Arlington Street People's Assistance Network and Affiliate

Consolidated Financial Statements,
Including Uniform Guidance Reports
and Independent Auditors' Report

June 30, 2018 and 2017

Arlington Street People's Assistance Network and Affiliate

Consolidated Financial Statements
June 30, 2018 and 2017

Contents

ROGERS & COMPANY

Rogers & Company PLLC
Certified Public Accountants

8300 Boone Boulevard
Suite 600
Vienna, Virginia 22182

703.893.0300 voice
703.893.4070 facsimile
www.rogerspllc.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Arlington Street People's Assistance Network and Affiliate

We have audited the accompanying consolidated financial statements of the Arlington Street People's Assistance Network and Affiliate (collectively, "the Organization"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these Consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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Auditor's Responsibility (continued)

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 November 7, 2018, 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, 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 the Organization's internal control over financial reporting and compliance.

Rogers + Company PLLC

Vienna, Virginia
November 7, 2018

Arlington Street People's Assistance Network and Affiliate

Consolidated Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 269,472	$ 337,259
Grants receivable	55,801	13,752
Pledges receivable	42,080	39,133
Investments	814,775	763,594
Prepaid expenses and other assets	44,494	43,770
Property and equipment, net	53,187	56,162
Total assets	$ 1,279,809	$ 1,253,670
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 92,954	$ 122,943
Loan payable	9,457	-
Total liabilities	102,411	122,943
Net Assets		
Unrestricted:		
Undesignated	165,595	44,287
Board-designated	841,082	889,616
Total unrestricted	1,006,677	933,903
Temporarily restricted	170,721	196,824
Total net assets	1,177,398	1,130,727
Total liabilities and net assets	$ 1,279,809	$ 1,253,670

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statement of Activities
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	$ 609,246	$ 128,960	$ 738,206
Grants	1,428,871	-	1,428,871
Contract services	1,659,964	-	1,659,964
In-kind contributions	470,216	-	470,216
Special events	98,765	-	98,765
Investment income	57,826	-	57,826
Miscellaneous	12,809	-	12,809
Released from restrictions	155,063	(155,063)	-
Total revenue and support	4,492,760	(26,103)	4,466,657
Expenses			
Program services:			
Day Program	566,863	-	566,863
Permanent Supportive Housing	1,510,213	-	1,510,213
Homeless Services Center	1,454,806	-	1,454,806
Other housing	412,503	-	412,503
Volunteer	85,636	-	85,636
Total program services	4,030,021	-	4,030,021
Supporting services:			
Management and general	228,426	-	228,426
Fundraising	120,938	-	120,938
Cost of direct benefits to donors	40,601	-	40,601
Total supporting services	389,965	-	389,965
Total expenses	4,419,986	-	4,419,986
Change in Net Assets	72,774	(26,103)	46,671
Net Assets, beginning of year	933,903	196,824	1,130,727
Net Assets, end of year	$ 1,006,677	$ 170,721	$ 1,177,398

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statement of Activities
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	$ 538,826	$ 155,824	$ 694,650
Grants	1,293,761	-	1,293,761
Contract services	1,659,294	-	1,659,294
In-kind contributions	247,739	-	247,739
Special events	147,732	-	147,732
Investment income	64,625	-	64,625
Miscellaneous	3,682	-	3,682
Released from restrictions	76,058	(76,058)	-
Total revenue and support	4,031,717	79,766	4,111,483
Expenses			
Program services:			
Day Program	715,432	-	715,432
Permanent Supportive Housing	1,389,477	-	1,389,477
Homeless Services Center	1,175,607	-	1,175,607
Other housing	345,167	-	345,167
Volunteer	123,756	-	123,756
Total program services	3,749,439	-	3,749,439
Supporting services:			
Management and general	205,062	-	205,062
Fundraising	174,211	-	174,211
Cost of direct benefits to donors	17,511	-	17,511
Total supporting services	396,784	-	396,784
Total expenses	4,146,223	-	4,146,223
Change in Net Assets	(114,506)	79,766	(34,740)
Net Assets, beginning of year	1,048,409	117,058	1,165,467
Net Assets, end of year	$ 933,903	$ 196,824	$ 1,130,727

