HABITAT FOR HUMANITY
OF HILLSBOROUGH COUNTY FLORIDA, INC.

FINANCIAL REPORT AND COMPLIANCE REPORT

JUNE 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Habitat for Humanity of Hillsborough County Florida, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Habitat for Humanity of Hillsborough County Florida, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit 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 auditor's 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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Hillsborough County Florida, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year 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 December 7, 2021, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Accell Audit & Compliance, PA

Tampa, FL
December 7, 2021

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
Statements of Financial Position

	June 30, 2021	June 30, 2020
ASSETS		
Cash and cash equivalents	$ 624,775	$ 1,257,641
Due from related party	5,901	-
Unconditional promise to give	23,334	20,000
Other receivables	33,449	28,664
Grant receivable	54,000	-
Inventory - construction and ReStore	2,059,122	420,366
Assets held in escrow	151,958	138,464
Mortgages receivable, net	707,184	1,147,965
Land held for development	2,465,439	862,530
Beneficial interest in assets held by foundations	71,762	53,875
Property and equipment, net	1,379,956	804,700
Other assets	41,760	49,405
Total assets	$ 7,618,640	$ 4,783,610
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 562,473	$ 431,340
Deferred rent	21,591	36,831
Escrow deposits	151,958	138,464
Agency payable	39,440	86,267
HOME deferred note payable	654,000	-
Line of credit	900,000	500,000
Notes payable	1,885,578	800,877
Total liabilities	4,215,040	1,993,779
Net assets		
Without donor restrictions	3,211,938	2,460,475
With donor restrictions	191,662	329,356
Total net assets	3,403,600	2,789,831
Total liabilities and net assets	$ 7,618,640	$ 4,783,610

See independent auditors' report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
Statement of Activities and Change in Net Assets for the Year Ended June 30, 2021
With Summarized Comparative Totals for the Year Ended June 30, 2020

	Year ended June 30, 2021			Summarized Comparative Totals Year Ended June 30, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions				
Cash	$ 832,300	$ 92,113	$ 924,413	$ 989,565
Donated lots	5,750	41,674	47,424	167,617
In-kind	331,880	4,000	335,880	712,893
Transfers to homeowners	1,936,427	-	1,936,427	2,657,750
Mortgage discount amortization	10,060	-	10,060	12,644
Sales - Habitat ReStore	2,534,213	-	2,534,213	2,015,913
Foundations and grants	542,400	-	542,400	815,637
Fundraising events	41,886	-	41,886	30,231
Other	220,782	-	220,782	274,190
Net assets released from restrictions	275,481	(275,481)	-	-
Total support and revenue	6,731,179	(137,694)	6,593,485	7,676,440
EXPENSES				
Program services				
Rehab/Construction and mortgage discounts	2,579,054	-	2,579,054	3,689,145
Homeowner services	512,839	-	512,839	378,356
Habitat ReStore	2,391,318	-	2,391,318	2,314,140
Supporting services:				
Management and general	508,972	-	508,972	516,545
Fundraising	255,029	-	255,029	277,093
Total expenses	6,247,212	-	6,247,212	7,175,279
Change in net assets before Other Changes	483,967	(137,694)	346,273	501,161
Other changes - Revenue (Expense)				
Interest expense	(31,642)	-	(31,642)	(19,909)
Gain on forgiveness of debt	524,894	-	524,894	-
Loss on sale of mortgages	(225,756)	-	(225,756)	(79,037)
Total other changes	267,496	-	267,496	(98,946)
Change in net assets	751,463	(137,694)	613,769	402,215
Net assets, beginning of year	2,460,475	329,356	2,789,831	2,387,616
Net assets, end of year	$ 3,211,938	$ 191,662	$ 3,403,600	$ 2,789,831

See independent auditors' report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
Statement of Activities and Change in Net Assets for the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions			
Cash	$ 166,832	$ 822,733	$ 989,565
Donated lots	-	167,617	167,617
In-kind	470,142	242,751	712,893
Transfers to homeowners	2,657,750	-	2,657,750
Mortgage discount amortization	12,644	-	12,644
Sales - Habitat ReStore	2,015,913	-	2,015,913
Foundations and grants	815,637	-	815,637
Fundraising events	30,231	-	30,231
Other	274,190	-	274,190
Net assets released from restrictions	960,186	(960,186)	-
Total support and revenue	7,403,525	272,915	7,676,440
EXPENSES			
Program services			
Rehab/Construction and mortgage discounts	3,689,145	-	3,689,145
Homeowner services	378,356	-	378,356
Habitat ReStore	2,314,140	-	2,314,140
Supporting services:			
Management and general	516,545	-	516,545
Fundraising	277,093	-	277,093
Total expenses	7,175,279	-	7,175,279
Change in net assets before Other Changes	228,246	272,915	501,161
Other changes - Revenue (Expense)			
Interest expense	(19,909)	-	(19,909)
Gain/(Loss) on sale of mortgages	(79,037)	-	(79,037)
Total other changes	(98,946)	-	(98,946)
Change in net assets	129,300	272,915	402,215
Net assets, beginning of year	2,331,175	56,441	2,387,616
Net assets, end of year	$ 2,460,475	$ 329,356	$ 2,789,831

