

**INTERFAITH NEIGHBORS, INC.**  
**COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

INTERFAITH NEIGHBORS, INC.  
COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**ROGER K. STEIN, CPA LLC**  
CERTIFIED PUBLIC ACCOUNTANT  
2300 STATE ROUTE 66, SUITE 202  
NEPTUNE, NEW JERSEY 07753

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Phone: 732-869-1170  
Fax: 732-869-1130  
www.rogersteincpa.com

MEMBER:  
NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

LICENSED:  
NEW JERSEY & NEW YORK

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinion***

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, 2021, 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.

In my opinion, the combined financial statements present fairly, in all material respects, the financial position of Interfaith Neighbors, Inc. and affiliate as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Interfaith Neighbors, Inc. and affiliate and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Responsibilities of Management 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, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Neighbors, Inc.'s and affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Interfaith Neighbors, Inc.'s and affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Neighbors Inc.'s and affiliate's ability to continue as a going concern for reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters the I identified during the audit.

### ***Supplementary Information***

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 and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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, the

schedule of expenditures of federal awards 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 September 29, 2022, 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 solely 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 the effectiveness of Interfaith Neighbors, Inc.'s and affiliate's 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.



ROGER K. STEIN, CPA LLC

Neptune, New Jersey

September 29, 2022

INTERFAITH NEIGHBORS, INC.  
 COMBINED STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2021

ASSETS

Current Assets:

Cash	\$	2,476,339
Cash - endowment fund - board designated		226
Contributions receivable		4,865,398
Grants receivable		590,068
Insurance claim receivable		84,863
Other receivables		1,359
Prepaid expenses		5,938
Inventory		15,895
Construction in progress		4,394,262
<u>Total Current Assets</u>		12,434,348

Property, Buildings and Equipment - net of accumulated depreciation		4,601,702
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Other Assets:

Investments		1,408,073
Investments - endowment fund - donor restricted		250,082
Investments - endowment fund - board designated		509,977
Other assets		1,229
<u>Total Other Assets</u>		2,169,361

<u>Total Assets</u>	\$ 19,205,411
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LIABILITIES

Current Liabilities:

Accounts payable	\$	274,617
Accrued expenses		92,753
Loan payable		250,000
Lines of credit		900,000
Security deposits		32,168
Prepaid rent		3,795
Grant received in advance		168,533
<u>Total Current Liabilities</u>		1,721,866

NET ASSETS

Without donor restrictions		
Undesignated		10,666,263
Board designated endowment		510,203
Total without donor restrictions		11,176,466
With donor restrictions		6,307,079
<u>Total Net Assets</u>		17,483,545

<u>Total Liabilities and Net Assets</u>	\$ 19,205,411
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The accompanying notes are an integral  
 part of these Financial Statements.

INTERFAITH NEIGHBORS, INC.  
 COMBINED STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Donations and private grants	\$ 241,807	\$ 7,625,813	\$ 7,867,620
Client donations	93,726		93,726
Government grants - Nutrition program	1,939,547		1,939,547
Government grants - Community Development program	479,047		479,047
Government grants - Homeless Prevention program	730,902		730,902
Community Development - Kula Farm	27,893		27,893
Community Development - Rental income	165,654		165,654
Insurance proceeds in excess of costs	73,685		73,685
Forgiveness of PPP loan	161,643		161,643
Fundraiser - Gross revenues of \$153,675			
Less expenses of <u>( 55,145)</u>	98,530		98,530
Investment income	58,970		58,970
Realized and unrealized gains on marketable securities	197,286	33,746	231,032
Miscellaneous income	9,561	-	9,561
	<u>4,278,251</u>	<u>7,659,559</u>	<u>11,937,810</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>1,790,689</u>	<u>(1,790,689)</u>	<u>-</u>
Total revenues, gains, and other support	<u>6,068,940</u>	<u>5,868,870</u>	<u>11,937,810</u>
Expenses:			
Program services	4,427,223		4,427,223
Supporting services			
Management and general	365,620		365,620
Fund-raising	<u>280,586</u>	<u>-</u>	<u>280,586</u>
Total expenses	<u>5,073,429</u>	<u>-</u>	<u>5,073,429</u>
<u>Change in Net Assets</u>	<u>995,511</u>	<u>5,868,870</u>	<u>6,864,381</u>
Net assets at beginning of year	<u>10,180,955</u>	<u>438,209</u>	<u>10,619,164</u>
Net assets at end of year	<u>\$ 11,176,466</u>	<u>\$ 6,307,079</u>	<u>\$ 17,483,545</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, 2021

