New Hope Housing, Inc.

Financial Statements
Including Uniform Guidance Reports
and Independent Auditors' Report

June 30, 2020 and 2019

New Hope Housing, Inc.

Financial Statements
June 30, 2020 and 2019

Contents

ROGERS & COMPANY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of New Hope Housing, Inc. ("the Organization") which comprise the statements of financial position as of June 30, 2020 and 2019; 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.

Auditor's Responsibility (continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, 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, the Organization adopted Financial Accounting Standards Board Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report, dated March 22, 2021, 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.

Rogers + Company PLLC

Vienna, Virginia
March 22, 2021

New Hope Housing, Inc.

Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 1,145,450	$ 459,271
Government contracts receivable	1,767,555	1,436,921
Grants receivable	70,927	124,737
Deposits and other assets	16,624	8,451
Property and equipment, net	1,837,758	1,981,551
Total assets	$ 4,838,314	$ 4,010,931
Liabilities and Net Assets		
Liabilities		
Accounts payable and other accrued expenses	$ 105,737	$ 88,837
Accrued payroll	165,326	129,033
Accrued vacation	138,889	147,823
Accrued sick leave	269,557	299,100
Client funds payable	62,453	62,453
Refundable advances	3,913	-
Capital lease liability	19,336	48,870
Forgivable loans	204,627	233,860
FCRHA loans	1,065,072	1,065,072
Unspent funds – CARES Act	110,532	-
Conditional grant – PPP	838,951	-
Total liabilities	2,984,393	2,075,048
Net Assets		
Without donor restrictions:		
Undesignated	1,366,593	1,498,555
Board-designated	437,328	437,328
Total without donor restrictions	1,803,921	1,935,883
With donor restrictions	50,000	-
Total net assets	1,853,921	1,935,883
Total liabilities and net assets	$ 4,838,314	$ 4,010,931

New Hope Housing, Inc.

Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
County contract services	$ 6,635,980	$ -	$ 6,635,980
Federal and state grants	1,281,741	-	1,281,741
Grants and contributions	711,863	50,000	761,863
In-kind contributions	313,981	-	313,981
Client rental income	282,216	-	282,216
Special events	117,131	-	117,131
Interest income	2,566	-	2,566
Other income	57,971	-	57,971
Total revenue and support	9,403,449	50,000	9,453,449
Expenses			
Program services:			
Shelter	4,730,396	-	4,730,396
Permanent Supportive	3,334,040	-	3,334,040
Rapid Re-housing and other	544,073	-	544,073
Total program services	8,608,509	-	8,608,509
Supporting services:			
Management and general	772,529	-	772,529
Fundraising	86,375	-	86,375
Cost of direct benefits to donors	67,998	-	67,998
Total supporting services	926,902	-	926,902
Total expenses	9,535,411	-	9,535,411
Change in Net Assets	(131,962)	50,000	(81,962)
Net Assets, beginning of year	1,935,883	-	1,935,883
Net Assets, end of year	$ 1,803,921	$ 50,000	$ 1,853,921

See accompanying notes.

New Hope Housing, Inc.

Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
County contract services	$ 6,269,585	$ -	$ 6,269,585
Federal and state grants	1,361,181	-	1,361,181
Grants and contributions	285,333	98,750	384,083
Client rental income	343,224	-	343,224
In-kind contributions	312,264	-	312,264
Special events	252,335	-	252,335
Other income	35,608	-	35,608
Released from restrictions	98,750	(98,750)	-
Total operating revenue and support	8,958,280	-	8,958,280
Expenses			
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
Total program services	7,888,038	-	7,888,038
Supporting services:			
Management and general	1,021,886	-	1,021,886
Fundraising	88,056	-	88,056
Cost of direct benefits to donors	72,239	-	72,239
Total supporting services	1,182,181	-	1,182,181
Total expenses	9,070,219	-	9,070,219
Change in Net Assets from Operations	(111,939)	-	(111,939)
Non-Operating Activity			
Investment loss, net	(14,345)	-	(14,345)
Total non-operating activity	(14,345)	-	(14,345)
Change in Net Assets	(126,284)	-	(126,284)
Net Assets, beginning of year	2,062,167	-	2,062,167
Net Assets, end of year	$ 1,935,883	$ -	$ 1,935,883

