

Friendship Place

Financial Statements
Including Uniform Guidance Reports
and Independent Auditors' Report

September 30, 2020 and 2019

Friendship Place

Financial Statements
September 30, 2020 and 2019

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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, 2020 and 2019; 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, 2020 and 2019, 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 discussed in Note 2 to the financial statements, Friendship Place adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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 February 26, 2021, 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
February 26, 2021

Friendship Place

Statements of Financial Position September 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 3,772,486	\$ 1,889,857
Accounts receivable	80,339	3,296
Grants receivable	1,041,158	546,941
Contributions receivable, net	475,698	621,061
Prepaid expenses	86,155	92,160
Deposits	33,441	33,441
Property and equipment, net	363,547	432,873
Total assets	<u>\$ 5,852,824</u>	<u>\$ 3,619,629</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 760,210	\$ 489,438
Refundable advances	38,239	-
Capital lease obligation	-	1,631
Loan payable – Paycheck Protection Program	466,207	-
Note payable	210,589	217,850
Security deposit payable	119,333	126,346
Deferred rent	28,276	57,953
Total liabilities	<u>1,622,854</u>	<u>893,218</u>
Net Assets		
Without donor restrictions	3,248,744	1,393,607
With donor restrictions	981,226	1,332,804
Total net assets	<u>4,229,970</u>	<u>2,726,411</u>
Total liabilities and net assets	<u>\$ 5,852,824</u>	<u>\$ 3,619,629</u>

See accompanying notes.

Friendship Place

Statement of Activities For the Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 2,937,959	\$ 281,248	\$ 3,219,207
Federal grants	5,469,493	-	5,469,493
Fee for service income	5,864,918	-	5,864,918
Interest income	20,202	-	20,202
Other income	13,767	-	13,767
Released from restrictions	632,826	(632,826)	-
Total revenue and support	14,939,165	(351,578)	14,587,587
Expenses			
Program services:			
Veterans services	4,772,083	-	4,772,083
Permanent supportive housing	3,283,704	-	3,283,704
Short-term family facility	1,303,414	-	1,303,414
Employment services	293,685	-	293,685
Welcome center	743,647	-	743,647
Youth services	294,964	-	294,964
Volunteer and community engagement	83,719	-	83,719
Other program services	108,478	-	108,478
Total program services	10,883,694	-	10,883,694
Supporting services:			
Management and general	1,404,395	-	1,404,395
Fundraising	795,939	-	795,939
Total supporting services	2,200,334	-	2,200,334
Total expenses	13,084,028	-	13,084,028
Change in Net Assets	1,855,137	(351,578)	1,503,559
Net Assets, beginning of year	1,393,607	1,332,804	2,726,411
Net Assets, end of year	\$ 3,248,744	\$ 981,226	\$ 4,229,970

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 Functional Expenses
For the Year Ended September 30, 2020

	Program Services								Supporting Services				
	Veterans Services	Permanent Supportive Housing	Short-Term Family Facility	Employment Services	Welcome Center	Youth Services	Volunteer and Community Engagement	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 1,509,087	\$ 2,069,430	\$ 581,667	\$ 165,867	\$ 315,037	\$ 213,909	\$ 59,612	\$ 5,018	\$ 4,919,627	\$ 846,087	\$ 447,159	\$ 1,293,246	\$ 6,212,873
Payroll taxes	129,069	163,824	46,799	14,428	31,323	19,279	5,877	-	410,599	65,651	37,786	103,437	514,036
Employee benefits	158,995	233,905	66,458	20,538	37,417	28,353	8,641	11,228	565,535	58,985	43,167	102,152	667,687
Pension expense	36,579	34,719	5,723	3,315	11,001	-	479	-	91,816	21,610	13,935	35,545	127,361
Total personnel	1,833,730	2,501,878	700,647	204,148	394,778	261,541	74,609	16,246	5,987,577	992,333	542,047	1,534,380	7,521,957
Accounting services	73	-	-	-	-	-	-	-	73	38,829	-	38,829	38,902
Bank fees and licenses	-	-	-	-	-	-	-	-	-	3,743	961	4,704	4,704
Client assistance	2,634,463	449,109	13,191	17,248	23,066	23,968	-	84,358	3,245,403	-	-	-	3,245,403
Conference and workshops	-	2,416	461	2,213	1,437	-	7,737	17	14,281	5,558	1,456	7,014	21,295
Depreciation and amortization	-	-	-	-	-	-	-	-	-	29,811	34	29,845	29,845
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	39,481	-	39,481	39,481
Dues and subscriptions	-	58	94	665	79	-	-	-	896	909	7,770	8,679	9,575
Equipment leases	21,131	12,272	30,576	2,301	46,887	3,830	741	-	117,738	13,155	8,292	21,447	139,185
Insurance	-	-	-	-	-	-	-	-	-	54,208	-	54,208	54,208
Interest	-	-	-	-	10,323	-	-	-	10,323	-	-	-	10,323
Occupancy	186,265	180,481	-	59,325	188,426	-	-	-	614,497	27,377	46,384	73,761	688,258
Postage and printing	1,654	3,342	126	20	225	11	-	-	5,378	2,834	49,231	52,065	57,443
Professional fees	5,770	66,174	487,930	519	58,521	359	335	-	619,608	145,213	95,189	240,402	860,010
Supplies	7,519	15,354	58,587	2,049	10,557	508	47	7,857	102,478	13,651	12,364	26,015	128,493
Other	-	-	-	-	-	-	-	-	-	17,344	26,724	44,068	44,068
Telephone, internet, and cable	29,767	38,239	11,483	4,373	6,786	2,501	250	-	93,399	10,633	4,558	15,191	108,590
Travel	51,711	14,381	319	824	2,562	2,246	-	-	72,043	9,316	929	10,245	82,288
Total Expenses	\$ 4,772,083	\$ 3,283,704	\$ 1,303,414	\$ 293,685	\$ 743,647	\$ 294,964	\$ 83,719	\$ 108,478	\$ 10,883,694	\$ 1,404,395	\$ 795,939	\$ 2,200,334	\$ 13,084,028

