

**INTERFAITH NEIGHBORS, INC.**  
**COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

INTERFAITH NEIGHBORS, INC.  
COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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**Independent Auditor's Report**

TO: THE BOARD OF TRUSTEES  
INTERFAITH NEIGHBORS, INC.  
ASBURY PARK, NEW JERSEY

**Report on the Financial Statements**

I have audited the accompanying combined financial statements of Interfaith Neighbors, Inc. (a nonprofit organization) and affiliate which comprise the combined statement of financial position as of December 31, 2014, and the related combined statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the combined financial statements.

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

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

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Neighbors, Inc. and affiliate as of December 31, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 18, 2015, on my consideration of Interfaith Neighbors, Inc.'s and affiliate's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Interfaith Neighbors, Inc.'s and affiliate's internal control over financial reporting and compliance.



Certified Public Accountant

June 18, 2015

INTERFAITH NEIGHBORS, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014

ASSETS

Current Assets:

Cash	\$ 3,356,782
Grants receivable	540,266
Other receivables	9,504
Prepaid expense	50,928
Inventory	35,480
Construction in progress - Community Development	661,524
<u>Total Current Assets</u>	<u>4,654,484</u>

Property, Buildings and Equipment:

Land	261,547
Buildings and improvements	795,418
Building - Springwood Center	2,166,288
Vehicles	166,640
Furniture and equipment	305,130
	<u>3,695,023</u>
Less: Accumulated Depreciation	<u>(609,490)</u>
<u>Net Property, Buildings and Equipment</u>	<u>3,085,533</u>

Other Assets:

Investments	393,558
Other assets	4,225
<u>Total Other Assets</u>	<u>397,783</u>

<u>Total Assets</u>	<u>\$ 8,137,800</u>
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LIABILITIES

Current Liabilities:

Accounts payable	\$ 244,132
Accrued expenses	49,320
Sales tax payable	585
Due to tenants	27,465
Deferred income	385,800
<u>Total Current Liabilities</u>	<u>707,302</u>

NET ASSETS

Unrestricted	7,199,824
Temporarily restricted	230,674
<u>Total Net Assets</u>	<u>7,430,498</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 8,137,800</u>

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

INTERFAITH NEIGHBORS, INC.  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Donations and private grants	\$ 380,436	\$ 538,610	\$ 919,046
Client donations	193,816	-	193,816
Investment income	12,036	-	12,036
Realized and unrealized gain on marketable securities	89,043	-	89,043
Community Development - Sale of Properties	237,000	-	237,000
Community Development - Workshop fees	2,922	-	2,922
Community Development - Kula Café	35,544	-	35,544
Community Development - Rental income	135,085	-	135,085
Government grants - Nutrition program	1,627,102	-	1,627,102
Government grants - Community Development program	465,843	157,593	623,436
Government grants - Homeless Prevention program	618,771	-	618,771
Government grants - Youth Corps	314,015	-	314,015
	<u>4,111,613</u>	<u>696,203</u>	<u>4,807,816</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	771,904	(771,904)	-
Total revenues, gains, and other support	<u>4,883,517</u>	<u>(75,701)</u>	<u>4,807,816</u>
Expenses:			
Program services	4,328,113	-	4,328,113
Supporting services			
Management and general	131,849	-	131,849
Fund-raising	134,559	-	134,559
Total expenses	<u>4,594,521</u>	<u>-</u>	<u>4,594,521</u>
<u>Change in Net Assets</u>	<u>288,996</u>	<u>(75,701)</u>	<u>213,295</u>
Net assets at beginning of year	6,910,828	306,375	7,217,203
Net assets at end of year	<u>\$ 7,199,824</u>	<u>\$ 230,674</u>	<u>\$ 7,430,498</u>

