HOMEFRONT, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022 AND 2021

HOMEFRONT, INC.

SEPTEMBER 30, 2022 AND 2021

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
HomeFront, Inc.
Lawrenceville, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of HomeFront, Inc. ("Organization"), a nonprofit organization, which comprise the statements of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization as of September 30, 2021 were audited by Sobel & Co., LLC, whose shareholders and professional staff joined CliftonLarsonAllen LLP as of February 1, 2023, and has subsequently ceased operations. Sobel & Co., LLC's report dated January 21, 2022, expressed an unmodified opinion on those statements. The 2021 schedule of expenditures of federal and state and schedules of budgeted and incurred costs were subjected to the auditing procedures applied in the 2021 audit of the basic financial statements by Sobel & Co., LLC, whose report on such information stated that it was fairly stated in all material respects in relation to the 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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, including omissions, 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization'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 these financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards on pages 27 through 29, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08, and the schedules of budgeted and incurred costs on pages 31 and 32, are presented for purposes of additional analysis and are not required parts of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HomeFront, Inc.'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 the Organization's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Livingston, New Jersey
March 24, 2023

HOMEFRONT, INC.
STATEMENTS OF FINANCIAL POSITION

	September 30, 2022	September 30, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,196,853	$ 1,800,133
Accounts receivable, net of allowance	603,552	440,250
Accounts receivable - Homes by TLC	-	77,440
Grants and contracts receivable	407,794	402,082
Pledges receivable, current portion	46,668	341,668
Prepaid expenses	89,644	138,226
Total Current Assets	2,344,511	3,199,799
PROPERTY AND EQUIPMENT, NET	6,833,809	5,734,404
OTHER ASSETS:		
Cash and cash equivalents, Board-designated	1,333,517	4,000,000
Investments, Board-designated	5,666,483	2,500,000
Investments, undesignated	425,264	497,318
Investments, donor-restricted for endowment	4,019,098	3,972,621
Pledges receivable, net of current portion and discount	80,000	19,916
Total Other Assets	11,524,362	10,989,855
	$ 20,702,682	$ 19,924,058
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 517,582	$ 655,369
Deferred revenue	336,524	625,533
Forgivable mortgages, current maturities	60,000	60,000
Total Current Liabilities	914,106	1,340,902
LONG-TERM LIABILITIES:		
Forgivable mortgages, net of current maturities	180,000	240,000
Total Liabilities	1,094,106	1,580,902
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions:		
Board-designated	7,000,000	6,500,000
Undesignated	4,061,590	2,705,289
Total Net Assets without Donor Restrictions	11,061,590	9,205,289
With donor restrictions	8,546,986	9,137,867
Total Net Assets	19,608,576	18,343,156
	$ 20,702,682	$ 19,924,058

HOMEFRONT, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:						
Federal and state government grants	$ 2,554,968	$ -	$ 2,554,968	$ 2,496,638	$ -	$ 2,496,638
Corporate and foundation grants	1,927,030	-	1,927,030	2,566,429	-	2,566,429
Program fees	1,916,558	-	1,916,558	1,288,452	-	1,288,452
Contributions	5,369,473	1,107,483	6,476,956	4,521,250	722,530	5,243,780
Investment (loss) income	(553,050)	(892,822)	(1,445,872)	198,271	577,924	776,195
Contributed nonfinancial assets	6,013,381	-	6,013,381	4,481,813	-	4,481,813
Other income	369,426	-	369,426	242,320	-	242,320
Maintenance fees - Homes by TLC, Inc.	130,375	-	130,375	116,000	-	116,000
Social service fees - Homes by TLC, Inc.	166,094	-	166,094	138,600	-	138,600
Property management fees - Homes by TLC, Inc.	111,006	-	111,006	98,100	-	98,100
Subtotal	18,005,261	214,661	18,219,922	16,147,873	1,300,454	17,448,327
Net Assets Released from Restrictions	805,542	(805,542)	-	515,521	(515,521)	-
Total Revenues, Gains and Other Support	18,810,803	(590,881)	18,219,922	16,663,394	784,933	17,448,327
EXPENSES:						
Program services	15,302,643	-	15,302,643	12,065,083	-	12,065,083
Fundraising	940,032	-	940,032	614,521	-	614,521
Management and general	711,827	-	711,827	575,533	-	575,533
Total Expenses	16,954,502	-	16,954,502	13,255,137	-	13,255,137
CHANGES IN NET ASSETS	1,856,301	(590,881)	1,265,420	3,408,257	784,933	4,193,190
NET ASSETS - Beginning of year	9,205,289	9,137,867	18,343,156	5,797,032	8,352,934	14,149,966
NET ASSETS - End of year	$ 11,061,590	$ 8,546,986	$ 19,608,576	$ 9,205,289	$ 9,137,867	$ 18,343,156

HOMEFRONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	Program Services						
	Prevention/ Emergency Services	Client Support Services	Housing	Total	Fundraising	Management and General	Total Expenses
Personnel							
Salaries and wages	$ 1,585,642	$ 2,002,126	$ 519,482	$ 4,107,250	$ 391,456	$ 446,995	$ 4,945,701
Payroll taxes and benefits	442,633	639,751	142,402	1,224,786	111,222	135,004	1,471,012
Stipends	-	2,120	-	2,120	-	-	2,120
Total Personnel	2,028,275	2,643,997	661,884	5,334,156	502,678	581,999	6,418,833
Direct client assistance							
Shelter	910,299	30,968	77,105	1,018,372	-	-	1,018,372
Food	260,320	57,638	6,614	324,572	6,386	1,078	332,036
Transportation	53,274	64,640	6,637	124,551	3,612	4,108	132,271
Counseling services	5,318	9,839	2,013	17,170	1,573	1,527	20,270
Direct client needs	83,655	93,369	6,835	183,859	-	-	183,859
Total Direct Client Assistance	1,312,866	256,454	99,204	1,668,524	11,571	6,713	1,686,808
In-kind services, food, and facilities	-	6,013,381	-	6,013,381	-	-	6,013,381
Repairs and maintenance	360,319	78,258	13,667	452,244	11,598	12,473	476,315
Supplies - program, office, and other	179,282	135,475	20,021	334,778	72,517	12,367	419,662
Utilities	96,171	35,486	-	131,657	-	863	132,520
Security	197,460	-	-	197,460	-	-	197,460
Consultants	12,021	16,463	16,027	44,511	58,969	3,026	106,506
Insurance	69,364	55,253	15,621	140,238	5,544	9,808	155,590
Printing	7,944	20,829	4,357	33,130	106,619	1,943	141,692
Fundraising	-	-	-	-	102,252	-	102,252
Telephone and communications	68,039	92,390	15,464	175,893	10,779	12,048	198,720
Rent to Homes by TLC, Inc.	90,706	68,166	1,392	160,264	1,147	43,133	204,544
Accounting and legal	9,458	53,370	2,869	65,697	2,363	2,621	70,681
Miscellaneous	10,325	22,302	1,343	33,970	19,178	2,222	55,370
Postage	6,147	7,377	1,781	15,305	20,156	1,549	37,010
Staff development and recruitment	57,405	86,498	17,085	160,988	14,661	20,428	196,077
Bad debt	18,515	8,845	-	27,360	-	-	27,360
Total Before Depreciation	4,524,297	9,594,544	870,715	14,989,556	940,032	711,193	16,640,781
Depreciation	50,091	262,996	-	313,087	-	634	313,721
Total Expenses	$ 4,574,388	$ 9,857,540	$ 870,715	$ 15,302,643	$ 940,032	$ 711,827	$ 16,954,502

The accompanying notes are an integral part of these financial statements.

HOMEFRONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	Program Services						
	Prevention/ Emergency Services	Client Support Services	Housing	Total	Fundraising	Management and General	Total Expenses
Personnel							
Salaries and wages	$ 1,185,829	$ 1,684,634	$ 449,992	$ 3,320,455	$ 196,859	$ 377,655	$ 3,894,969
Payroll taxes and benefits	422,757	556,848	154,009	1,133,614	63,943	132,693	1,330,250
Stipends	-	15,445	-	15,445	-	-	15,445
Total Personnel	1,608,586	2,256,927	604,001	4,469,514	260,802	510,348	5,240,664
Direct client assistance							
Shelter	670,681	8,988	17,915	697,584	-	-	697,584
Food	125,141	15,969	2,376	143,486	2,440	816	146,742
Transportation	43,220	36,946	5,766	85,932	2,563	4,250	92,745
Counseling services	6,285	1,318	372	7,975	150	295	8,420
Direct client needs	63,459	11,904	-	75,363	-	-	75,363
Total Direct Client Assistance	908,786	75,125	26,429	1,010,340	5,153	5,361	1,020,854
In-kind services, food, and facilities	-	4,481,813	-	4,481,813	-	-	4,481,813
Repairs and maintenance	394,812	67,475	11,663	473,950	1,475	2,961	478,386
Supplies - program, office, and other	70,292	80,974	9,896	161,162	54,834	6,195	222,191
Utilities	73,448	31,900	-	105,348	-	-	105,348
Security	171,138	-	-	171,138	-	-	171,138
Consultants	21,918	33,791	17,586	73,295	77,838	7,353	158,486
Insurance	60,858	68,633	12,342	141,833	3,361	7,364	152,558
Printing	3,349	14,658	3,371	21,378	80,921	1,472	103,771
Fundraising	-	190	-	190	73,816	-	74,006
Telephone and communications	75,787	89,749	18,602	184,138	7,814	14,903	206,855
Rent to Homes by TLC, Inc.	63,265	36,257	49,134	148,656	864	1,680	151,200
Accounting and legal	10,707	16,648	3,894	31,249	1,584	3,103	35,936
Contributions	-	-	100,200	100,200	-	-	100,200
Miscellaneous	5,805	25,467	4,804	36,076	22,198	1,959	60,233
Postage	4,680	18,526	5,098	28,304	19,581	4,013	51,898
Staff development and recruitment	28,322	44,893	10,397	83,612	4,280	8,187	96,079
Bad debt expense	45,060	362	-	45,422	-	-	45,422
Total Before Depreciation	3,546,813	7,343,388	877,417	11,767,618	614,521	574,899	12,957,038
Depreciation	49,590	247,875	-	297,465	-	634	298,099
Total Expenses	$ 3,596,403	$ 7,591,263	$ 877,417	$ 12,065,083	$ 614,521	$ 575,533	$ 13,255,137

HOMEFRONT, INC.
STATEMENTS OF CASH FLOWS

	Year Ended September 30, 2022	2021
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Changes in net assets	$ 1,265,420	$ 4,193,190
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	313,721	298,099
Amortization of discount on long-term pledges receivable	(84)	(513)
Forgiven mortgage principal	(60,000)	(60,000)
Unrealized loss (gain) on investments	1,539,950	(745,190)
Investment income reinvested	(92,497)	(27,475)
Change in allowance for doubtful accounts	(18,636)	45,422
Refundable advance	-	(949,497)
Changes in certain assets and liabilities:		
Accounts receivable	(144,666)	(256,650)
Accounts receivable - Homes by TLC	77,440	(15,961)
Grants and contracts receivable	(5,712)	64,070
Pledges receivable	235,000	160,200
Prepaid expenses	48,582	(50,664)
Accounts payable and accrued expenses	(137,787)	(230,259)
Deferred revenue	(289,009)	505,399
Net Cash Provided by Operating Activities	2,731,722	2,930,171
INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,413,126)	(105,160)
Purchase of investments	(4,588,359)	(2,810,845)
Net Cash Used for Investing Activities	(6,001,485)	(2,916,005)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,269,763)	14,166
CASH AND CASH EQUIVALENTS:		
Beginning of year	5,800,133	5,785,967
End of year	$ 2,530,370	$ 5,800,133

NOTE 1 - NATURE OF ORGANIZATION:

HomeFront's ("HomeFront" or "Organization") mission is to end homelessness in Central New Jersey by harnessing the caring, resources, and expertise of the community. The Organization lessens the immediate pain of homelessness and helps families become self-sufficient. HomeFront works to give its clients the skills and opportunities to ensure adequate incomes and works to increase the availability of adequate, affordable housing. HomeFront helps homeless families advocate for themselves individually and collectively.

