

**Arlington Street People's Assistance Network**

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

June 30, 2015 and 2014

# Arlington Street People's Assistance Network

Financial Statements  
June 30, 2015 and 2014

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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, 2015 and 2014; the related statements of activities, functional expenses, and cash flows 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, 2015 and 2014, 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 October 19, 2015, 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.



Vienna, Virginia  
October 19, 2015

## Arlington Street People's Assistance Network

### Statements of Financial Position June 30, 2015 and 2014

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 848,637	\$ 711,036
Grants receivable	127,676	100,234
Pledges receivable	27,018	26,123
Investments	59,946	58,369
Prepaid expenses	13,526	11,022
Property and equipment, net	75,448	43,547
Security deposit	2,200	2,200
Total assets	<u>\$ 1,154,451</u>	<u>\$ 952,531</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	<u>\$ 155,754</u>	<u>\$ 96,415</u>
Total liabilities	<u>155,754</u>	<u>96,415</u>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	153,647	241,384
Board-designated	<u>689,586</u>	<u>552,730</u>
Total unrestricted	843,233	794,114
Temporarily restricted	<u>155,464</u>	<u>62,002</u>
Total net assets	<u>998,697</u>	<u>856,116</u>
Total liabilities and net assets	<u>\$ 1,154,451</u>	<u>\$ 952,531</u>

See accompanying notes.

## Arlington Street People's Assistance Network

Statement of Activities  
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Contributions	\$ 587,488	\$ 171,510	\$ 758,998
Grants	716,804	-	716,804
Contract services	1,107,777	-	1,107,777
In-kind contributions	170,732	-	170,732
Special events	123,287	-	123,287
Investment income	5,631	-	5,631
Miscellaneous	6,799	-	6,799
Released from restrictions	78,048	(78,048)	-
<b>Total revenue and support</b>	<b>2,796,566</b>	<b>93,462</b>	<b>2,890,028</b>
<b>Expenses</b>			
Program services:			
Day program	869,060	-	869,060
PSH	747,896	-	747,896
Emergency Winter Shelter	454,826	-	454,826
Other housing	329,145	-	329,145
Volunteer	131,317	-	131,317
<b>Total program services</b>	<b>2,532,244</b>	<b>-</b>	<b>2,532,244</b>
Supporting services:			
Management and general	81,093	-	81,093
Fundraising	116,018	-	116,018
Cost of direct benefits to donors	18,092	-	18,092
<b>Total supporting services</b>	<b>215,203</b>	<b>-</b>	<b>215,203</b>
<b>Total expenses</b>	<b>2,747,447</b>	<b>-</b>	<b>2,747,447</b>
<b>Change in Net Assets</b>	<b>49,119</b>	<b>93,462</b>	<b>142,581</b>
<b>Net Assets, beginning of year</b>	<b>794,114</b>	<b>62,002</b>	<b>856,116</b>
<b>Net Assets, end of year</b>	<b>\$ 843,233</b>	<b>\$ 155,464</b>	<b>\$ 998,697</b>

See accompanying notes.

## Arlington Street People's Assistance Network

Statement of Activities  
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Contributions	\$ 645,772	\$ 87,914	\$ 733,686
Grants	729,033	-	729,033
Contract services	679,903	-	679,903
In-kind contributions	183,963	-	183,963
Special events	88,516	-	88,516
Investment income	10,356	-	10,356
Miscellaneous	12,408	-	12,408
Released from restrictions	62,644	(62,644)	-
<b>Total revenue and support</b>	<b>2,412,595</b>	<b>25,270</b>	<b>2,437,865</b>
<b>Expenses</b>			
Program services:			
Day program	635,139	-	635,139
PSH	758,244	-	758,244
Emergency Winter Shelter	410,309	-	410,309
Volunteer	135,919	-	135,919
Transitional employment	80,576	-	80,576
<b>Total program services</b>	<b>2,020,187</b>	<b>-</b>	<b>2,020,187</b>
Supporting services:			
Management and general	122,755	-	122,755
Fundraising	122,412	-	122,412
Cost of direct benefits to donors	7,593	-	7,593
<b>Total supporting services</b>	<b>252,760</b>	<b>-</b>	<b>252,760</b>
<b>Total expenses</b>	<b>2,272,947</b>	<b>-</b>	<b>2,272,947</b>
<b>Change in Net Assets</b>	<b>139,648</b>	<b>25,270</b>	<b>164,918</b>
<b>Net Assets, beginning of year</b>	<b>654,466</b>	<b>36,732</b>	<b>691,198</b>
<b>Net Assets, end of year</b>	<b>\$ 794,114</b>	<b>\$ 62,002</b>	<b>\$ 856,116</b>

See accompanying notes.

