

**HABITAT FOR HUMANITY OF  
GREATER BATON ROUGE, INC.**

**BATON ROUGE, LOUISIANA**

**JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Habitat for Humanity of Greater Baton Rouge, Inc.

### *Opinion*

We have audited the accompanying financial statements of Habitat for Humanity of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Greater Baton Rouge, Inc. as of June 30, 2022 and 2021, 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 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Habitat for Humanity of Greater Baton Rouge, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Habitat for Humanity of Greater Baton Rouge, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's 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 of material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 Habitat for Humanity of Greater Baton Rouge, Inc.'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 Habitat for Humanity of Greater Baton Rouge, Inc.'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 audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency heads on page 21 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 22 through 23, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, on our consideration of Habitat for Humanity of Greater Baton Rouge, Inc.'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Habitat for Humanity of Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

*J. A. Champagne & Co., LLP*

*Baton Rouge, Louisiana*

*December 29, 2022*

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

*June 30, 2022 and 2021*

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,219,881	\$ 901,882
Restricted cash - escrow holdings on deposit	218,677	186,470
Certificates of deposit	151,356	150,978
Receivables, net	47,781	276,000
Prepaid expenses	27,982	42,694
Inventories	700,016	620,486
Non-interest bearing mortgages receivable, net	3,243,432	3,442,620
Property and equipment, net	756,514	760,207
Land held for development	711,735	789,647
	\$ 7,077,374	\$ 7,170,984
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 70,094	\$ 70,869
Accrued salaries and payroll taxes	20,519	56,664
Other accrued expenses	32,219	26,681
Escrow deposits	218,677	186,470
Deferred revenue	68,447	5,000
Notes payable	-	55,049
Security deposits	4,750	5,425
Total liabilities	414,706	406,158
 <b>NET ASSETS</b>		
Without donor restrictions	6,442,525	6,571,352
With donor restrictions	220,143	193,474
Total net assets	6,662,668	6,764,826
	\$ 7,077,374	\$ 7,170,984

*See accompanying notes to financial statements.*

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.**  
**STATEMENTS OF ACTIVITIES**  
*Years Ended June 30, 2022 and 2021*

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions						
Cash	\$ 162,521	\$ 348,773	\$ 511,294	\$ 130,876	\$ 156,503	\$ 287,379
Contributed nonfinancial assets	14,362	-	14,362	39,846	-	39,846
Services	1,000	-	1,000	1,000	-	1,000
Governmental grants	990,253	-	990,253	11,846	27,555	39,401
Home sales revenue	1,048,500	-	1,048,500	601,500	-	601,500
ReStore sales	1,662,970	-	1,662,970	1,683,158	-	1,683,158
Interest - amortization of discount on mortgage loan	365,447	-	365,447	371,087	-	371,087
Rental income and fees	46,824	-	46,824	49,656	-	49,656
Special events	7,400	-	7,400	-	-	-
Other income	57,801	-	57,801	34,387	-	34,387
Loan forgiveness - Payment Protection Program	-	-	-	277,000	-	277,000
Employee retention tax credit	-	-	-	246,329	-	246,329
Gain on sale of mortgages	237,146	-	237,146	183,039	-	183,039
Mortgage late fees	14,351	-	14,351	12,882	-	12,882
Net assets released from restrictions	322,104	(322,104)	-	147,635	(147,635)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>4,930,679</u>	<u>26,669</u>	<u>4,957,348</u>	<u>3,790,241</u>	<u>36,423</u>	<u>3,826,664</u>
<b>EXPENSES</b>						
Program services	4,562,176	-	4,562,176	3,244,227	-	3,244,227
Supporting services:						
Management and general	386,123	-	386,123	436,357	-	436,357
Fundraising	102,231	-	102,231	80,426	-	80,426
	<u>488,354</u>	<u>-</u>	<u>488,354</u>	<u>516,783</u>	<u>-</u>	<u>516,783</u>
<b>TOTAL EXPENSES</b>	<u>5,050,530</u>	<u>-</u>	<u>5,050,530</u>	<u>3,761,010</u>	<u>-</u>	<u>3,761,010</u>
Loss on sale of property and equipment	8,976	-	8,976	-	-	-
<b>TOTAL EXPENSES AND LOSSES</b>	<u>5,059,506</u>	<u>-</u>	<u>5,059,506</u>	<u>3,761,010</u>	<u>-</u>	<u>3,761,010</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>(128,827)</u>	<u>26,669</u>	<u>(102,158)</u>	<u>29,231</u>	<u>36,423</u>	<u>65,654</u>
Net assets - beginning of year	<u>6,571,352</u>	<u>193,474</u>	<u>6,764,826</u>	<u>6,542,121</u>	<u>157,051</u>	<u>6,699,172</u>
Net assets - end of year	<u>\$6,442,525</u>	<u>\$ 220,143</u>	<u>\$6,662,668</u>	<u>\$6,571,352</u>	<u>\$ 193,474</u>	<u>\$6,764,826</u>

