

Arlington Street People's Assistance Network

Financial Statements,
Including OMB Circular A-133 Reports
and Independent Auditors' Report

June 30, 2013 and 2012

Arlington Street People's Assistance Network

Financial Statements
June 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Arlington Street People's Assistance Network ("the Organization"), which comprise the statements of financial position as of June 30, 2013 and 2012; the related statements of activities, cash flows, and functional expenses for the years then ended; and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

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

Auditor's Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2013 and 2012, 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the 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 September 17, 2013, 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
September 17, 2013

Arlington Street People's Assistance Network

Statements of Financial Position June 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	\$ 469,591	\$ 383,368
Grants receivable	89,879	76,266
Pledges receivable, net	50,102	68,598
Investments	50,868	45,821
Prepaid expenses	32,075	10,930
Property and equipment, net	84,328	89,836
Security deposit	2,200	2,200
	<hr/>	<hr/>
Total assets	<u>\$ 779,043</u>	<u>\$ 677,019</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 87,845	\$ 80,708
	<hr/>	<hr/>
Total liabilities	<u>87,845</u>	<u>80,708</u>
Net Assets		
Unrestricted:		
Undesignated	376,228	294,883
Board designated	278,238	272,503
	<hr/>	<hr/>
Total unrestricted	654,466	567,386
Temporarily restricted	36,732	28,925
	<hr/>	<hr/>
Total net assets	<u>691,198</u>	<u>596,311</u>
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Total liabilities and net assets	<u>\$ 779,043</u>	<u>\$ 677,019</u>

Arlington Street People's Assistance Network

Statement of Activities
For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions	\$ 541,240	\$ 58,711	\$ 599,951
Grants	640,314	-	640,314
Contract services	651,288	-	651,288
In-kind contributions	160,066	-	160,066
Special events	109,621	-	109,621
Investment income	5,672	-	5,672
Miscellaneous	5,914	-	5,914
Released from restrictions	50,904	(50,904)	-
Total revenue and support	<u>2,165,019</u>	<u>7,807</u>	<u>2,172,826</u>
Expenses			
Program services:			
Housing	677,637	-	677,637
Outreach	538,871	-	538,871
Case management	389,361	-	389,361
Volunteer	131,495	-	131,495
Transitional employment	82,105	-	82,105
Total program services	<u>1,819,469</u>	<u>-</u>	<u>1,819,469</u>
Supporting services:			
Management and general	111,762	-	111,762
Fundraising	118,870	-	118,870
Cost of direct benefits to donors	27,838	-	27,838
Total supporting services	<u>258,470</u>	<u>-</u>	<u>258,470</u>
Total expenses	<u>2,077,939</u>	<u>-</u>	<u>2,077,939</u>
Change in Net Assets	87,080	7,807	94,887
Net Assets, beginning of year	<u>567,386</u>	<u>28,925</u>	<u>596,311</u>
Net Assets, end of year	<u><u>\$ 654,466</u></u>	<u><u>\$ 36,732</u></u>	<u><u>\$ 691,198</u></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

Statements of Cash Flows For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ 94,887	\$ (5,075)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	41,615	40,001
Realized and unrealized gains from investments	(3,317)	(516)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(13,613)	4,484
Pledges receivable, net	18,496	(11,659)
Prepaid expenses	(21,145)	(452)
Increase in:		
Accounts payable and accrued expenses	7,137	14,877
Net cash provided by operating activities	124,060	41,660
Cash Flows from Investing Activities		
Net purchase of investments	(1,730)	(1,043)
Purchases of property and equipment	(36,107)	(6,413)
Net cash used in investing activities	(37,837)	(7,456)
Net Increase in Cash and Cash Equivalents	86,223	34,204
Cash and Cash Equivalents, beginning of year	383,368	349,164
Cash and Cash Equivalents, end of year	\$ 469,591	\$ 383,368

See accompanying notes.

