

**New Hope Housing, Inc.**

Financial Statements  
and Independent Auditors' Report

OMB Circular A-133 Reports

June 30, 2012 and 2011

**New Hope Housing, Inc.**

Financial Statements  
June 30, 2012 and 2011

**Contents**

Independent Auditors' Report.....	1-2
<i>Audited Financial Statements</i>	
Statements of Financial Position.....	3
Statements of Activities and Change in Net Assets.....	4-5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7-16
<i>Supplemental Information</i>	
Schedules of Functional Expenses.....	17-18
Schedules of Program Services.....	19-20
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 <i>Government Auditing Standards</i> .....	21-22
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	23-24
Schedule of Expenditures of Federal Awards.....	25
Notes to Schedule of Expenditures of Federal Awards.....	26-27
Schedule of Findings and Questioned Costs .....	28-29

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
New Hope Housing, Inc.

We have audited the accompanying statements of financial position of New Hope Housing, Inc. ("the Organization") as of June 30, 2012 and 2011, and the related statements of activities and change in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 20, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The supplemental information included on pages 17-20 is presented for purposes of additional analysis, and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Organization. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia  
November 20, 2012

## New Hope Housing, Inc.

### Statements of Financial Position June 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash	\$ 814,193	\$ 708,552
Accounts receivable	93,014	115,492
Grants receivable	241,739	264,090
Prepaid expenses and other assets	4,028	908
Investments	668,807	676,460
Property and equipment, net	2,293,223	2,357,773
Total assets	<u>\$ 4,115,004</u>	<u>\$ 4,123,275</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 321,165	\$ 298,161
Client funds payable	22,996	22,805
Advances received	26,124	18,911
Forgivable loans	674,604	701,574
FCRHA loans	1,065,072	1,065,072
Note payable	-	92,584
Total liabilities	<u>2,109,961</u>	<u>2,199,107</u>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	1,851,411	1,774,168
Board designated	100,000	100,000
Total unrestricted	1,951,411	1,874,168
Temporarily restricted	53,632	50,000
Total net assets	<u>2,005,043</u>	<u>1,924,168</u>
Total liabilities and net assets	<u>\$ 4,115,004</u>	<u>\$ 4,123,275</u>

See accompanying notes.

**New Hope Housing, Inc.**

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

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
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)	-
<b>Total revenue and support</b>	<b>5,310,003</b>	<b>3,632</b>	<b>5,313,635</b>
<b>Expenses</b>			
Program services:			
Mondloch House	1,178,236	-	1,178,236
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
Turning Point	25,776	-	25,776
Stride	21,253	-	21,253
Gartlan House	130,244	-	130,244
Just Homes	47,138	-	47,138
Other program services	153,341	-	153,341
<b>Total program services</b>	<b>4,967,302</b>	<b>-</b>	<b>4,967,302</b>
Supporting services:			
Management and general	116,497	-	116,497
Fundraising	125,072	-	125,072
Cost of direct benefits to donors	23,889	-	23,889
<b>Total supporting services</b>	<b>265,458</b>	<b>-</b>	<b>265,458</b>
<b>Total expenses</b>	<b>5,232,760</b>	<b>-</b>	<b>5,232,760</b>
<b>Change in Net Assets</b>	<b>77,243</b>	<b>3,632</b>	<b>80,875</b>
<b>Net Assets, beginning of year</b>	<b>1,874,168</b>	<b>50,000</b>	<b>1,924,168</b>
<b>Net Assets, end of year</b>	<b>\$ 1,951,411</b>	<b>\$ 53,632</b>	<b>\$ 2,005,043</b>

See accompanying notes.

