

FRIENDSHIP PLACE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2017 AND 2016

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Independent Auditor's Report

To the Board of Directors
Friendship Place
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Friendship Place, (a nonprofit organization), which comprise the statements of financial position as of September 30, 2017 and 2016, and 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 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.

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 Friendship Place as of September 30, 2017 and 2016, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018, on our consideration of Friendship Place'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 solely 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 effectiveness of Friendship Place's 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 Friendship Place's internal control over financial reporting and compliance.

Jane Murray & McQuade PA

Washington, DC
January 19, 2018

**FRIENDSHIP PLACE
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016**

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 794,612	\$ 1,283,948
Accounts receivable, net	1,542,016	1,005,982
Grants and pledges receivable, current portion, net of allowanc	596,630	336,975
Prepaid expenses	26,323	69,833
Total Current Assets	2,959,581	2,696,738
PROPERTY AND EQUIPMENT, NET	511,686	495,677
OTHER ASSETS		
Pledges receivable, net of current portion and discount	577,066	452,787
Restricted cash	111,783	81,104
Deposits	32,727	31,653
Total Other Assets	721,576	565,544
TOTAL ASSETS	\$ 4,192,843	\$ 3,757,959
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 156,409	\$ 76,810
Accrued expenses	387,492	424,646
Deferred revenue	253,263	829,876
Line of credit	276,870	311,435
Security deposit payable	111,785	81,104
Capital lease obligation, current portion	19,128	-
Notes payable, current portion	8,965	8,486
Total Current Liabilities	1,213,912	1,732,357
LONG TERM LIABILITIES		
Capital lease obligation, net of current portion	5,313	-
Notes payable, net of current portion	220,979	229,269
Deferred rent	24,954	-
Total Long Term Liabilities	251,246	229,269
Total Liabilities	1,465,158	1,961,626
NET ASSETS		
Unrestricted	1,238,427	748,189
Temporarily restricted	1,489,258	1,048,144
Total Net Assets	2,727,685	1,796,333
TOTAL LIABILITIES AND NET ASSETS	\$ 4,192,843	\$ 3,757,959

The accompanying notes are an integral part of these financial statements.

**FRIENDSHIP PLACE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 964,522	\$ 1,709,240	\$ 2,673,762
Fee for service income	5,616,193	-	5,616,193
Federal grants	3,624,401	-	3,624,401
Other income	9,869	-	9,869
Interest income	1,118	-	1,118
Net assets released from restrictions	1,268,126	(1,268,126)	-
Total Revenue and Support	<u>11,484,229</u>	<u>441,114</u>	<u>11,925,343</u>
EXPENSES			
Program Services:			
Veterans services	3,269,357	-	3,269,357
Permanent supportive housing	2,833,314	-	2,833,314
Rapid rehousing	1,947,437	-	1,947,437
Employment services	517,865	-	517,865
Welcome center	503,042	-	503,042
Youth services	187,946	-	187,946
Community engagement	55,898	-	55,898
Total Program Services	<u>9,314,859</u>	<u>-</u>	<u>9,314,859</u>
Supporting Services:			
Management and general	1,024,927	-	1,024,927
Fundraising	654,205	-	654,205
Total Supporting Services	<u>1,679,132</u>	<u>-</u>	<u>1,679,132</u>
Total Expenses	<u>10,993,991</u>	<u>-</u>	<u>10,993,991</u>
CHANGE IN NET ASSETS	490,238	441,114	931,352
NET ASSETS, beginning of year	<u>748,189</u>	<u>1,048,144</u>	<u>1,796,333</u>
NET ASSETS, end of year	<u><u>\$ 1,238,427</u></u>	<u><u>\$ 1,489,258</u></u>	<u><u>\$ 2,727,685</u></u>

The accompanying notes are an integral part of these financial statements.