**Arlington Street People's Assistance Network**

Statement of Functional Expenses  
For the Year Ended June 30, 2015

	Program Services						Supporting Services			Total
	Day Program	PSH	Emergency Winter Shelter	Other Housing	Volunteer	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 516,033	\$ 252,772	\$ 382,604	\$ 212,487	\$ 105,336	\$ 1,469,232	\$ 52,565	\$ 86,168	\$ 138,733	\$ 1,607,965
Supplies and food	98,179	3,691	55,163	924	2,304	160,261	4,325	2,241	6,566	166,827
Rent	30,637	846	-	141	353	31,977	392	182	574	32,551
Professional fees	15,131	11,946	1,950	3,012	5,351	37,390	2,565	8,553	11,118	48,508
Supportive services	157,102	446,664	7,902	105,159	1,886	718,713	-	-	-	718,713
Depreciation and amortization	6,784	5,356	-	1,250	2,499	15,889	714	1,250	1,964	17,853
Insurance	6,527	5,153	-	1,202	2,405	15,287	687	1,202	1,889	17,176
Telephone	6,508	2,466	1,085	1,971	1,256	13,286	793	665	1,458	14,744
Training	257	203	500	47	95	1,102	2,046	97	2,143	3,245
Printing	3,857	2,424	-	566	1,131	7,978	882	7,043	7,925	15,903
Utilities	3,252	2,543	781	593	1,119	8,288	338	593	931	9,219
Advertising	947	-	181	-	445	1,573	105	2,779	2,884	4,457
Repairs and maintenance	7,786	2,995	955	616	1,360	13,712	502	680	1,182	14,894
Miscellaneous	-	-	-	-	-	-	3,800	-	3,800	3,800
Postage	342	371	-	42	84	839	62	1,020	1,082	1,921
Dues and subscriptions	761	873	715	96	3,879	6,324	9,323	1,914	11,237	17,561
Taxes and licenses	4,761	2,025	-	310	319	7,415	406	160	566	7,981
Office expense	5,503	5,841	35	502	1,355	13,236	1,172	1,219	2,391	15,627
Travel	4,693	1,727	2,955	227	140	9,742	416	252	668	10,410
Costs of direct benefit to donors	-	-	-	-	-	-	-	18,092	18,092	18,092
<b>Total Expenses</b>	<b>\$ 869,060</b>	<b>\$ 747,896</b>	<b>\$ 454,826</b>	<b>\$ 329,145</b>	<b>\$ 131,317</b>	<b>\$ 2,532,244</b>	<b>\$ 81,093</b>	<b>\$ 134,110</b>	<b>\$ 215,203</b>	<b>\$ 2,747,447</b>

See accompanying notes.



