

**HOMEFIRST INTERFAITH HOUSING
& FAMILY SERVICES, INC.**

**Financial Statements
(With Reporting Requirements for Uniform Guidance
And NJ OMB Circular 15-08-OMB)
December 31, 2015 and 2014**

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HomeFirst Interfaith Housing & Family Services, Inc.
Plainfield, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of HomeFirst Interfaith Housing & Family Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeFirst Interfaith Housing & Family Services, Inc. as of December 31, 2015 and 2014, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB Circular 15-08-OMB, and supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2016, on our consideration of HomeFirst Interfaith Housing & Family Services, 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 HomeFirst Interfaith Housing & Family Services, Inc.'s internal control over financial reporting and compliance.



Clark, New Jersey
September 23, 2016

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Statements of Financial Position December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 222,194	\$ 273,915
Pledges receivable - net	7,921	23,668
Grants receivable	230,098	486,519
Other receivables	77,001	20,213
Escrow deposit	247,091	245,953
Other assets	32,274	12,257
Property and equipment - net	<u>8,691,850</u>	<u>8,963,454</u>
Total Assets	<u>\$ 9,508,429</u>	<u>\$ 10,025,979</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 46,267	\$ 61,342
Other liabilities	60,686	49,872
Lines of credit	363,179	307,601
Grants payable	-	1,508,890
Mortgages payable	<u>6,520,324</u>	<u>5,668,266</u>
Total Liabilities	<u>6,990,456</u>	<u>7,595,971</u>
Net Assets		
Unrestricted	804,155	1,805,284
Temporarily restricted	<u>1,713,818</u>	<u>624,724</u>
Total Net Assets	<u>2,517,973</u>	<u>2,430,008</u>
Total Liabilities and Net Assets	<u>\$ 9,508,429</u>	<u>\$ 10,025,979</u>

See accompanying notes to financial statements.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2015 and 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014</u>
Support and Revenue						
Contributions	\$ 343,394	\$ --	\$ 343,394	\$ 492,916	\$ 10,000	\$ 502,916
Government grants	--	913,741	913,741	--	977,074	977,074
Special event-net of expenses of \$ 26,812 and \$37,542, respectively	65,754	--	65,754	56,627	--	56,637
Rental income	509,690	--	509,690	540,201	--	540,201
Investment income	818	--	818	1,045	--	1,045
Donated services	10,000	--	10,000	--	--	--
Other revenue	--	594,208	594,208	--	--	--
Net assets released from restriction - satisfaction of purpose restriction	418,855	(418,855)	--	1,426,428	(1,426,428)	--
Total Support and Revenue	<u>1,348,511</u>	<u>1,089,094</u>	<u>2,437,605</u>	<u>2,517,217</u>	<u>(439,354)</u>	<u>2,077,873</u>
Expenses						
Program services						
Social services	1,165,196	--	1,165,196	1,172,493	--	1,172,493
Housing	963,764	--	963,764	1,024,133	--	1,024,133
Total program services	<u>2,128,960</u>	<u>--</u>	<u>2,128,960</u>	<u>2,196,626</u>	<u>--</u>	<u>2,196,626</u>
Support services						
Management and general	150,347	--	150,347	162,255	--	162,255
Fundraising	70,333	--	70,333	103,090	--	103,090
Total support services	<u>220,680</u>	<u>--</u>	<u>220,680</u>	<u>265,345</u>	<u>--</u>	<u>250,197</u>
Total Expenses	<u>2,349,640</u>	<u>-</u>	<u>2,349,640</u>	<u>2,461,971</u>	<u>-</u>	<u>2,461,971</u>
Change In Net Assets	(1,001,129)	1,089,094	87,965	55,246	(439,354)	(384,098)
Net Assets - Beginning of Years	1,805,284	624,724	2,430,008	1,690,807	1,064,078	2,754,885
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,221</u>	<u>-</u>	<u>59,221</u>
Net Assets - End of Years	<u>\$ 804,155</u>	<u>\$ 1,713,818</u>	<u>\$ 2,517,973</u>	<u>\$ 1,805,274</u>	<u>\$ 624,724</u>	<u>\$ 2,430,008</u>

