

INTERFAITH NEIGHBORS, INC.
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2015

INTERFAITH NEIGHBORS, INC.
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2015

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
COMBINED STATEMENT OF FINANCIAL POSITION	3
COMBINED STATEMENT OF ACTIVITIES	4
COMBINED STATEMENT OF FUNCTIONAL EXPENSES	5
COMBINED STATEMENT OF CASH FLOWS	6
NOTES TO COMBINED FINANCIAL STATEMENTS	7 - 11
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	12
SCHEDULE OF EXPENDITURES OF STATE AND COUNTY AWARDS	13 - 14
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND COUNTY AWARDS	15
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16 - 17
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.	18 - 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.	20

ROGER K. STEIN
CERTIFIED PUBLIC ACCOUNTANT
2300 STATE ROUTE 66, SUITE 202
NEPTUNE, NEW JERSEY 07753

Phone: 732-869-1170
Fax: 732-869-1130
www.rogersteincpa.com

MEMBER
NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

LICENSED
NEW JERSEY & NEW YORK

Independent Auditor's Report

TO: THE BOARD OF TRUSTEES
INTERFAITH NEIGHBORS, INC.
ASBURY PARK, NEW JERSEY

Report on the Financial Statements

I have audited the accompanying combined financial statements of Interfaith Neighbors, Inc. (a nonprofit organization) and affiliate which comprise the combined statement of financial position as of December 31, 2015, and the related combined statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these combined financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion


In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Neighbors, Inc. and affiliate as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying 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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, this information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 23, 2016, on my consideration of Interfaith Neighbors, Inc.'s and affiliate's internal control over financial reporting and on my 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 my 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 and or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Interfaith Neighbors, Inc.'s and affiliate's internal control over financial reporting and compliance.



ROGER K. STEIN
Certified Public Accountant

June 23, 2016

INTERFAITH NEIGHBORS, INC.
 COMBINED STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2015

ASSETS

Current Assets:

Cash	\$	3,723,050
Grants receivable		456,878
Other receivables		11,697
Prepaid expense		1,305
Inventory		29,497
Construction in progress - Community Development		500,054
<u>Total Current Assets</u>		4,722,481

Property, Buildings and Equipment:

Land		261,547
Buildings and improvements		944,598
Building - Springwood Center		2,166,288
Vehicles		166,640
Furniture and equipment		312,276
Construction in progress		29,805
		3,881,154
Less: Accumulated Depreciation		(725,329)
<u>Net Property, Buildings and Equipment</u>		3,155,825

Other Assets:

Investments		466,297
Other assets		4,225
<u>Total Other Assets</u>		470,522

<u>Total Assets</u>	\$	8,348,828
---------------------	----	-----------

LIABILITIES

Current Liabilities:

Accounts payable	\$	100,735
Accrued expenses		14,213
Sales tax payable		490
Due to tenants		24,361
Deferred income		256,119
<u>Total Current Liabilities</u>		395,918

NET ASSETS

Unrestricted		7,847,583
Temporarily restricted		105,327
<u>Total Net Assets</u>		7,952,910

<u>Total Liabilities and Net Assets</u>	\$	8,348,828
-----------------------------------------	----	-----------

The accompanying notes are an integral
 part of these Financial Statements.

INTERFAITH NEIGHBORS, INC.
 COMBINED STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Donations and private grants	\$ 626,658	\$ 417,902	\$ 1,044,560
Client donations	180,317		180,317
Investment income	13,408		13,408
Realized and unrealized gain on marketable securities	39,704		39,704
Community Development - Sale of Properties	375,000		375,000
Community Development - Workshop fees	4,060		4,060
Community Development - Kula Café & Kula Farm	35,628		35,628
Community Development - Rental income	156,111		156,111
Government grants - Nutrition program	1,570,018		1,570,018
Government grants - Community Development program	766,309	80,000	846,309
Government grants - Homeless Prevention program	442,896		442,896
Government grants - Youth Corps	305,011	-	305,011
	<u>4,515,120</u>	<u>497,902</u>	<u>5,013,022</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	623,249	(623,249)	-
Total revenues, gains, and other support	<u>5,138,369</u>	<u>(125,347)</u>	<u>5,013,022</u>
Expenses:			
Program services	4,228,986	-	4,228,986
Supporting services			
Management and general	138,371	-	138,371
Fund-raising	123,253	-	123,253
Total expenses	<u>4,490,610</u>	<u>-</u>	<u>4,490,610</u>
<u>Change in Net Assets</u>	<u>647,759</u>	<u>(125,347)</u>	<u>522,412</u>
Net assets at beginning of year	7,199,824	230,674	7,430,498
Net assets at end of year	<u>\$ 7,847,583</u>	<u>\$ 105,327</u>	<u>\$ 7,952,910</u>

The accompanying notes are an integral
 part of these Financial Statements.

