

New Hope Housing, Inc.

Audited Financial Statements
with Supplemental Schedule
and Reports Required by
OMB Circular A-133 and
Additional Supplemental Information

June 30, 2013 and 2012

New Hope Housing, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Hope Housing, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New Hope Housing, Inc. (“the Organization”) which comprise the statements of financial position as of June 30, 2013 and 2012, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

Auditor's Responsibility (continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2013 and 2012, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 18-21 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 3, 2013, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Vienna, Virginia
December 3, 2013

New Hope Housing, Inc.

Statements of Financial Position June 30, 2013 and 2012

	2013	2012
Assets		
Cash	\$ 527,233	\$ 814,193
Accounts receivable	88,189	93,014
Grants receivable	407,707	241,739
Prepaid expenses and other assets	2,670	4,028
Investments	734,298	668,807
Property and equipment, net	2,200,396	2,293,223
Total assets	<u>\$ 3,960,493</u>	<u>\$ 4,115,004</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 372,444	\$ 321,165
Client funds payable	19,016	22,996
Advances received	25,409	26,124
Forgivable loans	373,234	674,604
FCRHA loans	1,065,072	1,065,072
Total liabilities	<u>1,855,175</u>	<u>2,109,961</u>
Net Assets		
Unrestricted:		
Undesignated	1,988,646	1,851,411
Board designated	100,000	100,000
Total unrestricted	2,088,646	1,951,411
Temporarily restricted	16,672	53,632
Total net assets	<u>2,105,318</u>	<u>2,005,043</u>
Total liabilities and net assets	<u>\$ 3,960,493</u>	<u>\$ 4,115,004</u>

See accompanying notes.

New Hope Housing, Inc.

Statement of Activities and Change in Net Assets
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
County contract services	\$ 3,289,443	\$ -	\$ 3,289,443
Federal and state grants	1,375,736	-	1,375,736
Foundation grants	280,523	14,506	295,029
Special events	106,147	-	106,147
In-kind contributions	213,522	-	213,522
Contributions	185,155	-	185,155
Client rents	140,176	-	140,176
Other contract services	65,146	-	65,146
Investment income	72,174	-	72,174
United Way contributions	32,187	-	32,187
Net assets released from restrictions	51,466	(51,466)	-
Total revenue and support	5,811,675	(36,960)	5,774,715
Expenses			
Program services:			
Mondloch House	365,522	-	365,522
Eleanor Kennedy Shelter	1,394,464	-	1,394,464
Safe Haven Max's Place	310,437	-	310,437
Susan's Place	366,084	-	366,084
FCWS	62,137	-	62,137
Alexandria Community Shelter	947,005	-	947,005
Milestones	119,407	-	119,407
APS / HCHA	239,343	-	239,343
Health Care for Unsheltered Adults	51,234	-	51,234
RISE	56,711	-	56,711
Next Step Family	845,513	-	845,513
FCRHA Units	113,350	-	113,350
Turning Point	30,188	-	30,188
Stride	36,647	-	36,647
Gartlan House	147,404	-	147,404
Just Homes	52,648	-	52,648
Other program services	212,838	-	212,838
Total program services	5,350,932	-	5,350,932
Supporting services:			
Management and general	143,416	-	143,416
Fundraising	151,318	-	151,318
Cost of direct benefits to donors	28,774	-	28,774
Total supporting services	323,508	-	323,508
Total expenses	5,674,440	-	5,674,440
Change in Net Assets	137,235	(36,960)	100,275
Net Assets, beginning of year	1,951,411	53,632	2,005,043
Net Assets, end of year	\$ 2,088,646	\$ 16,672	\$ 2,105,318

See accompanying notes.

New Hope Housing, Inc.

