

**GWINNETT COUNTY
HABITAT FOR HUMANITY, INC.**

**D/B/A GWINNETT/WALTON
HABITAT FOR HUMANITY, INC.**

Financial Statements
and
Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Gwinnett County Habitat for Humanity, Inc.
D/B/A Gwinnett/Walton Habitat for Humanity, Inc.

Opinion

We have audited the accompanying financial statements of Gwinnett County Habitat for Humanity, Inc., D/B/A Gwinnett/Walton Habitat for Humanity, Inc., which comprise the Statement of Financial Position as of June 30, 2023, and the related Statements of Activities, Functional Expenses and Cash Flows for the year ended June 30, 2023, and the related Notes to Financial Statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gwinnett County Habitat for Humanity, Inc., D/B/A Gwinnett/Walton Habitat for Humanity, Inc, as of June 30, 2023, and the changes in its net assets and cash flows for the year ended June 30, 2023, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gwinnett County Habitat for Humanity, Inc. D/B/A Gwinnett/Walton Habitat for Humanity, Inc, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Gwinnett County Habitat for Humanity, Inc., D/B/A Gwinnett/Walton Habitat for Humanity, Inc. for the year ended June 30, 2022, were audited by other auditors whose report dated July 14, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived. Certain prior year amounts have been reclassified for consistency with the current year presentation.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Gwinnett County Habitat for Humanity, Inc., D/B/A Gwinnett/Walton Habitat for Humanity, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Gwinnett County Habitat for Humanity, 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 Gwinnett County Habitat for Humanity, Inc. D/B/A Gwinnett/Walton Habitat for Humanity, 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.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards, 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 not a required part of the financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare 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 supplementary information is stated, in all material respects, in relation to the financial statements as a whole.

Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Organization’s internal control over financial reporting and compliance.



Atlanta, Georgia
December 5, 2023

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,825,123	\$ 2,931,762
Mortgages receivable, net of imputed interest	3,027,692	3,106,717
Accounts receivable, net of bad debt allowance	680,226	93,549
Pledges receivable, net of bad debt allowance	331,734	7,934
ReStore inventory	111,000	80,000
Prepaid expenses	59,532	204,294
Home construction in progress	2,414,852	45,255
Property and equipment, net of depreciation	100,283	40,598
Escrow deposits held by others	164,622	184,553
Beneficial interest in assets held at Community Foundation of Northeast Georgia	46,098	42,418
Right-of-use operating lease assets	1,023,558	-
TOTAL ASSETS	\$ 9,784,720	\$ 6,737,080
LIABILITIES		
Accounts payable	\$ 182,647	\$ 65,456
Accrued expenses	162,211	128,564
Escrows, net	197,367	194,120
Deferred rent liability	-	16,594
Refundable advance	-	60,622
Note payable	1,157,766	-
Operating lease liabilities	1,056,314	-
TOTAL LIABILITIES	2,756,305	465,356
NET ASSETS		
Net assets without donor restrictions	6,648,104	6,225,727
Net assets with donor restrictions	380,311	45,997
TOTAL NET ASSETS	7,028,415	6,271,724
TOTAL LIABILITIES AND NET ASSETS	\$ 9,784,720	\$ 6,737,080

These financial statements should be read only in connection with the
accompanying independent auditors' report and notes to financial statements.

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

Statements of Activities
For the Years Ended June 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue				
Contributions and grants	\$ 135,736	\$1,812,034	\$ 1,947,770	\$ 2,736,371
Contributions in kind	305,439	-	305,439	119,109
ReStore retail store operations, net of cost of goods sold of \$322,377 and \$205,130	1,919,527	-	1,919,527	2,016,168
ReStore income from Habitat International	70,275	-	70,275	11,583
Gain (loss) on beneficial interest	-	3,680	3,680	(7,351)
Mortgage interest income	110,840	-	110,840	108,799
Investment income	22,944	-	22,944	-
Sale to homeowners	571,922	-	571,922	463,058
Loss on sale of property and equipment	(473)	-	(473)	-
Other income	39,911	-	39,911	57,331
Net assets released from restrictions	1,481,400	(1,481,400)	-	-
Total Revenues	4,657,521	334,314	4,991,835	5,505,068
Expenses				
Program services				
Construction and loan program	2,376,518	-	2,376,518	2,434,429
ReStore	1,484,683	-	1,484,683	900,797
Supporting services				
General and administration	211,261	-	211,261	277,157
Fundraising	162,682	-	162,682	219,940
Total Expenses	4,235,144	-	4,235,144	3,832,323
Change in Net Assets	422,377	334,314	756,691	1,672,745
Net Assets – Beginning of Year	6,225,727	45,997	6,271,724	4,598,979
Net Assets – End of Year	\$ 6,648,104	\$ 380,311	\$ 7,028,415	\$ 6,271,724