**New Hope Housing, Inc.**

Statement of Activities and Change in Net Assets  
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
County contract services	\$ 3,297,636	\$ -	\$ 3,297,636
Federal and state grants	1,101,532	-	1,101,532
Foundation grants	237,670	50,000	287,670
Special events	143,578	-	143,578
In-kind contributions	295,843	-	295,843
Contributions	159,358	-	159,358
Client rents	99,670	-	99,670
Other contract services	57,890	-	57,890
Investment income	111,802	-	111,802
United Way contributions	35,297	-	35,297
Net assets released from restrictions	47,834	(47,834)	-
<b>Total revenue and support</b>	<b>5,588,110</b>	<b>2,166</b>	<b>5,590,276</b>
<b>Expenses</b>			
Program services:			
Mondloch House	1,412,989	-	1,412,989
Eleanor Kennedy Shelter	1,296,082	-	1,296,082
Alexandria City Shelter	631,607	-	631,607
Susan's Place	335,518	-	335,518
Safe Haven Max's Place	303,804	-	303,804
APS / HCHA	230,975	-	230,975
Milestones	152,734	-	152,734
Gartlan House	148,358	-	148,358
FCRHA Units	113,699	-	113,699
PPH	73,620	-	73,620
FCWS	56,546	-	56,546
Just Homes	53,994	-	53,994
RISE	45,527	-	45,527
Turning Point	37,743	-	37,743
Health Care for Unsheltered Adults	36,297	-	36,297
Stride	28,033	-	28,033
Other program services	255,408	-	255,408
<b>Total program services</b>	<b>5,212,934</b>	<b>-</b>	<b>5,212,934</b>
Supporting services:			
Management and general	260,002	-	260,002
Fundraising	106,104	-	106,104
Cost of direct benefits to donors	25,050	-	25,050
<b>Total supporting services</b>	<b>391,156</b>	<b>-</b>	<b>391,156</b>
<b>Total expenses</b>	<b>5,604,090</b>	<b>-</b>	<b>5,604,090</b>
<b>Change in Net Assets</b>	<b>(15,980)</b>	<b>2,166</b>	<b>(13,814)</b>
<b>Net Assets, beginning of year</b>	<b>1,890,148</b>	<b>47,834</b>	<b>1,937,982</b>
<b>Net Assets, end of year</b>	<b>\$ 1,874,168</b>	<b>\$ 50,000</b>	<b>\$ 1,924,168</b>

See accompanying notes.

**New Hope Housing, Inc.**

Statements of Cash Flows  
For the Years Ended June 30, 2012 and 2011

	2012	2011
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 80,875	\$ (13,814)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	93,856	94,740
Loss on disposal of property and equipment	-	2,000
Net realized and unrealized loss (gain) on investments	24,885	(92,226)
Forgivable loans	(26,970)	(26,970)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	22,478	(30,193)
Grants receivable	22,351	(96,185)
Prepaid expenses and other assets	(3,120)	5,940
Increase (decrease) in:		
Accounts payable and accrued expenses	23,004	90,236
Client funds payable	191	4,152
Advances received	7,213	18,911
	244,763	(43,409)
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(123,112)	(19,576)
Proceeds from sales of investments	105,880	361,738
Purchases of property and equipment	(29,306)	(276,648)
	(46,538)	65,514
<b>Net cash (used in) provided by investing activities</b>		
<b>Cash Flows from Financing Activities</b>		
Proceeds from loans	-	293,426
Principal repayments of note payable	(92,584)	(5,745)
	(92,584)	287,681
<b>Net cash (used in) provided by financing activities</b>		
<b>Net Increase in Cash</b>	105,641	309,786
<b>Cash, beginning of year</b>	708,552	398,766
<b>Cash, end of year</b>	\$ 814,193	\$ 708,552
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 5,592	\$ 6,395

*See accompanying notes.*

## New Hope Housing, Inc.

### Notes to the Financial Statements June 30, 2012 and 2011

#### 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 the years ended June 30, 2012 and 2011.
- *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, 2012 and 2011, temporarily restricted net assets were \$53,632 and \$50,000, 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, 2012 and 2011. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible.

