



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Maumee Valley Habitat for Humanity

Audited Financial Statements

December 31, 2023 and 2022

with Independent Auditors' Report

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Audited Financial Statements:	
Statements of Financial Position	4-5
Statements of Activities	6
Statements of Cash Flows.....	7
Statements of Functional Expenses	8-9
Notes to the Financial Statements.....	10-21
Accompanying Single Audit Information:	
Schedule of Expenditures of Federal Awards	22-23
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 <i>Government Auditing Standards</i>	24-25
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance as Required by the Uniform Guidance	26-28
Schedule of Findings and Questioned Costs	29

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Maumee Valley Habitat for Humanity
1310 Conant Street
Maumee, OH 43537

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Maumee Valley Habitat for Humanity (the Organization, a not-for-profit), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maumee Valley Habitat for Humanity as of December 31, 2023 and 2022, and the changes 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Maumee Valley Habitat for Humanity and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Maumee Valley Habitat for Humanity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Maumee Valley Habitat for Humanity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Maumee Valley Habitat for Humanity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were 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 schedule of expenditures of federal awards 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 July 15, 2024, on our consideration of Maumee Valley Habitat for Humanity'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 to solely 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 Maumee Valley Habitat for Humanity'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 Maumee Valley Habitat for Humanity's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

July 15, 2024
Maumee, Ohio

Maumee Valley Habitat for Humanity
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 813,089	356,965
Interest in assets held by community foundation	84,627	71,478
Mortgage receivable-current portion (net of discount and allowance for credit losses \$13,121 and \$ - for 2023 and 2022, respectively)	127,095	129,817
Accounts receivable-other	70,476	121,719
Grants receivable	1,109,556	467,633
Pledges receivable	19,354	53,500
Inventory-ReStore	185,073	172,987
Inventory-building materials	607,782	333,047
Property held for development-current portion	125,433	304,947
Homes held for resale	9,652	59,160
Construction in progress	921,022	1,207,527
Prepaid expenses	<u>33,596</u>	<u>29,004</u>
	<u>4,106,755</u>	<u>3,307,784</u>
Property and equipment:		
Land	245,000	245,000
Building and improvements	687,114	687,114
Equipment	82,810	82,810
Software	-	220
Furniture and fixtures	37,945	37,945
Automobiles	<u>284,826</u>	<u>305,826</u>
	1,337,695	1,358,915
Accumulated depreciation	<u>(526,160)</u>	<u>(483,904)</u>
Net property and equipment	<u>811,535</u>	<u>875,011</u>
Other assets:		
Mortgage receivable (net of current portion, allowance for credit losses and discount)	3,036,134	3,056,850
Property held for development - net of current portion	<u>87,013</u>	<u>131,790</u>
	<u>3,123,147</u>	<u>3,188,640</u>
	<u>\$ 8,041,437</u>	<u>7,371,435</u>

See accompanying notes to the financial statements.

Maumee Valley Habitat for Humanity
 Statements of Financial Position (Continued)
 December 31, 2023 and 2022

	2023	2022
Liabilities and Net Assets		
Current liabilities:		
Lines of credit	\$ 412,500	612,767
Notes payable-current portion	-	22,578
Accounts payable	267,885	214,422
Accounts payable-related party	10,099	15,385
Refundable advance	305,638	293,006
Payroll taxes payable	7,902	27,496
Accrued payroll	101,360	88,068
	1,105,384	1,273,722
Net assets:		
Without donor restrictions	6,936,053	6,097,713
	\$ 8,041,437	7,371,435

See accompanying notes to the financial statements.