See independent auditors' report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
Statement of Activities and Change in Net Assets for the Year Ended June 30, 2021
With Summarized Comparative Totals for the Year Ended June 30, 2020

	Year Ended June 30, 2021									
	Program Services					Supporting Services				
	Rehab/ Construction	Mortgage Discounts	Homeowner Services	Habitat ReStore	Total Program Services	Fundraising	Management and General	Total Supporting Services	TOTAL	Summarized Comparative Totals Year Ended June 30, 2020
Personnel expenses	$ 768,057	$ -	$ 325,591	$ 1,480,390	$ 2,574,038	$ 130,066	$ 161,573	$ 291,639	$ 2,865,677	$ 2,625,451
Other Expenses										
Admin and general	62,898	-	181,793	171,141	415,832	75,726	167,047	242,773	658,605	658,445
Cost of home/land sales	1,854,844	-	-	-	1,854,844	-	-	-	1,854,844	2,543,215
Facilities	13,804	-	1,637	431,662	447,103	1,760	76,275	78,035	525,138	591,955
Cost of goods sold, Restore	-	-	-	159,759	159,759	-	-	-	159,759	91,663
Home rehabiliation	116,141	-	-	-	116,141	-	-	-	116,141	102,315
Mortgage discounts	-	(249,577) *	-	-	(249,577)	-	-	-	(249,577)	223,715
Special events	-	-	-	-	-	37,603	-	37,603	37,603	33,697
Other	-	-	2,520	49,755	52,275	8,684	75,719	84,403	136,678	148,381
Total expenses before other non-cash items	2,815,744	(249,577)	511,541	2,292,707	5,370,415	253,839	480,614	734,453	6,104,868	7,018,837
Depreciation	12,887	-	1,298	98,611	112,796	1,190	28,358	29,548	142,344	156,442
Total Functional Expenses	$ 2,828,631	$ (249,577)	$ 512,839	$ 2,391,318	$ 5,483,211	$ 255,029	$ 508,972	$ 764,001	$ 6,247,212	$ 7,175,279

* See Note 4

See independent auditors' report and accompanying notes to the financial statements.

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
Statement of Functional Expenses for the Year Ended June 30, 2020

	Rehab/ Construction	Mortgage Discounts	Homeowner Services	Habitat ReStore	Total Program Services	Fundraising	Management and General	Total Supporting Services	TOTAL
Personnel expenses	$ 651,036	$ -	$ 254,967	$ 1,369,410	$ 2,275,413	$ 169,100	$ 180,938	$ 350,038	$ 2,625,451
Other Expenses									
Admin and general	137,657	-	119,464	183,165	440,286	64,969	153,190	218,159	658,445
Cost of home/land sales	2,543,215	-	-	-	2,543,215	-	-	-	2,543,215
Facilities	15,882	-	1,373	500,827	518,082	1,344	72,529	73,873	591,955
Cost of goods sold, Restore	-	-	-	91,663	91,663	-	-	-	91,663
Home rehabiliation	102,315	-	-	-	102,315	-	-	-	102,315
Mortgage discounts	-	223,715 *	-	-	223,715	-	-	-	223,715
Special events	-	-	-	-	-	33,147	550	33,697	33,697
Other	111	-	1,803	56,335	58,249	7,176	82,956	90,132	148,381
Total expenses before other non-cash items	3,450,216	223,715	377,607	2,201,400	6,252,938	275,736	490,163	765,899	7,018,837
Depreciation	15,214	-	749	112,740	128,703	1,357	26,382	27,739	156,442
Total Functional Expenses	$ 3,465,430	$ 223,715	$ 378,356	$ 2,314,140	$ 6,381,641	$ 277,093	$ 516,545	$ 793,638	$ 7,175,279

