

Arlington Street People's Assistance Network

Financial Statements
and Independent Auditors' Report

OMB Circular A-133 Reports

June 30, 2011 and 2010

Arlington Street People's Assistance Network

Financial Statements
June 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Arlington Street People's Assistance Network ("the Organization") as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, with a vertical line extending downwards from its base. The rest of the text is written in a cursive, handwritten style.

Vienna, Virginia
November 16, 2011

Arlington Street People's Assistance Network

Statements of Financial Position June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash	\$ 349,164	\$ 230,137
Accounts receivable	80,750	75,500
Pledges receivable, net	56,939	41,007
Investments	44,262	37,004
Prepaid expenses	10,478	8,419
Property and equipment, net	123,424	153,366
Security deposit	2,200	2,200
	<u>667,217</u>	<u>547,633</u>
Total assets	<u>\$ 667,217</u>	<u>\$ 547,633</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 41,754	\$ 38,711
Accrued expenses	24,077	20,117
	<u>65,831</u>	<u>58,828</u>
Total liabilities	<u>65,831</u>	<u>58,828</u>
Net Assets		
Unrestricted:		
Board designated	169,661	136,069
Undesignated	387,666	290,399
	<u>557,327</u>	<u>426,468</u>
Temporarily restricted	44,059	62,337
	<u>601,386</u>	<u>488,805</u>
Total net assets	<u>601,386</u>	<u>488,805</u>
Total liabilities and net assets	<u>\$ 667,217</u>	<u>\$ 547,633</u>

See accompanying notes.

Arlington Street People's Assistance Network

Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	\$ 652,653	\$ 86,600	\$ 739,253
Grants	620,012	-	620,012
Contract services	273,287	-	273,287
Donated goods	104,407	-	104,407
Special events	63,656	-	63,656
Investment income	9,182	-	9,182
Miscellaneous	890	-	890
Released from restrictions	104,878	(104,878)	-
Total revenue and support	<u>1,828,965</u>	<u>(18,278)</u>	<u>1,810,687</u>
Expenses			
Program services:			
Housing	513,680	-	513,680
Outreach	426,212	-	426,212
Case management	351,096	-	351,096
Volunteer	87,941	-	87,941
Transitional employment	70,654	-	70,654
Total program services	<u>1,449,583</u>	<u>-</u>	<u>1,449,583</u>
Supporting services:			
Management and general	79,903	-	79,903
Fundraising	159,891	-	159,891
Cost of direct benefits to donors	8,729	-	8,729
Total supporting services	<u>248,523</u>	<u>-</u>	<u>248,523</u>
Total expenses	<u>1,698,106</u>	<u>-</u>	<u>1,698,106</u>
Change in Net Assets	130,859	(18,278)	112,581
Net Assets, beginning of year	<u>426,468</u>	<u>62,337</u>	<u>488,805</u>
Net Assets, end of year	<u><u>\$ 557,327</u></u>	<u><u>\$ 44,059</u></u>	<u><u>\$ 601,386</u></u>

See accompanying notes.

Arlington Street People's Assistance Network

Statement of Activities
For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	\$ 441,549	\$ 262,670	\$ 704,219
Grants	549,097	-	549,097
Contract services	253,529	-	253,529
Donated goods	121,009	-	121,009
Special events	74,113	-	74,113
Investment income	5,991	-	5,991
Miscellaneous	3,500	-	3,500
Released from restrictions	239,443	(239,443)	-
Total revenue and support	<u>1,688,231</u>	<u>23,227</u>	<u>1,711,458</u>
Expenses			
Program services:			
Housing	450,358	-	450,358
Outreach	416,502	-	416,502
Case management	358,019	-	358,019
Volunteer	78,234	-	78,234
Transitional employment	59,428	-	59,428
Total program services	<u>1,362,541</u>	<u>-</u>	<u>1,362,541</u>
Supporting services:			
Management and general	71,948	-	71,948
Fundraising	136,083	-	136,083
Cost of direct benefits to donors	33,819	-	33,819
Total supporting services	<u>241,850</u>	<u>-</u>	<u>241,850</u>
Total expenses	<u>1,604,391</u>	<u>-</u>	<u>1,604,391</u>
Change in Net Assets	83,840	23,227	107,067
Net Assets, beginning of year	<u>342,628</u>	<u>39,110</u>	<u>381,738</u>
Net Assets, end of year	<u><u>\$ 426,468</u></u>	<u><u>\$ 62,337</u></u>	<u><u>\$ 488,805</u></u>

See accompanying notes.

