

NEWDAY SERVICES FOR CHILDREN AND FAMILIES

**Financial Statements with Auditor's Report
and OMB Circular A-133 Reports**

For the Year Ended December 31, 2013

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

7408 Continental Trail
N. Richland Hills, TX 76182
(817) 498-0884
Fax (817) 605-0074

P.O. Box 820402
Fort Worth, TX 76182
Charles@CharlesPaulCPA.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors NewDay Services for Children and Families

Report on the Financial Statements

We have audited the accompanying financial statements of NewDay Services for Children and Families (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NewDay Services for Children and Families as of December 31, 2013, 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.

Other Matters

Other 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 awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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 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 September 29, 2014, on our consideration of NewDay Services for Children and Families' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NewDay Services for Children and Families' internal control over financial reporting and compliance.



CHARLES O. PAUL, CPA
September 29, 2014

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Financial Position
December 31, 2013

ASSETS

Cash and cash equivalents	\$ 239,081
Contracts and grants receivable	<u>35,427</u>
Total current assets	274,508
Fixed assets at cost, net of \$9,502 accumulated depreciation	<u>2,988</u>
Total Assets	<u><u>\$ 277,496</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 2,125</u>
Total current liabilities	<u>2,125</u>
Commitments and contingencies	-
Net assets:	
Unrestricted	275,371
Temporarily restricted net assets	<u>-</u>
Total net assets	<u>275,371</u>
Total Liabilities and Net Assets	<u><u>\$ 277,496</u></u>

The accompanying notes are an integral part of the financial statements

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Contributions and grants	\$ 393,929	\$ -	\$ 393,929
Government grants	658,633	-	658,633
Special events	64,442	-	64,442
Investment income	171	-	171
Other income	3,970	-	3,970
Assets released from restriction	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total revenue and support	1,126,145	(5,000)	1,121,145
Expenses:			
Program services	863,301	-	863,301
General and administrative expense	115,183	-	115,183
Fundraising	<u>28,710</u>	<u>-</u>	<u>28,710</u>
Total expenses	1,007,194	-	1,007,194
Increase in net assets	118,951	(5,000)	113,951
Net assets, beginning of year	<u>156,420</u>	<u>5,000</u>	<u>161,420</u>
Net assets, end of year	<u><u>\$ 275,371</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 275,371</u></u>

The accompanying notes are an integral part of the financial statements

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Cash Flows
For the Year Ended December 31, 2013

Cash flows from operating activities:	
Increase in net assets	\$ 113,951
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:	
Depreciation	2,772
Decrease (increase) in grants receivable	(10,286)
Increase (decrease) in accounts payable and accrued liabilities	(11,487)
Increase (decrease) in unearned revenue	<u>(5,886)</u>
Net cash provided by operating activities	<u>89,064</u>
Cash flows from investing activities:	
Capital expenditures	<u>(800)</u>
Net cash used by investing activities	<u>(800)</u>
Cash flows from financing activities:	-
Net increase in cash and cash equivalents	88,264
Cash and cash equivalents, beginning of year	<u>150,817</u>
Cash and cash equivalents, end of year	<u><u>\$ 239,081</u></u>
Schedule of non-cash investing and financing activities:	
None	
Supplemental Statement of Cash Flow information:	
Investment income received	\$ 171

The accompanying notes are an integral part of the financial statements

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Statement of Functional Expenses
For the Year Ended December 31, 2013