**Arlington Street People's Assistance Network**

Statement of Functional Expenses  
For the Year Ended June 30, 2014

	Program Services						Supporting Services			Total
	Day Program	PSH	Emergency Winter Shelter	Volunteer	Transitional Employment	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 346,644	\$ 247,612	\$ 383,191	\$ 103,366	\$ 62,318	\$ 1,143,131	\$ 108,046	\$ 91,983	\$ 200,029	\$ 1,343,160
Supplies and food	97,542	27,768	1,314	3,771	659	131,054	1,235	6,199	7,434	138,488
Rent	15,020	3,492	7,988	1,629	9,101	37,230	466	815	1,281	38,511
Professional fees	10,600	27,692	2,249	4,498	1,606	46,645	1,397	2,326	3,723	50,368
Supportive services	113,134	410,537	1,157	66	-	524,894	900	-	900	525,794
Depreciation and amortization	14,725	13,386	3,123	6,247	2,231	39,712	3,123	1,785	4,908	44,620
Insurance	5,603	5,094	1,189	2,377	849	15,112	679	1,188	1,867	16,979
Telephone	5,156	3,752	2,159	1,708	668	13,443	571	864	1,435	14,878
Training	3,620	6,480	785	1,697	575	13,157	1,094	1,224	2,318	15,475
Printing	4,933	3,667	856	1,711	611	11,778	489	3,164	3,653	15,431
Utilities	2,366	2,151	570	1,004	359	6,450	287	502	789	7,239
Advertising	105	-	-	150	70	325	-	1,736	1,736	2,061
Repairs and maintenance	4,205	-	233	-	-	4,438	-	-	-	4,438
Postage	205	248	121	85	30	689	143	888	1,031	1,720
Dues and subscriptions	619	408	275	2,562	68	3,932	1,830	3,864	5,694	9,626
Taxes and licenses	3,864	2,347	1,453	1,095	391	9,150	589	548	1,137	10,287
Office expense	2,676	3,248	1,405	2,810	1,037	11,176	1,567	5,259	6,826	18,002
Travel	4,122	362	2,241	1,143	3	7,871	339	67	406	8,277
Costs of direct benefit to donors	-	-	-	-	-	-	-	7,593	7,593	7,593
<b>Total Expenses</b>	<b>\$ 635,139</b>	<b>\$ 758,244</b>	<b>\$ 410,309</b>	<b>\$ 135,919</b>	<b>\$ 80,576</b>	<b>\$ 2,020,187</b>	<b>\$ 122,755</b>	<b>\$ 130,005</b>	<b>\$ 252,760</b>	<b>\$ 2,272,947</b>

See accompanying notes.

## Arlington Street People's Assistance Network

### Statements of Cash Flows For the Years Ended June 30, 2015 and 2014

	2015	2014
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 142,581	\$ 164,918
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,853	44,620
Loss (gain) on disposal of property and equipment	4,267	(1,064)
Net realized and unrealized loss (gains) on investments	154	(6,243)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(27,442)	(10,355)
Pledges receivable	(895)	23,979
Prepaid expenses	(2,504)	21,053
Increase in:		
Accounts payable and accrued expenses	59,339	8,570
Net cash provided by operating activities	193,353	245,478
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(1,731)	(1,258)
Purchases of property and equipment	(54,021)	(2,775)
Net cash used in investing activities	(55,752)	(4,033)
<b>Net Increase in Cash and Cash Equivalents</b>	137,601	241,445
<b>Cash and Cash Equivalents, beginning of year</b>	711,036	469,591
<b>Cash and Cash Equivalents, end of year</b>	\$ 848,637	\$ 711,036

*See accompanying notes.*

# Arlington Street People's Assistance Network

Notes to Financial Statements  
June 30, 2015 and 2014

## 1. Nature of Operations

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

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

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

## 2. Summary of Significant Accounting Policies

### Basis of Accounting and Presentation

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

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations. Included in unrestricted net assets at June 30, 2015 and 2014 is a Board-designated reserve in the amount of \$689,586 and \$552,730, 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, 2015 and 2014

### 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.

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

#### 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, 2015 and 2014

### 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 by program activities. These donations are recorded 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, 2015 and 2014

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

#### Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 19, 2015, the date the financial statements were available to be issued.

### **3. Concentrations of Risk**

#### Credit Risk

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

#### Revenue Risk

Approximately 59% and 51% the Organization's revenue and support was provided by the government of Arlington County, Virginia, and HUD for the years ended June 30, 2015 and 2014, respectively.

### **4. Investments and Fair Value Measurements**

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Code (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.

## Arlington Street People's Assistance Network

Notes to Financial Statements  
June 30, 2015 and 2014

### 4. Investments and Fair Value Measurements (continued)

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

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.

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>2015:</u>				
Investments:				
Agency funds	\$ -	\$ 59,946	\$ -	\$ 59,946
<u>2014:</u>				
Investments:				
Agency funds	\$ -	\$ 58,369	\$ -	\$ 58,369

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

	2015	2014
Interest and dividends	\$ 5,785	\$ 4,113
Net realized and unrealized (loss) gains	(154)	6,243
Total investment income	\$ 5,631	\$ 10,356

## Arlington Street People's Assistance Network

Notes to Financial Statements  
June 30, 2015 and 2014

### 5. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 164,771	\$ 164,771
Vehicles	127,792	77,188
Computer equipment	57,176	57,523
Office furniture and equipment	53,522	54,025
Computer software	<u>5,150</u>	<u>5,150</u>
Total property and equipment	408,411	358,657
Less: accumulated depreciation and amortization	<u>(332,963)</u>	<u>(315,110)</u>
Property and equipment, net	<u><u>\$ 75,448</u></u>	<u><u>\$ 43,547</u></u>

