HABITAT FOR HUMANITY OF
LEE AND HENDRY COUNTIES, INC.

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2021

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Habitat for Humanity of Lee and Hendry Counties, Inc.
North Fort Myers, Florida

We have audited the accompanying consolidated financial statements of **Habitat for Humanity of Lee and Hendry Counties, Inc.** (a non-profit organization) (the "Habitat"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Lee and Hendry Counties, Inc. as of June 30, 2021, 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 Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 13, 2021, on our consideration of Habitat's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Habitat's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Habitat's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
October 13, 2021

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Cash and cash equivalents		
Operating	$	4,444,444
Escrow funds		403,617
Accounts receivable		156,513
Grants receivable		290,365
Investments		475,126
Prepaid expenses and deposits		122,224
Building materials inventory		42,682
First and second mortgages receivable, net		16,336,997
Land held for home sites		9,036,272
Construction in progress		3,467,772
Property and equipment, net		2,726,609
Total assets	$	37,502,621

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and other accrued liabilities	$	1,480,987
Escrow accounts payable		83,906
Annuity obligations payable		67,105
PPP loan		1,013,670
Long-term debt		6,118,784
Total liabilities		8,764,452
Net assets		
Without donor restrictions		
Undesignated		27,239,935
Board designated for future projects		995,358
With donor restrictions		
Time		301,076
Purpose		201,800
Total net assets		28,738,169
Total liabilities and net assets	$	37,502,621

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets			
Revenue and support			
Contributions			
Cash and pledge contributions	$ 3,592,316	$ 301,076	$ 3,893,392
Materials and services	752,969	-	752,969
Land donations	62,823	201,800	264,623
Special events (less direct expenses of $25,657)	1,168,766	-	1,168,766
Grants and subsidies	2,768,878	-	2,768,878
Application fees	124,059	-	124,059
Retail store sales	3,973,672	-	3,973,672
Amortization of mortgage discounts	285,803	-	285,803
Interest income	4,893	-	4,893
Rental income	272,510	-	272,510
Change in gift annuities	78,895	-	78,895
Gain on sale of land held for home sites	14,332	-	14,332
Loss on disposal of property and equipment	(102,212)	-	(102,212)
Miscellaneous revenue	230,459	-	230,459
	13,228,163	502,876	13,731,039
Transfers to homeowners for mortgage loans	7,662,308	-	7,662,308
Total revenue and support	20,890,471	502,876	21,393,347
Expenses			
Program services			
Construction	12,292,601	-	12,292,601
Retail stores	2,906,200	-	2,906,200
Family services	1,969,096	-	1,969,096
Rentals	470,715	-	470,715
Total program service expenses	17,638,612	-	17,638,612
Administrative and general	500,742	-	500,742
Fundraising	264,834	-	264,834
Total administrative and general and fundraising expenses	765,576	-	765,576
Changes in net assets	2,486,283	502,876	2,989,159
Net assets, beginning of year	25,749,010	-	25,749,010
Net assets, end of year	$ 28,235,293	$ 502,876	$ 28,738,169