* See Note 4

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
Statements of Cash Flows

	Year Ended June 30, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 613,769	$ 402,215
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Amortization of mortgage discounts	(10,060)	(12,644)
Gain on investments	(17,887)	2,566
Gain on forgiveness of debt	(524,894)	-
Loss on sale of mortgages	225,756	79,037
Discounts on new mortgages transferred to owners	(249,577)	223,715
Donated land for development	(47,424)	(167,617)
Bad debt expense	1,639	1,910
Depreciation	142,344	156,442
(Increase) decrease in assets:		
Due from related party	(5,901)	14,949
Unconditional promises to give	(3,334)	(17,286)
Other receivables	(4,785)	(7,731)
Inventory - construction and ReStore	(1,638,756)	43,415
Assets held in escrow	(13,494)	(17,664)
Mortgage notes receivable, net	473,023	(743,413)
Land held for development	(1,555,485)	(421,920)
Other assets	7,645	17,650
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	131,133	130,316
Deferred rent	(15,240)	(18,409)
Escrow deposits	13,494	17,664
Agency payable	(46,827)	45,381
Net cash from operating activities	(2,524,861)	(271,424)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(717,600)	(57,249)
Net cash used in investing activities	(717,600)	(57,249)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	1,834,862	680,934
Proceeds from line of credit	400,000	500,000
Proceeds from HOME note payable	600,000	-
Payments on notes payable - Small Business Administration	(150,475)	-
Payments on note payable	(74,792)	(62,865)
Net cash used in financing activities	2,609,595	1,118,069
Net change in cash and cash equivalents	(632,866)	789,396
Cash and cash equivalents, beginning of year	1,257,641	468,245
Cash and cash equivalents, end of year	$ 624,775	$ 1,257,641
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Transfer of property to homeowners	$ 1,936,427	$ 2,657,750
In-Kind donations	$ 335,880	$ 712,893
Donated lots	$ 47,424	$ 167,617
Interest paid	$ 31,642	$ 19,909

See independent auditors' report and accompanying notes to the financial statements.

NOTE 1 NATURE OF ORGANIZATION

Habitat for Humanity International, Inc. ("HFHI") was founded in 1976 by Millard and Linda Fuller. The concept of Habitat for Humanity is that each Habitat Affiliate and those in need of adequate shelter would work side-by-side with volunteers to build affordable, decent homes. Habitat for Humanity of Hillsborough County Florida, Inc. ("Habitat" or the "Organization") became an Affiliate in 1987 and is a tax-exempt Not-for-Profit organization. Seeking to put God's love into action, Habitat brings people together to build homes, communities, and hope.

The Organization's Program Services include its home construction program, thrift retail operations (d.b.a. the ReStore), and homeowner service programs, all of which are provided principally to residents in Hillsborough County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP").

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. The accompanying financial statements include the accounts of the Organization. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- ***Net assets without donor restrictions*** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various reasons.
- ***Net assets with donor restrictions*** – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions. The Organization considers all highly liquid instruments with initial maturity of three months or less as cash equivalents.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash held in financial institutions in excess of federally insured limits. From time to time the Organization's cash balances may have exceeded the federally insured limits. The Organization has not experienced, and does not expect, to incur any losses in such accounts.

Contributions/Grants Receivable
The Organization recognizes contributions received and pledged before the year end but not yet deposited, as contributions or grants receivable.

Assets Held in Escrow
The Organization currently services some of the mortgage notes on certain homes it sells. Some are serviced by Amerinat, a third party servicer. Included in assets held in escrow are cash amounts received for insurance and property taxes on such homes. These cash amounts are recorded as an asset, which is offset by a related liability.

Fair Value of Financial Instruments
The Organization measures beneficial interest in assets held by foundations at fair value on a recurring basis (at least annually). The Organization follows accounting guidance, which defines fair value and specifies a hierarchy of valuation techniques used to measure fair value. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by the Organization.

Level 2 – Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3 – Unobservable inputs based on the Organization's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

Other Receivables
Other receivables consist primarily of closing costs and escrow funds due from home owners.

Mortgages Receivable
Mortgages receivable consist predominantly of non-interest bearing residential first mortgages secured by real estate and payable in monthly installments over the life of the mortgage, generally over 30 years. All of the mortgages are related to new construction or the rehabilitation of existing homes rehabilitated by the Organization. These mortgages receivable are shown on the statement of financial position discounted by the average commitment rate per the Freddie Mac Primary Mortgage

Market Survey prevailing interest rates at the inception of each mortgage.

In addition to the mortgages receivable included in the statement of financial position, The Organization also enters into equity creation agreements with certain homebuyers. These equity creation agreements known as a "silent second mortgage" originate at the same time of the first mortgage and reflect the difference between the purchase price and the fair market value of the house. This equity creation agreement is part of the mortgage document and is executed for protection against homeowners who may sell their house for a profit before the mortgage is repaid and to protect the homeowner by preventing predatory lenders from paying off the first mortgage and saddling the homeowners with an onerous new mortgage. This amount is considered forgiven by the mortgagee over the life of the mortgage and the mortgagor agrees that the remaining balance is secured by the mortgage until forgiven in full. The Organization does not record a value for the equity creation agreements as it is unlikely that the amount will ever be collected.

The Organization uses established underwriting criteria to ensure that only applicants who meet the Organization’s financial and credit criteria are approved to be partner homeowners and receive a non-interest bearing mortgage loan from the Organization. This includes, but is not limited to, a thorough review of each prospective homeowner's credit report, sources of income, and financial history. The Organization regularly reviews its mortgages receivable and monitors the accounts for delinquencies.

