

PROMISE HOUSE, INC.

**FINANCIAL STATEMENT
AND
INDEPENDENT AUDITORS' REPORT**

AUGUST 31, 2015

Promise House, Inc.
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August 31, 2015

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SALMON SIMS THOMAS

Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Promise House, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Promise House, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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.

Opinion

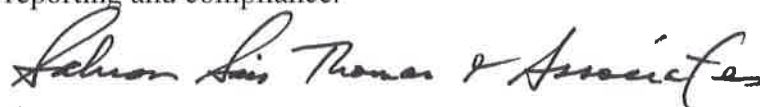
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Promise House, Inc. as of August 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 January 7, 2015, on our consideration of Promise House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Promise House, Inc.'s internal control over financial reporting and compliance.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company

January 25, 2016

Promise House, Inc.
Statement of Financial Position
August 31, 2015

ASSETS

Cash and cash equivalents	\$ 488,377
Grants and program services receivable	288,461
Unconditional promises to give	74,306
Investments	447,098
Property and equipment, net	1,739,874
Prepaid expenses	<u>9,201</u>
 TOTAL ASSETS	 <u><u>\$ 3,047,317</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 39,999
Accrued expenses	<u>212,029</u>
Total Liabilities	<u>252,028</u>

Net Assets

Unrestricted	2,265,705
Temporarily restricted	<u>529,584</u>
Total Net Assets	<u>2,795,289</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,047,317</u></u>
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The accompanying notes are an integral part of this financial statement.

Promise House, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended August 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Governmental grants	\$ 2,024,669	\$ -	\$ 2,024,669
Contributions	358,364	765,691	1,124,055
In-kind contributions	250,841	-	250,841
Special events, net	176,119	-	176,119
Interest income	34,717	-	34,717
Program fees	20,481	-	20,481
Other	328	-	328
Net assets released from restriction	1,481,880	(1,481,880)	-
Total Revenues and Support	4,347,399	(716,189)	3,631,210
Expenses			
Program	2,358,395	-	2,358,395
Supporting	544,249	-	544,249
Fundraising	313,242	-	313,242
Total Expenses	3,215,886	-	3,215,886
Increase (Decrease) in Net Assets	1,131,513	(716,189)	415,324
Net Assets, beginning of year	1,134,192	1,245,773	2,379,965
Net Assets, end of year	\$ 2,265,705	\$ 529,584	\$ 2,795,289

The accompanying notes are an integral part of this financial statement.

Promise House, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2015

	<u>Program Expenses</u>	<u>Supporting Expenses</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
Salaries and related expenses	\$ 1,445,867	\$ 183,484	\$ 285,527	\$ 1,914,878
Client assistance and program supplies	375,161	-	-	375,161
Depreciation	-	164,469	-	164,469
Professional services, fees and memberships	14,328	8,435	-	22,763
Building expense	23,411	3,688	736	27,835
Utilities	43,133	7,257	4,120	54,510
Furniture and small equipment	52,719	27,974	10,286	90,979
Telecommunications	42,214	8,435	3,919	54,568
Donated goods and services	-	8,000	-	8,000
Insurance	249,796	44,082	-	293,878
Food and supplies	46,608	-	310	46,918
Office supplies	8,655	5,244	5,107	19,007
Recognition	6,284	-	-	6,284
Bad debts	-	10,299	-	10,299
Staff travel	2,606	1,599	585	4,790
Automobile expenses	25,351	-	-	25,351
Interest	-	1,453	-	1,453
Professional development	7,090	2,171	2,650	11,912
Other	1,414	34,971	-	36,385
Scholarships	2,131	-	-	2,131
Board and related consulting expenses	-	22,443	-	22,443
Staff recruitment	-	692	-	692
Printing and postage	-	6,647	-	6,647
Child care	11,626	2,907	-	14,533
	<u>\$ 2,358,395</u>	<u>\$ 544,249</u>	<u>\$ 313,242</u>	<u>\$ 3,215,886</u>

The accompanying notes are an integral part of this financial statement.

Promise House, Inc.
Statement of Cash Flows
For the Year Ended August 31, 2015

Cash Flows From Operating Activities	
Change in Net Assets	\$ 415,324
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	164,468
Contributed fixed assets	(242,841)
(Increase) decrease in assets:	
Grants and program services receivable	(82,341)
Unconditional promises to give	(52,169)
Prepaid expenses	3,614
Increase in liabilities:	
Accounts payable and accrued expenses	31,308
Net Cash Provided by Operating Activities	<u>237,363</u>
 Cash Flows From Investing Activities	
Purchase of equipment	(340,384)
Purchase of investments	(146)
Net Cash Used by Investing Activities	<u>(340,530)</u>
Net Decrease in Cash and Cash Equivalents	(103,167)
Cash and cash equivalents, beginning of year	<u>591,544</u>
Cash and cash equivalents, end of year	<u><u>\$ 488,377</u></u>
 Supplemental Cash Flow Information	
Interest paid	<u><u>\$ 1,453</u></u>

The accompanying notes are an integral part of this financial statement.

