# Arlington Street People's Assistance Network and Affiliate

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

June 30, 2019 and 2018

**Arlington Street People's Assistance Network and Affiliate**

Consolidated Financial Statements
June 30, 2019 and 2018

## Contents

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# 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, 2019 and 2018; 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. 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, 2019 and 2018, 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 supplementary information as of and for the year ended June 30, 2019 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. 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 1, 2019, 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 1, 2019

**Arlington Street People's Assistance Network and Affiliate**

Consolidated Statements of Financial Position
June 30, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 544,439 | $ 269,472 |
| Investments | 533,406 | 814,775 |
| Accounts receivable | 6,804 | - |
| Grants receivable | 53,368 | 55,801 |
| Pledges receivable, net | 537,549 | 42,080 |
| Prepaid expenses and other assets | 36,898 | 44,494 |
| Property and equipment, net | 1,644,469 | 53,187 |
| Total assets | $ 3,356,933 | $ 1,279,809 |
| **Liabilities and Net Assets** | | |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 140,191 | $ 92,954 |
| Notes payable, net | 1,479,464 | 9,457 |
| Total liabilities | 1,619,655 | 102,411 |
| **Net Assets** | | |
| Without donor restrictions: | | |
| Undesignated | 333,121 | 165,595 |
| Board-designated | 673,248 | 841,082 |
| Total without donor restrictions | 1,006,369 | 1,006,677 |
| With donor restrictions | 730,909 | 170,721 |
| Total net assets | 1,737,278 | 1,177,398 |
| Total liabilities and net assets | $ 3,356,933 | $ 1,279,809 |

*See accompanying notes.*

**Arlington Street People's Assistance Network and Affiliate**

Consolidated Statement of Activities
For the Year Ended June 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenue and Support** | | | |
| Contributions | $ 662,028 | $ 797,045 | $ 1,459,073 |
| Grants | 1,911,389 | - | 1,911,389 |
| Contract services | 1,659,708 | - | 1,659,708 |
| In-kind contributions | 370,092 | - | 370,092 |
| Special events | 69,468 | - | 69,468 |
| Investment income, net | 48,223 | - | 48,223 |
| Other income | 21,434 | - | 21,434 |
| Released from restrictions | 236,857 | (236,857) | - |
| Total revenue and support | 4,979,199 | 560,188 | 5,539,387 |
| **Expenses** | | | |
| Program services: | | | |
| Day Program | 578,858 | - | 578,858 |
| Permanent Supportive Housing | 1,958,187 | - | 1,958,187 |
| Homeless Services Center | 1,456,597 | - | 1,456,597 |
| Other housing | 382,814 | - | 382,814 |
| Volunteer | 56,179 | - | 56,179 |
| Total program services | 4,432,635 | - | 4,432,635 |
| Supporting services: | | | |
| Management and general | 385,008 | - | 385,008 |
| Fundraising | 146,659 | - | 146,659 |
| Cost of direct benefits to donors | 15,205 | - | 15,205 |
| Total supporting services | 546,872 | - | 546,872 |
| Total expenses | 4,979,507 | - | 4,979,507 |
| **Change in Net Assets** | (308) | 560,188 | 559,880 |
| **Net Assets,** beginning of year | 1,006,677 | 170,721 | 1,177,398 |
| **Net Assets,** end of year | $ 1,006,369 | $ 730,909 | $ 1,737,278 |

*See accompanying notes.*

**Arlington Street People's Assistance Network and Affiliate**

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

| | Without Donor Restrictions | With Donor Restrictions | 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, net | 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 Functional Expenses
For the Year Ended June 30, 2019