Maumee Valley Habitat for Humanity
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:						
Grants	\$ -	5,173,297	5,173,297	-	3,035,873	3,035,873
Contributed non-financial assets	2,128,096	-	2,128,096	1,703,072	-	1,703,072
ReStore sales	1,622,714	-	1,622,714	1,427,866	-	1,427,866
Transfers to homeowners	1,422,000	-	1,422,000	1,072,000	-	1,072,000
Contributions	239,523	647,709	887,232	207,886	644,004	851,890
Mortgage discount amortization	257,465	-	257,465	250,414	-	250,414
Special events	11,898	203,708	215,606	1,000	178,366	179,366
Home repair ministry income	87,883	-	87,883	58,343	-	58,343
Net investment return gain (loss)	13,192	-	13,192	(14,815)	-	(14,815)
Miscellaneous income	9,181	-	9,181	7,176	-	7,176
Gain on homes held for resale and fixed assets	4,928	-	4,928	8,289	-	8,289
Loss on mortgage sold	(66,226)	-	(66,226)	-	-	-
Late fee income	-	-	-	15	-	15
Net assets released from restrictions:						
Satisfaction of donor restrictions	6,024,714	(6,024,714)	-	3,877,918	(3,877,918)	-
Total support and revenues	<u>11,755,368</u>	<u>-</u>	<u>11,755,368</u>	<u>8,599,164</u>	<u>(19,675)</u>	<u>8,579,489</u>
Expenses:						
Program service-home construction and homeowner support	3,607,379	-	3,607,379	2,627,555	-	2,627,555
Program service-ReStore operations	2,242,805	-	2,242,805	2,044,345	-	2,044,345
Program service-home repair ministry	2,259,338	-	2,259,338	1,606,818	-	1,606,818
Program service-owner occupied rehab	1,856,229	-	1,856,229	1,659,373	-	1,659,373
Management and general	533,285	-	533,285	571,055	-	571,055
Fundraising	417,992	-	417,992	376,837	-	376,837
Total expenses	<u>10,917,028</u>	<u>-</u>	<u>10,917,028</u>	<u>8,885,983</u>	<u>-</u>	<u>8,885,983</u>
Change in net assets	838,340	-	838,340	(286,819)	(19,675)	(306,494)
Net assets, beginning of year	6,097,713	-	6,097,713	6,384,532	19,675	6,404,207
Net assets, end of year	<u>\$ 6,936,053</u>	<u>-</u>	<u>6,936,053</u>	<u>6,097,713</u>	<u>-</u>	<u>6,097,713</u>

See accompanying notes to the financial statements.

Maumee Valley Habitat for Humanity
Statements of Cash Flows
December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 838,340	(306,494)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	63,302	67,121
Change in interest in assets held by community foundation	(13,149)	14,864
Provision for credit losses	19,222	24,753
Gain on homes held for resale and fixed assets	174	(8,289)
Loss on mortgage sold	66,226	-
Cash provided (used) by changes in assets and liabilities:		
Mortgage receivable	(312,884)	(131,562)
Accounts receivable-other	51,243	6,655
Grants receivable	(641,923)	382,174
Pledges receivable	34,146	29,000
Inventory-ReStore	(12,086)	(39,900)
Inventory-building materials	(274,735)	(110,422)
Property held for development	224,291	(42,291)
Homes held for resale	49,508	(32,190)
Construction in progress	286,505	(789,045)
Prepaid expenses	(4,592)	(11,920)
Accounts payable	53,463	65,208
Accounts payable-related party	(5,286)	9,249
Refundable advance	12,632	(445,704)
Payroll taxes payable	(19,594)	8,008
Accrued payroll	13,292	38,181
Net cash provided (used) by operating activities	428,095	(1,272,604)
Cash flows from investing activities:		
Proceeds from sold mortgages	250,874	-
Purchase of property and equipment	-	(24,879)
Net cash provided (used) by investing activities	250,874	(24,879)
Cash flows from financing activities:		
Cash (used) provided from lines of credit	(200,267)	612,767
Repayment of long-term borrowing	(22,578)	(22,308)
Net cash provided (used) by financing activities	(222,845)	590,459
Net change in cash and cash equivalents	456,124	(707,024)
Cash and cash equivalents, beginning of year	356,965	1,063,989
Cash and cash equivalents, end of year	\$ 813,089	356,965
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 7,626	2,461

See accompanying notes to the financial statements.

Maumee Valley Habitat for Humanity
Statement of Functional Expenses
Year Ended December 31, 2023