##### Investments

Investments at June 30, 2012 and 2011 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, 2012 and 2011

### 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, 2012 and 2011

### 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.

#### 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 November 20, 2012, the date the financial statements were issued. On September 1, 2012, the Organization entered into a \$250,000 unsecured line of credit for the purpose of working capital needs. Borrowings under this facility are on a demand basis, with interest payable due monthly at the Wall Street Journal Prime Rate plus 1%. Other than the line of credit, the Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements. Other than the line of credit, 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, 2012 and 2011

### 3. Concentration 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 with various financial institutions, including non-interest-bearing accounts totaling \$814,193, which are fully insured by the Federal Depository Insurance Corporation (FDIC), without limit, through December 31, 2012, under current regulations.

The Organization also maintains investments with a financial institution, amounting to \$668,807 at June 30, 2012, which exceeds insurable limits under the 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, 2012 and 2011, the Organization recognized \$4,131,589 and \$4,062,983, respectively, in grants and contracts revenue from these governmental agencies, which represents approximately 78% and 73%, 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:

	2012	2011
Mutual funds	\$ 634,512	\$ 639,291
Money market funds	34,295	37,169
Total investments	<u>\$ 668,807</u>	<u>\$ 676,460</u>

## New Hope Housing, Inc.

### Notes to the Financial Statements June 30, 2012 and 2011

#### 4. Investments (continued)

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

	2012	2011
Interest and dividends	\$ 21,912	\$ 19,576
Unrealized (loss) gain	(25,405)	96,828
Realized gain (loss)	520	(4,602)
Total investment (loss) income	\$ (2,973)	\$ 111,802

#### 5. Fair Value Measurements

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

	Total fair value	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	\$ -	-

## New Hope Housing, Inc.

### Notes to the Financial Statements June 30, 2012 and 2011

#### 5. Fair Value Measurements (continued)

Fair value of investments measured on a recurring basis is as follows as of June 30, 2011:

	Total fair value	Level 1	Level 2	Level 3
Investments:				
Mutual funds:				
Taxable bond funds	\$ 182,422	\$ 182,422	\$ -	-
Treasury inflation protected securities	33,285	33,285	-	-
International bonds	31,626	31,626	-	-
U.S. equities	130,185	130,185	-	-
International equities	81,149	81,149	-	-
Growth real estate	58,880	58,880	-	-
Small company	60,062	60,062	-	-
Energy/natural resources	25,400	25,400	-	-
Commodities	23,380	23,380	-	-
Aggressive international	12,902	12,902	-	-
 Total mutual funds	 639,291	 639,291	 -	 -
Money market funds	37,169	37,169	-	-
 Total investments	 \$ 676,460	 \$ 676,460	 \$ -	 -

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, 2012 and 2011.

#### 6. Property and Equipment

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

	2012	2011
Land	\$ 695,364	\$ 695,364
Buildings and improvements	2,247,513	2,245,681
Leasehold improvements	338,248	310,774
 Total property and equipment	 3,281,125	 3,251,819
Less: accumulated depreciation and amortization	(987,902)	(894,046)
 Property and equipment, net	 \$ 2,293,223	 \$ 2,357,773

## **New Hope Housing, Inc.**

### Notes to the Financial Statements June 30, 2012 and 2011

#### **6. Property and Equipment (continued)**

Depreciation and amortization expense for the years ended June 30, 2012 and 2011 was \$93,856 and \$94,740, respectively.

#### **7. Forgivable Loans**

In May 1996 and September 2007, the Organization received funds from the Commonwealth of Virginia Department of Housing and Community Development (DHCD) and U.S. Department of Housing and Urban Development (HUD) for assistance at closing on purchases of post-shelter housing units in the form of loans. These loans will be forgiven if certain covenants are met. Under these grant covenants, the loan from DHCD will be forgiven entirely after operating the supportive housing units for 15 years, and two loans from HUD will be reduced by ten percent for each year beyond the ten-year period in which the project is used for supportive housing. The Organization fully expects to fulfill all conditions associated with the above grants.