*See accompanying notes to financial statements.*

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*Year Ended June 30, 2022*

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Construction and Family Services	Mortgage Originations	ReStore	Total	Management and General	Fundraising	Total
Cost of homes sold:							
Materials, supplies, and labor	\$ 1,473,122	\$ -	\$ -	\$ 1,473,122	\$ -	\$ -	\$ 1,473,122
Land	72,043	-	-	72,043	-	-	72,043
Total cost of homes sold	1,545,165	-	-	1,545,165	-	-	1,545,165
Cost of sales	-	-	624,134	624,134	-	-	624,134
Mortgage discounts	-	586,166	-	586,166	-	-	586,166
Salaries and related expenses	472,348	-	592,667	1,065,015	295,187	72,747	1,432,949
Rent	31,473	-	84,840	116,313	10,491	6,994	133,798
Insurance	49,811	-	28,430	78,241	-	-	78,241
Repairs and maintenance	50,712	-	74,249	124,961	5,978	2,392	133,331
Operational costs	53,495	-	131,397	184,892	15,191	5,881	205,964
Critical home repair	76,150	-	-	76,150	-	-	76,150
Other construction costs	13,966	-	-	13,966	-	-	13,966
Emergency rental assistance	15,581	-	-	15,581	-	-	15,581
Depreciation	-	-	59,469	59,469	16,727	-	76,196
Marketing and advertising	-	-	8,800	8,800	-	7,342	16,142
Memberships and affiliations	-	-	-	-	15,000	-	15,000
Other miscellaneous expenses	14,097	-	4,156	18,253	4,728	924	23,905
Professional services	15,673	-	18,999	34,672	22,821	1,357	58,850
Special events	-	-	-	-	-	4,594	4,594
Property taxes	1,518	-	8,880	10,398	-	-	10,398
Bad debt expense	-	-	-	-	-	-	-
	<u>\$ 2,339,989</u>	<u>\$ 586,166</u>	<u>\$ 1,636,021</u>	<u>\$ 4,562,176</u>	<u>\$ 386,123</u>	<u>\$ 102,231</u>	<u>\$ 5,050,530</u>