Arlington Street People's Assistance Network

Statement of Functional Expenses
For the Year Ended June 30, 2013

	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	\$ 252,160	\$ 288,504	\$ 359,524	\$ 104,127	\$ 65,797	\$ 1,070,112	\$ 85,795	\$ 93,230	\$ 179,025	\$ 1,249,137
Supplies and food	27,255	85,050	848	6,023	485	119,661	533	733	1,266	120,927
Rent	3,017	16,023	7,877	1,408	8,312	36,637	402	704	1,106	37,743
Professional fees	20,042	10,710	2,195	2,911	2,045	37,903	1,160	1,903	3,063	40,966
Supportive services	337,228	90,297	287	-	-	427,812	900	-	900	428,712
Depreciation and amortization	12,484	13,733	2,913	1,665	2,081	32,876	2,913	5,826	8,739	41,615
Insurance	6,709	3,397	721	1,441	582	12,850	612	654	1,266	14,116
Telephone	3,716	4,964	2,056	1,502	607	12,845	513	841	1,354	14,199
Training	2,088	3,885	3,963	228	81	10,245	3,565	5,114	8,679	18,924
Printing	803	2,136	262	375	134	3,710	107	2,100	2,207	5,917
Utilities	1,855	2,040	433	866	309	5,503	247	433	680	6,183
Advertising	75	-	50	-	25	150	-	249	249	399
Repairs and maintenance	4,548	8,946	1,045	2,006	716	17,261	575	1,001	1,576	18,837
Miscellaneous	-	-	-	-	-	-	7,715	1	7,716	7,716
Postage	185	203	81	86	31	586	32	2,614	2,646	3,232
Dues and subscriptions	50	104	137	3,568	8	3,867	3,602	1,201	4,803	8,670
Taxes and licenses	1,758	1,933	410	820	293	5,214	509	410	919	6,133
Office expense	3,331	4,328	906	3,279	548	12,392	2,410	1,439	3,849	16,241
Travel	333	2,618	5,653	1,190	51	9,845	172	417	589	10,434
Costs of direct benefit to donors	-	-	-	-	-	-	-	27,838	27,838	27,838
Total Expenses	\$ 677,637	\$ 538,871	\$ 389,361	\$ 131,495	\$ 82,105	\$ 1,819,469	\$ 111,762	\$ 146,708	\$ 258,470	\$ 2,077,939

See accompanying notes.

Arlington Street People's Assistance Network

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

	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	\$ 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

Notes to Financial Statements
June 30, 2013 and 2012

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. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization’s operations. Included in unrestricted net assets at June 30, 2013 and 2012 is a Board designated reserve in the amount of \$278,238 and \$272,503, 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, 2013 and 2012

2. Summary of Significant Accounting Policies (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.

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.

Cash Equivalents

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

Pledges Receivable

Pledges receivable represent unconditional contributions to be paid within a year and are recorded at net realizable 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, 2013 and 2012. Historically, write-offs of pledges receivable have been minimal.

Investments

Investments 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. Realized and unrealized gains and losses are reported in the accompanying statements of activities as part of investment income.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2013 and 2012

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 and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years, except for leasehold improvements, which are amortized over the shorter of the term of the lease or the estimated life of the improvements. 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.

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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities 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.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2013 and 2012

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 cash deposit and transaction accounts with various financial institutions and these values, 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 cash equivalents 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.

Revenue Risk

Approximately 53% and 48% of the Organization's revenue and support was provided by the government of Arlington County, Virginia, and HUD for the years ended June 30, 2013 and 2012, respectively.

4. Investments and Fair Value Measurements

The Organization follows ASC 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.

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 for which all significant inputs are observable, either directly or indirectly, in active markets. The Organization invests in marketable debt and equity securities that are maintained in an investment pool held and managed by ACF. Accordingly, the Organization's investments are valued at the agency fund level and are classified as Level 2.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2013 and 2012

4. Investments and Fair Value Measurements (continued)

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

	Level 1	Level 2	Level 3	Total
<u>2013</u>				
Investments:				
Agency funds	\$ -	\$ 50,868	\$ -	\$ 50,868
<u>2012</u>				
Investments:				
Agency funds	\$ -	\$ 45,821	\$ -	\$ 45,821

Investment income totaled \$5,672 and \$3,491 at June 30, 2013 and 2012, respectively.