These financial statements should be read only in connection with the
accompanying independent auditors' report and notes to financial statements.

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

Statements of Functional Expenses
For the Years Ended June 30, 2023 and 2022

	Program Services			Supporting Services		2023 Total	2022 Total
	Construction and loan program	ReStore	Programs subtotal	General and administration	Fundraising		
Functional Expenses							
Salaries, payroll taxes, and benefits	\$ 550,954	\$ 698,180	\$ 1,249,134	\$ 65,178	\$ 66,824	\$ 1,381,136	\$ 1,576,030
Cost of home sold and construction	1,379,326	-	1,379,326	-	-	1,379,326	1,034,568
ReStore expense	-	190,246	190,246	-	-	190,245	-
Tithe and SOSI fee to Habitat International	93,965	-	93,965	-	-	93,965	314,404
Fundraising expense	-	-	-	-	28,755	28,755	-
Grant expense	20,752	-	20,752	-	-	20,752	-
Accounting and professional fees	28,455	12,369	40,824	17,606	-	58,430	137,928
Advertising and promotion	-	28,251	28,251	4,329	63,357	95,937	87,029
Office expenses	5,763	35,223	40,986	60,401	-	101,387	55,219
Utilities	3,037	28,519	31,556	759	-	32,315	50,200
Occupancy	17,280	202,068	219,348	4,320	-	223,668	255,829
Travel	7,978	1,472	9,450	-	-	9,450	7,362
Meetings and conferences	3,082	519	3,601	16,618	-	20,219	-
Interest	23,205	-	23,205	-	-	23,205	-
Bad debt	-	72,706	72,706	4,989	-	77,695	16,222
Depreciation and amortization	8,074	3,518	11,592	5,682	-	17,274	23,427
Insurance	191,222	139,896	331,118	21,862	3,746	356,726	26,735
Bank fees	-	58,343	58,343	2,465	-	60,808	59,394
Repairs and maintenance	1,215	4,157	5,372	-	-	5,372	43,157
Contract labor	19,235	745	19,980	852	-	20,832	26,638
Telephone	7,653	4,354	12,007	1,913	-	13,920	38,572
Licenses, dues, and taxes	3,862	77	3,939	-	-	3,939	3,063
Postage and freight	-	672	672	2,681	-	3,353	1,692
Miscellaneous	11,460	3,368	14,828	1,606	-	16,434	74,854
Total Functional Expenses	\$ 2,376,518	\$ 1,484,683	\$ 3,861,201	\$ 211,261	\$ 162,682	\$ 4,235,144	\$ 3,832,323