| | 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 | $ 209,917 | $ 449,756 | $ 1,209,081 | $ 200,488 | $ 51,955 | $ 2,121,197 | $ 257,858 | $ 110,079 | $ 367,937 | $ 2,489,134 |
| Supplies and food | 52,664 | 2,372 | 102,501 | - | 2,198 | 159,735 | 440 | 100 | 540 | 160,275 |
| Professional fees | 391 | 67,231 | 2,030 | 423 | 121 | 70,196 | 26,232 | 2,694 | 28,926 | 99,122 |
| Supportive services | 296,951 | 1,416,374 | 32,484 | 175,866 | - | 1,921,675 | - | - | - | 1,921,675 |
| Depreciation | 2,224 | 6,009 | 11,554 | 2,407 | 688 | 22,882 | 1,834 | 779 | 2,613 | 25,495 |
| Insurance | 4,049 | 4,870 | 9,363 | 1,866 | 1,217 | 21,365 | 3,496 | 1,183 | 4,679 | 26,044 |
| Telephone | 180 | 2,483 | 585 | 900 | - | 4,148 | 1,217 | 165 | 1,382 | 5,530 |
| Training | 60 | - | 2,801 | - | - | 2,861 | 2,564 | 3,145 | 5,709 | 8,570 |
| Printing | - | - | 255 | - | - | 255 | 10,927 | 794 | 11,721 | 11,976 |
| Advertising | - | - | - | - | - | - | - | 13,978 | 13,978 | 13,978 |
| Repairs and maintenance | 4,567 | 1,238 | 59,421 | - | - | 65,226 | - | 16 | 16 | 65,242 |
| Postage | - | 23 | 76 | - | - | 99 | 124 | 2,275 | 2,399 | 2,498 |
| Dues and subscriptions | - | - | 1,117 | - | - | 1,117 | 5,223 | 40 | 5,263 | 6,380 |
| Taxes and licenses | 2,785 | 178 | 596 | - | - | 3,559 | 5,448 | 450 | 5,898 | 9,457 |
| Interest | - | - | - | - | - | - | 14,207 | - | 14,207 | 14,207 |
| Office expense | 1,069 | 2,343 | 4,933 | - | - | 8,345 | 39,664 | 10,069 | 49,733 | 58,078 |
| Travel | 4,001 | 5,310 | 19,800 | 864 | - | 29,975 | 15,774 | 892 | 16,666 | 46,641 |
| Costs of direct benefit to donors | - | - | - | - | - | - | - | 15,205 | 15,205 | 15,205 |
| **Total Expenses** | $ 578,858 | $ 1,958,187 | $ 1,456,597 | $ 382,814 | $ 56,179 | $ 4,432,635 | $ 385,008 | $ 161,864 | $ 546,872 | $ 4,979,507 |

*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 |
| Interest | - | - | - | - | - | - | 265 | - | 265 | 265 |
| Office expense | 847 | - | 2,876 | - | 452 | 4,175 | 13,244 | 8,854 | 22,098 | 26,273 |
| 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 Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in net assets | $ 559,880 | $ 46,671 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 25,495 | 24,961 |
| Net unrealized and realized gain on investments | (30,533) | (37,672) |
| Change in discount on pledges | 22,620 | - |
| Deferred financing costs | (26,868) | - |
| Change in operating assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | (6,804) | - |
| Grants receivable | 2,433 | (42,049) |
| Pledges receivable | (518,089) | (2,947) |
| Prepaid expenses and other assets | 7,596 | (724) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 47,237 | (29,989) |
| Net cash provided by (used in) operating activities | 82,967 | (41,749) |
| **Cash Flows from Investing Activities** | | |
| Purchases of investments | (207,189) | (21,127) |
| Proceeds from sale of investments | 519,091 | 7,618 |
| Purchases of property and equipment | (1,616,777) | (21,986) |
| Net cash used in investing activities | (1,304,875) | (35,495) |
| **Cash Flows from Financing Activities** | | |
| Principal payments on notes payable | (1,625) | (1,049) |
| Proceeds from notes payable | 1,498,500 | 10,506 |
| Net cash provided by financing activities | 1,496,875 | 9,457 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 274,967 | (67,787) |
| **Cash and Cash Equivalents,** beginning of year | 269,472 | 337,259 |
| **Cash and Cash Equivalents,** end of year | $ 544,439 | $ 269,472 |
| **Supplementary Disclosure of Cash Flow Information** | | |
| Cash paid for interest | $ 14,207 | $ 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. During 2019, the LLC purchased real estate property in Arlington, Virginia. See Notes 7 and 8 to the accompanying consolidated financial statements.

## 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:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions also include the Board-designated fund.

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

Investments

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

## 2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Organization's accounts receivable are all due in less than one year and are recorded at net realizable value. The Organization writes off accounts receivable when they become uncollectible. When necessary, an allowance for uncollectible accounts receivable is determined based on management's best estimate of the outstanding uncollectible accounts. No allowance for doubtful accounts is recorded, as management believes that all accounts receivables are fully collectible.

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. No allowance for doubtful accounts is recorded, as management believes that all grants receivables are fully collectible.