See accompanying notes to financial statements.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Statements of Cash Flows For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 87,965	\$ (384,098)
Adjustments to reconcile increase (decrease) in net assets to net cash (used) provided by operating activities		
Depreciation	362,074	349,550
Allowance for pledges receivable	(3,353)	(2,817)
Prior period adjustment	-	59,221
Amortization of mortgage payable	(62,624)	(20,800)
Foregiveness of mortgage debt	(594,208)	-
(Increase) decrease in assets		
Restricted cash	-	50,247
Pledges receivable	19,100	23,375
Grants receivable	256,421	(68,952)
Other receivables	(56,788)	(14,186)
Escrow deposits	(1,138)	(6,741)
Other assets	(20,017)	38,884
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(15,075)	37,065
Refundable advance	-	(17,427)
Other liabilities	10,814	2,133
Net cash (used) provided by operating activities	<u>(16,829)</u>	<u>45,454</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(90,470)	(176,997)
Net cash (used) by investing activities	<u>(90,470)</u>	<u>(176,997)</u>
Cash Flows From Financing Activities		
Borrowing under lines of credit	355,000	1,082,000
Repayment of lines of credit	(299,422)	(945,334)
Net cash provided by financing activities	<u>55,578</u>	<u>136,666</u>
Net Increase in Cash	(51,721)	5,123
Cash - Beginning of Years	<u>273,915</u>	<u>268,792</u>
Cash - End of Years	<u>\$ 222,194</u>	<u>\$ 273,915</u>
Supplemental Information		
Cash paid during the year for:		
Interest	\$ 13,288	\$ 20,594
Taxes	\$ --	\$ --

Noncash investing and financing activities in 2015 consist of the recoding of various mortgages previously reported as grants payable in the amount of \$914,682. Grants payable totalling \$594,208 were forgiven in the transaction.

Noncash investing and financing activities in 2014 consist of financing the purchase of property and equipment through mortgages in the amount of \$1,176,279.

See accompanying notes to financial statements.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Statement of Functional Expenses
For the Year Ended December 31, 2015**

	Program Services			Supporting Services		2015
	Social Services	Housing Program	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 437,424	\$ 64,526	\$ 501,950	\$ 57,737	\$ 29,457	\$ 589,144
Payroll taxes and benefits	164,198	24,221	188,419	21,672	11,057	221,148
Total salaries, taxes and benefits	601,622	88,747	690,369	79,409	40,514	810,292
Client assistance	468,247	-	468,247	-	-	468,247
Materials, supplies and transportation	14,277	-	14,277	-	-	14,277
Facility expense	-	427,651	427,651	-	-	427,651
Office expenses	32,870	3,829	36,698	10,553	2,909	50,160
Insurance	699	66,804	67,503	699	699	68,901
Professional and consulting	11,274	41,721	52,995	35,680	15,842	104,517
Travel, meetings, conferences	-	-	-	2,281	-	2,281
Depreciation	36,207	304,142	340,349	21,724	-	362,074
Interest expense	-	13,288	13,288	-	-	13,288
Fundraising	-	-	-	-	10,369	10,369
Bad debt expenses	-	17,582	17,582	-	-	17,582
Total expenses	\$ 1,165,196	\$ 963,764	\$ 2,128,960	\$ 150,347	\$ 70,333	\$ 2,349,640

See accompanying notes to financial statements.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Statement of Functional Expenses
For the Year Ended December 31, 2014**

	Program Services			Supporting Services		2014
	Social Services	Housing Program	Total Program Services	Management and General	Fundraising	
Salaries and wages	\$ 462,573	\$ 68,337	\$ 530,910	\$ 61,729	\$ 31,297	\$ 623,936
Payroll taxes and benefits	113,255	50,185	163,440	39,680	45,653	248,773
Total salaries, taxes and benefits	575,828	118,522	694,350	101,409	76,950	872,709
Client assistance	475,965	-	475,965	-	-	475,965
Materials, supplies and transportation	19,252	-	19,252	-	-	19,252
Facility expense	8,496	461,508	470,004	-	-	470,004
Office expenses	48,696	6,078	54,774	16,140	5,096	76,010
Insurance	660	56,820	57,480	660	660	58,800
Professional and consulting	-	54,194	54,194	21,065	-	75,259
Travel, meetings, conferences	8,641	558	9,199	2,008	(53)	11,154
Depreciation	34,955	293,622	328,577	20,973	-	349,550
Interest expense	-	20,594	20,594	-	-	20,594
Fundraising	-	-	-	-	20,437	20,437
Bad debt expenses	-	12,237	12,237	-	-	12,237
Total expenses	\$ <u>1,172,493</u>	\$ <u>1,024,133</u>	\$ <u>2,196,626</u>	\$ <u>162,255</u>	\$ <u>103,090</u>	\$ <u>2,461,971</u>