New Hope Housing, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services				Supporting Services			
	Shelter	Permanent Supportive	Rapid Re-housing and Other	Total Program Services	Management and General	Fundraising and Direct Benefits	Total Supporting Services	Total Expenses
Personnel Costs								
Salaries	$ 3,196,828	$ 1,033,512	$ 19,510	$ 4,249,850	$ 436,704	$ 68,458	$ 505,162	$ 4,755,012
Payroll taxes	212,076	71,359	1,301	284,736	888	4,430	5,318	290,054
Employee benefits	378,454	133,795	5,755	518,004	95,832	7,107	102,939	620,943
Retirement	46,474	21,602	323	68,399	5,741	2,094	7,835	76,234
Contract services	42,449	13,694	265,571	321,714	2,198	2,198	4,396	326,110
Overhead Costs								
Telephone	33,815	38,496	1,390	73,701	2,323	3,473	5,796	79,497
Occupancy	153,242	1,635,487	144,155	1,932,884	2,467	-	2,467	1,935,351
Maintenance	39,539	81,252	27,862	148,653	13,158	-	13,158	161,811
Professional fees	8,914	12,182	670	21,766	103,286	3,015	106,301	128,067
Postage and shipping	1,860	855	-	2,715	827	1,502	2,329	5,044
Office supplies and printing	57,591	8,591	-	66,182	3,388	2,236	5,624	71,806
Other administrative expenses	73,196	25,262	17,003	115,461	25,869	1,360	27,229	142,690
Program and Other Costs								
Staff training	22,909	13,298	40	36,247	2,096	-	2,096	38,343
Food and food supplies	191,896	5,883	754	198,533	567	-	567	199,100
Donated items	167,524	145,366	840	313,730	-	-	-	313,730
Client services	95,254	25,606	55,515	176,375	97	-	97	176,472
Other Costs								
Equipment	354	3,002	-	3,356	-	-	-	3,356
Depreciation and amortization	7,477	61,954	3,384	72,815	70,978	-	70,978	143,793
Direct benefits to donors	544	2,844	-	3,388	6,110	58,500	64,610	67,998
Total Expenses	$ 4,730,396	$ 3,334,040	$ 544,073	$ 8,608,509	$ 772,529	$ 154,373	$ 926,902	$ 9,535,411

See accompanying notes.

New Hope Housing, Inc.

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

	Program Services				Supporting Services			
	Shelter	Permanent Supportive	Rapid Re-housing and Other	Total Program Services	Management and General	Fundraising and Direct Benefits	Total Supporting Services	Total Expenses
Personnel Costs								
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
Overhead Costs								
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
Program and Other Costs								
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
Other Costs								
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 benefits to donors	3,457	3,212	-	6,669	939	64,631	65,570	72,239
Total Expenses	$ 3,832,850	$ 3,932,566	$ 122,622	$ 7,888,038	$ 1,021,886	$ 160,295	$ 1,182,181	$ 9,070,219

See accompanying notes.