Since its foundation 32 years ago, the Organization has worked tirelessly to break the cycle of poverty and end homelessness in Central New Jersey and has served tens of thousands of local families. Started by an army of volunteers providing meals for families living in welfare motels, the Organization has since developed a holistic array of wraparound services for clients who are either impacted by poverty or experiencing homelessness. HomeFront has been nationally recognized for its effectiveness in helping families get on the path to self-sufficiency and independence.

Guided by the belief that a holistic approach is necessary to break the cycle of poverty and establish long-term economic and family stability, HomeFront has developed a comprehensive, dignified array of programs and services to both meet immediate urgent needs and provide long term, meaningful support. On any given night, HomeFront provides shelter, transitional housing, or permanent service-enriched housing to over 450 people. Two-thirds of them are children.

HomeFront recognizes that there is no one-size-fits-all solution to helping families break the cycle of poverty. They do not just put a roof over people's heads; they address the array of problems that cause homelessness and poverty. HomeFront ensures that the next generation begins life at the starting line, not behind it.

HomeFront organizes its work around four core beliefs: 1) that families deserve safe, secure housing; 2) that with the right tools, all families can succeed; 3) that families need basic necessities to live with dignity; and 4) that children nurtured by love and support will grow on a path to realizing life's possibilities.

HomeFront's comprehensive programs and services include intensive case management, homelessness prevention, free groceries, diapers, and period products, clothing and household goods through its HomeFront FreeStore, assistance locating affordable housing, health and wellness education, family literacy, high school equivalency preparation, and job placement and readiness skills. Special programming for children includes a fully licensed early childhood development program, summer camp, afterschool tutoring, and special events and activities.

NOTE 1 - NATURE OF ORGANIZATION: (Continued)

Many family services are centralized at the state-of-the-art HomeFront Family Campus, a former military installation renovated into a center of healing and hope. The Family Preservation Center, inside the Family Campus, serves as an emergency shelter for 38 families and intentionally incorporates many of the support services that empower and support those families as they build self-sufficient futures for themselves and their children. Last year, 16,805 unique individuals came to HomeFront for – and were given – shelter, food, and life-changing assistance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:
The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:
Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.
>
> Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also included in this classification are net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents:
Cash consists of funds maintained in bank accounts. Cash equivalents include short-term, highly liquid money market investments with maturity dates of three months or less on the date of acquisition.

Accounts Receivable:
Accounts receivable consist primarily of program fees. The Organization utilizes the reserve method of accounting for doubtful accounts. The reserves are based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. At September 30, 2022 and 2021, the allowance for doubtful accounts was $47,669 and $66,305, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Grants Receivable:
Grants receivable are recorded at the amount billed to funding agencies. The Organization utilizes the reserve method of accounting for doubtful accounts. The reserves are based on historical experience and management's evaluation of outstanding grants receivable at the end of each year. At September 30, 2022 and 2021, no allowance was deemed necessary.

Fair Value Measurements:
Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value. The fair value hierarchy defines the three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

The fair value of investments are as follows:

Princeton Area Community Foundation – Valued on a monthly basis by the Princeton Area Community Foundation based upon underlying values on each fund within the portfolio.

Equity securities – Valued at the closing price reported in the active market on which the individual securities are traded.

Fixed income securities – Valued based on closing prices and bid-ask quotations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investment Income:
Investment income consists of interest, dividends, realized gains and losses, and unrealized gains and losses from investments, cash, and cash equivalents, and is presented net of investment advisory and management fees. Investment income is reported as an increase in net assets without donor restrictions unless otherwise restricted by the donor.

Property and Equipment:
Property and equipment is recorded at cost on the date of acquisition or at the fair market value of the asset based on values of comparable assets at the date of gift for donations. Depreciation is computed using the straight-line method over estimated useful lives ranging from 3 to 40 years. When assets are retired or otherwise disposed of, the costs and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments greater than $1,000 that extend the useful lives of the assets are capitalized.

Valuation of Long-lived Assets:
The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no adjustment was required for the periods presented in these financial statements.

Deferred Revenue:
The Organization records amounts received from funding sources in advance of performing the required services as deferred revenue.

Revenue Recognition – Contributions and Grants from Governmental Agencies:
Revenue is derived principally from grants and contributions from government agencies, corporations, foundations, and individuals.

The Organization recognizes contributions as revenue when they are received or unconditionally pledged. Conditional contributions and grants are not recognized until conditions are substantially met or explicitly waived by the donor or grantor. Contribution revenues are recorded as support with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with restrictions that are met in the same reporting period as they are received are reported as revenues without donor restrictions in the statements of activities and changes in net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition – Contributions and Grants from Governmental Agencies: (Continued)
The Organization recognizes government grant revenues to the extent that expenses have been incurred for the purpose specified by the grant. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance. The Organization's policy is to record the proceeds from government grants as conditional grants through refundable advances. Once the conditions of release have been substantially met or explicitly waived, the conditions will have been satisfied, and the Organization will recognize the grant revenue. Amounts that are spent in accordance with contract requirements, but are not yet received, are recorded as grants and contracts receivable in the statements of financial position.

Unrestricted revenues are obtained from various fundraising projects, fees, and investment income. These revenues are not restricted in their use and are used to offset program, management and general, and fundraising expenses that are not funded by contract budgets.

Revenue Recognition – Program Fees:
The Organization's program fees are generated primarily from contracts with local government agencies to provide emergency shelter to low-income families at its Family Preservation Center ("FPC"). The contracts contain a set fee per night and payment terms are stated within the contracts. In some cases, the families will be responsible for a family contribution for their stay. The Organization satisfies its performance obligation over time as shelter and related services are provided. The Organization bills the agencies and families for bed nights on a monthly basis, and payment is due on demand. The Organization generally does not provide refunds for services provided.