**FRIENDSHIP PLACE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 845,425	\$ 1,262,807	\$ 2,108,232
Fee for service income	4,636,312	-	4,636,312
Federal grants	3,459,747	-	3,459,747
Other income	8,017	-	8,017
Interest income	518	-	518
Net assets released from restrictions	1,020,560	(1,020,560)	-
Total Revenue and Support	9,970,579	242,247	10,212,826
EXPENSES			
Program Services:			
Veterans services	2,989,132	-	2,989,132
Permanent supportive housing	2,748,179	-	2,748,179
Rapid rehousing	1,411,775	-	1,411,775
Employment services	487,792	-	487,792
Welcome center	480,225	-	480,225
Youth services	148,135	-	148,135
Community engagement	72,346	-	72,346
Total Program Services	8,337,584	-	8,337,584
Supporting Services:			
Management and general	931,184	-	931,184
Fundraising	587,885	-	587,885
Total Supporting Services	1,519,069	-	1,519,069
Total Expenses	9,856,653	-	9,856,653
CHANGE IN NET ASSETS	113,926	242,247	356,173
NET ASSETS, beginning of year	634,263	805,897	1,440,160
NET ASSETS, end of year	\$ 748,189	\$ 1,048,144	\$ 1,796,333

The accompanying notes are an integral part of these financial statements.

**FRIENDSHIP PLACE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017**

	PROGRAM SERVICES							SUPPORTING SERVICES				
	Veterans Services	Permanent Supportive Housing	Rapid Rehousing	Employment Services	Welcome Center	Youth Services	Community Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 1,190,179	\$ 1,659,886	\$ 782,717	\$ 272,777	\$ 263,811	\$ 121,792	\$ 47,442	\$ 4,338,604	\$ 585,780	\$ 360,153	\$ 945,933	\$ 5,284,537
Payroll taxes	97,410	132,248	64,895	22,502	27,878	7,262	1,482	353,677	38,362	31,731	70,093	423,770
Employee benefits	141,074	193,318	83,892	28,287	23,129	12,761	949	483,410	46,758	28,512	75,270	558,680
Pension expense	40,564	23,679	13,618	4,089	8,235	791	306	91,282	24,342	14,899	39,241	130,523
Total Personnel	1,469,227	2,009,131	945,122	327,655	323,053	142,606	50,179	5,266,973	695,242	435,295	1,130,537	6,397,510
Accounting services	-	-	-	-	-	-	-	-	29,500	-	29,500	29,500
Bad debt	-	17,028	-	-	-	-	-	17,028	-	-	-	17,028
Bank fees and licenses	-	-	-	-	-	-	-	-	-	4,251	4,251	4,251
Client assistance	1,580,838	478,414	765,736	42,226	37,525	38,069	-	2,942,808	-	-	-	2,942,808
Conference and workshops	1,267	2,012	1,250	24,161	3,064	537	3,045	35,336	14,384	39,365	53,749	89,085
Depreciation and amortization	1,556	4,836	3,340	2,304	36,179	-	-	48,215	-	4,360	4,360	52,575
Dues and subscriptions	-	100	-	176	-	-	-	276	678	1,536	2,214	2,490
Equipment leases	18,497	10,517	18,679	9,953	6,967	119	142	64,874	20,832	5,343	26,175	91,049
Insurance	2,550	-	-	-	-	-	-	2,550	48,937	-	48,937	51,487
Interest	-	216	7,605	-	12,769	-	-	20,590	4,103	3,973	8,076	28,666
Occupancy	72,701	86,558	110,383	58,351	14,368	3,538	-	345,899	52,053	29,098	81,151	427,050
Postage and printing	816	809	430	664	220	-	766	3,705	1,506	45,753	47,259	50,964
Professional fees	6,535	64,805	17,996	28,728	39,569	1,000	1,290	159,923	114,844	66,203	181,047	340,970
Recruiting and background checks	855	2,456	450	473	635	-	-	4,869	4,237	990	5,227	10,096
Supplies	10,995	12,250	16,104	12,581	12,201	540	-	64,671	12,364	5,430	17,794	82,465
Other	1,223	12,032	-	2,307	3,376	32	18	18,988	4,641	7,111	11,752	30,740
Telephone, internet, and cable	26,637	41,310	19,284	4,153	7,735	922	99	100,140	12,354	3,390	15,744	115,884
Travel	75,660	90,840	41,058	4,133	5,381	583	359	218,014	9,252	2,107	11,359	229,373
Total Expenses	<u>\$ 3,269,357</u>	<u>\$ 2,833,314</u>	<u>\$ 1,947,437</u>	<u>\$ 517,865</u>	<u>\$ 503,042</u>	<u>\$ 187,946</u>	<u>\$ 55,898</u>	<u>\$ 9,314,859</u>	<u>\$ 1,024,927</u>	<u>\$ 654,205</u>	<u>\$ 1,679,132</u>	<u>\$ 10,993,991</u>

The accompanying notes are an integral part of these financial statements.