Promise House, Inc.
Notes to Financial Statements
August 31, 2015

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

The summary of significant accounting policies of Promise House, Inc. (Organization) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Organization – The Organization is a Texas nonprofit corporation created to provide emergency residential care and counseling services for youth. The Organization also provides temporary housing and support services for homeless and runaway youth. The Organization receives funding to support its programs from a variety of sources. A significant source of the Organization's revenue is derived from governmental agencies. In addition, the Organization receives support through public contributions from individuals, corporations, and other nonprofit organizations.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording functional allocation of expenses and depreciation and amortization. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Cash and Cash Equivalents - The Organization considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. Cash equivalents at August 31, 2015 totaled \$140,628. The Organization places cash and marketable securities, which at times may exceed federally-insured limits, with high-credit quality financial institutions. The Organization has not experienced any losses on such assets.

Contributed Goods- Donations of noncash assets as contributions are recorded as contributions at their estimated fair value as of the date of donation. Donated services are recognized as contributions in accordance with U.S. GAAP, if the services (a) create or enhance nonfinancial assets or (b) require and are provided by individuals with specialized skills and if not provided by donation would typically need to be purchased.

Functional Allocation of Expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs, supporting services, and fundraising benefited.

Promise House, Inc.
Notes to Financial Statements
August 31, 2015

NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Contribution Receivables and Promise to Give - Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give that are due more than one year beyond the statement of financial position date are discounted to a net present value using an estimated discount factor for risk-free borrowing.

Contributions receivable are considered past due when payments are not made under the terms of the contribution agreement. There were no past due contributions receivable at August 31, 2015 and no provision was made for uncollectible receivables as of that date. Contributions receivable are considered uncollectible and written off to uncollectible pledges when the donor withdraws the contribution commitment or fails to provide a reasonable revised schedule of contributions.

Grants and Program Services Receivable

The Organization maintains receivables due from various grantors and contractors, primarily composed of federal and local government agencies, which are included in grants and program services receivable on the Statements of Financial Position. The Organization considers all receivable balances which are over six months past due as uncollectible. As of August 31, 2015, all receivables were considered collectible and no allowance for doubtful accounts was considered necessary.

Financial Statement Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Promise House, Inc.
Notes to Financial Statements
August 31, 2015

**NOTE 1: ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes - The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes - Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the operating statement or accrued in the statement of financial position. Federal and state tax returns of the Organization are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Property, Equipment, Depreciation

Property and equipment are stated at cost when purchased or fair value at the date the equipment is donated, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. All equipment purchases in excess of \$500 and having a useful life of one year or more are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation is removed, and any gain or loss is included in operations. Depreciation has been computed using the straight-line method over the useful lives of the assets as follows:

Building and leasehold improvements	10-30 years
Equipment and furniture	3-7 years
Automobiles	4 years

Date of Management's Review – Subsequent events have been evaluated for potential recognition or disclosure through January 25, 2016, which is the date the financial statements were available to be issued.

Promise House, Inc.
Notes to Financial Statements
August 31, 2015

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2015 is summarized as follows:

Land	\$ 146,439
Buildings and leasehold improvements	2,893,459
Equipment and furniture	582,835
Automobiles	251,518
	<hr/>
	3,874,251
Less accumulated depreciation and amortization	(2,134,377)
	<hr/>
	<u>\$ 1,739,874</u>

NOTE 3: LINE OF CREDIT

The Organization has a revolving line of credit of \$500,000, secured by the deed of trust on the Organization's property, with an interest rate of prime (3.25% at August 31, 2015) plus 1% with a floor of 5%. Accrued but unpaid interest payments are due monthly through May 2017 when the entire amount of principal and interest outstanding is due. The balance on the revolving line of credit at August 31, 2015 was \$0.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

At August 31, 2015, temporarily restricted net assets were restricted for use in the following program:

Residential programs	\$ 91,371
Scholarships	298,156
Food/Clothing	39,410
Special events	25,000
Store	1,041
Time restricted	74,306
Other	300
	<hr/>
	<u>\$ 529,584</u>

Net assets released from restriction during the year ended August 31, 2015 was as follows:

Residential programs	\$1,223,694
Psychiatric and mental services	48,620
Capital project	204,033
Other	5,533
	<hr/>
	<u>\$1,481,880</u>

Promise House, Inc.
Notes to Financial Statements
August 31, 2015

NOTE 5: EMPLOYEE RETIREMENT PLAN

The Organization has a voluntary 401(k) retirement plan available to full-time employees after completion of an eligibility period. Employees may make contributions, subject to certain limitations, on a pre-tax basis. For the year ended August 31, 2015, the Organization made no contributions to the plan.