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services				Total	Administrative		
	Construction	Retail Stores	Family Services	Rentals	Program Services	and General	Fundraising	Total
Construction costs	$ 11,710,470	$ -	$ -	$ -	$ 11,710,470	$ -	$ -	$ 11,710,470
Direct program expenses								
Volunteer department	250,045	-	-	-	250,045	-	-	250,045
Tithe to Habitat for Humanity International	185,737	-	-	-	185,737	-	-	185,737
Program indirect expenses								
Communication	68,230	68,230	68,230	68,230	272,920	-	-	272,920
Development	-	-	-	-	-	-	264,834	264,834
Cost of retail store sales	-	2,740,544	-	-	2,740,544	-	-	2,740,544
Family services cost	-	-	1,482,858	-	1,482,858	-	-	1,482,858
Mortgage expenses	-	-	418,008	-	418,008	-	-	418,008
Rental costs	-	-	-	355,947	355,947	-	-	355,947
Office and other salaries	-	-	-	-	-	215,150	-	215,150
Insurance	-	-	-	-	-	5,579	-	5,579
Mortgage interest	-	-	-	-	-	8,666	-	8,666
Office operations	-	-	-	-	-	82,243	-	82,243
Maintenance	-	-	-	-	-	11,091	-	11,091
Real estate taxes and fees	-	-	-	-	-	16,890	-	16,890
Utilities	-	-	-	-	-	93,695	-	93,695
Miscellaneous	-	-	-	-	-	29,695	-	29,695
Total functional expenses before depreciation	12,214,482	2,808,774	1,969,096	424,177	17,416,529	463,009	264,834	18,144,372
Depreciation	78,119	97,426	-	46,538	222,083	37,733	-	259,816
Total functional expenses	$ 12,292,601	$ 2,906,200	$ 1,969,096	$ 470,715	$ 17,638,612	$ 500,742	$ 264,834	$ 18,404,188

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contracts and donations	$ 21,004,958
Cash payments for program and support services	(17,507,230)
Cash received for interest	4,893
Cash payments for interest	(92,364)
Net cash provided by operating activities	3,410,257
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(13,139)
Proceeds from sale of property and equipment	10,015
Payments on the issuance of mortgages	(3,407,932)
Mortgage payments received	287,050
Net cash used in investing activities	(3,124,006)
CASH FLOWS FROM FINANCING ACTIVITIES	
Annuity payments	(17,640)
Proceeds from long-term debt financing	1,349,875
Principal payments on notes and mortgages payable	(584,493)
Net cash provided by financing activities	747,742
Increase in cash and cash equivalents	1,033,993
Cash and cash equivalents, beginning of year	3,814,068
Cash and cash equivalents, end of year	$ 4,848,061
Operating cash	$ 4,444,444
Escrow cash	403,617
	$ 4,848,061

See Notes to Consolidated Financial Statements.

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

Changes in net assets	$	2,989,159
Adjustments to reconcile changes in net assets to		
net cash provided by operating activities		
Depreciation		259,816
Loss on disposal of property and equipment		102,212
Gain on sale of land held for homesites		(14,332)
Donated land held for homesites		(264,623)
Donated materials and services		(161,317)
Forgiveness of PPP loan		(1,013,672)
(Increase) decrease in assets		
Accounts receivable		(118,686)
Grants receivable		(264,810)
Charitable annuity split-interest agreements		(313,509)
Prepaid expenses and deposits		115,507
Building materials inventory		111,186
Land held for homesites		21,057
Construction in progress		1,408,590
Increase (decrease) in liabilities		
Accounts payable and other accrued liabilities		619,908
Escrow accounts payable		(17,407)
Annuity obligations payable		(48,822)
Net cash provided by operating activities	$	3,410,257

See Notes to Consolidated Financial Statements.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Habitat for Humanity of Lee and Hendry Counties, Inc. (the "Habitat") is a non-profit organization funded by public contributions. Habitat was incorporated on October 8, 1982 and is dedicated to providing affordable home ownership in Lee County and Hendry County, Florida, for those families who cannot otherwise afford a decent place to live.

Habitat is an affiliate of Habitat for Humanity International, Inc. ("Habitat International"), a nondenominational Christian, non-profit organization whose purpose is to create affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations. Habitat has chosen to contribute a tithe on undesignated revenue received to Habitat International, as part of the affiliation.

Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include all of the accounts and activity of Habitat for Humanity of Lee and Hendry Counties, Inc., Majorca Palms, LLC, HFHLHC Funding Company I, LLC, Habitat Harlem Heights, LLC, and Habitat McNeill, LLC. All transactions between the above entities have been eliminated in consolidation and the above entities are collectively referred to as the "Organization."