**FRIENDSHIP PLACE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016**

	PROGRAM SERVICES							SUPPORTING SERVICES				
	Veterans Services	Permanent Supportive Housing	Rapid Rehousing	Employment Services	Welcome Center	Youth Services	Community Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 1,169,921	\$ 1,657,345	\$ 574,517	\$ 249,487	\$ 240,456	\$ 99,373	\$ 34,763	\$ 4,025,862	\$ 537,906	\$ 383,927	\$ 921,833	\$ 4,947,695
Payroll taxes	94,366	129,569	45,299	19,911	25,188	6,640	3,010	323,983	36,409	30,045	66,454	390,437
Employee benefits	140,108	180,777	53,489	26,356	30,445	4,403	2,457	438,035	39,527	34,947	74,474	512,509
Pension expense	35,013	13,405	4,824	5,010	6,600	-	-	64,852	18,586	14,881	33,467	98,319
Total Personal	<u>1,439,408</u>	<u>1,981,096</u>	<u>678,129</u>	<u>300,764</u>	<u>302,689</u>	<u>110,416</u>	<u>40,230</u>	<u>4,852,732</u>	<u>632,428</u>	<u>463,800</u>	<u>1,096,228</u>	<u>5,948,960</u>
Accounting services	-	-	-	-	-	-	-	-	17,258	-	17,258	17,258
Bad debt	-	8,629	-	-	-	-	-	8,629	-	-	-	8,629
Bank fees and licenses	-	-	-	-	-	-	-	-	-	5,139	5,139	5,139
Client assistance	1,316,720	449,470	632,401	104,591	31,653	21,894	26	2,556,755	-	-	-	2,556,755
Conference and workshops	1,772	3,189	523	2,755	1,799	115	17,635	27,788	7,581	27,822	35,403	63,191
Depreciation and amortization	-	4,433	-	-	28,562	3,672	-	36,667	-	-	-	36,667
Dues and subscriptions	1,210	192	75	75	-	-	-	1,552	398	1,249	1,647	3,199
Equipment leases	11,384	23,840	7,685	6,104	8,838	2,255	-	60,106	9,882	1,478	11,360	71,466
Insurance	4,631	7,911	-	-	-	-	-	12,542	38,026	-	38,026	50,568
Interest	-	288	-	-	13,339	-	-	13,627	8,975	-	8,975	22,602
Occupancy	67,577	64,617	26,912	48,897	15,238	6,897	-	230,138	54,010	2,094	56,104	286,242
Postage and printing	1,714	1,512	354	494	469	368	4,443	9,354	802	42,226	43,028	52,382
Professional fees	8,337	57,959	9,707	4,562	40,151	50	4,078	124,844	118,436	31,741	150,177	275,021
Recruiting and background checks	270	711	440	60	254	187	10	1,932	2,690	429	3,119	5,051
Supplies	10,481	10,024	4,755	3,279	13,351	935	665	43,490	7,460	2,605	10,065	53,555
Other	7,012	9,391	-	1,067	5,895	20	3,469	26,854	9,188	4,073	13,261	40,115
Telephone, internet, and cable	25,746	42,186	12,833	4,574	12,056	1,078	454	98,927	15,874	2,236	18,110	117,037
Travel	92,870	82,731	37,961	10,570	5,931	248	1,336	231,647	8,176	2,993	11,169	242,816
Total Expenses	<u>\$ 2,989,132</u>	<u>\$ 2,748,179</u>	<u>\$ 1,411,775</u>	<u>\$ 487,792</u>	<u>\$ 480,225</u>	<u>\$ 148,135</u>	<u>\$ 72,346</u>	<u>\$ 8,337,584</u>	<u>\$ 931,184</u>	<u>\$ 587,885</u>	<u>\$ 1,519,069</u>	<u>\$ 9,856,653</u>

The accompanying notes are an integral part of these financial statements.