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

INTERFAITH NEIGHBORS, INC.  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	PROGRAM SERVICES				SUPPORTING SERVICES			
	NUTRITION PROGRAM	COMMUNITY DEVELOPMENT PROGRAMS	HOMELESS PREVENTION PROGRAMS	YOUTH CORPS	PROGRAM SERVICES TOTAL	MANAGEMENT & GENERAL	FUND-RAISING	SUPPORTING SERVICES TOTAL
Payroll	\$ 583,419	\$ 359,184	\$ 127,997	\$ 228,252	\$ 1,298,852	\$ 77,265	\$ 63,272	\$ 140,537
Payroll fringe	239,130	85,422	38,944	37,055	400,551	13,409	13,517	26,926
Assistance to clients			621,518		621,518			-
Program costs and supplies	109,651	15,765		12,272	137,688			-
Community project costs		96,122			96,122			-
Cost of houses sold		459,508			459,508			-
Telephone & utilities	21,233	23,854	1,837	3,781	50,705	9,990	2,498	12,488
Office	6,507	8,812	14,201	2,281	31,801	2,873	4,837	7,710
Rent	17,550				17,550			-
Public relations and fundraising		4,365	10,209		14,574		43,313	43,313
Professional & outside services	81,345	41,566	17,122	7,394	147,427	16,386	2,979	19,365
Cost of food	687,914	21,565	1,659		711,138			-
Vehicle costs	98,583		7	5,393	103,983			-
Education & travel	3,848	2,000	3,020		8,868			-
Repairs & maintenance	15,080	20,640	8,828	959	45,507			-
Insurance	53,926	36,814	7,106	13,951	111,797	5,860	2,930	8,790
Depreciation	14,953	43,435	10,246	1,609	70,243	6,066	1,213	7,279
Miscellaneous	-	-	281	-	281	-	-	-
Total Functional Expenses	\$ 1,933,139	\$ 1,219,052	\$ 862,975	\$ 312,947	\$ 4,328,113	\$ 131,849	\$ 134,559	\$ 266,408

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

INTERFAITH NEIGHBORS, INC.  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 213,295
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	77,522
Realized and unrealized gains on marketable securities	(89,043)
Non-cash contribution of assets	(15,179)
(Increase) decrease in operating assets:	
Grants receivable	27,380
Other receivables	4,823
Prepaid expense	(50,927)
Inventory	(10,836)
Construction in progress - Community Development	(49,867)
Increase (decrease) in operating liabilities:	
Accounts payable	(11,879)
Accrued expenses	(23,156)
Sales tax payable	274
Due to tenants	10,265
Deferred income	(154,557)
<u>NET CASH USED BY OPERATING ACTIVITIES</u>	<u>(71,885)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(51,281)
Sale of investments	2,000,000
Purchase of investments	(1,021,600)
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>927,119</u>

NET INCREASE IN CASH	855,234
CASH AT JANUARY 1, 2014	<u>2,501,548</u>
CASH AT DECEMBER 31, 2014	<u><u>\$ 3,356,782</u></u>

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



INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2014

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities - The Organization is a not-for-profit organization which was formed in 1988. The Organization operates the Monmouth County nutrition program for senior citizens, a rental assistance program for working-poor families threatened with homelessness, a local chapter of the NJ Youth Corps, and a community development program that includes: an affordable home construction program for low-income families, a neighborhood revitalization program, a business development center, and the Kula Café, which is a hospitality workforce training program. The Organization is funded by government grants and donations from private donors and approximately 40 religious congregations of all denominations.

Principles of Combination - The combined financial statements include the accounts of Interfaith Neighbors, Inc. and its affiliate 1201 Springwood Urban Renewal LLC. 1201 Springwood Urban Renewal LLC is a real estate holding company. The Organization and 1201 Springwood Urban Renewal LLC have common officers and trustees. All material inter-organization transactions have been eliminated in the combination.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Expenditures - Expenditures are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on units of service, and support costs are allocated to a program based on total program costs.

Advertising - All advertising costs are expensed in the period they are incurred.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization evaluates its uncertain tax positions and accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2014, the Organization recognized no liability on uncertain tax positions.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight line and accelerated methods based on their estimated useful lives. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense, as incurred. Depreciation for the year was \$77,522.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2014

Note 1 - (continued)

reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributed Services - During the year ended December 31, 2014 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. No amounts have been reflected in the financial statements for other contributed services; however, a substantial number of volunteers have donated significant amounts of their time in relation to the Organization's program services and other activities.

Several Nutrition Program grants require the Organization to report the value of volunteer labor donated for meal distribution. Accordingly, the following in-kind services have been estimated at approximately \$436,842 for 2014.

Contributions - Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. If there is no unconditional promise, the contribution is recognized when received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Investments - The Organization's investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value - The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Marketable equity securities are valued at quoted prices in active markets for identical assets (Level I) and marketable debt securities are valued at significant other observable inputs (Level II). Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Accounts receivable - Grants, USDA, and other receivables are stated at the amount management expects to collect from outstanding balances with no allowance for credit losses at December 31, 2014.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2014

Note 1 - (continued)

Inventory - Inventory consists of food and supplies for the nutrition program. Inventory is stated at the lower of cost or market, using the first-in, first-out (FIFO) method.

