

**INTERFAITH NEIGHBORS, INC.**  
**COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

INTERFAITH NEIGHBORS, INC.  
COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

TABLE OF CONTENTS

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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 - 15
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS . . . . .	16
SCHEDULE OF EXPENDITURES OF STATE AND COUNTY AWARDS . . . . .	17 - 18
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL, STATE AND COUNTY AWARDS . . . . .	19
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> . . . . .	20 - 21
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE. . . . .	22 - 23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS. . . . .	24

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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019, 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 from 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, 2019, 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**

### *Other Information*

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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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, the 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 August 10, 2020, 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 solely 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 the effectiveness of Interfaith Neighbors, Inc.'s and affiliate's 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 Interfaith Neighbors, Inc.'s and affiliate's internal control over financial reporting and compliance.



ROGER K. STEIN  
Certified Public Accountant

Neptune, New Jersey

August 10, 2020

INTERFAITH NEIGHBORS, INC.  
 COMBINED STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2019

ASSETS

Current Assets:	
Cash	\$ 2,321,646
Grants receivable	723,921
Other receivables	13,176
Promise to give	500,000
Prepaid expenses	8,464
Inventory	25,173
Construction in progress	606,055
<u>Total Current Assets</u>	4,198,435
Property, Buildings and Equipment - net of accumulated depreciation	3,976,881
Other Assets:	
Investments	1,210,523
Investments - endowment fund	207,848
Investments - endowment fund - Board designated	427,949
Other assets	1,228
<u>Total Other Assets</u>	1,847,548
<u>Total Assets</u>	\$ 10,022,864

LIABILITIES

Current Liabilities:	
Accounts payable	\$ 154,188
Accrued expenses	48,867
Due to tenants	13,500
Prepaid rent	2,876
Deferred income	752,675
<u>Total Current Liabilities</u>	972,106
Other Liabilities:	
Loan payable	250,000
<u>Total Liabilities</u>	1,222,106

NET ASSETS

Without donor restrictions	
Undesignated	8,098,259
Board designated endowment	427,949
Total without donor restrictions	8,526,208
With donor restrictions	
Total Net Assets	274,550
<u>Total Net Assets</u>	8,800,758
<u>Total Liabilities and Net Assets</u>	\$ 10,022,864

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

INTERFAITH NEIGHBORS, INC.  
 COMBINED STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Donations and private grants	\$ 880,400	\$ 442,698	\$ 1,323,098
Client donations	112,127		112,127
Government grants - Nutrition program	1,606,614		1,606,614
Government grants - Community Development program	837,836		837,836
Government grants - Homeless Prevention program	473,966		473,966
Community Development - Program fees	6,537		6,537
Community Development - Kula Café & Kula Farm	108,649		108,649
Community Development - Rental income	154,487		154,487
Fund-raisers - Gross revenues of \$150,267			
Less expenses of ( 50,159)	100,108		100,108
Investment income	35,977	3,507	39,484
Realized and unrealized gain on marketable securities	74,600	10,002	84,602
Gain on sale of property	334,974	-	334,974
	4,726,275	456,207	5,182,482
Net assets released from restrictions:			
Satisfaction of program restrictions	465,439	(465,439)	-
Total revenues, gains, and other support	5,191,714	(9,232)	5,182,482
Expenses:			
Program services	3,754,075		3,754,075
Supporting services			
Management and general	377,347		377,347
Fund-raising	212,045	-	212,045
Total expenses	4,343,467	-	4,343,467
<u>Change in Net Assets</u>	848,247	(9,232)	839,015
Net assets at beginning of year	7,677,961	283,782	7,961,743
Net assets at end of year	\$ 8,526,208	\$ 274,550	\$ 8,800,758