FRIENDSHIP PLACE
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 931,352	\$ 356,173
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	52,575	36,667
Amortization of deferred financing costs	216	288
Decrease (increase) in:		
Grants and accounts receivable	(536,034)	(460,416)
Pledges receivable, net	(383,934)	(98,534)
Prepaid expenses	43,510	(21,311)
Restricted cash	(30,679)	(39,210)
Deposits	(1,074)	(9,548)
Increase (decrease) in:		
Accounts payable	79,599	(57,263)
Accrued expenses	(37,154)	(79,043)
Deferred revenue	(576,613)	779,876
Security deposit payable	30,681	39,210
Deferred rent	24,954	-
Net Cash (Used for) Provided by Operating Activities	(402,601)	446,889
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(44,143)	(48,624)
Net Cash Used for Investing Activities	(44,143)	(48,624)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Draws on line of credit	1,585,000	1,056,177
Payments on line of credit	(1,619,565)	(924,742)
Principal payment of notes payable	(8,027)	(7,457)
Net Cash (Used for) Provided by Financing Activities	(42,592)	123,978
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(489,336)	522,243
 CASH AND CASH EQUIVALENTS, beginning of year	1,283,948	761,705
 CASH AND CASH EQUIVALENTS, end of year	\$ 794,612	\$ 1,283,948
 SUPPLEMENTARY INFORMATION		
Cash paid for interest	\$ 28,450	\$ 22,314
 SUPPLEMENTAL DISCLOSURE OF NON CASH INFORMATION		
Acquisition of equipment under capital lease	\$ 28,128	\$ -

The accompanying notes are an integral part of these financial statements.

**FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE A - ORGANIZATION AND PROGRAM DESCRIPTIONS

Friendship Place is a leader in the Washington, DC, metro area in developing solutions to homelessness that have measurable results and a lasting impact. The organization's mission is to empower people who are experiencing or at risk of homelessness to attain stable housing and rebuild their lives. Friendship Place helped more than 3,500 and 2,900 people in the years ended September 30, 2017 and 2016, respectively, with comprehensive, wraparound services that included street outreach, drop-in, free medical and psychiatric services, job placement, case management, transitional shelter, rapid rehousing, homelessness prevention, permanent supportive housing, and specialized services for families, youth and veterans.

Program Descriptions

Veterans Services:

Veterans First: Provides short-term, intensive case management and rental assistance to help homeless veterans and their families get back into housing quickly and to prevent homelessness for veteran households at risk of eviction. The program targets extremely low-income households (less than 30 percent of the Area Median Income) and serves the District of Columbia and eight surrounding counties in Maryland and Virginia. During the year ended September 30, 2017, 744 households were served (encompassing 1,017 total family members); of those who exited the program during the year, 87 percent graduated to stable permanent housing.

Families First: A pilot project in Prince George's County, Maryland, that helps veteran families transition from homelessness into housing and then empowers them to increase their household income by connecting them to jobs or educational opportunities. During the year ended September 30, 2017, 78 people in 20 families were served; of 13 families who exited the program during the year, 12 graduated successfully to stable permanent housing.

Permanent Supportive Housing ("PSH"):

Friendship Place is a leading DC provider of PSH for highly vulnerable, chronically homeless individuals and families. The PSH programs are based on a low-barrier, Housing First service model and include scattered-site apartments, a group home for five women and an apartment building for 40 men. Case managers help participants transition directly from homelessness into housing and then provide long-term support to address the full range of their needs and empower them to achieve personal goals for recovery, wellness, self-sufficiency and integration into the community. During the year ended September 30, 2017, 124 families (encompassing 380 total family members) and 281 individuals were housed, with a housing retention rate of 99 percent.

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE A - ORGANIZATION AND PROGRAM DESCRIPTIONS - continued

Program Descriptions - continued

Rapid Rehousing (“RRH”):

Rapid Rehousing serves people experiencing homelessness or at imminent risk of eviction who need just short-term support to get back on their feet. In addition to providing temporary rental assistance, RRH helps people stabilize their income through benefits or employment, create sustainable budgets, find and move into housing, and connect with whatever services they will need for long-term housing stability. During the year ended September 30, 2017, Friendship Place’s RRH helped 15 families and 187 individuals attain stable housing.

