

Friendship Place

Financial Statements
Including Uniform Guidance Reports
and Independent Auditors' Report

September 30, 2019 and 2018

Friendship Place

Financial Statements
September 30, 2019 and 2018

Contents

Independent Auditors' Report.....	1-3
<i>Financial Statements</i>	
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10-24
<i>Supplementary Schedule and Reports Required by the Uniform Guidance</i>	
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 <i>Government Auditing Standards</i>	25-26
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	27-29
Schedule of Expenditures of Federal Awards.....	30
Notes to the Schedule of Expenditures of Federal Awards	31
Schedule of Findings and Questioned Costs.....	32-33
Corrective Action Plan.....	34
Schedule of Prior Audit Findings	35

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friendship Place

Report on the Financial Statements

We have audited the accompanying financial statements of Friendship Place, which comprise the statements of financial position as of September 30, 2019 and 2018; 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 controls 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 Friendship Place as of September 30, 2019 and 2018, 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.

Emphasis of Matter

As disclosed in Note 2 to the financial statements, Friendship Place adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The adoption of this standard resulted in the issuance of the statements of functional expenses, additional footnote disclosures, and changes to the classification of net assets. Our opinion is not modified with respect to this matter.

Supplementary and Other Information

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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2020, 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 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.

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

Vienna, Virginia
March 19, 2020

Friendship Place

Statements of Financial Position September 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 1,889,857	\$ 1,363,417
Accounts receivable	3,046	100,869
Grants receivable	547,191	796,963
Contributions receivable, net	621,061	846,619
Prepaid expenses	92,160	65,337
Deposits	33,441	28,645
Property and equipment, net	432,873	465,849
Total assets	<u>\$ 3,619,629</u>	<u>\$ 3,667,699</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 489,438	\$ 514,958
Security deposit payable	126,346	107,173
Capital lease obligation	1,631	14,415
Note payable	217,850	223,849
Deferred rent	57,953	59,229
Total liabilities	<u>893,218</u>	<u>919,624</u>
Net Assets		
Without donor restrictions	1,393,607	1,608,358
With donor restrictions	<u>1,332,804</u>	<u>1,139,717</u>
Total net assets	<u>2,726,411</u>	<u>2,748,075</u>
Total liabilities and net assets	<u>\$ 3,619,629</u>	<u>\$ 3,667,699</u>

See accompanying notes.

Friendship Place

Statement of Activities For the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,718,407	\$ 1,267,846	\$ 2,986,253
Federal grants	3,956,231	-	3,956,231
Fee for service income	3,256,449	-	3,256,449
Interest income	14,196	-	14,196
Other income	11,011	-	11,011
Released from restrictions	1,074,759	(1,074,759)	-
Total revenue and support	10,031,053	193,087	10,224,140
Expenses			
Program services:			
Veterans services	3,333,292	-	3,333,292
Permanent supportive housing	3,073,420	-	3,073,420
Rapid rehousing	140,159	-	140,159
Employment services	479,971	-	479,971
Welcome center	846,455	-	846,455
Youth services	343,279	-	343,279
Volunteer and community engagement	67,815	-	67,815
Total program services	8,284,391	-	8,284,391
Supporting services:			
Management and general	1,153,478	-	1,153,478
Fundraising	807,935	-	807,935
Total supporting services	1,961,413	-	1,961,413
Total expenses	10,245,804	-	10,245,804
Change in Net Assets	(214,751)	193,087	(21,664)
Net Assets, beginning of year	1,608,358	1,139,717	2,748,075
Net Assets, end of year	\$ 1,393,607	\$ 1,332,804	\$ 2,726,411

See accompanying notes.