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, 2019

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>			
	<u>NUTRITION PROGRAM</u>	<u>COMMUNITY DEVELOPMENT PROGRAMS</u>	<u>HOMELESS PREVENTION PROGRAMS</u>	<u>PROGRAM SERVICES TOTAL</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUND-RAISING</u>	<u>SUPPORTING SERVICES TOTAL</u>	<u>TOTAL</u>
Payroll	\$ 591,275	\$ 630,660	\$ 102,861	\$ 1,324,796	\$ 218,805	\$ 142,056	\$ 360,861	\$ 1,685,657
Payroll taxes	52,211	54,414	8,247	114,872	18,194	10,744	28,938	143,810
Payroll fringe	90,074	64,709	11,786	166,569	28,112	15,959	44,071	210,640
Assistance to clients			504,511	504,511			-	504,511
Program costs and supplies	124,954	42,733	350	168,037			-	168,037
Community project costs		202,881		202,881			-	202,881
Telephone & utilities	28,895	35,552	2,681	67,128	2,797	3,197	5,994	73,122
Office	7,908	10,873	11,245	30,026	12,891	11,873	24,764	54,790
Rent	6,434			6,434			-	6,434
Public relations and fundraising		4,506	11,434	15,940	5,500	12,489	17,989	33,929
Professional & outside services	27,557	11,025	2,740	41,322	69,589	519	70,108	111,430
Cost of food	715,844	41,198		757,042			-	757,042
Vehicle costs	31,651	231	23	31,905			-	31,905
Education & travel	4,564	2,957	227	7,748	683	873	1,556	9,304
Repairs & maintenance	18,785	28,061	9,565	56,411	3,663	3,841	7,504	63,915
Insurance	61,311	55,461	11,058	127,830	15,161	10,127	25,288	153,118
Depreciation	10,990	102,714	11,099	124,803	1,952	367	2,319	127,122
Bad debt expense	-	5,820	-	5,820	-	-	-	5,820
Total Functional Expenses	<u>\$ 1,772,453</u>	<u>\$ 1,293,795</u>	<u>\$ 687,827</u>	<u>\$ 3,754,075</u>	<u>\$ 377,347</u>	<u>\$ 212,045</u>	<u>\$ 589,392</u>	<u>\$ 4,343,467</u>

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 839,015
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	127,122
Realized and unrealized gains on marketable securities - non-Endowment Fund	(50,437)
Gain on sale of property	(334,974)
Non-cash contribution of assets	(12,712)
(Increase) decrease in operating assets:	
Grants receivable	(121,751)
Other receivables	(3,832)
Promise to give	(500,000)
Prepaid expense	(2,498)
Inventory	3,909
Construction in progress	(302,744)
Other assets	1
Increase (decrease) in operating liabilities:	
Accounts payable	19,330
Accrued expenses	(84,594)
Due to tenants	1,510
Prepaid rent	1,087
Deferred income	447,891
	26,323
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>26,323</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Sale of property	379,478
Purchase of property and equipment	(480,079)
Sale of investments - non-Endowment Fund	935,828
Purchase of investments - non-Endowment Fund	(942,803)
Construction in progress	(165,276)
	(272,852)
<u>NET CASH USED BY INVESTING ACTIVITIES</u>	<u>(272,852)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from note payable	250,000
NET INCREASE IN CASH	3,471
CASH AT JANUARY 1, 2019	2,318,175
CASH AT DECEMBER 31, 2019	\$ 2,321,646

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



INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities - The Organization is a nonprofit corporation 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, 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 Presentation - 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.

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Resources available to support operations and are not subject to donor restrictions.

With donor restrictions - Resources that are subject to donor-imposed restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Board of Trustees has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 1 - (continued)

Promises to Give - 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. The Organization recognized a \$500,000 promise to give as of December 31, 2019. The contribution was received in February 2020.

Contributions - Contributions received are recorded as support without donor restrictions or support with donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services - During the year ended December 31, 2019, 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 in-kind services have been estimated at approximately 32,000 hours in 2019. Using the Independent Sector Organization estimated value of volunteer time of \$27.20 per hour, the Organization estimated the value of the in-kind services at approximately \$870,000.

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

Accounts receivable - Grants, USDA, and other receivables are stated at the amount management expects to collect from outstanding balances. At December 31, 2019, there was an allowance for credit losses of \$5,820.

Revenue Recognition - Effective January 1, 2019, the Organization retrospectively changed its accounting methods for revenue recognition and financial instruments as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Members. The new revenue recognition guidance requires the recognition of revenue when promised services are transferred to members in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those services. The Organization adopted the simplified approach under ASC 606 which is a modified retrospective application with a cumulative effect adjustment to net assets in the year of adoption. However, management determined there was no adjustment required to the financial statements.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 1 - (continued)

Program Service Fees - Program service fees are billed when the service is incurred and are reviewed by the Organization for the amount earned and, if necessary, adjusted at year end.

Grants - Some grants the Organization receives are cost reimbursement. They are billed after the cost has been incurred and are reviewed by the Organization for the amount earned and, if necessary, adjusted at year end.

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.