Family Connect: New in August 2017, Family Connect targets homeless and at-risk families who fall through the cracks in the region’s existing housing services, providing comprehensive, individualized case management with a focus on housing and job placement, and with the goal of helping each family attain stable, sustainable permanent housing. During the year ended September 30, 2017, 9 families (encompassing 32 total family members) were enrolled in services.

Employment Services (Formerly Job Placement):

AimHire: Empowers homeless and at-risk adults to secure stable employment and housing, through individualized, person-centered, wraparound services. The program addresses the needs of people with significant barriers to employment and housing, such as criminal records, histories of substance abuse or mental illness, spotty work histories, and poor credit and rental records. During the year ended September 30, 2017, 69 people were placed into jobs, with a 3-month retention rate of 83 percent.

Other Employment Services: Job placement services that are integrated into Friendship Place’s other programs placed an additional 221 people into jobs during the year ended September 30, 2017.

Welcome Center:

Street Outreach: Friendship Place conducts Street Outreach to men and women experiencing homelessness in upper Northwest DC, with a special focus on the hardest-to-serve – those who have been on the streets for an extended period of time, who have

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE A - ORGANIZATION AND PROGRAM DESCRIPTIONS - continued

Program Descriptions - continued

Welcome Center: - continued

mental health and/or substance abuse issues, and who are disconnected from DC's continuum of care. During the year ended September 30, 2017, 97 individuals were served.

Drop-in: At Friendship Place's Welcome Center, visitors can help themselves to a cup of coffee, a meal, and free necessities such as toiletries, Metro passes, undergarments, and rain ponchos. Visitors can also use the phone or a computer, take a shower or do laundry, receive mail, and meet with a case manager to take steps to rebuild their lives. During the year ended September 30, 2017, 996 individuals received 7,484 total units of service, including 227 who received assistance successfully obtaining vital documents.

Free Clinic: Anyone who comes through the door of Friendship Place's Welcome Center can get free access to a doctor, nurse or psychiatrist. There are no insurance or even ID requirements, and same-day appointments are available. During the year ended September 30, 2017, 612 consultations were provided.

Transitional Housing and Shelters: In partnership with area congregations, Friendship Place operates four small transitional shelters where residents may stay while they work with a case manager toward their own goals for permanent housing and self-sufficiency. During the year ended September 30, 2017, 28 individuals were served.

Access to Housing: Friendship Place staff can help visitors access housing services anywhere in the District, not just at Friendship Place. During the year ended September 30, 2017, staff conducted housing assessments for 802 individuals and entered them into DC's Coordinated Entry System.

Youth Services:

Before Thirty: Provides individualized, person-centered, and developmentally-informed supportive services and counseling to homeless and at-risk 17-to-29 year-olds. During the year ended September 30, 2017, 66 young people were served, with 22 placed in housing and 22 connected to job opportunities.

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE A - ORGANIZATION AND PROGRAM DESCRIPTIONS - continued

Program Descriptions - continued

Youth Services: - continued

Youth Connect: Outreaches to youth between the ages of 18 and 24 who are economically or emotionally detached from their families and are homeless, unstably housed, living in doubled-up circumstances, in transitional housing, in shelter, or on the street. During the year ended September 30, 2017, 286 youth were served.

Volunteer and Community Engagement:

Friendship Place actively solicits the support of volunteers. During the year ended September 30, 2017, more than 300 people provided volunteer service in every program and at every level of the organization. Our community engagement program also involves community members in advocacy for positive solutions to homelessness at the Federal and DC levels and coordinates a speakers' bureau that offers educational presentations to community groups.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows Financial Standards Accounting Board ("FASB") Accounting Standards Codification ("ASC") Topic *Not-for-Profit-Entities*. In accordance with the topic, Friendship Place is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of Friendship Place and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. During November 2016, the board of directors established a reserve for operations. Of unrestricted net assets at September 30, 2017, \$666,000 was designated by the board for operating reserves.

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of Friendship Place and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Friendship Place. Friendship Place had no permanently restricted net assets as of September 30, 2017 and 2016.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, Friendship Place considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Friendship Place maintains its cash balances in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the accounts may exceed these limits. However, Friendship Place has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on uninsured cash and cash equivalents.