INTERFAITH NEIGHBORS, INC.
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>			
	<u>NUTRITION PROGRAM</u>	<u>COMMUNITY DEVELOPMENT PROGRAMS</u>	<u>HOMELESS PREVENTION PROGRAMS</u>	<u>YOUTH CORPS</u>	<u>PROGRAM SERVICES TOTAL</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUND-RAISING</u>	<u>SUPPORTING SERVICES TOTAL</u>
Payroll	\$ 681,894	\$ 406,969	\$ 113,468	\$ 206,115	\$ 1,408,446	\$ 96,517	\$ 61,696	\$ 158,213
Payroll fringe	212,110	77,271	22,575	32,068	344,024	20,163	12,561	32,724
Assistance to clients			432,595		432,595			-
Program costs and supplies	103,830	16,648	3,764	13,973	138,215			-
Community project costs		159,122			159,122			-
Cost of houses sold		537,534			537,534			-
Telephone & utilities	24,003	28,631	1,709	3,552	57,895	3,553	888	4,441
Office	5,919	12,103	16,012	971	35,005	223	1,113	1,336
Rent	10,248	334			10,582			-
Public relations and fundraising		9,875	6,788		16,663		42,563	42,563
Professional & outside services	48,158	61,088	23,075	7,212	139,533	12,407	2,256	14,663
Cost of food	561,332	17,311	1,516		580,159			-
Vehicle costs	32,004	16	8	5,674	37,702			-
Education & travel	3,925	5,620	2,943		12,488			-
Repairs & maintenance	13,699	22,817	10,333	919	47,768			-
Insurance	65,287	50,537	5,241	11,547	132,612	2,565	1,587	4,152
Depreciation	13,199	87,566	9,925	1,617	112,307	2,943	589	3,532
Bad debt expense		23,098			23,098			-
Miscellaneous	-	2,111	1,127	-	3,238	-	-	-
Total Functional Expenses	\$ 1,775,608	\$ 1,518,651	\$ 651,079	\$ 283,648	\$ 4,228,986	\$ 138,371	\$ 123,253	\$ 261,624

The accompanying notes are an integral part of these Financial Statements.

INTERFAITH NEIGHBORS, INC.
 COMBINED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$	522,412
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation		115,839
Realized and unrealized gains on marketable securities		(29,710)
Non-cash contribution of assets		(10,702)
(Increase) decrease in operating assets:		
Grants receivable		83,388
Other receivables		(2,193)
Prepaid expense		49,623
Inventory		5,983
Construction in progress - Community Development		161,470
Increase (decrease) in operating liabilities:		
Accounts payable		(143,397)
Accrued expenses		(35,107)
Sales tax payable		(95)
Due to tenants		(3,104)
Deferred income		(129,681)
		584,726
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		<u>584,726</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment		(186,131)
Sale of investments		11,122
Purchase of investments		(43,449)
		(218,458)
<u>NET CASH USED BY INVESTING ACTIVITIES</u>		<u>(218,458)</u>

NET INCREASE IN CASH		366,268
CASH AT JANUARY 1, 2015		3,356,782
CASH AT DECEMBER 31, 2015		\$ 3,723,050

The accompanying notes are an integral part of these Financial Statements.

INTERFAITH NEIGHBORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities - The Organization is a not-for-profit organization which was formed in 1988. The Organization operates the Monmouth County nutrition program for senior citizens, a rental assistance program for working-poor families threatened with homelessness, a local chapter of the NJ Youth Corps, and a community development program that includes: an affordable home construction program for low-income families, a neighborhood revitalization program, a business development center, and the Kula Café and Kula Farm, which are workforce training programs. The Organization is funded by government grants and donations from private donors and approximately 40 religious congregations of all denominations.

