Keegan, Linscott & Kenon, PC
Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors
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OUR FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Our Family Services, Inc.
Tucson, Arizona

Report on the Financial Statements
We have audited the accompanying financial statements of Our Family Services, Inc., an Arizona nonprofit corporation (the "Organization"), which comprise the statements of financial position as of June 30, 2018 and 2017, the related statements of functional expenses and cash flows for the years then ended, and the related statement of activities for the year ended June 30, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Our Family Services, Inc. as of June 30, 2018 and 2017, and its cash flows for the years then ended and the changes in its net assets for the year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the June 30, 2017 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Keegan, Linscott & Kenon, PC

Tucson, Arizona
November 7, 2018

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 1,476,066	$ 763,558
Contracts receivable, net	701,890	465,933
Prepaid and other current assets	217,909	81,059
Investments	258,241	-
Property held for sale	515,887	-
Total current assets	3,169,993	1,310,550
Property and equipment, net	1,501,694	4,238,658
Beneficial interest in funds held by others	330,797	322,566
Total assets	$ 5,002,484	$ 5,871,774
Liabilities		
Current liabilities		
Accounts payable	$ 73,033	$ 67,661
Accrued expenses	120,529	133,023
Other current liabilities	14,793	14,177
Current maturities of notes payable	-	104,262
Total current liabilities	208,355	319,123
Notes payable, long-term portion, net of unamortized discounts	-	616,546
Angel Charity Forgivable Loan	405,086	472,600
Total liabilities	613,441	1,408,269
Net Assets		
Unrestricted	3,724,522	3,779,664
Temporarily restricted	397,762	417,332
Permanently restricted	266,759	266,509
Total net assets	4,389,043	4,463,505
Total liabilities and net assets	$ 5,002,484	$ 5,871,774

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Summarized Total 2017
Revenues and Other Support					
Government grants and contracts	$ 3,395,358	$ -	$ -	$ 3,395,358	$ 3,578,949
Contributions, bequests, and foundation grants	280,362	690,663	250	971,275	934,670
Program income	367,885	-	-	367,885	451,056
Donated materials and services	168,716	-	-	168,716	219,016
United Way	101,529	-	-	101,529	103,031
Special events, net of $21,288 and $17,766, respectively, direct donor benefit costs	44,421	-	-	44,421	29,721
Other revenue and support	14,358	-	-	14,358	11,596
Gain on disposal of property and equipment	1,360	-	-	1,360	-
Investment (loss) income, net	(718)	17,483	-	16,765	31,864
Net assets released from restriction	727,716	(727,716)	-	-	-
Total revenue and other support	5,100,987	(19,570)	250	5,081,667	5,359,903
Expenses					
Program services					
Clinical services	123,344	-	-	123,344	506,817
Community services	217,343	-	-	217,343	306,425
Senior services	263,643	-	-	263,643	280,788
Family housing	1,697,391	-	-	1,697,391	2,087,585
Homeless youth services	1,781,224	-	-	1,781,224	934,887
Total program services	4,082,945	-	-	4,082,945	4,116,502
Fundraising	331,760	-	-	331,760	318,431
Management and general	741,424	-	-	741,424	844,134
Total expenses	5,156,129	-	-	5,156,129	5,279,067
Change in net assets	(55,142)	(19,570)	250	(74,462)	80,836
Net assets, beginning of year	3,779,664	417,332	266,509	4,463,505	4,382,669
Net assets, end of year	$ 3,724,522	$ 397,762	$ 266,759	$ 4,389,043	$ 4,463,505

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Clinical Services	Community Services	Senior Services	Family Housing	Homeless Youth Services	Total Program Services	Fundraising	Management and General	Total
Expenses									
Contract employees and personnel costs	$ 81,285	$ 160,677	$ 87,674	$ 403,866	$ 819,095	$ 1,552,597	$ 237,682	$ 530,496	$ 2,320,775
Total personnel	81,285	160,677	87,674	403,866	819,095	1,552,597	237,682	530,496	2,320,775
Advertising and public relations	3,580	5,635	2,793	25,793	43,050	80,851	11,281	20,380	112,512
Bad debt	9,619	-	-	120	2,766	12,505	-	-	12,505
Bank fees	104	313	72	534	1,264	2,287	1,601	3,142	7,030
Client housing	-	-	-	717,814	399,124	1,116,938	-	-	1,116,938
Equipment	263	1,911	4,406	13,287	27,596	47,463	1,604	6,024	55,091
Facilities	3,628	3,832	1,227	113,602	42,704	164,993	7,263	31,109	203,365
Insurance	2,007	2,949	1,475	9,600	24,154	40,185	4,575	11,608	56,368
Membership, dues and licensing	1,562	1,431	148	1,305	5,435	9,881	5,593	8,944	24,418
Miscellaneous	52	49	214	2,810	1,937	5,062	102	3,612	8,776
Office supplies	960	4,388	909	2,823	5,699	14,779	17,138	6,918	38,835
Other client expenses	1,986	6,964	(506)	140,022	202,809	351,275	3,156	1,217	355,648
Professional and outside services	6,939	19,456	4,310	59,534	105,557	195,796	28,569	45,063	269,428
Recruitment and staff development	181	801	209	1,300	4,746	7,237	2,285	6,520	16,042
Subrecipient payments	-	-	-	105,936	-	105,936	-	-	105,936
Telephone	1,403	1,583	509	6,470	13,924	23,889	2,037	7,530	33,456
Travel and auto	2,714	1,305	20	9,315	22,960	36,314	240	1,647	38,201
Volunteer	-	-	158,112	64	65	158,241	-	-	158,241
Total expenses before interest and depreciation	116,283	211,294	261,572	1,614,195	1,722,885	3,926,229	323,126	684,210	4,933,565
Interest expense	1,809	1,470	574	4,219	4,627	12,699	2,106	15,151	29,956
Depreciation	5,252	4,579	1,497	78,977	53,712	144,017	6,528	42,063	192,608
Total expenses	$ 123,344	$ 217,343	$ 263,643	$ 1,697,391	$ 1,781,224	$ 4,082,945	$ 331,760	$ 741,424	$ 5,156,129

