

Arlington Street People's Assistance Network

Financial Statements
and Independent Auditors' Report

OMB Circular A-133 Reports

June 30, 2012 and 2011

Arlington Street People's Assistance Network

Financial Statements
June 30, 2012 and 2011

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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, 2012 and 2011, 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 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 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, 2012 and 2011, 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 September 28, 2012, 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 of the Organization. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Vienna, Virginia
September 28, 2012

Arlington Street People's Assistance Network

Statements of Financial Position June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 383,368	\$ 349,164
Grants receivable	76,266	80,750
Pledges receivable, net	68,598	56,939
Investments	45,821	44,262
Prepaid expenses	10,930	10,478
Property and equipment, net	89,836	123,424
Security deposit	2,200	2,200
	<u>677,019</u>	<u>667,217</u>
Total assets	<u>\$ 677,019</u>	<u>\$ 667,217</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 80,708	\$ 65,831
	<u>80,708</u>	<u>65,831</u>
Total liabilities	<u>80,708</u>	<u>65,831</u>
Net Assets		
Unrestricted:		
Undesignated	294,883	387,666
Board designated	272,503	169,661
	<u>567,386</u>	<u>557,327</u>
Total unrestricted	567,386	557,327
Temporarily restricted	28,925	44,059
	<u>28,925</u>	<u>44,059</u>
Total net assets	<u>596,311</u>	<u>601,386</u>
Total liabilities and net assets	<u>\$ 677,019</u>	<u>\$ 667,217</u>

See accompanying notes.

Arlington Street People's Assistance Network

Statement of Activities
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	\$ 483,547	\$ 247,136	\$ 730,683
Grants	546,707	-	546,707
Contract services	343,279	-	343,279
In-kind contributions	130,446	-	130,446
Special events	84,962	-	84,962
Investment income	3,491	-	3,491
Miscellaneous	6,305	-	6,305
Released from restrictions	262,270	(262,270)	-
Total revenue and support	<u>1,861,007</u>	<u>(15,134)</u>	<u>1,845,873</u>
Expenses			
Program services:			
Housing	578,504	-	578,504
Outreach	483,330	-	483,330
Case management	358,501	-	358,501
Volunteer	113,309	-	113,309
Transitional employment	80,129	-	80,129
Total program services	<u>1,613,773</u>	<u>-</u>	<u>1,613,773</u>
Supporting services:			
Management and general	91,516	-	91,516
Fundraising	126,789	-	126,789
Cost of direct benefits to donors	18,870	-	18,870
Total supporting services	<u>237,175</u>	<u>-</u>	<u>237,175</u>
Total expenses	<u>1,850,948</u>	<u>-</u>	<u>1,850,948</u>
Change in Net Assets	10,059	(15,134)	(5,075)
Net Assets, beginning of year	<u>557,327</u>	<u>44,059</u>	<u>601,386</u>
Net Assets, end of year	<u><u>\$ 567,386</u></u>	<u><u>\$ 28,925</u></u>	<u><u>\$ 596,311</u></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
In-kind contributions	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

Statements of Cash Flows For the Years Ended June 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Change in net assets	\$ (5,075)	\$ 112,581
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	40,001	42,888
Realized and unrealized gains from investments	(516)	(6,327)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	4,484	(5,250)
Pledges receivable, net	(11,659)	(15,932)
Prepaid expenses	(452)	(2,059)
Increase in:		
Accounts payable and accrued expenses	14,877	7,003
	41,660	132,904
Cash Flows from Investing Activities		
Net purchase of investments	(1,043)	(931)
Purchases of property and equipment	(6,413)	(12,946)
	(7,456)	(13,877)
Net cash used in investing activities		
	34,204	119,027
Net Increase in Cash and Cash Equivalents		
	349,164	230,137
Cash and Cash Equivalents, beginning of year		
	349,164	230,137
Cash and Cash Equivalents, end of year	\$ 383,368	\$ 349,164

See accompanying notes.