Principles of Combination - The combined financial statements include the accounts of Interfaith Neighbors, Inc. and its affiliate, 1201 Springwood Urban Renewal LLC. 1201 Springwood Urban Renewal LLC is a real estate holding company owned 100% by Interfaith Neighbors, Inc. The Organization and 1201 Springwood Urban Renewal LLC have common officers and trustees. All material inter-organization transactions have been eliminated in the combination.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Expenditures - Expenditures are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on units of service, and support costs are allocated to a program based on total program costs.

Advertising - All advertising costs are expensed in the period they are incurred. For the year ended December 31, 2015, advertising expense totaled \$9,343.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization evaluates its uncertain tax positions and accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2015, the Organization recognized no liability on uncertain tax positions.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line and declining balance methods over the estimated useful lives of the assets. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense, as incurred. Depreciation for the year was \$115,748.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization

INTERFAITH NEIGHBORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - (continued)

reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributed Services - During the year ended December 31, 2015 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. No amounts have been reflected in the financial statements for other contributed services; however, a substantial number of volunteers have donated significant amounts of their time in relation to the Organization's program services and other activities.

Several Nutrition Program grants require the Organization to report the value of volunteer labor donated for meal distribution. Accordingly, the following in-kind services have been estimated at approximately \$422,208 for 2015.

Contributions - Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. If there is no unconditional promise, the contribution is recognized when received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Investments - The Organization's investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value - The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2015 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Marketable equity securities are valued at quoted prices in active markets for identical assets (Level I) and marketable debt securities are valued at significant other observable inputs (Level II). Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Accounts receivable - Grants, USDA, and other receivables are stated at the amount management expects to collect from outstanding balances with no allowance for credit losses at December 31, 2015.

INTERFAITH NEIGHBORS, INC.
 NOTES TO COMBINED FINANCIAL STATEMENTS
 DECEMBER 31, 2015

Note 1 - (continued)

Inventory - Inventory consists of food and supplies for the nutrition program. Inventory is stated at the lower of cost or market, using the first-in, first-out (FIFO) method.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic valuation.

Note 2 - Construction in Progress - Community Development - As of December 31, 2015, the Organization had costs of \$500,054 on 7 uncompleted affordable single family homes at various stages of development.

Note 3 - Springwood Center Building - In 2012, the Organization completed construction on the Springwood Center, a 27,000 square foot three story mixed-use building, in Asbury Park, New Jersey. The building has four commercial units on the first floor. The second floor is home for the Asbury Park Senior Center, and the third floor consists of eight units of affordable rental housing. In April 2013, the Organization sold approximately 41% of the building to the City of Asbury Park at cost for \$2,998,733, that includes one unit on the first floor, and the entire second floor. In 2013, Interfaith Neighbors, Inc. transferred its 59% ownership of the building to 1201 Springwood Urban Renewal LLC which is combined in these financial statements, which includes the third floor affordable housing units, and the remaining three units on the first floor. All affordable housing units were rented as of December 31, 2015.

Note 4 - Investments - Cost and fair value of marketable equity securities at December 31, 2015 is as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
Equity Securities (Level I)				
Utilities	\$ 210,763	\$ 210,375	\$ -	\$ 421,138
Financial	20,374	5,136	-	25,510
Consumer Goods	15,310	4,339	-	19,649
Total Investments	\$ 246,447	\$ 219,850	\$ -	\$ 466,297

Note 5 - Deferred Income - The Organization received government grants on various affordable housing projects that are for sale to low income families. The government grants on these projects are recognized as income when the homes are sold. At December 31, 2015, the Organization has received \$256,119 in grants on unsold homes.

Note 6 - Grant Revenue - The Organization recognized grants from various governmental agencies in the amount of \$3,164,234. The use of these grants is restricted to certain approved expenditures. All expenditures for 2015 were made in accordance with grant provisions.