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Clinical Services	Community Services	Senior Services	Family Housing	Homeless Youth Services	Total Program Services	Fundraising	Management and General	Total
Expenses									
Contract employees and personnel costs	$ 408,103	$ 190,520	$ 84,034	$ 815,568	$ 383,732	$ 1,881,957	$ 202,441	$ 618,580	$ 2,702,978
Total personnel	408,103	190,520	84,034	815,568	383,732	1,881,957	202,441	618,580	2,702,978
Advertising and public relations	-	155	383	71,470	-	72,008	49,314	150	121,472
Bad debt	12,526	245	-	2,818	111	15,700	-	399	16,099
Bank fees	769	561	13	1,166	38	2,547	1,749	4,948	9,244
Client housing	-	-	-	421,990	348,607	770,597	-	-	770,597
Equipment	3,537	4,383	1,561	9,720	10,907	30,108	2,319	(492)	31,935
Facilities	9,029	3,838	2,305	155,374	8,525	179,071	4,254	33,620	216,945
Insurance	8,514	2,572	1,458	21,600	6,104	40,248	4,217	12,202	56,667
Membership, dues and licensing	1,472	1,738	185	3,022	1,311	7,728	3,036	10,395	21,159
Miscellaneous	154	655	535	2,258	389	3,991	125	5,154	9,270
Office supplies	1,575	5,439	847	4,268	1,978	14,107	12,493	14,321	40,921
Other client expenses	7,656	59,446	3,050	220,826	95,896	386,874	3,762	9,534	400,170
Professional and outside services	23,503	25,978	4,615	94,312	43,838	192,246	20,327	60,155	272,728
Recruitment and staff development	1,557	713	342	3,884	787	7,283	4,045	9,502	20,830
Subrecipient payments	-	-	-	88,531	-	88,531	-	-	88,531
Telephone	4,386	1,689	1,245	13,789	4,587	25,696	1,559	7,267	34,522
Travel and auto	10,761	3,201	1,121	17,202	16,965	49,250	1,569	4,976	55,795
Volunteer	-	-	175,811	10	-	175,821	-	-	175,821
Total expenses before interest and depreciation	493,542	301,133	277,505	1,947,808	923,775	3,943,763	311,210	790,711	5,045,684
Interest expense	3,933	1,583	975	8,410	3,260	18,161	2,145	16,374	36,680
Depreciation	9,342	3,709	2,308	131,367	7,852	154,578	5,076	37,049	196,703
Total expenses	$ 506,817	$ 306,425	$ 280,788	$ 2,087,585	$ 934,887	$ 4,116,502	$ 318,431	$ 844,134	$ 5,279,067

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ (74,462)	$ 80,836
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	192,608	196,703
Gain on disposal of property and equipment	(1,360)	-
Net realized and unrealized loss on investments	922	-
Net realized and unrealized gain on beneficial interest in funds held by others	(5,409)	(30,184)
Interest expense to amortize deferred loan costs	680	433
Expiration of Angel Charity Forgivable Loan	(67,514)	(67,514)
Contributions restricted for permanent investment	(250)	(220)
Changes in operating assets and liabilities		
Contracts receivable, net	(235,957)	225,154
Prepaid and other current assets	(136,850)	18,258
Accounts payable	5,372	(61,401)
Accrued expenses	(12,494)	19,584
Other current liabilities	616	(7,015)
Net cash (used in) provided by operating activities	(334,098)	374,634
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	2,091,555	-
Purchases of property and equipment	(61,726)	(101,998)
Proceeds from sale of investments	226	-
Purchases of investments	(259,389)	-
Distributions from beneficial interest in funds held by others	9,502	11,474
Contributions and reinvestments in beneficial interest in funds held by others	(12,324)	(1,773)
Net cash provided by (used in) investing activities	1,767,844	(92,297)
Cash Flows from Financing Activities		
Collection of contributions restricted for investment in endowment	250	220
Payments on notes payable	(721,488)	(101,350)
Net cash used in financing activities	(721,238)	(101,130)
Net change in cash and cash equivalents	712,508	181,207
Cash and cash equivalents, beginning of year	763,558	582,351
Cash and cash equivalents, end of year	1,476,066	763,558
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	29,277	36,247
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Expiration of Angel Charity Forgivable Loan	$ 67,514	$ 67,514
Property Held for Sale	$ 515,887	$ -

NOTES TO FINANCIAL STATEMENTS

1. Organization

Our Family Services, Inc. (the "Organization") is a private non-profit organization incorporated in Arizona to provide housing, counseling, community services, and services to teens in transition, families and senior/older and disabled adults in Southern Arizona. Funding is received principally from government grants and vendor contracts, as well as foundation grants and contributions. The Organization was formed July 1, 2012, as a result of a merger of two nonprofit entities.

The Organization has the following program categories:

Family Housing programs, which include:

Emergency Shelter Services – This 120-day program is the first part of a multi-phase program to help families achieve financial self-sufficiency. The average family enters the shelter after weeks or months of homelessness. During this crisis phase, our Organization provides clients with all their basic needs.

Homeless Prevention – Prevents families from becoming homeless by engaging them in a case management and preventing eviction and covering costs (utility shut offs, daycare, food, car repairs, etc.) that could lead to a family to become homeless.

United Way/Siemer Project – Our Organization works to prevent families from becoming homeless and moving their children to another school. Provides case management and some financial assistance to clients.

Rapid Rehousing – Provides short-term rental assistance and/or utility assistance to homeless families to obtain apartments with their own leases, moving quickly from homelessness to stable housing.

Homeless Youth programs, which include:

Homeless Youth Services – Helps homeless and near-homeless youth ages 13 to 21 stay in school and gain the life skills they need through case management, counseling, education and career planning, shelter, housing and help with basic skills.