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>			<u>TOTAL</u>
	<u>NUTRITION PROGRAM</u>	<u>COMMUNITY DEVELOPMENT PROGRAMS</u>	<u>HOMELESS PREVENTION PROGRAMS</u>	<u>PROGRAM SERVICES TOTAL</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>FUND-RAISING</u>	<u>SUPPORTING SERVICES TOTAL</u>	
Payroll	\$ 779,674	\$ 580,177	\$ 113,824	\$ 1,473,675	\$ 177,482	\$ 75,075	\$ 252,557	\$ 1,726,232
Payroll taxes	60,904	40,178	18,447	119,529	14,394	6,089	20,483	140,012
Payroll fringe	98,945	41,988	18,799	159,732	28,195	11,748	39,943	199,675
Assistance to clients	-	-	856,359	856,359	-	-	-	856,359
Cost of food	713,185	38	-	713,223	-	-	-	713,223
Program costs and supplies	98,202	296,063	2,467	396,732	-	-	-	396,732
Rental property expenses	-	7,638	-	7,638	-	-	-	7,638
Telephone & utilities	41,154	33,716	2,972	77,842	4,285	4,897	9,182	87,024
Office	16,184	16,687	17,928	50,799	16,959	24,799	41,758	92,557
Rent	9,133	-	-	9,133	-	-	-	9,133
Public relations and fundraising	-	2,250	3,830	6,080	-	19,138	19,138	25,218
Professional & outside services	28,858	27,083	74,025	129,966	108,439	130,428	238,867	368,833
Vehicle costs	104,821	786	40	105,647	-	-	-	105,647
Education & travel	6,533	96	-	6,629	-	-	-	6,629
Repairs & maintenance	16,422	21,222	9,007	46,651	5,250	4,489	9,739	56,390
Insurance	79,552	55,277	-	134,829	8,570	3,537	12,107	146,936
Depreciation	15,844	109,318	7,597	132,759	2,046	386	2,432	135,191
Total Functional Expenses	<u>\$ 2,069,411</u>	<u>\$ 1,232,517</u>	<u>\$ 1,125,295</u>	<u>\$ 4,427,223</u>	<u>\$ 365,620</u>	<u>\$ 280,586</u>	<u>\$ 646,206</u>	<u>\$ 5,073,429</u>

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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 6,864,381
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	135,191
Forgiveness of debt	(161,643)
Realized and unrealized gains on marketable securities - non-Endowment Fund	(138,190)
Realized and unrealized gains on marketable securities - Endowment Fund	(92,842)
Non-cash contribution of assets	(93,618)
(Increase) decrease in operating assets:	
Contributions receivable	(4,865,398)
Grants receivable	523,703
Insurance claim receivable	(84,863)
Other receivables	2,451
Prepaid expense	3,364
Inventory	18,082
Construction in progress	(1,616,803)
Increase (decrease) in operating liabilities:	
Accounts payable	(369,104)
Accrued expenses	(23,134)
Security deposits	14,030
Prepaid rent	1,530
Grant received in advance	115,411
	232,548
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>232,548</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(675,819)
Sale of investments - non-Endowment Fund	103,410
Sale of investments - Endowment Fund	423,509
Purchase of investments - non-Endowment Fund	(131,257)
Purchase of investments - Endowment Fund	(529,329)
	(809,486)
<u>NET CASH USED BY INVESTING ACTIVITIES</u>	<u>(809,486)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from lines of credit	900,000
NET INCREASE IN CASH	323,062
CASH AT JANUARY 1, 2021	2,153,503
CASH AT DECEMBER 31, 2021	\$ 2,476,565

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

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities - The Organization is a nonprofit corporation 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, and a community development program that includes: an affordable home construction program for low-income families, a neighborhood revitalization program, a business development center, workforce training programs and sustainable food and nutrition programs. 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 owned 100% by Interfaith Neighbors, Inc. 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 Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Resources available to support operations and are not subject to donor restrictions.