Statement of Activities and Change in Net Assets
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
County contract services	\$ 3,271,820	\$ -	\$ 3,271,820
Federal and state grants	1,134,068	-	1,134,068
Foundation grants	188,614	50,000	238,614
Special events	127,505	-	127,505
In-kind contributions	149,245	-	149,245
Contributions	196,728	-	196,728
Client rents	111,562	-	111,562
Other contract services	60,307	-	60,307
Investment loss	(2,973)	-	(2,973)
United Way contributions	26,759	-	26,759
Net assets released from restrictions	46,368	(46,368)	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	5,310,003	3,632	5,313,635
	<hr/>	<hr/>	<hr/>
Expenses			
Program services:			
Mondloch House	327,147	-	327,147
Eleanor Kennedy Shelter	1,291,682	-	1,291,682
Safe Haven Max's Place	294,034	-	294,034
Susan's Place	346,397	-	346,397
FCWS	56,579	-	56,579
Alexandria City Shelter	862,266	-	862,266
Milestones	109,588	-	109,588
APS / HCHA	233,735	-	233,735
Health Care for Unsheltered Adults	34,810	-	34,810
RISE	46,368	-	46,368
PPH	48,162	-	48,162
FCRHA Units	87,693	-	87,693
Next Steps Family	851,090	-	851,090
Stride	21,252	-	21,252
Gartlan House	130,244	-	130,244
Just Homes	47,138	-	47,138
Other program services	179,117	-	179,117
	<hr/>	<hr/>	<hr/>
Total program services	4,967,302	-	4,967,302
	<hr/>	<hr/>	<hr/>
Supporting services:			
Management and general	116,497	-	116,497
Fundraising	125,072	-	125,072
Cost of direct benefits to donors	23,889	-	23,889
	<hr/>	<hr/>	<hr/>
Total supporting services	265,458	-	265,458
	<hr/>	<hr/>	<hr/>
Total expenses	5,232,760	-	5,232,760
	<hr/>	<hr/>	<hr/>
Change in Net Assets	77,243	3,632	80,875
Net Assets, beginning of year	1,874,168	50,000	1,924,168
	<hr/>	<hr/>	<hr/>
Net Assets, end of year	\$ 1,951,411	\$ 53,632	\$ 2,005,043
	<hr/>	<hr/>	<hr/>

See accompanying notes.

New Hope Housing, Inc.

Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ 100,275	\$ 80,875
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	92,827	93,856
Net realized and unrealized (gain) loss on investments	(46,086)	24,885
Forgivable loans	(301,370)	(26,970)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	4,825	22,478
Grants receivable	(165,968)	22,351
Prepaid expenses and other assets	1,358	(3,120)
Increase (decrease) in:		
Accounts payable and accrued expenses	51,279	23,004
Client funds payable	(3,980)	191
Advances received	(715)	7,213
	(267,555)	244,763
Cash Flows from Investing Activities		
Purchases of investments	(153,266)	(123,112)
Proceeds from sales of investments	133,861	105,880
Purchases of property and equipment	-	(29,306)
	(19,405)	(46,538)
Cash Flows from Financing Activities		
Principal repayments of note payable	-	(92,584)
	-	(92,584)
Net (Decrease) Increase in Cash	(286,960)	105,641
Cash, beginning of year	814,193	708,552
Cash, end of year	\$ 527,233	\$ 814,193
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ -	\$ 5,592

See accompanying notes.

New Hope Housing, Inc.

Notes to the Financial Statements June 30, 2013 and 2012

1. Nature of Operations

New Hope Housing, Inc. (“the Organization”) is a not-for-profit organization incorporated in the Commonwealth of Virginia in 1977. The Organization was formed to provide housing for families or individuals who may be in need of relief, and to conduct programs and projects directed toward the treatment of personal, economic, and social needs of families or individuals. The programs operated by the Organization are: Shelter Programs, Transitional and Supportive Housing, and Homeless Prevention.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting and are in accordance with generally accepted accounting principles for not-for-profit organizations. Net assets are reported based on the presence or absence of donor-imposed restrictions.

Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization’s operations. Included in unrestricted net assets is a Board designated general reserve in the amount of \$100,000 for both years ended June 30, 2013 and 2012.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or through the passage of time. At June 30, 2013 and 2012, temporarily restricted net assets were \$16,672 and \$53,632, respectively.

Accounts and Grants Receivable

The Organization’s accounts and grants receivable are due in less than one year and are recorded at net realizable value at June 30, 2013 and 2012. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible.

Investments

Investments at June 30, 2013 and 2012 consisted of mutual funds and money market funds. Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are included in the accompanying statements of activities and change in net assets.

New Hope Housing, Inc.

Notes to the Financial Statements
June 30, 2013 and 2012

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment purchased at a cost of \$500 or more and with a useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to forty years. Land is not depreciated or amortized. Donated assets are capitalized at fair market value on the date of donation.

Revenue Recognition

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports grants and contributions as temporarily restricted support if they are received with donor or grantor 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 statements of activities and change in net assets as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

Federal and state government grants that are cost reimbursable in nature are recognized as revenue as the related expenditures are incurred. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position.

Rental income is recognized as the rental payments become due. Rental payments received in advance are deferred until earned and reflected as client funds payable in the accompanying statements of financial position.

Revenue from all other sources is recognized when earned.

Donated Materials and Services

Donated materials and services are included in in-kind contributions at fair market value as of the date of the donation. The Organization also receives a substantial amount of services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Accounting Standards Codification (ASC) 958-605-25-16, *Contributed Services*.