These financial statements should be read only in connection with the
accompanying independent auditors' report and notes to financial statements.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 756,691	\$ 1,672,745
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	17,274	23,427
Grants for property acquisition and debt forgiveness	-	(145,902)
Change in mortgage discount	248,917	180,413
Loss on sale of property and equipment	473	-
Net change in beneficial interest	(3,680)	7,351
(Increase) decrease in:		
Accounts receivable	(586,677)	95,091
Pledges receivable	(323,800)	54,084
Escrow deposits held by others	19,931	(16,267)
ReStore inventory	(31,000)	(16,695)
Home construction in progress, net of in-kind	(2,369,597)	(422,546)
Prepaid expenses	144,762	(145,776)
Right-of-use operating lease assets, net of liabilities	32,756	-
(Decrease) increase in:		
Accounts payable and accrued expenses	150,838	(7,061)
Escrow payables, net	3,247	14,723
Deferred rent liability	(16,594)	1,135
Refundable advance	(60,622)	60,622
Net Cash (Used in) Provided by Operating Activities	(2,017,081)	1,355,344
Cash Flows from Investing Activities		
Purchase of property and equipment	(77,432)	(3,369)
Proceeds from collections of mortgages receivable	402,030	629,051
Issuance of mortgages receivable	(571,922)	-
Collections on note receivable	-	63,077
Net Cash (Used in) Provided by Investing Activities	(247,324)	688,739
Cash Flows from Financing Activities		
Issuance of long-term debt	1,157,766	43,018
Net Cash Provided by Financing Activities	1,157,766	43,018
Net (Decrease) Increase in Cash and Cash Equivalents	(1,106,639)	2,087,121
Cash and Cash Equivalents – Beginning of Year	2,931,762	844,641
Cash and Cash Equivalents – End of Year	\$ 1,825,123	\$ 2,931,762

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND BASIS OF PRESENTATION

Description of Organization

Gwinnett County Habitat for Humanity, Inc., D/B/A Gwinnett/Walton Habitat for Humanity, Inc. (“the Organization,”) is a non-profit corporation located in Lawrenceville, Georgia. The Organization is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”). The Organization is a nondenominational Christian organization dedicated to eliminating poverty housing by building modest yet adequate housing in partnership with responsible, low-income families. By having volunteers and families work together in partnership, the Organization builds new hope, new relationships, and a new sense of community as well as new houses.

The financial statements include the accounts of Gwinnett Habitat for Humanity ReStore, LLC (the ReStore), an entity wholly owned by the Organization. This entity has no activity, and all ReStore transactions are recorded within the Organization.

The Organization’s program services consist of the following:

Construction and loan program - The goal of the Organization and its affiliate, Habitat International, is to demonstrate the love of Jesus Christ, eliminate poverty housing and homelessness, and to stir the hearts and minds of others to take action on this issue. As of June 30, 2023, the Organization has built 157 houses in the local community and has helped to preserve and restore homes 33 homes in fiscal year 2023 for other families in need through its A Brush with Kindness program and 140 families through the WRAP program. Further, the Organization has provided contributions to Habitat International to help serve more than one million families around the world by providing people with safe, decent, and affordable shelter. Although Habitat International assists with information resources, training, publications, and prayer support, the Organization is primarily and directly responsible for its own operations. The Organization is supported primarily through sales to homeowners, individual, corporate, and church contributions, and volunteer services from the community. The Organization invites people from all walks of life to work together in partnership to help build houses with families in need.

ReStore - The ReStore was formed to support the operations and mission of the Organization and is a retail operation whereby reusable and surplus building materials, home furnishings and other goods are donated and then sold to the community at a greatly reduced price.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND BASIS OF PRESENTATION

(Continued)

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The Organization is required to report information regarding its financial position according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization are classified as follows:

Net assets without donor restrictions - represents net assets that are not restricted by donor-imposed stipulations and are available for support of operations and other expenditures.

Net assets with donor restrictions - represents net assets whose use by the Organization is subject to stipulations imposed by donor. Some donor restrictions are temporary in nature; that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Other donor restrictions are perpetual in nature that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Cash and Cash Equivalents

Cash may, from time to time, exceed federally insured limits. Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. From time to time, the Organization maintains cash deposits with financial institutions at June 30, 2023 and 2022 in excess of federally insured limits.

Escrows

The Organization is responsible for paying property taxes, insurance and other expenses from funds paid by the homeowners along with their regular mortgage payment. The liability represents the amounts paid for by the homeowner and not yet transferred by the Organization. The asset represents the amounts paid for by the Organization and not yet reimbursed by the homeowner.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts of \$3,600 as of June 30, 2023. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Pledges Receivable

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations, to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Pledges receivable as of June 30, 2023, represent \$367,939 of which \$209,634 is expected to be collected in 2024, \$139,870 in 2025, \$13,435 in 2026 and \$5,000 in 2027. Pledge receivables are net of a discount for the present value of pledges receivable of \$23,205, and less an allowance for doubtful accounts of \$13,000.

