Consolidated Financial Statements and Report of Independent Certified Public Accountants

Make It Right Foundation

As of December 31, 2009 and 2008

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Report of Independent Certified Public Accountants

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o the Board of Directors of Make It Right
Foundation:

We have audited the accompanying consolidated statements of financial position of **Make It Right Foundation** (a Delaware not-for-profit corporation) **and Subsidiaries** as of December 31, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Make It Right Foundation and Subsidiaries as of December 31, 2009 and 2008, and the changes in their net assets and their cash flows for the years ended December 31, 2009 and 2008, in conformity with accounting principles generally accepted in the United States of America.

Raleigh, North Carolina March 30, 2010

Grant Thornton LLP

Consolidated statements of financial position

December 31	2009	2008
	$	$
Assets		
Cash and cash equivalents	12,313,107	8,722,588
Receivables:		
Pledged contributions and grants receivable, net	1,983,483	7,735,000
Accounts receivable	71,536	60,202
Homeowner receivables	15,238	451,169
Mortgage receivables	1,578,858	1,529,800
Total receivables	3,649,115	9,776,171
Home construction		
Building materials	864,766	285,874
Construction work in process	4,048,109	467,168
Land	501,157	12,891
Total home construction	5,414,032	765,933
Prepaid expenses	60,611	46,512
Other assets	55,166	32,656
Property and equipment, net	524,393	437,662
NMTC notes receivable	20,700,200	-
Deferred financing costs	832,080	-
Total assets	43,548,704	19,781,52 2
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	703,273	876,530
Other liabilities	90,045	50,462
Deferred revenue	120,000	1,374,889
NMTC notes payable	26,682,266	-
Other notes payable	500,000	-
Total liabilities	28,095,584	2,301,881
Net assets:		
Unrestricted	15,294,870	17,329,64 1
Temporarily restricted	158,250	150,000
Total net assets	15,453,120	17,479,64 1
Total liabilities and net assets	43,548,704	19,781,52 2

For the year ended December 31, 2009	**Unrestricted**	**Temporarily Restricted**	**Total**
	$	$	$
Revenues, gains and other support:			
Contributions, gifts and grants	9,091,286	158,250	9,249,536
Sales to homeowners	1,796,128	-	1,796,128
Investment income	84,540	-	84,540
Merchandise income	25,740	-	25,740
Total revenues, gains and other support	10,997,694	158,250	11,155,944
Expenses:			
Fundraising expense	985,522	-	985,522
Management and general	398,484	-	398,484
Program expense	11,648,459	150,000	11,798,459

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

Consolidated statements of activities

December 31	2009	2008
	$	$
Assets		
Cash and cash equivalents	12,313,107	8,722,588
Receivables:		
Pledged contributions and grants receivable, net	1,983,483	7,735,000
Accounts receivable	71,536	60,202
Homeowner receivables	15,238	451,169
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Total assets	43,548,704	19,781,52 2

Liabilities and Net Assets

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

Consolidated statements of activities

For the year ended December 31, 2008	Unrestricted	Temporarily Restricted	Total
	$	$	$
Revenues, gains and other support:			
Contributions, gifts and grants	12,260,814	150,000	12,410,814
Sales to homeowners	877,095	-	877,095
Investment income	104,171	-	104,171
Merchandise income	93,869	-	93,869
Total revenues, gains and other support	13,335,949	150,000	13,485,949
Expenses:			
Fundraising expense	649,307	-	649,307
Management and general	170,980	-	170,980
Program expense	7,621,700	-	7,621,700
Total expenses	8,441,987	-	8,441,987
Change in net assets	4,893,962	150,000	5,043,962
Net assets, beginning of period	12,435,679	-	12,435,679
Net assets, end of period	17,329,641	150,000	17,479,641

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

Consolidated statements of cash flows

December 31	2009	2008
	$	$
Assets		
Cash and cash equivalents	12,313,107	8,722,588
Receivables:		
Pledged contributions and grants receivable, net	1,983,483	7,735,000
Accounts receivable	71,536	60,202
Homeowner receivables	15,238	451,169
Mortgage receivables	1,578,858	1,529,800
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Liabilities:		
Accounts payable and accrued expenses	703,273	876,530
Other liabilities	90,045	50,462
Deferred revenue	120,000	1,374,889
NMTC notes payable	26,682,266	-
Other notes payable	500,000	-
Total liabilities	28,095,584	2,301,881
Net assets:		
Unrestricted	15,294,870	17,329,641
Temporarily restricted	158,250	150,000
Total net assets	15,453,120	17,479,641
Total liabilities and net assets	43,548,704	19,781,522