	Home Construction and Homeowner Support	ReStore Operations	Home Repair	Owner Occupied Rehab	Management and General	Fundraising	Total
Expenses:							
Materials and supplies	\$ 1,928,472	7,148	1,067,097	-	-	-	3,002,717
Purchased services	83,588	14,054	806,663	1,674,147	14,461	24,302	2,617,215
Salaries and wages	413,271	446,668	280,794	116,681	361,793	244,814	1,864,021
Cost of goods sold	-	1,522,548	-	-	-	-	1,522,548
Discount on mortgages issued	617,327	-	-	-	-	-	617,327
Affordability subsidy	311,050	-	-	-	-	-	311,050
Payroll taxes	35,919	38,417	24,153	9,925	29,281	20,280	157,975
Employee benefits	25,875	31,860	26,135	13,116	27,905	23,347	148,238
Advertising	21,140	35,724	4,745	2,887	32,967	33,650	131,113
Insurance	26,771	7,600	15,052	10,587	1,831	2,833	64,674
Professional fees	21,492	-	-	-	22,609	-	44,101
Credit card fees	-	40,162	-	-	3,927	-	44,089
Automobile	9,956	22,830	6,169	4,655	32	-	43,642
Special events	-	-	-	-	-	38,035	38,035
Repairs and maintenance	1,050	17,638	2,330	-	5,273	-	26,291
Tithe to International	25,020	-	-	-	-	-	25,020
Telephone	5,640	3,915	2,552	2,092	3,792	3,568	21,559
Warranty costs	11,180	-	-	8,344	-	-	19,524
Dues and subscriptions	-	200	-	144	4,257	14,840	19,441
Provision for credit losses	13,121	-	6,101	-	-	-	19,222
Utilities	1,739	13,967	1,105	347	1,889	-	19,047
Management fee to International	9,000	-	3,000	3,000	-	-	15,000
Professional development	1,440	-	4,151	83	1,983	4,989	12,646
Property tax	11,490	-	-	-	145	-	11,635
Supplies and office expense	1,581	1,294	780	1,339	4,250	1,436	10,680
Volunteer recognition	5,207	42	-	-	3,274	354	8,877
Interest expense	7,186	384	27	-	29	-	7,626
Meals and entertainment	167	800	23	302	4,380	1,646	7,318
Travel	1,112	399	1,845	-	2,731	475	6,562
Postage	936	1,596	286	178	801	2,432	6,229
Rent	-	4,332	-	-	-	-	4,332
Miscellaneous	1,892	-	-	-	871	-	2,763
Safety costs	1,088	425	170	170	195	255	2,303
Conference	-	-	-	-	170	736	906
	<u>3,593,710</u>	<u>2,212,003</u>	<u>2,253,178</u>	<u>1,847,997</u>	<u>528,846</u>	<u>417,992</u>	<u>10,853,726</u>
Depreciation and amortization	13,669	30,802	6,160	8,232	4,439	-	63,302
	<u>\$ 3,607,379</u>	<u>2,242,805</u>	<u>2,259,338</u>	<u>1,856,229</u>	<u>533,285</u>	<u>417,992</u>	<u>10,917,028</u>

See accompanying notes to the financial statements.

Maumee Valley Habitat for Humanity
Statement of Functional Expenses
Year Ended December 31, 2022

	Home Construction and Homeowner Support	ReStore Operations	Home Repair	Owner Occupied Rehab	Management and General	Fundraising	Total
Expenses:							
Purchased services	\$ 88,877	8,500	740,979	1,429,432	44,003	7,486	2,319,277
Salaries and wages	462,211	419,246	288,092	145,038	341,112	246,262	1,901,961
Materials and supplies	1,034,634	8,256	468,154	1,184	-	-	1,512,228
Cost of goods sold	-	1,323,002	-	-	-	-	1,323,002
Discount on mortgages issued	440,765	-	-	-	-	-	440,765
Affordability subsidy	305,500	-	-	-	-	-	305,500
Employee benefits	35,920	35,813	23,887	20,141	29,810	23,917	169,488
Payroll taxes	43,966	37,616	25,589	12,124	27,975	20,362	167,632
Advertising	32,242	45,551	3,958	1,650	36,956	24,677	145,034
Professional fees	19,155	-	-	-	30,152	-	49,307
Insurance	11,445	20,781	7,088	22,845	2,355	3,083	67,597
Credit card fees	52	44,175	14	-	5,047	-	49,288
Automobile	14,135	18,811	8,930	3,822	5	-	45,703
Special events	-	-	-	-	-	38,091	38,091
Repairs and maintenance	977	24,315	2,348	-	10,093	-	37,733
Warranty costs	35,794	-	-	4,238	-	-	40,032
Provision for credit loss	4,339	-	20,414	-	-	-	24,753
Telephone	5,018	4,683	3,698	1,917	5,176	2,679	23,171
Tithe to International	20,889	-	-	-	-	-	20,889
Utilities	1,488	14,067	985	461	1,525	-	18,526
Volunteer recognition	8,824	545	136	-	4,959	668	15,132
Management fee to International	9,000	3,000	1,500	1,500	-	-	15,000
Safety costs	10,140	480	80	2,402	1,037	80	14,219
Property tax	12,532	-	-	-	-	-	12,532
Travel	2,673	934	1,836	-	4,153	2,748	12,344
Supplies and office expense	4,014	1,030	877	1,837	2,053	1,086	10,897
Professional development	687	199	1,278	570	5,135	325	8,194
Meals and entertainment	84	534	71	529	4,454	2,087	7,759
Dues and subscriptions	-	150	-	-	6,894	680	7,724
Conference	638	169	169	1,189	1,656	1,261	5,082
Postage	1,155	158	296	262	1,540	1,345	4,756
Interest expense	1,192	1,111	79	-	79	-	2,461
Miscellaneous	2,291	-	-	-	494	-	2,785
	<u>2,610,637</u>	<u>2,013,126</u>	<u>1,600,458</u>	<u>1,651,141</u>	<u>566,663</u>	<u>376,837</u>	<u>8,818,862</u>
Depreciation and amortization	16,918	31,219	6,360	8,232	4,392	-	67,121
	<u>\$ 2,627,555</u>	<u>2,044,345</u>	<u>1,606,818</u>	<u>1,659,373</u>	<u>571,055</u>	<u>376,837</u>	<u>8,885,983</u>