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgages Receivable

Mortgage receivable balances represent the amount charged to the homeowners for houses built and secured with real estate that are to be paid back over a mutually established period of time. These mortgages are typically paid back on a monthly basis.

The Organization recognizes the income from the sales to homeowners in accordance with ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Under Topic 606, the Organization recognizes revenue when a customer obtains control of a promised good or service, in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition, the Organization performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the Organization satisfies the performance obligation. The Organization only applies the five-step method to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to a customer. The Organization recognizes revenue and a mortgage receivable on homebuilding activities upon the closing of the sale.

It is the policy of management to initiate foreclosure when an account is delinquent by ninety days or more. Delinquent loan status is based on the contractual terms of the loan. Management believes that substantially all mortgages receivable are collectible, and the losses from any uncollectible mortgages receivable would be offset by the subsequent resale of the houses. There were no allowances for uncollectible mortgages receivable as of June 30, 2023 or 2022.

The Organization's mortgages are non-interest-bearing; however, they are discounted based upon the prevailing market rates at the inception of the mortgage. A first mortgage is written for the portion affordable to the purchaser according to federal guidelines. The Organization obtains a deed of trust for any difference between the purchase price (i.e., the current fair value) and the amount of the first mortgage. A second equity agreement (the shared appreciation agreement) reflects the difference between the fair value and the total development costs if greater than fair value. A portion is recaptured at the time of title transfer based upon future appreciation.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgages Receivable (Continued)

To encourage homeowners to remain in their homes for a specified period and to prevent the selling of their homes for a profit before their mortgages are paid off, the Organization maintains shared equity rights on all of its mortgage's receivable. Upon the homeowner's sale of the home before a specified time, the Organization is entitled to receive a portion of the equity appreciation in the home, and this shared equity amount is based on the number of completed years the seller has made payments on their mortgage. The shared equity amounts are not included in the financial statements because the revenue is not expected to be realized, and the amount of shared equity cannot be reasonably estimated because the future sales price of the home is unknown.

To ensure homes are affordable to qualifying homeowners, the Organization has issued additional "silent" mortgages on certain homes, valued as the difference between the homeowner's purchase price and the appraised value of the house at the time of initial sale. A prorated portion of the silent mortgages is forgiven each year the homeowners remain in their homes. These silent mortgages are not included in the financial statements because the revenue is not expected to be realized. The total remaining balance of silent mortgages not yet forgiven totaled approximately \$875,000 and \$685,000, respectively, as of June 30, 2023 and 2022.

Property and Equipment and Construction in Progress

Property and equipment are stated at cost. All acquisitions of property and equipment more than \$2,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is provided for on the straight-line method over the estimated useful lives of the asset. Minor improvements, maintenance and repairs are charged to expense as incurred.

Home construction in progress represents those houses which are currently under construction for families. Purchased material for the construction of these houses is recorded at cost. Donated materials, land and labor, if applicable, are recorded at the estimated fair market value at the date of donation. The Organization generally estimates the value of donated goods and materials on hand and records the amounts as merchandise inventory with corresponding adjustments to cost of sales. Costs which apply to more than one house are allocated to the respective houses.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

ReStore inventory represents donated building materials and materials to be sold to the general public. Inventories are stated at the lower of cost or net realizable value, with the cost determined by the first-in, first-out (FIFO) basis. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the Statements of Activities in the period in which it occurs. ReStore inventory is recorded net of any allowance for obsolescence. ReStore sales are recognized at the time the transaction occurs in the store.