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

Note 2 - Construction in Progress - Community Development - The Organization had costs of \$661,524 on 10 uncompleted affordable single family homes at December 31, 2014.

Note 3 - Springwood Center Building - In 2012, the Organization completed construction on the Springwood Center, a 27,000 square foot three story mixed-use building, in Asbury Park, New Jersey. The building has four commercial units on the first floor. The second floor is home for the Asbury Park Senior Center, and the third floor consists of eight units of affordable rental housing. In April 2013, the Organization sold approximately 41% of the building to the City of Asbury Park at cost for \$2,998,733, that includes one unit on the first floor, and the entire second floor. In 2013, Interfaith Neighbors, Inc. transferred its 59% ownership of the building to 1201 Springwood Urban Renewal LLC which is combined in these financial statements, which includes the third floor affordable housing units, and the remaining three units on the first floor. All affordable housing units were rented as of December 31, 2014.

Note 4 - Investments - Cost and fair value of marketable equity securities at December 31, 2014 is as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Available for sale				
Equity Securities (Level I)				
Utilities	\$ 188,164	\$ 179,085	\$ -	\$ 367,249
Financial	10,080	1,230	-	11,310
Consumer Goods	15,179	-	( 180)	14,999
Total Investments	<u>\$ 213,423</u>	<u>\$ 180,315</u>	<u>\$ ( 180)</u>	<u>\$ 393,558</u>

Note 5 - Deferred Income - The Organization received government grants on various affordable housing projects that are for sale to low income families. The government grants on these projects are recognized as income when the homes are sold. At December 31, 2014, the Organization has received \$385,800 in grants on unsold homes.

Note 6 - Grant Revenue - The Organization recognized grants from various governmental agencies in the amount of \$3,183,324. The use of these grants is restricted to certain approved expenditures. All expenditures for 2014 were made in accordance with grant provisions.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2014

- Note 7 - Cash Flows - For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. For the year, the Organization had no payments for taxes or interest expense.
- Note 8 - Functional Allocation of Expenses - The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.
- Note 9 - Lease obligations - The Organization leases 11 congregate nutrition site locations throughout Monmouth County. Rent expense was \$17,550 for 2014. All of these leases are contingent upon the renewal of the Monmouth County Nutrition Program contract. Minimum lease requirements for 2015 total \$10,248.
- Note 10 - Qualified Deferred Compensation Plan - The Organization maintains a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code. Under the plan, employees may elect to defer salary, subject to the Internal Revenue Service limits. The plan provides for the Organization to match 75% of employees' contributions up to 3% of salary.
- Note 11 - Concentrations of Credit Risk - The Organization maintains cash balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2014, the Organization's uninsured cash balances totaled \$1,805,973.
- Note 12 - NJ Youth Corps - The Organization was found to be doing a very good job and is in compliance with most aspects of the Youth Corps model. However to remain in compliance with the Scope of Services, it will be necessary for the Organization to increase enrollment, update some materials, and improve some job related services. The Organization and the NJ Department of Labor are working together to achieve these objectives. The Organization's contract with the NJ Department of Labor was extended through June 30, 2016.
- Note 13 - Temporarily Restricted Net Assets - Activities related to temporarily restricted net assets in the current year are summarized as follows:

	Temporarily Restricted Net Assets- Beginning Of Year	Temporarily Restricted Donations Received During Year	Restrict- ions Satisfied by Payments	Temporarily Restricted Net Assets- End of Year
Community Development	\$ 238,064	\$ 378,093	\$ 491,364	\$ 124,793
Nutrition	-	177,030	177,030	-
Homeless Prevention	68,311	141,080	103,510	105,881
Total	\$ 306,375	\$ 696,203	\$ 771,904	\$ 230,674

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2014

Note 14 - Subsequent Events - The Organization has evaluated subsequent events through June 18, 2015, which is the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified by management.