The Organization, through their mortgage servicing agent, has documented delinquency procedures that are followed starting 5 days after the payment due date. Once a payment is 30 days or more delinquent, the servicing agent will send a letter that will include the Consumer Financial Protection Bureau mandated notification informing the borrower of the available loss mitigation options. If the homeowner does not cure the default within 120 days, foreclosure proceedings may be initiated.

Non-interest bearing mortgages originated are discounted based on prevailing market rates at the time of the sale, which results in the net mortgage receivable balances being generally less than 50% of the home's fair market value. Therefore, the Organization believes that losses resulting from non-payment of mortgage notes receivable, given its collateral value, are not likely. Accordingly, the Organization has not recorded an allowance for mortgages receivable.

Inventory

ReStore inventory includes donated and purchased household building materials, appliances, and furniture that are sold at the Habitat Restores. Donated merchandise is stated at its estimated fair market value, which is determined based on its future economic benefit. Purchased merchandise is stated at lower of cost or net realizable value, with cost being determined by the first-in, first-out method.

The Organization’s inventory includes homes under construction, consisting of labor, material, and lot costs using the specific identification method. It also includes indirect construction costs incurred during the construction period. The Organization transferred 10 homes to homeowners in 2021, and 14 in 2020.

Land Held for Development

Land held for development includes the cost of land and improvements to land or, if donated, the approximate fair value of the land at the date of the donation, held for future construction of homes.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment when the asset has a useful life beyond one year or when the expenditure extends the useful life of an existing asset. Depreciation is provided using the straight-line method over the estimated useful lives of assets which range from 3 to 39 years. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as assets with donor restrictions. In the absence of such stipulations, gifts of property are recorded as assets without donor restrictions.

Impairment on Long-Lived Assets

The Organization's long-lived assets, such as land, building, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value of the asset.

Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statement of financial position. The Organization recognized no impairment for the years ended June 30, 2021 and 2020.

Beneficial Interest in Assets Held by Foundations

The beneficial interest in assets held by foundations is recorded at fair value in the statement of financial position. Changes in the fair value of the beneficial interest in assets held by foundations are recorded as investment income in the statement of activities and changes in net assets.

Other Assets

Other assets consist mainly of prepaid expenses and refundable deposits.

Revenue Recognition

The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers (Topic 606), which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract

- Recognize revenue when or as performance obligations are satisfied

The Organization's activities are primarily supported through sales of homes, contributions from individual, corporate, and foundation donors, store product sales, grants, and fundraising activities.

The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

Contributions
Contributions represent a nonreciprocal transfer and do not represent the sale of goods or services. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, or when a pledge becomes due, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises. The allowance is based on prior years' experience and management's analysis of specific promises made.

Transfers to Homeowners
The Organization recognizes revenue from home sales when a closing occurs. A closing is considered to occur, and performance obligation satisfied when title, possession, and other attributes of ownership have been transferred to the buyer; and the Organization is not obligated to perform significant activities after the sale. Revenue from the sale of homes is recorded on the statement of activities as transfers to homeowners. Transfers to homeowners are recorded at the gross mortgage amount plus down payment received.

Non-interest bearing mortgages have been discounted based upon the average commitment rate per the Freddie Mac Primary Mortgage Market Survey. Utilizing the effective interest method, this discount will be recognized as mortgage discount amortization income over the term of the mortgage.

Habitat ReStore Sales
Habitat ReStore sales are recognized as revenue at the time merchandise is transferred to the customer, the single performance obligation. Historically, sales returns have not been significant.

Federal, State, and Local Government Grants
The Organization receives awards from government agencies. Such award

instruments are to be used for specific programs in accordance with compliance requirements. These grants are considered conditional contributions and the recognition of grant revenue is deferred until barriers imposed under the grant document are met by the Organization. Revenue is recognized as the related qualifying expenses are incurred as allowable by the grants.

Sales of Mortgages
The Organization accounts for sales of mortgages receivable under FASB ASC 860-20, Sales of Financial Assets. Gain on sale of loans sold are recognized when the loans are sold and include cash from any sale and the write off of any discounts on the mortgage.

Donated Services and in-Kind Contributions
Donated services, materials, and land are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions. These are reflected in the accompanying statement of activities, at their estimated fair market values at the date of receipt. Contributions of services are recorded if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2021 and 2020, the Organization recorded donation revenue of approximately $336,000 and $713,000, respectively, related to donations of building materials and services. During the years ended June 30, 2021 and 2020, the Organization received approximately $47,000 and $168,000, respectively, in donated lots from various financial institutions and donors recorded at their appraised value which approximates fair value.

Advertising Costs
Advertising costs are expensed as incurred and were approximately $60,000 and $84,000 for the years ended June 30, 2021 and 2020, respectively.