Community Services programs, which include:

Clinical Services – General mental health counseling and assessment services for youth, families, seniors and people with disabilities.

Community Services – Group and educational-based programs to build skills, resiliency, resources and connections within our community. Services include Information and Referral, and the Center for Community Dialogue and Training.

Senior Services – Supports vulnerable elders and helps them to live independently for as long as is safely possible through the services of trained senior volunteers.

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

Basis of Presentation
The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("U.S. GAAP") that the Organization follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to U.S. GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with the provisions of ASC 958, *Not-for-Profit Entities*. Under this authoritative guidance, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- **Unrestricted** – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

- **Temporarily Restricted** – Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire through the passage of time.

- **Permanently Restricted** – Net assets that are subject to donor-imposed stipulations such that assets must be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the investment return of these assets on continuing operations which may be subject to certain restrictions.

Expenses are generally reported as decreases in unrestricted net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Contributions of long-lived assets not having donor-imposed purpose or time restrictions are reported as unrestricted contributions in amounts equal to the fair value of the contributed assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Endowment Funds
The Organization's endowments were established to support, further and enhance the mission of the Organization. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. The Organization has two endowment funds that are held and managed at the Jewish Community Foundation of Southern Arizona (the "JCFSA") and are comprised of donor specified beneficiary funds. Donor specified beneficiary funds represent permanently restricted contributions made to JCFSA for the benefit of The Organization (i.e., donor has specified the Organization as the beneficiary).

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Endowment Funds (continued)

The Organization has interpreted the "Management of Charitable Funds Act" (Arizona's version of the Uniform Prudent Management of Institutional Funds Act or UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) if applicable, accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the law.

The Organization has no formally adopted investment policies for its endowment assets; however, the Organization is subject to JCFSA's investment and spending policies for endowment assets. These policies attempt to preserve the purchasing power of the investments after withdrawals are taken, while increasing the value of the fund over time. The financial objectives have been established in conjunction with a comprehensive review of the current and projected financial requirements of the JCFSA with consideration of the requirements imposed by the Management of Charitable Funds Act. While there cannot be complete assurance that this objective will be realized, it is believed the likelihood of its realization is reasonably high based upon JCFSA's investment policy and historical performance. The objective is based on a ten-year investment horizon, so that interim fluctuations should be viewed with appropriate perspective. Accumulated earnings on these endowments are released as appropriations from temporarily restricted net assets when distributed by JCFSA and the related restriction (if any) has been met. JCFSA has adopted a spending policy of appropriating for distribution each year between 3.5% and 5% of its endowment value.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or current law requires The Organization to retain for a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2018 and 2017, respectively.

Revenue Recognition

Government Grants and Contracts

The Organization accounts for its government funded grant and contract revenues as exchange transactions. Revenue under cost reimbursement grants and contracts are recognized when costs are incurred or agreed-upon work is performed in accordance with the applicable agreements. A receivable is recorded to the extent revenue recognized exceeds payment received; conversely, advances in excess of costs incurred or work performed under government funded grants and contracts are deferred and recognized as revenue when the related cost is incurred.

Contributions, Bequests and Foundation Grants

Contributions are recorded upon the Organization receiving notification of an unconditional promise to give. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Time and purpose restrictions are

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions, Bequests and Foundation Grants (continued)

reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the time or purpose restriction. Bequests are recognized in the period in which the Organization receives notification that a will or trust has been enacted, the court has deemed the will or trust valid, the amount is known or can be reasonably estimated, and all conditions have been substantially met. Foundation grants are accounted for as either exchange transactions or as contributions depending on the nature of the grant.

Program Income

Program income consists of client service fees and rental income. The Organization recognizes program income for client service fees when services are rendered and rental income as rents become due. Rental payments received in advance are deferred until earned.

Donated Goods, Facilities and Services

Donated goods and facilities are recognized as contributions at fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated services are recognized as contributions at fair value when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation. The Organization utilizes the services of many outside volunteers to perform a variety of tasks that assist the Organization. Although the Organization utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Cash and Cash Equivalents

For financial statement reporting purposes, the Organization considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates their fair values and is classified as Level 1 inputs in the fair value hierarchy. The Organization places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit (see Note 20). The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash balances. All such accounts are monitored by management to mitigate risk.

Contracts Receivable, Net

Contracts receivable are stated at the amount that the Organization expects to collect from various governmental entities and other funding sources on outstanding balances, net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects management's best estimate of the amounts that will not be collected and is based on management's assessment of the collectability of specific accounts and the aging of the receivable. It is the Organization's policy to charge off uncollectible receivables when

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Contracts Receivable, Net (continued)

management determines the receivable will not be collected. Recoveries of receivables previously written off are recorded when received. As of June 30, 2018 and 2017, management estimated an allowance for uncollectible accounts of $0 and $10,458, respectively.

Investments

Debt and Equity Securities - Investments are accounted for in accordance with ASC 958-320, *Investments - Debt and Equity Securities*. Investments in debt and equity securities are valued at their fair values in the accompanying statements of financial position. Investment income, gains and losses are reported in the statements of activities as increases or decreases in net assets. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Investment expenses are recorded as a reduction in investment earnings. Purchases and sales of securities are recorded on a trade-date basis. Donated investments are recorded at fair value.

The Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, management evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the intent and ability to hold the investment. The Organization also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. Through June 30, 2018, the Organization has not experienced other-than-temporary impairment losses on its investments.

Property and Equipment, Net

Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Buildings and improvements	7 – 40 years
Furniture, fixtures and equipment	3 – 7 years
Vehicles	5 years

The Organization capitalizes all expenditures for property and equipment, including repairs or betterments that materially prolong the useful lives of assets, in excess of $1,000 with a useful life greater than one year. Repairs and maintenance for normal upkeep are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is recognized.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Property and Equipment, Net (continued)

The Organization records property and equipment classified as held for sale at the lower of its carrying value or fair value less cost to sell. Once the criteria for held for sale treatment is met, the Organization ceases depreciating the held for sale asset.