Arlington Street People's Assistance Network

Statements of Cash Flows For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 112,581	\$ 107,067
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	42,888	35,502
Realized and unrealized gains from investments	(6,327)	(3,237)
Change in operating assets and liabilities:		
Increase in accounts receivable	(5,250)	(32,619)
Increase in pledges receivable, net	(15,932)	(18,542)
Increase in prepaid expenses	(2,059)	(8,419)
Increase in accounts payable	3,043	13,324
Increase in accrued expenses	3,960	9,957
	<u>132,904</u>	<u>103,033</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchase of investments	(931)	(992)
Purchases of property and equipment	(12,946)	(52,890)
	<u>(13,877)</u>	<u>(53,882)</u>
Net cash used in investing activities		
Net Increase in Cash	119,027	49,151
Cash, beginning of year	<u>230,137</u>	<u>180,986</u>
Cash, end of year	<u>\$ 349,164</u>	<u>\$ 230,137</u>

See accompanying notes.

Arlington Street People's Assistance Network

Statement of Functional Expenses
For the Year Ended June 30, 2011

	Program Services						Supporting Services			Total
	Housing	Outreach	Case Management	Volunteer	Transitional Employment	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 209,375	\$ 229,957	\$ 324,666	\$ 73,349	\$ 57,049	\$ 894,396	\$ 58,066	\$ 125,807	\$ 183,873	\$ 1,078,269
Supplies and food	26,801	58,564	1,202	2,646	456	89,669	829	6,086	6,915	96,584
Rent	1,046	19,293	7,658	488	5,822	34,307	973	976	1,949	36,256
Professional fees	14,156	19,188	1,947	1,869	1,335	38,495	5,231	4,045	9,276	47,771
Supportive services	233,687	57,323	289	193	183	291,675	927	375	1,302	292,977
Depreciation	12,866	14,153	3,002	3,002	2,144	35,167	1,717	6,004	7,721	42,888
Insurance	2,508	1,081	229	229	164	4,211	59	617	676	4,887
Telephone	3,725	4,455	1,336	750	619	10,885	576	1,455	2,031	12,916
Training	1,325	1,324	3,484	2,386	659	9,178	4,905	1,490	6,395	15,573
Printing	654	720	253	153	109	1,889	120	6,499	6,619	8,508
Utilities	1,850	2,035	432	432	357	5,106	247	815	1,062	6,168
Advertising	-	-	255	520	-	775	50	-	50	825
Repairs and maintenance	704	5,027	58	58	41	5,888	33	115	148	6,036
Miscellaneous	194	2,537	136	136	47	3,050	95	90	185	3,235
Postage	159	175	114	116	27	591	198	1,456	1,654	2,245
Dues and subscriptions	62	483	318	49	75	987	3,297	1,219	4,516	5,503
Taxes and licenses	2,003	3,104	1,008	557	514	7,186	1,339	935	2,274	9,460
Office expense	2,533	4,439	2,012	860	675	10,519	1,060	1,721	2,781	13,300
Travel	32	2,354	2,697	148	378	5,609	181	186	367	5,976
Costs of direct benefit to donors	-	-	-	-	-	-	-	8,729	8,729	8,729
Total Expenses	\$ 513,680	\$ 426,212	\$ 351,096	\$ 87,941	\$ 70,654	\$ 1,449,583	\$ 79,903	\$ 168,620	\$ 248,523	\$ 1,698,106

See accompanying notes.