Functional Expenses
The costs of providing the programs and supporting services have been reported on a functional basis in the statement of activities and functional expenses. Certain direct, indirect, and administrative expenses are incurred which benefit more than one program. The Organization, therefore, allocates these expenses accordingly using time charged to employees and other various methods.

Income Tax Status
Habitat is organized as a not-for-profit organization under the laws of the State of Florida and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and corresponding Florida provisions. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. The Organization follows the guidance of Accounting Standards Codification (“ASC”) 740, *Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the year ended June 30, 2021. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal returns are generally open for examination for three years following the date filed.

Recently Adopted Accounting Standards

During 2020, the Organization adopted the guidance regarding contributions received from Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This standard is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this standard include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Based on the Organization's review of its contributions, grants, and contracts, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the statement of financial position and the statement of activities and changes in net assets.

Also during 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. ASU 2014-09 replaces most existing revenue recognition guidance in generally accepted accounting principles (GAAP). This standard also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The Organization adopted the new standard effective for the year ended June 30, 2020, using the full retrospective method. Based on the Organization's review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the statement of financial position and the statement of activities and changes in net assets, but resulted in additional disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP – which requires only capital leases to be recognized on the balance sheet – the new ASU will require both types of leases to be recognized on the balance sheet. The ASU on leases will take effect for all non-public companies for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

Coronavirus Oubreak

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the Organization's operations, suppliers, or other vendors, and donor base. The operations for the Organization's services could be negatively impacted by the regional and global outbreak of COVID-19, including stop-work orders on existing grants and cancellation of conferences and events for an unknown period of time. Any quarantines, labor shortages or other disruptions to the Organization's operations, may adversely impact the Organization's revenue, ability to provide its services and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets, including the geographical area in which the Organization operates, resulting in an economic downturn that could affect demand for its products and services. The extent to which the coronavirus impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others. As part of its response to the pandemic, during 2020, the Organization applied for a federal paycheck protection program (PPP) loan. The Organization's application was approved and a PPP loan of approximately $525,000 was received. The PPP loan has been forgiven in December 2020. In addition, the Organization instituted operational changes to continue to provide its services.

NOTE 3 INVENTORY

Inventory consists of the following as of June 30:

	2021	2020
Construction in process	$ 1,993,759	$ 377,245
ReStore inventory	65,363	43,121
Total inventory	$ 2,059,122	$ 420,366

NOTE 4 MORTGAGES RECEIVABLE

The initial amount of each mortgage loan approximates the appraised value of the house, plus mortgage discount expense. The notes on these mortgages are non-interest bearing, payable in equal monthly installments, and are secured by deeds of trust on the properties. The payments collected on these mortgages are used to help fund future home construction. The notes have been discounted using the average commitment rate per the Freddie Mac Primary Mortgage Market Survey prevailing interest rates at the inception of each mortgage using the effective interest method over the lives of the mortgages. The interest rates used to determine the discount range from 3.0% to 7.0%. The discount rate used for the years ended June 30, 2021 and 2020 were 3.0% and 3.2%, respectively. As mortgage payments are made, the Organization recognizes the amortization of the discount as revenue.

Mortgages receivable consist of the following at June 30:

	2021	2020
Non-interest bearing loans at face value	$ 1,090,824	$ 1,791,239
Less: Unamortized discount based on imputed interest	(383,640)	(643,274)
Mortgage notes receivable, net of discounts	$ 707,184	$ 1,147,965

The Organization occasionally has loans that are past due on payments. The mortgages are secured by the property. Therefore, the Organization has not recorded an allowance against the non-performing loans.

Periodically, the Organization sells individually identified mortgages receivable to regulated financial institutions. Amerinat continues to service these mortgages by collecting payments from homeowners on behalf of the purchasing financial institutions. Homeowner payments are remitted by the Organization to the purchasing financial institutions in arrears. Accordingly, the Organization has reported an agency payable liability in the amount of approximately $39,000 and $86,000 as of June 30, 2021 and 2020, respectively. This reflects the homeowner payments held by the Organization that must be subsequently remitted to the purchasing financial institutions. For the years ended June 30, 2021 and 2020, Habitat sold 7 and 20 of its mortgages, respectively.

As of June 30, 2021, the balances due on the mortgages held by the Organization that are scheduled to be received for the next five years and thereafter are as follows:

Year ending June 30,		
2022	$	30,389
2023		27,918
2024		24,754
2025		24,197
2026		22,558
Thereafter		577,368
Total	$	707,184

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2021	2020
Building	$ 1,052,049	$ 596,227
Land	579,050	364,550
Leasehold improvements	205,793	205,098
Automobile	107,766	77,840
Equipment	87,016	84,766
Office equipment	129,344	114,937
	2,161,018	1,443,418
Less accumulated depreciation	(781,062)	(638,718)
Total property and equipment, net	$ 1,379,956	$ 804,700

Depreciation expense for the years ended June 30, 2021 and 2020 was approximately $142,000 and $156,000, respectively.