In accordance with ASC 360-10, *Property, Plant and Equipment*, the Organization periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2018, the Organization had not experienced impairment losses on its long-lived assets.

Beneficial Interest in Funds Held by Others

In accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, the Organization measures the fair value of donor specified beneficiary funds held at the JCFSA using the fair value of the underlying assets. Annual distributions from the funds are reported as investment income. Investment income, gains and losses are reported in the accompanying statements of activities as increases or decreases in net assets.

The JCFSA on behalf of the Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the accompanying financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, the Organization evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and its intent and ability to hold the investment. The Organization also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-then-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

Income Tax

The Organization is exempt from federal and state income taxes under the Federal Internal Revenue Code ("IRC") Section 501(c)(3) and Arizona income tax laws, and is classified as other than a private foundation under IRC Section 509(a)(1). The Organization also qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(a). Accordingly, no provision for federal or state income taxes is recorded in the accompanying financial statements; however, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Management has considered its tax positions in accordance with the accounting standard for uncertainty in income taxes and believes that all positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. In addition, Management is not aware of any matters which would cause the Organization to lose its tax-exempt status. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Income Tax (continued)
Should the Organization ever be subject to interest and penalties related to unrecognized tax benefits, they would be classified in management and general expenses in its accompanying financial statements. During the years ended June 30, 2018 and 2017, the Organization did not recognize any interest and penalties.

Advertising
The Organization expenses advertising costs as incurred.

Functional Allocation of Expenses
The cost of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated by other reasonablemethods.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Information
The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassifications
Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation, with no effect on net assets.

3. Restatement of Prior Year Information

During 2018, management determined it was necessary to record a forgivable loan with Angel Charity for Children, Inc. ("Angel Charity") resulting from a beneficiary agreement executed June 5, 2012 and a related promissory note executed December 18, 2013. A contribution for $675,142, the full amount received from Angel Charity for the construction of the Organization's temporary emergency shelter for runaway and homeless youth, was previously recorded; however, the promissory note was executed as a forgivable loan as long as the project continued to be used for the specified Children and Youth Program for a period of 10 years over which one-tenth of the total loan would be forgiven annually. To correct this error, the fiscal year ended June 30, 2017 financial statements were restated. The restatement resulted in a $472,600 increase to total liabilities and a $472,600 decrease to unrestricted net assets as of June 30, 2017. In addition, there was a $67,514 increase to the change in net assets for the year ended June 30, 2017 to reflect the portion of the loan forgiven during the fiscal year ended June 30, 2017.

NOTES TO FINANCIAL STATEMENTS

Restatement of Prior Year Information (continued)

The components of the restated June 30, 2017 unrestricted net asset balance are as follows:

Unrestricted net assets as of June 30, 2017, as previously stated	$ 4,252,264
Effect of June 30, 2016 outstanding balance of the Angel Charity Forgivable Loan	(540,114)
Effect of fiscal year 2017 portion of Angel Charity loan forgiven	67,514
Unrestricted net assets as of June 30, 2017, as restated	$ 3,779,664

The components of the restated June 30, 2017 Angel Charity Forgivable Loan are as follows:

Effect of June 30, 2016 outstanding balance of the Angel Charity Forgivable Loan	$	540,114
Effect of fiscal year 2017 portion of Angel Charity loan forgiven		(67,514)
Angel Charity Forgivable Loan as of June 30, 2017, as restated	$	472,600

The components of the restated change in net assets for the year ended June 30, 2017 are as follows:

Change in net assets for the year ended June 30, 2017, as previously reported	$	13,322
Effect of fiscal year 2017 portion of Angel Charity loan forgiven		67,514
Change in net assets for the year ended June 30, 2017, as restated	$	80,836

4. Recent Accounting Pronouncements

Not Adopted as of June 30, 2018

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance, and creates Topic 606 *Revenue from Contracts with Customers*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the full retrospective or retrospective with cumulative effect transition method. Subsequent amendments have been issued for technical corrections (ASU No. 2016-20); narrow scope improvements and practical expedients (ASU No. 2016-12); identifying performance obligations and licensing arrangements (ASU No. 2016-10); and gross versus net revenue reporting (ASU No. 2016-08). ASU No. 2014-09 (and subsequent amendments) is effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted with certain restrictions. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in ASU No. 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include

NOTES TO FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Not Adopted as of June 30, 2018 (continued)

qualitative and quantitative requirements in the following areas: Net Asset Classes; Investment Return; Expenses; Liquidity and Availability of Resources; and Presentation of Operating Cash Flows. ASU No. 2016-14 is effective for not-for-profit organizations for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted. The Organization is currently evaluating the effect that implementation of the new standard will have on the financial statements and disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required (See ASU No. 2018-11 below for optional transition method) for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. This ASU is intended to reduce costs and ease implementation of the leases standard for financial statement preparers. ASU 2018-11 provides a new transition method and a practical expedient for separating components of a contract. The amendments ASU 2018-11 provide entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Consequently, an entity's reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard will continue to be in accordance with current U.S. GAAP in Topic 840, *Leases*. The amendments in ASU 2018-11 also provide lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue guidance (Topic 606). The effective date and transition requirements for the amendments in this update related to separating components of a contract are the same as the effective date and transition requirements in ASU 2016-02 (i.e., fiscal years beginning after December 15, 2019). All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this ASU must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected. The Organization is currently evaluating the effect these standards will have on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. The ASU clarifies and improves current guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a

NOTES TO FINANCIAL STATEMENTS

Recent Accounting Pronouncements (continued)

Not Adopted as of June 30, 2018 (continued)
donor-imposed condition from a donor-imposed restriction. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018, and interim periods with fiscal years beginning after December 15, 2019. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted. The Organization is currently evaluating the effect that implementation of the new standard will have on the financial statements and disclosures.

