



August 25, 2020

Habitat for Humanity of Summit County, Inc.
2301 Romig Road
Akron, Ohio 44320

To the Finance Committee and Board of Trustees:

We have audited the financial statements of Habitat for Humanity of Summit County, Inc. (“Organization”) as of and for the year ended March 31, 2020 and have issued our report thereon dated August 25, 2020. 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 1, 2020, 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 the Organization 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.

We have provided our comments regarding significant control deficiencies and other matters noted during our audit in a separate letter to you dated August 25, 2020.

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 Affiliate Company)

One GOJO Plaza, Suite 275 | Akron, OH 44311-4439 | P (330) 535-5149 | F (330) 379-3494 | meadenmoore.com

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. During 2019, the Organization adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* and ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Analysis of various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue and, therefore, no changes to the previously issued audited combined financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with these standards.

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 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.
3. The application of fair value measurements of investments includes using certain assumptions of management that market participants would use in pricing the asset or liability, including assumptions about risks inherent in the inputs to the valuation technique.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Organization's financial statements relate to:

1. The classification of the fair value measurement of the investments is based on the valuation methodology used to determine fair value are presented by the investment classifications and by level.

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. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

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 attached letter dated August 25, 2020.

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's, 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 as the Organization's auditors.

This report is intended solely for the information and use of the Finance Committee, and the Board of Trustees, and management of Habitat for Humanity of Summit County, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Habitat for Humanity of Summit County, Inc.

August 25, 2020

Page 4 of 4

Very truly yours,



Meaden & Moore, Ltd.

Schedule of Material Corrected Financial Statement Misstatements

<u>Description</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
To adjust discount on construction in progress:			
4021998	Time value of money disc.	124,110	
1125000	Construction in process		124,110
To record discount on new mortgages:			
4021998	Time value of money disc.	385,003	
1602000	Unamortized Disc.on Mortgages		385,003
To record CY amortization of mortgages discount:			
1602000	Unamortized Disc.on Mortgages	214,059	
4301001	Amortiz. Mortg Disc. @ 3/31		214,059
To record mortgage revenue, expense, and write off discount on homes held for resale related to 461 Ardella:			
1705000	Houses owned	45,944	
5156000	Cost of homes sold	80,000	
4021000	Sale of homes		80,000
4021998	Time value of money disc.		45,944



JOIN THE MOVEMENT

hfsummitcounty.org/imagineimpact

Board of Trustees

Rick Dodson, Board Chair

Malco Products

Patrick Miller, Vice Chair

Reliance Standard

Jake Frego, Secretary

Bank of America

Thomas Orcutt, Treasurer

Chase Bank

Tanya Arthur

Summa Health System

Brian Bender

Charles Schwab

Michelle Carano

CPA, Community Member

Michele Cicciari

Wells Fargo Advisors

Michael Clark

Oswald Companies

Nancy Diller-Shively

Community Member

John Gruneich

Retired Pastor

Joe Majewski

ChromaScape, Inc.

Annie McFadden

City of Akron

John Nauer

FirstEnergy

Lynda Nowak

Huntington Bank

Dave Oeschger

Roetzel & Andress

Rev. Ron Shultz

Family of Faith UMC

Anthony Vacanti

Tucker Ellis LLP

Amanda VanHorn

Cleveland Clinic Akron General

Mary Verstraete

Retired, The University of Akron

Monica Vinay, Past President

Myers Industries, Inc.

Tim Ziga

Akron Children's Hospital

Rochelle D. Sibbio

President & CEO

Rev. Mark Frey, Emeritus

Retired, Bath Church UCC

Dave Woodburn, Emeritus

Roetzel & Andress

August 25, 2020

Meaden & Moore, Ltd.

One Gojo Plaza, Suite 275

Akron, Ohio 44311

This representation letter is provided in connection with your audit of the financial statements of Habitat for Humanity of Summit County, Inc. (the "Organization"), which comprise the statement of financial position as of March 31, 2020 and 2019, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the above date:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 1, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

Follow Us @HFHSummitCounty



2301 Romig Road Akron, OH 44320

p.330.745.7734 f.330.745.9249

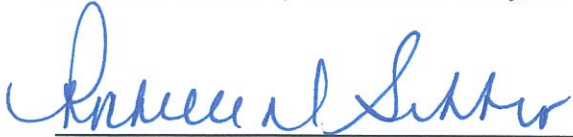
www.hfhsummitcounty.org

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- With respect to identify the non-attest service(s) provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the Organization's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Organization's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions of which we are aware. The Organization is an exempt organization under section 501 (c) (3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and recorded in the financial statements.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

Habitat for Humanity of Summit County, Inc.



Rochelle D. Sibbio, President and CEO



Rick Dodson, Treasurer – Board of Trustees