

HABITAT FOR HUMANITY - MIDOHIO
Columbus, Ohio

Financial Statements,
Schedule of Expenditures of Federal Awards and
Related Independent Auditors' Reports
In Accordance With Government
Auditing Standards and Uniform Guidance

For the years ended June 30, 2020 and 2019



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity - MidOhio
Columbus, Ohio

We have audited the accompanying financial statements of Habitat for Humanity - MidOhio (Habitat), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat as of June 30, 2020 and 2019, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020, on our consideration of Habitat's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Habitat's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat's internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Columbus, Ohio
October 26, 2020

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HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,193,718	\$ 1,566,702
Receivables:		
Contributions	457,483	510,871
Mortgages, net	1,163,979	1,043,926
Grants	280,146	188,855
Other	<u>2,705</u>	<u>2,673</u>
	1,904,313	1,746,325
Prepaid expenses and other	198,732	261,452
Construction in progress, net	<u>865,860</u>	<u>548,294</u>
Total Current Assets	6,162,623	4,122,773
PROPERTY AND EQUIPMENT, NET	4,960,596	4,717,104
MORTGAGES RECEIVABLE, NET	8,595,449	8,842,931
CONTRIBUTIONS RECEIVABLE, NET	108,190	257,508
GRANTS RECEIVABLE, NET	-	58,859
OTHER, NET	<u>500,365</u>	<u>355,021</u>
Total Assets	<u>\$ 20,327,223</u>	<u>\$ 18,354,196</u>

	<u>2020</u>	<u>2019</u>
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term notes payable	\$ 711,980	\$ 423,619
Lines of credit	1,000,000	-
Accounts payable and accrued liabilities	1,060,963	735,701
Refundable advances and other	<u>404,133</u>	<u>102,677</u>
 Total Current Liabilities	 3,177,076	 1,261,997
 NOTES PAYABLE, NET OF CURRENT PORTION	 <u>4,662,737</u>	 <u>4,039,079</u>
 Total Liabilities	 7,839,813	 5,301,076
NET ASSETS		
NET ASSETS		
Without donor restrictions	12,081,810	11,852,914
With donor restrictions	<u>405,600</u>	<u>1,200,206</u>
 Total Net Assets	 <u>12,487,410</u>	 <u>13,053,120</u>
 Total Liabilities And Net Assets	 <u>\$ 20,327,223</u>	 <u>\$ 18,354,196</u>

See notes to financial statements.

HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES, SUPPORT AND GRANTS			
Sales to homeowners, net	\$ 1,728,496	-	\$ 1,728,496
Resale operations	2,157,135	-	2,157,135
Contributions and grants	3,313,805	\$ 288,796	3,602,601
Amortization of loan discount	488,869	-	488,869
Other income	122,836	-	122,836
Net assets released from restrictions	1,083,402	(1,083,402)	-
Total Revenues, Support And Grants	8,894,543	(794,606)	8,099,937
FUNCTIONAL EXPENSES			
Program services	7,159,026	-	7,159,026
Management and general	763,661	-	763,661
Fundraising	742,960	-	742,960
Total Functional Expenses	8,665,647	-	8,665,647
Change In Net Assets	228,896	(794,606)	(565,710)
NET ASSETS			
Beginning of year	11,852,914	1,200,206	13,053,120
End of year	<u>\$ 12,081,810</u>	<u>\$ 405,600</u>	<u>\$ 12,487,410</u>

2019		
Without Donor Restriction	With Donor Restriction	Total
\$ 2,336,267	-	\$ 2,336,267
2,280,168	-	2,280,168
3,079,792	\$ 489,150	3,568,942
467,762	-	467,762
84,943	-	84,943
1,682,875	(1,682,875)	-
9,931,807	(1,193,725)	8,738,082
6,987,903	-	6,987,903
713,083	-	713,083
881,148	-	881,148
8,582,134	-	8,582,134
1,349,673	(1,193,725)	155,948
10,503,241	2,393,931	12,897,172
<u>\$ 11,852,914</u>	<u>\$ 1,200,206</u>	<u>\$ 13,053,120</u>

See notes to financial statements.

HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 2,731,060	\$ 551,124	\$ 575,957	\$ 3,858,141
Professional fees	141,992	68,966	17,741	228,699
Promotional and public relations	109,409	535	11,954	121,898
Payroll taxes	161,142	38,673	41,937	241,752
Other expenses	129,814	22,418	8,634	160,866
Other building and equipment expense	293,755	5,095	3,931	302,781
Building rent	114,480	-	-	114,480
Utilities	121,974	3,931	3,372	129,277
Depreciation	230,009	21,664	14,322	265,995
Vehicle rental and operation expense	77,179	2,139	4,771	84,089
Insurance	86,208	6,337	-	92,545
Other construction	68,628	-	-	68,628
ReStore cost of purchased goods sold	166,754	-	-	166,754
Communications	46,379	9,153	7,499	63,031
Habitat International	50,000	2,500	-	52,500
Supplies	68,840	4,729	11,928	85,497
Interest	76,758	25,702	25,855	128,315
Bank charges	12,114	695	2,559	15,368
Bad debt recoveries	(109,189)	-	12,500	(96,689)
	4,577,306	763,661	742,960	6,083,927
Subtotal before cost of homes sold				
Cost of homes sold	2,581,720	-	-	2,581,720
Total	\$ 7,159,026	\$ 763,661	\$ 742,960	\$ 8,665,647