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services						Supporting Services			
	Day Program	Permanent Supportive Housing	Homeless Services Center	Other Housing	Volunteer	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses	$ 235,267	$ 348,421	$ 1,144,709	$ 235,163	$ 72,363	$ 2,035,923	$ 166,310	$ 81,493	$ 247,803	$ 2,283,726
Supplies and food	5,944	455	85,670	-	-	92,069	2,626	1,679	4,305	96,374
Professional fees	31,151	46,377	96,234	16,366	8,876	199,004	18,062	9,960	28,022	227,026
Supportive services	274,305	1,087,275	29,721	155,484	-	1,546,785	-	-	-	1,546,785
Depreciation	3,744	4,243	11,981	2,246	998	23,212	501	1,248	1,749	24,961
Insurance	8,000	6,316	2,453	1,474	2,947	21,190	1,429	1,517	2,946	24,136
Telephone	2,322	900	540	990	-	4,752	283	180	463	5,215
Training	-	13,875	159	-	-	14,034	299	189	488	14,522
Printing	-	-	2,031	-	-	2,031	11,633	185	11,818	13,849
Advertising	-	-	-	-	-	-	434	10,463	10,897	10,897
Repairs and maintenance	661	-	55,845	-	-	56,506	546	16	562	57,068
Postage	105	55	51	-	-	211	661	2,425	3,086	3,297
Dues and subscriptions	250	-	100	-	-	350	3,844	507	4,351	4,701
Taxes and licenses	-	-	4,407	-	-	4,407	393	1,140	1,533	5,940
Office expense	847	-	2,876	-	452	4,175	13,509	8,854	22,363	26,538
Travel	4,267	2,296	18,029	780	-	25,372	7,896	1,082	8,978	34,350
Costs of direct benefit to donors	-	-	-	-	-	-	-	40,601	40,601	40,601
Total Expenses	$ 566,863	$ 1,510,213	$ 1,454,806	$ 412,503	$ 85,636	$ 4,030,021	$ 228,426	$ 161,539	$ 389,965	$ 4,419,986

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2017

	Program Services						Supporting Services			
	Day Program	Permanent Supportive Housing	Homeless Services Center	Other Housing	Volunteer	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses	$ 368,663	$ 398,369	$ 978,251	$ 193,930	$ 108,296	$ 2,047,509	$ 126,720	$ 141,817	$ 268,537	$ 2,316,046
Supplies and food	5,732	988	103,128	-	2,000	111,848	5,344	8,311	13,655	125,503
Professional fees	3,183	8,735	146	517	1,035	13,616	24,079	517	24,596	38,212
Supportive services	292,187	953,114	20,993	144,913	-	1,411,207	-	-	-	1,411,207
Depreciation	9,484	7,487	-	1,747	3,494	22,212	998	1,747	2,745	24,957
Insurance	4,287	7,129	7,168	1,664	3,327	23,575	4,446	1,664	6,110	29,685
Telephone	3,045	810	1,035	990	-	5,880	315	180	495	6,375
Training	110	1,399	1,249	-	49	2,807	7,755	100	7,855	10,662
Printing	2,196	127	734	-	-	3,057	4,338	8,323	12,661	15,718
Advertising	-	70	425	-	150	645	664	2,830	3,494	4,139
Repairs and maintenance	14,337	375	40,242	88	175	55,217	13,780	88	13,868	69,085
Miscellaneous	-	-	857	-	-	857	6,401	1,000	7,401	8,258
Postage	23	677	47	-	-	747	408	1,148	1,556	2,303
Dues and subscriptions	477	1,915	1,636	-	2,500	6,528	5,608	3,103	8,711	15,239
Taxes and licenses	2,808	1,006	-	85	170	4,069	385	85	470	4,539
Office expense	3,113	4,675	18	453	2,181	10,440	3,057	2,212	5,269	15,709
Travel	5,787	2,601	19,678	780	379	29,225	764	1,086	1,850	31,075
Costs of direct benefit to donors	-	-	-	-	-	-	-	17,511	17,511	17,511
Total Expenses	$ 715,432	$ 1,389,477	$ 1,175,607	$ 345,167	$ 123,756	$ 3,749,439	$ 205,062	$ 191,722	$ 396,784	$ 4,146,223

See accompanying notes.