*See accompanying notes to financial statements.*



**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*Year Ended June 30, 2021*

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Construction and Family Services	Mortgage Originations	ReStore	Total	Management and General	Fundraising	Total
Cost of homes sold:							
Materials, supplies, and labor	\$ 973,290	\$ -	\$ -	\$ 973,290	\$ -	\$ -	\$ 973,290
Land	55,916	-	-	55,916	-	-	55,916
Total cost of homes sold	1,029,206	-	-	1,029,206	-	-	1,029,206
Cost of sales	-	-	490,376	490,376	-	-	490,376
Mortgage discounts	-	289,245	-	289,245	-	-	289,245
Salaries and related expenses	266,966	-	571,837	838,803	308,314	59,998	1,207,115
Rent	38,686	-	109,151	147,837	19,343	6,448	173,628
Insurance	40,547	-	26,778	67,325	-	-	67,325
Repairs and maintenance	13,901	-	22,700	36,601	27,505	-	64,106
Operational costs	39,484	-	124,958	164,442	16,025	4,764	185,231
Critical home repair	75,858	-	-	75,858	-	-	75,858
Other construction costs	36,285	-	-	36,285	-	-	36,285
Emergency rental assistance	6,324	-	-	6,324	-	-	6,324
Depreciation	-	-	49,436	49,436	14,143	-	63,579
Marketing and advertising	-	-	3,439	3,439	-	2,951	6,390
Memberships and affiliations	-	-	-	-	15,000	-	15,000
Other miscellaneous expenses	-	-	232	232	7,942	-	8,174
Professional services	-	-	-	-	28,059	-	28,059
Special events	-	-	-	-	-	-	-
Property taxes	-	-	8,818	8,818	26	-	8,844
Bad debt expense	-	-	-	-	-	6,265	6,265
	<u>\$ 1,547,257</u>	<u>\$ 289,245</u>	<u>\$ 1,407,725</u>	<u>\$ 3,244,227</u>	<u>\$ 436,357</u>	<u>\$ 80,426</u>	<u>\$ 3,761,010</u>

*See accompanying notes to financial statements.*

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.**  
**STATEMENTS OF CASH FLOWS**

*Years Ended June 30, 2022 and 2021*

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (102,158)	\$ 65,654
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Bad debt expense	-	6,265
Depreciation	76,196	63,579
(Gain) loss on sale of property and equipment	8,976	(5,224)
Gain on sale of mortgages	(237,146)	(183,039)
Amortization of mortgage discount	(365,447)	(371,087)
New mortgages, net of discounts	(462,334)	(312,254)
Purchase and development of land	-	(398,391)
Home construction costs	(1,500,374)	(1,091,212)
Cost of homes transferred	1,550,165	1,029,206
(Increase) decrease in prepaid expenses	14,712	(5,952)
(Increase) decrease in receivables	228,219	(245,371)
(Increase) decrease in building supply inventory	3,296	(5,978)
(Increase) decrease in purchases for resale	(55,574)	70,353
Increase (decrease) in accounts payable	(775)	(1,266)
Increase (decrease) in accrued liabilities	32,840	14,540
Increase (decrease) in other liabilities	31,532	17,051
Net cash used in operating activities	(777,872)	(1,353,126)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase certificates of deposit and interest reinvested	(378)	(978)
Collections on mortgages receivable	744,651	765,481
Proceeds from the sale of mortgage notes	519,464	468,253
Proceeds from sale of equipment	3,000	10,234
Acquisition of equipment	(83,610)	(65,010)
Net cash provided by investing activities	1,183,127	1,177,980
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	(55,049)	(15,724)
Net cash provided by (used in) financing activities	(55,049)	(15,724)
<b>INCREASE (DECREASE) IN CASH AND RESTRICTED CASH</b>	350,206	(190,870)
Cash and restricted cash - beginning of year	1,088,352	1,279,222
Cash and restricted cash - end of year	\$ 1,438,558	\$ 1,088,352
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,335	\$ 2,896

*See accompanying notes to financial statements.*

# HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.

## NOTES TO FINANCIAL STATEMENTS

*June 30, 2021 and 2020*

### A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of activities*

Habitat for Humanity of Greater Baton Rouge, Inc. (Habitat) is a non-profit organization incorporated in 1988, with offices in Baton Rouge, Louisiana, and operations in four Louisiana parishes. Habitat is an affiliate of the Habitat for Humanity International, Inc. (Habitat International), a nondenominational Christian non-profit organization whose purpose is to create decent, affordable housing for those in need, and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information and funding resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for their own operations. The accompanying financial statements include the activities of the Campus Chapter of Habitat for Humanity at Louisiana State University and the Habitat Young Professional Council of Greater Baton Rouge.

Habitat builds homes in partnership with volunteers and low-income families. The homes are sold to qualifying partner families at less than fair market value. Since the homeowners are involved in building their own homes, family support and education activities are inherent in the construction activities. Habitat provides zero interest mortgage loans to these homeowners.