Friendship Place

Statement of Activities For the Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 3,085,377	\$ 623,912	\$ 3,709,289
Federal grants	3,270,862	-	3,270,862
Fee for service income	4,074,313	-	4,074,313
Interest income	11,963	-	11,963
Other income	11,903	-	11,903
Released from restrictions	973,453	(973,453)	-
Total revenue and support	11,427,871	(349,541)	11,078,330
Expenses			
Program services:			
Veterans services	2,856,446	-	2,856,446
Permanent supportive housing	3,050,464	-	3,050,464
Rapid rehousing	1,565,034	-	1,565,034
Employment services	488,931	-	488,931
Welcome center	729,843	-	729,843
Youth services	204,868	-	204,868
Volunteer and community engagement	87,276	-	87,276
Total program services	8,982,862	-	8,982,862
Supporting services:			
Management and general	1,237,726	-	1,237,726
Fundraising	837,352	-	837,352
Total supporting services	2,075,078	-	2,075,078
Total expenses	11,057,940	-	11,057,940
Change in Net Assets	369,931	(349,541)	20,390
Net Assets, beginning of year	1,238,427	1,489,258	2,727,685
Net Assets, end of year	\$ 1,608,358	\$ 1,139,717	\$ 2,748,075

See accompanying notes.

Friendship Place

Statement of Functional Expenses
For the Year Ended September 30, 2019

	Program Services							Supporting Services				Total Expenses
	Veterans Services	Permanent Supportive Housing	Rapid Rehousing	Employment Services	Welcome Center	Youth Services	Volunteer and Community Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 1,160,844	\$ 1,896,147	\$ 32,843	\$ 258,307	\$ 391,013	\$ 232,900	\$ 52,641	\$ 4,024,695	\$ 715,198	\$ 461,587	\$ 1,176,785	\$ 5,201,480
Payroll taxes	98,224	153,841	2,815	21,452	39,213	16,395	4,442	336,382	58,808	37,298	96,106	432,488
Employee benefits	152,439	188,043	(6,940)	32,975	41,505	31,331	2,482	441,835	60,932	29,430	90,362	532,197
Pension expense	33,785	34,967	355	2,127	16,926	-	389	88,549	23,399	10,193	33,592	122,141
Total personnel	1,445,292	2,272,998	29,073	314,861	488,657	280,626	59,954	4,891,461	858,337	538,508	1,396,845	6,288,306
Accounting services	-	-	-	-	-	-	-	-	38,934	-	38,934	38,934
Bad debt	-	-	-	30,141	-	-	-	30,141	-	-	-	30,141
Bank fees and licenses	-	-	-	-	-	-	-	-	980	2,414	3,394	3,394
Client assistance	1,558,144	466,081	108,964	50,795	108,505	55,768	-	2,348,257	-	-	-	2,348,257
Conference and workshops	105	3,109	-	1,495	3,532	-	6,436	14,677	11,278	30,213	41,491	56,168
Depreciation and amortization	1,443	1,794	-	-	29,739	-	-	32,976	-	-	-	32,976
Dues and subscriptions	66	2,139	-	126	2,726	-	-	5,057	375	657	1,032	6,089
Equipment leases	31,671	16,427	-	10,009	29,245	761	-	88,113	8,013	10,871	18,884	106,997
Insurance	-	-	-	-	-	-	-	-	50,042	-	50,042	50,042
Interest	-	84	-	-	11,872	-	-	11,956	1,053	-	1,053	13,009
Occupancy	145,832	147,389	520	61,484	19,843	-	-	375,068	53,250	53,708	106,958	482,026
Postage and printing	1,944	3,879	-	6	1,343	-	-	7,172	3,981	55,978	59,959	67,131
Professional fees	36,435	66,812	-	1,515	124,550	257	1,202	230,771	83,717	82,584	166,301	397,072
Supplies	14,318	18,115	89	3,939	17,528	62	42	54,093	12,245	15,170	27,415	81,508
Other	-	-	-	-	-	-	-	-	104	10,774	10,878	10,878
Telephone, internet, and cable	24,143	35,165	816	5,006	5,703	2,855	81	73,769	15,172	4,243	19,415	93,184
Travel	73,899	39,428	697	594	3,212	2,950	100	120,880	15,997	2,815	18,812	139,692
Total Expenses	\$ 3,333,292	\$ 3,073,420	\$ 140,159	\$ 479,971	\$ 846,455	\$ 343,279	\$ 67,815	\$ 8,284,391	\$ 1,153,478	\$ 807,935	\$ 1,961,413	\$ 10,245,804

See accompanying notes.