Pledges Receivable

Friendship Place receives multi-year pledges to support the mission that are recorded as receivables and revenue when pledged. These pledges are discounted to their present value using risk free rates and an allowance for doubtful accounts has been recorded. The allowance is based on management's experience with the collectability of the pledges.

Grants and Accounts Receivable

Grants and accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of September 30, 2017 and 2016, the allowance for doubtful accounts totaled \$6,464 and \$7,596, respectively.

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

Property and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful lives of the assets, ranging from five to thirty-one years. Friendship Place capitalizes all expenditures for property and equipment over \$1,000. Leasehold improvements are amortized over the shorter of the lease term or asset life. Minor repairs and maintenance to buildings are charged to expense when incurred.

Deferred Financing Costs

Costs incurred in the issuance of debt have been capitalized and are reported on the statement of financial position as a direct deduction from the related debt liability. Deferred financing costs are amortized as interest expense using the straight-line method over the remaining period of the debt, which approximates the effective interest method.

Restricted Cash

Restricted cash consists of deposits held by Friendship Place on behalf of clients that lease space through Friendship Place.

Deferred Revenue

Deferred revenue represents funds received in the current fiscal year, which recognition is deferred until the next fiscal year in which the service is provided.

Revenue Recognition

Unconditional pledges and contributions are recorded as revenue in the year notification is received from the donor. Fee income and event revenue are recognized as revenue when services are performed or when the events occur. Federal awards are recognized as revenue to the extent allowable expenditures have been incurred.

Friendship Place receives revenue from government grants and contracts that are subject to inspection and audit by the appropriate funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. Friendship Place is of the opinion that disallowance, if any, arising from such audits will not have a material effect on the financial statements. Friendship Place has no provision for possible disallowance of program costs on its financial statements.

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Expense Allocation

The costs of providing various program and supporting services have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services that benefited from such costs. During 2016 management made a decision to no longer allocate administrative salaries to grant programs on the external financial statements.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and certain reported amounts of the revenue and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Reclassification

Certain items in the 2016 financial statements have been reclassified to conform to the 2017 presentation. The reclassification had no effect on the previously reported net assets or change in net assets.

NOTE C - INCOME TAXES

Friendship Place is recognized as exempt from federal income tax, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Friendship Place believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

Friendship Place's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. Friendship Place's information returns for the fiscal years 2013 through 2015 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE D – PLEDGES RECEIVABLE

Friendship Place has received unconditional pledges to give in future years which have been reduced to the present value of the pledges in accordance with accounting principles generally accepted in the United States of America.

Expected receipts from pledges are due as follows:

	2017	2016
In one year or less	\$ 598,522	\$ 428,561
Between one year and five years	549,479	476,777
Thereafter	191,346	10,526
	1,339,347	915,864
Less: allowance for doubtful accounts	(121,930)	(91,586)
Less: present value discounts at 2%	(43,721)	(34,516)
	\$ 1,173,696	\$ 789,762

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30:

	2017	2016
Land	\$ 95,225	\$ 95,225
Building	380,902	380,902
Building improvements	509,453	468,997
Equipment, furniture and fixtures	45,311	45,311
Equipment, capital leases	28,128	-
Automobiles	93,900	93,900
	1,152,919	1,084,335
Less: accumulated depreciation and amortization	(641,233)	(588,658)
Net Property and Equipment	\$ 511,686	\$ 495,677

Depreciation and amortization expense totaled \$52,575 and \$36,667, for the years ended September 30, 2017 and 2016, respectively.

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE F – LINE OF CREDIT

In May 2014, Friendship Place secured a line of credit for up to \$400,000 from PNC Bank. Interest on line of credit accrues at 0.7 percentage points over Wall Street published prime rate per annum. As of September 30, 2017 and 2016, the interest rate was 3.90% and 4.20%, respectively. The line of credit is secured by the second priority lien on the Welcome Center.

The line of credit consists of two periods, a draw period and a repayment period. During the draw period, Friendship Place will pay regular monthly payments of accrued interest. As long as there is no default of payments during the draw period, the draw period will end May 2021 and the repayment period will begin June 2021. As of September 30, 2017 and 2016, the outstanding principal balance on the line of credit was \$276,870 and \$311,435, respectively.