New Hope Housing, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ (81,962)	$ (126,284)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	143,793	150,471
Net realized and unrealized loss	-	24,164
Amortization of forgivable loans	(29,233)	(29,232)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Government contracts receivable	(330,634)	50,189
Grants receivable	53,810	(30,756)
Deposits and other assets	(8,173)	746
Increase (decrease) in:		
Accounts payable and other accrued expenses	16,900	(23,157)
Accrued payroll	36,293	9,885
Accrued vacation	(8,934)	(6,557)
Accrued sick leave	(29,543)	7,821
Refundable advances	3,913	-
Unspent funds – CARES Act	110,532	-
Conditional grant – PPP	838,951	-
Net cash provided by operating activities	715,713	27,290
Cash Flows from Investing Activities		
Purchases of investments	-	(17,059)
Proceeds from sales of investments	-	579,001
Purchases of property and equipment	-	(6,136)
Net cash provided by investing activities	-	555,806
Cash Flows from Financing Activities		
Payments under capital lease	(29,534)	(47,353)
Principal payments on line of credit	-	(350,000)
Proceeds from borrowings on line of credit	-	125,000
Net cash used in financing activities	(29,534)	(272,353)
Net Increase in Cash and Cash Equivalents	686,179	310,743
Cash and Cash Equivalents, beginning of year	459,271	148,528
Cash and Cash Equivalents, end of year	$ 1,145,450	$ 459,271

See accompanying notes.

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 on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions include both undesignated and Board-designated amounts. 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 donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

2. Summary of Significant Accounting Policies (continued)

Government Contracts Receivable

Government contracts receivable consists primarily of amounts due from county contract services. The entire amount is expected to be collected within one year, and is recorded at net realizable value. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of receivables. There is no provision for doubtful accounts, based on management's evaluation of receivables at June 30, 2020 and 2019, as management deems all government contracts receivable to be 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. There is no provision for doubtful grants, based on management's evaluation of grants receivable at June 30, 2020 and 2019, as management deems all grants receivable to be fully collectible.

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 Accounted for in Accordance with Contribution Accounting

Federal and state grants are nonreciprocal and recognized as contributions. Typically, government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, are cost-reimbursable. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as conditional grants in the statements of financial position.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for in Accordance with Contribution Accounting (continued)

Grants and contributions are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to satisfaction of grant conditions are reported as conditional grants in the statements of financial position. The Organization reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds 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. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Other Revenue

County contract services revenue is recognized when performance obligations are completed. When cash advances exceed the revenue recognized, a liability is recorded.

Client rental income is recognized at a point in time when a monthly performance obligation is transferred to the tenants. The amount recognized is the amount that reflects the consideration received or expected to be received in exchange for tenants' rights of using the rented space.

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.

2. Summary of Significant Accounting Policies (continued)

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 958-605-25-16, *Contributed Services.*

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 $12,075 and $3,033 for the years ended June 30, 2020 and 2019, 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.

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The update provides clarifications and improves the scope and the accounting guidance for contributions received and contributions made; in particular, evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and determining whether a contribution is conditional.

For the year ended June 30, 2020, the Organization has adopted ASU 2018-08 for all transactions in which the Organization serves as a resource recipient, as required by ASU 2018-08. ASU 2018-08 has been applied on a modified prospective basis for all agreements that were either not completed as of or entered into after July 1, 2019. The adoption of ASU 2018-08 had no impact on previously reported net assets.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 requires an entity to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity is expected to be entitled in exchange for those goods or services. With a recent guidance deferral issued, this guidance is now effective for the Organization in fiscal year 2021. Management continues to evaluate the potential impact of this update on the Organization financial statements.

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 2023.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 22, 2021, 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 statements of financial position date, comprise the following at June 30:

	2020	2019
Cash and cash equivalents	$ 1,145,450	$ 459,271
Government contracts receivable	1,767,555	1,436,921
Grants receivable	70,927	124,737
Total financial assets	2,983,932	2,020,929
Less: Board-designated fund	(437,328)	(437,328)
Less: net assets with donor restrictions	(50,000)	-
Total available for general expenditures	$ 2,496,604	$ 1,583,601

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 11 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. The Organization maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

4. Concentrations of Risk (continued)

Revenue Risk

A substantial portion of the contracts and grants 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, 2020 and 2019, the Organization recognized $7,917,721 and $7,630,766, respectively, in grants and contracts revenue from these governmental agencies, which represents approximately 84% and 85% of total revenue and support for the years ended June 30, 2020 and 2019, respectively. Any significant reduction in revenue and support may adversely impact the Organization's financial position and operations.