Majorca Palms, LLC (formerly known as "Habitat for Humanity Senior Housing, LLC") was incorporated under the laws of the State of Florida in 2007, for the purpose of operating the rental complexes. In 2014, Habitat changed the name of Habitat for Humanity Senior Housing, LLC to Majorca Palms, LLC. Habitat is the sole member of the Majorca Palms, LLC.

HFHLHC Funding Company I, LLC was incorporated under the laws of the State of Florida in 2014, for the purpose of securitizing 21 mortgage notes that were sold in 2014 (see Note 6). Habitat is the sole member of the HFHLHC Funding Company I, LLC.

Habitat Harlem Heights, LLC was incorporated under the laws of the State of Florida in 2016, for the purpose of developing and constructing future homesites. Habitat is the sole member of the Habitat Harlem Heights, LLC.

Habitat McNeill, LLC was incorporated under the laws of the State of Florida in 2017, for the purpose of limiting liability exposure for the McNeill neighborhood land development project. Habitat is the sole member of the Habitat McNeill, LLC.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Basis of Presentation

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

The accompanying consolidated financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, net assets are reported in each of the following two classes:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Board has designated $995,358 for future projects.

Net assets with donor restriction – Net assets with donor restrictions are created only by donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that will be met either by actions of the Organization and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same accounting period are reported as net assets without donor restrictions. Habitat has $502,876 of net assets with donor restrictions as of June 30, 2021.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those resources currently available for use, but expendable only for purposes specified by the donor. Such resources originate from contributions restricted for specific purposes. There are $502,876 of net assets with donor restrictions at June 30, 2021.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Gifts and Contributions

Habitat records contributions upon receipt of an unconditional promise to give, less an allowance for uncollectible amounts and an allowance for the present value of gifts to be received over more than one year. Gifts, bequests, and other promises or receipts restricted by donors as to use or time period are recorded as net assets with donor restrictions until used in the manner designated or upon expiration of the time period. Donated property and equipment are recorded at fair market value at the date received as net assets with or without donor restrictions, based on the donor's intent.

When the assets are used for their intended purposes, the applicable amount is transferred to net assets without donor restrictions.

Grants and Subsidies

Habitat recognizes grants and subsidies as revenue in the period earned. For grants that are reimbursement basis, Habitat records revenue and a receivable when the condition identified in the grant has been completed. As of June 30, 2021, Habitat has grants receivable of $290,365.

Investments for Gift Annuity Obligations

Habitat is a named beneficiary under certain charitable gift annuity arrangements. Under these arrangements, Habitat receives the contributed amounts upon the execution of the agreement and is required to pay a fixed annuity to the donor during the lifetime of the donor. Habitat has recorded the contributed assets based on fair value and the annuity obligation based on the present value of future cash flows expected to be paid. The difference between the fair value of amounts contributed and the annuity obligation is recognized as contribution revenue without donor restrictions. Changes in the recorded assets and annuity obligations due to changes in life expectancy, present value actuarial assumptions, or market value of assets are reflected as other revenue in the accompanying consolidated statements of activities and changes in net assets.

Upon death of the grantor and the receipt of the monies, Habitat will recognize the revenues according to the donor restrictions, if any. A discount rate of 2% was used to determine the present value of all split interest agreements at June 30, 2021.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Building Materials Inventory

Building materials are stated at the lower of cost (utilizing the first-in, first-out method) or market.

Mortgages Receivable

First mortgages from the sale of houses are interest free amounts due from the home buyer. Second mortgages on houses represent the difference between the first mortgage and the sales price of the home, less any homeowner assistance grants received. Both mortgages are interest free to the homeowner but are discounted at an appropriate rate of interest for financial statement presentation purposes.

A loan is considered impaired when it is probable, based on current information and events, the Organization will be unable to collect all principal payments due in accordance with the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal payments when due.

Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Impaired loans are measured by the fair value of the collateral. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio, based on an evaluation of the collectability of existing loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, concentrations and current economic conditions that may affect the borrower’s ability to pay.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. For the year ending June 30, 2021, the Organization's allowance for loan loss is $200,000.