NOTE G - NOTES PAYABLE

In February 2012, Friendship Place received a modification for the property at 4713 Wisconsin Avenue, Washington, DC also called the, Welcome Center note dated May 2009, with PNC Bank whereby the rate of interest was reduced from 5.75% to 5.00% per annum. Monthly payments on this note including principal and interest per annum were \$1,941 until May 2014, when the remainder of the principal and any unpaid interest was due. This loan was secured by the first deed of trust on this building. The note was refinanced in May 2014.

In May 2014, Friendship Place refinanced the “Welcome Center” note dated May 2009, with PNC Bank for the principal amount of \$255,520, with a fixed interest rate of 5.25% per annum.

Monthly payments on this note including principal and interest are \$1,733 until May 2024, when the remainder of the principal and any unpaid interest will be due. This note is secured by the first deed of trust on the building. As of September 30, 2017 and 2016, the outstanding principal balance of the note was \$230,304 and \$238,331, respectively.

Future minimum payments on this note are as follows:

	2018	\$ 8,965
	2019	9,447
	2020	9,955
	2021	10,490
	2022	11,054
	Thereafter	180,393
		230,304
Less: deferred financing costs, net of accumulated amortization		(360)
		\$ 229,944

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE G - NOTES PAYABLE – continued

In prior years, Friendship Place reported deferred financing costs as a deferred charge in the statement of financial position and amortization of such costs in the statement of activities as depreciation and amortization. To comply with new GAAP presentation requirements, in 2017 Friendship Place began reporting such costs as a direct deduction from the carrying amount of the related debt and reclassified prior year amounts, resulting in a reduction of total September 30, 2016 assets by \$576. The change did not affect net assets.

Similarly, Friendship Place now reports amortization of deferred financing costs as interest expense and reclassified 2016 amounts accordingly. As a result, reported interest expense in 2016 was increased (and depreciation and amortization decreased) by \$288, with no effect on the change in net assets. The amortization of deferred financing costs as interest expense for the year ended September 30, 2017, was \$216.

Deferred financing costs net of accumulated amortization as of September 30, 2017 and 2016 totaled \$360 and \$576, respectively.

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

As of September 30, 2017 and 2016, temporarily restricted net assets were designated for the following:

	2017	2016
Homeless and residential	\$ 132,909	\$ 48,010
Homeless Veterans Initiative	38,188	25,373
Professional development	2,968	7,791
Youth programs	143,144	-
Client education	32,053	50,000
Housing (CHT)	50,683	68,678
Space planning (Share Fund)	19,783	41,658
Neighbors First (Welcome Center)	15,872	16,872
Time restricted pledges	1,053,658	789,762
	\$ 1,489,258	\$ 1,048,144

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE I – LEASE COMMITMENTS

Operating Leases

Friendship Place has entered into multiple long-term and annual leases for office space at various locations that have various expiration dates. The future commitments under these leases are as follows:

	3655 Calvert St.	Alexandria Suite A214	1033-35 Bladensburg Rd	5100 Wisconsin Ave.	Total
2018	\$ 38,400	\$ 5,500	\$ 151,141	\$ 110,089	\$ 305,130
2019	9,600	-	155,676	113,116	278,392
2010	-	-	160,346	116,227	276,573
2021	-	-	165,156	119,423	284,579
2022	-	-	27,660	30,471	58,131
Total	<u>\$ 48,000</u>	<u>\$ 5,500</u>	<u>\$ 659,979</u>	<u>\$ 489,326</u>	<u>\$ 1,202,805</u>

Occupancy expenses including utility payments totaled \$427,050 and \$286,242 for the years ended September 30, 2017 and 2016, respectively.

On August 8, 2016, Friendship Place entered into a lease for sixty two months for a location (commencing November 1, 2016) at 5100 Wisconsin Avenue, NW. Under the terms of the lease, Friendship Place is required to make monthly payments of \$8,948 starting November 1, 2016 which will be increased by 2.75% on each anniversary.

On October 11, 2016, a second lease was signed for five years for a location at Bladensburg Road, NE. Commencing October 2016, Friendship Place is required to pay for suites C3 and C4 \$5,425 per month and after possession of C1 and C2 the rent monthly rent will be \$12,288 which will be increased by 3% on each anniversary.