Habitat owns and operates ReStore of Baton Rouge, LLC (Restore), which has two stores in Baton Rouge, Louisiana. These stores sell donated surplus building materials, furniture, appliances, and items purchased in bulk to the general public at below retail prices. Restore owns the building which houses one store, and leases the other part of the building to tenants. The second store leases its operation space. The net proceeds from the Restore operations and rentals are used to further the mission of Habitat.

#### *Basis of presentation*

Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). Under those standards, Habitat is required to report information regarding its financial position and activities under two classes of net assets: net assets without donor restrictions or net assets with donor restrictions. Net assets without donor restrictions are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Net assets with donor restrictions are those resources whose use by Habitat is limited to donor-imposed stipulations. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature: such as those that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Habitat.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Basis of accounting*

Habitat prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

*Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Revenue Recognition*

Habitat utilizes the guidance in the FASB ASC in the assessment of whether revenue is an exchange transaction or contribution and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Contributions, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Habitat reports grants and gifts of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Contributions and grants with donor restrictions that are both received and satisfied within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Certain grants from governmental entities are included in deferred revenue due to stipulations within the agreements that contain the right of return of funds and barriers that make these contributions conditional. These funds are recognized as eligible costs are incurred, that is, as the barriers to which entitlement depends are satisfied.

Habitat recognizes revenue from contracts with customers when it transfers promised goods or services to its customers in an amount that reflects the consideration to which Habitat expects to be entitled in exchange for those goods and services. To accomplish this, Habitat applies the following five-step process to achieve this core principle:

- Identification of the contract with the member;
- Identification of the performance obligations under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the identified performance obligations; and
- Recognition of revenue when (or as) an entity satisfies the identified performance obligations.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue from the construction and sale of homes is recognized at a point in time upon closing of the sale when the title is transferred. Payment is due over time in installments, based on terms specified in the contracts. All mortgages and contracts for deed are due based on the term of the notes.

Revenue from ReStore sales is recognized at the point of sale. The performance obligation is the delivery of the goods to the customer. The transaction price is established by Habitat based on retail prices. As each item is individually priced, no allocation of the transaction price is necessary. Some merchandise is sold with the right to return. If probable customer returns exist at the end of fiscal year, Habitat estimates and records in the financial statements a liability for such returns. A liability for probable customer returns was not considered necessary as of June 30, 2022 and 2021.

*Revenue Disaggregation*

Habitat disaggregates revenue from contracts with customers into major revenue streams and based on the timing of recognized revenue. Habitat's revenue disaggregated based on timing of the transfer of goods or services as follows as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Recognized at a point in time:		
Home sales	\$1,048,500	\$ 601,500
ReStore sales	1,662,970	1,683,158

*Contract balances*

Contract assets represent Habitat's right to consideration in exchange for goods or services that have been transferred to the customer before payment is due. Contract liabilities include consideration due or paid by a customer prior to when Habitat transfers goods or services and represents Habitat's obligation to the customers.

*Cash and cash equivalents*

For purposes of the statement of cash flows, Habitat considers all unrestricted highly liquid investments with maturities of three months or less when acquired to be cash equivalents.

Restricted cash includes amounts received from homeowners for escrow payments, for payments received prior to closing, and for security deposits received from tenants. Restricted cash was \$218,677 and \$186,470 as of June 30, 2022 and 2021, respectively.

The following is a reconciliation of cash and restricted cash reported on the statements of financial position to total cash reported on the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,219,881	\$ 901,882
Escrow holding on deposits	<u>218,677</u>	<u>186,470</u>
	<u>\$1,438,558</u>	<u>\$1,088,352</u>

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Certificates of deposit*

Certificates of deposit totaling \$151,356 and \$150,978 at June 30, 2022 and 2021, respectively, bear interest of 0.50%, and have maturities of twelve months, with penalties for early withdrawal.