New Hope Housing, Inc.

Notes to the Financial Statements
June 30, 2013 and 2012

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Organization follows ASC 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation. These reclassifications had no effect on the change in net assets previously reported.

Subsequent Events

The Organization follows the guidance of ASC 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before the financial statements are issued. ASC 855 also requires disclosure of the date through which an entity has evaluated subsequent events. In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 3, 2013, the date the financial statements were available to be issued. Except as disclosed in Note 9, the Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

New Hope Housing, Inc.

Notes to the Financial Statements June 30, 2013 and 2012

3. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

A substantial portion of the grants and contract income earned by the Organization is paid by the local jurisdictions of Fairfax County, the City of Alexandria, the Commonwealth of Virginia, and the U.S. Department of Housing and Urban Development. For the years ended June 30, 2013 and 2012, the Organization recognized \$4,331,928 and \$4,131,589, respectively, in grants and contracts revenue from these governmental agencies, which represents approximately 75% and 78%, respectively, of total revenue. The Organization diversifies its funding among the four independent agencies to mitigate any concentration of credit risk.

4. Investments

Investments, at fair value, consist of the following at June 30:

	2013	2012
Mutual funds	\$ 696,989	\$ 634,512
Money market funds	37,309	34,295
Total investments	<u>\$ 734,298</u>	<u>\$ 668,807</u>

New Hope Housing, Inc.

Notes to the Financial Statements June 30, 2013 and 2012

4. Investments (continued)

Investment income (loss) consists of the following for the years ended June 30:

	2013	2012
Interest and dividends	\$ 26,088	\$ 21,912
Unrealized gain (loss)	36,470	(25,405)
Realized gain	9,616	520
Total investment income (loss)	\$ 72,174	\$ (2,973)

5. Fair Value Measurements

Fair value of investments measured on a recurring basis is as follows as of June 30, 2013:

	Assets			
	Measured at Fair Value	Fair Value Hierarchy Level		
	Level 1	Level 2	Level 3	
Investments:				
Mutual funds:				
Taxable bond funds	\$ 171,321	\$ 171,321	\$ -	-
Treasury inflation protected securities	35,265	35,265	-	-
International bonds	32,405	32,405	-	-
U.S. equities	180,103	180,103	-	-
International equities	90,092	90,092	-	-
Growth real estate	62,287	62,287	-	-
Small company	65,663	65,663	-	-
Energy/natural resources	24,913	24,913	-	-
Commodities	22,479	22,479	-	-
Aggressive international	12,461	12,461	-	-
Total mutual funds	696,989	696,989	-	-
Money market funds	37,309	37,309	-	-
Total investments	\$ 734,298	\$ 734,298	\$ -	-

New Hope Housing, Inc.

Notes to the Financial Statements
June 30, 2013 and 2012

5. Fair Value Measurements (continued)

Fair value of investments measured on a recurring basis is as follows as of June 30, 2012:

	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Investments:				
Mutual funds:				
Taxable bond funds	\$ 170,429	\$ 170,429	\$ -	\$ -
Treasury inflation protected securities	37,200	37,200	-	-
International bonds	32,281	32,281	-	-
U.S. equities	150,719	150,719	-	-
International equities	73,243	73,243	-	-
Growth real estate	60,201	60,201	-	-
Small company	56,835	56,835	-	-
Energy/natural resources	21,544	21,544	-	-
Commodities	21,175	21,175	-	-
Aggressive international	10,885	10,885	-	-
Total mutual funds	634,512	634,512	-	-
Money market funds	34,295	34,295	-	-
Total investments	\$ 668,807	\$ 668,807	\$ -	\$ -

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. There were no Level 2 or Level 3 financial assets at June 30, 2013 and 2012.

New Hope Housing, Inc.

Notes to the Financial Statements June 30, 2013 and 2012

6. Property and Equipment

The Organization held the following property and equipment at June 30:

	2013	2012
Land	\$ 695,364	\$ 695,364
Buildings and improvements	2,043,871	2,247,513
Leasehold improvements	332,397	338,248
Total property and equipment	3,071,632	3,281,125
Less: accumulated depreciation and amortization	(871,236)	(987,902)
Property and equipment, net	<u>\$ 2,200,396</u>	<u>\$ 2,293,223</u>

Depreciation and amortization expense for the years ended June 30, 2013 and 2012 was \$92,827 and \$93,856, respectively.