Contributions of Donated Services and Gifts In-kind:
Contributed services and gifts in-kind are recorded as contributions and expenses at fair value as of the date of donation. Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation.

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

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes: (Continued)
No interest and penalties were recorded during the years ended September 30, 2022 and 2021. At September 30, 2022 and 2021, there were no significant income tax uncertainties.

Use of Estimates:
In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Adoption of New Accounting Standard:
In July 2020, the Financial Accounting Standards Board ("FASB") issued an accounting standard update ("ASU"), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU requires organizations to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets apart from contributions of cash or other financial assets. Additional disclosure is required regarding the valuation techniques used, as well as any donor restrictions for the contributed nonfinancial assets. The Organization adopted this ASU on October 1, 2021.

Recent Accounting Pronouncements – Leases:
In February 2016, the FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition or a cumulate-effect adjustment transition approach may be used and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. Earlier adoption is permitted subject to certain limitations. The Organization is currently evaluating the effect of the provisions of this standard will have on the financial statements.

Reclassifications:
Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Subsequent Events:
The Organization has evaluated its subsequent events and transactions occurring after September 30, 2022 through March 24, 2023, the date the financial statements were available to be issued.

NOTE 3 - PLEDGES RECEIVABLE:

Pledges receivable represent unconditional promises to give, which have been made by donors but have not yet been received by the Organization. Pledges that will not be received in the subsequent year have not been discounted and management has determined the discount is not material to the financial statements. The Organization considers contributions receivable at September 30, 2022 and 2021, fully collectible. Accordingly, no allowance for uncollectible pledges has been established.

Total pledges receivable were as follows:

	September 30, 2022	September 30, 2021
Receivable in less than one year	$ 46,668	$ 341,668
Receivable in one to five years:		
Total	80,000	20,000
Less: Discount to net present value	-	(84)
Net long-term pledges receivable	80,000	19,916
Total Pledges Receivable	$ 126,668	$ 361,584

NOTE 4 - INVESTMENTS:

Fair value measurements of investments as of September 30, 2022 are as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 22,350	$ -	$ -	$ 22,350
Fixed income	-	1,221,151	-	1,221,151
Equity securities	922,982	-	-	922,982
Princeton Area Community Foundation pooled funds	-	-	7,944,362	7,944,362
Total Investments	$ 945,332	$ 1,221,151	$ 7,944,362	$ 10,110,845

Fair value measurements of investments as of September 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Princeton Area Community Foundation pooled funds	$ -	$ -	$ 6,969,939	$ 6,969,939

NOTE 4 - INVESTMENTS: (Continued)

The following table provides further details about Level 3 fair value measurements:

	Year Ended September 30, 2022	Year Ended September 30, 2021
Balance, beginning of year	$ 6,969,939	$ 3,386,429
Contributions	2,333,864	2,810,845
Interest and dividend income, net of fees	76,160	27,475
Unrealized (loss) gain	(1,435,601)	745,190
Balance, end of year	$ 7,944,362	$ 6,969,939

Financial instruments classified as level 3 in the fair value hierarchy represent the Organization's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. Significant unobservable inputs for level 3 investments include amount and timing of future distributions.

Investment advisory fees totaled $31,679 and $17,455 for the years ended September 30, 2022 and 2021, respectively.

NOTE 5 - ENDOWMENTS:

Endowment Funds:
As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowment funds, are classified and reported based on the existence or absence of any restrictions. The HomeFront Endowment Fund was established by the Board of Trustees in April 2017 to support the mission of the Organization. The endowment consists of one fund with the Princeton Area Community Foundation restricted by donors.

Interpretations of Relevant Law:
The Organization's Board of Trustees has interpreted the State of New Jersey Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of September 30, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 5 - ENDOWMENTS: (Continued)

The Organization considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purpose of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Underwater Endowments:
The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization complies with the State of New Jersey UPMIFA and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Return Objectives and Risk Parameters:
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods, as well as funds designated by the Board of Trustees.

Strategies Employed for Achieving Objectives:
To satisfy its long-term, rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy:
The Organization has an investment objective to provide sufficient liquidity to meet operating, distribution, and spending requirements. The Organization will spend no more than 4% of the endowment fund’s market value each year. The spending policy amount is calculated based on the average market value of the endowment fund over the previous 12 quarters ending 9 months prior to the beginning of the fiscal year.

NOTE 5 - ENDOWMENTS: (Continued)

Changes in endowment net assets for the year ended September 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2021	$ 404,477	$ 3,972,621	$ 4,377,098
Endowment contributions	-	939,299	939,299
Investment return, net	(28,561)	(746,222)	(774,783)
Amounts appropriated for expenditure	146,600	(146,600)	-
Endowment net assets, September 30, 2022	$ 522,516	$ 4,019,098	$ 4,541,614

Changes in endowment net assets for the year ended September 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2020	$ 302,577	$ 3,083,852	$ 3,386,429
Endowment contributions	-	310,845	310,845
Investment return, net	-	679,824	679,824
Amounts appropriated for expenditure	101,900	(101,900)	-
Endowment net assets, September 30, 2021	$ 404,477	$ 3,972,621	$ 4,377,098

At September 30, 2022, funds with original gift values of $4,029,214, fair values of $4,019,098, and deficiencies of $10,116 were reported in net assets with donor restrictions. During the year ended September 30, 2022, the Board of Trustees appropriated $146,600 from underwater endowments funds. There were no underwater endowments at September 30, 2021.

