



# MEADEN & MOORE

August 15, 2017

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

We have audited the financial statements of Habitat for Humanity of Summit County, Inc. (“Organization”) as of and for the year ended March 31, 2017, and have issued our report thereon dated August 15, 2017. Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 7, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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 Organization’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Habitat for Humanity of Summit County, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

**Meaden & Moore, Ltd.**

(A Meaden & Moore Company)

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## **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 2017. 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 are:

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 a separate letter dated August 15, 2017.

### **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**

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Organization, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention.

This report is intended solely for the information and use of the body or individuals 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,

A handwritten signature in blue ink that reads "Meaden & Moore Ltd." The signature is written in a cursive, flowing style.

Meaden & Moore, Ltd.

Schedule of Material Corrected Financial Statement Misstatements

<b>Material Corrected Misstatements:</b>					
<u>Description</u>	<u>Account</u>			<u>Debit</u>	<u>Credit</u>
To record discount on new mortgages					
4021998	Time value of money disc.			256,627.00	
1602000	Unamortized Disct.on Mortgages				256,627.00
To record CY amortization of mortgages discount					
1602000	Unamortized Disct.on Mortgages			198,157.00	
4301001	Amortiz. Mortg Disc. @6/30				198,157.00
	<b>Total</b>			<b>454,784.00</b>	<b>454,784.00</b>