Friendship Place

Statement of Functional Expenses
For the Year Ended September 30, 2018

	Program Services							Supporting Services			Total Expenses	
	Veterans Services	Permanent Supportive Housing	Rapid Rehousing	Employment Services	Welcome Center	Youth Services	Volunteer and Community Engagement	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 1,106,115	\$ 1,791,422	\$ 483,208	\$ 295,586	\$ 379,047	\$ 155,284	\$ 52,250	\$ 4,262,912	\$ 682,635	\$ 453,733	\$ 1,136,368	\$ 5,399,280
Payroll taxes	87,785	136,304	40,487	22,967	38,381	11,044	4,564	341,532	47,887	36,062	83,949	425,481
Employee benefits	137,398	193,095	32,674	16,666	45,615	12,483	6,727	444,658	73,961	32,878	106,839	551,497
Pension expense	37,711	27,235	11,314	4,034	14,160	-	450	94,904	24,468	13,710	38,178	133,082
Total personnel	1,369,009	2,148,056	567,683	339,253	477,203	178,811	63,991	5,144,006	828,951	536,383	1,365,334	6,509,340
Accounting services	-	20	-	-	-	-	-	20	30,900	-	30,900	30,920
Bank fees and licenses	-	-	-	-	2,502	-	-	2,502	8,529	5,119	13,648	16,150
Client assistance	1,273,511	515,805	818,362	56,290	70,458	20,547	-	2,754,973	-	-	-	2,754,973
Conference and workshops	-	2,270	542	1,504	5,114	149	10,911	20,490	12,010	29,122	41,132	61,622
Depreciation and amortization	-	4,433	-	-	36,395	-	-	40,828	12,588	-	12,588	53,416
Dues and subscriptions	-	-	-	-	1,450	-	-	1,450	673	-	673	2,123
Equipment leases	20,188	19,626	8,958	19,202	8,646	-	826	77,446	11,708	9,312	21,020	98,466
Insurance	-	-	-	-	-	-	-	-	48,387	-	48,387	48,387
Interest	-	-	-	-	12,937	-	-	12,937	678	-	678	13,615
Occupancy	71,249	125,840	100,774	58,889	36,388	-	-	393,140	74,851	51,776	126,627	519,767
Postage and printing	391	1,142	165	1,187	348	-	1,462	4,695	1,471	69,998	71,469	76,164
Professional fees	5,890	91,843	4,875	294	45,267	-	2,789	150,958	135,456	104,409	239,865	390,823
Supplies	10,397	15,485	6,624	4,842	15,845	1,651	5,605	60,449	12,846	14,523	27,369	87,818
Other	2,722	8,089	1,407	1,156	3,618	298	378	17,668	6,379	6,852	13,231	30,899
Telephone, internet, and cable	26,315	40,107	11,977	3,978	9,559	2,038	787	94,761	13,929	5,295	19,224	113,985
Travel	76,774	77,748	43,667	2,336	4,113	1,374	527	206,539	38,370	4,563	42,933	249,472
Total Expenses	\$ 2,856,446	\$ 3,050,464	\$ 1,565,034	\$ 488,931	\$ 729,843	\$ 204,868	\$ 87,276	\$ 8,982,862	\$ 1,237,726	\$ 837,352	\$ 2,075,078	\$ 11,057,940

See accompanying notes.

Friendship Place

Statements of Cash Flows For the Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (21,664)	\$ 20,390
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	32,976	53,416
Amortization of deferred financing costs	-	360
Change in allowance for contributions receivable	(27,095)	(23,092)
Change in discount for contributions receivable	(18,299)	101
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	97,823	592,146
Grants receivable	249,772	52,038
Contributions receivable	270,952	350,068
Prepaid expenses	(26,823)	(39,014)
Deposits	(4,796)	8,692
Increase (decrease) in:		
Accounts payable and accrued expenses	(25,520)	(28,943)
Deferred revenue	-	(253,263)
Security deposit payable	19,173	(4,612)
Deferred rent	(1,276)	34,275
	545,223	762,562
Net cash provided by operating activities		
Cash Flows from Investing Activity		
Purchases of property and equipment	-	(7,579)
	-	(7,579)
Net cash used in investing activity		
Cash Flows from Financing Activities		
Principal payments – capital lease obligation	(12,784)	(10,026)
Payments on line of credit	-	(276,870)
Principal payments – notes payable	(5,999)	(6,455)
	(18,783)	(293,351)
Net cash used in financing activities		
Net Increase in Cash and Cash Equivalents	526,440	461,632
Cash and Cash Equivalents, beginning of year	1,363,417	901,785
Cash and Cash Equivalents, end of year	\$ 1,889,857	\$ 1,363,417
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 12,925	\$ 13,615