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment are comprised of the following:

	September 30, 2022	September 30, 2021
Building and building improvements		
- HomeFront Family Campus	$ 6,042,107	$ 6,042,107
Leasehold improvements	1,626,911	698,918
Vehicles	782,025	782,025
Office furniture and equipment	902,829	894,099
Construction in progress	476,403	-
	9,830,275	8,417,149
Less: Accumulated depreciation	2,996,466	2,682,745
Property and Equipment, Net	$ 6,833,809	$ 5,734,404

In a quitclaim deed, dated September 30, 2013, between the Organization and the federal government, the Organization agreed to renovate and maintain the former Navy Base located in Ewing, New Jersey as its new HomeFront Family Campus homeless shelter. If the Organization ceases to use the property as a homeless shelter, the property will revert back to the federal government. The initial capital costs for this project have been classified as net assets with donor restrictions. Net assets are released from the restriction annually in amounts equal to the depreciation of those initial capitalized costs associated with the property, which was $233,657 in each year of the years ended September 30, 2022 and 2021.

NOTE 7 - LINE OF CREDIT:

The Organization has a $250,000 line of credit with a bank available through May 31, 2023. The line calls for monthly payments of interest only at the bank's prime rate plus 1.25% (7.50% at September 30, 2022). There were no outstanding borrowings at September 30, 2022 and 2021.

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN:

The Organization obtained a Paycheck Protection Program ("PPP") loan under the CARES Act in May 2020 for $949,497. The Organization recorded the funds received as a conditional government grant through refundable advance. As of September 30, 2021, all amounts received under the PPP were expended and recognized as revenue from government grants on the statements of activities and changes in net assets. The Organization received formal forgiveness of the PPP loan for its full amount from the U.S. Small Business Administration ("SBA") in April 2021, at which time the full amount was recognized as government grant income. The SBA reserves the right to audit loan forgiveness for six years from the date that forgiveness was awarded.

NOTE 9 - FORGIVEABLE MORTGAGES PAYABLE:

The Organization has executed two contractual agreements in the form of mortgage notes with the New Jersey Department of Community Affairs. Funds in the original amount of $600,000 have been recognized as a loan payable.

The agreements include a provision for annual forgiveness of debt at the rate of 10% per year, provided the shelter is still being used for such purpose. Debt forgiveness occurs on the anniversary date of the issuance of the certificate of occupancy, and for nine years thereafter. The shelter became operational in August 2015 with a certificate of occupancy issued October 2015; therefore, loan forgiveness began during the year ended September 30, 2017. The unforgiven balance at September 30, 2022 and 2021 was $240,000 and $300,000, respectively.

As of September 30, 2022, mortgage forgiveness is as follows:

Year Ending September 30,	
2023	$ 60,000
2024	60,000
2025	60,000
2026	60,000
	$ 240,000

NOTE 10 - RETIREMENT PLAN:

The Organization maintains a retirement plan under Internal Revenue Code Section 401(k) covering all employees meeting certain eligibility requirements. The plan is funded by employee contributions with matching funds contributed by the Organization up to a maximum of 3% of participating employees' eligible compensation. Contributions made by the Organization during the years ended September 30, 2022 and 2021 were $114,964 and $102,808, respectively, and are included in payroll taxes and benefits in the statements of functional expenses.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions were available for the following purposes:

	September 30,	
	2022	**2021**
HomeFront Family Campus	$ 3,998,036	$ 4,231,693
Endowment fund assets:		
Corpus	4,029,214	3,089,915
Accumulated (losses) earnings	(10,116)	882,706
Pledges receivable for endowment	6,668	361,668
Contributions related to programs	523,184	571,885
Total Net Assets with Donor Restrictions	$ 8,546,986	$ 9,137,867

Net assets were released from donor restrictions as follows:

	Year Ended September 30,	
	2022	**2021**
HomeFront Family Campus	$ 233,657	$ 233,657
Contributions related to programs	571,885	281,864
Total Net Assets Released from Donor Restrictions	$ 805,542	$ 515,521

Investment income derived from the endowment is classified as net assets with donor restrictions until expended or appropriated in accordance with the Organization's endowment policy.

NOTE 12 - BOARD-DESIGNATED NET ASSETS:

The Organization has established an operating reserve to ensure the stability of the mission, programs, employment, and ongoing operations of the Organization. Withdrawal from this fund requires approval from the Organization's Board of Trustees.

During the year ended September 30, 2021, the Organization's Board of Trustees established the HomeFront Impact Fund, a Board-designated reserve of $2.5 million to invest in infrastructure, programs, and services that would otherwise be unsupported and will have demonstrable impact toward achieving the Organization's mission. Withdrawal from this fund requires approval from the Organization's Board of Trustees.

NOTE 12 - BOARD-DESIGNATED NET ASSETS: (Continued)

During the year ended September 30, 2021, the Organization's Board of Trustees established the HomeFront Workforce Fund, a Board-designated reserve of $1.5 million in support of the Organization's workforce. The Organization is authorized to draw up to $500,000 per year for the next three years to offset necessary increases in compensation expense, to facilitate employee retention and to attract more qualified candidates.

Board-designated net assets as of September 30, 2022 and 2021 are as follows:

	September 30, 2022	September 30, 2021
Operating reserve	$ 3,500,000	$ 2,500,000
HomeFront Impact Fund	2,500,000	2,500,000
HomeFront Workforce Fund	1,000,000	1,500,000
Total Board-designated Net Assets	$ 7,000,000	$ 6,500,000

NOTE 13 - CONTRIBUTED NONFINANCIAL ASSETS:

Contributed nonfinancial assets received during the years ended September 30, 2022 and 2021 consisted of the following:

	Year Ended September 30, 2022	Year Ended September 30, 2021
Meals, food, diapers, personal care products, clothing, and toys distributed to clients	$ 5,141,763	$ 2,704,380
Vehicles, computers, household furnishings, and other supplies distributed to clients	492,518	1,137,783
Professional services and postage	179,600	337,350
Rent below fair market value	199,500	302,300
Total Contributed Nonfinancial Assets	$ 6,013,381	$ 4,481,813

NOTE 13 - CONTRIBUTED NONFINANCIAL ASSETS: (Continued)

Valuation techniques and inputs utilized in valuing these contributed nonfinancial assets are as follows:

Contributed Nonfinancial Asset	Valuation Techniques and Inputs
Meals, food, diapers, personal care products, clothing, and toys distributed to clients	Estimated based on estimates of retail values for similar products
Vehicles, computers, household furnishings, and other supplies distributed to clients	Estimated based on estimates of retail values for similar products
Professional services and postage	Estimated based on current rates paid by the Organization for similar services
Rent below fair market value	Estimated based on fair market value of rent for similar properties in the same geographic area

The Organization's mission to end homelessness in Central New Jersey is supported through securing pro-bono or in-kind goods and services for clients. The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value. Additionally, the office and warehouse lease was negotiated at less than fair market value. The difference between the fair market rental and the rent paid is included in contributed nonfinancial assets in the statements of activities and changes in net assets.