The allowance consists of specific and general components. The specific components relate to loans that are impaired. For such loans that are classified as impaired, an allowance is established when the collateral value of the impaired loan is lower than the carrying value of that loan. The general component covers unimpaired loans and is based on historical experience adjusted for qualitative factors.

Second mortgages are held on most homes sold. The terms of the second mortgages range from 10 to 20 years, and must be satisfied if the home is sold within the term of the mortgage. The second mortgages are offset by second mortgage reserves of $2,216,316, as of June 30, 2021, as reported on the consolidated statements of financial position, because payment on these mortgages is waived over the term of the mortgage. Second mortgages issued prior to January 2006, decrease on a pro-rata basis over the term of the mortgage. Second mortgages issued after January 2006, remain at the full balance until the end of the mortgage term.

Foreclosed Assets

Foreclosed homes acquired through or in lieu of loan foreclosure are refurbished for future qualified residents and are initially recorded at the lower of cost or fair value. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Costs of improvements are capitalized, whereas costs relating to holding foreclosed homes and subsequent adjustments to the value are expensed.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Land and Construction Inventory

Land Held for Home and Commercial Property Sites

Land purchased for homes and commercial property sites is recorded at cost unless it is determined to be impaired, in which case the impaired land is written down to fair value. Donated land is recorded at the donor's appraised amount or the property appraiser's value. All related carrying costs for these properties such as maintenance, any assessments, real estate taxes, etc. are capitalized into the cost of the properties. Habitat reviews land for impairment during each reporting period on a lot by lot basis. Generally accepted accounting principles require that if the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment charge should be recorded to write down the carrying amount of such asset to its fair value.

Construction in Progress

Costs of construction in progress consist of a budgeted amount for the land transferred from land inventory to the construction account and direct home construction costs, unless it is determined to be impaired. In which case, the impaired construction in progress is written down to fair value. Construction overhead is expensed as incurred. Homes completed pending closing are classified as construction in progress until delivered. Habitat reviews construction in progress for impairment during each reporting period on a lot by lot basis. Generally accepted accounting principles require that if the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment charge should be recorded to write down the carrying amount of such asset to its fair value.

Habitat estimates fair values of land and construction inventory evaluated for impairment under generally accepted accounting principles based on market conditions and assumptions made by management at the time they are evaluated, which may differ materially from actual results if market conditions or assumptions change. For example, further market deterioration or changes in assumptions may lead to Habitat incurring additional impairment charges on previously impaired land and construction inventory, as well as on land and construction inventory in progress not currently impaired but for which indicators of impairment may arise if further deterioration occurs.

Property and Equipment

Property and equipment are recorded at cost or estimated fair market value on the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to 39 years.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Donated Property and Equipment

Donations of property and equipment (in-kind contributions) are recorded as revenue at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Revenue Recognition

It is Habitat's policy to sell affordable housing with interest free mortgages. In accordance with generally accepted accounting principles, the mortgages receivable have been discounted based upon the prevailing market rates at the inception of the mortgage and the discount recognized in income over the life of the mortgage. Retail store sales are recognized as revenue at the time of purchase. Transfers to homeowners for mortgage loans and application fees are recognized as revenue when the home is sold to the homeowner. Rental income is recognized as revenue over the term of the lease in accordance with the lease terms.

Impairment Loss

For assets to be held and used, generally accepted accounting principles require the recognition of an impairment loss whenever events or changes in circumstances have indicated that an asset may be impaired and the future cash flows from that asset are less than the asset's carrying amount. The impairment loss is measured as the difference between the asset's carrying amount and its fair value.

During the year ended June 30, 2021, Habitat did not have any impairment losses related to land held for homesites.

Donated Materials and Services

Donations of building materials (in-kind contributions) are recorded at their estimated fair value at the date of donation.

Donated materials and professional services in the amount of $752,969 were recognized as contributed material and services for the year ended June 30, 2021.