7. Forgivable Loans

In May 1996, the Organization received funds under the U.S. Department of Housing and Urban Development (HUD) Supportive Housing Program for assistance at closing on purchases of post shelter housing units. The funds were received in the form of loans that would be forgiven if certain contingencies are met by the Organization. The total amount of the HUD loan was \$269,700. According to the terms of the agreement and guidelines in 24 CFR Part 583.305 of the Federal Register, the Organization is required to operate the facility purchased with HUD funds as supportive housing for 10 years, and after 10 years the repayment amount is reduced by 10% each year beyond the 10-year period in which the project is used as supportive housing. The Organization began the amortization of this loan in 2007, and will continue to amortize the loan until 2015. Revenue totaling \$26,970 was recognized for each of the years ended June 30, 2013 and 2012, and is included in federal and state grants in the accompanying statements of activities and changes in net assets.

In addition to the HUD funding, in May 1996, the Organization received a matching conditional grant from the Commonwealth of Virginia Department of Housing and Community Development (DHCD). The total amount of the grant was \$274,400. According to the terms of the grant agreement, the Organization is required to use the funds for supportive housing for the homeless for a period of 15 years after any rehabilitation, refurbishing, and construction activities are completed and all units are occupied. During the year ended June 30, 2013, the Organization met the 15 year requirement of using the property for supportive housing, and the total amount of the loan was recognized as federal and state grant revenue in the accompanying statement of activities and change in net assets.

New Hope Housing, Inc.

Notes to the Financial Statements June 30, 2013 and 2012

7. Forgivable Loans (continued)

During 2008, the Organization received another HUD loan to support the purchase of a Samaritan shelter. The total amount of funds received was \$292,324 and the terms of the repayment are the same as for the HUD loan above. The amortization of this loan will commence in 2018.

8. FCRHA Loans

In July 2008, May 2009, September 2010, and June 2011, the Organization received Community Development Block Grants from the Fairfax County Redevelopment and Housing Authority (FCRHA) in the total amount of \$1,065,072. The funding was obtained by the Organization for acquisition residences to be operated as permanent supportive housing for chronically homeless families and single women. As long as the Organization operates within various program initiatives and loan covenants for a minimum of 30 years, the Organization shall have no obligation to make principal or interest payments. In the event of the sale of the properties or noncompliance with program requirements, the obligation is payable in accordance with the stipulated loan provisions. The full amounts of the loans are secured by deeds of trust. The Organization expects to utilize the properties in accordance with the terms of the loans at all times.

9. Note Payable and Line-of-Credit

During the year ended June 30, 2007, the Organization refinanced a mortgage note on the office buildings and related improvements. The new note was interest-bearing at 6.75% per annum, and was payable in monthly installments of principal and interest totaling \$1,012. The note contained a balloon payment, requiring payment of all unpaid principal and interest. On February 25, 2012, the Organization repaid the note.

On September 1, 2012, the Organization entered into a \$250,000 unsecured line-of-credit for the purposes of working capital needs. Interest payments are made monthly at the Wall Street Journal Prime Rate plus 1%. Borrowings under this facility, including all accrued unpaid interest is due in full on September 11, 2015. Subsequent to year end, in September 2013, the Organization borrowed \$250,000 under this line-of-credit for working capital purposes.

New Hope Housing, Inc.

Notes to the Financial Statements
June 30, 2013 and 2012

10. Commitments and Contingencies

Operating Leases

The Organization leases office space in Suite C at 8407 Richmond Highway, in a lease that commenced on January 1, 2011, at a base monthly rental of \$2,000 per month. The lease expires on December 31, 2013, with an additional two-year extension option. The lease has a 3.5% escalation rate of the previous base rent. Residential properties are leased for use in the Organization's housing program. These units are, in turn, leased to individuals in need of housing assistance to fulfill program objectives. All leases are operating leases and have original terms of one year.

In July 2009, the Organization entered into a new five-year lease to provide facilities to operate the Safe Haven Max's Place program. The lease contained a commencement date retroactive to January 2009, and will end in June 2014, with an extension option of an additional five years. The new lease requires monthly payments of \$3,451, which will be adjusted based on HUD's annual fair market rent calculation.

In February 2012, the Organization entered into a new five-year lease to provide facilities to operate the Susan's Place program. The lease commenced on April 1, 2012, and will end on June 30, 2017, with an extension option of an additional five years. The lease requires monthly payments of \$4,000, which will be adjusted based on HUD's annual fair market rent calculation, only if the adjusted rent exceeds the then current base rent.