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 expense for the year was \$127,122.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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 net assets without donor restrictions 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. In 2019, the Organization incurred investment expenses of \$6,014 which is reflected in the investment income on the statement of activities.

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, 2019 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 and US government securities are valued at quoted prices in active markets for identical assets (Level I). 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.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 1 - (continued)

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, 2019, advertising expense totaled \$2,481.

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, 2019, the Organization recognized no liability on uncertain tax positions.

Note 2 - Construction in Progress - As of December 31, 2019, the Organization had costs of \$606,055 on ten uncompleted single family homes. The Organization also had costs of \$225,267 on a two family home which will be rented to families under the Pathway to Home Ownership program.

Note 3 - Property, Buildings and Equipment - Property, buildings and equipment are summarized by major classifications as follows:

Land	\$ 694,823
Buildings and improvements	1,475,104
Building - Springwood Center	2,178,159
Vehicles	197,340
Furniture and equipment	376,803
Construction in progress	225,267
	<u>5,147,496</u>
Accumulated depreciation	( 1,170,615)
	<u>\$ 3,976,881</u>

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 4 - Investments - Cost and fair value of investments at December 31, 2019 is as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Available for sale				
Equity Securities (Level I)				
Utilities	\$ 312,091	\$ 370,274	\$ -	\$ 682,365
Services	35,046	4,830	( 1,746)	38,130
Financial	62,653	16,248	-	78,901
Technology	63,839	13,721	-	77,560
Consumer Goods	29,944	5,657	-	35,601
Healthcare	<u>90,001</u>	<u>34,101</u>	<u>-</u>	<u>124,102</u>
	593,574	444,831	( 1,746)	1,036,659
Corporate Bonds (Level I)				
Utilities	19,787	1,404	-	21,191
Financial	66,141	2,399	-	68,540
Technology	9,937	772	-	10,709
Consumer Goods	40,524	1,925	-	42,449
Healthcare	<u>30,118</u>	<u>857</u>	<u>-</u>	<u>30,975</u>
	166,507	7,357	-	173,864
Total Investments	<u>\$ 760,081</u>	<u>\$ 452,188</u>	<u>\$ ( 1,746)</u>	<u>\$ 1,210,523</u>

Note 5 - Investments - Endowment Funds - Cost and fair value of investments in the Organization's endowment funds at December 31, 2019 is as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Cash - Endowment	\$ 2,141	\$ -	\$ -	\$ 2,141
Available for sale				
Equity Securities (Level I)				
Utilities	48,235	516	( 741)	48,010
Services	6,518	-	( 298)	6,220
Financial	18,030	1,801	-	19,831
Technology	14,538	7,277	-	21,815
Consumer Goods	13,016	3,412	-	16,428
Healthcare	5,118	716	-	5,834
Mutual Funds	<u>121,065</u>	<u>346</u>	<u>-</u>	<u>121,411</u>
	226,520	14,068	( 1,039)	239,549
Exchange-Traded Products (Level I)	128,705	16,132	-	144,837
US Treasury Bill (Level I)	<u>249,039</u>	<u>231</u>	<u>-</u>	<u>249,270</u>
Total Investments - Endowment	<u>\$ 606,405</u>	<u>\$ 30,431</u>	<u>\$ ( 1,039)</u>	<u>\$ 635,797</u>

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

- Note 6 - 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, 2019.
- Note 7 - Deferred Income - The Organization received government grants on various community development projects that include: affordable housing properties that are for sale to low income families, and community development properties that the Organization will manage and maintain ownership of upon completion. The government grants on these projects are recognized as income when the affordable housing properties are sold or when the community development properties are placed in service by the Organization. At December 31, 2019, the Organization has received grants of \$176,089 on unsold affordable housing properties and \$576,586 on community development properties to be developed.
- Note 8 - Grant Revenue - The Organization recognized grants from various governmental agencies in the amount of \$2,918,416. The use of these grants is restricted to certain approved expenditures. All expenditures for 2019 were made in accordance with grant provisions.
- Note 9 - Loan Payable - The Organization has a loan payable with Wells Fargo Regional Community Development Corporation of which \$250,000 was outstanding as of December 31, 2019. Interest only payments are due annually at a fixed rate of 2.00%. The loan is due December 2021. For the year ended December 31, 2019, the Organization incurred \$5,000 in interest costs which were capitalized.
- Note 10 - Line of Credit - The Organization has a \$500,000 line of credit with PNC Bank, under which none was outstanding as of December 31, 2019. The line of credit is due to expire August 2020. The rate is at the bank's prime rate plus 1%.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 11 - Net Assets With Donor Restrictions - Activities related to net assets with donor restrictions in the current year are summarized as follows:

	Net Assets With Donor Restrictions- Beginning Of Year	Restricted Donations + Endowment Earnings Received During Year	Restrict- ions Satisfied by Payments	Net Assets With Donor Restrictions- End of Year
Community Development	\$ 56,186	\$ 370,154	\$ 367,736	\$ 58,604
Nutrition	-	5,787	5,787	-
Homeless Prevention	34,257	65,757	91,916	8,098
Homeless Prevention - Endowment	<u>193,339</u>	<u>14,509</u>	<u>-</u>	<u>207,848</u>
Total	<u>\$ 283,782</u>	<u>\$ 456,207</u>	<u>\$ 465,439</u>	<u>\$ 274,550</u>

Note 12 - Board Designated Net Assets - The Board of Trustees has designated \$400,000 of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Appreciation and earnings in 2019 totaled \$27,949 for a total of \$427,949 at December 31, 2019. Since this endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Note 13 - Endowments - The Organization's endowment consists of a donor-restricted fund and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Investment Return Objectives* - The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. The investment policies are for the conservation of principal, to generate regular income at a reasonable rate of return, for income and growth of principal as reasonably and safely as practical, and to be in accordance with the social principles and mission of the Organization.

*Spending Policy* - The Organization's Investment Committee shall determine within 45 days of the endowment fund's fiscal year end (December 31) the annual income earned from all endowment fund assets. Thereafter, the pro-rata percentage of the annual income attributable to gifts with donor restrictions shall be segregated from the full annual income and thereafter made available and distributed as requested by the initial donors.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 13 - (continued)

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

Endowment funds with donor restrictions	\$ 207,848
Board-designated endowment funds without donor restrictions	<u>427,949</u>
Total endowment funds	<u>\$ 635,797</u>

Changes in endowment net assets as of December 31, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, beginning of year	\$ 400,000	\$ 193,339	\$ 593,339
Contributions	-	1,000	1,000
Investment income	7,256	3,507	10,763
Net appreciation	<u>20,693</u>	<u>10,002</u>	<u>30,695</u>
Endowment net assets, end of year	<u>\$ 427,949</u>	<u>\$ 207,848</u>	<u>\$ 635,797</u>

Note 14 - Liquidity - The following reflects the Organization's financial assets as of December 31, 2019, reduced by amounts not available for general use because of contractual, donor-imposed or board-imposed restrictions within one year of the statement of financial position date:

Financial assets at December 31, 2019:

Cash	\$ 2,321,646
Grants receivable	723,921
Other receivables	13,176
Promise to give	500,000
Investments	<u>1,210,523</u>
	<u>\$ 4,769,266</u>

Less those unavailable for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:	
Restricted for the Joseph J. Marmora Endowed Fund for Rental and Mortgage Assistance	( 207,848)
Restricted for Community Development program	( 58,604)
Restricted for Homeless Prevention program	( 8,098)
Board-imposed restrictions:	
Restricted for Permanent Endowment Fund	<u>( 427,949)</u>

Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 4,066,767</u>
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As part of the Organization's liquidity management, the Organization structures its financial assets to be available as general expenditures and liabilities become due. The Organization also has a line of credit of \$500,000 with PNC Bank that is available for any expenditures.



INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 15 - Functional Allocation of Expenses - The costs of providing programs 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 supporting services benefited. Directly identifiable expenses are charged to the programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note 16 - Operating Leases - The Organization leases 11 congregate nutrition site locations throughout Monmouth County. Rent expense was \$6,434 for the year ended December 31, 2019. All of these leases are contingent each year upon the renewal of the Monmouth County Nutrition Program contract. The minimum lease payments for 2019 are included in the following schedule.

The Organization also leases office equipment under operating leases for terms of three to five years. The lease expense was \$2,866 for the year ended December 31, 2019.

The following is a schedule, by years, of future minimum lease payments as of December 31, 2019:

<u>Year ending December 31,</u>	<u>Amount</u>
2020	\$ 6,888
2021	1,485
2022	525
	<u>\$ 8,898</u>

Note 17 - 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 ended December 31, 2019, the Organization had no payments for taxes and \$5,000 for interest expense.

Note 18 - 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. The Organization's contribution was \$24,646 in 2019.

Note 19 - 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, 2019, the Organization's uninsured cash balances totaled \$1,424,844.