Arlington Street People's Assistance Network

Statement of Functional Expenses
For the Year Ended June 30, 2010

	Program Services						Supporting Services			Total
	Housing	Outreach	Case Management	Volunteer	Transitional Employment	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 190,635	\$ 217,606	\$ 329,520	\$ 62,141	\$ 46,121	\$ 846,023	\$ 48,789	\$ 110,762	\$ 159,551	\$ 1,005,574
Supplies and food	26,545	59,086	997	3,449	374	90,451	1,448	1,802	3,250	93,701
Rent	1,610	19,275	7,735	675	5,870	35,165	491	1,219	1,710	36,875
Professional fees	7,950	6,649	1,297	2,677	381	18,954	5,974	4,186	10,160	29,114
Supportive services	191,179	71,599	1,672	116	144	264,710	949	318	1,267	265,977
Depreciation	10,651	11,716	2,486	2,486	1,775	29,114	1,418	4,970	6,388	35,502
Insurance	8,919	4,085	537	824	640	15,005	571	1,748	2,319	17,324
Telephone	2,873	4,818	2,205	1,006	682	11,584	798	1,764	2,562	14,146
Training	480	978	1,442	227	80	3,207	344	1,034	1,378	4,585
Printing	962	1,058	234	785	261	3,300	117	2,483	2,600	5,900
Utilities	1,435	1,967	833	416	367	5,018	319	762	1,081	6,099
Advertising	1,155	1,355	524	874	192	4,100	-	1,953	1,953	6,053
Repairs and maintenance	60	2,647	88	28	20	2,843	727	56	783	3,626
Miscellaneous	-	3,607	-	25	65	3,697	6,074	51	6,125	9,822
Postage	450	472	114	95	68	1,199	108	1,005	1,113	2,312
Dues and subscriptions	158	173	529	77	39	976	2,360	597	2,957	3,933
Taxes and licenses	905	1,931	555	248	177	3,816	498	348	846	4,662
Office expense	3,138	4,355	1,959	1,586	2,044	13,082	676	2,614	3,290	16,372
Travel	592	2,452	5,147	356	26	8,573	108	314	422	8,995
Costs of direct benefit to donors	661	673	145	143	102	1,724	179	31,916	32,095	33,819
Total Expenses	\$ 450,358	\$ 416,502	\$ 358,019	\$ 78,234	\$ 59,428	\$ 1,362,541	\$ 71,948	\$ 169,902	\$ 241,850	\$ 1,604,391

See accompanying notes.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2011 and 2010

1. Nature of Operations

The Arlington Street People's Assistance Network (“the Organization”) fulfills its mission of assisting homeless persons through a continuum of services that meets each individual where they are and provides them with customized services that address their needs. Street outreach is the foundation as our first contact with many of the homeless is on the street. The Organization’s outreach workers frequent the wooded areas, overpasses, parks, abandoned buildings, and other areas where homeless people are found.

The Homeless Bagged Meal Program is a vital part of the Organization’s outreach efforts. In this program, volunteers prepare and serve 70 meals every day of the year to those in need at two outdoor feeding sites in the Rosslyn-Ballston Metro corridor.

The hub of operations at the Organization is Opportunity Place (OP). At OP, homeless people receive a wide spectrum of services from basic services such as obtaining clothing or a shower, to case management, and health care referrals. The Organization’s Transitional Employment and Life Skills Program provides one-on-one assistance in areas of employment search such as resume writing, interview coaching, on-line applications, the use of a telephone line to receive messages from prospective employers, and a service which enables them to receive mail at OP.

The Organization also has two HUD-funded permanent supportive housing programs known as In-Roads and Striving Home, which focus on homeless individuals who fit HUD’s definition of “chronic homelessness” and have been diagnosed with a serious mental illness. Many of the people currently in this program went directly from the streets into housing, exemplifying the “housing first” model.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles for not-for-profit organizations. Accordingly, revenue is recognized when earned and expense when the obligation is incurred.

Accounts Receivable

Accounts receivable represent amounts due for contract services and other exchange transactions. Accounts receivable are expected to be collected within one year and are recorded at net realizable value at June 30, 2011 and 2010.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2011 and 2010

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable (continued)

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

Classification of Net Assets

- *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, 2011 and 2010 is a board designated reserve in the amount of \$169,661 and \$136,069, respectively, which reflects funds invested with the Arlington Community Foundation (ACF) and money market account.
- *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.