With donor restrictions - Resources that are subject to donor-imposed restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Board of Trustees has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor-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, such as those that the donor stipulates that resources be maintained in perpetuity.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 1 - (continued)

Contributions - Contributions received are recorded as support without donor restrictions or support with donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services - During the year ended December 31, 2021, 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 in-kind services have been estimated at approximately 18,605 hours in 2021. Using an estimated value for volunteer time of \$20.00 per hour as agreed upon with Monmouth County, the Organization estimated the value of the in-kind services at approximately \$372,100.

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 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. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation.

Contributions receivable - Contributions receivable, including unconditional promises to give, are recognized in the period the contribution or promise is made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met. Unconditional promises to give expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved, which was 5% at December 31, 2021. Amortization of the discounts is included in contribution revenue. Management believes all amounts are fully collectible, and has not established an allowance.

Accounts receivable - Grants, USDA, and other receivables are stated at the amount management expects to collect from outstanding balances. At December 31, 2021, there was no allowance for credit losses.

Insurance Claim Receivable - In 2021, 1201 Springwood Urban Renewal, LLC recognized insurance claim proceeds of \$284,863 relating to a fire in one of the apartments in June 2021. At December 31, 2021, there was an insurance claim receivable of \$84,863, which was collected in June 2022. For the year ended December 31, 2021, 1201 Springwood Urban Renewal, LLC incurred fire related costs of \$211,178 and recognized insurance proceeds in excess of repair costs of \$73,685 on the combined statement of activities.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 1 - (continued)

Revenue Recognition - The Organization has adopted the guidance under Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Members, which requires the recognition of revenue when promised services are transferred to members in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those services.

Program Service Fees - Program service fees are billed when the service is incurred and are reviewed by the Organization for the amount earned and, if necessary, adjusted at year end.

Grants - Some grants the Organization receives are cost reimbursement. They are billed after the cost has been incurred and are reviewed by the Organization for the amount earned and, if necessary, adjusted at year end.

The Organization adopted the guidance under FASB ASC 405-20-40-1 in regards to recognition of the proceeds of the SBA Paycheck Protection Program (PPP) loan. The proceeds of the loan were recorded as a liability until the loan was forgiven and the Organization was legally released from the liability. The Organization's loan in the amount of \$161,643 was forgiven in full in June 2021 and is reflected as income in the statement of activities.

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.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line and declining balance methods over the estimated useful lives of the assets. 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 expense for the year was \$135,191.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as increases in net assets without donor restrictions 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 support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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 net assets without donor restrictions 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. In 2021, the Organization incurred investment expenses of \$7,530 which is reflected in the investment income on the combined statement of activities.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 1 - (continued)

Fair Value - The Organization estimates that the fair value of all financial instruments at December 31, 2021 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 (Level I) are valued at quoted prices in active markets for identical assets. Corporate bonds (Level II) are valued at significant other observable inputs. 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.

Advertising - All advertising costs are expensed in the period they are incurred. For the year ended December 31, 2021, the Organization had no advertising expense.

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, 2021, the Organization recognized no liability on uncertain tax positions.

Note 2 - Contributions Receivable - The Organization recognizes contributions receivable for written pledges made to the Organization. As of December 31, 2021, contributions receivable was \$4,865,398, expected to be collected in the following manner:

Less than one year	\$ 1,877,412
One to five years	3,677,830
	<u>5,555,242</u>
Less: unamortized discount	( 689,844)
Total	<u>\$ 4,865,398</u>

The discount rate used was 5 percent.

Note 3 - Construction in Progress - As of December 31, 2021, the Organization had costs of \$4,394,262 on ten uncompleted single-family homes as well as the start of construction on the Early Childhood Learning Center.