INTERFAITH NEIGHBORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2015

- Note 7 - Cash Flows - For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. For the year, the Organization had no payments for taxes or interest expense.
- Note 8 - Functional Allocation of Expenses - The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.
- Note 9 - Lease obligations - The Organization leases 11 congregate nutrition site locations throughout Monmouth County. Rent expense was \$10,248 for 2015. All of these leases are contingent upon the renewal of the Monmouth County Nutrition Program contract. Minimum lease requirements for 2016 total \$10,248.
- Note 10 - Qualified Deferred Compensation Plan - The Organization maintains a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code. Under the plan, employees may elect to defer salary, subject to the Internal Revenue Service limits. The plan provides for the Organization to match 75% of employees' contributions up to 3% of salary.
- Note 11 - Concentrations of Credit Risk - The Organization maintains cash balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, the Organization's uninsured cash balances totaled \$2,721,579.
- Note 12 - NJ Youth Corps - The Organization was found to be doing a very good job and is in compliance with most aspects of the Youth Corps model. However to remain in compliance with the Scope of Services, it will be necessary for the Organization to increase enrollment, update some materials, and improve some job related services. The Organization and the NJ Department of Labor are working together to achieve these objectives. The Organization's contract with the NJ Department of Labor was extended through June 30, 2016.
- Note 13 - Temporarily Restricted Net Assets - Activities related to temporarily restricted net assets in the current year are summarized as follows:

	<u>Temporarily Restricted Net Assets- Beginning Of Year</u>	<u>Temporarily Restricted Donations Received During Year</u>	<u>Restrict- ions Satisfied by Payments</u>	<u>Temporarily Restricted Net Assets- End of Year</u>
Community Development	\$ 124,793	\$ 371,775	\$ 422,396	\$ 74,172
Nutrition	-	12,227	4,262	7,965
Homeless Prevention	105,881	111,900	196,591	21,190
Youth Corps	-	2,000	-	2,000
Total	<u>\$ 230,674</u>	<u>\$ 497,902</u>	<u>\$ 623,249</u>	<u>\$ 105,327</u>

INTERFAITH NEIGHBORS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 14 - Subsequent Events - The Organization has evaluated subsequent events through June 23, 2016, which is the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified by management.

INTERFAITH NEIGHBORS, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

FEDERAL AWARDS

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>
<u>Nutrition Program</u>			
U.S. Department of Health And Human Services passed through Monmouth County Department of Human Services			
Congregate Meals	93.045	13-060 1/4	\$ 491,368
Home Delivered Meals	93.045	13-060 2/4	490,551
Home Delivered Meals - Weekend	93.045	13-060 3/4	7,257
Home Delivered Meals - SSBG	93.045	13-060 4/4	27,588
Home Delivered Meals - Peer Group	93.045	13-063	<u>6,408</u>
<u>Federal Awards - Nutrition Program</u>			<u>1,023,172</u>
<u>Community Development Program</u>			
U.S. Department of Housing And Urban Development passed through Monmouth County Community Development			
Community Development - Affordable Housing Home Program	14.239	G-14-56-895-120-817	<u>249,875</u>
<u>Youth Corps Program</u>			
U.S. Department of Labor			
N.J. Youth Corps	N/A	AANY15C	<u>50,000</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,323,047</u>

INTERFAITH NEIGHBORS, INC.
 SCHEDULE OF EXPENDITURES OF STATE AND COUNTY AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

STATE AND COUNTY AWARDS

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>State Expenditures</u>
<u>Nutrition Program</u>		
N.J. Division of Senior Affairs passed through Monmouth County Department of Human Services		
Congregate Meals	13-060 1/4	\$ 11,627
Home Delivered Meals	13-060 2/4	170,407
Home Delivered Meals - SSBG	13-060 4/4	166,069
Department of Community Affairs passed through Monmouth County Department of Human Services		
Home Delivered Meals - Weekend	13-060 3/4	86,427
Home Delivered Meals - personnel	N/A	51,243
Home Delivered Meals - Peer Group	13-063	37,582
Volunteer Program	N/A	23,491
<u>State and County Awards - Nutrition Program</u>		546,846
<u>Community Development Program</u>		
N.J. Department of Community Affairs		
Neighborhood Revitalization Tax Credit Program	2013-02240-0304-00	286,745
Neighborhood Revitalization Tax Credit Program	2015-02240-0232-00	174,601
N.J. Department of Labor and Workforce Development		
Monmouth County Department of Workforce Development	AANY15C	55,088
N.J. Office of Faith Based Initiative		
Kula Café	OFBI15SE2D-022	25,000
Kula Café	OFBI16SE2D-2-010	12,500
JET Program	OFBI15DSP-028	15,000
JET Program	OFBI16DSP-2-015	7,500
Business Development Center	OFBI16DSP-001	20,000
<u>State and County Awards - Community Development Program</u>		596,434