For the year ended December 31, 2009	**Unrestricted**	**Temporarily Restricted**	**Total**
	$	$	$
Revenues, gains and other support:			
Contributions, gifts and grants	9,091,286	158,250	9,249,536
Sales to homeowners	1,796,128	-	1,796,128
Investment income	84,540	-	84,540
Merchandise income	25,740	-	25,740
Total revenues, gains and other support	10,997,694	158,250	11,155,944
Expenses:			
Fundraising expense	985,522	-	985,522
Management and general	398,484	-	398,484
Program expense	11,648,459	150,000	11,798,459

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

Notes to consolidated financial statements

1 Organization and Basis of Accounting and Presentation

Organization and Purpose

Make It Right Foundation (the Foundation) was incorporated on August 15, 2007, as a Delaware not-for-profit corporation. The Foundation was formed in response to the devastation of Hurricane Katrina. Its primary goal is to provide high-quality housing to families in need (a majority of whom earn modest incomes) and to improve the development of the low-income communities in which they live. The organization's first project is to assist in the redevelopment of the city of New Orleans, in particular, the section located in the Lower 9th Ward. The mission is to be a catalyst for redevelopment of the Lower 9th Ward by building a neighborhood comprised of safe and healthy homes that are inspired by Cradle to Cradle℠ thinking, with an emphasis on a high quality of design, while preserving the spirit of the community's culture.

The Foundation achieves its purposes by (i) making available to the members of the community, at no cost to them, designs prepared by architects from around the world for homes to be built in the community utilizing sustainable architecture; (ii) assisting the members of the community in rebuilding their homes using these designs by subsidizing the cost of construction by means of outright grants (in the form of payment of all or a portion of construction costs) or granting interest-free loans, the principal of which will be forgiven over a specified time period if the homeowner continues to own and use the house as his or her residence; (iii) retaining community counseling that will be made available to residents at no cost to assist them in connection with their responsibilities as members of the community, including the financial responsibilities attributable to home ownership; and (iv) working closely with representatives of the appropriate local, state and federal government and government agencies in order to fit the Foundation's work, as nearly as possible, within the overall redevelopment plans for New Orleans. The Foundation works with local residents to be responsive to their needs. The Foundation uses its best efforts to employ local workers during the construction process and develop an integrated community that serves as a catalyst to future growth and development. Any principal payments made to the Foundation on the loans to community residents are used by the Foundation to further its charitable purposes. The Foundation does not assist in the sale or purchase of homes for a profit.

In 2008, the Foundation set up two single member LLC subsidiaries: Make It Right - New Orleans, LLC and Make It Right - New Orleans Housing, LLC. On March 18, 2009, the Foundation set up another not-for-profit subsidiary, Make It Right NMTC, LLC. This entity was established through total capital contributions of $100, resulting in 99% ownership by the Foundation and 1% ownership by Cherokee Gives Back Foundation, a not-for-profit organization. Make It Right NMTC, LLC's primary purpose is to facilitate and expand the availability of affordable, sustainable housing in low income areas.

On November 4, 2009, the Foundation set up a for-profit subsidiary, Make It Right-Solar, Inc (Solar). Solar is in the business of leasing solar panels and related equipment and servicing of such equipment.

The Foundation's subsidiaries are included in the accompanying consolidated financial statements. These subsidiaries are engaged primarily to support program activities.

The Foundation and its subsidiaries are collectively referred to hereinafter as the Foundation.

Basis of Accounting and Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to specific donor-imposed stipulations are reported as unrestricted net assets. Donations made for the Foundation's stated purposes are considered unrestricted.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that have been, or will be, satisfied either by actions of the Foundation and/or the passage of time is reported as temporarily restricted net assets.

Permanently Restricted Net Assets

Net assets subject to permanent donor-imposed stipulations that must be maintained by the Foundation are reported as permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met in the same period as the contributions are received are recorded as unrestricted support.