In August 2018, the FASB has issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU applies the provisions of recently released Chapter 8, *"Notes to Financial Statements,"* of the FASB's *Conceptual Framework for Financial Reporting*, resulting in the removal, modification and addition of certain disclosure requirements. The ASU also clarifies that materiality is an appropriate consideration of entities and their auditors when evaluating disclosure requirements. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the effect that the standard will have on the financial statements and disclosures.

5. Investments

Investments are stated at fair value and consist of the following as of June 30:

	2018	2017
Mutual Funds	$ 258,241	$ -
Total Investments	$ 258,241	$ -

Investment loss, net related to the Organization's mutual funds consists of the following as of June 30:

	2018	2017
Interest and dividend income	$ 440	$ -
Realized and unrealized loss on investments, net	(922)	-
Investment fees	(236)	-
Total investment loss, net	$ (718)	$ -

6. Property Held for Sale

In May 2018, the Organization listed one of its buildings for sale in an effort to consolidate the majority of its program and administrative operations into a single location. Property held for sale as of June 30, 2018 consists of land with a book value of $128,000 and building and improvements with a net book value of $387,887. The total net book value of $515,887 has been recorded as property held for sale as of June 30, 2018 in the accompanying statements of financial position. There was no property held for sale as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS

7. Property and Equipment, Net

Property and equipment, net consist of the following as of June 30:

	2018	2017
Land	$ 85,730	$ 393,992
Building and improvements	1,763,283	5,335,007
Furniture, equipment and computers	535,428	508,721
Vehicles	48,838	50,540
	2,433,279	6,288,260
Less accumulated depreciation	(931,585)	(2,049,602)
Property and equipment, net	$ 1,501,694	$ 4,238,658

During 2018, the Organization sold a vehicle and an apartment complex. The apartment complex was sold to relieve administrative burden and better align the Organization's programs with its mission. The net book value of these assets at the time of sale was $2,090,195. Proceeds from the sales were $2,091,555 and a gain on disposal of property and equipment in the amount of $1,360 is reported in the accompanying statement of activities for the year ended June 30, 2018.

8. Fair Value Measurements

The Organization utilizes the fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization's financial assets are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using readily determinable fair values or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on readily determinable fair values in active markets include the Organization's mutual funds. The majority of such instruments are classified within Level 1 of the fair value hierarchy. The types of instruments that trade in markets that are not considered to be active but are valued on alternative pricing sources with reasonable levels of price transparency include certain other of the Organization's mutual funds. The Organization's money market-taxable mutual fund generally transacts purchase and redemption activity at a $1.00 stable net asset value ("NAV"). However, on a daily basis the funds NAV is calculated using the amortized cost (not market value) of the securities held in the fund. Amortized cost does not meet the criteria for an active market. Accordingly, these instruments are classified within Level 2 of the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements (continued)

The restricted investments held at the Jewish Community Foundation of Southern Arizona are categorized as Level 3 due to the lack of a market in which the Organization's units of participation in JCFSA's pooled income trust (i.e., the beneficial interest) could be bought or sold. The Organization measures the fair value of its beneficial interest by taking its proportionate share of the fair value of the underlying assets.

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2018:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Mid-Cap	$ 38,947	$ 38,947	$ -	$ -
Money- Market Taxable	12,913	-	12,913	-
Corporate Bonds	25,951	25,951	-	-
Multi-alternative	12,982	12,982	-	-
Large Blend	51,661	51,661	-	-
Foreign Large Blend	25,348	25,348	-	-
Emerging Markets Bond	12,800	12,800	-	-
Short Term Bond	13,029	13,029	-	-
Diversified Emerging Markets	12,568	12,568	-	-
Intermediate Term Bond	52,042	52,042	-	-
	258,241	245,328	12,913	-
Beneficial interest in funds held by others	330,797	-	-	330,797
Total Investments	$ 589,038	$ 245,328	$ 12,913	$ 330,797

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2017:

Description	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in funds held by others	$ 322,566	$ -	$ -	$ 322,566
Total Investments	$ 322,566	$ -	$ -	$ 322,566

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements (continued)

The following table presents a reconciliation of the Level 3 beneficial interest in assets held by others measured at fair value for the years ended June 30:

	2018	2017
Fair value as of July 1	$ 322,566	$ 302,083
Contributions	250	220
Investment gain included in change in net assets	20,779	35,524
Fees	(3,296)	(3,787)
Distributions	(9,502)	(11,474)
Fair value as of June 30	$ 330,797	$ 322,566

9. Custodial Liabilities

The Organization had custodial liabilities totaling $14,793 and $14,177 at June 30, 2018 and 2017, respectively, related to its role as a fiscal agent for two unrelated organizations.

10. Line of Credit

The Organization entered into a line of credit agreement which becomes due in November 2019. The line of credit requires monthly interest only payments with interest at the Prime Rate plus 2.0% (7.00% and 6.25% at June 30, 2018 and 2017, respectively) not to be less than 5.50%. The line of credit is collateralized by property as specified in the related Commercial Security Agreement. The line of credit had no outstanding balance as of June 30, 2018, and 2017, respectively.

The line of credit agreement contains one restrictive covenant which requires the Organization to have a $0 balance for a minimum of 30 consecutive days per year. The Organization was in compliance with this restrictive convenant as of June 30, 2018 and 2017, respectively.

