

**New Hope Housing, Inc.**

Financial Statements  
Including Uniform Guidance Reports  
and Independent Auditors' Report

June 30, 2019 and 2018

**New Hope Housing, Inc.**

Financial Statements  
June 30, 2019 and 2018

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## **INDEPENDENT AUDITORS' REPORT**

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

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, 2019 and 2018; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our 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.

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, in 2019, the Organization adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

***Supplementary and Other Information***

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary 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 supplementary 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 January 13, 2020, 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  
January 13, 2020

**New Hope Housing, Inc.**

Statements of Financial Position  
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 459,271	\$ 148,528
Accounts receivable	1,436,921	1,487,110
Grants receivable	124,737	93,981
Investments	-	586,106
Deposits and other assets	8,451	9,197
Property and equipment, net	<u>1,981,551</u>	<u>2,125,886</u>
Total assets	<u>\$ 4,010,931</u>	<u>\$ 4,450,808</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and other accrued expenses	\$ 88,837	\$ 111,994
Accrued payroll	129,033	119,148
Accrued vacation	147,823	154,380
Accrued sick leave	299,100	291,279
Client funds payable	62,453	62,453
Capital lease liability	48,870	96,223
Line of credit	-	225,000
Forgivable loans	233,860	263,092
FCRHA loans	<u>1,065,072</u>	<u>1,065,072</u>
Total liabilities	<u>2,075,048</u>	<u>2,388,641</u>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	1,498,555	1,624,839
Board-designated	<u>437,328</u>	<u>437,328</u>
Total without donor restrictions	<u>1,935,883</u>	<u>2,062,167</u>
Total net assets	<u>1,935,883</u>	<u>2,062,167</u>
Total liabilities and net assets	<u>\$ 4,010,931</u>	<u>\$ 4,450,808</u>

*See accompanying notes.*

**New Hope Housing, Inc.**

Statement of Activities  
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support</b>			
County contract services	\$ 6,269,585	\$ -	\$ 6,269,585
Federal and state grants	1,361,181	-	1,361,181
Client rental income	343,224	-	343,224
In-kind contributions	312,264	-	312,264
Contributions	270,358	-	270,358
Special events	252,335	-	252,335
Foundation grants	-	98,750	98,750
United Way contributions	14,975	-	14,975
Other income	35,608	-	35,608
Released from restrictions	98,750	(98,750)	-
	<u>8,958,280</u>	<u>-</u>	<u>8,958,280</u>
Total operating revenue and support			
	<u>8,958,280</u>	<u>-</u>	<u>8,958,280</u>
<b>Expenses</b>			
Program services:			
Shelter	3,832,850	-	3,832,850
Permanent Supportive	3,932,566	-	3,932,566
Rapid Re-housing and other	122,622	-	122,622
	<u>7,888,038</u>	<u>-</u>	<u>7,888,038</u>
Total program services			
	<u>7,888,038</u>	<u>-</u>	<u>7,888,038</u>
Supporting services:			
Management and general	1,021,886	-	1,021,886
Fundraising	88,056	-	88,056
Cost of direct benefit to donors	72,239	-	72,239
	<u>1,182,181</u>	<u>-</u>	<u>1,182,181</u>
Total supporting services			
	<u>1,182,181</u>	<u>-</u>	<u>1,182,181</u>
Total expenses			
	<u>9,070,219</u>	<u>-</u>	<u>9,070,219</u>
<b>Change in Net Assets from Operations</b>	(111,939)	-	(111,939)
<b>Non-Operating Activities</b>			
Investment loss, net	(14,345)	-	(14,345)
	<u>(14,345)</u>	<u>-</u>	<u>(14,345)</u>
Total non-operating activities			
	<u>(14,345)</u>	<u>-</u>	<u>(14,345)</u>
<b>Change in Net Assets</b>	(126,284)	-	(126,284)
<b>Net Assets, beginning of year</b>	2,062,167	-	2,062,167
	<u>2,062,167</u>	<u>-</u>	<u>2,062,167</u>
<b>Net Assets, end of year</b>	<u>\$ 1,935,883</u>	<u>\$ -</u>	<u>\$ 1,935,883</u>

See accompanying notes.