5. Property and Equipment

Property and equipment consists of the following at June 30:

	2013	2012
Leasehold improvements	\$ 163,971	\$ 161,996
Vehicles	77,188	49,188
Computer equipment	54,483	48,571
Office furniture and equipment	53,522	53,522
Computer software	5,150	5,150
Total property and equipment	354,314	318,427
Less: accumulated depreciation and amortization	(269,986)	(228,591)
Property and equipment, net	\$ 84,328	\$ 89,836

6. Line of Credit

The Organization maintains a \$100,000 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%. There was no outstanding balance as of June 30, 2013 or 2012.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2013 and 2012

7. Temporarily Restricted Net Assets

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

	2013	2012
Housing	\$ 26,489	\$ -
Opportunity Place	9,005	22,602
Volunteer Program	1,238	-
Financial stability	-	5,060
Homeless Bagged Meal Program	-	1,263
Total temporarily restricted net assets	<u>\$ 36,732</u>	<u>\$ 28,925</u>

8. In-Kind Contributions

Donated Goods

Donated goods of \$155,370 and \$130,446 were received for the years ended June 30, 2013 and 2012, respectively, and are recorded at their estimated fair value at the time of receipt. These items are reported as in-kind contributions and are principally included in supplies and food expense in the accompanying financial statements.

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. The Organization recognized donated services of \$4,696 and \$0 for the years ended June 30, 2013 and 2012, respectively. Donated services are reported as in-kind contributions and professional fees expense in the accompanying financial statements. 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.

9. Retirement Plan

The Organization 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. The Organization made contributions to the plan totaling \$33,422 and \$28,871 for the years ended June 30, 2013 and 2012, respectively, which are included in salaries and related expenses in the accompanying statements of functional expenses.

Arlington Street People's Assistance Network

Notes to Financial Statements
June 30, 2013 and 2012

10. Operating Lease

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. 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, 2013 and 2012 were \$37,743 and \$36,993, respectively.

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, 2013 and 2012 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 has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

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. In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 17, 2013, the date the financial statements were available to be issued.

**SUPPLEMENTAL SCHEDULE AND REPORTS REQUIRED
BY OMB CIRCULAR A-133**

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Arlington Street People's Assistance Network ("the Organization"), which comprise the statement of financial position as of June 30, 2013, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the 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 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 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers & Company PLLC

Vienna, Virginia
September 17, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 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 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, 2013.

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 its 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 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. *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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rogers & Company PLLC

Vienna, Virginia
September 17, 2013

Arlington Street People's Assistance Network

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Agency or Pass- Through Grant Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct awards</i>			
Supportive Housing Program-Opportunity Place	VA0091B3G001003	14.235	\$ 59,616
Supportive Housing Program-Opportunity Place	VA0091B3G001104	14.235	117,227
Supportive Housing Program-Striving Home	VA0089B3G001104	14.235	307,329
Supportive Housing Program-Homebound	VA0155B3G000900	14.235	10,804
Supportive Housing Program-Homebound	VA0155B3G001101	14.235	28,026
Supportive Housing Program-Homebound 2	VA0181B3G001000	14.235	40,250
Supportive Housing Program-Open Doors	VA00196B3G001100	14.235	46,062
			609,314
<i>Pass-through award</i>			
Arlington County Department of Community Planning, Housing and Development - Volunteer Enhancement Program	B-12-UC-51-0002	14.218	31,000
			31,000
Total expenditures of federal awards			\$ 640,314

See accompanying note to schedule of expenditures of federal awards.

Arlington Street People's Assistance Network

Note to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule of expenditures of federal awards (“the Schedule”) presents the activity of all federal award programs entered into directly and via pass through between the Organization and agencies and departments of the federal government. The Schedule 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, 2013

Section I – Summary of Independent Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

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 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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major program:

<u> Agreement Number </u>	<u> Name of Federal Program or Cluster </u>
14.235	Supportive Housing Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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

Arlington Street People's Assistance Network

Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2013

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2013 audit.

Section II – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the 2013 audit.

Arlington Street People's Assistance Network

Schedule of Prior Audit Findings
For the Year Ended June 30, 2013

There were no findings or questioned costs reported for the 2012 audit.