NOTES TO FINANCIAL STATEMENTS

11. Notes Payable

A summary of notes payable is as follows as of June 30:

	2018	2017
Bank building loan with an interest rate of 4.57% per annum, with monthly principal and interest payments of $5,983, maturing in September 2028. The loan is collateralized by a Deed of Trust and Fixture Filing, and an Assignment of Rents. The loan was paid in full during fiscal year 2018.	$ -	$ 624,663
Bank building loan with an interest rate of 4.44% per annum, with monthly principal and interest payments of $3,274, maturing in October 2018. The loan is collateralized by a Deed of Trust, Assignment of Leases and Rents. The loan was paid in full during fiscal year 2018.	-	47,652
Bank building loan with an interest rate of 4.73% per annum, with monthly principal and interest payments of $2,071, maturing in August 2019. The loan is collateralized by a Deed of Trust, Assignment of Leases and Rents. The loan was paid in full during fiscal year 2018.	-	49,174
	-	721,489
Less current portion	-	(104,262)
Long-term portion	-	617,227
Less-unamortized discounts	-	(681)
Net long-term portion	$ -	$ 616,546

12. Angel Charity Forgivable Loan

In 2012, the Organization entered into a beneficiary agreement with Angel for the construction of a 20-bed shelter for homeless youth. In total, Angel Charity reimbursed the Organization $675,142 for expenditures incurred for the construction of real property. As part of this agreement, the Organization entered into a non-recourse ten-year promissory note collateralized by first deed of trust on the real property. The term of the note shall end ten years from the date of promissory note on December 18, 2023. The note provides that as long as the Organization continues to provide the Children and Youth program at this facility, one-tenth of the note will be forgiven each year. If the Organization ceases to provide these services, the remaining balance shall become immediately due and payable. The Organization intends to provide these services for the ten-year period. As of June 30, 2018 and 2017, the outstanding balance of the Angel Charity forgivable loan was $405,086 and $472,600, respectively.

NOTES TO FINANCIAL STATEMENTS

13. Board Designated Operating Reserve

The Organization's board of directors has established a board designated operating reserve that is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated losses in funding, or uninsured losses. As of June 30, 2018 and 2017, the board designated operating reserve had a balance of $140,782 and $197,007, respectively, and is included within unrestricted net assets in the accompanying statements of financial position.

14. Temporarily Restricted Net Assets

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

	2018	2017
Purpose-restricted by donor		
Counseling	$ 17,500	$ 5,000
Information and referral	33,033	32,500
The Center for Community Dialogue	50,282	38,742
Senior companion program	-	18,816
Homeless youth services	102,710	67,231
Family housing	130,199	198,986
	333,724	361,275
Accumulated endowment earnings		
Operating endowment	9,338	6,244
Homeless teens endowment	54,700	49,813
	64,038	56,057
	$ 397,762	$ 417,332

15. Permanently Restricted Net Assets

Permanently restricted net assets consist of the following as of June 30:

	2018	2017
Operating endowment	$ 49,766	$ 49,766
Lacy endowment – earnings restricted for homeless teens	216,993	216,743
	$ 266,759	$ 266,509

NOTES TO FINANCIAL STATEMENTS

16. Endowments

Endowment net assets composition by type as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 64,038	$ 266,759	$ 330,797
Total funds	$ -	$ 64,038	$ 266,759	$ 330,797

Changes in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2017	$ -	$ 56,057	$ 266,509	$ 322,566
Investment return				
Investment income, net	-	12,074	-	12,074
Net appreciation	-	5,409	-	5,409
Total investment return	-	17,483	-	17,483
Contributions	-	-	250	250
Appropriation of endowment net assets for expenditure	(9,502)	-	-	(9,502)
Transfer between funds	9,502	(9,502)	-	-
Endowment net assets, June 30, 2018	$ -	$ 64,038	$ 266,759	$ 330,797

Endowment net assets composition by type as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 56,057	$ 266,509	$ 322,566
Total funds	$ -	$ 56,057	$ 266,509	$ 322,566

NOTES TO FINANCIAL STATEMENTS

Endowments (continued)

Changes in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2016	$ -	$ 35,794	$ 266,289	$ 302,083
Investment return				
Investment income, net	-	1,553	-	1,553
Net appreciation	-	30,184	-	30,184
Total investment return	-	31,737	-	31,737
Contributions	-	-	220	220
Appropriation of endowment net assets for expenditure	(11,474)	-	-	(11,474)
Transfer between funds	11,474	(11,474)	-	-
Endowment net assets, June 30, 2017	$ -	$ 56,057	$ 266,509	$ 322,566

17. Retirement Plan

The Organization has a 403(b) thrift plan that allows eligible employees to defer pretax annual compensation up to certain limitations imposed by the Internal Revenue Service. The Organization may also make matching contributions to the Plan. To be eligible, employees must be at least 18 years of age. The employer match begins after a year of service for employees at least 21 years of age. The Organization matches 50% of employee contributions up to 4% of annual compensation. The Organization's matching contributions for the years ended June 30, 2018 and 2017 were $15,967 and $16,152, respectively.

18. Donated Materials and Services

In-Kind contributions for the years ended June 30, 2018 and 2017 consisted of the following:

	2018	2017
Advertising and public relations	$ 112,178	$ 155,739
Professional and outside services	36,031	28,067
Office supplies	-	367
Other client expenses	16,175	29,138
Equipment	225	525
Recruitment and staff development	57	55
Volunteer	4,050	5,125
	$ 168,716	$ 219,016

NOTES TO FINANCIAL STATEMENTS

19. Lease Commitments

The Organization leases office equipment for its operation under non-cancelable operating leases expiring at various times through September 2020. Lease expense, including month-to-month leases, for the years ended June 30, 2018 and 2017 totaled $20,508 and $20,858, respectively.

The following is a summary of future minimum lease payments under non-cancelable operating leases as of June 30, 2018:

Fiscal Year Ending	Amount
2019	14,716
2020	12,967
2021	1,048

20. Concentrations of Credit Risk

Government Grants and Contracts Revenues
The Organization derives the majority of its revenues and support from government grants and contracts for various programs. At times, grants and contracts for particular programs may constitute a concentration as defined by the accounting standards. As of June 30, 2018 and 2017, government grant receivables comprised 95% and 80% of total receivables, respectively. For the years ended June 30, 2018 and 2017, government grants and contracts accounted for approximately 67%, of total revenues and other support.

Cash Deposits at Banks
Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the FDIC up to $250,000. As of June 30, 2018 and 2017, the Organization had $1,433,632 and $492,295 in excess of FDIC insured limits, respectively.

