde/Tonto Verde Communities
Rosie on the House
Salt River Project
SEVRAR
St. Andrew Catholic Church
St. Patrick Catholic Church
St. Paul Catholic Church
Sundt Foundation
Superstition Coalition
Target
Thrivent Financial for Lutherans
Tostitos
UPS
US Airways
Wells Fargo
Western Union Foundation
Whirlpool
Centex Homes
Quarles & Brady LLP



ReStore

James Partida
Tru-Value Hardware
Morrison Homes
Ferguson Bath & Kitchen Gallery
Lamps Plus Centennial
Bashas'
Maria Vasquez
Norman Wright
Crate and Barrel
Gordon Goosem
Steve Perrotta
Randy VanDrew
Calvis Wyatt Luxury Homes
Salt River Project
John Van Rixel
Costco Homestore
Thornwood Furniture
YMCA
Pulte Building Supplies
Pulte Homes
Lucy C. Almeida
Assar Mansour
Niki Robertshaw
Hearl Custom Homes
Compliance Partners
Suzanne Cook
Mountain Shadows Homes
Niki Robertshaw
Compass West
The Matteson Companies
USA Blinds
Camelot Homes
Blanford Homes

Blue Prints & Blue Jeans Event

ARMLS
Baldwin Luxury Property Marketing
Bank of America
Catholic Healthcare West
Cullum Homes
Evans Family
HL Design Build
Kutac Rock
Drs. Morris and Adams
Neiman Marcus
Personal Real Estate
Investor Magazine
Salt River Project
Santa Barbara Catering



Take A Swing for Humanity Golf Tournament

1st National Bank of Arizona & CBIZ
Cachet Homes
Carey Law Firm
Compass Bank
Element Homes
Greenberg Traurig
Harris Private Bank
I & S Development and Park West Development
Irwin Union Bank
Land America Commercial Services
Leslie Pools
Mashburn Companies
PING
Pulte & the Communities of Del Web
Quarles & Brady LLP
Renaissance Square
Salt River Project
Superstition Mountain Golf & Country Club
Snell & Wilmer LLP
SUNCOR
US Bank
Waste Management



Operating/Camp Habitat

Bank of America
Bashas'
Discover Financial Services
Eli Lilly
Frontier Adjusters
MidFirst IRA
National Basketball Association
Phoenix Suns
Nouveau Riche
Paragon Structural Design
Piper Jaffray
Sallie Mae Fund
Salt River Project
Shepard of the Hills Congregational Church
Southwest Airlines
The Dial Corporate
US Airways
Wells Fargo

YEAR IN REVIEW



• Our fiscal year 06-07 was one of breaking records, stretching expectations, building capacity, and collaborating. We are pleased to be able to share that our service during this time has resulted in some very significant outcomes and accomplishments:

• We had a record breaking year of building homes for 42 families (170 individuals). This increase in production has placed us as the 12th largest affiliate (up from #15) out of more than 1700 affiliates in the country.

• We managed six build sites throughout the valley including Apache Junction, Chandler, Glendale, Guadalupe, South Phoenix, and Tempe.

• We partnered with 23,280 volunteers who helped with home construction, committee work, office support and customer service support in our ReStore. Because of their dedication to the Habitat mission, Habitat realized a labor savings of \$3,563,456.

• We welcomed 1686 new donors into our Habitat family and thanked them for their combined contributions of more than \$1.3 million to further the mission of Habitat.

• We tithed 10% of our unrestricted operating revenue to Habitat for Humanity International, a gift of \$119,275 to aide in the building of 26 homes in Argentina.

• We partnered with Metro Tech High School seniors and their instructor to design new floor plans that conform to various cities infill standards. Due to the utilization of students and the ability for Habitat to own the plans, the cost for this work is less than 25% of what we would typically have to pay elsewhere and students gain practical experience. Ten designs were selected and are either currently being implemented at our build sites or on schedule for the coming years.

• We leased a 50,000 sq. ft. warehouse next to our office building that serves as construction offices, storage and a building center. The warehouse allows us to utilize additional volunteer groups to pre-build items for homes and it creates more efficiency in tool storage and material distribution to multiple build sites.



• The national spotlight hit our Glendale site thanks to the televised blitz build with Tostitos and the Fiesta Bowl and again during a nine-home blitz build with Whirlpool and Reba McEntire.

• We lead a Global Village building trip for 14 local volunteers to Argentina where they put their faith into action by building walls, roofs and septic systems. While there, the team presented the local affiliate with gifts of tools to help with future construction projects. Two staff members were also able to participate in the Jimmy Carter Work Project in India.

• Our AmeriCorps member staff built a laundry facility for 50 families at the House of Refugees as a community service project.



• We were honored to host the Secretary of HUD at our Villas Esperanza community park for a reception with our families and his announcement of HUD's funding to Habitat for Humanity International. Senator Jon Kyl also joined him to speak on the need for affordable housing.

• We successfully completed several blitz building projects (building homes in one to four weeks) including homes sponsored by Blanford Homes, Buffini, Camelot Homes, GMAC, Morrison Homes, the Tostitos Fiesta Bowl, and Whirlpool's Building Block's program.



• We partnered with the National Basketball Association and the Phoenix Suns to send a "House in a Box" to support the Katrina and Rita victims in the gulf region.

• We continued to partner with a local emergency and domestic violence shelter by rehabbing shower facilities that will serve 100 women and children.