



MEADEN & MOORE

August 27, 2024

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. (the “Organization”) as of and for the year ended March 31, 2024 and have issued our report thereon dated August 27, 2024. 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 June 24, 2024, 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, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **Significant Risks Identified**

We have identified the following significant risks:

**Meaden & Moore, Ltd.**

(A Meaden & Moore Affiliate Company)

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1. **Management Override of Controls:** This risk is required in all financial statements audits by considering that an effectively designed internal control system will always have a risk that management could override the controls. Based on our audit procedures, we did not identify any matters to report over management override of controls
2. **Revenue Recognition:** the risk that revenue will not be properly recognized in accordance with generally accepted account principles (“GAAP”) and nonprofit restrictions specifically related to contributions and grants. Based on our audit procedures, we did not identify any matters to report over revenue recognition.
3. **Fair value:** the risk that the application of fair value measurements of investments and beneficial interest 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. Based on our audit procedures, we did not identify any matters to report over fair value of investments and beneficial interest.

## **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 Habitat for Humanity of Summit County, Inc 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 2024.

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 and Related Disclosures*

Accounting estimates and related disclosures 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:

- 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 and determined that it is reasonable in relation to the basic financial statements taken as a whole.
- 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.

- The application of fair value measurements of investments and beneficial interest 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 valuation techniques.
- Management's estimate of the allocation of expenses between functional expense classifications: program services, general and administrative and fundraising development. Expenses are charged to functional areas based on specific identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional area based on factors such as direct relationship of expense, time spent by employees and square footage of space used for various programs.

### *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 Habitat for Humanity of Summit County, Inc.'s financial statements relate to:

1. The classification of the fair value measurement of the investments and beneficial interest 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 also 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. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

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. There were no 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 Habitat for Humanity of Summit County, Inc.'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 27, 2024.

### **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 Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, 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 Organization's auditors.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Organization's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

1. Communicated to you our responsibility for other information in your annual report or included on your website that does not extend beyond the financial information identified in our audit report.
2. Reviewed the content of the audit information posted to the Organization's website and in the annual report.
3. Communicated to you that we do not have an obligation to perform any procedures, nor have we performed any procedures to corroborate other information contained in the annual report or on the Organization's website.

Our responsibility also includes communicating to you any information to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation appearing in the financial statements.

This report is intended solely for the information and use of the individuals charged with governance 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.

Very truly yours,



Meaden & Moore, Ltd.

Schedule of Uncorrected Financial Statement Misstatements

Dr (Cr)		Assets	Liabilities	Net Assets	Unrestricted	
<u>Description</u>	<u>PJE#</u>	<u>Inc (Dec)</u>	<u>(Inc) Dec</u>	<u>(Inc) Dec</u>	<u>Revenue</u>	<u>Expense</u>
Right-of-Use Asset	1	48,000				
Lease Liability			(48,000)			
<i>To adopt ASC 842 for applicable operating leases.</i>						
Total of Known Misstatements - Passed Entries in Rep letter		\$ 48,000	\$ (48,000)	\$ -	\$ -	\$ -



## Financial Statements

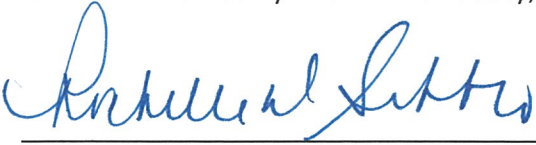
- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 24, 2024, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance 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.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 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 uncorrected misstatements, if any, are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the Organization's position regarding taxation and tax-exempt status.
- The basis used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the Organization's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.
- The governing board's interpretations concerning whether laws place restrictions on net appreciation of donor-restricted endowments are reasonable and have been disclosed to you.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
- With respect to non-attest services provided specifically the preparation of the Organization's Form 990, preparation of the Organizations financial statements and maintenance of the fixed assets, 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;
  - Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence; and
  - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- 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 we believe that our use of the going concern basis of accounting is appropriate.
- 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, regulations, contracts and grant agreements 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.

A handwritten signature in blue ink, appearing to read 'Rochelle D. Sibbio', written in a cursive style.

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Rochelle D. Sibbio, President and CEO

A handwritten signature in blue ink, appearing to read 'Kelley Busson', written in a cursive style.

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Kelley Busson, VP & Chief Financial Officer

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Dr (Cr)	Description	PJE#	Assets Inc (Dec)	Liabilities (Inc) Dec	Net Assets (Inc) Dec	Unrestricted Revenue	Expense
	Right-of-Use Asset	1	48,000				
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