*Mortgage notes receivable*

Habitat has a policy of selling affordable housing with interest-free mortgages. The zero interest first mortgages are discounted to their present value by using prevailing market rates at the inception of the mortgages. Discounts are amortized using the straight-line method over the lives of the mortgages. Discount rates used for the years ending June 30, 2022 and 2021 was 7.49% and 7.23%, respectively.

Habitat also executes a supplemental mortgage with the homeowners upon sale of the home. The amount of these mortgages is approximately equal to the difference between the sales price and the fair market value of the home. These mortgages bear no interest, and the homeowner is discharged from their annual payment as long as they are not in default on their first mortgage. No amounts are included in the financial statements for these mortgages as collection is contingent upon future events and is generally unexpected and unintended.

*Inventories*

The inventory of new homes is valued at cost. The cost of land and the value of contributed labor are not included as they are recognized when the home is sold.

Foreclosures included in inventory are valued at cost, which includes the unpaid mortgage, related costs at the time of foreclosure, and the cost of estimated repairs after foreclosure.

Construction materials inventory consists of items donated in bulk through a gift-in-kind program established by Habitat International. Items are ordered from the vendor by Habitat, approved by Habitat International, and valued at estimated fair market value included on the gift-in-kind receipt sent with the materials. Materials are removed from inventory when used on a specific house.

Purchases for resale at ReStore are included in inventory at cost. The fair market value of the items donated to ReStore is not determinable until the items are sold. Therefore, revenue is recorded at the time of sale and no value is included in inventory for the unsold items.

*Prepaid expenses*

Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid expenses.

*Advertising and Marketing Costs*

Habitat expenses advertising and marketing costs when incurred.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Property and equipment*

Property and equipment acquired are stated at cost less accumulated depreciation. Habitat capitalizes acquisitions of property and equipment in excess of \$2,500. Depreciation is calculated on the straight-line basis over the estimated useful life of the assets, ranging from three to ten years for all fixed assets except buildings and parking lot improvements, which are depreciated over 38 years.

When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

*Donated services*

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Habitat. These services are recorded, based on the fair value of the services provided, as in-kind contributions on the Statement of Activities and the Statement of Functional Expenses. Volunteer services are not recognized in the financial statements when the recognition criteria are not met.

*Contributed nonfinancial assets*

Habitat recognized contributed nonfinancial assets within support and revenue in the statement of activities, consisting of contributed construction materials of \$14,362 and \$39,846 for the years ended June 30, 2022 and 2021, respectively. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Habitat values the donated product for use in construction at the estimated fair value, which is based upon the manufacturer's suggested retail price for the product.

*Pledges Receivable*

Contribution receivables that are expected to be collected in future years are recorded at fair value based on the present value of their estimated future cash flows and are discounted at the rate applicable to the year in which the contribution was made.

*Income taxes*

Habitat is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

Habitat accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, Habitat may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by tax authorities. Habitat has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

Habitat is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Functional expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, administrative and fund raising based upon estimates of staff time devoted to these functions.

*Reclassifications*

Certain reclassifications have been made to the 2021 financial statements to be consistent with the 2022 presentation. Reclassifications had no effect on 2021 net assets.

*New accounting pronouncement*

Habitat adopted FASB ASU 2020-07, Not-for-Profit Entities (Topic 958), *Presentation and Disclosures of Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU required a change in financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind.

**B: CONCENTRATIONS AND CREDIT RISK**

Habitat builds and rehabilitates homes in the Baton Rouge and surrounding areas. As a result, all of the mortgage receivables from homeowners are concentrated as to geographic risk. Also, all homes built are sold to low-income families, which can represent a credit risk.

Habitat maintains its cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. Management has placed these funds in high quality institutions in order to minimize the risk. At June 30, 2022 and 2021, Habitat's cash balances exceeded federally insured limits by \$557,355 and \$169,067, respectively.

**C: PAYMENTS TO HABITAT INTERNATIONAL**

Habitat voluntarily remits a portion of its contributions to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2022 and 2021, contributions of \$5,000 and \$4,000, respectively are included in cost of homes sold.