Once the loan conditions are met, the applicable portion of each loan will be reduced and recorded as revenue. The HUD loan that was received in fiscal year 1996 was reduced by \$26,970 for each of the years ending June 30, 2012 and 2011, respectively. The amortization of the second HUD loan that was received in fiscal year 2008 will commence in fiscal year 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.

## New Hope Housing, Inc.

### Notes to the Financial Statements June 30, 2012 and 2011

#### 9. Note Payable

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.

#### 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 calls for monthly payments of \$3,451, which will be adjusted based on HUD's annual fair market rent calculation.

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

2013	\$	66,684
2014		<u>54,264</u>
Total minimum lease payments	\$	<u><u>120,948</u></u>

Rent expense under all operating leases for the years ended June 30, 2012 and 2011 was \$305,581 and \$304,000, respectively.

## New Hope Housing, Inc.

Notes to the Financial Statements  
June 30, 2012 and 2011

### 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>2012</u>	<u>2011</u>
Program restricted:		
Freddie Mac Foundation - Milestones and RISE	\$ 53,632	\$ 50,000
Total temporarily restricted net assets	<u>\$ 53,632</u>	<u>\$ 50,000</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' salary 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, 2012 and 2011 were \$115,266 and \$122,155, respectively.

## New Hope Housing, Inc.

### Notes to the Financial Statements June 30, 2012 and 2011

#### 13. In-Kind Contributions

During the years ended June 30, 2012 and 2011, 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>2012</u>	<u>2011</u>
Food	\$ 109,830	\$ 125,766
Auction items for special events	23,889	25,880
Professional services	11,276	128,396
Furniture	4,102	11,327
Household items	<u>148</u>	<u>4,474</u>
Total in-kind contributions	<u>\$ 149,245</u>	<u>\$ 295,843</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 2012 and 2011.

The Organization performed an evaluation of uncertain tax positions for the years ended June 30, 2012 and 2011, 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, 2012, the statute of limitations for tax years 2010 through 2011 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 For the Year Ended June 30, 2012

	<u>Supporting Services</u>			Total Supporting Services	Total Expenses
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Direct Benefits</u>		
<u>Personnel Costs</u>					
Salaries	\$ 3,184,581	\$ 26,672	\$ 92,898	\$ 119,570	\$ 3,304,151
Payroll taxes	250,405	1,416	7,254	8,670	259,075
Employee benefits	416,626	4,607	2,577	7,184	423,810
Retirement	110,615	701	3,950	4,651	115,266
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	396,716	30,714	281	30,995	427,711
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	6,162	25,127	1,502	26,629	32,791
<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
<b>Total Expenses</b>	<b>\$ 4,967,302</b>	<b>\$ 116,497</b>	<b>\$ 148,961</b>	<b>\$ 265,458</b>	<b>\$ 5,232,760</b>

## New Hope Housing, Inc.

### Schedule of Functional Expenses For the Year Ended June 30, 2011

	<u>Supporting Services</u>			Total Supporting Services	Total Expenses
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Direct Benefits</u>		
<u>Personnel Costs</u>					
Salaries	\$ 3,248,328	\$ 47,169	\$ 73,156	\$ 120,325	\$ 3,368,653
Payroll taxes	262,444	3,141	6,112	9,253	271,697
Employee benefits	459,742	7,338	2,610	9,948	469,690
Retirement	115,411	3,100	3,644	6,744	122,155
Contract services	2,760	-	-	-	2,760
<u>Overhead Costs</u>					
Telephone	12,986	2,447	1,017	3,464	16,450
Interest	-	6,395	-	6,395	6,395
Occupancy	394,000	26,100	287	26,387	420,387
Maintenance	97,935	3,115	-	3,115	101,050
Professional services	1,416	4,633	1,872	6,505	7,921
Postage/shipping	2,839	323	5,409	5,732	8,571
Office supplies and printing	34,023	4,025	7,218	11,243	45,266
Other administrative expenses	22,654	139,047	2,624	141,671	164,325
<u>Program and Other Costs</u>					
Staff training and travel	23,212	1,664	115	1,779	24,991
Food and supplies	53,096	69	-	69	53,165
Donated items	141,557	840	-	840	142,397
Client services	252,790	440	45	485	253,275
<u>Other Costs</u>					
Equipment	2,522	-	-	-	2,522
Depreciation	85,219	9,521	-	9,521	94,740
Fundraising	-	635	1,995	2,630	2,630
Direct benefits to donors	-	-	25,050	25,050	25,050
<b>Total Expenses</b>	<b>\$ 5,212,934</b>	<b>\$ 260,002</b>	<b>\$ 131,154</b>	<b>\$ 391,156</b>	<b>\$ 5,604,090</b>