NOTE 6 OPERATING LEASES

The Organization had multiple lease obligations during the year ended June 30, 2021, which expire on various future dates. These leases include rent, a copy machine, and several trucks. Lease expense for these operating leases for the years ended June 30, 2021 and 2020 was approximately $310,000 and $356,000, respectively.

The following is a schedule by years of the future minimum lease payments:

Year ending June 30,	Amount
2022	$ 160,729
2023	87,472
2024	23,058
2025	10,980
Total	$ 282,239

NOTE 7 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's management monitors its liquidity so that it is able to cover operating expenses. Management budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the board of directors before the beginning of the next fiscal year.

The following represents the Organization's financial assets available to meet general expenditures over the next 12 months at June 30:

	2021	2020
Cash and cash equivalents	$ 624,775	$ 1,257,641
Unconditional promise to give	23,334	20,000
Grant receivable	54,000	-
Other receivables	33,449	28,664
Total financial assets	$ 735,558	$ 1,306,305

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization expects to cover operating expenses through contributions, home sales, ReStore sales and available cash.

NOTE 8 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of June 30, 2021 and 2020 consist of a $10,000 promise for each of the next two fiscal years from the same donor.

Promises to give with due dates extending beyond one year are normally discounted to present value using Treasury bill rates with similar term investments. However, the difference between the stated promise and the present value is not material, and therefore has been recorded at its stated value.

At June 30, 2021 and 2020, the entire balance of the unconditional promise to give was considered collectible.

NOTE 9 BENEFICIAL INTEREST IN ASSETS HELD BY FOUNDATIONS

The Organization established funds within the Community Foundation of Tampa Bay (CFTB).

One fund is a designated endowment fund between CFTB and the Organization. The fund agreement grants variance power to CFTB and has named the Organization the beneficiary. Earnings on the funds, net of any service fees, will be periodically distributed to the Organization in accordance with the agreement.

The other fund is the Habitat for Humanity of Hillsborough County Reserve Fund, an agency reserve fund. This fund is used to hold the Organization's non-endowment and reserve funds. The assets are composed of cash and cash equivalents, fixed income, equity securities, and real and tangible asset funds. The portfolio is managed by an investment company with oversight by CFTB.

As of June 30, 2021 and 2020, the Organization's investments in beneficial interest in assets held by foundations totaled approximately $72,000 and $54,000, respectively, and is reflected as an asset with donor restrictions.

NOTE 10 FAIR VALUE MEASUREMENT

The Organization's investments are reported at fair value in the accompanying statement of financial position. Following is a description of the valuation methodologies used for investments that are measured at fair value.

Beneficial interest in assets held by foundations – the investments are managed by a third party unrelated to the Organization. The assets are valued based upon the third party information without adjustment. The Organization does not develop, nor are they provided with, the quantitative inputs used to develop the fair market values.

Fair value of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2021				
Beneficial interest in assets held by foundations	$ 71,762	$ -	$ -	$ 71,762
2020				
Beneficial interest in assets held by foundations	$ 53,875	$ -	$ -	$ 53,875

NOTE 11 NOTES PAYABLE

Notes payable consists of the following as of June 30:

	2021	2020
Note payable, collateralized by a mortgage, payable in monthly installments of $4,656, including interest at 5.00% per annum, beginning January 2019 through December 2021.	$ 27,519	$ 80,537
Note payable, collateralized by a vehicle, payable in monthly installments of $443, including interest at 3.98% per annum, beginning August 2015 through July 2021.	441	5,632
Note payable, collateralized by a vehicle, payable in monthly installments of $634, including interest at 3.90% per annum, beginning January 2017 through December 2022.	11,650	18,655
Notes payable to Habitat International as part of the SHOP 2016 grant with total monthly payments ranging from $78 to $252 at 0% interest; maturing between June 1, 2024 and December 1, 2024.	11,819	15,119
Note payable to Habitat International as part of the SHOP 2017 grant with total monthly payments of $458 at 0% interest; maturing January 1, 2026.	22,000	5,565
Note payable to Habitat International as part of the SHOP 2018 grant with total monthly payments of $437 at 0% interest; maturing July 1, 2026.	21,000	-
Note payable, collateralized by a vehicle, payable in 60 monthly installments of $599, including interest at 7.34% per annum, beginning July 2021.	29,926	-
Small Business Administration note payable, collateralized by substantially all assets of Habitat, payable in monthly installments of $641, including interest at 2.75% per annum, beginning May 2021 through May 2050.	-	150,475
Paycheck Protection Program note payable with interest at 1.00% scheduled to mature May 2022. During 2021, the organization received notification from the Small Business Administration that the entire outstanding principal amount and accrued interest was forgiven.	-	524,894
Note payable, collateralized by a mortgage on real property, payable on demand. If no demand is made, the organization will pay the note in 180 payments of $3,437, including interest at 3.25% beginning April 26, 2021 and maturing March 26, 2036.	481,223	-
Note payable, collateralized by a mortgage on real property and personal property. The note incurs interest at a rate of 2.75% and matures March 19, 2023. Interest only payments are due monthly, and principal and interest is due upon maturity.	1,280,000	-
Total notes payable	$ 1,885,578	$ 800,877