Habitat pays Habitat International an annual Stewardship and Organizational Sustainability Initiative fee based on the population and the geographic area served. ReStore pays a monthly ReStore Collaborative fee. These amounts totaled \$15,000 per year for the years ended June 30, 2022 and 2021.



**D: RECEIVABLES**

Receivables consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Cost reimbursement grants	\$ 31,825	\$ 15,638
Homeowner escrow shortages	15,374	13,933
Employer retention tax credit	-	246,329
Other	582	100
	<u>\$ 47,781</u>	<u>\$ 276,000</u>

**E: PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at cost, less accumulated depreciation as of June 30, 2022 and 2021:

	2022	2021
Land	\$ 62,028	\$ 62,028
Leasehold improvements	24,053	24,053
Buildings and improvements	761,542	762,805
Rental property	74,842	74,842
Furniture and fixtures	50,108	50,108
Machinery and equipment	351,501	310,687
	<u>1,324,074</u>	<u>1,284,523</u>
Less accumulated depreciation	<u>(567,560)</u>	<u>(524,316)</u>
	<u>\$ 756,514</u>	<u>\$ 760,207</u>

Depreciation expense was \$76,196 and \$63,579 for the years ended June 30, 2022 and 2021, respectively.

**F: LINE OF CREDIT**

Habitat entered into a line of credit agreement with a local bank in the amount of \$500,000 bearing a variable interest rate of Wall Street Journal Prime. The line of credit matures April 7, 2023 and is secured by a pledge of the first mortgage notes on houses built and financed by Habitat with an assignment of specific mortgage notes. There were no outstanding draws on the line during the years ended June 30, 2022 and 2021.

**G: NOTES PAYABLE**

Notes payable consist of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Note payable secured by vehicle, bearing interest at 4.50% per annum, payable upon demand. If no demand is made, note is payable in 60 equal installments of \$1,552 and maturing October 2, 2024. Loan was paid in full in 2022.	\$ -	\$ 55,049

**H: PAYCHECK PROTECTION PROGRAM LOAN**

During the years ended June 30, 2021, Habitat received a Paycheck Protection Program (PPP) loan for \$277,000 from the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP loan is considered a conditional contribution, with right of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that the PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent, and utilities) incurred following receipt of the loan funds. The loan has been fully forgiven.

**I: EMPLOYEE RETENTION CREDIT**

The Employee Retention Credit (ERC) was created under the CARES Act to help organizations who have been negatively impacted by COVID-19 retain their employees. During 2021, the Organization qualified for an ERC in the amount of \$246,329. The Organization performed an assessment and determined the conditions have been substantially met, therefore the tax credit has been recognized as other income in the accompanying statement of activities.

**J: INVENTORIES**

Inventories consisted of the following as of June 30, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Number</u>	<u>Cost</u>	<u>Number</u>	<u>Cost</u>
Homes				
New construction	6	\$ 454,891	5	\$ 337,451
Repossessions	-	-	1	90,189
	<u>6</u>	<u>454,891</u>	<u>6</u>	<u>427,640</u>
Construction materials		66,819		70,115
Purchases for resale		178,306		122,731
		<u>\$ 700,016</u>		<u>\$ 620,486</u>

**J: INVENTORIES (continued)**

Rentals are repossessions for which Habitat has not been able to find qualified partners to purchase the homes through the Habitat program and has not been able to sell the houses otherwise. The Board approved the temporary rental of these houses through the U.S. Housing and Urban Development Section 8 rental assistance program. These houses are included in inventory because management's intent in renting them is to offset costs of vacant houses until a suitable owner is found. At that time, they are reclassified back to repossessions.

**K: NON-CASH INVESTING AND FINANCING ACTIVITIES**

There were no non-cash investing and financing activities during the year ended June 30, 2022 and 2021.

**L: LEASE COMMITMENTS**

Habitat leased office space under an agreement that was classified as operating lease. The lease provided for monthly rent of \$5,373 and expired March 31, 2022. Habitat entered into a new lease for office space in 2022 under an agreement that was classified as an operating lease. The lease provides for monthly rent of \$4,000 and expires June 30, 2027.