Significant Accounting Policies

The following significant accounting policies have been used in the preparation of the consolidated financial statements:

Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

The Foundation maintains its cash balances at two financial institutions. As of December 31, 2009, cash balances exceeded the federally insured limit by $11,143,866 and, as of December 31, 2008, exceeded the insured limit by $8,374,118. The Foundation considers all highly liquid investments with a maturity of less than 90 days at time of purchase to be cash equivalents.

Land, Property and Equipment

Land, property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the respective assets of three-to-seven years. Maintenance, repairs and minor equipment purchases are expensed as incurred.

Building Materials

The Foundation records all building materials at actual cost or, if donated, at the estimated fair value at date of donation. Building materials consist of building materials and inside fixtures for construction of the homes. Once building materials are transferred from the warehouse and is taken to the construction site, it is reclassified to construction work-in-process until the home is completed and sold.

Contributions and Gifts

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions also include grant revenue, which are funds received periodically from private and public sources as contributions.

Allowance for Uncollectible Pledges

An allowance for uncollectible pledges is established annually based on the estimated amount of uncollectible promises to give. As of December 31, 2009 and December 31, 2008 the Foundation had an allowance of $150,000 for estimated uncollectible pledges.

Sales to Homeowners

Revenue is recognized at the time of sale when construction of the home has been completed and is turned over to the homeowner. Any amounts recorded for loans receivable (whether in mortgage receivables or homeowner receivables in process) prior to closing of the sales are recorded as deferred revenue. The deferred revenue on the loans are recognized as revenue as earned and forgiven, as explained in Note 7.

Functional Allocation of Expenses

The costs of providing the various programs and activities of the Foundation have been summarized on a functional basis in the accompanying consolidated statements of activities and have been allocated among the programs and activities benefited.

Operating expenses are allocated to specific functions based on management estimates of time and resources devoted to those functions. The following functional expense classifications are included in these consolidated financial statements:

Fundraising Activities: Includes costs associated with the activities related to publicizing and conducting fund-raising campaigns, events and conducting other activities involved with soliciting contributions from individuals, foundations, governments and others.

Program Expenses: Includes costs associated with programs and outreach for the Foundation. The activities included in this area are those that result in goods and services being distributed to beneficiaries or consumed in activities that fulfill the purposes or mission for which the Foundation exists.

Management and General: Includes costs associated with the overall direction of the Foundation. These expenses are not directly identifiable to a particular program, event or with fundraising, but are crucial to the continuance of those areas and are essential to the Foundation as a whole. The business functions included in this area are Foundation oversight, business management, financing, administrative activities and all management and administration, except for direct conduct of program services or fund-raising activities.

Deferred Financing Costs

The Foundation incurred costs associated with its New Market Tax Credit Transactions (Note 8) during 2009 of $832,080. This amount will be amortized to interest expense by the straight line method over the life of the related notes payable. The majority of deferred financing costs related to the December transaction; therefore, amortization expense for these costs will be recorded beginning in 2010.

Income Taxes

The Foundation received a determination letter from the Internal Revenue Service on November 5, 2007, that it qualified as an organization under Section 501(c)(3) and is exempt from payment of income taxes under the provisions of Internal Revenue Code Section 501(a), except for any unrelated business income. The Foundation had no significant unrelated business income for the years ended December 31, 2009 and 2008. Accordingly, no provision for income taxes has been made related to the not-for-profit entities.

Make It Right Solar, Inc., a subsidiary of the Foundation and a taxable entity, files an income tax return for federal and state income tax purposes. Due to Solar's limited activity during 2009, income taxes are insignificant.

The Foundation records deferred income tax assets and liabilities for the temporary differences between financial statement and income tax bases of the Foundation's assets and liabilities using the enacted income tax rates in effect during the years in which the differences are expected to reverse. Valuation allowances are provided if based upon the weight of available evidence, it is more likely than not that some or all of the deferred income tax assets will not be realized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts from the prior year were reclassified to conform to the current year presentation. These reclassifications had no effect on net assets as previously reported.

Donated Services

The Foundation from time to time receives donated services from unpaid volunteers. Only donated services that require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. Volunteer services not meeting these criteria are not recorded in the consolidated financial statements.