Total future minimum lease payments under all operating leases are as follows for the years ending June 30:

2014	\$	102,264
2015		48,000
2016		48,000
2017		48,000
		<hr/>
Total minimum lease payments	\$	<u>246,264</u>

Rent expense under all operating leases for the years ended June 30, 2013 and 2012 was \$319,361 and \$305,581, respectively.

New Hope Housing, Inc.

Notes to the Financial Statements
June 30, 2013 and 2012

10. Commitments and Contingencies (continued)

Federal and State Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants are completed, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

General Contingencies

From time to time, the Organization may be a party to lawsuits or have claims pending against it. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the Organization.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Program restricted:		
Freddie Mac Foundation - Milestones and RISE Transitional Housing	<u>\$ 16,672</u>	<u>\$ 53,632</u>
Total temporarily restricted net assets	<u><u>\$ 16,672</u></u>	<u><u>\$ 53,632</u></u>

12. Retirement Plans

The Organization offers a Section 403(b) thrift plan to its full-time and part-time employees and contributes five percent of the employees' salaries for all eligible employees. Employees are eligible for employer contributions at the end of any plan year after completing one year or 1,000 hours of service, whichever is later. In addition, the Organization makes a matching contribution equal to the lesser of 25 percent of the salary reduction amount contributed during the plan year, or 0.25 percent of the employees' annual compensation. Employee contributions are fully and immediately vested, whereas the employer's contributions are vested ratably over a five-year period. Total retirement plan expenses for the years ended June 30, 2013 and 2012 were \$116,909 and \$115,266, respectively. Subsequent to year end, the employer contribution percentage changed from five to three percent of the employees' salaries for all eligible employees.

New Hope Housing, Inc.

Notes to the Financial Statements June 30, 2013 and 2012

13. In-Kind Contributions

During the years ended June 30, 2013 and 2012, the Organization received the following donated goods and services, which have been reflected as in-kind contributions and either capitalized costs or expenses in the accompanying statements of activities and change in net assets:

	<u>2013</u>	<u>2012</u>
Food	\$ 100,434	\$ 109,830
Professional services	51,360	11,276
Auction items for special events	28,775	23,889
Furniture	26,042	4,102
Household items	<u>6,911</u>	<u>148</u>
Total in-kind contributions	<u>\$ 213,522</u>	<u>\$ 149,245</u>

14. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from the payment of taxes on income other than net unrelated business income. No provision for taxes has been made as there were no unrelated business activities during fiscal years 2013 and 2012.

The Organization performed an evaluation of uncertain tax positions for the years ended June 30, 2013 and 2012, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2013, the statute of limitations for tax years 2010 through 2012 remains open with the U.S. federal jurisdiction. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

SUPPLEMENTAL INFORMATION

New Hope Housing, Inc.

Schedule of Functional Expenses Year Ended June 30, 2013

	<u>Supporting Services</u>			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising and Direct Benefits		
<u>Personnel Costs</u>					
Salaries	\$ 3,380,423	\$ 30,211	\$ 114,679	\$ 144,890	\$ 3,525,313
Payroll taxes	265,426	2,024	8,928	10,952	276,378
Employee benefits	494,946	1,148	999	2,147	497,093
Retirement	112,429	345	4,133	4,478	116,907
Contract services	66,442	970	-	970	67,412
<u>Overhead Costs</u>					
Telephone	22,688	2,685	1,087	3,772	26,460
Occupancy	397,993	14,658	255	14,913	412,906
Maintenance	77,175	2,397	-	2,397	79,572
Professional services	13,961	683	2,829	3,512	17,473
Postage/shipping	4,210	113	5,338	5,451	9,661
Office supplies and printing	28,361	3,209	7,852	11,061	39,422
Other administrative expenses	28,194	8,638	2,613	11,251	39,445
<u>Program and Other Costs</u>					
Staff training and travel	10,732	388	2,605	2,993	13,725
Food and supplies	35,411	14	-	14	35,425
Donated items	133,387	51,360	-	51,360	184,747
Client services	166,041	75	-	75	166,116
<u>Other Costs</u>					
Equipment	34,832	-	-	-	34,832
Depreciation	69,701	23,126	-	23,126	92,827
Fundraising	-	1,186	-	1,186	1,186
Direct benefits to donors	8,580	186	28,774	28,960	37,540
Total Expenses	\$ 5,350,932	\$ 143,416	\$ 180,092	\$ 323,508	\$ 5,674,440

New Hope Housing, Inc.