**New Hope Housing, Inc.**

Statement of Activities  
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support</b>			
County contract services	\$ 5,679,040	\$ -	\$ 5,679,040
Federal and state grants	1,554,098	-	1,554,098
Client rental income	324,047	-	324,047
In-kind contributions	353,497	-	353,497
Contributions	128,443	85,000	213,443
Special events	152,478	-	152,478
Foundation grants	87,000	79,500	166,500
United Way contributions	30,511	-	30,511
Other income	39,946	-	39,946
Released from restrictions	202,740	(202,740)	-
	<u>8,551,800</u>	<u>(38,240)</u>	<u>8,513,560</u>
Total operating revenue and support			
<b>Expenses</b>			
Program services:			
Shelter	3,962,778	-	3,962,778
Permanent Supportive	3,796,758	-	3,796,758
Rapid Re-housing and other	402,171	-	402,171
	<u>8,161,707</u>	<u>-</u>	<u>8,161,707</u>
Total program services			
Supporting services:			
Management and general	220,771	-	220,771
Fundraising	105,908	-	105,908
Cost of direct benefit to donors	31,083	-	31,083
	<u>357,762</u>	<u>-</u>	<u>357,762</u>
Total supporting services			
Total expenses	<u>8,519,469</u>	<u>-</u>	<u>8,519,469</u>
<b>Change in Net Assets from Operations</b>	32,331	(38,240)	(5,909)
<b>Non-Operating Activities</b>			
Investment income, net	41,162	-	41,162
Total non-operating activities	<u>41,162</u>	<u>-</u>	<u>41,162</u>
<b>Change in Net Assets</b>	73,493	(38,240)	35,253
<b>Net Assets, beginning of year</b>	<u>1,988,674</u>	<u>38,240</u>	<u>2,026,914</u>
<b>Net Assets, end of year</b>	<u>\$ 2,062,167</u>	<u>\$ -</u>	<u>\$ 2,062,167</u>

See accompanying notes.

**New Hope Housing, Inc.**

Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services				Supporting Services			Total Expenses
	Shelter	Permanent Supportive	Rapid		Management and General	Fundraising and Direct Benefits	Supporting Services	
			Re-housing and Other	Program Services				
<b>Personnel Costs</b>								
Salaries	\$ 2,248,702	\$ 1,079,202	\$ 15,407	\$ 3,343,311	\$ 508,115	\$ 66,576	\$ 574,691	\$ 3,918,002
Payroll taxes	171,047	80,914	1,094	253,055	50,263	4,795	55,058	308,113
Employee benefits	460,215	205,148	4,397	669,760	139,268	15,490	154,758	824,518
Retirement	44,207	29,523	454	74,184	10,159	2,070	12,229	86,413
Contract services	10,265	2,679	-	12,944	44,492	-	44,492	57,436
<b>Overhead Costs</b>								
Telephone	24,466	32,094	802	57,362	4,968	729	5,697	63,059
Occupancy	315,787	2,099,525	88,455	2,503,767	23,565	-	23,565	2,527,332
Maintenance	3,711	85,655	1,542	90,908	1,539	-	1,539	92,447
Professional fees	1,038	27	-	1,065	9,331	824	10,155	11,220
Postage and shipping	2,116	1,078	-	3,194	575	1,320	1,895	5,089
Office supplies and printing	13,021	20,639	-	33,660	104	1,289	1,393	35,053
Other administrative expenses	27,967	25,017	4,472	57,456	147,331	2,454	149,785	207,241
<b>Program and Other Costs</b>								
Staff training	49,718	28,702	330	78,750	5,403	79	5,482	84,232
Food and food supplies	131,873	17,473	43	149,389	300	-	300	149,689
Donated items	243,864	67,032	1,368	312,264	-	-	-	312,264
Client services	40,482	50,096	650	91,228	-	-	-	91,228
<b>Other Costs</b>								
Equipment	33,090	39,629	67	72,786	385	38	423	73,209
Depreciation and amortization	7,824	64,832	3,541	76,197	74,274	-	74,274	150,471
Board of Directors	-	89	-	89	875	-	875	964
Direct benefit to donors	3,457	3,212	-	6,669	939	64,631	65,570	72,239
<b>Total Expenses</b>	<b>\$ 3,832,850</b>	<b>\$ 3,932,566</b>	<b>\$ 122,622</b>	<b>\$ 7,888,038</b>	<b>\$ 1,021,886</b>	<b>\$ 160,295</b>	<b>\$ 1,182,181</b>	<b>\$ 9,070,219</b>