Beneficial Interest in Assets Held at the Community Foundation of Northeast Georgia

The Organization has transferred assets to The Community Foundation of Northeast Georgia (CFNEG) to be held as a beneficial interest held by third party trustees for the purpose of supporting the future needs of the Organization. The funds can be withdrawn at any time with the approval of the Board of Directors of the CFNEG; however, the CFNEG has legal control of the funds and if the agreement with the Organization were to terminate, the balance in the account would be retained by the CFNEG. The Organization reports the fair value of the funds as beneficial interest in assets held at CFNEG in the Statements of Financial Position and within net assets with donor restrictions. The Organization receives distributions from the trust upon request only, which may be expended at the Organization's discretion, and are recognized as revenue with donor restrictions. Distributions from the trust are recorded as investment income and can be used in any manner that is consistent with the Organization's mission. Changes in the value of the Funds are reported as gains or losses in the Statements of Activities as revenue with donor restrictions.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain expenses have been allocated among the programs and supporting services receiving benefit. The allocation has been made based on management's best estimate of the actual resources used in those areas and is based upon time and effort.

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization recognizes revenues in accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Certain grants and contracts often require fulfillment of certain conditions as set forth in the instrument and agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Organization deems the contingency unlikely. The grants and contracts are subject to audit by the grantor, or in the case of federal, state or local funds, the governmental unit or agency. They have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

The Organization receives significant donated services from unpaid volunteers who assist in home building, operational support, family selection, fundraising and administrative tasks. Donated services are recorded at fair value if they create or enhance non-financial assets, or they consist of specialized skills that would have to be purchased if they were not donated. These volunteer services were not recorded in the financial statements since they did not meet requirements for recognition.

Donated investments and other noncash donations are recorded as contributions at their estimated fair values 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 support with donor restrictions.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3). The Organization only recognizes the tax benefit from an uncertain tax position taken or expected to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties, for uncertain income tax positions at June 30, 2023. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to June 30, 2020.

The Organization is subject to unrelated business income tax on certain income not directly related to the Organization's tax-exempt purpose. In the opinion of management, the Organization did not have unrelated business income tax liabilities at June 30, 2023 and 2022.

NOTE 3 – MORTGAGES RECEIVABLE

The Organization holds 83 non-interest-bearing mortgages, which are secured by sold homes as of June 30, 2023. GAAP requires that interest be imputed on below-market interest instruments. The effect is to discount each note with an offsetting charge to mortgage discounts. This discount is then amortized over the life of each note as interest income. The resulting carrying value of the mortgages receivable approximates fair value. The notes are due upon the earlier of the sale of the home, refinance or at maturity.

Uncollectible notes are expected to be insignificant. Accordingly, no provision for doubtful accounts has been included in the Statements of Financial Position. The notes have been discounted at rates of 3.25% to 8.38%, according to current prime rates.

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 3 – MORTGAGES RECEIVABLE (Continued)

Aggregate maturities of the mortgages receivable at June 30, 2023 are as follows:

Years ending June 30,	Amount
2024	\$ 362,288
2025	315,583
2026	305,802
2027	293,710
2028	285,431
Thereafter	3,510,829
Less discount	(2,045,951)
Mortgages receivable, net	\$ 3,027,692

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows for the years ended June 30:

	2023	2022
Vehicles	\$ 77,059	\$ 83,404
Leasehold improvements	41,559	41,559
Furniture and equipment	100,210	31,729
	218,828	156,692
Less: Accumulated depreciation	(118,545)	(116,094)
	\$ 100,283	\$ 40,598

NOTE 5 – LINE OF CREDIT

The Organization had obtained a line of credit with a financial institution for the purpose of property acquisition with maximum borrowings of \$250,000, at the prime interest rate. There were no borrowings outstanding as of June 30, 2023 and 2022. The line of credit expired August 7, 2023 and was not renewed.

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 6 – LONG-TERM DEBT

The Gwinnett County Board of Commissioners (the County) awards the Organization federal pass-through grants for property acquisition to be used in its home building and rehabilitation mission. Under the terms of the agreements, the funding received is considered to be a forgivable loan, which is forgiven after homes have been sold to eligible first-time home buyers. The forgivable loans are transferred to the qualified home buyer at the time of purchase, and these transferred homeowner loans require the homeowner to continue to comply with certain provisions for specified periods of time. The Organization records these forgivable loans as notes payable until they are forgiven, at which time they are recorded as grant revenue with donor restrictions.