See accompanying notes to the financial statements.

1. ORGANIZATION:

Maumee Valley Habitat for Humanity (the Organization) is a not-for-profit corporation whose mission is to ensure that low-to-moderate income individuals and families in Lucas County, Ohio, have access to safe, decent, and affordable housing. The Homeownership Program creates opportunities for affordable homeownership by building and selling homes at market value with a 0% interest mortgage. To help ensure affordability of housing costs to the homebuyer, an affordability subsidy may be provided. Qualifying Habitat homebuyers actively participate in their path towards homeownership by attending monthly education classes and volunteering alongside Habitat partners. The Organization utilizes volunteer labor and donated materials as much as possible. The Home Preservation Programs, Home Repair Ministry and Owner-Occupied Rehab, help revitalize neighborhoods by stabilizing current housing stock and addressing other quality of life improvements for residents. Qualified homeowners are granted critical repairs that include roof replacements, lead abatement, and code standard upgrades. The Owner-Occupied Rehab Program began being administered for the City of Toledo in 2021. Additionally, the Organization organizes 3-4 Rock the Blocks annually which are an extension of these neighborhood revitalization efforts where hundreds of volunteers gather on one day to complete projects like park clean-up, tire removal, brush trimming, flower planting, and light exterior repairs.

The Organization also operates ReStore, which accepts donated building materials and large home items and sells them to the public. Proceeds from sales are then used to fund the Organization's programs. The Organization is also funded through grants, individual donations, corporate sponsorships and contributions, congregation sponsorships, and special events.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

New accounting standard

On January 1, 2023, the Organization adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. In addition, ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will be required to sell.

The Organization does not hold any debt securities classified as held-to-maturity, or available for sale. The adoption of ASC 326 did not result in an adjustment to net assets as of January 1, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Basis of presentation

The financial statement preparation of the Organization is in accordance with the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic *Not-for Profit Entities*. Under this topic, the Organization is required to report information regarding its financial position and activities by program categorized under two classes of net assets:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These assets may be used at the discretion of the Organization's management and the Board of Trustees.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature and will likely be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets to be held in perpetuity as of December 31, 2023 and 2022.

Revenue and revenue recognition

The Organization recognizes contributions when cash, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures and has met other funding requirements in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures and meeting all other funding requirements are reported as refundable advances in the statement of financial position.

The Organization also sells building material and households goods through the ReStore. The performance obligation is giving the product to the buyer. This is an exchange transaction where revenue is recognized at a point in time.

Advanced payments of \$305,638 and \$293,006 were received at December 31, 2023 and 2022, respectively, and are recorded on the statements of financial position as refundable advance.