See accompanying notes to financial statements.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 1 – Organization and Purpose

HomeFirst Interfaith Housing & Family Services, Inc. is a non-profit organization that offers permanent solutions to homelessness by providing transitional and permanent housing, homeless prevention assistance, and social services to strengthen families and build communities. All activities are conducted in Central New Jersey. The organization is supported primarily through government grants, foundation grants, private donations and rental income.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The unrestricted net assets category represents net assets that are not subject to donor imposed restriction and the temporarily restricted net asset category represents net assets that are subject to time or purpose donor or grantor imposed restriction. For the years ended December 31, 2015 and 2014 the Organization had accounting transactions in both of these net asset categories.

Revenue and Support Recognition

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. However, the receipt of restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as unrestricted revenues in the statement of activities.

The Organization generally accounts for those grant revenues which have been determined to be exchange transactions in the statement of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as liabilities in the statement of financial position in applying this concept, the legal and contractual requirements of each individual grant is used as guidance. Unrestricted revenues are obtained from donations and rental revenue and investment income. These revenues are used to offset program expenses as well as the cost of property and equipment acquisitions and management and general expenses.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment purchases are recorded at cost, except for contributed property which is recorded at fair value on the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The principal rates for computing depreciation by major asset categories are as follows:

<u>Description</u>	<u>Asset Life (Years)</u>
Buildings and renovations	20 - 30
Office equipment	3 - 5
Transportation equipment	5
Residential furnishings and equipment	5

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor purchases are charged to operations as incurred.

Long-Lived Assets

Long-lived tangible assets subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceed their fair value as determined by an estimate of undiscounted future cash flows.

Losses on assets held for disposal are recognized when management has approved and committed to a plan to dispose of the assets, and the assets are available for disposal.

Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis based on a direct costing method for charging expenses to each function, which is consistent with the benefit derived by each program.

Additionally, certain management and general and property expenses have been allocated to program services based on the percentage of each program's direct expenses after adjustments for capital expenditures, interest and depreciation to total direct expenses.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Commitment and Contingencies

Expenditures from federal and state awards are subject to audit by the granting organizations. Should expenditures be disallowed by the grantors, the organization would have to refund these funds.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 3 – Grants and Contracts Receivable and Payable

The Organization operates under various grants and contracts. At December 31, 2015 and 2014, the Organization was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received. In addition, the Organization received advances from certain funding sources which represent payments in excess of expenditures incurred which have been recorded as either grants or contracts payable. The following details the grants and contracts receivable and payable at December 31, 2015 and 2014:

	Grants and Contracts Receivable	
Funding Agency	<u>2015</u>	<u>2014</u>
US Department of Housing and Urban Development		
Union County Supportive Housing Program	\$ 92,480	\$ 126,752
Union County HOME Investment Partnerships	-	195,829
Union County Shelter Plus Care	4,035	-
City of Newark Housing Opportunity for People with Aids	63,195	-
US Department of Health and Human Services		
Union County Community Services Block Grant	13,012	26,876
Union County Ryan White Title I	6,535	5,697
NJ Housing and Mortgage Finance Agency	17,100	17,100
NJ Department of Human Services		
Social Services for the Homeless	5,095	60,447
NJ Division of Consumer Affairs		
Shelter Support	-	16,318
NJ Department of Children and Families		
Family Support and Prevention Program	<u>28,646</u>	<u>37,500</u>
Totals	<u>\$ 230,098</u>	<u>\$ 486,519</u>

	Grants and Contracts Payable	
Funding Agency	<u>2015</u>	<u>2014</u>
County of Union		
HOME Investment Partnerships Program	<u>\$ -</u>	<u>\$ 1,508,890</u>

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 4 – Pledges Receivable

The Organization received unconditional promises to give with payments due in future periods.