No amounts have been reflected in the consolidated statements of activities for volunteer services because the criteria for recognition of such volunteer efforts under FASB guidance have not been satisfied. Nevertheless, volunteers have donated a substantial amount of their time to the program services of the Organization.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Program Services

Program services include construction, family services, owner occupied repairs, and providing affordable home furnishings in the retail stores. The cost of home building or rehabilitation is charged to program services as the homes are completed and sold.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses, and the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted on a reasonable basis that is consistently applied. Some expenses are directly identifiable and are charged to programs and supporting services accordingly. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Allocations of significant costs are based on estimates of time and effort and other reasonable methods.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements.

Management of Habitat considers the likelihood of changes by taxing authorities in its exempt Organization returns and discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed returns that require disclosure in the accompanying financial statements.

Habitat files the Form 990 in the U.S. Federal Jurisdiction.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Use of Estimates

The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term related to the determination of the allowance for loan losses, the valuation of land and construction in progress and the determination of accrued construction rehab costs.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows have seasonal variations during the year attributable to contributions, grants, retail sales and mortgage loans earned throughout the year. The Organization manages liquidity during the year by utilizing the following strategies: operating within a budget that reflects the Board of Directors' strategy, regular analysis of actual operating results versus budget, and establishment of an operating reserve fund funded to be used to fund operating shortfalls with the approval of the Board of Directors.

The following table reflects the Organization's total financial assets as of June 30, 2021, which could be made available within 12 months to meet operating expenditures:

Financial assets available to meet operating expenditures over the next 12 months	
Cash, operating	$ 4,444,444
Accounts receivable	156,513
Grants receivable	290,365
Mortgages receivable, due within one year	1,105,309
Less Board designated net assets	(995,358)
Less net assets with donor restrictions	(502,876)
	$ 4,498,397

NOTE 3. ESCROW CASH

Funds received from homebuyers prior to closing are held in escrow and restricted to closing costs on home sales. Habitat also holds funds in escrow as security deposits for its rental units. These escrow funds are recorded as cash with a corresponding liability in the consolidated financial statements as escrow accounts payable.

As of June 30, 2021, Habitat held $293,217 in tax and insurance escrow funds. These assets, along with the corresponding liability, are not included on the consolidated statement of financial position.

NOTE 4. MORTGAGES RECEIVABLE

There were first mortgages receivable on 244 homes at June 30, 2021.

The following is a summary of mortgages receivable, presented net of the imputed interest amounts:

Balance, beginning of year	$ 13,216,115
New mortgages	8,263,071
	21,479,186
Payments	(285,803)
Change in discount rate	(1,200,943)
Sale of mortgages	(3,655,443)
	$ 16,336,997

Maturities of first mortgage notes receivable are summarized as follows:

Gross amounts due in:	
Less than one year	$ 1,105,309
1 to 5 years	4,136,070
After 5 years	15,528,189
	20,769,568
Unamortized discount	(4,232,571)
Allowance for doubtful accounts	(200,000)
Net amounts due	$ 16,336,997

The following is a summary of information pertaining to impaired and non-impaired loans:

Gross non-impaired loans with a valuation allowance	$ 19,624,789
Valuation allowance for non-impaired loans	(200,000)
Net gross non-impaired loans	$ 19,424,789
Gross impaired loans with a valuation allowance	$ 1,144,779
Valuation allowance for non-impaired loans	-
Net gross non-impaired loans	$ 1,144,779
Second mortgages with a valuation allowance	$ 2,216,316
Valuation allowance for second mortgages	(2,216,316)
Net second mortgages	$ -

During the year ended June 30, 2021, Habitat sold mortgages receivable with a book value of $3,864,548 for $3,655,443.

NOTE 5. HOME BUILDING AND SITE PREPARATION ACTIVITY

During the year ended June 30, 2021, 28 homes were transferred to homeowners, 42 new homes were completed, 17 homes were rehabbed, and 8 homes were repaired. Total production was 67 at year-end.