Investments

Investments at June 30, 2011 and 2010 consist of agency funds, which are funds that the Organization invests with ACF. ACF has established an investment pool whereby the Organization can invest in marketable debt and equity securities. The value of the Organization's investment with ACF is reported at fair value, as determined by quoted market prices of the underlying securities. Investment income consists of \$6,327 and \$3,237 in net realized and unrealized gains, and \$2,855 and \$2,754 in interest and dividends for the years ended June 30, 2011 and 2010, respectively. Donated securities are recorded at fair value at the time of receipt, and are generally sold immediately thereafter.

Fair Value Measurements

The Organization follows Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad 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.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2011 and 2010

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

The Organization follows ASC 825-10, *Financial Instruments*, which allows entities the irrevocable option to carry most financial assets and liabilities at fair value that are not currently required to be measured at fair value. At adoption, the effect of the first remeasurement to fair value is recorded as a cumulative effect adjustment to the opening balance of unrestricted net assets. The Organization did not elect to measure any additional eligible financial assets or financial liabilities at fair value. Accordingly, adoption of this standard had no impact on the Organization's results of operations or financial position.

In addition, the Organization follows Accounting Standards Update 2009-12, *Investments in Certain Entities That Calculate Net Assets Value per Share (or its Equivalent)*, which has amended the existing guidance in ASC 820. This guidance permits, as a practical expedient, the fair value of investments that do not have a quoted market price to be estimated using net asset value (NAV) per share or its equivalent. At June 30, 2011 and 2010, the Organization did not have any investments required to be valued using NAV.

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 is computed using the straight-line method over the estimated useful lives ranging three to five years. Major improvements are capitalized and amortized over the shorter of the improvements' life or term of the lease. Repairs and maintenance costs 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 statements of activities as net assets released from restrictions. Grants are recognized when costs are incurred. Costs incurred in excess of cash received are reflected as accounts receivables.

Contract services revenue is from government sources and are generally cost reimbursement arrangements where unrestricted revenue is recognized at the time costs are incurred. Revenue from all other sources is recognized when earned.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2011 and 2010

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

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

Use of Estimates

The preparation of 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 financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

For comparative purposes, certain amounts in the fiscal year 2010 financial statements have been reclassified to conform to the presentation in the current year financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 16, 2011, the date the financial statements were issued.

3. Concentrations

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments. The Organization maintains cash deposits and investments with various financial institutions that may, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash 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.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2011 and 2010

3. Concentrations (continued)

Revenue Risk

Approximately 52% and 49% of the Organization's support was provided by the government of Arlington County, Virginia and the U.S. Department of Housing and Urban Development (HUD) for the years ended June 30, 2011 and 2010, respectively.

4. Pledges Receivable

Pledges receivable represent unconditional contributions to be paid within a year and are recorded at net realizable value, which approximates fair value. Pledges receivable are written off when deemed uncollectible. The provision for doubtful accounts, based on management's evaluation, was \$951 at both June 30, 2011 and 2010. Historically, write-offs of pledges receivable have been minimal.

5. Fair Value Measurements

Fair value of assets measured on a recurring basis is as follows at June 30:

	Total fair value	Level 1	Level 2	Level 3
<u>2011</u>				
Investments:				
Agency funds	\$ 44,262	\$ 44,262	\$ -	\$ -
<u>2010</u>				
Investments:				
Agency funds	\$ 37,004	\$ 37,004	\$ -	\$ -

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. There were no level 2 or level 3 financial assets at June 30, 2011 and 2010.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2011 and 2010

6. Property and Equipment

The Organization held the following property and equipment at June 30:

	2011	2010
Leasehold improvements	\$ 161,996	\$ 161,996
Computer equipment	42,588	29,642
Vehicle	49,188	49,188
Office furniture and equipment	53,522	53,522
Computer software	5,150	5,150
Total property and equipment	312,444	299,498
Less: accumulated depreciation	(189,020)	(146,132)
Property and equipment, net	\$ 123,424	\$ 153,366

7. Operating Leases

The Organization leases its office facilities under a cancelable operating lease, which expires in December 2017. Under the terms of the lease, the Organization has the right to terminate the lease with six months' advance notice, which it does not currently anticipate exercising. In April of 2008, the Organization amended the lease to acquire additional space in the same office facility. Expenses under all operating leases for the years ended June 30, 2011 and 2010 were \$36,256 and \$36,875, respectively. The future minimum rent payment for the year ending June 30, 2012 is \$18,310.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Organization. These net assets are then released and reclassified to unrestricted support where they are expended. Temporarily restricted net assets consist of the following at June 30:

	2011	2010
Homeless Bagged Meal Program	\$ 17,488	\$ 14,738
IT support	17,722	-
Financial stability	5,047	5,047
Opportunity Place	3,802	42,552
Total temporarily restricted net assets	\$ 44,059	\$ 62,337

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2011 and 2010

9. Donated Services and Goods

Donated Services

Donated services relating to legal, accounting, consulting, and property improvements are recognized in the period the services donated.