Schedule of Functional Expenses Year Ended June 30, 2012

	<u>Supporting Services</u>			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising and Direct Benefits		
<u>Personnel Costs</u>					
Salaries	\$ 3,184,581	\$ 26,672	\$ 92,898	\$ 119,570	\$ 3,304,151
Payroll taxes	250,406	1,416	7,254	8,670	259,076
Employee benefits	416,626	4,607	2,577	7,184	423,810
Retirement	110,614	701	3,950	4,651	115,265
Contract services	30,909	1,548	-	1,548	32,457
<u>Overhead Costs</u>					
Telephone	14,629	2,373	1,068	3,441	18,070
Interest	-	5,592	-	5,592	5,592
Occupancy	396,717	30,714	281	30,995	427,712
Maintenance	63,838	1,265	-	1,265	65,103
Professional services	14,650	320	2,325	2,645	17,295
Postage/shipping	5,287	27	3,627	3,654	8,941
Office supplies and printing	38,102	3,447	8,050	11,497	49,599
Other administrative expenses	6,161	25,127	1,502	26,629	32,790
<u>Program and Other Costs</u>					
Staff training and travel	11,832	1,160	115	1,275	13,107
Food and supplies	35,152	38	-	38	35,190
Donated items	125,356	-	-	-	125,356
Client services	178,101	400	329	729	178,830
<u>Other Costs</u>					
Depreciation	84,341	9,515	-	9,515	93,856
Fundraising	-	1,575	1,096	2,671	2,671
Direct benefits to donors	-	-	23,889	23,889	23,889
Total Expenses	\$ 4,967,302	\$ 116,497	\$ 148,961	\$ 265,458	\$ 5,232,760

New Hope Housing, Inc.

Schedule of Program Services
Year Ended June 30, 2013

	Mondloch House	Eleanor Kennedy Shelter	Safe Haven Max's Place	Susan's Place	FCWS	Alexandria Community Shelter	Milestones	APS / HCHA	Health Care for Unsheltered Adults	RISE	Next Step Family	FCRHA Units	Turning Point	Stride	Gartlan House	Just Homes	Other Program Services*	Total Program Services
Salaries	\$ 262,028	\$ 955,771	\$ 205,163	\$ 217,650	\$ 48,035	\$ 696,549	\$ 48,881	\$ 75,069	\$ 33,934	\$ 37,711	\$ 523,279	\$ 41,167	\$ 15,712	\$ 14,540	\$ 81,956	\$ 10,287	\$ 112,691	\$ 3,380,423
Payroll taxes	20,962	74,700	16,189	17,168	3,988	54,436	3,786	5,799	2,647	2,948	41,025	3,213	1,233	1,138	6,460	801	8,933	265,426
Benefits	34,623	135,462	15,939	32,840	5,936	102,175	7,682	11,703	6,060	6,412	85,862	8,395	2,511	2,563	16,837	1,920	18,026	494,946
Retirement	10,303	30,983	2,352	6,748	779	25,646	1,916	3,737	541	1,361	18,770	1,448	588	560	3,392	350	2,955	112,429
Contract services	5,569	6,314	341	105	847	8,191	945	256	-	2,198	40,573	390	-	585	-	-	128	66,442
Telephone	1,780	2,123	2,545	2,823	-	4,471	610	989	31	610	2,159	-	84	610	3,243	-	610	22,688
Occupancy	3,740	7,741	49,811	56,961	671	7,258	17,323	132,851	119	90	39,503	18,264	4,033	43	7,387	36,593	15,605	397,993
Maintenance	4,651	15,726	4,281	8,364	-	8,011	4,395	1,139	2,751	365	11,656	8,681	1,025	52	4,661	987	430	77,175
Professional fees	2,118	2,043	900	900	318	2,423	500	262	200	318	1,343	1,200	200	318	500	300	118	13,961
Postage/shipping	40	1,387	-	11	-	1,375	-	20	-	-	1,365	-	-	-	-	-	12	4,210
Supplies/printing	2,231	8,516	648	1,002	-	7,347	7	32	81	63	7,531	-	102	-	535	-	266	28,361
Other admin.	410	1,752	233	7,148	64	1,924	4,460	152	64	64	1,578	9,955	64	64	64	64	134	28,194
Training & travel	1,000	3,632	140	77	-	2,765	-	-	-	-	2,984	-	-	-	-	-	134	10,732
Food supplies	7,620	18,176	3,508	3,626	-	1,002	-	67	-	-	1,099	-	-	-	295	-	18	35,411
Donated items	4,729	86,865	5,017	2,792	-	7,307	-	1,670	-	1,200	10,781	285	-	-	2,617	1,050	9,074	133,387
Client services	3,718	34,693	3,260	4,819	1,499	16,125	3,255	5,597	2,968	3,371	18,010	3,020	1,136	16,174	4,396	296	43,704	166,041
Equipment	-	-	-	-	-	-	-	-	-	-	32,850	-	-	-	1,982	-	-	34,832
Fundraising	-	8,580	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,580
Depreciation	-	-	110	3,050	-	-	25,647	-	1,838	-	5,145	17,332	3,500	-	13,079	-	-	69,701
Total Expenses	\$ 365,522	\$ 1,394,464	\$ 310,437	\$ 366,084	\$ 62,137	\$ 947,005	\$ 119,407	\$ 239,343	\$ 51,234	\$ 56,711	\$ 845,513	\$ 113,350	\$ 30,188	\$ 36,647	\$ 147,404	\$ 52,648	\$ 212,838	\$ 5,350,932