21. Commitments and Contingencies

Program Audits by Funding Agencies
The Organization is subject to potential program audits by its funding agencies. There is a possibility that the Organization could be liable to these agencies for amounts determined by such future audits. The Organization's management believes that no such liabilities exist as of June 30, 2018.

Litigation
The Organization is involved in legal proceedings in the normal course of its business operations. The Organization does not believe that any pending or threatened proceeding would have a material adverse effect on its financial position or results of operations.

Solar Services Agreement
On October 17, 2017, the Organization entered into a twenty-year solar services agreement with a Power Supplier. The original agreement allowed the Power Supplier to construct solar equipment on one of the Organization's properties and then sell all the electrical energy generated by the solar equipment, which was estimated to be 1,217,230 kWh over the term of the agreement, to the Organization. The total cost of the solar equipment was $95,184 and was incurred by the Power Supplier. Beginning on the service commencement

NOTES TO FINANCIAL STATEMENTS

Commitments and Contingencies (continued)

Solar Services Agreement (continued)

date of March 1, 2018, the Organization agreed to purchase an estimated annual quantity of electrical energy to be generated by the solar equipment at a rate of $0.1325 per kWh to be paid in equal monthly payments for each year. If at the end of each year, it was determined that the Organization used more electrical energy than was estimated for that year, the Organization would be required to immediately pay for the energy used in excess of the estimated amount. If it was instead determined that the Organization used less electrical energy than was estimated for that year, the Power Supplier would credit the amount of unused energy in the next annual period. The original term of the agreement was for twenty years with the option to extend for another two years, and was non-cancellable for the first five years. If after five years the agreement was terminated with proper notification prior to the end of the twenty-year agreement, certain termination fees and removal costs would apply as specified in the agreement. At the end of the twenty-year term, the Organization would have the opportunity to purchase the solar equipment at fair market value but no less than ten percent of the original cost of the solar equipment. The original agreement also requires the Power Supplier to lease the portion of the Organization's property for which the solar equipment resides for a period of twenty-five years at a rate of $1 per year.

The original agreement was subsequently amended as the Organization agreed to prepay $87,704 for the entire remaining amount of estimated electrical energy (1,201,428 kWh) to be generated by the solar equipment over the remainder of the original twenty-year solar services agreement at a discounted rate of $0.073 per kWh. If prior to the end of the twenty-year term of the agreement, the Organization uses all of the originally estimated kWh, the Organization would be required to pay for all additional solar energy used at the rate of $0.1325 per kWh per the original agreement. At June 30, 2018, prepaid solar electricity of $87,704 was included in prepaids and other current assets in the accompanying statement of financial position. This amount will be expensed over the term of the agreement. For the year ended June 30, 2018, the Organization recorded $2,792 in lease expense related to the solar lease agreement which is included in equipment expense in the accompanying statement of functional expenses.

22. Subsequent Events

The Organization evaluated subsequent events through November 7, 2018, which represents the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

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OUR FAMILY SERVICES, INC.

SINGLE AUDIT REPORTS AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

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Keegan, Linscott & Kenon, PC

Certified Public Accountants | Certified Fraud Examiners | Certified Insolvency and Restructuring Advisors

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*

INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors
Our Family Services, Inc.

We have audited, 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, the financial statements of Our Family Services, Inc. (the "Organization"), which comprise of the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2018

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Example Entity's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

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Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Keegan, Linscott & Kenon, PC

Tucson, Arizona
November 7, 2018

Keegan, Linscott & Kenon, PC

Certified Public Accountants | Certified Fraud Examiners | Certified Insolvency and Restructuring Advisors

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors
Our Family Services, Inc.

Report on Compliance for the Major Federal Program

We have audited Our Family Services, Inc. (the "Organization")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2018. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on the major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on 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 the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-002 that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2018 and have issued our report thereon dated November 7, 2018, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Keegan, Linscott & Kenon, PC

Tucson, Arizona
November 7, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United State of America. .... Unmodified

Internal control over financial reporting:

Material weakness(es) identified? .... Yes

Significant deficiency(ies) identified? .... None Reported

Noncompliance material to financial statements noted? .... No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? .... No

Significant deficiency(ies) identified? .... Yes

Type of auditor's report issued on compliance for major federal programs. .... Unmodified

Any audit findings disclosed, which are required to be reported in accordance with section 2 CFR 200.516(a)? .... Yes

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs. $750,000

Auditee qualified as a low-risk auditee? .... Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of fraud, illegal acts, violations of provision of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting.

2018-001: Improve Procedures over the Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness)

As part of our audit procedures, we audit the completeness and the accuracy of the Schedule of Expenditures of Federal Awards. Management is responsible for the preparation of the Schedule of Expenditures of Federal Awards in accordance with the requirements of the Uniform Guidance. This schedule is an integral component of the Organization's reporting in accordance with the Uniform Guidance as it identifies total federal awards expended for each individual federal program and it serves as the primary basis for the auditor's major program determination. During our audit, we became aware of evidence which indicated there was a material misclassification between Catalog of Federal Domestic Assistance ("CFDA") numbers for one federal award the Organization received from a pass-through agency, as well as, there being a material portion of the same award that was non-Federal in nature and therefore, should not have been included on the Schedule of Expenditures of Federal Awards. The Schedule of Expenditures of Federal Awards was corrected during the audit; however, it appears the error was made due to a lack of sufficient internal controls over the verification of the nature and proper CFDA number classification with all of the Organization's pass-through agencies.

Recommendation: We recommend that the Organization implement adequate procedures, including staff training, to ensure the Organization verifies the nature and proper CFDA number classification of all pass-through funds received as part of its process to prepare the Schedule of Expenditures or Federal Awards in order to ensure its accuracy.

Management's Response:
We agree with the finding. We have implemented procedures to ensure future proper reporting of pass-through federal award classifications. See our Corrective Action Plan for the fiscal year ended June 30, 2018 for additional detail.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

This section identifies audit findings required to be reported by 2 CFR 200.516(a), including significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, and material abuse.