Note 4 - Property, Buildings and Equipment - Property, buildings and equipment are summarized by major classifications as follows:

Land	\$ 1,400,266
Buildings and improvements	1,823,980
Building - Springwood Center	2,178,159
Vehicles	220,214
Furniture and equipment	391,393
	<u>6,014,012</u>
Accumulated depreciation	( 1,412,310)
	<u>\$ 4,601,702</u>

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 5 - Investments - Cost and fair value of investments at December 31, 2021 is as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Equity Securities (Level I)				
Utilities	\$ 392,275	\$ 317,883	\$ ( 1,766)	\$ 708,392
Services	16,399	6,089	-	22,488
Financial	78,964	28,347	( 1,354)	105,957
Technology	53,774	44,477	( 2,288)	95,963
Consumer Goods	42,860	26,977	( 22)	69,815
Healthcare/Drugs	124,135	55,231	-	179,366
	<u>708,407</u>	<u>479,004</u>	<u>( 5,430)</u>	<u>1,181,981</u>
Corporate Bonds (Level II)				
Utilities	35,738	1,103	( 850)	35,991
Services	16,667	123	( 89)	16,701
Financial	76,361	3,106	-	79,467
Technology	15,219	98	( 24)	15,293
Consumer Goods	56,666	1,624	( 458)	57,832
Healthcare/Drugs	20,459	670	( 321)	20,808
	<u>221,110</u>	<u>6,724</u>	<u>( 1,742)</u>	<u>226,092</u>
Total Investments	<u>\$ 929,517</u>	<u>\$ 485,728</u>	<u>\$ ( 7,172)</u>	<u>\$ 1,408,073</u>

Note 6 - Investments - Endowment Funds - Cost and fair value of investments in the Organization's endowment funds at December 31, 2021 is as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Equity Securities (Level I)				
Utilities	\$ 75,969	\$ 9,088	\$ ( 405)	\$ 84,652
Services	2,728	199	-	2,927
Financial	276,956	2,656	( 5,100)	274,512
Technology	135,911	53,703	( 903)	188,711
Consumer Goods	41,671	2,578	( 34)	44,215
Healthcare/Drugs	28,724	1,431	( 30)	30,125
Mutual Funds	3,305	1,490	-	4,795
	<u>565,264</u>	<u>71,145</u>	<u>( 6,472)</u>	<u>629,937</u>
Exchange-Traded Products (Level I)	<u>130,122</u>	<u>-</u>	<u>-</u>	<u>130,122</u>
Total Investments - Endowment Funds	<u>\$ 695,386</u>	<u>\$ 71,145</u>	<u>\$ ( 6,472)</u>	<u>\$ 760,059</u>

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

- Note 7 - 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, 2021.
- Note 8 - Grant Received in Advance - The Organization received a government grant for homeless prevention in 2021 which was not expended until 2022. At December 31, 2021, the grant received in advance was \$168,533.
- Note 9 - Grant Revenue - The Organization recognized grants from various governmental agencies in the amount of \$3,149,496. The use of these grants is restricted to certain approved expenditures.
- Note 10 - Loan Payable - The Organization has a loan payable with Regional Foundation, LLC of which \$250,000 was outstanding as of December 31, 2021. Interest only payments are due annually at a fixed rate of 2.00%. The loan is due December 2022. Interest paid for the year ended December 31, 2021 was \$5,000, which was capitalized.
- Note 11 - Lines of Credit - The Organization has a \$500,000 line of credit with PNC Bank, under which \$400,000 was outstanding as of December 31, 2021. The line of credit is due to expire August 2023. The rate is at the bank's prime rate plus 1%. Interest paid for the year ended December 31, 2021 was \$3,512, which was capitalized.

The Organization has a \$500,000 line of credit with Kearny Bank, under which \$500,000 was outstanding as of December 31, 2021. The line of credit is due to expire March 2023. The rate is at the highest Prime Rate published in the Eastern Edition of the Wall Street Journal plus 0.25%. Interest paid for the year ended December 31, 2021 was \$4,910, which was capitalized.

As of the report date, the Organization had no outstanding balances on either line of credit.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 12 - Net Assets With Donor Restrictions - Activities related to net assets with donor restrictions in the current year are summarized as follows:

	Net Assets With Donor Restrictions- Beginning Of Year	Restricted Donations + Endowment Earnings Received During Year	Restrict- ions Satisfied by Payments	Net Assets With Donor Restrictions- End of Year
Community Development	\$ 2,500	\$ 790,471	\$ 690,471	\$ 102,500
Nutrition	116,489	63,529	75,886	104,132
Capital Campaign	-	6,329,987	560,000	5,769,987
Homeless Prevention	102,884	441,826	464,332	80,378
Homeless Prevention - Endowment	<u>216,336</u>	<u>33,746</u>	<u>-</u>	<u>250,082</u>
Total	<u>\$ 438,209</u>	<u>\$ 7,659,559</u>	<u>\$ 1,790,689</u>	<u>\$ 6,307,079</u>