5. Property and Equipment

Property and equipment consist of the following at June 30:

	2020	2019
Land	$ 695,364	$ 695,364
Buildings and improvements	2,243,264	2,243,264
Furniture and equipment	226,084	324,291
Vehicles	125,405	125,405
Total property and equipment	3,290,117	3,388,324
Less: accumulated depreciation and amortization	(1,452,359)	(1,406,773)
Property and equipment, net	$ 1,837,758	$ 1,981,551

6. 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.

6. Forgivable Loans (continued)

Management believes the conditions of forgiveness related to these loans are substantially met after 10 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 10 years ratably recognized as revenue over the remaining 10 years. The revenue is recorded as amortization of forgivable loans and is included in federal and state grants in the accompanying statements of activities. 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, 2020 and 2019, which was included in federal and state grants in the accompanying statements of activities. Forgivable loans totaled $204,627 and $233,860 at June 30, 2020 and 2019, respectively, which are included in the accompanying statements of financial position. Total future payments are as follows for the years ending June 30:

2021	$ 29,232
2022	29,232
2023	29,232
2024	29,232
2025	29,232
Thereafter	58,467
Total future payments	$ 204,627

7. 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.

7. FCRHA Loans (continued)

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

	2020	2019
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

8. CARES Act Stimulus Funding

On May 27, 2020, the Organization obtained funds from the County of Fairfax, Virginia under the Coronavirus Aid, Relief, and Economic Security (CARES) Act program in the amount of $200,000. It is management's intention to use the entire amount for eligible expenses. Any unspent funds after December 31, 2021 will be required to be returned to the federal government. The remaining balance of this fund at June 30, 2020 totaled $110,532.

Subsequent to year-end, by December 31, 2020, the Organization spent the remaining balance of this fund of $110,532 on eligible expenses.

9. Conditional Grant – Paycheck Protection Program

Under the Paycheck Protection Program administered by the U.S. Small Business Administration, on May 7, 2020, the Organization received $1,086,400 from Truist Bank ("the PPP Loan"). The PPP Loan is subject to full forgiveness upon use of the funds for payroll and other eligible costs, and compliance with certain limitations on payroll and staffing reductions over a 24-week period. As such, the Organization has accounted for this PPP Loan as a conditional grant. As of June 30, 2020, the Organization had satisfied conditions for $247,449 and recorded it as revenue. For the remaining funds of $838,951, the conditions had not yet been satisfied, as the Organization was still within the 24-week period for which it must maintain its payroll and staffing levels, and the related revenue has not been recognized.

10. Economic Injury Disaster Loan Advance

The Organization applied for a loan advance under the Economic Injury Disaster Loan Assistance program (EIDL) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The EIDL program is designed to provide economic relief to small businesses that are currently experiencing a temporary loss of revenue due to COVID-19. The loan advance was granted to the Organization on April 17, 2020 in the amount of $10,000. Management decided not to apply for the loan. The loan advance is included in federal and state grants in the statements of activities.

11. 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%, which was 4.00% and 6.00% at June 30, 2020 and 2019, respectively. There was no outstanding balance on this line of credit at June 30, 2020 and 2019.

12. 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.

13. 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.

13. 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:

2021	$	1,388,198
2022		361,626
2023		40,600
Total future minimum lease payments	$	1,790,424

Rent expense under all operating leases for the years ended June 30, 2020 and 2019 was $1,723,093 and $2,164,257, respectively.

Capital Lease

The Organization leases office equipment under a capital lease. Capitalized costs are reflected in property and equipment at the gross amount of $68,178 and $166,385 at June 30, 2020 and 2019, respectively. Accumulated depreciation for the leased equipment was $62,958 and $114,794 at June 30, 2020 and 2019, respectively. Depreciation expense for the leased equipment was $46,371 for both years ended June 30, 2020 and 2019, respectively.