Pledges Receivable

Pledges receivable represent unconditional amounts committed to the Organization. Pledges receivable are reflected at either net realizable value, or at net present value based on projected cash flows. The Organization's policy is to charge-off uncollectible pledges when management determines the receivables will not be collected. No allowance for doubtful pledges is recorded, as management believes that all pledges receivables are fully collectible.

Property and Equipment

Property and equipment acquisitions with a cost in excess of $1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to thirty years. 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.

## 2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports them as net assets with donor restrictions 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 stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. However, restrictions met in the same accounting period in which the related contribution was received are treated as net assets without donor restrictions.

Grants and contract services revenues are generated from federal and local government agencies and are generally cost reimbursement arrangements where 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. Advances received from grantors prior to incurring the costs are recorded as refundable advances in the accompanying consolidated statements of financial position.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred, and totaled $13,978 and $10,897 for the years ended June 30, 2019 and 2018, respectively.

## 2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly.

The ASU has been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 1, 2019, the date the consolidated financial statements were available to be issued.

## 3. Liquidity and Availability

The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses. As part of this liquidity management, the Organization invests cash in excess of daily requirements in various investments including money market funds, stocks, and mutual funds. As described in Note 10 to the consolidated financial statements, the Organization also has a committed line of credit available in the amount of $150,000, which it could draw upon in the event of an unanticipated liquidity need.

## 3. Liquidity and Availability (continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at June 30:

| | 2019 | 2018 |
|---|---|---|
| Cash and cash equivalents | $ 544,439 | $ 269,472 |
| Investments | 533,406 | 814,775 |
| Accounts receivable | 6,804 | - |
| Grants receivable | 53,368 | 55,801 |
| Pledges receivable, net | 537,549 | 42,080 |
| Total financial assets available | 1,675,566 | 1,182,128 |
| Less: pledges receivable in one to five years | (306,110) | - |
| Less: restricted by donors for purpose and time | (730,909) | (170,721) |
| Total available for general expenditures | $ 638,547 | $ 1,011,407 |

## 4. 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.

## 4. Concentrations of Risk (continued)

Revenue Risk

During the years ended June 30, 2019 and 2018, 64% and 69%, 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.

## 5. 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 Arlington Community Foundation. 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.

## 5. 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, 2019:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Stocks, options, and EFTs | $ 498,645 | $ - | $ - | $ 498,645 |
| Mutual funds | 30,337 | - | - | 30,337 |
| Money market funds | 4,424 | - | - | 4,424 |
| Total investments | $ 533,406 | $ - | $ - | $ 533,406 |

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 |

Net investment income consists of the following for the years ended June 30:

| | 2019 | 2018 |
|---|---|---|
| Interest and dividends | $ 22,808 | $ 25,633 |
| Net unrealized and realized gain | 30,533 | 37,672 |
| Less: investment management fees | (5,118) | (5,479) |
| Investment income, net | $ 48,223 | $ 57,826 |

## 6. Pledges Receivable

Pledges receivable consists of the following at June 30:

| | 2019 | 2018 |
|---|---|---|
| Due in less than one year | $ 254,059 | $ 42,080 |
| Due in one to five years | 306,110 | - |
| Total pledges receivable | 560,169 | 42,080 |
| Less: discount on pledges (at 3%) | (22,620) | - |
| Pledges receivable, net | $ 537,549 | $ 42,080 |

## 7. Property and Equipment

Property and equipment consists of the following at June 30:

| | 2019 | 2018 |
|---|---|---|
| Land | $ 807,773 | $ - |
| Building | 780,076 | - |
| Vehicles | 127,882 | 127,882 |
| Computer equipment | 29,165 | 22,902 |
| Office furniture and equipment | 36,745 | 19,081 |
| Construction in progress | 5,000 | - |
| Total property and equipment | 1,786,641 | 169,865 |
| Less: accumulated depreciation | (142,172) | (116,678) |
| Property and equipment, net | $ 1,644,469 | $ 53,187 |

*Purchase of Real Estate Property*

On March 8, 2019, the LLC purchased real estate property in Arlington, Virginia at a gross sale price of $1,560,000. As described in Note 8 to the consolidated financial statements, the acquisition of this real estate property was financed primarily by promissory notes.

## 8. Notes Payable

On March 8, 2019, the LLC purchased real estate property in Arlington, Virginia at a gross sale price of $1,560,000. The acquisition of this real estate property was financed by multiple promissory notes. There were certain financial and nonfinancial covenants required under these note agreements. The Organization was in compliance with the debt covenants at June 30, 2019.