See accompanying notes.



**New Hope Housing, Inc.**

Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program Services			Supporting Services			Total Expenses
	Shelter	Permanent Supportive	Rapid	Management and General	Fundraising and Direct Benefits	Supporting Services	
			Re-housing and Other				
<b>Personnel Costs</b>							
Salaries	\$ 2,394,713	\$ 1,234,590	\$ 61,776	\$ 3,691,079	\$ 51,360	\$ 71,360	\$ 3,813,799
Payroll taxes	213,305	107,836	5,599	326,740	4,481	6,453	337,674
Employee benefits	536,967	260,968	19,322	817,257	49,174	21,406	887,837
Retirement	42,940	29,515	1,859	74,314	62	2,666	77,042
Contract services	17,188	17,612	1,365	36,165	2,571	2,271	41,007
<b>Overhead Costs</b>							
Telephone	25,223	40,030	1,293	66,546	3,884	947	71,377
Occupancy	140,800	1,637,912	288,291	2,067,003	974	-	2,067,977
Maintenance	6,306	75,817	2,958	85,081	1,097	-	86,178
Professional fees	14,317	5,902	-	20,219	4,133	1,298	25,650
Postage and shipping	1,554	540	-	2,094	859	1,775	4,728
Office supplies and printing	16,287	14,057	456	30,800	1,399	1,600	33,799
Other administrative expenses	51,218	84,652	8,307	144,177	28,059	6,312	178,548
<b>Program and Other Costs</b>							
Staff training	59,804	32,832	2,759	95,395	14,806	540	110,741
Food and food supplies	88,136	14,297	59	102,492	444	-	102,936
Donated items	279,917	69,772	3,808	353,497	-	-	353,497
Client services	31,052	13,138	-	44,190	-	-	44,190
<b>Other Costs</b>							
Equipment	29,554	92,222	778	122,554	179	-	122,733
Depreciation and amortization	7,868	64,814	3,541	76,223	52,000	-	128,223
Board of Directors	-	-	-	-	450	-	450
Direct benefit to donors	5,629	252	-	5,881	4,839	20,363	31,083
<b>Total Expenses</b>	<b>\$ 3,962,778</b>	<b>\$ 3,796,758</b>	<b>\$ 402,171</b>	<b>\$ 8,161,707</b>	<b>\$ 220,771</b>	<b>\$ 136,991</b>	<b>\$ 8,519,469</b>

See accompanying notes.

**New Hope Housing, Inc.**

Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (126,284)	\$ 35,253
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	150,471	128,223
Net realized and unrealized loss (gain)	24,164	(26,546)
Amortization of forgivable loans	(29,232)	(29,232)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	50,189	(585,656)
Grants receivable	(30,756)	147,874
Deposits and other assets	746	162
Increase (decrease) in:		
Accounts payable and other accrued expenses	(23,157)	84,141
Accrued payroll	9,885	40,536
Accrued vacation	(6,557)	28,014
Accrued sick leave	7,821	35,746
Client funds payable	-	26,170
	27,290	(115,315)
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(17,059)	(80,879)
Proceeds from sales of investments	579,001	61,132
Purchases of property and equipment	(6,136)	(58,231)
	555,806	(77,978)
<b>Cash Flows from Financing Activities</b>		
Payments under capital lease	(47,353)	(44,158)
Principal payments on line of credit	(350,000)	-
Proceeds from borrowings on line of credit	125,000	225,000
	(272,353)	180,842
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	310,743	(12,451)
<b>Cash and Cash Equivalents, beginning of year</b>	148,528	160,979
<b>Cash and Cash Equivalents, end of year</b>	\$ 459,271	\$ 148,528

See accompanying notes.