	<u>2015</u>	<u>2014</u>
Pledges receivable in less than one year	\$ 5,750	\$ 18,850
Pledges receivable in one to five years	4,500	10,500
Less unamortized discount	(1,204)	(1,204)
Total	<u>9,046</u>	<u>28,146</u>
Less allowance for uncollectible pledges	<u>(1,125)</u>	<u>(4,478)</u>
Total	<u>\$ 7,921</u>	<u>\$ 23,668</u>

Note 5 – Property and Equipment

Property and equipment are recorded at cost. The following schedule is a summary for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 3,014,105	\$ 3,014,105
Building and improvements	8,119,665	8,063,066
Leasehold improvements	4,310	2,800
Transportation equipment	96,263	96,263
Office furniture and equipment	322,949	304,042
Residential furniture and equipment	<u>290,431</u>	<u>277,017</u>
Total gross fixed assets	11,847,723	11,757,293
Less accumulated depreciation	<u>(3,155,873)</u>	<u>(2,793,839)</u>
Total fixed assets - net	<u>\$ 8,691,850</u>	<u>\$ 8,963,454</u>

Depreciation expense for the year amounted to \$362,074 for 2015 and \$349,550 for 2014.

Various properties are secured by mortgages from government agencies. See Note 6.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 6 – Mortgages Payable

Mortgages payable consists of the following:

	<u>2015</u>	<u>2014</u>
US Department of Housing and Urban Development to construct various units of housing under the HOME Investment Partnership Program deferred payment loans for 15-20 years, at 0%, maturing between 2014 and 2030. The agency holds title to the buildings during the term of the agreement; the funds remain payable on demand to the department upon default.	\$ 3,423,890	\$ 2,511,207
New Jersey Housing and Mortgage Finance Agency to construct various units of housing under a deferred payment loan for 30 years, at 0%, maturing May 1, 2040. The agency holds title to the buildings during the term of the agreement; the funds remain payable on demand to the department upon default.	729,254	729,254
New Jersey Housing and Mortgage Finance Agency to construct various units of housing under a deferred payment loan for 30 years, at 0%, maturing February 24, 2041. The agency holds title to the buildings during the term of the agreement; the funds remain payable on demand to the department upon default.	1,159,172	1,159,172
New Jersey Department of Community Affairs Division of Housing and Community Resources to acquire properties and furnishing for a transitional living facility under a deferred payment loan for 10 years. At 0%, maturing April 3, 2023. 10% of the principal will be forgiven annually based on the date of the issuance of a certificate of occupancy. The agency holds title to the building during the term of the agreement; the funds remain payable on demand to the department upon default.	152,900	187,200
New Jersey Department of Community Affairs Division of Housing and Community Resources to acquire properties and furnishing for a transitional living facility under a deferred payment loan for 10 years. At 0%, maturing September 4, 2023. 10% of the principal will be forgiven annually based on the date of the issuance of a certificate of occupancy. The agency holds title to the building during the term of the agreement; the funds remain payable on demand to the department upon default.	135,000	135,000

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 6 – Mortgages Payable (Continued)

	<u>2015</u>	<u>2014</u>
New Jersey Department of Community Affairs Division of Housing and Community Resources to acquire properties and furnishing for a transitional living facility under a deferred payment loan for 10 years. At 0%, maturing March 14, 2023. 10% of the principal will be forgiven annually based on the date of the issuance of a certificate of occupancy. The agency holds title to the building during the term of the agreement. The contract also provided for the purchase of a vehicle to be amortized over a four year period. The funds remain payable on demand to the department upon default.	255,675	282,000
New Jersey Housing and Mortgage Finance Agency to construct various units of housing under a deferred payment loan for 30 years, at 0%, maturing July 30, 2044. The agency holds title to the buildings during the term of the agreement; the funds remain payable on demand to the department upon default.	<u>664,433</u>	<u>664,433</u>
Mortgages payable - long-term	<u>\$ 6,520,324</u>	<u>\$ 5,668,266</u>

Note 7 – Lines of Credit

Lines of credit consist of the following:

TD Bank, in the amount of \$200,000 with interest at 1/2% over prime and is due on July 15, 2017. The balance at December 31, 2015 and 2014 amounted to \$195,545 and \$125,966, respectively.