All gifts-in-kind received by the Organization for the years ended September 30, 2022 and 2021 were without donor restrictions and were available to be used by the Organization as determined by management.

The Organization also received donated services from volunteers, which are not reflected in the accompanying financial statements because the criteria for recognition under accounting principles generally accepted in the United States of America has not been satisfied. Volunteers worked approximately 35,000 and 38,700 hours in the years ended September 30, 2022 and 2021, respectively. If such volunteer hours were valued, they would approximate $1,048,000 and $1,127,000 for the years ended September 30, 2022 and 2021, respectively, based on current rates paid by the Organization for similar services.

The administrative effort needed to coordinate the logistics of such programs must be considered when attempting to understand the functioning of the Organization.

NOTE 14 - LEASE COMMITMENTS:

The Organization leases residential properties under various operating leases with various expiration dates through August 2023. The lease expense recorded for the years ended September 30, 2022 and 2021, was $331,950 and $284,023, respectively, and is included in shelter expense on the statements of functional expense.

NOTE 15 - FUNCTIONAL EXPENSES:

Program services, management and general, and fundraising expenses have been recorded in the statements of activities and changes in net assets and in the statements of functional expenses based on both a direct costing method for those expenses directly attributable to a particular program or special event or on an allocation basis for joint costs attributable to all functions. Salaries and wages are allocated based on time studies. Payroll taxes and benefits, certain client assistance expenses, accounting/legal, consultants, liability insurance, postage, printing, repairs and maintenance, staff development, supplies – program, office, and other, telephone, office rent, and miscellaneous expenses are allocated based on total salaries charged to the various functional categories.

NOTE 16 - RELATED-PARTY TRANSACTIONS:

Homes by TLC, Inc. and HomeFront Inc. are separate entities that share management, staff, and limited expenses to gain operating efficiencies.

Homes by TLC, Inc. pays fees to HomeFront, Inc. for the services performed by HomeFront, Inc. employees. These services are provided based on agreements approved by both organizations on an annual basis. For the years ended September 30, 2022 and 2021, these amounts totaled approximately $407,000 and $353,000, respectively. Of these amounts, $77,440 was receivable as of September 30, 2021. No amounts were receivable as of September 30, 2022.

Homes by TLC, Inc. rents warehouse and office space to HomeFront, Inc. under an operating lease, which expires on September 30, 2025. For the years ended September 30, 2022 and 2021, rent expense totaled $204,544 and $151,200, respectively.

NOTE 16 - RELATED-PARTY TRANSACTIONS: (Continued)

Future minimum lease payments required under this lease as of September 30, 2022, are as follows:

Year Ending September 30,		
2023	$	157,120
2024		157,120
2025		161,834
	$	476,074

Homes by TLC, Inc. also rents various residential properties to HomeFront, Inc. under operating leases which expired in September 2022. These leases have been renewed until September 30, 2023. For the years ended September 30, 2022 and 2021, rent expense totaled $112,200 and $97,200, respectively. Amounts are included in shelter expense on the statement of functional expenses.

During the year ended September 30, 2021, the Organization’s Board of Trustees approved a $100,000 donation to Homes by TLC, Inc. to help fund an affordable housing project. This donation is included in contributions expense in the accompanying statement of functional expenses. No donations have been made for the year ended September 30, 2022.

NOTE 17 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially expose the Organization to concentrations of credit risk and market risk consist of cash and cash equivalents. The Organization maintains its cash and cash equivalents in accounts with federally insured institutions. At times, the balances in these accounts may be in excess of federally insured limits.

During the year ended September 30, 2022, the Organization received approximately 34% of its total corporate and foundation grants from two donors. During the year ended September 30, 2021, the Organization received approximately 38% of its total corporate and foundation grants from one donor.

NOTE 18 - VULNERABILITY OF CONCENTRATIONS OF GRANTS:

The Organization received approximately 14% of its total support from federal and state government grants during each of the years ended September 30, 2022 and 2021. The Organization is subject to audits by certain federal and state departments, which may result in findings based on various issues. Anticipation of potential audit results is currently not determinable. Accordingly, no accruals have been recorded in the financial statements for any adjustments that might be required based on potential future audits.

NOTE 19 - TAX RETURNS:

At September 30, 2022, all required tax returns have been filed.

NOTE 20 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	September 30, 2022	September 30, 2021
Cash and cash equivalents	$ 1,196,853	$ 1,800,133
Accounts receivable, net	603,552	517,690
Grants and contracts receivable	407,794	402,082
Pledges receivable, current	46,668	341,668
Total Financial Assets	2,254,867	3,061,573
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(563,847)	(913,553)
Estimated releases from donor restrictions	529,852	913,553
	(33,995)	-
Financial assets available to meet general expenditures over the next 12 months	$ 2,220,872	$ 3,061,573

The Organization has goals to maintain financial assets sufficient to meet operating expenses as they become due throughout the year. As described in Note 12, the Organization has three Board-designated funds to ensure the stability of its mission, programs, employment, infrastructure, and ongoing operations. Board-designated funds could be made available through Board resolution, if necessary. Additionally, the Organization has a $250,000 line of credit available for working capital.

NOTE 21 - COMMITMENTS AND CONTINGENCIES:

The Organization, from time to time, may be involved with lawsuits arising in the ordinary course of business. In the opinion of the Organization's management, any liability resulting from such litigation would not be material to the Organization's financial position or results of operations.