Note 20 - Subsequent Events - The Organization has evaluated subsequent events through August 10, 2020, which is the date the financial statements were available to be issued. On March 21, 2020, by executive order, the State of New Jersey mandated non-essential businesses to close until further notice due to the Coronavirus pandemic. The Organization is still in operation and has received assistance through SBA Coronavirus relief programs. Management has determined that although there has been some impact to operations, there are no material adjustments necessary as of the report date.

INTERFAITH NEIGHBORS, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL AWARDS

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures
<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	\$ 538,550
Home Delivered Meals	93.045	13-060 2/4	476,704
Home Delivered Meals - Weekend	93.045	13-060 3/4	7,599
Home Delivered Meals - SSBG	93.045	13-060 4/4	146,180
<u>Federal Awards - Nutrition Program</u>			1,169,033
<u>Community Development Program</u>			
U.S. Department of Housing and Urban Development passed through Monmouth County Office of Community Development			
	14.239	G-16-56-895-180-283	170,695
U.S. Department of Housing and Urban Development passed through the City of Asbury Park			
	N/A	2017-02150-0097-01	9,900
<u>Federal Awards - Community Development Program</u>			180,595
 TOTAL FEDERAL AWARDS			 \$ 1,349,628

INTERFAITH NEIGHBORS, INC.  
 SCHEDULE OF EXPENDITURES OF STATE AND COUNTY AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

STATE AND COUNTY AWARDS

State Grantor/Pass Through Grantor/Program Title	Grantor's Number	State Expenditures
<u>Nutrition Program</u>		
N.J. Division of Senior Affairs passed through Monmouth County Department of Human Services		
Home Delivered Meals	13-060 2/4	\$ 20,197
Home Delivered Meals	13-060 3/4	59,815
Home Delivered Meals - SSBG	13-060 4/4	20,000
Department of Community Affairs passed through Monmouth County Department of Human Services		
Congregate Meals	13-060 1/4	11,627
Home Delivered Meals	13-060 2/4	150,210
Home Delivered Meals - Weekend	13-060 3/4	28,244
Home Delivered Meals - SSBG	13-060 4/4	30,190
Home Delivered Meals - personnel	N/A	49,646
Home Delivered Meals - personnel	N/A	40,830
Volunteer Program	N/A	26,822
<u>State and County Awards - Nutrition Program</u>		437,581
<u>Community Development Program</u>		
N.J. Department of Community Affairs		
Neighborhood Revitalization Tax Credit Program	2015-02240-0232-00	77,933
Neighborhood Revitalization Tax Credit Program	2018-02240-0230-00	343,742
Neighborhood Revitalization Tax Credit Program	2019-02240-0482-00	142,521
N.J. Department of Labor and Workforce Development		
Monmouth County Department of Workforce Development	N/A	63,045
N.J. Office of Faith Based Initiative		
Kula Farm	OFBI19SIP-2-021	30,000
<u>State and County Awards - Community Development Program</u>		657,241

INTERFAITH NEIGHBORS, INC.  
 SCHEDULE OF EXPENDITURES OF STATE AND COUNTY AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

STATE AND COUNTY AWARDS

State Grantor/Pass Through Grantor/Program Title	Grantor's Number	State Expenditures
<u>Homeless Prevention Program</u>		
N.J. Department of Human Services passed through Monmouth County Department of Human Services		
Homeless Prevention - SSH / TANF	N/A	435,125
Department of Community Affairs passed through Monmouth County Department of Human Services		
Homeless Prevention	2019-100-022-8020	18,069
Freeholder's Grants	N/A	20,772
<u>State and County Awards - Homeless Prevention Program</u>		473,966
TOTAL STATE AND COUNTY AWARDS		\$ 1,568,788

INTERFAITH NEIGHBORS, INC.  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL, STATE AND COUNTY AWARDS  
DECEMBER 31, 2019

- 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, 2019. 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. There was no pass through of federal awards. 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**  
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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 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, 2019, 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 August 10, 2020.

**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 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.

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 from 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*.

## **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

Neptune, New Jersey

August 10, 2020

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LICENSED:  
NEW JERSEY & NEW YORK

**Independent Auditor's Report on Compliance for Each Major 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, 2019. 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, 2019.



## Report on Internal Control over Compliance

Management of Interfaith Neighbors, Inc. and affiliate is 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

Neptune, New Jersey

August 10, 2020

INTERFAITH NEIGHBORS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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.