Restore leases a store location under an agreement that is classified as operating leases. The lease provides for monthly rent ranging from \$7,000 to \$7,283 and expires December 31, 2023.

The lease expense under these agreements was \$133,798 and \$173,628 for the years ended June 30, 2022 and 2021, respectively.

The future minimum lease payments required under the operating leases are as follows for the year ending June 30, 2022:

Years Ending June 30,	
2023	\$ 134,537
2024	91,697
2025	48,000
2026	48,000
2027	48,000
	<u>\$ 370,234</u>

## M: LIQUIDITY

The following represents Habitat's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual restrictions within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Financial assets	\$ 1,591,372	\$ 1,515,330
Amounts unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions	<u>(514,735)</u>	<u>(379,944)</u>
	<u>\$ 1,076,637</u>	<u>\$ 1,135,386</u>

As part of the organization's liquidity management, Habitat maintains sufficient cash balances throughout the year through the receipt of grants and donations, and proceeds from the operation of Restore to support Habitat's objective to help provide housing for low-income families by identifying potential home sites, constructing new homes, and refurbishing existing structures. To help manage unanticipated liquidity needs, Habitat has a committed line of credit in the amount of \$500,000 which it could draw upon.

## N: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of funds designated by donors or grantors for specific purposes or programs. At June 30, 2022 and 2021, amounts restricted to use for specific programmatic areas was as follows:

	<u>2022</u>	<u>2021</u>
Critical home repair	\$ 31,337	\$ 13,837
Individual development accounts	28,300	-
Construction of new homes	<u>160,507</u>	<u>179,637</u>
	<u>\$ 220,144</u>	<u>\$ 193,474</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of restrictions specified by donors as follows for the year ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Critical home repairs	\$ 22,000	\$ -
Construction of new homes	<u>300,104</u>	<u>147,635</u>
Total restrictions released	<u>\$ 322,104</u>	<u>\$ 147,635</u>

**O: MORTGAGES RECEIVABLE**

Mortgages receivable as of June 30, 2022 and 2021 consists of non-interest-bearing mortgage notes of \$6,547,852 and \$6,805,111, respectively, less unamortized discounts of \$3,304,420 and \$3,362,491, respectively. All mortgages are collateralized by real estate in the Baton Rouge area.

Mortgages are subject to foreclosure if a payment is 90 days or more past due and no revised payment plan has been approved by the Habitat Board of Directors. Homeowners that have not responded to prior notifications and are 120 days late may be presented to the Board for approval of the foreclosure. Foreclosures are only begun with Board approval. If approved, the homeowner's file is turned over to an attorney to send the official notice of default, which states that the homeowner has 30 days to cure the default.

The following schedule shows the past due principal payments as of June 30, 2022 and 2021. These past due balances are based on the payments required by the mortgages and have not been reduced to reflect modifications made under payment plans.

	2022		2021	
	Mortgages Past Due	Past Due Amount	Mortgages Past Due	Past Due Amount
Past Due Amounts				
6 months or more	1	\$ 3,177	1	\$ 4,271
5 months	0	-	1	1,544
4 months	1	1,591	2	2,888
3 months	4	4,931	1	1,399
2 months	14	11,558	6	5,046
1 months	26	11,597	19	8,400
	<u>46</u>	<u>\$ 32,854</u>	<u>30</u>	<u>\$ 23,548</u>

There were no mortgage loans in the process of foreclosure at June 30, 2022 and 2021, respectively.

Since management estimates that the fair market value of the homes exceeds the mortgage balance, no allowance for uncollectible loans has been recorded.

**P: MORTGAGES SOLD**

Periodically, Habitat sells their mortgage loans to local banks. Habitat continues to service these loans and in return receives a loan servicing fee. Habitat is responsible for collection activities and disbursement of property taxes and insurance. Principal payments on loans are remitted to the banks monthly.