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

Statements of Cash Flows For the Years Ended September 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 1,503,559	\$ (21,664)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,845	32,976
Loss on disposal of assets	39,481	-
Change in allowance for contributions receivable	(16,320)	(27,095)
Change in discount for contributions receivable	(1,519)	(18,299)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(77,043)	97,823
Grants receivable	(494,217)	249,772
Contributions receivable	163,202	270,952
Prepaid expenses	6,005	(26,823)
Deposits	-	(4,796)
Increase (decrease) in:		
Accounts payable and accrued expenses	270,772	(25,520)
Refundable advances	38,239	-
Security deposit payable	(7,013)	19,173
Deferred rent	(29,677)	(1,276)
	1,425,314	545,223
Cash Flows from Financing Activities		
Principal payments – capital lease obligation	(1,631)	(12,784)
Proceeds from loan – Paycheck Protection Program	466,207	-
Principal payments – notes payable	(7,261)	(5,999)
	457,315	(18,783)
Net cash provided by (used in) financing activities	457,315	(18,783)
Net Increase in Cash and Cash Equivalents	1,882,629	526,440
Cash and Cash Equivalents, beginning of year	1,889,857	1,363,417
Cash and Cash Equivalents, end of year	\$ 3,772,486	\$ 1,889,857
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ 10,323	\$ 12,925

See accompanying notes.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

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 3,432 and 3,305 people in the years ended September 30, 2020 and 2019, 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. The program received additional funding from the US Department of Veterans Affairs for a long-term shallow subsidy initiative for single veteran households in the District of Columbia. During the year ended September 30, 2020, 602 households were served (encompassing 772 total family members) through all services; of those who exited the program during the year, 88% graduated 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 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, 2020, 141 families (encompassing 540 total family members) and 325 individuals were housed, with a housing retention rate of 99%.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

1. Nature of Operations (continued)

Short-Term Family Facility

The Brooks: The short-term family housing facility was opened in April 2020 as part of the District's efforts to end homelessness among families. With the capacity to serve up to 50 families at a time, The Brooks is designed to address the needs of resident families with wrap-around supportive services, clinical supports, child programming, and housing-solutions with a goal of moving families from shelter to stable housing within 90 days of entry. During the year ended September 30, 2020, 64 families were served (encompassing 201 total persons), exited 40 households (48% to stable housing) with an average length of stay of less than 50 days (85% of total exits).

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, 2020, 80 people were placed into jobs, with a 3-month retention rate of 62%.

Other Employment Services: Job placement services that are integrated into Friendship Place's other programs placed an additional 120 people into jobs during the year ended September 30, 2020.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

1. Nature of Operations (continued)

Welcome Center

Street Outreach: Friendship Place conducts Street Outreach to men and women experiencing homelessness in upper Northwest DC and in the Georgetown Business Improvement District, 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, 2020, 135 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 or do laundry, receive mail, and meet with a case manager to take steps to rebuild their lives. During the year ended September 30, 2020, 795 individuals received service, including 60 who received assistance to successfully obtain vital documents. Roughly 4,200 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, 2020, 100 consultations were provided.