Contributed non-financial assets

The Organization receives various contributions of non-financial assets in the performance of its mission. The following table represents contributed non-financial assets for the years ended December 31:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

	<u>Revenue Recognized</u>		<u>Utilization in</u>	<u>Donor</u>	<u>Valuation Techniques and</u>
	<u>2023</u>	<u>2022</u>	<u>Programs/Activities</u>	<u>Restrictions</u>	<u>Inputs</u>
Household goods and construction materials	\$ 1,399,888	1,259,230	Monetized (sold in ReStore)	No associated donor restrictions	Thrift shop value
Construction materials	678,183	394,774	Various house construction materials	Restricted to use in house construction	Estimated fair value on the basis of comparable sales prices
Construction Services	48,379	30,732	Various house construction related services including property surveys and architectural blueprints	No associated donor restrictions	Contributed services are valued at the estimated fair value based on current rates for similar services
Office/computer supplies	849	1,564	Office supplies	No associated donor restrictions	Estimated fair value on the basis of comparable sales prices
Land donation	-	14,000	Lot donation - 2023 house building project	No associated donor restrictions	Land appraisal
Legal Services	<u>797</u>	<u>2,772</u>	Various administrative legal matters	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services
Total contributed non-financial assets	\$ <u>2,128,096</u>	<u>1,703,072</u>			

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents consist of all short-term investments with an original maturity of three months or less.

Mortgage receivable

All mortgages are interest-free loans, payable monthly for a period of 15 to 40 years. The present value of the mortgages is calculated using a discount factor between 7% and 9%. The mortgages are shown on the statements of financial position net of this discount. Management reviews the homeowner's payment history on a monthly basis to identify delinquent accounts and to determine if an allowance is necessary. The Organization is not forecasting any issues that could burden homeowners on making mortgage payments. The economy in the region appears to be stable.

If the mortgage is delinquent, a series of letters, phone calls, and involvement of an attorney will be used to collect the mortgage. When management determines a mortgage receivable is uncollectible, foreclosure action is taken. The Organization considers its mortgage lending activities to be an operating

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

activity for the purpose of the statements of cash flows. The Organization contracts with a third party to service its mortgages. The third party's responsibilities include administration of mortgage escrow activity. Consequently, neither escrow cash nor the escrow obligations are presented in these financial statements as of December 31, 2023 and 2022. The proceeds from sold mortgages are presented in the investing activities in the Statements of Cash Flows.

Servicing activity

The Organization has retained servicing responsibilities on sold mortgages and receives annual servicing fees on the outstanding loan balances. The Organization is relying on a third party for servicing sold Mortgages. The Organization is not directly servicing the mortgages but acting as an intermediary.

Servicing rights are accounted for using the net method, where the Organization recognizes the income from servicing fees and simultaneously transfers an equivalent amount to the third party handling the actual servicing.

Mortgage discount amortization

The Organization uses the interest method of amortization to amortize the discount on the mortgages.

Inventory and building materials

Inventory and building materials have been recorded at cost. Donated items are recorded at fair value at the date of donation.

Property and equipment

Land, buildings, and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings, and equipment in excess of \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation of equipment is recorded on the straight-line method based upon the estimated useful lives of the assets.

Contributed services

In addition to the professional services recognized, the Organization also receives a substantial number of services donated by the community in carrying out the Organization's purpose in constructing new homes or rehabbing existing homes for low-income families. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition as required by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605, *Revenue Recognition*.

Homes held for resale

Homes that have been repurchased, foreclosed, or returned to the Organization are classified as available for resale. The amount recorded in the financial statements is the mortgage receivable net of the remaining discount and all costs to refurbish the home. This currently includes one home that the Organization purchased for use in its Homeownership Program but will likely sell on the open market. Homes held for resale at the year ended December 31, 2023 **and 2022** were \$9,652 and \$59,160, respectively. For the years ended December 31, 2023 **and 2022**, realized gain on homes held for resale was \$4,929 and \$8,289, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Loss on recycled homes

Costs and income associated with homes that have been returned to the Organization and sold to new homeowners are referred to as recycled homes and are recorded as gain or loss on recycled home when sold. No recycled homes were transferred to new homeowners for the years ended December 31, 2023, and 2022.

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Expenses are directly applied when applicable and are allocated to programs or support services based on the table shown below. The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Such allocations are determined by management on an equitable basis. Allocated expenses include the following:

Expense	Allocation Method
Payroll and related expenses	Time and effort
Purchased services	Time and usage
Supplies & office expense	Estimated usage
Utilities and insurance	Square footage
Postage	Estimated usage
Repairs and maintenance	Square footage
Dues & subscriptions	Estimated usage
Volunteer recognition	Estimated usage
Interest	Estimated usage
Telephone and depreciation	Square footage
Safety	Estimated usage

Advertising

The Organization expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023 and 2022 amounted to \$131,113 and \$145,034, respectively.