As of June 30, 2023, the Organization has a note payable totaling \$1,157,766, for which they had not yet met the requirements for forgiveness but expect to be converted to a grant in subsequent fiscal years by meeting the specified grant criteria. Until that condition is met, the Organization owes the funds back to the County. Once the home is sold, the homeowner is then liable to the County for the loan if they sell early. The Organization never collects any funds towards the land costs. If the condition is never met, or it takes a longer time than anticipated to meet, the Organization would need to return the funds received as a reimbursement.

There is a covenant to provide audited financial statements within 120 days of year end. This covenant was in violation; however, it was waived.

NOTE 7 – NET ASSETS

A summary of net assets with donor restrictions consists of the following as of June 30:

	2023	2022
Miscellaneous	\$ 2,479	\$ 3,579
Time restricted pledges receivable	331,734	-
Restricted in perpetuity		
Beneficial interest in assets held at the Community Foundation of Northeast Georgia	46,098	42,418
Total net assets with donor restrictions	\$380,311	\$ 45,997

**GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 8 – CONTRIBUTIONS IN-KIND

The Organization has adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Gifts in Kind)*. Donated materials and other noncash donations are recorded as contributions at their fair values at the date of donation.

All donated property, services, and goods were utilized by the Organization’s construction and loan program. There were no donor-imposed restrictions associated with the contributed space, services, or goods for the years ended June 30, 2023 and 2022.

The components of donated property, services and goods contributed to the Organization consists of the following for the years ended June 30,:

	2023	2022
Program services		
Construction supplies	\$ 63,156	\$ 71,698
Donated services for home repairs and construction work	66,283	47,411
Donated property	176,000	-
Total contributed property, services, and goods	\$ 305,439	\$ 119,109

NOTE 9 – LIQUIDITY AND AVAILABILITY OF ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization’s financial assets available within one year of the Statements of Financial Position date for designated expenditures are as follows as of June 30:

	2023	2022
Cash and cash equivalents	\$1,825,123	\$2,931,762
Accounts receivable	680,226	93,549
Mortgages receivable, current portion	362,288	363,933
Pledges receivable, current portion	209,634	7,934
Restricted by donor with time or purpose restrictions - miscellaneous	(2,479)	(3,579)
Financial assets available to meet cash needs within one year	\$3,074,792	\$3,393,599

The Organization is principally supported by contributions, sales to homeowners, and ReStore retail sales. The goal of the Organization is to maintain available financial assets to meet its next 90 days of cash operating expenses of approximately \$1,050,000.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 10 – DEFINED CONTRIBUTION PLAN

The Organization maintains a 401(k)-retirement plan for its employees, and all employees are immediately eligible upon employment to participate in the plan. To receive matching contributions from the Organization, the employee must be at least eighteen years of age and have completed five hundred hours of service in a six-month period, which commences on the date of employment. The Organization may make matching contributions of up to 3% of covered payroll, plus 50% of contributions that exceed 3% of covered payroll, up to 5% of covered payroll. Employees are immediately vested in all employee and employer contributions. During the year ended June 30, 2023 and 2022, employer contributions to the plan totaled \$34,207 and \$30,495, respectively.

NOTE 11 – RELATED PARTIES

During the prior year, certain homeowners with mortgages due to the Organization also served on the Board of Directors of the Organization. These members recused themselves from discussing or voting on issues involving their mortgages, which totaled approximately \$10,000 as of June 30, 2022.

The Organization annually remits to Habitat International a specified amount to be used to construct homes in economically depressed areas around the world. For the years ended June 30, 2023 and 2022, the Organization contributed a tithe of \$68,965 and \$289,404 to Habitat International. Such amounts are included in program services expense in the Statements of Functional Expenses. For each of the years ended June 30, 2023 and 2022, the Organization also paid Habitat International \$25,000 in affiliate fees known as Stewardship and Organizational Sustainability Initiative (SOSI), which is also included in program services in the Statements of Functional Expenses.

For the years ended June 30, 2023 and 2022, the Organization received contributions from Habitat International totaling \$229,176 and \$162,857, respectively, and these amounts are included in contributions in the accompanying Statements of Activities.