See accompanying notes.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

1. Nature of Operations

Friendship Place is a leader in the Washington, DC, metro area in developing solutions to homelessness that have measurable results and a lasting impact. Friendship Place'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 3,305 and 3,770 people in the years ended September 30, 2019 and 2018, 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.

Friendship Place administers the following programs:

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% 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, 2019, 562 households were served (encompassing 740 total family members); of those who exited the program during the year, 89% graduated to stable permanent housing.

Families First: A 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, 2019, 87 people in 28 families were served, all of whom 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, 2019, 129 families (encompassing 617 total family members) and 347 individuals were housed, with a housing retention rate of 98%.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

1. Nature of Operations (continued)

Rapid Rehousing (RRH)

RRH 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. RRH ended during the year ended September 30, 2019.

Family Connect: 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. Family Connect ended during the year ended September 30, 2019.

Employment Services

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, 2019, 203 people were placed into jobs, with a 3-month retention rate of 85%.

Other Employment Services: Job placement services that are integrated into Friendship Place's other programs placed an additional 78 people into jobs during the year ended September 30, 2019.

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 mental health and/or substance abuse issues, and who are disconnected from DC's continuum of care. During the year ended September 30, 2019, 108 individuals were served.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

1. Nature of Operations (continued)

Welcome Center (continued)

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, 2019, 1,025 individuals received service, including 272 who received assistance to successfully obtain vital documents. Roughly 7,100 total service tasks were completed on behalf of these individuals.

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 is no insurance or even ID requirements, and same-day appointments are available. During the year ended September 30, 2019, 270 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, 2019, 19 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, 2019, staff conducted housing assessments for 470 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, 2019, 67 young people were served with 22 placed in housing.

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, 2019, 271 youth were served.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

1. Nature of Operations (continued)

Volunteer and Community Engagement

Friendship Place actively solicits the support of volunteers. During the year ended September 30, 2019, more than 970 people provided volunteer service in every program and at every level of the organization providing over 14,000 volunteer hours. The 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.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Friendship Place'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:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

For the purpose of the statements of cash flows, Friendship Place considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Restricted Cash

Restricted cash consists of deposits held by Friendship Place on behalf of clients that lease space through Friendship Place. Restricted cash totaled \$126,346 and \$107,173 at September 30, 2019 and 2018, respectively, and is included in cash and cash equivalents in the accompanying statements of financial position.

Accounts Receivable

Accounts receivable primarily represents amounts due from program operations and is recorded at net realizable value. Friendship Place writes off accounts receivable when they become uncollectible. When necessary, an allowance for uncollectible accounts receivable is determined based on management's best estimate of the outstanding uncollectible accounts. At September 30, 2019 and 2018, management deems all accounts receivable to be fully collectible, and no allowance for uncollectible accounts was established.

Grants Receivable

Grants receivable consists mainly of amounts to be reimbursed to Friendship Place for expenses incurred under its agreements with the U.S. Department of Veterans Affairs and the U.S. Department of Housing and Urban Development. The entire amount is expected to be collected within one year, and is recorded at net realizable value. At September 30, 2019 and 2018, management deems all grants receivable to be fully collectible, and no allowance for uncollectible accounts was established.

Contributions Receivable

Contributions receivable represent unconditional promises to be paid in future periods and are recorded at net present value. Contributions due in more than one year are discounted to present value based on management's estimate of the risk adjusted rate of return. Friendship Place provides an allowance for doubtful contributions using the allowance method, which is based on management's judgment considering historical information. Accounts are individually analyzed for collectability, and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the amounts are written off against the related allowance.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$5,000 and a projected useful 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 individual assets, which range from three to seven years. Leasehold improvements are stated at cost, and are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease. Repairs and maintenance costs are expensed as incurred.