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

2021	$	16,200
2022		4,050
Future minimum lease payments		20,250
Less: amount representing interest		(914)
Net present value of minimum lease payments	$	19,336

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.

13. 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.

14. 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, 2020 and 2019. 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, 2020 and 2019 were $76,237 and $86,413, respectively.

15. 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:

	2020	2019
Food	$ 207,779	$ 161,715
Furniture and household items	106,202	150,549
Total in-kind contributions	$ 313,981	$ 312,264

16. 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

ROGERS & COMPANY

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Certified Public Accountants

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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, 2020; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated March 22, 2021.

Internal Control over Financial Reporting

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

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

Internal Control over Financial Reporting (continued)

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. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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 item 2020-001.

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.

Rogers + Company PLLC

Vienna, Virginia
March 22, 2021

ROGERS & COMPANY

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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 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, 2020. 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.

Auditor's Responsibility (continued)

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, 2020.

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.

ROGERS & COMPANY

Report on Internal Control over Compliance (continued)

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.

Rogers + Company PLLC

Vienna, Virginia
March 22, 2021

New Hope Housing, Inc.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Grant Number	Amount Paid to Subrecipients	Federal Expenditures
Expenditures of Federal Awards				
U.S. Department of Housing and Urban Development				
Continuum of Care Program:				
Direct Awards:				
Alexandria City Rapid Re-housing	14.267	VA0121L3G031810	$ -	$ 266,457
PSH Group Home Program	14.267	VA0109L3G011811	-	318,621
Susan’s Place	14.267	VA0093L3G001811	-	217,615
Just Homes Arlington	14.267	VA0087L3G001909	-	56,603
Housing First III	14.267	VA0198L3G031805	-	182,418
Just Homes Fairfax	14.267	VA0218L3G011704	-	23,639
Total Continuum of Care Program – CFDA 14.267			-	1,065,353
Emergency Solutions Grant Program:				
Pass-Through Awards from Virginia Department of Housing and Community Development:				
Virginia Homeless Solutions Program	14.231	20-VSHP-58	-	82,112
Total Emergency Solutions Grant Program			-	82,112
Total U.S. Department of Housing and Urban Development Awards			-	1,147,465
Small Business Administration				
Economic Injury Disaster Loan Emergency Advance	59.072	n/a	-	10,000
Total Small Business Administration Award			-	10,000
Total Expenditures of Federal Awards			$ -	$ 1,157,465

(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, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Grant Number	Amount Paid to Subrecipients	Federal Expenditures
Prior Years' Federal Awards for which Continued Compliance Is Required				
U.S. Department of Housing and Urban Development				
McKinney Act Supportive Housing Program:				
Direct Award:				
Gartlan House	14.235		$ -	$ 204,627
Total McKinney Act Supportive Housing Program			-	204,627
Community Development Block Grant (CDBG):				
Pass-Through from Fairfax County Redevelopment and Housing Authority:				
Housing Acquisition Funds (CDBG)	14.218		-	1,034,359
Housing Acquisition Funds (Neighborhood Stabilization Program)	14.218		-	30,713
Total Community Development Block Grant			-	1,065,072
Total Prior Years' Expenditures of Federal Awards for which Continued Compliance Is Required			$ -	$ 1,269,699

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, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under the programs of the federal government for the year ended June 30, 2020. The information in the SEFA 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 SEFA 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 SEFA 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.

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, 2020.

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 SEFA, as there are continuing compliance requirements. There were no new loan assistance grants received by the Organization in fiscal year 2020. The balance of all loans outstanding at June 30, 2020 was $1,269,699.

