

August 16, 2016

To the Finance Committee and Board of Trustees  
Habitat for Humanity of Summit County, Inc.  
2301 Romig Road  
Akron, Ohio 44320

**Re: SAS 114 – Communication To Those Charged With Governance**

We have audited the financial statements of Habitat for Humanity of Summit County, Inc. Habitat for Humanity of Summit County, Inc. Habitat for Humanity of Summit County, Inc. (“Organization”) as of and for the year ended March 31, 2016, and have issued our report thereon dated August 16, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 2, 2016. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of the Organization’s Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements were:

1. Management’s estimate of the discount on current mortgage receivables is based on a present value calculation using the prevailing interest rates, as determined by Habitat for Humanity International, Inc., in the period of origination and payment terms defined in the mortgage. A portion of the discount is amortized as interest income each year the mortgage is outstanding. We evaluated the key factors and assumptions used to develop the discount on current mortgage receivables in determining it is reasonable in relation to the financial statements taken as a whole.
2. Management’s estimate of the value of in-kind donations, excluding ReStore Inventory, is based on an estimated fair market value, as determined by management, at the time of receipt. ReStore inventory is evaluated at year-end and estimated based on subsequent sales and estimated inventory

turnover. We evaluated the key factors and assumptions used to develop the value of in-kind donations in determining it is reasonable in relation to the financial statements taken as a whole.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

The attached schedule summarizes all such misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the body charged with governance and management of the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Meaden & Moore, Ltd.

<b>Material Corrected Misstatements:</b>				
<u>Description</u>	<u>Account</u>		<u>Debit</u>	<u>Credit</u>
<b>To adjust Discount on CIP</b>				
4021998	Time value of money disc.		156,800.00	
1125000	Construction In Progress			156,800.00
<b>To record discount on new mortgages</b>				
4021998	Time value of money disc.		221,221.00	
1602000	Unamortized Disct.on Mortgages			221,221.00
<b>To record CY amortization of mortgages discount</b>				
1602000	Unamortized Disct.on Mortgages		184,550.00	
4301001	Amortiz. Mortg Disc. @6/30			184,550.00
	<b>Total</b>		<b>562,571.00</b>	<b>562,571.00</b>