New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48 (FIN 48) as amended (FASB Accounting Standards, Accounting Standards Codification (ASC) 740, "Income Taxes"), which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 109. FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The Foundation adopted the provisions of ASC 740, as amended, effective January 1, 2009. The adoption of ASC 740 did not have a material effect on the Foundation's consolidated financial statements.

In May 2009, the FASB issued FASB ASC 855, "Subsequent Events" (formerly referenced as SFAS No. 165, ("Subsequent Events"). This standard establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, it provides clarity around the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosure that an entity should make about events or transactions that occurred after the balance sheet date. FASB ASC 855 is effective for interimand annual financial reporting periods ending after June 15, 2009, and shall be applied prospectively. The Foundation has adopted the new pronouncement and made the necessary disclosures relating to subsequent events (see note 10).

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162" (SFAS No. 168). SFAS No. 168 replaces SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles," establishing the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in preparation of financial statements in conformity with generally accepted accounting principles in the United States. SFAS No. 168 is effective for interim and annual periods ending after September 15, 2009. The Foundation has adopted the new pronouncement and made the necessary disclosures

3 Pledged Contributions Receivable.

The Foundation has received contributions from various private and public sources to provide funding for its programs or to aid in its general operations.

For the year ended December 31, 2009, approximately 54% of the Foundation's contributions and gifts recognized in the accompanying consolidated statement of activities were from one donor. For the year ended December 31, 2008, approximately 20% of the Foundation's contributions and gifts recognized were from two donors. These two donors also comprise approximately 93% and 89% of pledged contributions and grants receivable as of December 31, 2009 and 2008, respectively.

4 Donated Services

The Foundation received in-kind donations of $72,916 and $56,465 for legal services and $105,898 and $59,368 for accounting services during the years ended December 31, 2009 and 2008, respectively. The Foundation received $18,500 and $347,049 in donated furniture and $518,775 and $53,734 in donated building materials during the years ended December 31, 2009 and 2008, respectively. The Foundation also received approximately $205,000 in donated architectural services during the year ended December 31, 2009.

5 Property and Equipment

Property and equipment at December 31, 2009 and 2008, consisted of the following:

2009 2008

Depreciation expense for the years ended December 31, 2009 and 2008, totaled $95,563 and $24,544, respectively.

December 31	2009	2008
	$	$
Assets		
Cash and cash equivalents	12,313,107	8,722,588
Receivables:		
Pledged contributions and grants receivable, net	1,983,483	7,735,000
Accounts receivable	71,536	60,202
Homeowner receivables	15,238	451,169
Mortgage receivables	1,578,858	1,529,800
Total receivables	3,649,115	9,776,171
Home construction		
Building materials	864,766	285,874

Operating Lease

The Foundation leases certain computer equipment and office and warehouse space under operating leases. The office space lease commenced on June 1, 2008, and has a term of two years. Rental payments are fixed for the first six months at $9,333 per month and escalate at a rate of 1.5% for the next six months. The rate of interest is 1.1% for the second year. The following is a schedule, by years, of the future minimum lease payments required under the operating leases as of December 31, 2009:

Amount

December 31	2009	2008
	$	$
Assets		
Cash and cash equivalents	12,313,107	8,722,588

Rent expense under leases with escalating rental payments is recognized on the straight-line basis with deferred rent recorded for differences between amounts expensed and amounts paid. Rent expense related to the operating leases for the years ended December 31, 2009 and 2008, totaled $220,201 and $122,726, respectively.

Mortgage Receivables

The Foundation offers potential homeowners three major types of loans: 1) forgivable loans, 2) supplemental loans and 3) amortizing loans.

A forgivable loan is a loan funded with the Foundation's capital without any interest or principal payments and is forgiven over a five- or ten-year period. In the Foundation's program, participants may qualify for two types of forgivable loans: 1) bonus forgivable loan, equal to 20% of the original purchase price of the home, or 2) needs-based forgivable loan, equal to the gap between 85% of the homeowner's Disaster Recovery Fund and the price of the home. The Disaster Recovery Fund represents any funding received by the individual from insurance proceeds, settlements, judgments or other housing-related disaster recovery compensation paid because of damages to their property as a result of Hurricane Katrina. A bonus forgivable loan can vary between five or ten years based on the amount of the loan and the needs-based forgivable loan is forgiven in full after ten years of occupancy in the home.