NOTE 6. PROPERTY AND EQUIPMENT

At June 30, 2021, the carrying value of property and equipment and the related accumulated depreciation are as follows:

Land	$	471,354
Buildings and building improvements		3,797,963
Office fixtures and equipment		84,590
Computer equipment		59,734
Forklifts and other equipment		86,534
Vehicles		1,036,738
		5,536,913
Less accumulated depreciation		(2,810,304)
	$	2,726,609

NOTE 7. LEASE OBLIGATIONS

Operating Leases

Habitat leases office equipment and retail space for three retail store locations under non-cancelable operating leases with varying terms through September 2026. Rent expense under these leases were $527,240 for the year ended June 30, 2021.

Minimum future rental payments under the non-cancelable operating leases having a remaining term in excess of one year as of June 30, 2021, are:

Year ending June 30,		
2022	$	515,964
2023		429,249
2024		429,390
2025		448,545
2026		361,926
Thereafter		66,996
	$	2,252,070

NOTE 8. LINES OF CREDIT

The Organization has a line of credit in the amount of $1,000,000 with a financial institution. The line of credit bears interest at Prime (3.25% at June 30, 2021), and matures in March 2022. There is no outstanding balance at June 30, 2021.

The Organization has a second line of credit in the amount of $1,000,000, originally entered into in 2015, with a financial institution to fund the single family affordable housing projects. In March 2017, the Organization renewed the line of credit of $1,000,000 with the same financial institution. The renewed line of credit bears interest at Prime (3.25% at June 30, 2021), and matures in March 2022. The line of credit is secured by the assignment of notes and mortgages receivable. There is no outstanding balance at June 30, 2021.

The Organization has a third line of credit in the amount of $1,000,000 with a financial institution. The line of credit bears interest at Prime (3.25% at June 30, 2021) with a floor of 4.75% and matures on November 20, 2021. There is no outstanding balance at June 30, 2021.

NOTE 9. LONG-TERM DEBT

Note payable secured by real estate, payable to a financial institution in monthly interest payments that bear interest at 4.25%, with the outstanding principal balance due in October 2021.	$	1,241,208
Unsecured investment bond payable to a financial institution, quarterly interest payments of 0.25%, full balance due September 2023.		500,000
Note payable secured by Board designated funds, to fund sub-granting under the Self-Help Ownership Program (SHOP), payable to Habitat International at 0.00% interest and monthly payments of $416 with final payment due December 2021.		4,608
Note payable secured by Board designated funds, to fund sub-granting under the Self-Help Ownership Program (SHOP), payable to Habitat International at 0.00% interest and monthly payments of $437 with final payment due July 1, 2023.		15,319
Note payable secured by Board designated funds, to fund sub-granting under the Self-Help Ownership Program (SHOP), payable to Habitat International at 0.00% interest and monthly payments of $625 with final payment due December 1, 2023.		23,750

NOTE 9. LONG-TERM DEBT (CONTINUED)

Note payable secured by Board designated funds, to fund sub-granting under the Self-Help Ownership Program (SHOP), payable to Habitat International at 0.00% interest and monthly payments of $156 with final payment due July 1, 2027.	7,500
Note payable secured by Board designated funds, to fund sub-granting under the Self-Help Ownership Program (SHOP), payable to Habitat International at 0.00% interest and monthly payments of $61 with final payment due July 1, 2027.	2,947
Note payable secured by Board designated funds, to fund sub-granting under the Self-Help Ownership Program (SHOP), payable to Habitat International at 0.00% interest and monthly payments of $122 with final payment due January 1, 2026.	5,890
Note payable with an available borrowing limit of up to $750,000 to fund pre-development costs for the Harlem Heights project, payable to Florida Housing Finance Corporation (FHFC) at 1.00% interest and annual payments of $16,073 with final payment due July 2021.	437,490
Note payable secured by real estate, payable to a financial institution at 4.875% interest with a balloon payment in January 2022.	1,071,000
Note payable secured by real estate, payable to a financial institution at 4.25% interest with a balloon payment in December 2022.	1,225,000
Note payable secured by real estate, payable to a financial institution at Prime less 0.25% and a lump sum payment in September 4, 2022.	177,029
Note payable secured by real estate, payable to a financial institution at 5.00% interest and payments beginning November 2024.	1,407,043
	$ 6,118,784