Transitional Housing and Shelters: In partnership with area congregations, Friendship Place operates two 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, 2020, 8 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, 2020, staff conducted housing assessments for 257 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, 2020, 46 young people were served with 28 placed in housing.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

1. Nature of Operations (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, 2020, 186 youth were served.

Volunteer and Community Engagement

Friendship Place actively solicits the support of volunteers. During the year ended September 30, 2020, more than 512 people provided volunteer service in every program and at every level of the organization, providing over 884 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. Friendship Place reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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 90 days or less at the time of purchase.

Restricted Cash

Restricted cash consists of deposits held by Friendship Place on behalf of clients that lease space through Friendship Place. Restricted cash totaled \$145,432 and \$126,346 at September 30, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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

Notes to Financial Statements
September 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable (continued)

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.

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

Friendship Place recognizes contributions and grants when cash, securities, or other assets, or an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of Friendship Place's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Friendship Place has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position.

Fee for service income is recognized as revenue when services are performed, which is when the sole performance obligation is satisfied. Revenue from all other sources is recognized when earned.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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.

Advertising Costs

Advertising costs are expensed as incurred. Friendship Place did not have any advertising costs during the years ended September 30, 2020 and 2019.

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 Principles

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Friendship Place has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Friendship Place has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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 2023.

Subsequent Events

In preparing these financial statements, Friendship Place has evaluated events and transactions for potential recognition or disclosure through February 26, 2021, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that are likely to impact Friendship Place. The extent of the impact of COVID-19 on Friendship Place's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and its direct impact on Friendship Place, all of which are uncertain and cannot be predicted at this time. Friendship Place has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended September 30, 2020 have not been adjusted to reflect their impact.

Subsequent to year end, on October 31, 2020, the office lease for 5100 Wisconsin Avenue, NW was terminated. See Note 12 for details.

Subsequent to year end, on November 2, 2020, Friendship Place fully paid off a note. See Note 9 for details.

Subsequent to year end, on November 10, 2020, the full amount of the Paycheck Protection Program loan was forgiven by the Small Business Administration (SBA). See Note 8 for details.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

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, 2020 and 2019.

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

	2020	2019
Cash and cash equivalents	\$ 3,772,486	\$ 1,889,857
Accounts receivable	80,339	3,296
Grants receivable	1,041,158	546,941
Contributions receivable, net	475,698	621,061
Total financial assets	5,369,681	3,061,155
Less: restricted by donors	(981,226)	(1,332,804)
Total available for general expenditures	<u>\$ 4,388,455</u>	<u>\$ 1,728,351</u>

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.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

4. Concentrations of Risk (continued)

Revenue and Receivable Risk

During the years ended September 30, 2020 and 2019, 37% and 39%, 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. Friendship Place was owed \$265,665 and \$310,650 from two donors, which accounted for 48% and 43% of contributions receivable at September 30, 2020 and 2019, respectively.

5. Contributions Receivable

Contributions receivable are promised as follows at September 30:

	2020	2019
Due in one year or less	\$ 239,736	\$ 241,213
Due in one to five years	280,894	435,000
Due in more than five years	34,595	42,214
Total contributions receivable	555,225	718,427
Less: allowance for doubtful accounts	(55,523)	(71,843)
Less: present value discount (at 2%)	(24,004)	(25,523)
Contributions receivable, net	\$ 475,698	\$ 621,061

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

6. Property and Equipment

Property and equipment consists of the following at September 30:

	2020	2019
Land	\$ 95,225	\$ 95,225
Building	380,902	380,902
Building improvements	464,597	464,597
Leasehold improvements	10,404	52,435
Equipment, furniture, and fixtures	45,311	45,311
Equipment, capital lease	-	28,128
Automobiles	61,933	93,900
Total property and equipment	1,058,372	1,160,498
Less: accumulated depreciation	(694,825)	(727,625)
Property and equipment, net	<u>\$ 363,547</u>	<u>\$ 432,873</u>

7. Line of Credit

In August 2018, Friendship Place secured a 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, 2020 and 2019.