INTERFAITH NEIGHBORS, INC.
 SCHEDULE OF EXPENDITURES OF STATE AND COUNTY AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

STATE AND COUNTY AWARDS

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>State Expenditures</u>
 <u>Homeless Prevention Program</u>		
N.J. Department of Human Services passed through Monmouth County Department of Human Services		
Homeless Prevention - SSH / TANF	HIN25C-SSH	316,021
Department of Community Affairs passed through Monmouth County Department of Human Services		
Homeless Prevention - HPP	N/A	74,052
Homeless Prevention	N/A	42,214
Homeless Prevention - HUD	N/A	10,609
 <u>State and County Awards - Homeless Prevention Program</u>		 442,896
 <u>Youth Corps Program</u>		
N.J. Department of Labor and Workforce Development		
N.J. Youth Corps	AANY15C	255,011
 TOTAL STATE AND COUNTY AWARDS		 \$ 1,841,187

INTERFAITH NEIGHBORS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL, STATE AND COUNTY AWARDS
DECEMBER 31, 2015

- Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal, state and county awards (the "Schedule") includes the federal, state and county grant activity of Interfaith Neighbors, Inc. under programs of the federal, state and county government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Interfaith Neighbors, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Interfaith Neighbors, Inc.
- Note 2 - Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Interfaith Neighbors, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available. There were no noncash awards or loans.
- Note 3 - Not Available (N/A) - The Organization was unable to obtain another identification number.

ROGER K. STEIN
CERTIFIED PUBLIC ACCOUNTANT
2300 STATE ROUTE 66, SUITE 202
NEPTUNE, NEW JERSEY 07753

Phone: 732-869-1170
Fax: 732-869-1130
www.rogersteincpa.com

MEMBER:
NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

LICENSED:
NEW JERSEY & NEW YORK

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

TO: THE BOARD OF TRUSTEES
INTERFAITH NEIGHBORS, INC.
ASBURY PARK, NEW JERSEY

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Interfaith Neighbors, Inc. (a nonprofit organization) and affiliate, which comprise the combined statement of financial position as of December 31, 2015, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued my report thereon dated June 23, 2016.

Internal Control over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Interfaith Neighbors, Inc.'s and affiliate's combined financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Interfaith Neighbors, Inc. in a separate letter dated June 23, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



ROGER K. STEIN
Certified Public Accountant

June 23, 2016

ROGER K. STEIN
CERTIFIED PUBLIC ACCOUNTANT
2300 STATE ROUTE 66, SUITE 202
NEPTUNE, NEW JERSEY 07753

Phone: 732-869-1170
Fax: 732-869-1130
www.rogersteinepa.com

MEMBER
NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

LICENSED
NEW JERSEY & NEW YORK

**Independent Auditor's Report on Compliance For Each Major Federal Program and on
Internal Control over Compliance Required by the Uniform Guidance**

TO: THE BOARD OF TRUSTEES
INTERFAITH NEIGHBORS, INC.
ASBURY PARK, NEW JERSEY

Report on Compliance for Each Major Federal Program

I have audited Interfaith Neighbors, Inc.'s (a nonprofit organization) and affiliate'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 Interfaith Neighbor's Inc.'s and affiliate's major federal programs for the year ended December 31, 2015. Interfaith Neighbors, Inc.'s and affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Interfaith Neighbors, Inc.'s and affiliate's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 Interfaith Neighbors, Inc.'s and affiliate's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Interfaith Neighbors, Inc.'s and affiliate's compliance.

Opinion on Each Major Federal Program

In my opinion, Interfaith Neighbors, Inc. and affiliate 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 Interfaith Neighbors, Inc. and affiliate are responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Interfaith Neighbors, Inc.'s and affiliate'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, I do not express an opinion on the effectiveness of Interfaith Neighbors, Inc.'s and affiliate'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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.



ROGER K. STEIN
Certified Public Accountant

June 23, 2016

INTERFAITH NEIGHBORS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

I. Summary of Auditor's Results

Financial Statements

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

Internal Control over financial reporting:

- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major federal programs:

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

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

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

Identification of major federal programs:

CFDA 93.045 Congregate Meals
CFDA 93.045 Home Delivered Meals

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

Auditee qualified as a low-risk auditee? Yes No

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None Reported.

III. Findings and Questioned Costs for Federal Awards

None Reported.