Revenue Recognition

Contributions and grants, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor. Friendship Place reports them as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to one of Friendship Place's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, restrictions met in the same accounting period in which the related contribution was received are treated as net assets without donor restrictions.

Grants from both federal and private sources that are cost reimbursable in nature are recognized as revenue as the related expenditures are incurred. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Advances received from grantors prior to incurring the costs are recorded as refundable advances in the accompanying statements of financial position.

Fee for service income is recognized as revenue when services are performed.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred. Friendship Place did not have any advertising costs during the years ended September 30, 2019 and 2018.

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.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Friendship Place has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation had no impact on previously reported net assets.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in Friendship Place's fiscal year 2022.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, Friendship Place has evaluated events and transactions for potential recognition or disclosure through March 19, 2020, the date the financial statements were available to be issued.

3. Liquidity and Availability

Friendship Place strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As part of this liquidity management, Friendship Place invests cash in excess of daily requirements in various cash equivalents. As described in Note 7 to the financial statements, Friendship Place also has a committed line of credit in the amount of \$700,000, which it could draw upon in the event of an unanticipated liquidity need. There was no outstanding balance on this line of credit at both September 30, 2019 and 2018.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,889,857	\$ 1,363,417
Accounts receivable	3,046	100,869
Grants receivable	547,191	796,963
Contributions receivable, net	<u>621,061</u>	<u>846,619</u>
Total financial assets	3,061,155	3,107,868
Less: restricted by donors	<u>(1,332,804)</u>	<u>(1,139,717)</u>
Total available for general expenditures	<u>\$ 1,728,351</u>	<u>\$ 1,968,151</u>

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

4. Concentrations of Risk

Credit Risk

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

Receivable Risk

Friendship Place was owed \$310,650 and \$393,987 from two donors, which accounted for 43% and 40% of contributions receivable at September 30, 2019 and 2018, respectively.

Revenue Risk

During years ended September 30, 2019 and 2018, 39% and 30%, respectively, of Friendship Place's revenue and support was provided by federal grants. Any significant reduction in revenue and support may significantly impact Friendship Place's financial position and operations.

5. Contributions Receivable

Contributions receivable are promised as follows at September 30:

	<u>2019</u>	<u>2018</u>
Due in one year or less	\$ 241,213	\$ 301,115
Due in one to five years	435,000	580,603
Due in more than five years	<u>42,214</u>	<u>107,661</u>
Total contributions receivable	718,427	989,379
Less: allowance for doubtful accounts	(71,843)	(98,938)
Less: present value discount (at 2%)	<u>(25,523)</u>	<u>(43,822)</u>
Contributions receivable, net	<u>\$ 621,061</u>	<u>\$ 846,619</u>

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

6. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 95,225	\$ 95,225
Building	380,902	380,902
Building improvements	464,597	464,597
Leasehold improvements	52,435	52,435
Equipment, furniture, and fixtures	45,311	45,311
Equipment, capital lease	28,128	28,128
Automobiles	<u>93,900</u>	<u>93,900</u>
Total property and equipment	1,160,498	1,160,498
Less: accumulated depreciation	<u>(727,625)</u>	<u>(694,649)</u>
Property and equipment, net	<u>\$ 432,873</u>	<u>\$ 465,849</u>

7. Lines of Credit

In May 2014, Friendship Place secured a line of credit for up to \$400,000 from PNC Bank. Interest on the line of credit accrues at 0.7 percentage points over Wall Street published prime rate, per annum. The line of credit was secured by the second priority lien on the Welcome Center. The line of credit consisted of two periods, a draw period and a repayment period. During the draw period, Friendship Place paid regular monthly payments of accrued interest. As long as there was no default of payments during the draw period, the draw period would have ended May 2021 and the repayment period would have begun June 2021. During fiscal year 2018, Friendship Place paid off this line of credit and closed the line of credit account.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

7. Lines of Credit (continued)

In August 2018, Friendship Place secured a new line of credit with Capital One Bank in the amount of \$700,000, payable on demand. Amounts borrowed under this agreement bear a fixed interest rate of 5.0%. The line is collateralized by the assets of Friendship Place. There was no outstanding balance on this line of credit at both September 30, 2019 and 2018.