In 2021, the Organization embarked on a capital campaign to raise \$18,000,000 for the construction and operation of the Early Childhood Learning Center (\$3,000,000), construction of the Marmora Center, a new building for various programs and affordable housing (\$14,500,000), and an expansion of the Kula Urban Farm (\$500,000). As of December 31, 2021, the Organization has collected \$1,464,589 in donations for the capital campaign. As of December 31, 2021, the Organization has recorded \$4,865,398 in restricted donations as the net present value of contributions receivable for the capital campaign.

Note 13 - Board Designated Net Assets - In 2018, the Board of Trustees designated \$400,000 of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Appreciation and earnings as of December 31, 2021 totaled \$110,203 for a total of \$510,203 as of December 31, 2021. Since this endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Note 14 - Endowments - The Organization's endowment consists of a donor-restricted fund and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Investment Return Objectives* - The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. The investment policies are for the conservation of principal, to generate regular income at a reasonable rate of return, for income and growth of principal as reasonably and safely as practical, and to be in accordance with the social principles and mission of the Organization.



INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 14 - (continued)

*Spending Policy* - The Organization's Investment Committee shall determine within 45 days of the endowment fund's fiscal year end (December 31) the annual net total return from all endowment fund assets. Thereafter, the pro-rata percentage of the annual income attributable to gifts with donor restrictions shall be segregated from the full annual income and thereafter made available and distributed as requested by the initial donors.

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

Endowment funds with donor restrictions	\$ 250,082
Board-designated endowment funds without donor restrictions	<u>510,203</u>
Total endowment funds	<u>\$ 760,285</u>

Changes in endowment net assets as of December 31, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Endowment net assets, beginning of year	\$ 445,425	\$ 216,336	\$ 661,761
Net investment income	2,535	2,958	5,493
Net appreciation	<u>62,243</u>	<u>30,788</u>	<u>93,031</u>
Endowment net assets, end of year	<u>\$ 510,203</u>	<u>\$ 250,082</u>	<u>\$ 760,285</u>

Note 15 - Liquidity - The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual, donor-imposed or board-imposed designations within one year of the statement of financial position date:

Financial assets at December 31, 2021:

Cash	\$ 2,476,565
Contributions receivable	4,865,398
Grants receivable	590,068
Other receivables	86,222
Investments	<u>2,168,132</u>
	<u>\$ 10,186,385</u>

Less those unavailable for general expenditures within one year, due to:

Contractual or donor-imposed restrictions:	
Restricted for the Joseph J. Marmora Endowed Fund for Rental and Mortgage Assistance	( 250,082)
Restricted for Capital Campaign	( 5,769,987)
Restricted for Community Development program	( 102,500)
Restricted for Homeless Prevention program	( 80,378)
Restricted for Nutrition program	( 104,132)
Board-imposed designations:	
Restricted for Permanent Endowment Fund	<u>( 510,203)</u>

Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,369,103</u>
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INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Note 15 - (continued)

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as general expenditures and liabilities become due. The Organization also has a \$500,000 line of credit with PNC Bank as well as a \$500,000 line of credit with Kearny Bank.

Note 16 - Functional Allocation of Expenses - The costs of providing programs 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 supporting services benefited. Directly identifiable expenses are charged to the programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note 17 - Operating Leases - The Organization leases 4 congregate nutrition site locations throughout Monmouth County. Rent expense was \$5,178 for the year ended December 31, 2021. All these leases are contingent each year upon the renewal of the Monmouth County Nutrition Program contract. The leases are on a month to month basis.

The Organization has a lease agreement with the Township of Neptune for services and site location for the nutrition program which renews on an annual basis. Lease expense was \$23,808 for the year ended December 31, 2021.

The Organization also leases office equipment under operating leases for terms of three to five years. The lease expense was \$2,309 for the year ended December 31, 2021.

The following is a schedule, by years, of future minimum lease payments as of December 31, 2021:

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 2,494
2023	1,969
2024	1,969
2025	1,148
	<u>\$ 7,580</u>

Note 18 - 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 ended December 31, 2021, the Organization had no payments for taxes and \$13,422 for interest expense.