TD Bank, in the amount of \$500,000 with interest at 1/2% over prime, due on July 15, 2017 and has balance at December 31, 2015 and 2014 of \$167,635 and \$181,635, respectively.

Both lines of credit are collateralized by the same properties.

Note 8 – Irrevocable Letter of Credit

On October 7, 2013, TD Bank established an irrevocable standby letter of credit in favor of the City of Plainfield at the request of the Organization in an amount not to exceed \$50,247. The letter expired on June 30, 2014.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 9 - Lease Commitment

On October 22, 2014, the Organization entered into a lease for program office space in Linden, NJ. The lease is for a two year period, expiring October 1, 2016.

Minimum rental payments are as follows:

December 31,	
2016	\$ <u>9,000</u>
Total	\$ <u>9,000</u>

Rent expense for the years ended December 31, 2015 and 2014 was \$12,000 and \$3,000, respectively.

Note 10 – Retirement Plan

The Organization offers a 401(k) retirement plan to all employees age 21 and over, who may participate immediately upon hire. Employees may contribute between one (1) and twelve (12) percent of their pre-tax pay to the plan. HomeFirst may match up to five (5) percent of the contributions of the employees who have had at least one year of employment with the Organization. Prior to the beginning of each calendar year, the Board will determine the percent of the matching contribution for the following calendar year which may be zero (0) to five (5) percent.

The Organization's discretionary contribution amounted to \$12,328 and \$18,079 for the years ended December 31, 2015 and 2014, respectively.

Note 11 – Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, respectively. Accordingly, no provision or liability for income taxes has been recorded in the financial statements.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2015. The Organization's exempt from federal income tax returns are no longer subject to examination by federal taxing authorities for years before 2012.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

Note 12 – Concentrations of Risk

Credit Risk

In addition to the geographic and revenue concentrations discussed in Note 1, the Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, accounts and grants receivable. HomeFirst Interfaith Housing & Family Services, Inc. places all funds with high credit quality financial institutions to limit the credit risk. At various times throughout the year, the Organization has cash balances in excess of the FDIC insurance coverage.

Economic Dependency

For the years ended December 31, 2015 and 2014, a material part of contribution revenue was received from one donor, the loss of which could have a material effect on the Organization.

During the years ended December 31, 2015 and 2014 one government grant represented more than 10% and 11% of total revenue, respectively.

During the years ended December 31, 2015 and 2014, the Organization used one vendor to provide the majority of construction, repair and landscaping services. The amounts paid to this vendor totaled \$173,200 and \$178,505 for the years ended December 31, 2015 and 2014, respectively.

Note 13 – Prior Period Adjustment

During the year ended December 31, 2014, a prior period adjustment was recorded to correct depreciation amounts previously reported. The total effect was to increase net assets by \$59,221.

Note 14 – Subsequent Events

On June 1, 2016, five mortgages held by the County of Union under HOME Investment Partnership agreements have been satisfied and discharged. The total debt forgiven was \$350,390.