Future principal maturities on notes payable are as follows:

Year ending June 30,	Amount
2022	$ 73,159
2023	1,331,488
2024	47,947
2025	46,305
2026	44,277
thereafter	342,402
Total	$ 1,885,578

NOTE 12 LINES OF CREDIT

On June 21, 2019, the Organization entered into a line of credit (LOC) with a financial institution in the amount of $500,000 with a maturity date of June 21, 2022. The facility bears a variable interest Prime Rate as published by the Wall Street Journal plus one half of a percentage point, which results in a 3.75 rate at June 30, 2021. However, the rate has a floor of 4%. As of June 30, 2021 and 2020, the outstanding balance was $500,000 on this line of credit.

On June 28, 2019, the Organization entered into a LOC with a financial institution in the amount of $250,000 with no maturity date. The facility bears a variable interest at Prime Rate as published in the Wall Street Journal which was 3.25% at June 30, 2021. The underlying LOC agreement contains certain operational and financial covenants. The Organization is in compliance with those covenants at June 30, 2021. As of June 30, 2021 and 2020, the outstanding balance on the LOC was $250,000 and $0, respectively.

On July 23, 2020, the Company entered into a line of credit (LOC) with a financial institution in the amount of $150,000 with an annual renewal at discretion of the bank. The facility bears a variable interest Prime Rate as published by the Wall Street Journal plus 1.24 percentage points, which results in a 4.49 rate at June 30, 2021. As of June 30, 2021 and 2020, the outstanding balance on the LOC was $150,000 and $0, respectively.

NOTE 13 HOME DEFERRED NOTE PAYABLE

On February 3, 2021, the Organization entered into an agreement to which Hillsborough County provides $654,000 in HOME Investment Partnerships Program Funds (“HOME funds”) to the Organization to provide funding for the acquisition of ten developable lots and one drainage lot for the purposes of constructing one single-family home on each of the developable lots to be marketed and sold to low income households. As condition to the receipt of the HOME funds, the Organization entered into a land use restriction agreement. Once the constructed homes are sold to eligible homeowners, those homeowners will enter into a land use restriction agreement with the County and the Organizations agreement will be released along with the note payable. The Organization received $600,000 of the funds through June 30, 2021 and the remainder is reflected as grant receivable on the accompanying statement of financial position. The receivable is considered fully collectible and is expected to be received once all ten homes are constructed and sold. As the homes are sold and the county releases the Organization from the note and associated mortgage, grant revenue will be recorded and the note payable will be reduced.

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows at June 30:

	2021	2020
Subject to expenditure for specified purpose or time restriction:		
Use restriction	$ 78,226	$ 129,919
Donated labor and materials		1,945
Donated land	41,674	143,617
	$ 119,900	$ 275,481
Subject to spending policy:		
Beneficial interest in assets held by foundations	71,762	53,875
	$ 191,662	$ 329,356

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows for the years ended June 30:

	2021	2020
Use restriction	$ 129,919	$ 695,380
Donated labor and materials	1,945	240,806
Donated land	143,617	24,000
	$ 275,481	$ 960,186

NOTE 15 TRANSACTIONS WITH HABITAT INTERNATIONAL

The Organization remits a portion of its contributions without donor restrictions to Habitat International as tithe to support Habitat International's efforts in other countries. The Organization contributed approximately $34,000 and $52,000 to Habitat International during the years ended June 30, 2021 and 2020, respectively. These amounts are included in program services expense in the statements of activities.

NOTE 16 RELATED PARTY TRANSACTIONS

The Organization constructs homes for a non-profit related party who sells homes to qualified Habitat homeowner candidates. The Organization was paid approximately $1,086,000 and $1,396,000 for the years end June 30, 2021 and 2020, respectively for those services. The Organization advances funds throughout the year for the related party to begin construction on homes. The related party sold 7 and 9 homes in 2021 and 2020, respectively.

NOTE 17 COMMITMENTS AND CONTINGENCIES

The Organization is exposed to various unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization's financial position or the results of its operations.

NOTE 18 SUBSEQUENT EVENTS

The Organization has evaluated the need for adjustments and/or disclosure resulting from subsequent events in these financial statements through December 7, 2021, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosures in the financial statements other than those discussed below.