Note 19 - 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 5% of salary. The Organization's contribution was \$24,463 in 2021.

INTERFAITH NEIGHBORS, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

- Note 20 - 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, 2021, the Organization's uninsured cash balances totaled \$1,535,896.
- Note 21 - Subsequent Events - The Organization has evaluated subsequent events through September 29, 2022, which is the date the combined financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the combined financial statements were identified by management.

INTERFAITH NEIGHBORS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL AWARDS

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Grantor's Number	Federal Expenditures
<u>Nutrition Program</u>			
U.S. Department of Health and Human Services passed through Monmouth County Department of Human Services			
Congregate Meals	93.045	13-060 1/4	\$ 474,074
Home Delivered Meals	93.045	13-060 2/4	557,968
Home Delivered Meals - Weekend	93.045	13-060 3/4	7,599
Home Delivered Meals - SSBG	93.045	13-060 4/4	30,301
Home Delivered Meals - FFCRA C2	93.045	13-060 5/7	26,608
Home Delivered Meals - CARES Title III C-2	93.045	13-060 6/7	97,405
Home Delivered Meals - CAA C-2	93.045	13-060 7/7	6,083
			1,200,038
U.S. Department of Housing and Urban Development passed through City of Asbury Park			
Community Development Block Grant	14.218	N/A	20,000
U.S. Department of Homeland Security passed through United Way			
Emergency Food and Shelter Program - CARES	97.024	600400-18	58,536
Emergency Food and Shelter Program - Phase 37	97.024	600400-18	47,707
Emergency Food and Shelter Program - Phase 38	97.024	600400-18	54,000
			160,243
<u>Federal Awards - Nutrition Program</u>			1,380,281
<u>Community Development Program</u>			
U.S. Department of Housing and Urban Development passed through Monmouth county Office of Community Development			
Home Investment Partnerships Program	14.239	G-16-56-895-190-322	250,000

INTERFAITH NEIGHBORS, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL AWARDS

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Grantor's Number	Federal Expenditures
<u>Homeless Prevention Program</u>			
U.S. Department of Housing and Urban Development passed through Monmouth County Office of Community Development			
Emergency Solutions Grant - CARES Act	14.231	G-14-56-893-20V-209	193,672
Emergency Solutions Grant - CARES Act	14.231	G-14-56-893-20V-209	25,449
Emergency Solutions Grant - Rapid Rehousing	14.231	G-14-56-893-20V-210	49,120
Emergency Solutions Grant - Emergency Shelter	14.231	G-14-56-893-20V-215	56,646
			324,887
U.S. Department of the Treasury passed through Monmouth County Department of Finance			
Emergency Rental Assistance Program	21.023	N/A	31,467
Emergency Rental Assistance Program	21.023	N/A	4,000
			35,467
<u>Federal Awards - Homeless Prevention Program</u>			360,354
TOTAL FEDERAL AWARDS			\$ 1,990,635

INTERFAITH NEIGHBORS, INC.  
 SCHEDULE OF EXPENDITURES OF STATE AND COUNTY AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

STATE AND COUNTY AWARDS

State Grantor/Pass Through Grantor/Program Title	Grantor's Number	State Expenditures
<u>Nutrition Program</u>		
N.J. Division of Senior Affairs passed through Monmouth County Department of Human Services		
Home Delivered Meals	13-060 2/4	\$ 20,192
Home Delivered Meals	13-060 3/4	60,140
Home Delivered Meals - SSBG	13-060 4/4	135,879
		216,211
N.J. Department of Community Affairs		
Meals on Wheels	2021-05195-0106-00	25,000
		241,211
<u>State Awards - Nutrition Program</u>		
Monmouth County Department of Human Services		
Congregate Meals	13-060 1/4	11,627
Home Delivered Meals	13-060 2/4	112,330
Home Delivered Meals - Weekend	13-060 3/4	28,244
Home Delivered Meals - SSBG	13-060 4/4	30,190
Home Delivered Meals - personnel	1-01-27-355-130-800	47,155
Home Delivered Meals - personnel	1-01-27-355-130-800	49,646
Volunteer Program	0-01-27-355-120-813	21,363
Volunteer Program	0-01-27-355-120-813	17,500
		318,055
<u>County Awards - Nutrition Program</u>		
<u>State and County Awards - Nutrition Program</u>		
		559,266
<u>Community Development Program</u>		
N.J. Department of Community Affairs		
Neighborhood Revitalization Tax Credit Project IX	2015-02240-0232-00	206,878
N.J. Department of Labor and Workforce Development		
Monmouth County Department of Workforce Development	Youth-20-13	22,169
		229,047
<u>State Awards - Community Development Program</u>		