The Organization had the following notes payable at June 30:

| | 2019 | 2018 |
|---|---|---|
| John Marshall Bank - Original note of $838,500; obtained on March 8, 2019; interest only payments for first 12 months; then monthly payments of principal and interest of $4,938; fixed interest rate at 5%; 10-year term; matures on March 8, 2029 | $ 838,500 | $ - |
| Westover Place XV LLC - Original note of $500,000; obtained on March 8, 2019; interest only payments due in annual installments of $20,000; fixed interest rate at 4%; 5-year term; principal is due in full on February 29, 2024 | 500,000 | - |
| Westover Place XV LLC - Original note of $160,000; obtained on March 8, 2019; interest only payments due in annual installments of $8,000; principal payments of $40,000 due in 5-year intervals starting February 28, 2034; fixed interest rate at 5%; 30-year term; matures on February 28, 2049 | 160,000 | - |
| Car Note - Original note of $10,506; obtained on November 17, 2017; monthly payments of principal and interest of $164 fixed interest rate at 3.90%; 6-year term; matures on November 17, 2023 | 7,832 | 9,457 |
| Deferred financing costs of $27,094; amortized over 10 years | (26,868) | - |
| Total notes payable | $ 1,479,464 | $ 9,457 |

## 8. Notes Payable (continued)

The related interest expense for the years ended June 30, 2019 and 2018 was $14,207 and $265, respectively.

Future principal payments under these notes are as follows at June 30:

| | |
|---|---|
| 2020 | $ 5,807 |
| 2021 | 19,111 |
| 2022 | 20,082 |
| 2023 | 21,103 |
| 2024 | 520,742 |
| Thereafter | 919,487 |
| Total notes payable | 1,506,332 |
| Less: unamortized debt issuance costs | (26,868) |
| Total future principal payments | $ 1,479,464 |

## 9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

| | 2019 | 2018 |
|---|---|---|
| Time restricted | $ 27,401 | $ 36,905 |
| Program restricted: | | |
| Housing | 631,588 | 73,990 |
| Homeless Services Center | 70,000 | 51,151 |
| Day Program | 1,920 | 8,675 |
| Total net assets with donor restrictions | $ 730,909 | $ 170,721 |

## 10. 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, 2019 and 2018.

## 11. Methods Used for Allocation of Expenses from Management and General Activities

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and related expenses, professional fees, supportive services, depreciation, insurance, telephone, training, printing, repairs and maintenance, postage, dues and subscriptions, taxes and licenses, office expenses, and travel, which are allocated on the basis of estimates of time and effort.

## 12. 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, 2019. As part of the contract, the Organization is provided with donated office space by Arlington County as described in Note 13 to the consolidated financial statements.

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.

## 13. 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 $15,812 and $185,549 for the years ended June 30, 2019 and 2018, respectively.

## 13. In-Kind Contributions (continued)

Donated Services (continued)

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 $247,624 and $178,011 of donated goods for the years ended June 30, 2019 and 2018, 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.

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, 2019 and 2018, which is included under in-kind contributions in the accompanying consolidated statements of activities.

## 14. 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 $59,321 and $36,792 for the years ended June 30, 2019 and 2018, respectively, which are included in salaries and related expenses in the accompanying consolidated statements of functional expenses.

## 15. 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, 2019 and 2018, 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 INFORMATION**

**Arlington Street People's Assistance Network and Affiliate**

Consolidating Schedule of Financial Position
June 30, 2019

| | ASPAN | The LLC | Eliminations | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ 370,971 | $ 173,468 | $ - | $ 544,439 |
| Investments | 533,406 | - | - | 533,406 |
| Accounts receivable | 3,517 | 3,287 | - | 6,804 |
| Grants receivable | 53,368 | - | - | 53,368 |
| Pledges receivable, net | 537,549 | - | - | 537,549 |
| Due from related party | 276,115 | - | (276,115) | - |
| Prepaid expenses and other assets | 32,263 | 4,635 | - | 36,898 |
| Property and equipment, net | 44,061 | 1,600,408 | - | 1,644,469 |
| Total assets | $ 1,851,250 | $ 1,781,798 | $ (276,115) | $ 3,356,933 |
| **Liabilities and Net Assets** | | | | |
| **Liabilities** | | | | |
| Accounts payable and accrued expenses | $ 135,491 | $ 4,700 | $ - | $ 140,191 |
| Due to related party | - | 276,115 | (276,115) | - |
| Notes payable, net | 7,832 | 1,471,632 | - | 1,479,464 |
| Total liabilities | 143,323 | 1,752,447 | (276,115) | 1,619,655 |
| **Net Assets** | | | | |
| Without donor restrictions | | | | |
| Undesignated | 303,770 | 29,351 | - | 333,121 |
| Board-designated | 673,248 | - | - | 673,248 |
| Total without donor restrictions | 977,018 | 29,351 | - | 1,006,369 |
| With donor restrictions | 730,909 | - | - | 730,909 |
| Total net assets | 1,707,927 | 29,351 | - | 1,737,278 |
| Total liabilities and net assets | $ 1,851,250 | $ 1,781,798 | $ (276,115) | $ 3,356,933 |