8. Note Payable

In August 2018, Friendship Place refinanced the note for the property at 4713 Wisconsin Avenue, NW, Washington, DC, dated May 2014, with Capital One Bank for the principal amount of \$255,000, with a fixed interest rate of 4.75% per annum. Monthly payments on this note, including principal and interest, are \$1,465 until June 2028, when the remainder of the principal and any unpaid interest is due. This note is secured by the first deed of trust on the building. The outstanding principal balance on the note was \$217,850 and \$223,849 at September 30, 2019 and 2018 respectively.

Future minimum payments on this note are as follows for the years ending September 30:

2020	\$	17,584
2021		17,584
2022		17,584
2023		17,584
2024		17,584
Thereafter		<u>206,718</u>
Total minimum notes payable		294,638
Less: amount representing interest		<u>(76,788)</u>
Total future minimum principal payments	\$	<u><u>217,850</u></u>

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

9. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at September 30:

	<u>2019</u>	<u>2018</u>
Purpose restricted:		
Homeless and residential	\$ 408,726	\$ 71,185
Homeless Veterans Initiative	55,407	17,979
Professional development	15,846	-
Youth programs	191,281	161,449
Client education	10,288	8,306
Housing (CHT)	-	18,883
Space planning (Share Fund)	5,195	15,296
Friendship Walk	25,000	-
Time restricted	<u>621,061</u>	<u>846,619</u>
Total net assets with donor restrictions	<u>\$ 1,332,804</u>	<u>\$ 1,139,717</u>

10. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, employee benefits, payroll taxes, conference and workshops, depreciation and amortization, dues and subscriptions, professional fees, occupancy, office expenses, interest, insurance, supplies, and other, which are allocated on the basis of estimates of time and effort.

11. Commitments and Contingencies

Operating Leases

In August 2016, Friendship Place entered into an agreement to lease office space at 5100 Wisconsin Avenue, NW location under the terms of an operating lease that commenced on November 1, 2016 and is set to expire on December 31, 2021. The terms of the lease include incentives in the form of a two-month rental abatement. The terms of the lease include fixed base rental payments of \$8,948 due monthly, with annual escalations of 2.75%.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

11. Commitments and Contingencies (continued)

Operating Leases (continued)

In October 2016, Friendship Place entered into an agreement to lease office space at Bladensburg Road, NE location under the terms of an operating lease that commenced on October 11, 2016 and is set to expire on October 11, 2021. The terms of the lease include fixed base rental payments of \$12,288 due monthly, with annual escalations of 3%.

In March 2019, Friendship Place entered into an agreement to lease office space at 1140 3rd Street, NE location under the terms of an operating lease that commenced on March 1, 2019 and is set to expire on March 31, 2022. The terms of the lease include incentives in the form of a half-month rental abatement of the first month's payment. The terms of the lease include fixed base rental payments of \$12,648 due monthly, with annual escalations of 4%.

The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is reflected as deferred rent in the accompanying statements of financial position.

Friendship Place also leases a number of residential properties that are used in their housing programs. These units are, in turn, utilized to provide temporary housing assistance in fulfillment of program objectives. All leases are operating leases and the original terms lease the space on a month-to-month basis.

Occupancy expenses under all leases totaled \$482,026 and \$519,767 for the years ended September 30, 2019 and 2018, respectively.

Friendship Place also leases certain office equipment under operating leases expiring through September 2021.

Future minimum payments under all operating leases are as follows for the years ending September 30:

2020	\$	447,197
2021		450,181
2022		<u>126,530</u>
Total minimum lease payments	\$	<u><u>1,023,908</u></u>

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

11. Commitments and Contingencies (continued)

Capital Leases

Friendship Place leases certain office equipment under capital leases expiring through November 2019. The total capitalized cost of \$28,128 under this lease is reflected in property and equipment and amortized on a straight-line basis over three years. Total accumulated amortization for the leased equipment was \$26,585 and \$17,202 at September 30, 2019 and 2018, respectively. Amortization expense for the leased equipment was \$9,383 for both years ended September 30, 2019 and 2018. The liability related to the capital lease is included in the accompanying statements of financial position.