Notes:

1. During the years ended June 30, 2020 and 2019, Habitat sold 15 and 22 homes, respectively.
2. Net income from Habitat's ReStore operations currently covers the majority of Habitat's management, general and fundraising expenses.

2019

Program Services	Management and General	Fundraising	Total
\$ 2,170,355	\$ 483,768	\$ 628,315	\$ 3,282,438
114,117	71,908	26,344	212,369
63,532	55	23,273	86,860
156,353	29,159	48,525	234,037
111,100	30,237	35,633	176,970
126,823	5,808	45,913	178,544
135,574	9,375	7,031	151,980
110,360	4,641	3,718	118,719
169,607	16,129	11,976	197,712
109,831	3,509	5,674	119,014
64,208	6,242	3,022	73,472
75,194	1,750	-	76,944
206,545	-	-	206,545
50,520	11,653	7,824	69,997
45,000	5,000	-	50,000
29,456	7,860	16,241	53,557
4,807	31,767	15,469	52,043
13,854	(5,778)	2,190	10,266
(238,136)	-	-	(238,136)
3,519,100	713,083	881,148	5,113,331
3,468,803	-	-	3,468,803
\$ 6,987,903	\$ 713,083	\$ 881,148	\$ 8,582,134

See notes to the financial statements.

HABITAT FOR HUMANITY - MIDOHIO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (565,710)	\$ 155,948
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of loan discount	(488,869)	(467,762)
Depreciation	265,995	197,712
Decrease in allowance for uncollectible mortgages	144,760	240,918
Change in construction in progress valuation allowance	(19,632)	9,199
Change in discount on long-term contributions receivable	(11,683)	12,456
Changes in assets and liabilities:		
Contributions receivable	214,389	616,459
Mortgages receivable	471,539	(279,763)
Grants receivable	(32,464)	278,287
Prepaid expenses	62,720	(33,899)
Construction-in-progress	(297,934)	76,297
Other assets	(145,344)	(47,693)
Accounts payable and accrued liabilities	325,262	(230,207)
Deferred revenue	301,456	(83,802)
Net Cash Provided By Operating Activities	224,485	444,150
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(13,789)	(804,340)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (Payments on) line of credit, net	1,000,000	(201,235)
Proceeds from notes payable	776,154	1,394,505
Principal payments on notes payable	(359,834)	(323,885)
Net Cash Provided By Financing Activities	1,416,320	869,385
Net Increase In Cash And Cash Equivalents	1,627,016	509,195
CASH AND CASH EQUIVALENTS		
Beginning of year	1,566,702	1,057,507
End of year	\$ 3,193,718	\$ 1,566,702
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Noncash purchase of property and equipment	\$ 495,699	\$ 1,650,063
Interest paid	\$ 127,001	\$ 66,000

See notes to financial statements.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - ORGANIZATION

Habitat for Humanity - MidOhio (Habitat), a nonprofit organization, was incorporated in 1986. Habitat is an affiliate of Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. Habitat International assists with information resources, training, publications, prayer support, and in other ways.

Since inception, Habitat has served nine hundred and ninety-three (993) families by building three hundred and seventy-three (373) new homes, rehabilitating thirty-nine (39) homes and impacting five hundred and eighty-one (581) families through providing critical repairs and other services. During the year ended June 30, 2020, Habitat served ninety-six (96) families by building and rehabilitating fifteen (15) new homes, providing sixty-six (66) home repair services and impacting another fifteen (15) families through other services including our “Rock the Block” events. In addition, through the Habitat International Tithe program, Habitat has impacted three hundred and eleven (311) families in Zambia and Cote’d Ivoire, including five (5) for the year ended June 30, 2020.

Habitat is primarily and directly responsible for the legal, organizational, fundraising, family selection and nurture, financial and construction aspects of the development of affordable housing for the community of Central Ohio. Habitat, through its many volunteers, constructs affordable housing and sells the homes to qualified families at fair market (appraised) value. Habitat then provides and carries non-interest-bearing mortgage loans, providing a hand up to its partner families while also sustaining the mission.

Habitat also operates three retail stores (ReStores) that sell new and previously used items donated by retail businesses, contractors, other organizations and the general public. The proceeds from the ReStores also fund Habitat’s mission to combat the affordable housing challenge in central Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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.