Capital Leases

Friendship Place is the lessee of office equipment under capital leases expiring in various years through January 2021. The assets and obligations under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. Amortization of capital leased equipment included in depreciation and amortization expense for the year ended September 30, 2017 totaled \$11,560. Accumulated amortization as of September 30, 2017 of capital leased equipment was \$11,560.

FRIENDSHIP PLACE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(continued)

NOTE I – LEASE COMMITMENTS - continued

Future minimum lease payments under the capital leases, as of September 30, 2017 are as follows:

	2018	\$	19,128
	2019		19,128
	2020		8,640
	2021		2,180
			49,076
Less interest			(24,635)
Capital Lease Obligation		\$	24,441

NOTE J - PENSION PLAN

In July 2000, Friendship Place adopted a 403(b) annuity retirement plan. Employees must have twelve consecutive months of service and must work at least twenty hours a week, or one thousand hours during the year, to be eligible for the matching contribution. Friendship Place may make a discretionary matching contribution that is determined by the board of directors. Employee deferrals that exceed seven percent of compensation will not be matched. For the years ended September 30, 2017 and 2016, Friendship Place matched 5% of compensation and pension expense totaled \$130,523 and \$98,319, respectively.

NOTE K – SUBSEQUENT EVENTS

In preparing these financial statements, Friendship Place’s management has evaluated events and transactions for potential recognition or disclosure through January 19, 2018, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.

REPORTS AND SCHEDULES REQUIRED BY THE UNIFORM GUIDANCE



**Independent Auditor's 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
Friendship Place
Washington, DC

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 Friendship Place (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 19, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Friendship Place'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 for expressing an opinion on the effectiveness of Friendship Place's internal control. Accordingly, we do not express an opinion on the effectiveness of Friendship Place'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 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 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.

To the Board of Directors
Friendship Place

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Friendship Place'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 and 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jane Marston & McQuade PA

Washington, DC
January 19, 2018



**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance
Required by the Uniform Guidance**

To the Board of Directors
Friendship Place
Washington, DC

Report on Compliance for Each Major Federal Program

We have audited Friendship Place's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Friendship Place's major federal programs for the year ended September 30, 2017. Friendship Place's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Friendship Place's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Friendship Place'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 each major federal program. However, our audit does not provide a legal determination of Friendship Place's compliance.

To the Board of Directors
Friendship Place

Opinion on Each Major Federal program

In our opinion, Friendship Place complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of Friendship Place is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Friendship Place's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Friendship Place'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.

To the Board of Directors
Friendship Place

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jane Marston & McQuade PA

Washington, DC
January 19, 2018

**FRIENDSHIP PLACE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2017**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grant Identification Number</u>	<u>Federal Expenditures</u>
U.S. Department of Veteran Affairs			
VA Supportive Services for Veteran Families Program	64.033		\$ 2,020,000
VA Supportive Services for Veteran Families Program	64.033		1,267,962
Total U.S. Department of Veteran Affairs			<u>3,287,962</u>
U.S. Department of Housing and Urban Development			
Pass-Through from The Community Partnership for the Prevention of Homelessness			
Supportive Housing Program, Bridges Project I	14.235	DC0005L3G001609	107,625
Supportive Housing Program, Bridges Project II	14.235	DC0005L3G001609	120,294
Supportive Housing Program, Shelter Plus Care	14.235	SS16-07-CCFP-SPC	108,520
Total U.S. Department of Housing and Urban Development			<u>336,439</u>
Total Expenditures of Federal Awards			<u>\$ 3,624,401</u>

The accompanying notes are in integral part of the Schedule of Expenditures of Federal Awards.

FRIENDSHIP PLACE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Friendship Place under programs of the federal government for the year ended September 30, 2017. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein, certain types of expenses are not allowable or are limited as to reimbursement. Friendship Places has elected to use the 10 percent de minimis indirect cost rate. Pass-through entity identifying numbers are presented where available.

**FRIENDSHIP PLACE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2017**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on the financial statements	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weakness?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Major program

Name of Federal Program:	VA Supportive Services for Veteran Families Program
CFDA Number	64.033
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

FRIENDSHIP PLACE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2017
(continued)

SECTION II – FINDING RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

SECTION IV – SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None