Arlington Street People's Assistance Network

Statement of Functional Expenses
For the Year Ended June 30, 2012

	Program Services						Supporting Services			
	Housing	Outreach	Case Management	Volunteer	Transitional Employment	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses	\$ 230,717	\$ 259,809	\$ 334,770	\$ 94,214	\$ 64,767	\$ 984,277	\$ 79,250	\$ 104,309	\$ 183,559	\$ 1,167,836
Supplies and food	24,849	82,228	604	2,308	368	110,357	747	2,552	3,299	113,656
Rent	2,031	17,901	7,447	891	7,008	35,278	785	930	1,715	36,993
Professional fees	18,963	8,644	2,035	2,541	1,454	33,637	1,163	3,508	4,671	38,308
Supportive services	261,816	66,244	1,122	96	13	329,291	975	37	1,012	330,303
Depreciation and amortization	12,034	13,238	2,808	5,502	2,006	35,588	1,605	2,808	4,413	40,001
Insurance	5,804	3,065	650	692	526	10,737	444	1,216	1,660	12,397
Telephone	3,302	3,802	1,463	959	630	10,156	501	1,040	1,541	11,697
Training	2,250	2,575	1,025	225	375	6,450	60	531	591	7,041
Printing	3,080	3,788	794	1,082	513	9,257	411	2,480	2,891	12,148
Utilities	1,831	2,014	427	546	305	5,123	244	648	892	6,015
Advertising	-	145	50	-	-	195	-	-	-	195
Repairs and maintenance	4,652	9,664	1,085	1,461	775	17,637	620	1,899	2,519	20,156
Miscellaneous	51	91	12	24	8	186	207	12	219	405
Postage	383	446	114	90	64	1,097	51	1,114	1,165	2,262
Dues and subscriptions	45	1,325	11	531	8	1,920	2,943	294	3,237	5,157
Taxes and licenses	2,288	2,691	855	675	381	6,890	116	926	1,042	7,932
Office expense	3,109	3,606	726	1,292	518	9,251	1,176	2,042	3,218	12,469
Travel	1,299	2,054	2,503	180	410	6,446	218	443	661	7,107
Costs of direct benefit to donors	-	-	-	-	-	-	-	18,870	18,870	18,870
Total Expenses	\$ 578,504	\$ 483,330	\$ 358,501	\$ 113,309	\$ 80,129	\$ 1,613,773	\$ 91,516	\$ 145,659	\$ 237,175	\$ 1,850,948

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 and amortization	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

Notes to Financial Statements
June 30, 2012 and 2011

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 that enables them to receive mail at OP.

The Organization also has four permanent supportive housing programs funded by the U.S. Department of Housing and Development (HUD) known as In-Roads, Homebound one, Homebound two 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 are 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. Net assets are reported based on the presence or absence of donor-imposed restrictions in the following classes:

- *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, 2012 and 2011 is a board designated reserve in the amount of \$272,503 and \$169,661, respectively, which reflects funds invested with the Arlington Community Foundation (ACF) and money market accounts.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2012 and 2011

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation (continued)

- *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. Temporarily restricted net assets were \$28,925 and \$44,059 at June 30, 2012 and 2011, respectively.

Cash and Cash Equivalents

For the purpose of the 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.

Grants Receivable

Grants receivable represent amounts due from federal and local governments. Grants receivable are expected to be collected within one year and are recorded at net realizable value at June 30, 2012 and 2011. No allowance for doubtful accounts is recorded as management believes that all accounts receivable are fully collectible.

Investments

Investments consist of agency funds, which are funds that the Organization invests with the Arlington Community Foundation (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. Realized and unrealized gains and losses are reported in the accompanying statements of activities as part of investment income.

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, 2012 and 2011

2. Summary of Significant Accounting Policies (continued)

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 of the related assets, which range from three to five years. Major leasehold 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 and contract services revenue are generated from government sources and are generally cost reimbursement arrangements where unrestricted revenue is recognized at the time costs are incurred. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position.

Special events revenue is recognized in the period in which the event takes place. Amounts received in advance are recorded as deferred revenue in the accompanying statements of financial position.

Revenue from all other sources is recognized when earned.

In-Kind Contributions

The Organization receives in-kind contributions from various foundations and individual donors. It is the Organization's policy to recognize income from in-kind donations at their fair value at the time of donation. In-kind donations consist of clothing, supplies, food and other items utilized in the Organization's programmatic activities at OP. These donations are recorded as in-kind contributions in the accompanying statements of activities.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2012 and 2011

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.

3. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents. The Organization maintains various cash deposit and transaction accounts with financial institutions, including interest-bearing accounts of \$226,682, which at times exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). Also included are noninterest-bearing cash accounts, totaling \$203,844, which are fully insured, without limit, through December 31, 2012, under the new financial regulatory reform legislation. The Organization has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

Approximately 52% of the Organization's support was provided by the government of Arlington County, Virginia, and HUD for the years ended June 30, 2012 and 2011.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2012 and 2011

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, 2012 and 2011. 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>2012</u>				
Investments:				
Agency funds	\$ 45,821	\$ -	\$ 45,821	\$ -
<u>2011</u>				
Investments:				
Agency funds	\$ 44,262	\$ -	\$ 44,262	\$ -

Financial assets valued using level 2 inputs are based on quoted prices for instruments that are identical or similar in markets that are not active and model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets. There were no level 1 or level 3 financial assets at June 30, 2012 and 2011.

6. Property and Equipment

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

	2012	2011
Leasehold improvements	\$ 161,996	\$ 161,996
Office furniture and equipment	53,522	53,522
Vehicle	49,188	49,188
Computer equipment	48,571	42,588
Computer software	5,150	5,150
Total property and equipment	318,427	312,444
Less: accumulated depreciation and amortization	(228,591)	(189,020)
Property and equipment, net	\$ 89,836	\$ 123,424

Arlington Street People's Assistance Network

Notes to Financial Statements

June 30, 2012 and 2011

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, 2012 and 2011 were \$36,993 and \$36,256, respectively. The future minimum rent payment for the year ending June 30, 2013 is \$18,500.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	2012	2011
Opportunity Place	\$ 22,602	\$ 3,802
Financial stability	5,060	5,047
Homeless Bagged Meal Program	1,263	17,488
IT support	-	17,722
Total temporarily restricted net assets	<u>\$ 28,925</u>	<u>\$ 44,059</u>

9. In-Kind Contributions

Donated Goods

Donated goods of \$130,446 and \$104,407 were received for the years ended June 30, 2012 and 2011, respectively, and are recorded at their estimated fair value at the time of receipt. These items are reported as in-kind contributions in the accompanying statements of activities and are principally included in supplies and food expense in the accompanying statements of functional expenses.

Donated Services

Donated services relating to legal, accounting, consulting, and property improvements are recognized in the period the services are donated. These services are measured using the applicable billing rates of the professional service providers. Donated services are reported as professional fees in the accompanying statements 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.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2012 and 2011

10. Retirement 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 \$28,871 and \$9,552 for the years ended June 30, 2012 and 2011, 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, 2012 and 2011 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). Management evaluated the Organization's tax positions, and concluded that the Organization's financial statements do not include any uncertain tax positions.

12. Subsequent Events

The Organization follows the guidance of FASB ASC 855, *Subsequent Events*, which establishes general standards of accounting for and disclosures of events that occur after the statement of financial position date but before the financial statements are issued. FASB ASC 855 also requires disclosure of the date through which an entity has evaluated subsequent events. In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 28, 2012, the date the financial statements were issued.

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, 2012 and have issued our report thereon, dated September 28, 2012. 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 signature is written in a cursive, slightly stylized font.

Vienna, Virginia
September 28, 2012

**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 the Organization's major federal program for the year ended June 30, 2012. The Organization's major federal program is identified in the summary of audit 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, 2012.

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
September 28, 2012

Arlington Street People's Assistance Network

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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	\$ 133,804
Supportive Housing Program- Striving Home	VA0092B3G000803	14.235	203,788
Supportive Housing Program- Homebound	VA0155B3G000900	14.235	29,344
Supportive Housing Program- Homebound 2	VA0181B3G001000	14.235	13,699
			<hr/>
			380,635
			<hr/>
<u>Pass-Through from U.S. Department of Housing and Urban Development</u>			
Supportive Housing Program- In-Roads	300-09	14.235	101,522
Home Prevention and Rapid Re-housing Program	S09-UY-51-0001	14.257	29,550
Volunteer Enhancement Program	B-06-UC-51-0002	14.218	35,000
			<hr/>
			166,072
			<hr/>
Total expenditures of federal awards			\$ 546,707
			<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, 2012

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, 2012

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 noncompliance material to the financial statements of the Organization were disclosed during the audit.
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 the major federal program.
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 qualify as a low-risk auditee.

B. Findings – Financial Statement Audit

- None

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

- None