Classification of Net Assets - As required by the Financial Accounting Standard Board’s (FASB) accounting standards for nonprofit organizations, resources are classified into two net asset categories according to donor-imposed restrictions. A description of these categories follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are not restricted by donor-imposed restrictions and are available for use in Habitat’s ongoing operations.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board has approved designating 20% of all mortgages sold to third parties to cover the potential buy back of nonperforming loans. The amount that the board designated at June 30, 2020 is \$419,386 and is included in net assets without restrictions.

Net Assets With Donor Restrictions - Net assets whose use by Habitat is limited by donor-imposed restrictions that expire by passage of time, that can be fulfilled or removed by actions of Habitat, or must be retained in perpetuity. Donor-imposed restrictions that will be met in the same year in which the revenue is received are immediately classified in net assets without donor restrictions in the statement of activities and change in net assets. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Cash and Cash Equivalents - Habitat maintains cash in various financial institutions that may exceed federally insured amounts at times. For purposes of the statement of cash flows, Habitat considers all highly liquid investments with purchased maturities of three months or less to be cash equivalents. Certain grants require that cash proceeds received from the grants be segregated in separate bank accounts from cash received from other sources.

Mortgages Receivable - Sales to homeowners are recorded on the date title transfers. All mortgages are noninterest-bearing and, as a result, receivables are recorded at the gross amount less a discount based on prevailing market interest rates at the inception of the mortgages. Amortization income is recognized as the discounted amount decreases along with the passage of time.

Habitat monitors its credit risk by establishing credit policies for its loans and reviewing compliance with these policies. Mortgages receivable are considered past due when a homeowner fails to make scheduled payments. Provisions are made for estimated uncollectible mortgages receivable. Habitat's estimate of the allowance is based on historical collection experience, a review of current status of receivables and judgment. Decisions to foreclose on a mortgage are based on policies and procedures approved by the board of directors and on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. Given its mission, Habitat tries to work with homeowners, and foreclosures are kept to a minimum. Receivables are written off at the conclusion of any foreclosure proceedings. The balance in the allowance for doubtful accounts for mortgages receivable as of June 30, 2020 and 2019 is approximately \$188,000 and \$333,000, respectively.

Contributions and Grants - Unconditional contributions and grants are recognized as revenue in the period the commitment or payment is first received. Conditional grants are recorded as refundable advances until all conditions are met. Habitat has \$987,000 of conditional grants, with \$402,400 recorded as refundable advances and \$584,600 as future agreements in place at June 30, 2020, which will be recognized as revenue when all conditions are met. These conditions require Habitat to complete construction of homes or home repairs and have partner families contracted for purchase. All contributions and grants are considered available for general operations unless specifically restricted by the donor. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in restricted net assets, depending on the nature of the restrictions. When a restriction is met or expires, net assets are reclassified to unrestricted net assets and reported in the statement.

HABITAT FOR HUMANITY - MIDOHIO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions are made for estimated uncollectible contributions and grants receivable. Habitat's estimate of the allowance is based on historical collection experience, a review of current status of receivables and judgment. Decisions to charge off receivables are based on policies and procedures approved by the board of directors and management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. There was no allowance for doubtful accounts as of June 30, 2020 and 2019 deemed necessary for contributions or grants receivable.

Construction-in-Progress - Construction-in-progress is presented net of an allowance representing the estimated loss on the ultimate sale of the underlying houses. The estimated loss is determined by comparing the actual or anticipated sales prices of the various houses included in construction-in-progress to their estimated total cost at completion. The amount in the allowance for losses on construction-in-progress as of June 30, 2020 and 2019 is approximately \$18,100 and \$37,700, respectively.

Property and Equipment - Property and equipment are recorded at cost if purchased, or fair value if received as a donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (ranging from three to 30 years). Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred. Gain or loss resulting from the retirement or other disposition of assets is included in income. Property and equipment are reviewed for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. No impairment was recognized for the years ended June 30, 2020 and 2019.

In-Kind Contributions - In-kind contributions are accounted for as follows:

Donated Services - Donated services are recognized as contributions at their estimated fair value only if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by Habitat. Donated services of \$118,000 and \$208,500 were recorded for the years ended June 30, 2020 and 2019, respectively.

Donated Goods - Donated goods are recognized as contributions at estimated fair values at time of donation. Donated goods of \$179,000 and \$195,000 were recorded for the years ended June 30, 2020 and 2019, respectively.

Donated items sold at Habitat's ReStore are not recorded as contribution revenue or inventory due to the uncertainty that exists regarding the net realizable values of these items. These are included in revenue when sold to customers.