**P: MORTGAGES SOLD (continued)**

All loans sold are with recourse. If a loan becomes nonperforming, Habitat is required to repurchase the mortgage loan and, at Habitat's option, require the bank to purchase another loan which is acceptable. The outstanding balance of loans sold with recourse at June 30, 2022 and 2021 was \$2,229,625 and \$1,814,952, respectively.

During 2022, Habitat sold 9 loans and recognized a gain of \$237,146. During 2021, Habitat sold 10 loans and recognized a net gain of \$183,039.

**Q: SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 29, 2022 which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER**  
**PAYMENTS TO AGENCY HEAD**

*Year Ended June 30, 2022*

Lynn Clark  
Executive Director

	<u>Amount</u>
Salary	\$ 8,050
Benefits - payroll taxes	-
Conference travel	-
Reimbursements	-

Note - All payments to the agency head for compensation, benefits, and other payments were made from private funds.

*See accompanying notes to financial statements.*



**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year ended June 30, 2022*

FEDERAL GRANTOR GRANTORS/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANTOR CONTRACTOR NUMBER	TOTAL FEDERAL EXPENDITURES
<u>U.S. Department of Treasury</u>			
Passed through the City of Baton Rouge-Parish of East Baton Rouge			
COVID-19 Emergency Rental Assistance Program	21.023	800003751	\$ 329,339
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the City of Baton Rouge-Parish of East Baton Rouge			
Community Development Block Grants/Entitlement Grants	14.218	800002806	75,915
Home Investment Partnerships Program	14.239	800004183	<u>584,999</u>
			<u>\$ 990,253</u>

*See notes to schedule of expenditures of federal awards.*

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*June 30, 2022*

**NOTE A—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Habitat for Humanity of Greater Baton Rouge, Inc. (Habitat) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Habitat, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Habitat.

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C—INDIRECT COST RATE**

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



**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***

The Board of Directors  
Habitat for Humanity of Greater Baton Rouge, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Habitat for Humanity of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 December 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Habitat for Humanity of Greater Baton Rouge, Inc.'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 for Humanity of Greater Baton Rouge's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 for Humanity of Greater Baton Rouge, Inc.'s financial statements are free of 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 for Humanity of Greater Baton Rouge, Inc.'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 for Humanity of Greater Baton Rouge, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*L. A. Champagne & Co, LLP*

*Baton Rouge, Louisiana  
December 29, 2022*



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

The Board of Directors  
Habitat for Humanity of Greater Baton Rouge, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Habitat for Humanity of Greater Baton Rouge, Inc.'s (Habitat) 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 Habitat's major federal programs for the year ended June 30, 2022. Habitat's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

***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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Habitat 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 Habitat'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 Habitat's federal programs.

### ***Auditor's 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 Habitat'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 Habitat'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 Habitat'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 Habitat'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 Habitat'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 requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

*L. A. Champagne & Co., LLP*

*Baton Rouge, Louisiana  
December 29, 2022*

**HABITAT FOR HUMANITY OF GREATER BATON ROUGE, INC.**  
**SUMMARY OF AUDIT RESULTS AND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended June 30, 2022*

**A: SUMMARY OF AUDITOR’S RESULTS**

1. The auditor’s report expresses an unmodified opinion on the financial statements of Habitat for Humanity of Greater Baton Rouge, Inc.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.”
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies in internal controls over compliance with requirements applicable to major federal award programs are reported in the “Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.”
5. The auditor’s report on compliance for the major federal award programs expresses an unmodified opinion.
6. There were no reportable audit findings relative to the major federal awards programs for Habitat for Humanity of Greater Baton Rouge, Inc.
7. The program tested as major programs is as follows:  
  
U.S. Department of Housing and Urban Development, passed through the City of Baton Rouge-Parish of East Baton Rouge  
:  
CFDA 14.239 – Home Investment Partnerships Program
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Habitat was determined to be a high-risk auditee.



**B: FINDINGS – FINANCIAL STATEMENTS AUDIT**

There were no findings that are required to be reported in this section of the report.

**C: FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

There are no findings that are required to be reported in this section of the report.

**D: SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT**

There are no findings that are required to be reported in this section of the report.