Other Programs Include the Following:

1. HPRP Community Case Manager
2. State Program Funds
3. Emergency Services
4. HOST
5. EERC
6. Apprenticeship Program
7. PPH

New Hope Housing, Inc.

Schedule of Program Services
Year Ended June 30, 2012

	Mondloch House	Eleanor Kennedy Shelter	Safe Haven Max's Place	Susan's Place	FCWS	Alexandria Community Shelter	Milestones	APS / HCHA	Health Care for Unsheltered Adults	RISE	PPH	FCRHA Units	Next Step Family	Stride	Gartlan House	Just Homes	Other Program Services*	Total Program Services
Salaries	\$ 242,185	\$ 892,410	\$ 193,760	\$ 209,483	\$ 46,821	\$ 641,938	\$ 39,696	\$ 71,218	\$ 23,418	\$ 32,569	\$ 28,424	\$ 28,153	\$ 553,146	\$ 12,205	\$ 76,761	\$ 7,539	\$ 84,855	\$ 3,184,581
Payroll taxes	19,096	70,181	15,521	16,660	4,020	50,517	3,110	5,478	1,860	2,550	2,196	2,219	42,721	960	6,065	585	6,667	250,406
Benefits	35,204	103,125	13,936	22,655	3,431	92,566	6,003	10,834	3,314	4,885	4,521	4,650	82,131	2,027	14,483	902	11,959	416,626
Retirement	10,106	28,831	4,989	8,228	932	20,151	1,377	3,103	297	905	1,449	1,045	21,414	401	3,289	300	3,797	110,614
Contract services	1,618	5,058	414	640	-	3,434	330	-	350	360	-	534	18,171	-	-	-	-	30,909
Telephone	720	874	2,365	1,864	-	880	720	1,086	103	720	720	-	1,074	720	2,063	-	720	14,629
Occupancy	2,439	7,550	50,928	66,505	611	5,311	22,475	128,942	99	72	119	28,917	34,040	41	7,855	36,717	4,096	396,717
Maintenance	5,450	16,772	4,322	5,593	-	2,693	2,723	1,343	1,581	550	49	1,302	16,284	54	2,564	116	2,442	63,838
Professional fees	1,130	2,790	1,020	1,085	100	2,830	500	435	200	240	260	500	2,210	100	500	500	250	14,650
Postage/shipping	55	1,732	18	6	-	1,714	-	24	-	-	-	-	1,704	-	16	18	-	5,287
Supplies/printing	1,243	11,720	838	1,183	-	9,134	34	17	117	34	34	459	12,424	-	284	(14)	595	38,102
Other admin.	557	895	191	800	-	791	169	692	207	77	77	463	953	-	108	20	161	6,161
Training & travel	786	3,635	80	524	-	2,500	-	425	18	-	57	-	3,630	-	177	-	-	11,832
Food supplies	1,897	22,400	2,452	1,998	-	1,233	17	112	-	-	1,274	245	3,289	-	100	29	106	35,152
Donated items	-	80,983	-	-	-	16,099	-	-	-	-	-	-	27,253	-	-	-	1,021	125,356
Client services	4,661	31,314	3,090	6,123	664	10,475	6,603	10,026	3,246	3,406	8,982	1,874	20,619	4,744	2,900	426	58,948	178,101
Depreciation	-	11,412	110	3,050	-	-	25,831	-	-	-	-	17,332	10,027	-	13,079	-	3,500	84,341
Total Expenses	\$ 327,147	\$ 1,291,682	\$ 294,034	\$ 346,397	\$ 56,579	\$ 862,266	\$ 109,588	\$ 233,735	\$ 34,810	\$ 46,368	\$ 48,162	\$ 87,693	\$ 851,090	\$ 21,252	\$ 130,244	\$ 47,138	\$ 179,117	\$ 4,967,302

Other Programs Include the Following:

1. HPRP Community Case Manager
2. State Program Funds
3. Emergency Services
4. HOST
5. EERC
6. Apprenticeship Program
7. Turning Point

**SUPPLEMENTAL SCHEDULE AND REPORTS REQUIRED
BY OMB CIRCULAR A-133**

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

To the Board of Directors of
New Hope Housing, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Hope Housing, Inc. ("the Organization"), which comprise the statement of financial position as of June 30, 2013; the related statement of activities and net assets and the statement of cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated December 3, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
December 3, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE**

To the Board of Directors of
New Hope Housing, Inc.