Income Taxes - Habitat is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Habitat has not identified any material uncertain tax positions requiring an accrual or disclosure in the financial statements. There were no interest or penalties recognized in the statements of activities for the periods ended June 30, 2020 and 2019 related to uncertain tax positions. Habitat is no longer subject to U.S. federal or state tax examinations for years prior to 2016.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued new accounting guidance related to revenue recognition. This new standard will replace all current GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition guidance provides a unified model to determine when and how revenue is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In June 2020, FASB issued Accounting Standards Update (ASU) No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), which gave entities the option to defer the adoption of Topic 606 another year and Topic 842's effective date was delayed a year. Habitat elected to defer Topic 606 another year, and this guidance is now effective for Habitat beginning July 1, 2020 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Habitat is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize a lease liability and right-of-use asset at the commencement date for all leases, with the exception of short-term leases. This guidance was deferred with the adoption of ASU No. 2020-05 and will now be effective for Habitat beginning July 1, 2022. Habitat is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. This guidance for contributions received was effective for Habitat beginning July 1, 2019, and the adoption of this guidance did not have a material impact on the accompanying financial statements. The guidance for contributions made will be effective for Habitat July 1, 2020, and Habitat is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

In August 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. The pronouncement seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. It is effective for fiscal years beginning July 1, 2023. Habitat is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

Subsequent Events - Management has evaluated subsequent events through October 26, 2020, which is the date that the financial statements were available to be issued. Subsequent events are defined as events or transactions that occur after the statement of financial position date but before the financial statements are issued or available to be issued.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 3 - LIQUIDITY

The following reflects Habitat's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year of the statement of financial position date.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalent	\$ 3,193,718	\$ 1,566,702
AR current, net	<u>1,904,313</u>	<u>1,746,326</u>
Total Financial Assets	5,098,031	3,313,028
Less: Those unavailable for general expenditures with donor restriction	(405,600)	(1,200,206)
Less: Those reserved for mortgage buy back (20% of sold mortgages)	<u>(419,386)</u>	<u>(294,042)</u>
Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year	<u>\$ 4,273,045</u>	<u>\$ 1,818,780</u>

In addition to these available assets, a significant portion of Habitat's annual expenditures will be funded with operating revenues from the affiliate's three ReStores as well as the grant funding pledged for the following year build cycle.

Habitat has a \$1,000,000 variable rate line of credit available with Fifth Third Bank. The purpose of the line is to give Habitat access to liquidity to support operations when there are fluctuations in working capital. The outstanding balance of the loan was \$1,000,000 at June 30, 2020.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of commitments made by various individuals and organizations under pledge agreements. Certain contributions have been made as part of the Habitat Housing Initiative (HHI) Capital Campaign, a five-year plan to transform lives and communities through homebuilding, rehabs and repairs. Due to restrictions on the use of HHI funds outlined in the pledge agreements, many of these contributions are restricted. Contributions receivable consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 457,483	\$ 510,871
Receivable in one to five years	<u>112,900</u>	<u>270,260</u>
	570,383	781,131
Less: Discount to present value	<u>(4,710)</u>	<u>(12,752)</u>
Contributions Receivable, Net	<u>\$ 565,673</u>	<u>\$ 768,379</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 - CONTRIBUTIONS RECEIVABLE (Continued)

At June 30, 2020 and 2019, the present value of contributions receivable has been determined using a discount rate of 3.00%.

NOTE 5 - MORTGAGES RECEIVABLE

Mortgages receivable, net at June 30, consisted of the following:

	<u>2020</u>	<u>2019</u>
Face value	\$ 13,424,113	\$ 13,950,119
Other mortgage-related receivables	146,510	79,286
Less: Unamortized discount based on imputed interest at rates ranging from 3.19% to 8.75%	(3,622,892)	(3,809,485)
Less: Allowance for uncollectible mortgages	(188,303)	(333,063)
Mortgages receivable, net	<u>9,759,428</u>	<u>9,886,857</u>
Less: Current portion	<u>(1,163,979)</u>	<u>(1,043,926)</u>
Mortgages Receivable Long Term, Net	<u>\$ 8,595,449</u>	<u>\$ 8,842,931</u>

The following is a reconciliation of the face value of mortgages receivable and other mortgage-related receivables as of June 30:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 13,950,119	\$ 13,644,924
Plus:		
Mortgages issued	1,389,620	1,747,499
Change in other mortgages receivable	(199,191)	(83,885)
	<u>15,140,548</u>	<u>15,476,308</u>
Less:		
Foreclosures and deeds in lieu and loan modifications	(609,534)	(477,205)
Payments received during the year	(1,106,901)	(1,048,984)
Ending Balance	<u>\$ 13,424,113</u>	<u>\$ 13,950,119</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 5 - MORTGAGES RECEIVABLE (Continued)

Habitat considers the performance of the loan portfolio when determining the allowance for uncollectible mortgages. It is reasonably possible that management's estimate of uncollectible mortgages will change. The following table presents activity in the allowance for uncollectible mortgages for the years ended June 30:

	2020	2019
Beginning balance	\$ 333,063	\$ 573,981
Additions for loans not previously allowed	69,348	117,329
Write-offs of the allowance due to foreclosures	(156,774)	(105,923)
Recoveries	(57,334)	(121,183)
Change in the estimate of the allowance	-	(131,141)
Ending balance	\$ 188,303	\$ 333,063

As a result of serving exclusively low-income families and making extraordinary efforts to help them maintain homeownership, Habitat's loan portfolio's delinquency rate can generally be expected to be higher than that of a conventional lender. The following table summarizes the delinquency status of mortgages receivable as of June 30, 2020:

1 Month Past Due	2 - 6 Months Past Due	7 - 12 Months Past Due	13 - 24 Months Past Due	Greater than 24 Months Past Due	Loans Not Past Due	Total
\$ 1,133,440	\$ 385,588	\$ 195,429	\$ 212,180	\$ 173,342	\$ 11,324,134	\$ 13,424,113

Habitat works with homeowners and, generally, if a delinquent homeowner shows promise and makes six straight months of full payments, Habitat will work with the homeowner on a payment plan so the mortgage will be current within a 12-month period. During the year ended June 30, 2020, Habitat engaged in one modification for approximately \$2,500.

The following is a schedule of anticipated reductions of mortgages and other mortgage-related receivables as of June 30, 2020:

Year Ending June 30	Payments from Homeowners	Amortization of Discount	Net Reduction
2021	\$ 1,010,933	\$ 271,167	\$ 739,766
2022	977,737	262,409	715,328
2023	953,675	256,313	697,361
2024	933,034	251,451	681,583
2025	904,689	243,783	660,906
Thereafter	8,644,045	2,337,769	6,306,276
	\$ 13,424,113	\$ 3,622,892	\$ 9,801,220

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 5 - MORTGAGES RECEIVABLE (Continued)

Mortgages receivable are secured by a first mortgage on the related property. Mortgages receivable, net, included in current assets on the statements of financial position include approximately \$66,300 and \$77,000 due for escrow and other mortgage-related receivables from homeowners as of June 30, 2020 and 2019, respectively.

NOTE 6 - GRANTS RECEIVABLE

Grants receivable consist primarily of commitments made by various organizations, including Habitat International, Community Housing Development Organizations under development agreements, and governmental agencies. These entities have committed to providing a certain amount of funding with the stipulation that specific homes are constructed and sold. Due to stipulations outlined in the grants, revenue and receivables are recorded as certain barriers are met. Grants receivable consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Habitat Ohio	-	\$ 12,611
Central Ohio Community Improvement	-	15,000
Healthy Neighborhood Healthy Families	\$ 13,574	13,500
United Way Central Ohio	76,250	168,750
United Way of Licking County	4,720	10,000
City of Columbus - ADDI	-	5,000
City of Columbus - Department of Development	185,602	26,494
Less: Discount to present value	<u>-</u>	<u>(3,641)</u>
	<u>\$ 280,146</u>	<u>\$ 247,714</u>

NOTE 7 - CONSTRUCTION-IN-PROGRESS

Construction in progress at June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Construction-in-progress, cost	\$ 883,917	\$ 585,983
Allowance for estimated loss on sale	<u>(18,057)</u>	<u>(37,689)</u>
Construction-In-Progress, Net	<u>\$ 865,860</u>	<u>\$ 548,294</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 7 - CONSTRUCTION IN PROGRESS (Continued)

House construction activity for the years ended June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Houses in progress at beginning of year	\$ 8	\$ 14
Houses started during the year	17	16
Houses completed during the year	<u>(15)</u>	<u>(22)</u>
Houses In Progress At End Of Year	<u>\$ 10</u>	<u>\$ 8</u>

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment, net at June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Building	\$ 3,200,411	\$ 3,200,411
Land	1,076,074	1,076,074
Transportation	349,464	339,312
Office and warehouse equipment	264,349	222,242
Building improvements	875,954	478,941
Furniture and fixtures	<u>260,337</u>	<u>217,683</u>
	6,026,589	5,534,663
Less: Accumulated depreciation	<u>(1,065,993)</u>	<u>(817,559)</u>
Property And Equipment, Net	<u>\$ 4,960,596</u>	<u>\$ 4,717,104</u>

NOTE 9 - OTHER ASSETS

Other assets, net at June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
Land held for future development	\$ 76,818	\$ 107,821
Residential housing lots	300	300
Rental homes, net	56,105	72,361
Foreclosed properties	<u>367,142</u>	<u>174,539</u>
Other Assets, Total	<u>\$ 500,365</u>	<u>\$ 355,021</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 10 - LINES OF CREDIT

Habitat maintains a revolving line-of-credit agreement with a bank with maximum borrowings of \$1,000,000. The agreement is collateralized by specific mortgages with an approximate value of \$1,000,000. Interest is charged at the London Interbank Offered Rate (LIBOR) plus 2.0% (2.30% at June 30, 2020) on any outstanding balance. The outstanding balance at June 30, 2020 and 2019 was \$1,000,000.00 and \$0.00 respectively. The line of credit expires in February 2021. Subsequent to year end Habitat closed the line-of-credit which was based on LIBOR with a new line-of-credit based on the Prime Rate - 0.50% from a different financial institution. The new line-of-credit maintains the same \$1,000,000 maximum borrowings and is collateralized by specific mortgages with an approximate value of \$2,500,000. This line-of-credit expires in August, 2021.

