

HOME FORWARD
SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2019

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

Board of Commissioners
Home Forward
Portland, Oregon

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 the business-type activities and the aggregate discretely presented component units of Home Forward, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements, and have issued our report thereon dated December 15, 2020. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on Home Forward's financial statements. The audits of the discretely presented component units were not performed in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aggregate discretely presented component units.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Home Forward's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Home Forward's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Home Forward's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Portland, Oregon
December 15, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Home Forward
Portland, Oregon

Report on Compliance for Each Major Federal Program

We have audited Home Forward's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Home Forward's major federal programs for the year ended December 31, 2019. Home Forward's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Home Forward's basic financial statements include the operations of discretely presented component units which may have received federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2019. Our audit, described below, did not include the operations of the aggregate discretely presented component units because other auditors were engaged to perform audits of compliance, if applicable.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Home Forward's 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Home Forward's 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 Home Forward's compliance.

Opinion on Each Major Federal Program

In our opinion, Home Forward 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, 2019.

Report on Internal Control Over Compliance

Management of Home Forward 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 Home Forward's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Home Forward's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Home Forward’s basic financial statements. We issued our report thereon dated December 15, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic 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 awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Portland, Oregon
December 15, 2020

**HOME FORWARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019**

Grantor/Pass through Grantor/ Program or Cluster Title	Grantor Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct:			
Multifamily Housing Service Coordinators	N/A	14.191	\$ 335,936
Section 8 Project-Based Cluster:			
Section 8 Moderate Rehabilitation Single Room Occupancy Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	N/A	14.249	1,363,101
Subtotal Section 8 Project-Based Cluster	N/A	14.856	<u>1,090,280</u> 2,453,381
Continuum of Care Program	N/A	14.267	6,371,398
Resident Opportunity and Supportive Services - Service Coordinators	N/A	14.870	152,404
HOPE VI Cluster:			
Demolition and Revitalization of Severely Distressed Public Housing	OR16URD00211110	14.866	91,475
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	22,367,933
Section 8 Mainstream Vouchers	N/A	14.879	159,492
Subtotal Housing Voucher Cluster			<u>22,527,425</u>
Moving to Work Demonstration Program	N/A	14.881	93,975,312
Family Self-Sufficiency Program	N/A	14.896	515,024
Subtotal Direct Programs			<u>126,422,355</u>
Pass-through from City of Portland:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant/Entitlement Grants	Not Available	14.218	12,934
Subtotal Pass-through Programs			<u>12,934</u>
Total U.S. Department of Housing and Urban Development			<u>126,435,289</u>
U.S. Department of Labor			
Pass-through from Worksystems, Inc.			
WIOA Cluster:			
WIA Adult Program	AA-26801-15-55-A-41	17.258	6,531
WIA Youth Activities	AA-26801-15-55-A-41	17.259	36,923
Total U.S. Department of Labor			<u>43,454</u>

See accompanying Notes to Schedule of Federal Awards.

**HOME FORWARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

Grantor/Pass through Grantor/ Program or Cluster Title	Grantor Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services			
Pass-through from Multnomah County:			
TANF Cluster:			
Temporary Assistance for Needy Families	Not Available	93.558	\$ 81,899
Total U.S. Department of Health and Human Services			<u>81,899</u>
U.S. Department of Homeland Security			
Direct:			
Emergency Food and Shelter National Board Program	ID #708000-011	97.024	243,882
Total U.S. Department of Homeland Security			<u>243,882</u>
Total Expenditures of Federal Awards			<u>\$ 126,804,524</u>

See accompanying Notes to Schedule of Federal Awards.

**HOME FORWARD
NOTES TO SCHEDULE OF FEDERAL AWARDS
DECEMBER 31, 2019**

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards (Schedule) presents the activities of all federal award programs of Home Forward. Home Forward's reporting entity is defined in Note 1 of Home Forward's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Home Forward, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Home Forward.

Home Forward's reporting entity includes the operations of discretely presented component units which may have expended federal awards that are not included in the schedule of expenditures of federal awards for the year ended December 31, 2019.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting and include capitalized expenditures. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Home Forward did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

NOTE 3 LOANS OUTSTANDING

Home Forward participates in federal award programs that sponsor revolving loan programs, which are administrated by Home Forward and the city of Portland, Oregon (City). The City contracts Home Forward to collect loan repayments for these programs through servicing and trust arrangements. The funds are returned to the City upon repayment of the principal and interest. The federal government has imposed certain significant continuing compliance requirements with respect to the loans rendered under the Home Investment Partnerships (HOME) Program (CFDA number 14.239). The City is responsible to administer the continuing compliance requirements and report the outstanding loan balances. During the year ended December 31, 2019, Home Forward did not incur expenditures related to new loans under the HOME program.

**HOME FORWARD
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Program

CFDA Number

14.881

Name of Federal Program or Cluster

Moving to Work Demonstration Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**HOME FORWARD
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a)