2018-002: Non-timely Completion of Subrecipient Monitoring Procedures (Significant Deficiency)

Federal Agency:	U.S. Department of Housing and Urban Development
Program Title:	Continuum of Care Program
CFDA Number:	14.267
Federal Award Number, Year:	AZ0146L9T011703, 3/1/2018-2/28/2019

Criteria: 2 CFR 200.331 states that all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring and monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward. In addition, the Organization's award #AZ0146L9T011703 and related HUD program guidance at 24 CFR 578.23 require the Organization to monitor subrecipients at least annually.

Condition: Although the Organization reviewed monthly invoices and other program reports provided by its subrecipient throughout the year, the Organization's last formal monitoring of its subrecipient was conducted in March 2017 and completed in June 2017. As of November 7, 2018, the Organization had not conducted another formal monitoring of its subrecipient, to include reviewing the prior year's financial statements and single audit reports, and therefore, more than a year had passed since the last monitoring was conducted.

Cause: The time lapse was due to a misunderstanding of the program requirements for subrecipient monitoring. Management was under the impression that they only had to conduct their formal monitoring of the subrecipient once during a grant award period, which if not monitored, could result in monitoring being conducted with greater than a year in between.

Effect: Given the last formal subrecipient monitoring was conducted in March/June 2017, management did not meet the award's requirement to monitor subrecipients at least annually. In addition, given no formal monitoring was conducted during the audit period, it is possible the Organization is unaware of instances of non-compliance by the subrecipient with regard to this award.

Questioned Costs: None identified.

Recommendation: We recommend management take special care to ensure formal subrecipient monitoring is conducted timely as required by the Uniform Guidance and the Organization's federal award.

Management's Response:
We agree with the finding. We have trained the appropriate staff and implemented procedures to ensure future timely subrecipient monitoring. See our Corrective Action Plan for the fiscal year ended June 30, 2018 for additional detail.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
CDBG - Entitlement Grants - Cluster:				
U.S. Department of Housing and Urban Development Programs				
Passed through City of Tucson				
Community Development Block Grants/Entitlement Grants (CDBG)	14.218	18450	$ -	$ 50,000
Community Development Block Grants/Entitlement Grants (CDBG)	14.218	18495	-	90,000
Total for Program			-	140,000
Total U.S. Department of Housing and Urban Development Programs			-	140,000
Total CDBG - Entitlement Grants - Cluster			-	140,000
TANF - Cluster:				
U.S. Department of Health and Human Services Programs				
Passed through the Primavera Foundation				
Temporary Assistance for Needy Families	93.558	DES-13050-414	$ -	$ 428,953
Total for Program			-	428,953
Total U.S. Department of Health and Human Services Programs			-	428,953
Total TANF - Cluster			-	428,953
Medicaid - Cluster:				
U.S. Department of Health and Human Services Programs				
Passed through Cenpatico				
Medical Assistance Program	93.778	19348	$ -	$ 190
Total for Program			-	190
Total U.S. Department of Health and Human Services Programs			-	190
Total Medicaid - Cluster			-	190
Foster Grandparent/Senior Companion - Cluster:				
Corporation for National and Community Service Programs				
Senior Companion Program	94.016		$ -	$ 200,941
Total for Program			-	200,941
Total Corporation for National and Community Service Program			-	200,941
Total Foster Grandparent/Senior Companion - Cluster			-	200,941

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number		Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Other Programs:					
U.S. Department of Agriculture Programs					
Passed through Arizona Department of Education					
Child and Adult Care Food Program	10.558		CTD-13-19-13	$ -	$ 8,559
Total for Program				-	8,559
Total U.S. Department of Agriculture Programs				-	8,559
U.S. Department of Housing and Urban Development Programs					
Continuum of Care Program	14.267	*		$ -	$ 36,765
Continuum of Care Program	14.267	*		-	26,351
Continuum of Care Program	14.267	*		-	183,098
Continuum of Care Program	14.267	*		-	26,553
Continuum of Care Program	14.267	*		52,889	147,467
Continuum of Care Program	14.267	*		53,047	90,930
Total for Program				105,936	511,164
Passed through City of Tucson					
Emergency Solutions Grant Program	14.231		18430	$ -	$ 50,000
Emergency Solutions Grant Program	14.231		18430-1	-	41,769
Emergency Solutions Grant Program	14.231		18433	-	50,000
Passed through Pima County					
Emergency Solutions Grant Program	14.231		CT-CD-17-152	-	5,400
Emergency Solutions Grant Program	14.231		CT-CD-18-00000000000000299	-	12,512
Emergency Solutions Grant Program	14.231		CT-CD-18-00000000000000299	-	14,063
Passed through the Primavera Foundation					
Emergency Solutions Grant Program	14.231		DES-13050-414	-	10,593
Total for Program				-	184,337
Total U.S. Department of Housing and Urban Development Programs				105,936	695,501
U.S. Department of Health and Human Services Programs					
Passed through Tumbleweed Center for Youth Development					
Demonstration Grants for Domestic Victims of Human Trafficking	93.327		MOU	$ -	$ 63,710
Total for Program				-	63,710

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Transitional Living for Homeless Youth	93.550		$ -	$ 65,620
Transitional Living for Homeless Youth	93.550		-	136,517
Transitional Living for Homeless Youth	93.550		-	198,353
Total for Program			-	400,490
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557		$ -	$ 57,008
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557		-	146,331
Total for Program			-	203,339
Basic Center Grant	93.623		$ -	$ 27,626
Basic Center Grant	93.623		-	152,341
Total for Program			-	179,967
Total U.S. Department of Health and Human Services Programs			-	847,506
Total Expenditures of Federal Awards			$ 105,936	$ 2,321,650

* Denotes a major program

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. **Basis of Presentation**

   The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. **Summary of Significant Accounting Policies**

   Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. **Indirect Cost Rate**

   The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.