The Organization has evaluated subsequent events through September 23, 2016, the date these financial statements were available to be issued. Other than the above matter, the Organization is not aware of any material subsequent events that would require recognition or disclosure in the accompanying financial statements.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA #</u>	<u>Award Period</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
US Dept of Housing and Urban Development					
United Way of Greater Union County					
Community Development Block Grant (CDBG)	14.218	9/1/14 - 8/31/15	014-321 (Yr. 40)	\$ 11,422	\$ <u>11,422</u>
NJ Housing and Mortgage Finance Agency					
116-117 Benjamin Street Mortgage (note 3)	14.239			229,846	229,846
706 Central Avenue Mortgage (note 3)	14.239			113,951	113,951
710 Central Avenue Mortgage (note 3)	14.239			150,000	150,000
1632 Mountain Avenue Mortgage (note 3)	14.239			113,952	113,952
301-303 East 7th Street Mortgage (note 3)	14.239			58,000	58,000
919 A East Front Street Mortgage (note 3)	14.239			18,000	18,000
1007-1011 Park Avenue Mortgage (note 3)	14.239			77,000	77,000
550 Trinity Place Mortgage (note 3)	14.239			97,000	97,000
					<u>857,749</u>
County of Union					
Department of Human Services					
Hearth Emergency Solutions (HES)	14.231	8/1/14 - 7/31/15	14-HES-104	30,747	30,747
Hearth Emergency Solutions (HES)	14.231	8/1/15 - 7/31/16	15-HES-104	33,068	9,800
					<u>40,547</u>
Supportive Housing Program (4U)	14.235	7/1/14 - 6/30/15	14-SUP-106	37,814	10,528
Supportive Housing Program (4U)	14.235	7/1/15 - 6/30/16	15-SUP-107	37,814	13,392
Supportive Housing Program (2U)	14.235	10/1/14 - 9/30/15	14-SUP-108	19,475	8,777
Supportive Housing Program (2U)	14.235	10/1/14 - 9/30/15	15-SUP-109	19,475	7,614
Supportive Housing Program (5U)	14.235	4/1/14 - 3/31/15	14-SUP-110	53,944	7,242
Supportive Housing Program (5U)	14.235	4/1/15 - 3/31/16	15-SUP-111	53,944	20,341
Supportive Housing Program (8U)	14.235	9/1/14 - 8/31/15	14-SUP-107	27,430	9,941
Supportive Housing Program (8U)	14.235	9/1/15 - 8/31/16	15-SUP-108	27,430	6,637

See notes to the schedules of expenditures of federal awards and state financial assistance.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA #	Grant Period	Pass-Through Grantor's Number	Award Amount	Expenditures
US Dept of Housing and Urban Development (cont'd)					
Supportive Housing Program (4Ua)	14.235	9/1/14 - 8/31/15	14-SUP-109	16,982	6,611
Supportive Housing Program (4Ua)	14.235	9/1/15 - 8/31/16	15-SUP-110	16,982	5,597
Supportive Housing Program (8Ua)	14.235	12/1/14 - 11/30/15	14-SUP-111	93,079	36,711
Supportive Housing Program (8Ua)	14.235	12/1/15 - 11/30/16	15-SUP-112	93,079	6,491
					<u>139,882</u>
City of Newark					
Housing Opportunity for People with AIDS (HOPWA)	14.241	1/1/2015 - 12/31/15	1415HIHFS	293,608	<u>255,150</u>
County of Union					
Department of Human Services					
Shelter Plus Care (C5)	14.238	8/1/14 - 7/31/15	14-SPC-108	148,994	73,124
Shelter Plus Care (C5)	14.238	8/1/15 - 7/31/16	15-SPC-105	149,474	51,454
Shelter Plus Care (C7)	14.238	8/1/14 - 7/31/15	14-SPC-107	83,798	33,999
Shelter Plus Care (C7)	14.238	8/1/15 - 7/31/16	15-SPC-104	84,086	23,771
					<u>182,348</u>
Total US Department of Housing and Urban Development					<u>1,487,098</u>
US Department of Health and Human Services					
County of Union Department of Human Services					
Community Services Block Grant (CSBG)	93.569	1/1/14 - 6/30/15	14-CSB-104	97,000	32,333
Community Services Block Grant (CSBG)	93.569	7/1/15 - 12/31/15	15-CSB-103	27,125	27,125
					<u>59,458</u>
Ryan White Title 1	93.914	3/1/14 - 2/28/15	14-RYAN-108	37,250	2,887
Ryan White Title 1	93.914	3/1/15 - 2/29/16	15-RYAN-108	34,520	27,461
					<u>30,348</u>
Total US Department of Health and Human Services					<u>89,806</u>
Total Federal Awards					<u>\$ 1,576,904</u>

See notes to the schedules of expenditures of federal awards and state financial assistance.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.**Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2015**

<u>State Grantor/ Program Title</u>	<u>Award #</u>	<u>Award Period</u>	<u>Award Amount</u>	<u>Expenditures</u>	<u>Cumulative Expenditures</u>
NJ Department of Human Services					
Social Services for the Homeless Grant (SSH)	15-SSH-105	7/1/14 - 6/30/15	\$ 113,349	\$ 38,113	\$ 112,457
Social Services for the Homeless Grant (SSH)	15-SSH-114	7/1/15 - 12/31/15	83,995	83,995	83,995
Social Services for the Homeless Grant (SSH)	15-SSH-108	11/1/14 - 6/30/15	48,874	34,621	47,874
Total NJ Department of Human Services				<u>156,729</u>	<u>244,326</u>
NJ Department of Children and Families					
Family Support and Prevention Program	15-FSP-100	1/1/15 - 12/31/15	150,000	147,897	147,897
Total State Financial Assistance				<u>\$ 304,626</u>	<u>\$ 392,223</u>