HOMEFRONT, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2022

Grantor / Pass-through Grantor / Program Title	Federal ALN Number	Grant Period	Grant ID Number	Award Amount	Current Year Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through NJ Department of Community Affairs:					
Homeless Prevention & Rapid Re-Housing 2 2019	14.231	12/01/18 - 11/30/22	2019-02156-0334-07	$ 405,702	$ 70,598
Homeless Prevention & Rapid Re-Housing 2 2019 - CVERAP	14.231	12/01/18 - 11/30/22	2019-02156-0334-07	251,773	99,120
Emergency Solutions Grant	14.231	11/01/20 - 06/30/23	2020-02140-0417-06	891,143	574,835
Passed through City of Trenton:					
Emergency Solutions Grant (ESG-CV)	14.231	07/01/21 - 09/30/22	E-20-MW-34-0007	75,000	23,058
				1,623,618	767,611
Mercer County Leasing 2011	14.267	08/01/21 - 07/31/22	NJ0368L2F141806	254,698	177,899
Total U.S. Department of Housing and Urban Development				1,878,316	945,510
477 Cluster					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through NJ Department of Community Affairs					
Mercer County - LCC / CSBG	93.569	01/01/21 - 09/30/22	RESOL2021-119	100,000	25,000
Mercer County - LCC / CSBG Non-Discretionary COVID-19 CARES Act Grant Funds	93.569	01/01/21 - 09/30/22	RESOL2021-119	90,000	31,043
Mercer County - LCC / CSBG	93.569	01/01/22 - 12/31/23	RESOL2022-127	200,000	75,000
Access to Counsel Pilot	93.569	07/01/21 - 12/31/22	2021-05220-0286-02	350,000	254,707
				740,000	385,750
Passed through NJ Department of Human Services Division of Family Development					
NJ ARP Stabilization Grant	93.575	09/01/21 - 8/31/23	3767	30,000	30,000
Hiring and Retention Bonus Grant	93.575	02/01/22 - 03/02/22	8934	2,000	2,000
				32,000	32,000
Total 477 Cluster				772,000	417,750
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Thriving Families: Evaluation of Self-Sufficiency Programming (ACF)	93.595	09/30/21 - 09/29/22	90PE0059-01-00	194,811	48,489
WIOA Cluster					
U.S. DEPARTMENT OF LABOR					
Passed through NJ Department of Labor and Workforce Development					
Mercer County - WIB/CWEP Program	17.258	01/01/22 - 09/30/22	PY2021-695	150,000	147,043
Total WIOA Cluster				150,000	147,043

See independent auditors' report and notes to the schedule of expenditures of federal and state awards.

HOMEFRONT, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
YEAR ENDED SEPTEMBER 30, 2022

Grantor / Pass-through Grantor / Program Title	Federal ALN Number	Grant Period	Grant ID Number	Award Amount	Current Year Expenditures
U.S. DEPARTMENT OF EDUCATION					
Passed through New Jersey Department of Education					
Monmouth-Ocean Educational Services Commission	84.196	07/01/21 - 06/30/22	N/A	$ 111,689	$ 111,689
Trenton Board of Education	84.010	07/01/21 - 06/30/22	N/A	80,000	80,000
Trenton Board of Education	84.010	07/01/22 - 06/30/23	N/A	150,000	44,480
				230,000	124,480
Total U.S. Department of Education				341,689	236,169
U.S. DEPARTMENT OF HOMELAND SECURITY					
Emergency Food and Shelter National Board - Phase 36 CARES Supplemental Award	97.024	11/01/21 - 04/30/23	N/A	30,000	15,000
Total Federal Awards				**$ 3,366,816**	**$ 1,809,961**
NEW JERSEY DEPARTMENT OF CHILDREN & FAMILIES					
Division of Child Protection and Permanency					
Resource Network and Family Preservation Center Children's Program	N/A	10/01/21 - 06/30/22	22CSLC	$ 8,739	$ 8,739
Resource Network and Family Preservation Center Children's Program	N/A	07/01/22 - 06/30/23	23CSLC	11,654	3,885
Total New Jersey Department of Children & Families				20,393	12,624
NEW JERSEY DEPARTMENT OF HEALTH AND SENIOR SERVICES					
Division of HIV/AIDS Services					
HIV/AIDS Housing	N/A	07/01/21 - 12/31/21	DHST22CTR006	61,636	22,259
Passed through Henry J. Austin Health Center, Inc.					
HIV/AIDS Housing	N/A	01/01/22 - 06/30/22	N/A	76,299	76,299
Passed through Mercer County Department of Human Services					
Homelessness Prevention	N/A	01/01/21 - 12/31/22	RES #2021-52	145,338	76,292
Total New Jersey Department of Health and Senior Services				283,273	174,850

HOMEFRONT, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
YEAR ENDED SEPTEMBER 30, 2022

Grantor / Pass-through Grantor / Program Title	Federal ALN Number	Grant Period	Grant ID Number	Award Amount	Current Year Expenditures
NEW JERSEY DEPARTMENT OF HUMAN SERVICES					
Division of Mental Health & Addiction Services					
Passed through Capital Health Systems:					
For My Baby and Me		07/01/21 - 6/30/22	DFHS181O5005(2)	$ 588,300	$ 572,820
For My Baby and Me		07/01/22 - 6/30/23	DFHS181O5005(2)	649,788	135,164
Total New Jersey Department of Human Services				1,238,088	707,984
NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS					
Homeless Prevention & Rapid Re-Housing 2 2019		12/01/18 - 11/30/22	2019-02156-0334-07	178,000	30,975
Prevention of Homelessness 2018		02/01/18 - 07/31/23	2018-02150-0196-13	970,887	57,889
Prevention of Homelessness 2019		08/01/19 - 07/31/23	2019-02150-0592-05	351,000	49,190
Shelter Support - 2014		12/09/15 - 12/09/25	2014-02149-0129-00	300,000	30,000
Shelter Support - 2015		12/09/15 - 12/09/25	2015-02149-0129-00	300,000	30,000
Total New Jersey Department of Community Affairs				2,099,887	198,054
Total State Awards				**3,641,641**	**1,093,512**
Total Federal and State Awards				**$ 7,008,457**	**$ 2,903,473**

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the HomeFront, Inc. ("Organization") and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended September 30, 2022, the Organization did not provide any funds relating to their federal and state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

During the year ended September 30, 2022, the Organization did not elect to use the de minimis cost rate when allocating indirect costs to federal and state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of September 30, 2022, the Organization did not have any federal loan or loan guarantee programs.