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses	\$ 697,883	\$ 56,329	\$ -	\$ 754,212
Contract services	59,584	21,874	26,639	108,097
Curriculum supplies	4,907	-	-	4,907
Equipment	-	3,372	-	3,372
Office supplies	16,625	4,375	178	21,178
Postage	2,333	1,442	195	3,970
Printing and publications	3,009	3,246	-	6,255
Dues and memberships	621	-	-	621
Occupancy	28,386	4,909	-	33,295
Staff training	9,031	276	-	9,307
Bank charges	1,275	3,119	-	4,394
Travel, meals, entertainment and gifts	41,753	233	-	41,986
Insurance	-	3,529	-	3,529
Website and advertising	292	78	-	370
Other	(2,398)	9,629	1,698	8,929
			-	
Total	863,301	112,411	28,710	1,004,422
Depreciation	-	2,772	-	2,772
Total	<u>\$ 863,301</u>	<u>\$ 115,183</u>	<u>\$ 28,710</u>	<u>\$ 1,007,194</u>

The accompanying notes are an integral part of the financial statements

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Financial Statements

1. Summary of Significant Accounting Policies

(a) Organization and Operations

NewDay Services for Children and Families ("The Organization") is a Texas Non-Profit Corporation. The Organization is exempt under Section 501 (c)(3) of the Internal Revenue Code. The Organization has had operations at the Family Law Center (formerly the Civil Courts) in Tarrant County, Texas since 1997 and in the Juvenile Justice Center since 2000. NewDay Services for Children and Families offers help and hope to the children and families it comes in contact with through the Tarrant County Family and Juvenile Court Systems. That help and hope comes in the form of chaplains, educational classes and resource referrals within the community to agencies and churches.

Financial support is received in the form of charitable donations from churches, businesses, community organizations & individuals. Some program support is received from foundation and government funding sources.

(b) Financial Statement Presentation

For financial reporting purposes, the Organization's net assets are grouped and reported by the following three classifications:

Unrestricted - includes funds that represent resources over which the Board of Directors has discretionary control to carry out operations of the Organization in accordance with its bylaws.

Temporarily Restricted - includes funds that represent resources expendable only for those operating purposes specified by the donor. Resources of this classification originate principally from grants and gifts.

Permanently Restricted - includes funds that have been accepted with donor stipulations that the principal be maintained intact in perpetuity with only the income to be utilized.

(c) Pledges, Grants and Contracts Receivable

Grants receivable are composed of current grants receivable under the Organization's contracts with the various agencies and a pledge from a local individual. In the opinion of management there are no significant uncollectible accounts therefore, no allowance for doubtful accounts has been provided in these statements. Revenue under cost reimbursement grants is recognized in the period in which it is earned. Amounts collected in advance on such grants is recorded as unearned revenue in the Statement of Financial Position.

Contributions and Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restrictions are met in the year of contribution, the amounts of temporarily restricted gifts are listed as unrestricted contributions.

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Financial Statements

(d) Fixed Assets

Expenditures for furniture and equipment are stated at cost. Donated assets are recorded at their estimated fair market value at the date of contribution. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit instructions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the assets are placed into service. The Organization capitalized fixed assets over \$150 and with a useful life in excess of one year.

Equipment purchased under certain contracts retains a reversionary interest in such equipment. These purchases are not capitalized since the equipment is to be returned to the government agency at the end of the contract.

Depreciation of fixed assets is calculated on the straight-line method over the following useful lives:

Equipment	5 years
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(e) Income Taxes

The Organization is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization has been determined to be a public charity and not a private foundation.

(f) Functional Expenses Allocation

The costs of providing the various programs and supporting services 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. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(g) Contributed Services

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Financial Statements

(h) Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. The Organization places its cash with quality financial institutions and limits its exposure by controlling the cash balances it maintains in any one financial institution. The Organization has never experienced losses from credit risk associated with its cash balances.

(i) Use of Estimates

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

(j) Subsequent Events

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

2. Fixed Assets

The composition of fixed assets at December 31, 2013 is as follows:

Equipment	\$12,490
Less accumulated depreciation	<u>9,502</u>
	<u>\$ 2,988</u>

3. Commitments and Contingencies

Grants and bequests require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that remains a possibility, the Board deems such contingency remote since by accepting the gifts and their terms, the Organization has, in essence, accommodated the provisions of the gift.