### 6. Line of Credit

The Organization maintains a \$150,000 revolving line of credit to finance short-term working capital needs. Borrowings under this facility are payable on demand, and are secured by a security interest in the Organization's assets. The line of credit requires payments of interest on a monthly basis equal to the Prime rate listed in the Wall Street Journal, plus 1.00%, but not less than 4.5%. There was no outstanding balance as of June 30, 2015 and 2014.

### 7. Temporarily Restricted Net Assets

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

	<u>2015</u>	<u>2014</u>
Opportunity Place	\$ 65,753	\$ 29,705
Building	50,000	-
Supportive Services	30,776	-
Housing	<u>8,935</u>	<u>32,297</u>
Total temporarily restricted net assets	<u><u>\$ 155,464</u></u>	<u><u>\$ 62,002</u></u>



## Arlington Street People's Assistance Network

Notes to Financial Statements  
June 30, 2015 and 2014

### 8. In-Kind Contributions

#### Donated Goods

Donated goods of \$167,513 and \$180,264 were received for the years ended June 30, 2015 and 2014, 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 \$3,219 and \$3,699 for the years ended June 30, 2015 and 2014, 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 \$37,597 and \$33,767 for the years ended June 30, 2015 and 2014, respectively, which are included in salaries and related expenses in the accompanying statements of functional expenses.

### 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. During 2015, the Organization provided the landlord sufficient notice and terminated the lease, effective September 30, 2015. On October 1, 2015, the Organization moved into new office space in Arlington, Virginia. The lease is on a month-to-month basis with no rental charges.

Expenses under the operating lease for the years ended June 30, 2015 and 2014 totaled \$32,551 and \$38,511, respectively.

## **Arlington Street People's Assistance Network**

Notes to Financial Statements  
June 30, 2015 and 2014

### **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, 2015 and 2014 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 reviewed all open tax years for all tax jurisdictions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

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

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**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, 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, 2015, 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 October 19, 2015.

***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.

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

Vienna, Virginia  
October 19, 2015

**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

***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, 2015. 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, 2015.

***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.



Vienna, Virginia  
October 19, 2015

**Arlington Street People's Assistance Network**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Agency or Pass- Through Grant Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
U.S. Department of Housing and Urban Development			
<i>Direct awards</i>			
Continuum of Care Program:			
Continuum of Care Program – InRoads	VA0089L3G001306	14.267	\$ 368,046
Continuum of Care Program – Open Doors 2	VA0235L3G001300	14.267	90,506
Continuum of Care Program – Homebound	VA0155L3G001202	14.267	36,173
Continuum of Care Program – Open Doors 3	VA0233L3G001300	14.267	15,272
Total Continuum of Care Program			<u>509,997</u>
Supportive Housing Program:			
Supportive Housing Program – Homebound	VA0155L3G001303	14.235	119,471
Supportive Housing Program – Opportunity Place	VA0091L3G001205	14.235	57,336
Total Supportive Housing Program			<u>176,807</u>
<i>Pass-through award</i>			
Arlington County Department of Community Planning, Housing and Development – Volunteer Enhancement Program	n/a	14.218	<u>30,000</u>
Total pass-through award			<u>30,000</u>
Total expenditures of federal awards			<u>\$ 716,804</u>

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



## **Arlington Street People's Assistance Network**

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

### **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.

### **2. Subrecipients**

The Organization did not provide any federal awards to subrecipients for the year ended June 30, 2015.

**Arlington Street People's Assistance Network**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

**Section I – Summary of Independent Auditors’ Results**

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***Federal Awards***

Internal control over the major program:

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

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

Any audit findings disclosed that are required to be reported in accordance with 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>
14.267	Continuum of Care 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, 2015

**Section II – Financial Statement Findings**

There were no financial statement findings reported during the 2015 audit.

**Section III – Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs reported during the 2015 audit.

**Arlington Street People's Assistance Network**

Schedule of Prior Audit Findings  
For the Year Ended June 30, 2015

There were no findings or questioned costs reported for the 2014 audit.