Future minimum lease payments under the capital leases are as follows for the years ending September 30:

2020	\$	1,637
Less: amount representing interest		<u>(6)</u>
Net present value of minimum lease payments	\$	<u><u>1,631</u></u>

Federal Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants are closed out, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

12. Retirement Plan

Friendship Place maintains a 403(b)-annuity retirement plan for its employees. Friendship Place may make a discretionary employer matching contribution up to a specified dollar amount or percentage of a participating employee's compensation, as determined by the Board of Directors. Employees must complete twelve consecutive months of service and must have worked at least twenty hours a week, or one thousand hours during the year, to be eligible for the matching contribution. During the years ended September 30, 2019 and 2018, Friendship Place matched 5% of compensation and pension expense totaling \$122,141 and \$133,082, respectively.

Friendship Place

Notes to Financial Statements
September 30, 2019 and 2018

13. Income Taxes

Friendship Place is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended September 30, 2019 and 2018, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to Friendship Place are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated Friendship Place's tax positions and concluded that the financial statements do not include any uncertain tax positions.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**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
Friendship Place

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, which comprise the statement of financial position as of September 30, 2019; 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 March 19, 2020.

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 of 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 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 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 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
March 19, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Friendship Place

Report on Compliance for the 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 Friendship Place's major federal program for the year ended September 30, 2019. Friendship Place'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 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 compliance for Friendship Place's major federal program 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.

Auditor's Responsibility (continued)

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 Friendship Place's compliance.

Opinion on the 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 its major federal program for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of Friendship Place 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 Friendship Place's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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.

Report on Internal Control over Compliance (continued)

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia
March 19, 2020

Friendship Place

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Veterans Affairs				
VA Supportive Services for Veteran Families Program	64.033		\$ -	\$ 3,423,175
Total U.S. Department of Veteran Affairs			-	3,423,175
U.S. Department of Agriculture				
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537		-	156,645
Total U.S. Department of Agriculture			-	156,645
U.S. Department of Housing and Urban Development				
<i>Pass-Through From The Community Partnership for the Prevention of Homelessness:</i>				
Supportive Housing Program, Bridges Project I	14.235	DC0005L3G001811	-	180,183
Supportive Housing Program, Bridges Project II	14.235	DC0005L3G001609	-	61,685
Supportive Housing Program, Bridges Project III	14.235	DC100L3G001700	-	115,211
Supportive Housing Program, Shelter Plus Care	14.235	SS-16-07-CCFP-SPC	-	19,332
Total U.S. Department of Housing and Urban Development			-	376,411
Total Expenditures of Federal Awards			\$ -	\$ 3,956,231

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

Friendship Place

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2019

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Friendship Place under the programs of the federal government for the year ended September 30, 2019. The information in the SEFA is presented in accordance with the 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). Because the SEFA presents only a selected portion of the operations of Friendship Place, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Friendship Place.

2. **Summary of Significant Accounting Policies**

The expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*. The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

3. **Indirect Cost Rates**

Friendship Place has elected not to use the 10% *de minimis* indirect cost rate, which is allowed in accordance with the Uniform Guidance.

Friendship Place

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

Summary of 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 2 CFR section 200.516(a)? _____ Yes X No

Identification of the major program:

CFDA Number	Name of Federal Program or Cluster
64.033	VA Supportive Services for Veteran Families Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

Friendship Place

Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2019

Findings – Financial Statement Audit

There were no financial statement findings reported during the 2019 audit.

Findings and Questioned Costs – Major Federal Award Programs Audit

There were no federal award findings or questioned costs reported during the 2019 audit.

Friendship Place

Corrective Action Plan For the Year Ended September 30, 2019

There were no findings for the year ending September 30, 2019; therefore, a corrective action plan was not needed.

Friendship Place

Schedule of Prior Audit Findings
For the Year Ended September 30, 2019

There were no federal award findings or questioned costs reported for the 2018 audit.