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 SEFA 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, 2020 is as follows:

Federal expenditures per the schedule of expenditures of federal awards	$ 1,157,465
Add: non-federal grants	95,044
Add: forgivable loans	29,232
Federal and state grants per statement of activities	$ 1,281,741

New Hope Housing, Inc.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? __X__ Yes ______ No

Federal Awards

Internal control over the major program:

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

Type of auditor's report issued on compliance for the major program: Unmodified

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

Identification of the major program:

CFDA Number	Name of Federal Program or Cluster
14.267	Continuum of Care Program

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

Auditee qualified as low-risk auditee? ______ Yes __X__ No

Section II – Financial Statement Audit Finding

Finding No. 2020-001 – Material Weakness – Accounts Reconciliation

Condition:	During our audit, we noted that accrued vacation liability, and accrued sick leave liability accounts required material audit adjustments after the initial trial balance was submitted.
Criteria:	In accordance with U.S. generally accepted accounting principles, accounts reconciliation and year-end reporting closes should be performed on a timely basis.
Cause:	The Organization has experienced turnover within key accounting and finance positions over the past year, which has contributed to the aforementioned deficiency, and achieving staff stability may help address this going forward.
Effect:	Material adjusting journal entries were made subsequent to the commencement of our audit to record adjustments at year end.
Recommendation:	Management should monitor the accounts reconciliation process and be alert for possible unreconciled differences in the future. Monthly accounts reconciliations should be reviewed and evidence of review should be documented. This will help ensure balances are up-to-date, and identify any necessary adjustments in a timelier manner. The Organization should review its current processes and take any necessary steps for performing regular accounts reconciliations.
Views of Responsible Officials and Planned Corrective Action:	See Corrective Action Plan.

New Hope Housing, Inc.

Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2020

Section III – Major Federal Award Programs Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the 2020 audit.

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It's time to rethink homelessness.

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2020

March 22, 2021

New Hope Housing, Inc. ("the Organization") respectfully submits the following Schedule of Prior Audit Findings for the year ended June 30, 2020.

Name and address of independent public accounting firm:

Rogers and Company, PLLC
8300 Boone Blvd, Suite 600
Vienna, Virginia 22182

Audit period:

07/01/2019 to 06/30/2020

Finding No. 2019-001 – Material Weakness – Misappropriation of Funds

Current Status:	During the current year, the Organization took appropriate measures to implement our recommendations. No additional follow up recommendations are being made as a result of our current audit.

Finding No. 2019-002 – Significant Deficiency – Accounts Reconciliation

Current Status:	Finding still applicable, see Finding No. 2020-001 under Schedule of Findings and Questioned Costs.
Reason for Finding's Recurrence:	The Organization has experienced turnover within key accounting and finance positions over the past year, which has contributed to this deficiency, and achieving staff stability may help address this going forward. Management continues to implement better practices and properly codify its procedures around this deficiency for review during the next audit.
Planned Corrective Action:	See Corrective Action Plan.

New Hope Housing, Inc.

Pamela L. Michell,
Executive Director
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703-799-2293 x29

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It's time to rethink homelessness.

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2020

March 22, 2021

New Hope Housing, Inc. ("the Organization") respectfully submits the following Corrective Action Plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:
Rogers and Company, PLLC
8300 Boone Blvd, Suite 600
Vienna, Virginia 22182

Audit period:
07/01/2019 to 06/30/2020

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2020 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Section II - Financial Statement Audit Finding

Finding No. 2020-001 – Material Weakness – Accounts Reconciliation

Recommendation:	Management should monitor the accounts reconciliation process and be alert for possible unreconciled differences in the future. Monthly accounts reconciliations should be reviewed and evidence of review should be documented. This will help ensure balances are up-to-date, and identify any necessary adjustments in a timelier manner. The Organization should review its current processes and take any necessary steps for performing regular accounts reconciliations
Views of Responsible Officials and Planned Corrective Action:	Management acknowledges the need for corrective action around the accounts reconciliation process and will be alert for possible unreconciled differences in the future. In the subsequent fiscal period, management will implement better practices and properly codify its procedures around this deficiency for review during the next audit.

Person Responsible: Executive Director

Planned Completion Date: June 30, 2021

New Hope Housing, Inc.

Pamela L. Michell,
Executive Director
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