8. Loan Payable – Paycheck Protection Program

Friendship Place applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which Friendship Place qualified. After the loans are granted, the SBA will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

The Paycheck Protection Program Flexibility Act of 2020 (PPFPA) was enacted on June 5, 2020, and amends the PPP to give borrowers more freedom in how and when loan funds are spent while retaining the possibility of full forgiveness.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

8. Loan Payable – Paycheck Protection Program (continued)

The loan was granted to Friendship Place on May 5, 2020 in the amount of \$1,053,208, at a fixed rate of 1.00%, and would mature on May 5, 2022. It is management's intention to use the entire loan amount for qualifying expenses in order to apply for full forgiveness. Friendship Place expects to meet the PPP loan's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven and accounts for the PPP loan in accordance with FASB Accounting Standards Codification 958-605, *Not-for-Profit Entities*, as a conditional grant. This conditional grant is not recognized until the conditions are substantially met or explicitly waived. Friendship Place initially recorded the cash inflow from the PPP loan as a loan payable. For the year ended September 30, 2020, Friendship Place recognized \$587,001 as grant revenue. The remaining \$466,207, prior to incurring qualifying expenditures, is recorded as loan payable in the accompanying statements of financial position.

Subsequent to year end, on November 10, 2020, the full amount of this loan was forgiven by the SBA.

9. 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 \$210,589 and \$217,850 at September 30, 2020 and 2019, respectively.

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

2021	\$	17,584
2022		17,584
2023		17,584
2024		17,584
2025		17,584
Thereafter		<u>189,134</u>
Total minimum notes payable		277,054
Less: amount representing interest		<u>(66,465)</u>
Total future minimum principal payments	\$	<u><u>210,589</u></u>

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

9. Note Payable (continued)

Subsequent to year end, on November 2, 2020, Friendship Place fully paid off this note.

10. Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Purpose restricted:		
Homeless and residential	\$ 336,965	\$ 408,726
Youth programs	112,997	191,281
Friendship Walk	25,000	25,000
Professional development	24,601	15,846
Client education	5,499	10,288
Homeless Veterans Initiative	466	55,407
Space planning (Share Fund)	-	5,195
Time restricted	<u>475,698</u>	<u>621,061</u>
Total net assets with donor restrictions	<u>\$ 981,226</u>	<u>\$ 1,332,804</u>

11. 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, payroll taxes, employee benefits, pension expense, conference and workshops, dues and subscriptions, occupancy, postage and printing, professional fees, supplies, telephone, internet and cable, and travel, which are allocated on the basis of estimates of time and effort.

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

12. Commitments and Contingencies

Operating Leases

In August 2016, Friendship Place entered into an agreement to lease office space at 5100 Wisconsin Avenue, NW 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%. Subsequent to year end, on October 31, 2020, this lease was terminated.

In October 2016, Friendship Place entered into an agreement to lease office space at Bladensburg Road, NE 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 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. Rent expenses under these leases totaled \$489,611 and \$448,548 for the years ended September 30, 2020 and 2019, respectively, which is included in occupancy expenses in the statements of functional expenses.

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:

2021	\$ 447,197
2022	450,181
2023	<u>126,530</u>
Total minimum lease payments	<u>\$ 1,023,908</u>

Friendship Place

Notes to Financial Statements
September 30, 2020 and 2019

12. Commitments and Contingencies (continued)

Operating Leases (continued)

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.

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.

13. 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, 2020 and 2019, Friendship Place matched 5% of compensation and pension expense totaling \$127,361 and \$122,141, respectively.

14. 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, 2020 and 2019, 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, 2020; 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 February 26, 2021.

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
February 26, 2021

**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, 2020. 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, 2020.

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, slightly stylized font.

Vienna, Virginia
February 26, 2021

Friendship Place

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

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	n/a	\$ -	\$ 5,056,449
Total U.S. Department of Veterans Affairs			-	5,056,449
U.S. Department of Housing and Urban Development				
<i>Pass-Through from the Community Partnership for the Prevention of Homelessness:</i>				
Supportive Housing Program	14.235	DC0005L3G001912	-	228,458
Continuum of Care Program	14.267	DC0100L3G001801	-	184,586
Total U.S. Department of Housing and Urban Development			-	413,044
Total Expenditures of Federal Awards			\$ -	\$ 5,469,493

Friendship Place

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

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, 2020. 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

Expenditures reported in the SEFA 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 expenditures are not allowable or 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, 2020

Section I – Summary of Independent Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

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

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

Any audit findings disclosed that are required to be reported in accordance with 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 For the Year Ended September 30, 2020

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2020 audit.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the 2020 audit.

Friendship Place

Corrective Action Plan For the Year Ended September 30, 2020

There were no findings for the year ended September 30, 2020; therefore, a corrective action plan was not needed.

Friendship Place

Schedule of Prior Audit Findings
For the Year Ended September 30, 2020

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