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

Notes to the Financial Statements  
June 30, 2019 and 2018

### **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 works to end homelessness across Northern Virginia by providing shelter, Rapid Re-housing and permanent supportive housing, and services for homeless families and single adults. The Organization is committed to offering homeless men, women, and children the services they need to change their lives and succeed. On any given night, more than 300 individuals find a safe place to sleep in a New Hope Housing shelter or housing facility.

### **2. Summary of Significant Accounting Policies**

#### Basis of Accounting and Presentation

The Organization’s financial statements are prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

*Net assets without donor restrictions* – net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve and a Board-designated fund.

*Net assets with donor restrictions* – net assets subject to stipulations imposed by donors and grantors. Donor restrictions that are temporary in nature and will be met by actions of the Organization or by the passage of time. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### Cash Equivalents

For the purpose of the financial statements of cash flow, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition are amounts held for investments.

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

Notes to the Financial Statements  
June 30, 2019 and 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### Accounts Receivable

The Organization's accounts receivable are all due in less than one year and are recorded at net realizable value. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to the aging of receivables. No allowance for doubtful accounts is recorded, as management believes that all accounts receivables are fully collectible.

#### Grants Receivable

Grants receivable consists of amounts due to be reimbursed to the Organization for expenses incurred under federal and state government grant agreements. The entire amount is expected to be collected within one year, and is recorded at net realizable value. No allowance for doubtful accounts is recorded, as management believes that all grants receivable are fully collectible.

#### Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses, net of investment management fees, are reported as a component of investment (loss) income in the accompanying statements of activities.

#### Property and Equipment

Property and equipment purchased at a cost of \$1,000 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. Expenditures for maintenance and repairs are charged to expenses as incurred.

#### Revenue Recognition

Revenue from performance-based contracts is recognized when performance is completed. When cash advances exceed the contract revenue recognized, a liability is recorded.

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.

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

Notes to the Financial Statements  
June 30, 2019 and 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### Revenue Recognition (continued)

Contributions and foundation grants, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports them as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Organization's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, restrictions met in the same accounting period in which the related contribution was received are treated as net assets without donor restrictions.

Client 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.

The Organization periodically holds special events as fundraising activities. The gross revenue and expenses, including direct benefits to donors, from these events are presented in the accompanying statements of activities, and revenues are recognized when the donations are received.

Revenue from all other sources is recognized when earned.

#### In-Kind Contributions

The Organization receives in-kind contributions from various community groups and individual donors consisting of contributed food, clothing, supplies, and services that benefit both program and supporting services. Services are recognized only when they create or enhance nonfinancial assets, or require specialized skills, are provided by qualified individuals, and would typically be purchased if not donated. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-25-16, *Contributed Services*.

## New Hope Housing, Inc.

Notes to the Financial Statements  
June 30, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes net investment income and loss.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Advertising Costs

Advertising costs are expensed as incurred, and totaled \$3,033 and \$2,133 for the years ended June 30, 2019 and 2018, respectively.

#### 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 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

#### Change in Accounting Principle

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

## New Hope Housing, Inc.

Notes to the Financial Statements  
June 30, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Change in Accounting Principle (continued)

The ASU has been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

#### Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in the Organization's fiscal year 2021.

#### Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 13, 2020, the date the financial statements were available to be issued.