These services are measured using the applicable billing rates of the professional service providers. These donated services are reported as professional fees in the accompanying statement of functional expenses. 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 financial statements as the services do not meet the criteria for recognition as contributed services.

Donated Goods

Donated goods of \$104,407 and \$121,009 were received for the years ended June 30, 2011 and 2010, respectively, and are recorded at their estimated fair value at the time of receipt. These items are reported as donated goods in the accompanying statements of activities and are principally included in supplies and food expense in the accompanying statements of functional expenses.

10. Retirement and Employee Savings Plan

On July 1, 2000, the Organization instituted a 403(b) Employer Contributory Plan. 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. The Organization made contributions to the plan totaling \$9,552 and \$0 for the years ended June 30, 2011 and 2010, respectively, which are included in salaries and related expenses in the accompanying statements of functional expenses.

11. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), the Organization 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, 2011 and 2010 as the Organization had no net unrelated business income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi). The Organization had no significant uncertain tax positions at June 30, 2011 and 2010.

SUPPLEMENTAL INFORMATION

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

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

We have audited the financial statements of the Arlington Street People's Assistance Network ("the Organization") as of and for the year ended June 30, 2011 and have issued our report thereon, dated November 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, with a loop that extends upwards and to the left. The rest of the text is written in a cursive, handwritten style.

Vienna, Virginia
November 16, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the Arlington Street People's Assistance Network's ("the Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2011. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2011.

Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
November 16, 2011

Arlington Street People's Assistance Network

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Agency or Pass- Through Grant Number	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program- Opportunity Place	VA0091B3G000802	14.235	\$ 187,928
Supportive Housing Program- Striving Home	VA0092B3G000803	14.235	199,405
Supportive Housing Program- Homebound	VA0155B3G000900	14.235	25,067
			<hr/> 412,400 <hr/>
<u>Pass-through from U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program- In-Roads	300-09	14.235	101,105
Home Prevention and Rapid Re-housing Program	S09-UY-51-0001	14.257	53,207
Volunteer Enhancement Program	B-06-UC-51-0002	14.218	35,000
			<hr/> 189,312 <hr/>
<u>Pass-through from U.S. Department of Health and Human Services</u>			
Community Services Block Grant- Recovery	0901VACOS2 CVS-09-066-02	93.710	18,300
			<hr/> 18,300 <hr/>
Total Expenditures of Federal Awards			<hr/> <hr/> \$ 620,012 <hr/> <hr/>

See accompanying note to schedule of expenditures of federal awards.

Arlington Street People's Assistance Network

Note to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred.

Arlington Street People's Assistance Network

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2011

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Arlington Street People's Assistance Network ("the Organization").
2. No significant deficiencies relating to the audit of the financial statements are reported in the auditors' report.
3. No instances of material noncompliance were disclosed during the audit of the financial statements of the Organization.
4. No significant deficiencies relating to the audit of the major federal award program is reported in the report on internal control over financial reporting.
5. The auditors' report on compliance for the major federal program of the Organization expresses an unqualified opinion on all major federal programs.
6. There were no audit findings related to the major federal award program for the Organization.
7. The program identified and tested as a major program:

CFDA#	Program Title
14.235	Supportive Housing Program

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Organization did not qualify as a low-risk auditee.

B. Findings – Financial Statement Audit

- None

C. Federal Award Findings and Questioned Costs

Part 1: Audit Findings (Major Program – OMB Circular A-133, Section 501(A))

- None

Part 1: Audit Findings (Financial Statements)

- None

Arlington Street People's Assistance Network

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

C. Federal Award Findings and Questioned Costs (continued)

Part 2: Corrective Action Plan

- Not applicable