A supplemental loan is available to participants who have received a commitment for Disaster Recovery Funds not yet disbursed. This loan is available in two scenarios: 1) bridge loan which is a deferred loan with no interest and a five-year term that is available until the participant receives the Disaster Recovery Funds, or 2) deferred payment note which is receivable in one lump sum at the earlier of the receipt of the Disaster Recovery Funds or a 30-year term. Forgiveness of forgivable and supplemental loans is included in program expense in the accompanying consolidated statements of activities.

Amortizing loans are similar to conventional mortgage loans. These loans are fixed rate, interest bearing 30-year notes. All amortizing loans during 2009 and 2008 had a fixed 6% interest rate.

The remaining sales price not funded with one of the aforementioned loans is recovered from the homeowner's funds. Sources for the homeowner's funds include Disaster Recovery Funds, personal savings and third-party mortgage loans. These funds are held in trust by a third-party escrow agent until the construction of the house is completed. The amount of funds escrowed during construction is recorded as a homeowner receivable. The escrowed funds are released to the Foundation after construction is completed.

Mortgage receivables at December 31, 2009 and 2008, consisted of the following:

Forgivable Supplemental Amortizing Total

December 31	**2009**	**2008**
	$	**$**
Assets		
Cash and cash equivalents	12,313,107	8,722,588

December 31	**2009**	**2008**
	$	**$**
Assets		
Cash and cash equivalents	12,313,107	8,722,588
Receivables:		
Pledged contributions and grants receivable, net	1,983,483	7,735,000

New Market Tax Credit Transaction

During 2009, the Foundation entered into several debt transactions in order to make additional funds available to it through the New Markets Tax Credit (NMTC) Program. As part of these transactions, the Foundation created a new entity named Make It Right NMTC, LLC (as described above in Note 1). The Foundation completed two phases of transactions during 2009 related to the NMTC programs. The NMTC Program permits taxpayers to claim a credit against Federal income taxes for Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). These designated CDEs must use substantially all (85%) of the proceeds to make Qualified Low-Income Community Investments (QLICIs). The investor is provided with a tax credit, which is claimed over a seven-year period. The credit is equal to 5% of the total amount paid for the capital investment over the first three years and 6% annually for the final four years.

Transaction 1:

On April 3, 2009, the Foundation loaned $9 million (Whitney Note) to Whitney New Markets Investor 3, LLC (the Fund). The Fund also received equity from a tax credit investor and then made a Qualified Equity Investment (QEI) in Gulf South Community Rebirth Fund V, LLC (the CDE), which is wholly-owned by the Fund. CDE then made two loans in the amount of $2,682,266 (Note A) and $9 million (Note B) to the Foundation.

The Whitney Note requires interest to be paid to the Foundation at a rate of 0.5% per annum quarterly, commencing on June 30, 2009. The full amount of unpaid principal is required to be paid on April 2, 2039. As security, the Fund pledged its interest in the CDE.

Note A and Note B require interest to be paid quarterly by the Foundation at the rate of 1.5% and 0.5001% per annum, respectively, commencing on June 15, 2009. Both loans require that the full amount of unpaid principal be paid on the earlier of April 2, 2039 or an accelerated date based on the occurrence of any uncured event of default.

In connection with making the Whitney Note loan, the Foundation entered into an agreement with Whitney National Bank (WNB), owner of the Fund. This agreement allows WNB to put its interest in the Fund to the Foundation for a twelve-month period commencing on July 3, 2016. If WNB decides to exercise this put option, the Foundation will pay a purchase price of $268,227 plus any transfer taxes or closing costs. However, if the Foundation has complied with all terms of the loan agreements discussed above, the purchase price will be reduced to $1,000. In the event that the put is not exercised, the Foundation can exercise a call option during the following twelve-month period to purchase WNB's ownership interest in the Fund at an amount equal to the fair value of that ownership interest, as determined by an independent appraiser. No amounts have been recorded in the accompanying consolidated financial statements related to these put and call options.

Transaction 2:

On December 1, 2009, the Foundation borrowed $3,500,200 from IBERIA Bank under a one-day note (Iberia Note 1). The Foundation then loaned $11,700,200 (Iberia Note 2) to Iberia Investment Fund I, LLC (Iberia), through four separate loans in the amounts of $951,616, $2,168,437, $5,850,100 and $2,730,047. Iberia also received equity from a tax credit investor and then made QEIs in AmCREF Fund III, LLC (AmCREF), Stonehenge Community Development XIX, LLC (Stonehenge) and Waveland Community Development IX, LLC (Waveland).