NOTE 6: IN-KIND CONTRIBUTIONS

During the year ended August 31, 2015, the Organization received approximately \$250,800 of contributed services and equipment meeting the accounting requirement for recognition in the financial statements. Of this amount, donated equipment was approximately \$242,800 and services were \$8,000.

NOTE 7: CONCENTRATIONS OF RISK

At August 31, 2015, approximately 80% of the Organization's receivables were due from governmental agencies, and approximately 56% of the Organization's support and revenues were from governmental agencies.

NOTE 8: LEASE OBLIGATIONS

Operating Leases

The Foundation leases various office equipment under noncancelable operating leases expiring between 2017 and 2019. The agreements are for the use of certain office equipment, homes and apartments. Future minimum lease payments are approximately as follows:

For the years ending August 31,

2016	\$ 149,985
2017	8,189
2018	4,989
2019	4,573
2020 and thereafter	<u>-</u>
Total	<u><u>167,736</u></u>

Lease expense for 2015 totaled \$181,300.



SALMON SIMS THOMAS

Accountants and Consultants

**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 *GOVERNMENTAL AUDITING STANDARDS***

To the Board of Directors
Promise House, Inc.

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 Promise House, Inc., which comprise the statement of financial position as of August 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Promise House, Inc.'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 Promise House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Promise House, Inc.'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. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether Promise House, Inc.'s financial statements are free of 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.

This report is intended solely for the information and use of the Board of Directors, management, and the federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company
January 25, 2016



SALMON SIMS THOMAS

Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
of Promise House, Inc.

Report on Compliance for Each Major Federal Program

We have audited Promise House, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Promise House, Inc.'s major federal programs for the year ended August 31, 2015. Promise House, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Promise House, Inc.'s management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Promise House, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Promise House, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Promise House, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2015.

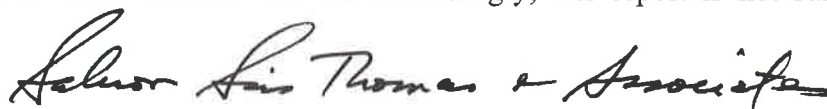
Report on Internal Control over Compliance

Management of Promise House, Inc. 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 Promise House, Inc.'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Promise House, Inc.'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 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. However, other material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company

January 25, 2016

Promise House, Inc.
Schedule of Expenditures of Federal Awards
August 31, 2015

<u>FEDERAL AGENCY</u>	<u>CFDA NO.</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>AMOUNT</u>
U.S. Department of Health and Human Services			
Direct Programs:			
Basic Center Program for Runaway and Homeless Youth	93.623		\$ 399,129
Transitional Living for Homeless Youth	93.550		199,996
Education and Prevention Grant to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557		192,697
Department of Homeland Security			
Passed through United Way:			
United Way Emergency Food and Shelter	97.024		31,303
U.S. Department of Housing and Urban Development			
Continuum of Care Program	14.267		468,447
Emergency Shelter Grant Program	14.231		<u>161,909</u>
Total Federal Expenditures			<u>\$ 1,453,481</u>

NOTE 1: BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Promise House, Inc.
Schedule of Findings and Questioned Costs
August 31, 2015

SUMMARY OF AUDITORS' RESULTS

1. The auditor issued an unqualified opinion on the financial statements of Promise House, Inc. as of and for the year ended August 31, 2015.
2. No significant deficiencies relating to the audit of the financial statements were reported.
3. The results of the financial statement audit disclosed no instances of noncompliance which were considered material to the financial statements.
4. We issued an unqualified opinion in our report on compliance for major programs for the year ended August 31, 2015.
5. No significant deficiencies relating to the audit of internal control over major federal award programs were found.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as a major program for the year ended August 31, 2015 is as follows:

Continuum of Care Program	14.267
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8. The threshold used for distinguishing between type A and B programs was \$300,000.
9. Promise House, Inc. did qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

Promise House, Inc.
Schedule of Prior Year Findings and Questioned Costs
August 31, 2015

Promise House, Inc. was audited for the year ended August 31, 2014 by BDO USA, LLP. There were no audit findings requiring corrective action.