

May 8, 2026
To the Board of Directors
Habitat for Humanity Clark & Floyd Indiana, Inc.

We have audited the financial statements of **Habitat for Humanity Clark & Floyd Indiana, Inc.** for the year ended June 30, 2025, and we will issue our report thereon dated May 8, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Habitat for Humanity Clark & Floyd Indiana, Inc.** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimates of discounts on mortgage loans are calculated based on the discount rates as determined annually by Habitat International. We evaluated the key factors and assumptions used to develop this estimate in determining it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the collectability of mortgage receivables. Management considers all mortgages to be collectable, thus no allowance for credit losses were recorded. We evaluated the key factors and assumptions used to develop this estimate in determining it is reasonable in relation to the financial statements taken as a whole.

Management's allocation of expenses between program, management and general, and fundraising is based on estimated time spent on function by staff. We evaluated the key factors and assumptions used to develop this estimate in determining it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statements contain no particularly sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements as detailed in the attached schedule.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 8, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors of **Habitat for Humanity Clark & Floyd Indiana, Inc.** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Monroe Shine". The signature is written in a cursive style with a distinct loop at the end of the last name.

Monroe Shine & Co., Inc.

Client: **Habitat for Humanity Clark & Floyd Indiana, Inc.**
Engagement: **6/30/25 Habitat Clark & Floyd Indiana**
Period Ending: **6/30/2025**
Workpaper: **Adjusting Journal Entries**

Account	Description	W/P #	DEBIT	CREDIT
Adjusting Journal Entry JE # 1		6005		
To rollforward net assets				
1302	Fixed Assets Net:Acc Dep - Cars & Trucks		2,500.00	
1361	Fixed Assets Net:Office Equipment		691.32	
1362	Fixed Assets Net:Acc Dep-Office Equipment		453.91	
1301	Fixed Assets Net:Cars and Trucks			2,500.00
1342	Fixed Assets Net:Acc Dep - Buildings			85.05
3900	Retained Earnings			1,055.90
5480	General:Miscellaneous/Other			4.28
Total			<u>3,645.23</u>	<u>3,645.23</u>
Adjusting Journal Entry JE # 2		4402		
To adjust depreciation to actual.				
1362	Fixed Assets Net:Acc Dep-Office Equipment		1,195.10	
1342	Fixed Assets Net:Acc Dep - Buildings			0.05
5495	General:Depreciation Expenses			1,195.05
Total			<u>1,195.10</u>	<u>1,195.10</u>
Adjusting Journal Entry JE # 3		5530		
To adjust payroll tax liabilities at year-end				
6563	Payroll Expenses:Taxes		4,099.19	
2400	Payroll Liabilities:Federal Taxes (941/944)			3,427.39
2401	Payroll Liabilities:IN Income / Local Taxes			622.44
2402	Payroll Liabilities:KY Income Tax			49.36
Total			<u>4,099.19</u>	<u>4,099.19</u>
Adjusting Journal Entry JE # 4		4505		
To adjust prepaid insurance to actual at year end				
1211	Other Current Assets:Prepaid Expenses		4,141.85	
5140	Insurance:General Liability & Umbrella			3,024.35
5460	General:Computer Software & Supplies			1,117.50
Total			<u>4,141.85</u>	<u>4,141.85</u>
Adjusting Journal Entry JE # 5		7010		
To record donated in-kind attorney services				
5490	General:Professional Fees		5,252.00	
4203	In-kind Contributions - Services			5,252.00
Total			<u>5,252.00</u>	<u>5,252.00</u>
Adjusting Journal Entry JE # 6		5028		
To adjust closing and down payments account to actual per client request				
2121-66	Property Taxes & Insurance Escrow Deposits - Hanson-Manning, Sabrina		483.64	
2302	Closing and Down Payments			483.64
Total			<u>483.64</u>	<u>483.64</u>
Adjusting Journal Entry JE # 7		5020		
To adjust Jenkins' escrow balance for payment mistakenly posted to mortgage receivable balance				
1601-16	Mortgages:Mortgages Receivable:Mortgage Receivable - Jenkins		6,206.33	
2121-16	Escrow:Property Taxes & Insurance:Escrow Deposits - Jenkins			6,206.33
Total			<u>6,206.33</u>	<u>6,206.33</u>
Adjusting Journal Entry JE # 8		5020		
To adjust Williams and Lopez escrow accounts to actual per client request.				
2121-33	Escrow:Property Taxes & Insurance:Escrow Deposit-Lopez		1,318.00	
2121-31	Escrow:Property Taxes & Insurance:Escrow Deposits - Willaims			239.33
2302	Closing and Down Payments			1,078.67
Total			<u>1,318.00</u>	<u>1,318.00</u>