### 3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 459,271	\$ 148,528
Accounts receivable	1,436,921	1,487,110
Grants receivable	124,737	93,981
Investments	<u>-</u>	<u>586,106</u>
Total financial assets	2,020,929	2,315,725
Less: Board-designated fund	<u>(437,328)</u>	<u>(437,328)</u>
Total available for general expenditures	<u>\$ 1,583,601</u>	<u>\$ 1,878,397</u>

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

Notes to the Financial Statements  
June 30, 2019 and 2018

### **3. Liquidity and Availability (continued)**

The Organization strives to maintain financial assets sufficient to cover 90 days of general expenditures. As part of this liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments. As described in Note 9 to the financial statements, the Organization also has a committed line of credit in the amount of \$250,000 that it could draw upon in the event of an unanticipated liquidity need.

### **4. Concentrations of Risk**

#### Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents, 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 Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and cash equivalents, 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 revenue received by the Organization is from the local jurisdictions of Fairfax County, the City of Alexandria, the Commonwealth of Virginia, and the U.S. Department of Housing and Urban Development (HUD). For the years ended June 30, 2019 and 2018, the Organization recognized \$7,630,766 and \$7,233,138, respectively, in grants and contracts revenue from these governmental agencies, which represents approximately 85% of total operating revenue and support for both years ended June 30, 2019 and 2018. Any significant reduction in revenue and support may adversely impact the Organization's financial position and operations.

### **5. Investments and Fair Value Measurements**

The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value.



## New Hope Housing, Inc.

Notes to the Financial Statements  
June 30, 2019 and 2018

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

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three 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. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The Organization did not have any investments as of June 30, 2019.

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
U.S. equities	\$ 178,909	\$ -	\$ -	\$ 178,909
Taxable bond funds	87,101	-	-	87,101
International equities	75,242	-	-	75,242
Growth real estate	59,202	-	-	59,202
Small company	50,374	-	-	50,374
Treasury inflation protected securities	26,646	-	-	26,646
International bonds	25,923	-	-	25,923
Precious metals	3,623	-	-	3,623
Energy/natural resources	43,386	-	-	43,386
Aggressive international	24,986	-	-	24,986
Total mutual funds	575,392	-	-	575,392
Money market funds	10,714	-	-	10,714
Total investments	<u>\$ 586,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,106</u>

**New Hope Housing, Inc.**

Notes to the Financial Statements  
June 30, 2019 and 2018

**5. Investments and Fair Value Measurements (continued)**

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

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 11,922	\$ 18,524
Net realized and unrealized (loss) gain	(24,164)	26,546
Less: investment management fees	<u>(2,103)</u>	<u>(3,908)</u>
Investment (loss) income, net	<u>\$ (14,345)</u>	<u>\$ 41,162</u>

**6. Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 695,364	\$ 695,364
Buildings and improvements	2,243,264	2,243,264
Furniture and equipment	324,291	318,155
Vehicles	<u>125,405</u>	<u>125,405</u>
Total property and equipment	3,388,324	3,382,188
Less: accumulated depreciation and amortization	<u>(1,406,773)</u>	<u>(1,256,302)</u>
Property and equipment, net	<u>\$ 1,981,551</u>	<u>\$ 2,125,886</u>

**7. Forgivable Loans**

The Organization has received forgivable loans under HUD's Supportive Housing Program for assistance at closing on purchases of post shelter housing units. Under terms of the agreements, the proceeds must be used for the specific purpose intended in the loan documents. According to the terms of the agreement and guidelines in 24 Code of Federal Regulations Part 583.305 of the Federal Register, repayment of 100% of any assistance received for acquisition costs is required if the project ceases to be supportive housing within 10 years after the project is placed in service. If used for more than 10 years, the percentage of the amount required to be repaid is reduced by 10% for each year in excess of 10 years that the project is used as supportive housing.

## New Hope Housing, Inc.

Notes to the Financial Statements  
June 30, 2019 and 2018

### 7. Forgivable Loans (continued)

Management believes the conditions of forgiveness related to these loans are substantially met after ten years of operation as supportive housing and that the Organization has the present intention and ability to maintain the conditions of forgiveness, the proceeds from these forgivable loans have been initially recorded as refundable advances (forgivable loans) and then after ten years ratably recognized as revenue over the remaining 10-years. The revenue is recorded as amortization of forgivable loans and included in federal and state grants in the accompanying statements of activities.