NOTE 11 - NOTES PAYABLE

The following summarizes Habitat's notes payable at June 30:

	<u>2020</u>	<u>2019</u>
Funding agreements with Habitat International identified as SHOP notes. (See table on Page 23.)	\$ 130,382	\$ 141,225
Note payable to GM Financials. In December 2018, Habitat received financing for a vehicle in the amount of \$29,153. The note is secured by the vehicle. The note provides for interest at a rate of 6.24%. The note is payable in 60 monthly installments of \$568 and is scheduled to mature in December 2023.	21,223	26,534
Note payable to Ally Bank. In October 2018, Habitat received financing for a vehicle in the amount of \$17,250. The note is secured by the vehicle. The note provides for interest at a rate of 5.69%. The note is payable in 36 monthly installments of \$524 and is scheduled to mature in October 2021.	8,046	13,694
Note payable to United Midwest Savings Bank. This note is secured by twenty-two 1-4 family home mortgages receivable as agreed to with the Bank. The carrying value of the assets held as collateral is \$874,231 at June 30, 2020, which is included in the mortgages receivable on the statement of financial position. The note provides for interest at the prime rate minus 1.50% (4.0% as of June 30, 2020). The note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in May 2027.	761,273	811,352
Notes payable to United Midwest Savings Bank. This note is secured by a second position as the same listed above mortgages. The note provides for interest at the rate of 0.00%. The note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in May 2029.	<u>326,152</u>	<u>347,615</u>
Subtotal To Be Carried Forward	1,247,076	1,340,420

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 11 - NOTES PAYABLE (Continued)

	<u>2020</u>	<u>2019</u>
Subtotal Brought Forward	\$ 1,247,076	\$ 1,340,420
Notes payable to United Midwest Savings Bank. Habitat received financing for a vehicle in the amount of \$48,660. The note is secured by the vehicle. The note provides for interest at the rate of 0.00%. The note is payable in monthly installments of \$811 over 60 months and is scheduled to mature in June 2024.	41,361	48,660
Notes payable to United Midwest Savings Bank. Habitat received financing for a vehicle in the amount of \$27,213. The note is secured by the vehicle. The note provides for interest at the rate of 0.00%. The note is payable in monthly installments of \$454 over 60 months and is scheduled to mature in March 2025.	25,852	-
Notes payable to United Midwest Savings Bank. Habitat received financing for a Store Equipment in the amount of \$26,672. The note provides interest at the rate of 0.00%. The note is payable in monthly installments of \$741 over 36 months and is scheduled to mature in April 2023.	25,190	-
Mortgage note payable to Huntington Bank. This note is secured by the building and land at 6665 Busch Boulevard and potential rents. This note provides for interest at a rate of 4.380%. The note is payable in monthly installments of \$13,033 and is scheduled to mature in Oct 2023.	427,061	550,256
Mortgage note payable to Huntington Bank. This note is secured by the building and land at 2555 Bethel Road (a new ReStore location), capital improvements and potential rents. Interest on the note is a floating rate loan priced at LIBOR plus 210 basis points. By applying the ratio of interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. A construction line of credit of \$500,000 was utilized for the opening of Bethel Road ReStore and the line was fully drawn by February 3, 2020. The loan has been added and amortized over the life of the mortgage term.	2,014,168	1,555,000
Note payable to Northern Trust. This note is secured by certain mortgages receivable as agreed upon to with the bank. The note provides for interest at the rate of 0.00%. This note is payable in monthly installments based on the mortgages held as collateral and is scheduled to mature in November 2041. The carrying value of the assets held as collateral is \$707,676 as of June 30, 2020.	<u>909,600</u>	<u>972,984</u>
Subtotal To Be Carried Forward	4,690,308	4,467,320

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 11 - NOTES PAYABLE (Continued)

	2020	2019
Subtotal Brought Forward	\$ 4,690,308	\$ 4,467,320
Note payable to Park National Bank. In April 2020, Habitat received a PPP Loan to provide financial support to keep affiliate staff working. During the shutdown, the construction activities were suspended and ReStore operations were closed. See Notes 12 and 21.	689,106	-
	5,379,414	4,467,320
Less: Imputed interest - SHOP notes	(4,697)	(4,622)
Future principal payments	5,374,717	4,462,698
Less: Current portion	(711,980)	(423,619)
Notes Payable, Total	\$ 4,662,737	\$ 4,039,079

Habitat has various funding agreements with Habitat International identified as SHOP notes. Of the funding, 75% is in the form of a grant to Habitat and the other 25% is in the form of a note payable to Habitat International. The promissory note portion is noninterest-bearing and provides for interest at a rate of 10% per annum upon default by Habitat of any of the terms of the note. The notes are payable in monthly installments ranging from \$74 to \$859 and are scheduled to mature at various times between July 2020 and June 2026. The average total monthly payment approximated \$4,246 during the year ended June 30, 2019.