Sales tax

The Organization collects sales taxes from ReStore customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to exclude these taxes from revenues and expenses.

Federal income taxes

Maumee Valley Habitat for Humanity is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization has determined that there are no uncertain tax positions that require disclosure in these financial statements under the FASB Accounting Standards Codification Topic, *Income Taxes*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Subsequent events

Subsequent events have been evaluated through July 15, 2024, which is the date the financial statements were available to be issued. There were no subsequent events that required adjustment to the financial statements or additional disclosure. The Organization has not received notification of any non-compliance issues regarding its federal funding.

3. CONCENTRATION OF CREDIT RISK:

Maumee Valley Habitat for Humanity builds and rehabs homes for low-income individuals in Lucas County of Northwest Ohio and sells the homes to the families at market value with an interest-free mortgage. The net amount uncollected as of December 31, 2023 was \$3,163,229 which is comprised of a gross receivable of \$6,201,002 and an unamortized discount of \$3,037,773. The net amount uncollected as of December 31, 2022 was \$3,186,667 which was comprised of a gross receivable of \$5,864,578 and an unamortized discount of \$2,677,911. The Organization has cash and cash equivalents deposited in two financial institutions. Cash accounts at banks may at times exceed federally insured limits. The Organization has not experienced any losses in such accounts.

4. INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION:

The Organization's fair value interest in Greater Toledo Community Foundation (GTCF) assets as of December 31, 2023 and 2022 was \$84,627 and \$71,478, respectively. The GTCF invests the assets in their investment pool and reinvests the income earned. Investments include publicly traded mutual funds, bonds, and money markets.

5. MORTGAGE RECEIVABLE:

Mortgage age analysis for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Current	\$ 127,095	129,817
Non-current net of discount and credit losses	<u>3,036,134</u>	<u>3,056,850</u>
	<u>\$ 3,163,229</u>	<u>3,186,667</u>

Allowance for credit losses for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ -	-
Provision	<u>13,121</u>	<u>-</u>
Ending Balance	<u>\$ 13,121</u>	<u>-</u>

Potential partner families complete an application for the Homeownership Program. The Homeowner Selection Committee reviews each application and documentation supporting the various selection criteria (need for adequate shelter, ability to pay, willingness to partner – put in sweat equity hours). The Homeowner Selection Committee recommends families which are ultimately approved by the Board.

Once approved, the partner family is required to sign a Letter of Notification and Acceptance to be part of the Program.

Once Program requirements are completed, the homeowner applies for a zero percent interest loan. Maumee Valley Habitat for Humanity is the lender. Income, asset, and debt information is collected and reviewed to assure affordability as per Real Estate Settlement Procedures Act requirements. Maumee Valley Habitat for Humanity also ensures that homeowners' monthly payment is no more than 30% of their monthly income. The attorney files mortgage documents on behalf of the Organization. In addition, the attorney maintains original signed mortgage documents on newer home closings at their office. The Organization receives copies of these documents for their files. These documents include, among others: a promissory note, a second and third promissory note (if applicable), open-end mortgage and security agreement, first right of refusal, a restrictive covenant if they received any down-payment assistance, and a limited warranty deed. All homes are sold at fair market value. The second promissory note represents the difference between the first mortgage on the home and the appraised value. The amount of the second promissory note is forgiven equally over the mortgage period. All the above documents are signed by the homeowner and the Executive Director.

Zero percent interest loans are provided to qualifying program participants who are typically low-to-moderate-income first-time homebuyers. The Organization has measures in place to ensure the homeowners can pay, and if they foreclose on the house, they will sell the house at fair market value. Most of these homes were subsidized.

6. PLEDGES RECEIVABLE:

Unconditional promises to give less than one year for the years ended December 31, 2023 and 2022 was \$19,354 and \$53,500, respectively.