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Agency Pass-Through Entity Federal Program Pass-Through Entity Program / Cluster Title	Assistance Listing Number	Agency or Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF THE TREASURY:				
Passed Through Hillsborough County, Florida				
COVID-19 - Coronavirus Relief Fund	21.019	Not Applicable	$ 150,000	$ -
Total Assistance Listing Number 21.019			150,000	-
Subtotal - (U.S. Department of the Treasury)			150,000	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD):				
Passed Through Hillsborough County, Florida				
Home Investment Partnerships Program	14.239	Not Applicable	600,000	-
Total Assistance Listing Number 14.239			600,000	-
Passed Through Habitat for Humanity International, Inc.				
Self-Help Homeownership Opportunity Program	14.247	Not Applicable	20,684 *	-
Self-Help Homeownership Opportunity Program	14.247	Not Applicable	37,436	-
Self-Help Homeownership Opportunity Program	14.247	Not Applicable	112,308	-
Total Assistance Listing Number 14.247			170,428	-
Veterans Housing Rehabilitation and Modification Program	14.278	Not Applicable	18,285	-
Total Assistance Listing Number 14.278			18,285	-
Subtotal - (HUD)			788,713	-
Total Federal Awards			$ 938,713	$ -

* This represents the balance of a loan from a previous year which the federal government imposes the continuing compliance requirements.

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Habitat for Humanity of Hillsborough County Florida, Inc. (Habitat). The information in this schedule is presented in accordance with the requirements of Subpart F of Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of Florida Chapter 10.650, *Rules of the Auditor General*. 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, changes in net assets or cash flows of Habitat.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COSTS

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

NOTE 4 SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM

HUD's Self-Help Homeownership Opportunity Program (SHOP) grants and loans were passed through to Habitat by Habitat for Humanity International, Inc. (Habitat International). The SHOP Agreement stipulates that 75% of each sub-grant from Habitat International to the affiliate is in the form of a grant and 25% is in the form of a loan. The awards provided under CFDA 14.247 for SHOP were as follows for the year ended June 30, 2021:

Pass-Through Grantor	Identifying Number	Federal Expenditures	
Habitat International	SHOP 2016 - Existing loans	$ 15,119	*
Habitat International	SHOP 2017 - Existing loans	5,565	*
Habitat International	SHOP 2017 - New loans (25%)	16,436	
Habitat International	SHOP 2018 - New loans (25%)	21,000	
		58,120	
Habitat International	SHOP 2017 - New Grants (75%)	49,308	
Habitat International	SHOP 2018 - New Grants (75%)	63,000	
		112,308	
		$ 170,428	

*Represents the balance of a loan from a previous year that the federal government imposes the continuing compliance requirements totaling $20,684.

NOTE 5 LOANS

Habitat has the following loan balances as of June 30, 2021:

Assistance Listing Number	Description	Original Loan Amount	Balance at July 1, 2020	New Loans	Payments	Balance at June 30, 2021
14.247	SHOP 2016 - Loans	$ 12,125	$ 15,119	$ -	$ (3,300)	$ 11,819
14.247	SHOP 2017 - Loans	22,000	5,565	16,435	-	22,000
14.247	SHOP 2018 - Loans	21,000	-	21,000	-	21,000

INDEPENDENT AUDITOR'S 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*

To the Board of Directors of
Habitat for Humanity of Hillsborough County Florida, Inc.

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 of Hillsborough County Florida, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements), and have issued our report thereon dated December 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

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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.

Accell Audit & Compliance, PA

Tampa, Florida
December 7, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND STATE OF FLORIDA CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors of
Habitat for Humanity of Hillsborough County Florida, Inc.

Report on Compliance for Each Major Federal Program

We have audited Habitat for Humanity of Hillsborough County Florida, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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); and State of Florida Chapter 10.650, *Rules of the General Auditor*. Those standards, the Uniform Guidance and State of Florida Chapter 10.650, 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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 and State of Florida Chapter 10.650, *Rules of the General Auditor General*. Accordingly, this report is not suitable for any other purpose.

Accell Audit & Compliance, PA

Tampa, Florida
December 7, 2021

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Report

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	No
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	No
Type of auditor's report issued on compliance for major federal program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?		Yes	X	No

Identification of major federal programs

Assistance Listing Number	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B federal programs:	$750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Section II - Financial Statement Findings

None Reported.

Section III - Findings and Questioned Costs for Federal Awards

None Reported.

HABITAT FOR HUMANITY OF HILLSBOROUGH COUNTY FLORIDA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

Habitat for Humanity of Hillsborough County Florida, Inc. was the recipient of several awards in prior 2020, however expenditures of federal grants did not exceed $750,000 and the Organization was not subject to the audit requirements contained in the Single Audit Act Amendments of 1996 (31 USC 7501-7507) and revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."