Arlington Street People's Assistance Network and Affiliate

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ 46,671	$ (34,740)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	24,961	24,957
Loss on disposal of property and equipment	-	466
Net unrealized and realized gain on investments	(37,672)	(53,622)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(42,049)	160,506
Pledges receivable	(2,947)	(26,213)
Prepaid expenses and other assets	(724)	(18,908)
Decrease in:		
Accounts payable and accrued expenses	(29,989)	(3,330)
Net cash (used in) provided by operating activities	(41,749)	49,116
Cash Flows from Investing Activities		
Purchases of investments	(21,127)	(138,895)
Proceeds from sale of investments	7,618	33,227
Purchases of property and equipment	(21,986)	-
Net cash used in investing activities	(35,495)	(105,668)
Cash Flows from Financing Activities		
Principal payments on loan payable	(1,049)	-
Proceeds from loan	10,506	-
Net cash provided by financing activities	9,457	-
Net Decrease in Cash and Cash Equivalents	(67,787)	(56,552)
Cash and Cash Equivalents, beginning of year	337,259	393,811
Cash and Cash Equivalents, end of year	$ 269,472	$ 337,259
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	$ 265	$ -

See accompanying notes.

1. Nature of Operations

Arlington Street People's Assistance Network's (ASPAN) goal is to end homelessness in Arlington, and ASPAN offers a variety of services to homeless individuals who are working toward gaining housing of their own. During 2015, ASPAN transitioned to a year-round Homeless Services Center (HSC). This center allows ASPAN to constantly keep in touch with clients and will shorten the length of time it takes a client to get housing, as well as help to move even more people into housing.

In addition to housing services, ASPAN continues to provide a range of emergency services to help clients work toward housing. These services are offered through the HSC Day Program and Shelter Program, and include laundry, clothing, showers, food, case management, and nursing services. The year-round center further enhances ASPAN's programs by ensuring the close contact that the case managers need with clients to assist them with such things as getting identification, applying for social security benefits, and, ultimately, helping them get housing.

Finally, ASPAN will continue to maintain contact with homeless clients living on the streets outside of the new center. ASPAN's Outreach Team workers seek out people living on the streets, in the woods, or other locations unfit for human habitation, and distribute items such as clothing, blankets, bottled water, personal hygiene items, and medical kits. The provision of these items helps staff build relationships with clients over time, and then helps them access higher-level services. In addition to the Outreach Team, the Homeless Bagged Meal Program also provides outreach to clients on the streets. Through this program, volunteers distribute up to 80 meals at two locations in the Ballston-Rosslyn corridor 365 nights a year.

During 2016, ASPAN organized a single-member limited liability company, Opportunity Housing LLC ("the LLC"), under the laws of the Commonwealth of Virginia. The purpose of the LLC is to assist ASPAN with seeking and acquiring permanent housing investment properties in the future, should opportunities arise. ASPAN is the sole member of the LLC.

2. Summary of Significant Accounting Policies

<u>Principles of Consolidation</u>

Consolidated financial statements are presented due to ASPAN's controlling financial interest in the LLC. All intercompany balances and significant transactions have been eliminated in consolidation. Except when referred to separately, all entities are collectively referred to as "the Organization" throughout the accompanying consolidated financial statements and related notes.

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation

The Organization's consolidated financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations. Included in unrestricted net assets at June 30, 2018 and 2017 is a Board-designated reserve in the amount of $841,082 and $889,616, respectively, which reflects funds invested with the Arlington Community Foundation (ACF), cash equivalents, and other investments.

- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or the passage of time.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are amounts held for investment.

Grants Receivable

Grants receivable consists of amounts due to be reimbursed to the Organization for expenses incurred under grant agreements with federal and local government agencies. The entire amount is expected to be collected within one year, and is recorded at net realizable value at June 30, 2018 and 2017. No allowance for doubtful accounts is recorded, as management believes that all receivables are fully collectible.

2. Summary of Significant Accounting Policies (continued)

Pledges Receivable

Pledges receivable represent unconditional contributions to be paid within a year and are recorded at net realizable value. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible.

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are reported as a component of investment income in the accompanying consolidated statements of activities.

Property and Equipment

Property and equipment acquisitions totaling over $1,000 with a projected life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years, except for leasehold improvements, which are amortized over the shorter of the term of the lease or the estimated life of the improvements. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

Contributions are recorded as revenue when received or promised. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Organization’s programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Grants and contract services revenues are generated from federal and local government agencies and are generally cost reimbursement arrangements where unrestricted revenue is recognized at the time costs are incurred. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying consolidated statements of financial position.

Revenue from all other sources is recognized when earned.

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented in financial statements and notes about nonprofit organization liquidity, financial performance, and cash flows. The guidance is effective beginning in the Organization's fiscal year 2019.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 7, 2018, the date the consolidated financial statements were available to be issued.

3. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

3. Concentrations of Risk (continued)

<u>Revenue Risk</u>

During years ended June 30, 2018 and 2017, 69% and 72%, respectively, of the Organization's revenue and support was provided by the government of Arlington County, Commonwealth of Virginia, and U.S. Department of Housing and Urban Development. Government grants that are cost reimbursable in nature are recognized as revenue as the related expenditures are incurred. Reduction in these grants will also reduce the corresponding expenses. Any significant reduction in revenue and support may adversely impact the Organization's financial position and operations. It is expected that support received from these agencies will continue since such funding sources have been historically stable for many years.

4. Investments and Fair Value Measurements

The Organization follows FASB Accounting Standards Code 820, *Fair Value Measurements and Disclosures,* for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The Organization invests in agency funds, which are marketable debt and equity securities that are maintained in an investment pool held and managed by ACF. These agency funds are valued based on quoted prices for instruments that are identical or similar in markets that are not active and for which all significant inputs are observable, either directly or indirectly, in active markets. As such, these assets are classified as Level 2.

4. Investments and Fair Value Measurements (continued)

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at June 30, 2018:

	Level 1	Level 2	Level 3	Total
Stocks, options, and EFTs	$ 380,992	$ -	$ -	$ 380,992
Mutual funds	37,831	-	-	37,831
Agency funds	-	395,952	-	395,952
Total investments	$ 418,823	$ 395,952	$ -	$ 814,775

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at June 30, 2017:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 11,154	$ -	$ -	$ 11,154
Stocks, options, and EFTs	343,749	-	-	343,749
Mutual funds	37,673	-	-	37,673
Agency funds	-	371,018	-	371,018
Total investments	$ 392,576	$ 371,018	$ -	$ 763,594

Investment income consists of the following for the years ended June 30:

	2018	2017
Interest and dividends	$ 20,154	$ 11,003
Net unrealized and realized gain	37,672	53,622
Total investment income	$ 57,826	$ 64,625

5. Property and Equipment

Property and equipment consists of the following at June 30:

	2018	2017
Vehicles	$ 127,882	$ 127,792
Computer equipment	22,902	22,902
Office furniture and equipment	19,081	18,000
Total property and equipment	169,865	168,694
Less: accumulated depreciation	(116,678)	(112,532)
Property and equipment, net	$ 53,187	$ 56,162

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes at June 30:

	2018	2017
Time restricted	$ 36,905	$ 64,133
Program restricted:		
Housing	73,990	50,109
Homeless Services Center	51,151	68,082
Day Program	8,675	14,500
Total temporarily restricted net assets	$ 170,721	$ 196,824

7. Loan Payable

On November 17, 2017, the Organization obtained a loan in the amount of $10,506 to finance the purchase of a vehicle. Principal and interest is due monthly. Interest is calculated at the rate of 3.9% per annum. The loan matures on December 17, 2023. The balance of this loan as of June 30, 2018 was $9,457, which is reported in the accompanying statements of financial position.

7. Loan Payable (continued)

Future principal payments under this loan are as follows at June 30:

2019	$	1,970
2020		1,970
2021		1,970
2022		1,970
2023		1,970
Thereafter		656
Total notes payable		10,506
Less: amount representing interest		(1,049)
Total future principal payments	$	9,457

8. Line of Credit

The Organization maintains a $150,000 revolving line of credit to finance short-term working capital needs. Borrowings under this facility are payable on demand, and are secured by a security interest in the Organization’s assets. The line of credit requires payments of interest on a monthly basis equal to the Prime rate listed in the Wall Street Journal, plus 1.00%, but not less than 4.5%. There was no outstanding balance as of June 30, 2018 and 2017.

9. Commitment and Contingencies

Homeless Services Center Contract

On October 1, 2015, the Organization moved into an office space in Arlington, Virginia as part of the Homeless Services Center contract with Arlington County. The contract was effective May 1, 2015 and was initially set to expire on June 30, 2018, and later extended to December 31, 2018. As part of the contract, the Organization is provided with donated office space by Arlington County as described in Note 10 to the consolidated financial statements.

9. Commitment and Contingencies (continued)

Federal Cooperative and Grant Agreements

Funds received from federal and local government agencies are subject to audit under the provisions of these grant agreements. The ultimate determination of amounts received under these grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

10. In-Kind Contributions

The Organization receives in-kind contributions in the form of donated services, goods, and use of facilities. In-kind contributions are valued at comparable market rates.