**New Hope Housing, Inc.**

Schedule of Program Services  
For the 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	Turning Point	Stride	Gartlan House	Just Homes	Other Program Services*	Total Program Services
Salaries	\$ 795,331	\$ 892,410	\$ 193,760	\$ 209,483	\$ 46,821	\$ 641,938	\$ 39,696	\$ 71,218	\$ 23,418	\$ 32,569	\$ 28,424	\$ 28,153	\$ 11,353	\$ 12,205	\$ 76,761	\$ 7,539	\$ 73,502	\$ 3,184,581
Payroll taxes	61,816	70,181	15,521	16,660	4,020	50,517	3,110	5,478	1,860	2,550	2,196	2,219	891	960	6,065	585	5,776	250,405
Benefits	117,335	103,125	13,936	22,655	3,431	92,566	6,003	10,834	3,314	4,885	4,521	4,650	1,596	2,027	14,483	902	10,363	416,626
Retirement	31,520	28,831	4,989	8,228	932	20,151	1,377	3,103	297	905	1,449	1,045	437	402	3,289	300	3,360	110,615
Contract services	19,789	5,058	414	640	-	3,434	330	-	350	360	-	534	-	-	-	-	-	30,909
Telephone	1,794	874	2,365	1,864	-	880	720	1,086	103	720	720	-	600	720	2,063	-	120	14,629
Occupancy	36,478	7,550	50,928	66,505	611	5,311	22,475	128,942	99	72	119	28,917	3,865	41	7,855	36,717	231	396,716
Maintenance	21,734	16,772	4,322	5,593	-	2,693	2,723	1,343	1,581	550	49	1,302	2,212	54	2,564	116	230	63,838
Professional fees	3,340	2,790	1,020	1,085	100	2,830	500	435	200	240	260	500	100	100	500	500	150	14,650
Postage/shipping	1,759	1,732	18	6	-	1,714	-	24	-	-	-	-	-	-	16	18	-	5,287
Supplies/printing	13,667	11,720	838	1,183	-	9,134	34	17	117	34	34	459	-	-	284	(14)	595	38,102
Other admin.	1,511	895	191	800	-	791	169	692	207	77	77	463	77	-	108	20	84	6,162
Training & travel	4,416	3,635	80	524	-	2,500	-	425	18	-	57	-	-	-	177	-	-	11,832
Food supplies	5,186	22,400	2,452	1,998	-	1,233	17	112	-	-	1,274	245	20	-	100	29	86	35,152
Donated items	27,253	80,983	-	-	-	16,099	-	-	-	-	-	-	-	-	-	-	1,021	125,356
Client services	25,280	31,314	3,090	6,123	664	10,475	6,603	10,026	3,246	3,406	8,982	1,874	1,125	4,744	2,900	426	57,823	178,101
Depreciation	10,027	11,412	110	3,050	-	-	25,831	-	-	-	-	17,332	3,500	-	13,079	-	-	84,341
<b>Total Expenses</b>	<b>\$ 1,178,236</b>	<b>\$ 1,291,682</b>	<b>\$ 294,034</b>	<b>\$ 346,397</b>	<b>\$ 56,579</b>	<b>\$ 862,266</b>	<b>\$ 109,588</b>	<b>\$ 233,735</b>	<b>\$ 34,810</b>	<b>\$ 46,368</b>	<b>\$ 48,162</b>	<b>\$ 87,693</b>	<b>\$ 25,776</b>	<b>\$ 21,253</b>	<b>\$ 130,244</b>	<b>\$ 47,138</b>	<b>\$ 153,341</b>	<b>\$ 4,967,302</b>