NOTE 12 – LEASES

Effective as of July 1, 2022, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update 2016-02, *Leases*. This new standard requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The FASB decided that lessees will classify a lease as either a financing lease or an operating lease, based on whether the arrangement is effectively a purchase of the underlying asset. Leases that transfer control of the underlying asset to a lessee are classified as finance leases; lessees will classify all other leases as operating leases. In an operating lease, a lessee obtains control of only the use of the underlying asset, but not the underlying asset itself.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
D/B/A GWINNETT/WALTON HABITAT FOR HUMANITY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 12 – LEASES (Continued)

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization leases office space and ReStore facility space that qualifies for and are accounted for as operating leases. There were no non-lease components. The office lease expires in June, 2028 with an option to renew on a month-to-month basis, with payments of \$2,200 per month. The ReStore facility has an original lease expiring in June 2025, with payments of \$13,333 per month, with an option to renew for an additional five years, with rent increasing 3% per year. The Organization has decided this renewal option is reasonably certain, and has included it within its determination of the right-of-use operating lease assets and operating lease liabilities.

The weighted-average discount rate is based on the discount rate implicit in the lease, if applicable. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms. The Organization has applied the risk-free rate of 4.13% for the office space lease and 0.31% for the ReStore facility space lease.

Rent expense for the years ended June 30, 2023 and 2022 was \$252,909 and \$240,312, respectively.

Future minimum rent lease payments are as follows for the years ended June 30:

2024	\$ 186,400
2025	186,400
2026	191,200
2027	196,144
2028	201,236
Thereafter	365,564
Less present value discount	(270,630)
Total	\$1,056,314

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 5, 2023, the date these financial statements are available to be issued.

Subsequent to the year end, the Organization entered into a new lease for the ReStore Warehouse starting in August 2023 with monthly payments increasing from \$24,947 to \$30,352 through August 2028.

These notes should be read only in connection with the
accompanying financial statements and independent auditors' report.

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Identifier	Federal Expenditures
U.S. Department of Housing and Urban Development			
Home Investments Partnership Program			
Passed through Gwinnett County, Georgia	14.239	M-22-UC- 13-0210	\$ 1,157,766
Passed through Georgia Department of Community Affairs	14.239		81,933
Total Home Investments Partnership Program			1,239,699
Total U.S. Department of Housing and Urban Development			1,239,699
U.S. Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds			
Passed through Gwinnett County, Georgia	21.027	G-0525- 00002-5435-18	573,937
Passed through City of Lawrenceville	21.027		100,000
Total Coronavirus State and Local Fiscal Recovery Funds			673,937
Total U.S. Department of the Treasury			673,937
Total Expenditures of Federal Awards			\$ 1,913,636

This schedule should only be read in connection with the accompanying independent
auditors' report and notes to schedule of expenditures of federal awards

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Gwinnett County Habitat for Humanity, Inc. (the “Organization”) and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – INDIRECT COST RATE

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

These notes should only be read in connection with the accompanying independent auditors' report and schedule of expenditures of federal awards.

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

To the Board of Directors
Gwinnett County Habitat for Humanity, 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 Gwinnett County Habitat for Humanity, Inc. (“the Organization”), which comprise the Statement of Financial Position as of June 30, 2023, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Atlanta, Georgia
December 5, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Gwinnett County Habitat for Humanity, Inc. (“the Organization”) with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Organization’s major federal program for the year ended June 30, 2023. The Organization’s major federal program is identified in the summary of auditors’ results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization’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 the Organization’s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization'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 GAAS, *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 the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Organization'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 the Organization'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 the Organization'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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in black ink that reads "Marshall Jones". The signature is written in a cursive, flowing style.

Atlanta, Georgia
December 5, 2023

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? NO
- Significant deficiencies identified that are not considered to be material weaknesses? NO
- Noncompliance material to financial statements noted? NO

Federal Awards

Internal control over major federal programs:

- Material weakness identified? NO
- Significant deficiencies identified that are not considered to be material weaknesses? NO

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

Any audit findings disclosed that are required to be reported in accordance with sec2 CFR 200.516(a)? NO

Major Federal Program

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
<i>14.239</i>	Home Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee? NO

GWINNETT COUNTY HABITAT FOR HUMANITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS

None