INTERFAITH NEIGHBORS, INC.  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL AWARDS

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health And Human Services passed through Monmouth County Department of Human Services			
Congregate Meals	93.045	13-060 1/6	\$ 515,489
Home Delivered Meals	93.045	13-060 2/6	<u>682,206</u>
 TOTAL FEDERAL AWARDS			 <u>\$ 1,197,695</u>

INTERFAITH NEIGHBORS, INC.  
SCHEDULE OF STATE AND COUNTY AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

STATE AND COUNTY AWARDS

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>State Expenditures</u>
N.J. Division of Senior Affairs passed through Monmouth County Department of Human Services		
Meals on Wheels - SSBG	13-060 4/6	\$ 200,849
N.J. Department of Human Services passed through Monmouth County Department of Human Services		
Homeless Prevention - SSH / TANF	HIN25C-SSH	409,470
Sandy Homeowner and Renter Assistance Program	N/A	63,231
Department of Community Affairs passed through Monmouth County Department of Human Services		
Weekend Meals	13-060 3/6	98,392
Home Delivered Meals - personnel	N/A	43,725
Peer Group	13-063	59,329
Volunteer Unit	N/A	27,112
Homeless Prevention - HPP	N/A	82,028
Homeless Prevention	N/A	47,618
Homeless Prevention - HUD	N/A	16,424
N.J. Department of Community Affairs		
Neighborhood Revitalization Tax Credit Program	2011-02240-0535-00	147,122
Neighborhood Revitalization Tax Credit Program	2013-02240-0304-00	419,966
N.J. Department of Labor and Workforce Development		
N.J. Youth Corps	N/A	314,015
Monmouth County Department of Workforce Development	N/A	<u>56,348</u>
TOTAL STATE AND COUNTY AWARDS		<u>\$ 1,985,629</u>

INTERFAITH NEIGHBORS, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL, STATE AND COUNTY AWARDS  
DECEMBER 31, 2014

- Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal, state and county awards (the "Schedule") includes the federal, state and county grant activity of Interfaith Neighbors, Inc. under programs of the federal, state and county government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Interfaith Neighbors, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Interfaith Neighbors, Inc.
- Note 2 - Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. There were no noncash awards or loans.
- Note 3 - Not Available (N/A) - The Organization was unable to obtain another identification number.



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NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

LICENSED:  
NEW JERSEY & NEW YORK

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

TO: THE BOARD OF TRUSTEES  
INTERFAITH NEIGHBORS, INC.  
ASBURY PARK, NEW JERSEY

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Interfaith Neighbors, Inc. (a nonprofit organization) and affiliate, which comprise the combined statement of financial position as of December 31, 2014, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued my report thereon dated June 18, 2015.

**Internal Control over Financial Reporting**

In planning and performing my audit of the combined financial statements, I considered Interfaith Neighbors, Inc.'s and affiliate's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interfaith Neighbors, Inc.'s and affiliate's internal control. Accordingly, I do not express an opinion on the effectiveness of Interfaith Neighbors, Inc.'s and affiliate's internal control.

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

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

## **Compliance and Other Matters**

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

I noted certain matters that I reported to management of Interfaith Neighbors, Inc. in a separate letter dated June 18, 2015.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



ROGER K. STEIN  
Certified Public Accountant

June 18, 2015

**ROGER K. STEIN**  
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MEMBER:  
NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

LICENSED:  
NEW JERSEY & NEW YORK

**Independent Auditor's Report on Compliance For Each Major Federal Program  
and on Internal Control Over Compliance Required by OMB Circular A-133**

TO: THE BOARD OF TRUSTEES  
INTERFAITH NEIGHBORS, INC.  
ASBURY PARK, NEW JERSEY

**Report on Compliance for Each Major Federal Program**

I have audited Interfaith Neighbors, Inc.'s (a nonprofit organization) and affiliate's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Interfaith Neighbor's Inc.'s and affiliate's major federal programs for the year ended December 31, 2014. Interfaith Neighbors, Inc.'s and affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Interfaith Neighbors, Inc.'s and affiliate's compliance.

## Opinion on Each Major Federal Program

In my opinion, Interfaith Neighbors, Inc. and affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

## Report on Internal Control over Compliance

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

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

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

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



ROGER K. STEIN  
Certified Public Accountant

June 18, 2015

INTERFAITH NEIGHBORS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the combined financial statements of Interfaith Neighbors, Inc.
2. No reportable conditions were identified during the audit of the combined financial statements.
3. No instances of noncompliance material to the combined financial statements of Interfaith Neighbors, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were identified during the audit.
4. No reportable conditions in internal control over major federal programs were identified during the audit.
5. The auditor's report on compliance for the major federal award programs for Interfaith Neighbors, Inc. expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:

<u>Name</u>	<u>CFDA Number</u>
N.J. Youth Corps	N/A
Community Development	N/A

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Interfaith Neighbors, Inc. qualified as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None