NOTE 9. LONG-TERM DEBT (CONTINUED)

Principal maturities of long-term debt at June 30, 2021, are as follows:

Year ending June 30,		
2021	$	3,343,963
2022		2,361,162
2023		12,818
2024		356,568
2025		355,870
Thereafter		702,073
	$	7,132,454

In April 2020, the Organization obtained a loan through the Paycheck Protection Program – Small Business Administration for $1,013,672 due to COVID-19. During the year ended June 30, 2021 the loan was fully forgiven and is recognized on the statement of activities in contributions.

In January 2021, the Organization obtained a loan through the Paycheck Protection Program – Small Business Administration for $1,013,670 due to COVID-19. The loan is administered through a local financial institution with a fixed interest rate of 1% per year. The loan will mature in January 2026, five years from date of first disbursement and management anticipates with the 24 week forgiveness period the entire amount of the loan will be forgiven.

NOTE 10. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles (GAAP), 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 under GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that 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; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially all of 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 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.

Assets Measured at Fair Value on a Recurring Basis

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Mutual funds: Valued at the fair value of shares held by Habitat at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Habitat 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.

The following table sets forth by level, within the fair value hierarchy, Habitat's assets at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Money market	$ 301,076	$ -	$ -	$ 301,076
Mutual funds	174,050	-	-	174,050
Total assets at fair value	$ 475,126	$ -	$ -	$ 475,126

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for instruments measured at fair value on a non-recurring basis and recognized in the accompanying balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Impaired loans: Loan impairment is reported when full payment under the loan terms is not expected. Impaired loans are carried at the fair value of collateral. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. If these allocations cause the allowance for loan losses to require increase, such increase is reported as a component of the provision for loan losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan is confirmed. When the fair value of the collateral is based on an observable market price or a current appraised value, the Organization records the loan impairment as nonrecurring Level 2.

Impaired land held for homesites: Land held for homesites impairment are reported when the current tax appraised values are less than its carrying amount, an impairment charge should be recorded to write down the carrying amount of such assets to its fair value. When the fair values of such assets are based on current tax appraised values, the Organization records the land held for homessites as nonrecurring Level 2.

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Habitat has $502,876 of net assets with donor restrictions as of June 30, 2021. The funds are to be used for construction projects and are included with cash and cash equivalents on the accompanying consolidated statement of financial position.

NOTE 12. MORTGAGE LOAN SERVICE AGREEMENT

Habitat services the mortgages it holds, handling the processing of mortgage payments and escrow accounts for the mortgages. In addition, Habitat also services mortgages totaling $30,197,766 as of June 30, 2021, that it sold to outside investors. These mortgages are not owned by Habitat and, therefore, are not reflected in the consolidated financial statements.

NOTE 13. TITHE TO HABITAT INTERNATIONAL

Habitat annually remits a portion of its revenues to Habitat International. These funds are used to construct homes in economically depressed areas around the world. Habitat contributed $185,737 for the period ended June 30, 2021. This amount is included in program services expense in the consolidated statement of functional expenses.

NOTE 14. LEE COUNTY AND CITY OF CAPE CORAL CONTRACTS

During the year ending June 30, 2021, Habitat entered into various SHIP contracts with Lee County and the City of Cape Coral to construct or rehabilitate 28 single family homes of which 20 closed before June 30, 2021. These contracts were funded through the Florida State Housing Initiative Partnership Program.