SHOP notes at June 30, 2020 are made up of the following:

SHOP Year	Award	June 30, 2019 Outstanding	Draws	Repayments	June 30, 2020 Outstanding
2010	\$ 65,716	\$ 11,860	-	\$ (11,049)	\$ 811
2011	53,750	20,180	-	(10,071)	10,109
2012	35,250	15,432	-	(6,606)	8,826
2013	17,812	9,821	-	(3,330)	6,491
2014	25,000	15,658	-	(4,671)	10,987
2015	45,774	45,774	-	(3,978)	41,796
2016	31,862	22,500	\$ 9,362	-	31,862
2017	19,500	-	19,500	-	19,500
Total	\$ 294,664	\$ 141,225	\$ 28,862	\$ (39,705)	\$ 130,382

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 11 - NOTES PAYABLE (Continued)

Aggregate minimum annual principal payments required on notes payable are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2021	\$ 711,980
2022	816,060
2023	422,291
2024	298,700
2025	255,986
Thereafter	<u>2,874,397</u>
	\$ <u>5,379,414</u>

Interest expense on notes payable approximated \$127,000 and \$52,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 12 - PAYCHECK PROTECTION PROGRAM, COVID-19

In April 2020, Habitat entered into a term note with Park National Bank with a principal amount of \$689,106, pursuant to the Paycheck Protection Program (PPP Term Note) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The PPP Term Note bears interest at a fixed annual rate of 1.00%, with the first six months of interest deferred for those funds not eligible for forgiveness. The PPP Term Note is unsecured and guaranteed by the United States Small Business Administration. Habitat may apply to Park National Bank for forgiveness of the PPP Term Note, with the amount eligible to be forgiven equal to the sum of payroll costs, covered rent and mortgage obligations and covered utility payments incurred by Habitat during the 24-week period beginning upon receipt of PPP Term Note funds, calculated in accordance with the terms of the CARES Act. While Habitat anticipates that 100% of the loan will be forgiven, it has recorded this loan in accordance with FASB ASC 470, Debt and, as such, is recorded as debt on the accompanying statement of financial position until the lien is released.

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2021	\$ 306,269
2022	<u>382,837</u>
	\$ <u>689,106</u>

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 13 - FACILITY LEASE

Habitat leases a facility for a ReStore location under an operating lease agreement that originally expired in June 2017. During 2017, the lease was renewed for an additional five-year period, expiring in June 2022. Rent expense approximated \$114,000 for the years ended June 30, 2020 and 2019.

Future minimum lease obligations due subsequent to the year ended June 30, 2020 are as follows:

<u>June 30</u>	<u>Amount</u>
2021	\$ 114,480
2022	<u>114,480</u>
	<u>\$ 228,960</u>

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 and 2019 are available for the construction of homes and the Habitat Housing Initiative (HHI) capital campaign.

A summary of assets held pertaining to net assets with donor restrictions as of June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Contributions/grants receivable	\$ 338,150	\$ 855,775
Cash	<u>67,450</u>	<u>344,431</u>
Total	<u>\$ 405,600</u>	<u>\$ 1,200,206</u>

The donor restrictions pertaining to restricted net assets as of June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Construction of homes	\$ 7,150	\$ 137,150
HHI capital campaign	356,000	1,063,056
Emergency Response Fund	39,250	-
Miscellaneous Restriction	<u>3,200</u>	<u>-</u>
Total	<u>\$ 405,600</u>	<u>\$ 1,200,206</u>

Net assets released from restrictions primarily by the completion of home construction and identifiable HHI capital campaign activities during the years ended June 30, 2020 and 2019 amounted to \$1,083,402 and \$1,682,875, respectively.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 15 - TRANSACTIONS WITH AFFILIATES

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat International in an annual tithing. These funds are used to construct homes in economically depressed areas around the world. For the years ended June 30, 2020 and 2019, Habitat contributed approximately \$25,000 and \$20,000, respectively, to Habitat International.

Habitat remits a portion of its contributions (excluding in-kind contributions) to Habitat International for the SOSI fee (U.S. Stewardship and Organizational Sustainability Fee). For the years ended June 30, 2020 and 2019, Habitat contributed \$25,000 to Habitat International for this fee.

Habitat International facilitates a staffing program referred to as AmeriCorps VISTA. VISTA-related staffing expense approximated \$182,000 and \$198,000 for the years ended June 30, 2020 and 2019, respectively. In connection with the AmeriCorps VISTA program, Habitat paid 41% and 41% of the compensation and Habitat International contributed 59% and 59%, or approximately \$106,000 and \$117,000 for the years ended June 30, 2020 and 2019, respectively, which was recorded as in-kind contribution revenue and salary expense.