See notes to the schedules of expenditures of federal awards and state financial assistance.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance For the Year Ended December 31, 2015

Note 1 – General Information

The accompanying schedules of expenditures of federal awards and state financial assistance present the activities in all the federal and state award programs of HomeFirst Interfaith Housing & Family Services Inc. All financial awards received directly from federal and state agencies as well as financial awards passed through other governmental agencies or non-profit organizations are included on the schedules.

Note 2 – Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08-OMB. Therefore, certain types of expenditures are not allowed or are limited as to reimbursement. The amounts reported in these schedules as expenditures may differ from certain financial reports submitted to federal and state funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting. HomeFirst Interfaith Housing & Family Services Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Mortgage Loans

The mortgage loans listed subsequently are administered by the US Department of Housing and Urban Development. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of loans outstanding at December 31, 2015 consists of:

<u>Program Title</u>	<u>Ousting Balance at December 31, 2015</u>
116-117 Benjamin Street Mortgage	\$ 229,846
301-303 East 7th Street Mortgage	58,000
919 A East Front Street Mortgage	18,000
1007-1011 Park Avenue Mortgage	77,000
550 Trinity Place Mortgage	97,000
706 Central Avenue Mortgage	113,951
710 Central Avenue Mortgage	150,000
1632 Mountain Avenue Mortgage	<u>113,952</u>
Total	<u>\$ 857,749</u>



**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 of
HomeFirst Interfaith Housing & Family Services, Inc.
Plainfield, New Jersey

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of HomeFirst Interfaith Housing & Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HomeFirst Interfaith Housing & Family Services, 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 HomeFirst Interfaith Housing & Family Services, Inc.'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, detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HomeFirst Interfaith Housing & Family Services, Inc.'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 instance 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Spire Group, PC

Clark, New Jersey
September 23, 2016



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
HomeFirst Interfaith Housing & Family Services, Inc.
Plainfield, New Jersey

Report on Compliance for Each Major Federal Program

We have audited HomeFirst Interfaith Housing & Family Services Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2015. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of HomeFirst Interfaith Housing & Family Services Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of HomeFirst Interfaith Housing & Family Services Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, HomeFirst Interfaith Housing & Family Services Inc. 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 December 31, 2015.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Spire Group, PC

Clark, New Jersey
September 23, 2016

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015**

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes X No
- Significant deficiency (ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over state programs:

- Material weakness (es) identified? Yes X No
- Significant deficiency (ies) identified? Yes X None reported

Type of auditors’ report issued on compliance for major state programs:

Unmodified

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

Identification of major federal programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program</u>
14.239	U.S. Department of Housing and Urban Development: HOME Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee? Yes X No

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015**

Section II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with 2 CFR section 200.515(d)(2) of Uniform Guidance and Chapter 4 of *Government Auditing Standards*.

NONE

Section III – Federal Award Findings and Questioned Costs

This section identifies audit findings required to be reported by the 2 CFR 200.516(a) of Uniform Guidance.

NONE

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Schedule of Prior Year Audit Findings and Questioned Costs
For the Year Ended December 31, 2014**

This section identifies the status of prior year audit findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with Chapter 4.05 of the *Government Auditing Standards*, Uniform Guidance (2 CFR 200.516(a)) and New Jersey OMB Circular 15-08-OMB.

Federal Awards

Finding 2014-01

**US Department of Housing and Urban Development
County of Union, HOME Investments Partnership Program (HOME)
Cranford Benjamin Homes
CFDA# 14.239 - Eligibility**

Condition:

Sufficient records were not maintained for two of the three families assisted under the HOME Investment Partnership Program. Documents were not available for review to ensure the persons assisted were of low or very low income. Additional information provided indicated one family assisted was employed by the agency and did not qualify under low or very low income.

Recommendation:

The Agency has engaged legal services to review the eligibility and leases for the property. Internal controls should be implemented to require certain signoffs to ensure documentation is properly prepared and maintained.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the December 31, 2015 audit.