NOTE 5 - 477 CLUSTER:

For the year ended September 30, 2022, the source of funding for the 477 Cluster, was the U.S. Department of Health and Human Services, Assistance Listing Number #93.569, passed through the New Jersey Department of Community Affairs and Assistance Listing Number #93.575, passed through the New Jersey Department of Human Services Division of Family Development.

HOMEFRONT, INC.

SUPPLEMENTARY INFORMATION

SCHEDULE OF BUDGETED AND INCURRED COSTS - GRANT #DHST22CTR006

NEW JERSEY DEPARTMENT OF HEALTH AND SENIOR SERVICES

FOR THE GRANT PERIOD ENDING DECEMBER 31, 2021

Category	Final Approved Budget	2022 Expenditure Reports	Cumulative Expenditures	Audited Expenditures	Questioned Costs
Personnel:					
Salary	$ 29,000	$ 14,500	$ 29,000	$ 29,000	$ -
Fringe benefits	8,556	4,278	8,556	8,556	-
	37,556	18,778	37,556	37,556	-
Office expense and related cost	500	250	500	500	-
Program expense	21,472	1,952	17,385	17,385	-
Staff training and education cost	450	450	450	450	-
Travel, conferences and meetings	158	79	158	158	-
Facilities	1,500	750	1,500	1,500	-
Subtotal	24,080	3,481	19,993	19,993	-
Total Direct Costs	61,636	22,259	57,549	57,549	-
Indirect costs	-	-	-	-	-
Total Costs	61,636	22,259	57,549	57,549	-
Less: Program income	-	-	-	-	-
Net Grant Funds	$ 61,636	$ 22,259	$ 57,549	$ 57,549	$ -

HOMEFRONT, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETED AND INCURRED COSTS - COMPREHENSIVE STATUS-NEUTRAL
HIV SERVICES FOR FOCUS POPULATIONS GRANT
NEW JERSEY DEPARTMENT OF HEALTH AND SENIOR SERVICES PASSED THROUGH
HENRY J. AUSTIN HEALTH CENTER, INC.
FOR THE GRANT PERIOD ENDING JUNE 30, 2022

Category	Final Approved Budget	2022 Expenditure Reports	Cumulative Expenditures	Audited Expenditures	Questioned Costs
Personnel:					
Salary	$ 58,864	$ 58,864	$ 58,864	$ 58,864	$ -
Fringe benefits	17,365	17,365	17,365	17,365	-
Total Direct Costs	76,229	76,229	76,229	76,229	-
Indirect costs	-	-	-	-	-
Total Costs	76,229	76,229	76,229	76,229	-
Less: Program income	-	-	-	-	-
Net Grant Funds	$ 76,229	$ 76,229	$ 76,229	$ 76,229	$ -

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
HomeFront, Inc.
Lawrenceville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of HomeFront, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HomeFront, Inc.'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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HomeFront, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of HomeFront, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 HomeFront, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Livingston, New Jersey
March 24, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08

To the Board of Trustees
HomeFront, Inc.
Lawrenceville, New Jersey

Report on Compliance for Each Major Program

Opinion on Each Major Program

We have audited HomeFront, Inc.'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 HomeFront, Inc.'s major programs for the year ended September 30, 2022. HomeFront, Inc.'s major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, HomeFront, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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) and New Jersey OMB Circular Letter 15-08. Our responsibilities under those standards, the Uniform Guidance, and New Jersey OMB Circular Letter 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of HomeFront, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major program. Our audit does not provide a legal determination of HomeFront, Inc.'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 HomeFront, Inc.'s federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our 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 HomeFront, Inc.'s compliance based on our 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular Letter 15-08 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 HomeFront, Inc.'s compliance with the requirements of each major program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular Letter 15-08, we:

- 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 HomeFront, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of HomeFront, Inc.'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 and New Jersey OMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of HomeFront, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our 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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08

We have audited the financial statements of HomeFront, Inc. as of and for the year ended September 30, 2022, and have issued our report thereon dated March 24, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Livingston, New Jersey
March 24, 2023

I. Summary of Auditors' Results

Financial Statements

The auditors' report issued on financial statements of HomeFront, Inc. was an unmodified opinion.

Internal control over financial reporting:

• Material weaknesses identified?	______ Yes	__X__ No
• Significant deficiencies identified?	______ Yes	__X__ No
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Major Program

Internal control over the federal major program:

• Material weaknesses identified?	______ Yes	__X__ No
• Significant deficiencies identified?	______ Yes	__X__ No

Type of auditors' report issued on compliance for the federal major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______ Yes	__X__ No

Identification of Federal Major Program

Major Program Number	**Name of Program or Cluster**
14.231	U.S. Department of Housing and Urban Development – Homeless Prevention & Rapid Rehousing 2 2019 Homeless Prevention & Rapid Rehousing 2 2019-CVERAP Emergency Solutions Grant Program Emergency Solutions Grant (ESG-CV)

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

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

State Major Program

Internal control over the state major program:

- Material weaknesses identified? ______ Yes __X__ No
- Significant deficiencies identified? ______ Yes __X__ No

Type of auditors' report issued on compliance for the state major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? _____ Yes __X__ No

Identification of State Major Program

Major Program Number	Name of Program or Cluster
DFHS181O5005(2)	New Jersey Department of Human Services, Division of Mental Health & Addiction Services – For My Baby and Me

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

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

II. Financial Statement Findings NONE

III. Compliance Findings NONE

IV. Follow-up of Prior Year Audit Findings NONE