Habitat International also provides grants and loans as described in Note 11.

NOTE 16 - IN-KIND CONTRIBUTIONS

Habitat receives various in-kind contributions, including the services of construction contractors and other professionals as well as donations of office rent, furniture, residential lots, building materials and tools. The estimated fair value of in-kind contributions included in the statements of activities and change in net assets was approximately \$191,000 and \$404,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 17 - RETIREMENT PLAN

Habitat has a defined contribution retirement plan. To participate in the plan, individuals must be employed full-time for six months. Habitat matches employee contributions at the rate of 50% for each dollar contributed up to 6% of the employee's eligible compensation. Habitat recognized expense for employer contributions of approximately \$45,000 and \$44,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 18 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses that are specific to location of building and offices are allocated based on fulltime equivalent at 6665 Busch Boulevard or square footage utilized between ReStore and Construction at 3140 Westerville Road. Otherwise, expenses are allocated based on the department utilizing the expense.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Habitat is involved in various claims and legal proceedings arising from the ordinary course of business. While the ultimate liability, if any, incurred as a result of these proceedings is presently indeterminable, in the opinion of management these matters should not have a material adverse effect on the Habitat's financial position and no amounts have been recorded in the financial statements.

Habitat has entered into agreements for financing transactions that involve the sale of mortgages to financial institutions. In the event that a mortgage that was sold becomes nonperforming (those past due more than 90 days), Habitat has agreed to substitute a performing mortgage or may repurchase the nonperforming mortgage. The face value of outstanding sold mortgages as of June 30, 2020 is \$2,014,690, which is collateralized by the properties securing the mortgages.

NOTE 20 - RISKS AND UNCERTAINTY

In the fiscal year ending June 30, 2020, the coronavirus pandemic impacted Habitat with closures of its ReStore operations, construction and offices. While Habitat was able to not suffer financially from the pandemic due to new grants and contributions received in fiscal year 2020, the closures did reduce the number of families served. The most significant funding came from the PPP. The loan amount was \$689,106, which is expected to be forgiven once the application of forgiveness is approved. The coronavirus pandemic could materially and adversely affect Habitat and its operations in future years. Government-imposed stay-at-home orders may result in direct operational and administrative disruptions to Habitat's operations. Additionally, Habitat's revenue sources may be adversely affected by these disruptions, which in turn could negatively impact Habitat's operating results. Habitat is unable to accurately predict how restrictions related to the coronavirus pandemic will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain. Habitat has considered various potential impacts and has planned for these and will implement the strategies as necessary to minimize the impact of any potential disruptions. However, while it is premature to accurately predict the ultimate impact of these developments, Habitat expects that its results for the year ended June 30, 2021 may be impacted.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Habitat for Humanity - MidOhio
Columbus, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity - MidOhio (Habitat), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Habitat's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Habitat's internal control. Accordingly, we do not express an opinion on the effectiveness of the Habitat's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habitat’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schneider Downs & Co., Inc.

Columbus, Ohio
October 26, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Habitat for Humanity - MidOhio
Columbus, Ohio

We have audited Habitat for Humanity - MidOhio's (Habitat) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Habitat for Humanity - MidOhio's (Habitat) major federal programs for the year ended June 30, 2020. Habitat's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Habitat's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Habitat's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Habitat's compliance.

Opinion on Each Major Federal Program

In our opinion, Habitat complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Habitat is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Habitat's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Habitat's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schneider Downs & Co., Inc.

Columbus, Ohio
October 26, 2020

HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>FEDERAL GRANTOR/SUB-GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANTOR'S ID NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass through City of Columbus:			
Home Investment Partnership Program	14.239	31-6400223	\$ 862,032
Pass through Habitat for Humanity International:			
Self-Help Homeownership Opportunity Program	14.247	91-1914868	<u>115,447</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			977,479
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u><u>\$ 977,479</u></u>

See notes to the schedule of expenditures of federal awards.

HABITAT FOR HUMANITY - MIDOHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of Habitat for Humanity - MidOhio (Habitat) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Habitat, it is not intended to and does not present the financial position, change in net assets or cash flows of Habitat.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICY

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

Habitat has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements notes

_____ yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditor's report on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

CFDA Numbers

14.239

Name of Federal Program or Cluster

Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no

The independent auditors' report on compliance should be read with this schedule.

HABITAT FOR HUMANITY - MIDOHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements and abuse related to the financial statements for which Government Auditing Standards require reporting.

There were no findings noted in the current year that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by 2 CFR 200.516(a) (significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs and material abuse).

There were no findings noted in the current year that are required to be reported in accordance with 2 CFR 200.516(a).