NOTE 15. CONCENTRATION OF CREDIT RISK

Habitat maintains cash balances at several financial institutions located in Southwest Florida. Accounts in each institution are insured by the Federal Deposit Insurance Corporation up to the statutory limit. At June 30, 2021, Habitat's uninsured cash balances totaled $3,279,001

NOTE 16. MORTGAGE LOAN COMMITMENTS

When Habitat sells mortgages to third parties, it agrees with the buyer to replace any delinquent mortgage loan with a mortgage of approximately the same amount. The buyer of the loans must request that this be done. The mortgages summarized in Note 4 are subject to this replacement requirement.

NOTE 17. RELATED PARTY TRANSACTIONS

The Organization paid $42,806 to a law firm that has a board member as a stockholder during the period ended June 30, 2021.

The Organization paid $1,220 to an accounting firm that has a board member as a stockholder during the period ended June 30, 2021.

The Organization paid $30,455 to a design and engineering firm that has a board member as a stockholder during the period ended June 30, 2021.

The Organization paid $63,866 to an auto insurance company that has a board member as management during the period ended June 30, 2021.

The Organization maintains its operating account and money market account in a commercial bank that a board member is an executive vice president of the Organization also has an unsecured line of credit with the same commercial bank (see Note 9).

NOTE 18. RETIREMENT PLAN

Habitat's employees participate in a defined contribution plan. Employees eligible to participate in the plan must be at least 21 years of age and have three months of service. The plan allows for employee contributions which Habitat may match up to a maximum of 4% of eligible compensation. The employer match expenses for the year ended June 30, 2021, are $88,844.

NOTE 19. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 13, 2021, the date on which the financial statements were available to be issued, noting no events that have occurred for disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Agency/Program	Federal CFDA Number	Agency Grant Number	Expenditures	Passed through to Subrecipients
U.S. Department of Housing and Urban Development				
(Passed through the City of Cape Coral)				
Community Development Block Grant/Entitlement Grant	14.218	PY2020CDBGHOUSING	$ 87,000	$ -
Community Development Block Grant/Entitlement Grant	14.218	PY2019CDBGHOUSING	216,947	-
Community Development Block Grant/Entitlement Grant	14.218	PY2018CDBGHOUSING	180,566	-
Total U.S. Department of Housing and Urban Development			$ 484,513	$ -
U.S. Department of Treasury				
(Passed through the City of Cape Coral)				
COVID-19 Coronavirus Relief Fund	21.019	N/A	$ 994,244	$ -
Total U.S. Department of Treasury			994,244	-
Total Federal Expenditures			$ 1,478,757	$ -

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes federal award activity of Habitat under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Habitat, it is not intended to and does not present the financial position, changes in net assets or cash flows of Habitat.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Habitat has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

MAULDIN & JENKINS
CPAs & ADVISORS

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*

Board of Directors
Habitat for Humanity of Lee and Hendry Counties, Inc.
North Fort Myers, Florida

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 consolidated financial statements of Habitat for Humanity of Lee and Hendry Counties, Inc. (a non-profit organization) (the "Habitat"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
October 13, 2021

MAULDIN & JENKINS
CPAs & ADVISORS

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

Board of Directors
Habitat for Humanity of Lee and Hendry Counties, Inc.
North Fort Myers, Florida

Report on Compliance for Each Major Federal Program

We have audited Habitat for Humanity of Lee and Hendry Counties, Inc.'s (a non-profit organization) (the "Habitat") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Habitat's major federal programs for the year ended June 30, 2021. Habitat'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 Habitat's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Habitat's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Habitat complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project 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 state project 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 state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
October 13, 2021

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ____ Yes __x__ No
- Significant deficiencies identified that are not considered to be material weakness? ____ Yes __x__ None reported
- Noncompliance material to financial statements noted? _____ Yes __x__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes __x__ No
- Significant deficiencies identified that are not considered to be material weakness? _____ Yes __x__ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes __x__ No

Identification of major programs:

CFDA Number(s)	Name of Major Program
21.019	COVID-19 Coronavirus Relief Fund
Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

HABITAT FOR HUMANITY OF LEE AND HENDRY COUNTIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SECTION II − FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.