Other Programs Include the Following:

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

**New Hope Housing, Inc.**

Schedule of Program Services  
For the Year Ended June 30, 2011

	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	Turning Point	Stride	Gartlan House	Just Homes	Other Program Services*	Total Program Services
Salaries	\$ 944,830	\$ 886,798	\$ 195,934	\$ 199,455	\$ 44,834	\$ 470,782	\$ 57,525	\$ 72,952	\$ 24,156	\$ 32,435	\$ 49,588	\$ 31,730	\$ 20,238	\$ 13,793	\$ 86,962	\$ 11,611	\$ 104,706	\$ 3,248,329
Payroll taxes	77,379	70,371	16,187	16,227	3,893	37,809	4,637	5,692	1,926	2,649	37,809	2,559	1,610	1,159	7,032	949	8,350	262,446
Benefits	156,613	124,426	15,888	21,175	5,597	61,007	8,190	11,055	4,558	5,151	8,079	5,185	2,924	2,208	11,549	2,386	13,751	459,742
Retirement	37,171	34,063	8,915	7,441	1,084	11,629	2,468	1,620	86	688	2,592	1,190	456	329	1,693	549	3,438	115,412
Contract services	440	-	-	512	-	-	1,184	496	-	128	-	-	-	-	-	-	-	2,760
Telephone	1,852	1,522	2,012	1,545	(45)	120	561	1,018	-	671	596	-	593	619	1,897	-	25	12,986
Occupancy	37,589	9,734	50,816	69,539	520	3,869	20,857	126,668	78	99	103	25,561	3,495	90	7,495	37,050	437	394,000
Maintenance	16,397	17,097	3,601	1,676	-	2,794	21,569	2,430	1,333	640	285	17,678	2,991	435	8,549	150	311	97,936
Professional fees	697	697	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23	1,417
Postage/shipping	1,376	1,305	-	18	-	56	-	-	10	-	9	-	33	-	19	-	13	2,839
Supplies/printing	9,724	5,851	924	893	-	13,775	541	601	91	92	255	-	12	27	462	106	669	34,023
Other admin.	2,719	2,929	1,254	1,201	55	3,193	1,260	310	685	603	651	7,230	215	79	1,600	590	588	25,162
Training & travel	10,059	7,011	1,219	77	55	3,888	10	573	-	36	38	15	10	-	61	15	145	23,212
Food supplies	20,529	23,867	3,232	3,976	-	855	177	125	14	-	50	-	-	21	171	-	78	53,095
Donated items	58,514	69,088	520	-	-	3,769	1,628	272	-	-	415	3,845	206	2,160	520	210	420	141,567
Client services	27,565	28,435	3,192	8,733	553	18,061	6,287	7,163	3,360	2,266	6,942	1,558	1,460	7,113	7,269	378	122,454	252,789
Depreciation	9,535	12,888	110	3,050	-	-	25,840	-	-	69	-	17,148	3,500	-	13,079	-	-	85,219
<b>Total Expenses</b>	<b>\$ 1,412,989</b>	<b>\$ 1,296,082</b>	<b>\$ 303,804</b>	<b>\$ 335,518</b>	<b>\$ 56,546</b>	<b>\$ 631,607</b>	<b>\$ 152,734</b>	<b>\$ 230,975</b>	<b>\$ 36,297</b>	<b>\$ 45,527</b>	<b>\$ 73,620</b>	<b>\$ 113,699</b>	<b>\$ 37,743</b>	<b>\$ 28,033</b>	<b>\$ 148,358</b>	<b>\$ 53,994</b>	<b>\$ 255,408</b>	<b>\$ 5,212,934</b>

Other Programs Include the Following:

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

**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 the financial statements of New Hope Housing, Inc. ("the Organization") as of and for the year ended June 30, 2012 and have issued our report thereon, dated November 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Vienna, Virginia  
November 20, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

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 each of the Organization's major federal programs for the year ended June 30, 2012. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2012.

Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Vienna, Virginia  
November 20, 2012

**New Hope Housing, Inc.**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

<u>Federal Grantor/Program Title</u>	<u>Agency or Pass-Through Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program:			
Max's Place, July 1-31, 2011	VA0109B3G010802	14.235	\$ 4,939
Max's Place, August 1, 2011 - June 30, 2012	VA0109B3G010803	14.235	217,226
Susan's Place	VA0093B3G000803	14.235	245,541
Gartlan House, July 1, 2011 - December 31, 2011	VA0115B3G010802	14.235	33,799
Gartlan House, January 1, 2012 - June 30, 2012	VA0115B3G010803	14.235	51,914
Milestones	VA0110B3G010803	14.235	58,598
Just Homes	VA0087B3G000800	14.235	26,301
Just Homes	VA0087B3G001101	14.235	13,741
Fairfax County, Virginia Pass-Through: R.I.S.E., August 1, 2010 - July 31, 2011	VA0114B3G010802	14.235	4,339
Fairfax County, Virginia Pass-Through: R.I.S.E., August 1, 2011 - June 30, 2012	VA0114B3G010803	14.235	32,094
Christian Relief Services Pass-Through: S.T.R.I.D.E.	VA106B3G010802	14.235	7,174
Christian Relief Services Pass-Through: S.T.R.I.D.E.	VA106B3G011104	14.235	6,934
<i>American Recovery and Reinvestment Act of 2009</i>			
Operation of Emergency Shelter Community Case Manager	RQ06-853590-32E		16,494
<i>Pass-Through from Fairfax County</i>			
Fairfax County Consolidated Community Funding Pool	4400001360/1	14.218	<u>71,250</u>
Total U.S. Department of Housing and Urban Development			<u>790,344</u>
<u>U.S. Department of Agriculture</u>			
Child & Adult Care Food Program	59278	10.558	<u>11,073</u>
Total expenditures of federal awards			<u>\$ 801,417</u>

See independent auditors' report and accompanying notes to this schedule.

## New Hope Housing, Inc.

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

#### 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, 2012.

The Organization had the following loan obligation balances outstanding at June 30, 2012, 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	\$ 382,280
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>\$ 1,739,676</u>

**New Hope Housing, Inc.**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

**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	\$	801,417
Add: non-federal grants		305,681
Add: amortization of forgivable loans		<u>26,970</u>
Federal and state grants per statement of activities and change in net assets	\$	<u><u>1,134,068</u></u>

**4. Subrecipients**

The Organization did not provide any federal awards to subrecipients for the year ended June 30, 2012.

## New Hope Housing, Inc.

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

#### A. Summary of Independent Auditors' Results

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of New Hope Housing, Inc. ("the Organization").
2. No material weaknesses relating to the audit of the financial statements are reported in the independent auditors' report.
3. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditors' report.
4. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
5. No material weaknesses relating to the audit of the major federal award programs are reported in the report on internal control over financial reporting.
6. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on internal control over financial reporting.
7. The independent auditors' report on compliance for the major federal programs of the Organization expresses an unqualified opinion on all major federal programs.
8. There were no audit findings disclosed related to the major federal award programs for the Organization that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
9. The following programs were tested as major programs:

CFDA#	Program Title
14.235	Supportive Housing Program
RQ0685359032E	Operation of Emergency Shelter Community Case Manager

10. The threshold for distinguishing Types A and B programs was \$300,000.
11. The Organization qualified as a low-risk auditee.

#### B. Findings – Financial Statement Audit

- None

**New Hope Housing, Inc.**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012**

**C. Findings and Questioned Costs – Major Federal Award Program Audit**

- None

**D. Summary Schedule of Prior Audit Findings**

- None