AmCREF made loans of $951,616 (Note A-1), $268,384 (Note B-1), $2,168,437 (Note A-2) and $611,563 (Note B-2) to the Foundation. Stonehenge made loans of $5,850,100 (Note A-3) and $1,649,900 (Note B-3) and Waveland made loans in the amounts of $2,730,047 (Note A-4) and $769,953 (Note B-4) to the Foundation.

Iberia Note 1 was repaid in December 2009. Iberia Note 2 requires interest to be paid quarterly to the Foundation at the rate of 0.5001% per annum, commencing on March 31, 2010. The full amount of unpaid principal is required to be paid on November 30, 2039. As security for these loans, Iberia pledged its interests in AmCREF, Stonehenge and Waveland.

Notes A-1, A-2, A-3 and A-4 require interest to be paid quarterly by the Foundation at a rate of 0.5% per annum, commencing on March 15, 2010. Notes B-1, B-2, B-3 and B-4 require interest to be paid quarterly at a rate of 1.5% per annum, commencing on March 15, 2010. For these notes, the full amount of unpaid principal is required to be paid on the earlier of November 30, 2039, or an accelerated date based on the occurrence of any uncured event of default, as defined in the agreements.

In connection with making the Iberia Note 2 loan, the Foundation entered into agreements with Iberia and American Community Renewable Energy Fund (ACRE), owners of AmCREF; Iberia and Stonehenge Community Development, LLC (SCD), owners of Stonehenge; and Iberia and Waveland Community Development, LLC (WCD), owners of Waveland. These agreements allow Iberia and ACRE, SCD, and WCD, respectively, to put their interests in AmCREF, Stonehenge, and Waveland, respectively, to the Foundation for a twelve-month period commencing on December 1, 2016. If Iberia and ACRE, SCD, and WCD decide to exercise these put options, the Foundation will pay purchase prices totaling, $3,121,386, $5,851,433 and $2,731,380, respectively, plus any transfer taxes or closings costs.

In the event that the puts are not exercised for all of the above three agreements, the Foundation can exercise call options during the following twelve-month period to purchase the ownership interests in AmCREF, Stonehenge and Waveland, respectively, at an amount equal to the fair value of those ownership interests, as determined by an independent appraiser. No amounts have been recorded in the accompanying consolidated financial statements related to these put and call options.

Substantially all of the Foundation's assets serve as collateral for the NMTC loans discussed above. Total interest expense on loans totaled $73,706 for year ended December 31, 2009. These expenses were properly classified as management and general. Total interest income on loans totaled $39,039 for the year ended December 31, 2009.

Notes payable and notes receivable at December 31, 2009, consisted of the following:

Note December 31, 2009 Maturity Date Interest Rate

9 Other Notes Payable

December 31	2009	2008
	$	$
Assets		
Cash and cash equivalents	12,313,107	8,722,588
Receivables:		
Pledged contributions and grants receivable, net	1,983,483	7,735,000
Accounts receivable	71,536	60,202
Homeowner receivables	15,238	451,169
Mortgage receivables	1,578,858	1,529,800
Total receivables	3,649,115	9,776,171
Home construction		
Building materials	864,766	285,874
Construction work in process	4,048,109	467,168
Land	501,[illegible]	12,[illegible]

December 31	2009	2008
	$	$
Assets		
Cash and cash equivalents	12,313,107	8,722,588
Receivables:		

The Foundation obtained $500,000 during 2009, through two unsecured $250,000 note payable agreements, dated November 20, 2009 and December 3, 2009. Both note payable agreements have 0% interest rates and are due in full at maturity on November 20, 2011 and December 31, 2011, respectively. The Foundation's obligations under the notes payable agreements contain certain covenants, including delivery of audited financial statements, quarterly financial reports, written certification of compliance and a narrative report as to the use of the loan proceeds in the prior reporting period. The Foundation was in compliance with all covenants at December 31, 2009.

10 Subsequent Events

The Foundation has evaluated subsequent events through March 30, 2010, which represents the date the financial statements were available to be issued.