At June 30, 2017, the Organization had one HUD forgivable loan that was received in 2008 to assist in the purchase of a residence for Permanent Supportive Housing for 8 men. The total amount of funds received for acquisition assistance was \$292,324. The Organization started ratable recognition of this loan in fiscal year 2018. The total amount recognized as revenue on debt forgiveness was \$29,232 for both years ended June 30, 2019 and 2018, which was included in federal and state grants in the accompanying statements of activities. Forgivable loans totaled \$233,860 and \$263,092 at June 30, 2019 and 2018, respectively, which are included in the accompanying statements of financial position. Total future payments are as follows for the years ending June 30:

2020	\$	29,232
2021		29,232
2022		29,232
2023		29,232
2024		29,232
Thereafter		<u>87,700</u>
Total future payments	\$	<u>233,860</u>

### 8. FCRHA Loans

In July 2008, May 2009, September 2010, and June 2011, the Organization received assistance 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, 2019 and 2018

**8. FCRHA Loans (continued)**

The Organization had the following long-term debt and other obligations at June 30:

	2019	2018
Gartlan House – Note payable to FCRHA of \$446,242; with no interest accruing and no principal payments due if the Organization continuously uses the property for affordable housing acquisition assistance program; matures in 2039; collateralized by a deed of trust on the property.	\$ 446,242	\$ 446,242
Claremont House – Note payable to FCRHA of \$165,121; with no interest accruing and no principal payments due if the Organization continuously uses the property for affordable housing acquisition assistance program; matures in 2040; collateralized by a deed of trust on the property.	165,121	165,121
Brosar House – Note payable to FCRHA of \$128,305; with no interest accruing and no principal payments due if the Organization continuously uses the property for affordable housing acquisition assistance program; matures in 2040; collateralized by a deed of trust on the property.	128,305	128,305
Ponside House – Note payable to FCRHA of \$105,540; with no interest accruing and no principal payments due if the Organization continuously uses the property for affordable housing acquisition assistance program; matures in 2039; collateralized by a deed of trust on the property.	105,540	105,540
Brockham House – Note payable to FCRHA of \$104,340; with no interest accruing and no principal payments due if the Organization continuously uses the property for affordable housing acquisition assistance program; matures in 2039; collateralized by a deed of trust on the property.	104,340	104,340
Beekman House – Note payable to FCRHA of \$60,390; with no interest accruing and no principal payments due if the Organization continuously uses the property for affordable housing acquisition assistance program; matures in 2039; collateralized by a deed of trust on the property.	60,390	60,390
Bedford House – Note payable to FCRHA of \$55,134; with no interest accruing and no principal payments due if the Organization continuously uses the property for affordable housing acquisition assistance program; matures in 2039; collateralized by a deed of trust on the property.	55,134	55,134
Total FCRHA loans	\$ 1,065,072	\$ 1,065,072

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

### Notes to the Financial Statements June 30, 2019 and 2018

#### **9. Line of Credit**

The Organization maintains a \$250,000 unsecured line of credit with a bank for the purposes of working capital needs. The line of credit is renewable every year. Interest payments on any outstanding balances are made monthly at the bank's prime rate plus 0.75% (6.00% and 5.75% at June 30, 2019 and 2018, respectively). The outstanding balance on this line of credit was \$225,000 at June 30, 2018. There was no outstanding balance on this line of credit at June 30, 2019.

#### **10. Allocation of Expenses from Management and General Activities**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and employee benefits, consulting and contractual services, occupancy, depreciation and amortization, telecommunication, and other expenses, which are allocated on the basis of estimates of time and effort.