7. FAIR VALUE MEASUREMENTS:

The FASB Accounting Standards Codification Topic, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2* Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Interest in assets held by community foundation: The Greater Toledo Community Foundation invests the assets in their investment pool and reinvests income earned which includes several publicly traded mutual funds and bonds.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

7. FAIR VALUE MEASUREMENTS (CONTINUED):

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023 and 2022:

<u>Assets at Fair Value as of December 31, 2023</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest in assets held by community foundation:				
Money markets	\$ -	-	1,049	1,049
Mutual funds:				
Fixed income bond funds	-	-	5,746	5,746
Blend funds	-	-	77,832	77,832
Total mutual funds	-	-	<u>83,578</u>	<u>83,578</u>
Total	\$ -	-	<u>84,627</u>	<u>84,627</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest in assets held by community foundation:				
Money markets	\$ -	-	1,258	1,258
Mutual funds:				
Fixed income bond funds	-	-	5,611	5,611
Blend funds	-	-	64,609	64,609
Total mutual funds	-	-	<u>70,220</u>	<u>70,220</u>
Total	\$ -	-	<u>71,478</u>	<u>71,478</u>

The following table present the Organization's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31:

	Interest in assets held by community foundation	
	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 71,478	86,342
Change in interest in assets held by community foundation at year-end:		
Investment expenses	(359)	(326)
Interest and dividends	1,956	1,545
Realized loss	(71)	(168)
Unrealized gain (loss)	<u>11,623</u>	<u>(15,915)</u>
Balance at end of year	\$ <u>84,627</u>	<u>71,478</u>

7. FAIR VALUE MEASUREMENTS (CONTINUED):

All assets are valued using a market approach, except for Level 3 assets. For Level 3 assets, the Organization's finance department, which reports to the Finance Director, determined the fair value measurement valuation policies and procedures. The fair value of the interest in assets held by community foundation is determined by the fair value of the underlying assets of the foundation as provided by the custodian of the assets without adjustment by the Organization's management. At least annually, the finance department determines if the current valuation techniques used in the fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

8. NET INVESTMENT INCOME:

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 1,999	1,594
Investment expenses	(359)	(326)
Unrealized gain (loss)	11,623	(15,915)
Realized loss	<u>(71)</u>	<u>(168)</u>
Net investment return (loss)	<u>\$ 13,192</u>	<u>(14,815)</u>

9. NOTES PAYABLE:

Notes payable are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Note payable to a bank, due January 31, 2024, secured by real estate, due in fixed monthly principal installments of \$667, in addition to interest at 5.5%. Repaid during 2023	\$ -	7,663
Note payable to a bank, due December 31, 2023, secured by real estate, due in fixed monthly principal installments of \$1,269, including interest at 4.0%. Repaid during 2023	<u>-</u>	<u>14,915</u>
Total notes payable	-	22,578
Less current portion	<u>-</u>	<u>22,578</u>
	<u>\$ -</u>	<u>-</u>

10. LINES OF CREDIT:

During the year ended December 31, 2023, the Organization began utilizing various lines of credit in order to leverage their mortgages in an effort to build capacity.

Lines of credit for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Line of credit advance up to \$312,500, due November 18, 2024, with no interest.	\$ 312,500	312,500
Line of credit advance up to \$100,000, due April 30, 2024 with no interest. Renewed at 0% interest.	100,000	100,000
Line of credit advance up to \$937,500, due November 18, 2024. In addition to interest at 4%. Renewed at 6% interest.	-	<u>200,267</u>
	\$ 412,500	<u>612,767</u>

The Organization has available \$400,000 in a credit line with a Signature Bank, bearing interest at 8.5% over the prime rate. Any outstanding balance is due on demand. There was no outstanding balance as of December 31, 2023 and 2022.

11. RETIREMENT PLAN:

The Organization offers a Simple IRA Plan for all employees meeting certain eligibility requirements. The Organization matches up to 3% of the employee's eligible compensation, for employees making a contribution of 1% or greater. The Organization's contribution to the plan for the years ended December 31, 2023 and 2022 was \$49,220 and \$47,126, respectively.

12. NET ASSETS WITH DONOR RESTRICTIONS:

Contributions with donor restrictions received by the Organization are considered revenue with donor restrictions until the donor stipulated time expires or the purpose restriction is accomplished. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished:		
Home construction	\$ 6,024,714	3,858,243
Interest on building loan	-	601
GAP grant home repair	-	13,472
Safety improvements	-	5,602
	\$ 6,024,714	<u>3,877,918</u>

13. RELATED PARTY TRANSACTIONS:

The Organization is an affiliate of Habitat for Humanity International, Inc. Accounts payable to the affiliate totals \$7,599 and \$15,385 at December 31, 2023 and 2022, respectively. Expenses paid to the affiliate totals \$25,020 and \$20,889 at December 31, 2023 and 2022, respectively. The Organization is a member of the state support organization, Habitat for Humanity of Ohio (HFHO). Accounts payable to HFHO totals \$2,500 and \$ -, at December 31, 2023 and 2022, respectively. Expenses paid to HFHO totals \$3,906 and \$3,830 for both December 31, 2023 and 2022, respectively.