Donated Services

Contributions of services are recognized when services (a) create or enhance nonfinancial assets, or (b) require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services principally consist of legal, accounting, consulting, and other specialized services and totaled $185,549 and $10,524 for the years ended June 30, 2018 and 2017, respectively.

In addition, a substantial number of volunteers have donated significant amounts of time to the Organization and its programs; however, these donated services are not reflected in the consolidated financial statements as the services do not meet the criteria for recognition as contributed services.

Donated Goods

Also recognized in in-kind contributions was $178,011 and $130,559 of donated goods for the years ended June 30, 2018 and 2017, respectively. Donated goods consist primarily of clothing, supplies, cars, and food. These items are principally included in supplies and food expense in the accompanying consolidated statements of functional expenses.

10. In-Kind Contributions (continued)

Donated Facilities

The Organization has recorded the estimated fair value of donated office space in the amount of $106,656 for both years ended June 30, 2018 and 2017, which is included under in-kind contributions in the accompanying consolidated statements of activities.

11. Retirement Plan

ASPAN maintains a 403(b) Employer Contributory Plan under which all employees who work more than 20 hours per week may participate. Additionally, eligible employees who have completed six months of service may receive employer discretionary matching contributions. ASPAN made contributions to the plan totaling $36,792 and $66,663 for the years ended June 30, 2018 and 2017, respectively, which are included in salaries and related expenses in the accompanying consolidated statements of functional expenses.

12. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), ASPAN is exempt from the payment of taxes on income other than net unrelated business income. No provisions for income tax are required for the years ended June 30, 2018 and 2017, as ASPAN had no net unrelated business income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has reviewed all open tax years for all tax jurisdictions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE

ROGERS & COMPANY

Rogers & Company PLLC
Certified Public Accountants

8300 Boone Boulevard
Suite 600
Vienna, Virginia 22182

703.893.0300 voice
703.893.4070 facsimile
www.rogerspllc.com

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

To the Board of Directors of
Arlington Street People's Assistance Network and Affiliate

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 consolidated financial statements of the Arlington Street People's Assistance Network and Affiliate (collectively, "the Organization"), which comprise the consolidated statement of financial position as of June 30, 2018; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements, and have issued our report thereon dated November 7, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's 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 consolidated 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 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.

Rogers + Company PLLC

Vienna, Virginia
November 7, 2018

ROGERS & COMPANY

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Arlington Street People's Assistance Network and Affiliate

Report on Compliance for Each Major Federal Program

We have audited Arlington Street People's Assistance Network and Affiliate's (collectively, "the Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2018. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 the Organization'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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the 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 the Organization's internal control over compliance.

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

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.

Rogers + Company PLLC

Vienna, Virginia
November 7, 2018

Arlington Street People's Assistance Network and Affiliate

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct awards:				
Continuum of Care Program-InRoads	14.267	n/a	$ -	$ 383,210
Continuum of Care Program-Turning Keys	14.267	n/a	-	575,186
Continuum of Care Program-Homebound	14.267	n/a	-	268,641
Continuum of Care Program-Homebound	14.267	n/a	-	87,616
Continuum of Care Program-Homeward	14.267	n/a	-	39,834
Pass-through from the Commonwealth of Virginia:				
Virginia Homeless Solutions Program	14.231	18-VHSP-021 2017-18	-	74,384
Total expenditures of federal awards			$ -	$ 1,428,871

See accompanying notes to the schedule of expenditures of federal awards.

Arlington Street People's Assistance Network and Affiliate

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under the programs of the federal government for the year ended June 30, 2018. The information in the SEFA 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 SEFA presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rates

The Organization has elected not to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

Arlington Street People's Assistance Network and Affiliate

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I – Summary of Independent Auditors' Results

Consolidated Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes __X__ None reported

Noncompliance material to consolidated financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes __X__ None reported

Type of auditor's report issued on compliance for the major program: Unmodified

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

Identification of major program:

Agreement Number	Name of Federal Program or Cluster
14.267	Continuum of Care Program

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

Auditee qualified as low-risk auditee? __X__ Yes _____ No

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2018 audit.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the 2018 audit.

Arlington Street People's Assistance Network and Affiliate

Corrective Action Plan
For the Year Ended June 30, 2018

There were no findings for the year ended June 30, 2018 and, therefore, a corrective action plan was not needed.

Arlington Street People's Assistance Network and Affiliate

Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

There were no findings or questioned costs reported for the 2017 audit.