#### **11. Commitments and Contingencies**

##### Operating Leases

The Organization leases office space in Suite C at 8407 Richmond Highway, Alexandria, Virginia. The original lease commenced on January 1, 2011 and was set to expire on December 31, 2015. In December 2015, the aforementioned lease was extended for a further period of three years, commencing on January 1, 2016 and expiring on December 31, 2018, with an option to extend for three additional years. In December 2018, the Organization utilized the option to extend for three additional years. The lease is now set to expire on December 31, 2021. The lease has a 3.5% escalation rate of the previous base rent. The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is not reflected in the accompanying statements of financial position due to immateriality.

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 ended in June 2014. In July 2014, the Organization extended this lease at a base monthly rent of \$3,451, which was adjusted based on HUD's annual fair market rent calculation. The lease expired on June 30, 2019.

The Organization also leases a number of residential properties that are used in the Organization's housing program. These units are, in turn, utilized to provide temporary housing assistance in fulfillment of program objectives. All leases are operating leases and have original terms of one to three years.

**New Hope Housing, Inc.**

Notes to the Financial Statements  
June 30, 2019 and 2018

**11. Commitments and Contingencies (continued)**

Operating Leases (continued)

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

2020	\$ 1,382,276
2021	377,976
2022	<u>57,520</u>
Total future minimum lease payments	<u>\$ 1,817,772</u>

Rent expense under all operating leases for the years ended June 30, 2019 and 2018 was \$2,164,257 and \$1,745,712, respectively.

Capital Lease

The Organization leases office equipment under capital lease. Capitalized costs are reflected in property and equipment at the gross amount of \$166,385 at both June 30, 2019 and 2018. Accumulated depreciation for the leased equipment was \$114,794 and \$68,423 at June 30, 2019 and 2018, respectively. Depreciation expense for the leased equipment was \$46,371 and \$39,412 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments are as follows for the years ending June 30:

2020	\$ 31,713
2021	16,200
2022	<u>4,050</u>
Future minimum lease payments	51,963
Less: amount representing interest	<u>(3,093)</u>
Net present value of minimum lease payments	<u>\$ 48,870</u>

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.

## New Hope Housing, Inc.

Notes to the Financial Statements  
June 30, 2019 and 2018

### 11. 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 closed out, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

### 12. Retirement Plan

The Organization offers a Section 403(b) thrift plan to its full-time and part-time employees and contributes a discretionary fixed percent of the employees' salaries for all eligible employees. The Organization contributed 3% for both years ended June 30, 2019 and 2018. 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% of the salary reduction amount contributed during the plan year, or 0.25% 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, 2019 and 2018 were \$86,413 and \$77,042, respectively.

### 13. In-Kind Contributions

The Organization received the following donated goods, which have been reflected as in-kind contributions and either capitalized costs or expenses in the accompanying statements of activities during the years ended June 30:

	<u>2019</u>	<u>2018</u>
Food	\$ 161,715	\$ 242,205
Furniture and household items	<u>150,549</u>	<u>111,292</u>
Total in-kind contributions	<u>\$ 312,264</u>	<u>\$ 353,497</u>

**New Hope Housing, Inc.**

Notes to the Financial Statements  
June 30, 2019 and 2018

**14. Income Taxes**

The Organization is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3), and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements, as there was no unrelated business taxable income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi).

Management evaluated the Organization's tax positions and concluded that the Organization's financial statements do not include any uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.



**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED  
BY THE UNIFORM GUIDANCE**

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**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, 2019; the related statements of activities, functional expenses, cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated January 13, 2020.

***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.

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 and therefore, material weakness or significant deficiency may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

***Internal Control over Financial Reporting (continued)***

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

***Compliance and Other Matters***

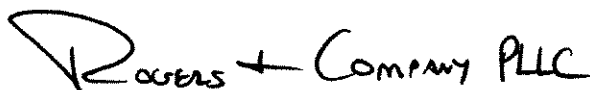
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002.

***Organization's Response to Findings***

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.



Vienna, Virginia  
January 13, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
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 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for 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, 2019.