14. LIQUIDITY:

The Organization's cash management policy is to maintain adequate cash balances in order to meet its cash obligations for 90 days. If necessary, the Organization can pull funds from the four available lines of credit to assist with cash flow.

The following table represents the financial assets available to meet cash needs for general expenditures within one year at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 813,089	356,965
Mortgage receivable-current portion (net of discount)	127,095	129,817
Interest in assets held by community foundation	84,627	71,478
Accounts receivable-other	70,476	121,719
Grants receivable	1,109,556	467,633
Pledges receivable - current portion	<u>19,354</u>	<u>53,500</u>
Financial assets available at year-end	2,224,197	1,201,112
Less those unavailable for general expenditure within one year due to:		
Advance payment received for Owner Occupied program	147,192	178,343
Refundable advance - other grants	<u>158,446</u>	<u>114,663</u>
	305,638	293,006
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,918,559</u>	<u>908,106</u>

Maumee Valley Habitat for Humanity
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2023

Recipient Department: Federal Grantor / Pass-Through Grantor / Program Title	Award Number	ALN Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development (HUD)				
Passed through various sources (see tickmarks):				
CDBG - Entitlement Grants Cluster:				
{a} Community Development Block Grants	5G48005291REH, 5G48005292REH, 5G49005597REH, 5G43005STDREH	14.218	\$ 396,857	-
Total ALN # 14.218			<u>396,857</u>	
{a} Home Investment Partnerships Program	5GH2911STDOWO, 5GH3011STDREH, 5GH3111STDREH	14.239	955,779	-
Total ALN # 14.239			<u>955,779</u>	
{a} COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	SLFRP1610	21.027	763,808	
{b} COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	23HFHH-7XW-1120	21.027	526,855	
{c} COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	1505-0271	21.027	231,264	
Total ALN # 21.027			<u>1,521,927</u>	
Total expenditures of federal awards			\$ 2,874,563	-
ALN – Assistance Listing Number				

Tickmarks:

- {a} Pass through the City of Toledo
- {b} Pass through Ohio
- {c} Pass through Ohio Department of Health

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Maumee Valley Habitat for Humanity under programs of the federal government for the year ended December 31, 2023. 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 Maumee Valley Habitat for Humanity it is not intended to and does not present the financial position, changes in net assets, or cash flows of Maumee Valley Habitat for Humanity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

Maumee Valley Habitat for Humanity utilizes the 10-percent de minimis indirect cost rate when allowed. Community Development Block Grants and Home Investment Partnerships Program passed through the City of Toledo did not allow for the 10-percent de minimis indirect cost rate.

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

The Board of Trustees of
Maumee Valley Habitat for Humanity
1310 Conant Street
Maumee, OH 43537

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 Maumee Valley Habitat for Humanity (a non-profit organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 July 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maumee Valley Habitat for Humanity's internal control over financial reporting (internal control) as a basis for designing 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 Maumee Valley Habitat for Humanity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Maumee Valley Habitat for Humanity'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maumee Valley Habitat for Humanity'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 audits, 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 Maumee Valley Habitat for Humanity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Maumee Valley Habitat for Humanity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co

Maumee, Ohio
July 15, 2024

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

The Board of Trustees of
Maumee Valley Habitat for Humanity
1310 Conant Street
Maumee, OH 43537

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Maumee Valley Habitat for Humanity's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Maumee Valley Habitat for Humanity's major federal programs for the year ended December 31, 2023. Maumee Valley Habitat for Humanity's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Maumee Valley Habitat for Humanity complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Maumee Valley Habitat for Humanity and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Maumee Valley Habitat for Humanity's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Maumee Valley Habitat for Humanity's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Maumee Valley Habitat for Humanity's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Maumee Valley Habitat for Humanity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Maumee Valley Habitat for Humanity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Maumee Valley Habitat for Humanity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Maumee Valley Habitat for Humanity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 requirements of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Clark, Schaefer, Hackett & Co

Maumee, Ohio
July 15, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report issued on financial statements:	unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
ALN 21.027 – COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