The Organization leases its office space on a one year lease that expired December 31, 2013. A new lease became effective January 1, 2013 which was terminated in May 2014 when the Organization moved its offices and entered into a lease which expires in June 2016. Rental due under this lease is \$1,100 per month.

Amounts due under the lease are as follows:

2014	\$ 10,050
2015	20,100
2016	10,050

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Financial Statements

4. Concentrations

During 2013, the Organization reported revenue of \$658,633 from government contracts. Of this amount \$489,607 was from a single contract. These amounts represent 59% and 44% of total support and revenue.

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>		<u>Expenditures</u>
Federal Grantor/Pass-Through <u>Grantor/Program Title (See Notes)</u>				
U.S. Department of Health and Human Services:				
Workforce Solutions				
Fathers and Children Together	93.086	13-FACT-HHS-005 14-FACT-HHS-005	\$	489,607
Office of the Attorney General of the State of Texas				
Access and Visitation Grant	93.597	13-C0115		<u>43,795</u>
Total U.S Department of Health and Human Services				<u>533,402</u>
Total Federal Awards				<u>\$ 533,402</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of NewDay Services for Children and Families, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reports on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, where certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

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CERTIFIED PUBLIC ACCOUNTANT

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(817) 498-0884
Fax (817) 605-0074

P.O. Box 820402
Fort Worth, TX 76182
Charles@CharlesPaulCPA.com

**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**

Board of Directors
NewDay Services for Children and Families
Fort Worth, Texas:

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 NewDay Services for Children and Families (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2013-1 through 2013-2.

Compliance and Other Matters

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

NewDay Services for Children and Families' Response to Findings

NewDay Services for Children and Families' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. NewDay Services for Children and Families' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



September 29, 2014
North Richland Hills, Texas

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

7408 Continental Trail
N. Richland Hills, TX 76182
(817) 498-0884
Fax (817) 605-0074

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Fort Worth, TX 76182
Charles@CharlesPaulCPA.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
NewDay Services for Children and Families
Fort Worth, Texas:

Report on Compliance for Each Major Federal Program

We have audited NewDay Services for Children and Families' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of NewDay Services for Children and Families' major federal programs for the year ended December 31, 2013. NewDay Services for Children and Families' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NewDay Services for Children and Families' compliance.

Opinion on Each Major Federal Program

In our opinion, NewDay Services for Children and Families complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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



September 29, 2014
North Richland Hills, Texas

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of NewDay Services for Children and Families
2. Significant deficiencies disclosed during the audit of the financial statements are disclosed in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of NewDay Services for Children and Families, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Report on Compliance on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for major federal award programs for NewDay Services for Children and Families expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs are Tenant Based Rental Assistance.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. NewDay Services for Children and Families was determined to be a low-risk auditee.

B. Financial Statement audit

NEWDAY SERVICES FOR CHILDREN AND FAMILIES
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

2013-1 **Criteria and Condition:** The organization's accounting system netted certain revenue transactions against expense accounts rather than recording revenue.

Effect: Revenue and expenses were overstated by \$34,000.

Recommendation: Revenue on the financial statements should be reconciled to the monthly billing to ensure that the financial statements are properly presented.

Views of Responsible Officials: Management agrees with the recommendation and had the understanding that this was already occurring. Processes will be revised to ensure that our outside consultant is reconciling the financial statements monthly.

2013-2 Criteria and Condition: A check was outstanding on the organization's bank reconciliation that was recorded in June but had not cleared by December 31, 2013.

Effect: Cash and accounts payable were understated by \$6,300.

Recommendation: We recommend that the bank reconciliations be reviewed to ensure that all reconciling items are accurate and properly stated.

Views of Responsible Officials: We agree with this and will include it in our revised processes for monthly reporting..

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None

NEWDAY SERVICES FOR CHILDREN AND FAMILIES

**Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended December 31, 2013**

Department of Health and Human Services

None