Finding 2014-02

**US Department of Housing and Urban Development
NJ Housing and Mortgage Finance Agency (NJHMFA)
Cranford Benjamin Homes
CFDA# 14.269 - Eligibility**

Condition:

Sufficient records were not maintained for two of the three families assisted in housing with funding provided by NJHMFA. Documents were not available for review to ensure the income thresholds of the persons assisted for eligibility and homelessness.

Recommendation:

The Agency has engaged legal services to review the eligibility and leases for the property. Internal controls should be implemented to require certain signoffs to ensure documentation is properly prepared and maintained.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the December 31, 2015 audit.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Schedule of Prior Year Audit Findings and Questioned Costs
For the Year Ended December 31, 2014**

Federal Awards (Cont.)

Finding 2014-03

**US Department of Housing and Urban Development
County of Union, Housing Opportunities for Persons with AIDS (HOPWA)
CFDA# 14.241 - Eligibility**

Condition:

We noted during our testing that out of the 16 case files selected, 4 client agreements were not signed by the client and 5 lease agreements were not signed by both the tenant and/or the landlord. In addition, during our testing we noted instances where the lab results and medical information was in the client files.

Recommendation:

The agency should develop and implement an internal control process for client file maintenance including supervision and review of the client files.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the December 31, 2015 audit.

Finding 2014-04

**US Department of Housing and Urban Development
County of Union, Housing Opportunities for Persons with AIDS (HOPWA)
CFDA# 14.241 – Special Tests, Housing Quality Standards**

Condition:

Our audit testing indicated of the 11 units tested, 5 files did not have evidence to support an annual 2014 inspection and 4 files did not have evidence to support inspections upon move-in. In addition, the 11 files tested did not provide evidence to support follow ups when applicable. In addition, we were unable to determine the criteria used by the agency, and training provided to the staff members, for determining what supports a passed inspection verses a failed inspection. In one instance, the file noted certain conditions requiring the client to move and at the same time the inspections indicated a pass.

Recommendation:

The agency should develop and implement an internal control process for client file maintenance including supervision and review of the client files.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the December 31, 2015 audit.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Schedule of Prior Year Audit Findings and Questioned Costs
For the Year Ended December 31, 2014**

State Financial Assistance

Finding 2014-05

**NJ Department of Community Affairs
Shelter Support
Grant Award # 2014-02149-0134-00 – Services Allowed or Unallowed**

Condition:

During the audit testing of disbursements under the program we noted 3 out of the 23 items purchased had inconsistencies in the addresses for delivery compared to the invoice.

Recommendation:

The agency should institute internal control procedures to ensure receiving reports are checked for delivery of purchases made.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the December 31, 2015 audit.

Finding 2014-06

**NJ Department of Community Affairs
Shelter Support
Grant Award # 2014-02149-0134-00 – Reporting**

Condition:

The performance reports filed for the four quarters in 2014 were each filed after the due date.

Recommendation:

Internal Controls should be implemented to ensure the reports are filed in a timely manner.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the December 31, 2015 audit.

Finding 2014-07

**NJ Department of Children and Families
Family Support and Prevention Program
Grant Award # 14-FSP-101 – Services Allowed or Unallowed**

Condition:

During our test of disbursements, 4 out of 23 timesheets were unavailable for inspection and 1 timesheet had not been approved by a supervisor.

HOMEFIRST INTERFAITH HOUSING & FAMILY SERVICES, INC.

**Schedule of Prior Year Audit Findings and Questioned Costs
For the Year Ended December 31, 2014**

State Financial Assistance

Finding 2014-07 (Cont.)

Recommendation:

The Agency should implement an internal control process to ensure the submission of timesheets, identifying the amount of time allocated to the grant for each pay period.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the December 31, 2015 audit.

Finding 2014-08

**NJ Department of Children and Families
Family Support and Prevention Program
Grant Award # 14-FSP-101 – Reporting**

Condition:

During our audit, we noted the following:

- All monthly reports were untimely filed
- All narrative reports were not filed
- Client level of support was incorrect for number of clients served and the report was untimely filed

Recommendation:

Internal Controls should be implemented to ensure the reports are filed in a timely manner.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the December 31, 2015 audit.