**Arlington Street People's Assistance Network and Affiliate**

Consolidating Schedule of Activities
For the Year Ended June 30, 2019

| | ASPAN | The LLC | Eliminations | Total |
|---|---|---|---|---|
| **Revenue and Support** | | | | |
| Contributions | $ 1,459,073 | $ - | $ - | $ 1,459,073 |
| Grants | 1,911,389 | - | - | 1,911,389 |
| Contract services | 1,659,708 | - | - | 1,659,708 |
| In-kind contributions | 370,092 | - | - | 370,092 |
| Special events | 69,468 | - | - | 69,468 |
| Investment income, net | 47,698 | 525 | - | 48,223 |
| Other income | 18,147 | 3,287 | - | 21,434 |
| Total revenue and support | 5,535,575 | 3,812 | - | 5,539,387 |
| **Expenses** | | | | |
| Program services: | | | | |
| Day Program | 578,858 | - | - | 578,858 |
| Permanent Supportive Housing | 1,958,187 | - | - | 1,958,187 |
| Homeless Services Center | 1,456,597 | - | - | 1,456,597 |
| Other housing | 382,814 | - | - | 382,814 |
| Volunteer | 56,179 | - | - | 56,179 |
| Total program services | 4,432,635 | - | - | 4,432,635 |
| Supporting services: | | | | |
| Management and general | 364,970 | 20,038 | - | 385,008 |
| Fundraising | 146,659 | - | - | 146,659 |
| Cost of direct benefits to donors | 15,205 | - | - | 15,205 |
| Total supporting services | 526,834 | 20,038 | - | 546,872 |
| Total expenses | 4,959,469 | 20,038 | - | 4,979,507 |
| **Change in Net Assets** | 576,106 | (16,226) | - | 559,880 |
| **Net Assets,** beginning of year | 1,131,821 | 45,577 | - | 1,177,398 |
| **Net Assets,** end of year | $ 1,707,927 | $ 29,351 | $ - | $ 1,737,278 |

# SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE

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# 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, 2019; 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 1, 2019.

***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.

***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 consolidated 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 1, 2019

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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, 2019. 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, 2019.

***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 1, 2019

**Arlington Street People's Assistance Network and Affiliate**

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|---|---|---|---|---|
| **Department of Housing and Urban Development** | | | | |
| Direct awards: | | | | |
| Continuum of Care Program-InRoads | 14.267 | n/a | $ - | $ 584,152 |
| Continuum of Care Program-Turning Keys | 14.267 | n/a | - | 699,659 |
| Continuum of Care Program-Homebound | 14.267 | n/a | - | 326,822 |
| Continuum of Care Program-Homebound | 14.267 | n/a | - | 107,748 |
| Continuum of Care Program-Homeward | 14.267 | n/a | - | 68,621 |
| Total Continuum of Care Program | | | - | 1,787,002 |
| Pass-through from Virginia Department of Housing and Community Development: | | | | |
| Emergency Solutions Grant Program | 14.231 | 19-VHSP-021 | - | 124,387 |
| **Total Expenditures of Federal Awards** | | | $ - | $ 1,911,389 |

*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, 2019

## 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, 2019. 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 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, 2019

**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

**Arlington Street People's Assistance Network and Affiliate**

Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2019

## Section II – Financial Statement Findings

There were no financial statement findings reported during the 2019 audit.

## Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the 2019 audit.

**Arlington Street People's Assistance Network and Affiliate**

Corrective Action Plan
For the Year Ended June 30, 2019

There were no findings for the year ended June 30, 2019, 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, 2019

There were no findings or questioned costs reported for the 2018 audit.