Report on Compliance for Each Major Federal Program

We have audited New Hope Housing, Inc.'s ("the Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2013. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Vienna, Virginia
December 3, 2013

New Hope Housing, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

<u>Federal Grantor/Program Title</u>	<u>Agency or Pass-Through Grant Number</u>	<u>Federal CFDA Number</u>	<u>2013 Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program:			
Max's Place, August 1, 2011 - July 31, 2012	VA0109B3G011003	14.235	\$ 3,895
Max's Place, August 1, 2012 - July 31, 2013	VA0109B3G011104	14.235	217,668
Susan's Place	VA0109B3G011104	14.235	245,541
Gartlan House, January 1, 2012-December 31, 2012	VA0115B3G010803	14.235	47,422
Gartlan House, January 1, 2013-December 31, 2013	VA0115B3G010803	14.235	48,954
Milestones, July 1, 2012-June 30, 2013	VA0110B3G011104	14.235	58,850
Just Homes, March 1, 2012 - February 28, 2013	VA0087B3G001101	14.235	28,794
Just Homes, March 1, 2013 - July 31, 2013	VA0087L3G001202	14.235	15,509
Fairfax County, Virginia Pass-Through: R.I.S.E., August 1, 2011 - July 31, 2012	VA0114B3G010803	14.235	4,500
Fairfax County, Virginia Pass-Through: R.I.S.E., August 1, 2012 - July 31, 2013	VA0114B3G011104	14.235	36,454
Christian Relief Services Pass-Through: S.T.R.I.D.E.	VA0106B3G011104	14.235	13,445
Christian Relief Services Pass-Through: S.T.R.I.D.E.	VA0106L3G011205	14.235	12,011
Alexandria Housing First	VA0198B3G031100	14.235	19,570
Pass-Through from Fairfax County			
Fairfax County Consolidated Community Funding Pool	4400001360/1	14.218	<u>81,323</u>
Total expenditures of federal awards			<u><u>\$ 833,936</u></u>

New Hope Housing, Inc.

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2013

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred.

2. Loan Assistance

The Organization receives loan assistance from the Fairfax County Redevelopment and Housing Authority (FCRHA) through the Department of Housing and Urban Development (HUD) programs. Under certain programs, funds are loaned to the Organization for affordable housing acquisition assistance. As long as the Organization operates within various program initiatives and the loan covenants for a minimum of 30 years, the Organization shall have no obligation to make principal or interest payments. The Organization did not receive any funds under this loan assistance program for the year ended June 30, 2013.

The Organization had the following loan obligation balances outstanding at June 30, 2013, for which the federal government imposes continuing compliance requirements:

<u>Federal Grantor/Program Title</u>	<u>Amount Outstanding</u>
<u>U.S. Department of Housing and Urban Development</u>	
Milestones	\$ 80,910
Gartlan House	292,324
<u>Fairfax County Redevelopment and Housing Authority</u>	
Gartlan House	446,242
Claremont House	165,121
Brosar House	128,305
Pondside House	105,540
Brockham House	104,340
Beekman House	60,390
Bedford House	<u>55,134</u>
Total loan obligations	<u>\$ 1,438,306</u>

New Hope Housing, Inc.

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

3. Reconciliation to Financial Statements

Reconciliation of federal expenditures to federal and state grants revenue per the accompanying statement of activities and change in net assets:

Federal expenditures per schedule of expenditures of federal awards	\$ 833,936
Add: non-federal grants	240,430
Add: amortization of forgivable loans	<u>301,370</u>
Federal and state grants per statement of activities and change in net assets	<u><u>\$ 1,375,736</u></u>

4. Subrecipients

The Organization did not provide any federal awards to subrecipients for the year ended June 30, 2013.

New Hope Housing, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for the major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of the major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.235	Supportive Housing Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

New Hope Housing, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2013 audit.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the 2013 audit.

New Hope Housing, Inc.

Schedule of Prior Audit Findings
Year Ended June 30, 2013

There were no findings or questioned costs reported for the 2012 audit.