***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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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



Vienna, Virginia  
January 13, 2020

**New Hope Housing, Inc.**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Grant Number	Amount Paid to Subrecipients	Federal Expenditures
<b>Expenditures of Federal Awards</b>				
<u>U.S. Department of Housing and Urban Development</u>				
Continuum of Care Program:				
<i>Direct Awards:</i>				
Milestones	14.267	VA0110L3G011710	\$ -	\$ 65,734
Permanent Supportive Housing homes	14.267	VA0109L3G011609	-	16,054
Permanent Supportive Housing homes	14.267	VA0109L3G011710	-	334,276
Susan's Place	14.267	VA0093L3G001710	-	215,498
Just Homes	14.267	VA0087L3G001707	-	27,636
Just Homes	14.267	VA0087L3G001808	-	24,080
Alexandria Housing First II	14.267	VA0198L3G031603	-	46,927
Alexandria Housing First II	14.267	VA0198L3G031704	-	161,675
Fairfax Just Homes	14.267	VA0218L3G011603	-	10,866
Fairfax Just Homes	14.267	VA0218L3G011704	-	68,590
<i>Pass-Through Award from County of Fairfax, Virginia:</i>				
Reaching Independence through Support & Education (RISE)	14.267	VA0114B3G011306	-	60,462
Total Continuum of Care Program			-	1,031,798
Emergency Solutions Grant Program:				
<i>Pass-Through Awards from Virginia Department of Housing and Community Development:</i>				
Virginia Homeless Solutions Program	14.231	19-VSHP-58	-	91,311
Total Emergency Solutions Grant Program			-	91,311
Total Expenditures of Federal Awards			\$ -	\$ 1,123,109

(continued)

See accompanying notes to the schedule of expenditures of federal awards.

**New Hope Housing, Inc.**

Schedule of Expenditures of Federal Awards (continued)  
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Grant Number	Amount Paid to Subrecipients	Federal Expenditures
<b>Prior Years' Federal Awards for which Continued Compliance Is Required</b>				
<u>U.S. Department of Housing and Urban Development</u>				
McKinney Act Supportive Housing Program: <i>Direct Award:</i> Garlan House	14.235		\$ -	\$ 233,860
Total McKinney Act Supportive Housing Program			-	233,860
Community Development Block Grant (CDBG): <i>Pass-Through from Fairfax County Redevelopment and Housing Authority:</i> Housing Acquisition Funds (CDBG) Housing Acquisition Funds (Neighborhood Stabilization Program)	14.218 14.218		- -	1,034,359 30,713
Total Community Development Block Grant			-	1,065,072
Total Prior Years' Expenditures of Federal Awards for which Continued Compliance Is Required			\$ -	\$ 1,298,932

See accompanying notes to the schedule of expenditures of federal awards.

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

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (“the Schedule”) includes the federal award activity of the Organization under the programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the Schedule follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

#### **3. Indirect Cost Rates**

The Organization has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

#### **4. Noncash Assistance**

The Organization neither received nor disbursed federal awards in the form of federal noncash assistance for the year ended June 30, 2019.



**New Hope Housing, Inc.**

Notes to the Schedule of Expenditures of Federal Awards (continued)  
For the Year Ended June 30, 2019

**5. Federal Loans**

In prior years, the Organization received certain loan assistance grants directly from the U.S. Department of Housing and Urban Development and passed through from the Fairfax County Redevelopment and Housing Authority. As required by the Uniform Guidance, the outstanding balance of these loans at the end of the year is included in the Schedule, as there are continuing compliance requirements. There were no new loan assistance grants received by the Organization in fiscal year 2019. The balance of all loans outstanding at June 30, 2019 was \$1,298,932.

**6. Matching Requirements**

Certain Federal programs require the Organization to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Organization has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**7. Reconciliation to Financial Statements**

Reconciliation between federal expenditures per the SEFA and federal and state grants revenue per the accompanying statement of activities for the year ended June 30, 2019 is as follows:

Federal expenditures per the schedule of expenditures of federal awards	\$ 1,123,109
Add: non-federal grants	208,840
Add: forgivable loans	<u>29,232</u>
Federal and state grants per statement of activities	<u><u>\$ 1,361,181</u></u>