INTERFAITH NEIGHBORS, INC.  
 SCHEDULE OF EXPENDITURES OF STATE AND COUNTY AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

STATE AND COUNTY AWARDS

State Grantor/Pass Through Grantor/Program Title	Grantor's Number	State Expenditures
 <u>Homeless Prevention Program</u>		
N.J. Department of Human Services passed through Monmouth County Department of Human Services		
Homeless Prevention - SSH / TANF	CC-1-2018	370,548
TOTAL STATE AND COUNTY AWARDS		\$ 1,158,861
TOTAL STATE AWARDS		\$ 840,806
TOTAL COUNTY AWARDS		\$ 318,055
		\$ 1,158,861

INTERFAITH NEIGHBORS, INC.  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL, STATE AND COUNTY AWARDS  
DECEMBER 31, 2021

- 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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Interfaith Neighbors, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. There was no pass through of federal awards. There were no noncash awards or loans.
- Note 3 - Federal Pass-through Funds - The Organization is the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as pass-through funds.
- Note 4 - Contingencies – Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such reviews may result in requests for reimbursement due to disallowed expenditures. Management does not believe that such disallowance, if any, would have a material effect on the financial position of the Organization. There were no material questioned or disallowed costs as a result of grant reviews in process or completed.
- Note 5 - Noncash Assistance - The Organization did not receive any federal noncash assistance for the year ended December 31, 2021.
- Note 6 - Not Available (N/A) - The Organization was unable to obtain another identification number.



**ROGER K. STEIN, CPA LLC**  
CERTIFIED PUBLIC ACCOUNTANT  
2300 STATE ROUTE 66, SUITE 202  
NEPTUNE, NEW JERSEY 07753

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Phone: 732-869-1170  
Fax: 732-869-1130  
www.rogersteincpa.com

MEMBER:  
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 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, 2021, 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 September 29, 2022.

**Report on 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) as a basis for designing 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 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.

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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Interfaith Neighbors, Inc.'s and affiliate's combined financial statements are free from 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 combined financial statements. 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*.

### **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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ROGER K. STEIN, CPA LLC

Neptune, New Jersey

September 29, 2022

**ROGER K. STEIN, CPA LLC**  
CERTIFIED PUBLIC ACCOUNTANT  
2300 STATE ROUTE 66, SUITE 202  
NEPTUNE, NEW JERSEY 07753

Phone: 732-869-1170  
Fax: 732-869-1130  
www.rogersteincpa.com

MEMBER:  
NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

LICENSED:  
NEW JERSEY & NEW YORK

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08-OMB**

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

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

***Opinion on Each Major Program***

I have audited Interfaith Neighbors, Inc.'s and affiliate's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Interfaith Neighbors Inc.'s and affiliate's major federal and state programs for the year ended December 31, 2021. Interfaith Neighbors, Inc.'s and affiliate's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Program***

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 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Interfaith Neighbors Inc. and affiliate and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Interfaith Neighbors Inc.'s and affiliate's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Interfaith Neighbors Inc.'s and affiliate's programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Interfaith Neighbors Inc.'s and affiliate's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Interfaith Neighbors Inc.'s and affiliate's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Interfaith Neighbors Inc.'s and affiliate's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Interfaith Neighbors Inc.'s and affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Interfaith Neighbors Inc.'s and affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

### **Report on 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 or state 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



ROGER K. STEIN, CPA LLC

Neptune, New Jersey

September 29, 2022

INTERFAITH NEIGHBORS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**I. Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified opinion

Internal Control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal and State Awards**

Internal Control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major federal and state programs:  
Unmodified opinion

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

Identification of major federal and state programs:

Assistance Listing 93.045 Congregate Meals  
Assistance Listing 93.045 Home Delivered Meals

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

Auditee qualified as a low-risk auditee?  Yes  No

**II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

None Reported.

**III. Findings and Questioned Costs for Federal and State Awards**

None Reported.