



# Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

**FRONT STEPS, INC.**

INDEPENDENT AUDITOR'S REPORTS  
WITH  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

30 SEPTEMBER 2017



**Montemayor Britton Bender PC**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management  
Front Steps, Inc.

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of Front Steps, Inc. (Front Steps), a nonprofit organization, which comprise the statement of financial position as of 30 September 2017, and the related statements of activities 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.

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 of 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 judgement, including the assessment of the risk 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 Front Steps as of 30 September 2017 and 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.

### Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards (page 16), as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, on our consideration of Front Steps' 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 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 Front Steps' internal control over financial reporting and compliance.

Montemayor Britton Bender PC

9 June 2018  
Austin, Texas

**FRONT STEPS, INC.**

**STATEMENT OF FINANCIAL POSITION**

**30 SEPTEMBER 2017**

**ASSETS**

Current assets

Cash and equivalents	\$630,701
Prepaid expenses	21,173
Contribution and other receivables	79,857
Federal awards receivable	116,646
City and agency contracts receivable	<u>491,941</u>
	1,340,318

Fixed assets

203,473  
\$1,543,791

**LIABILITIES AND NET ASSETS**

Current liabilities

Accounts payable	\$241,853
Accrued liabilities	<u>60,049</u>
	<u>301,902</u>

Net assets

Unrestricted	1,185,442
Temporarily restricted	<u>56,447</u>
	<u>1,241,889</u>
	<u>\$1,543,791</u>

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

**FRONT STEPS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED 30 SEPTEMBER 2017**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE			
City and agency contracts	\$3,121,324	\$0	\$3,121,324
Federal awards	2,302,067	0	2,302,067
Contributions	1,352,184	25,000	1,377,184
State awards	290,009	0	290,009
Other	48,280	0	48,280
Net assets released from restrictions	<u>72,459</u>	<u>(72,459)</u>	<u>0</u>
	<u>7,186,323</u>	<u>(47,459)</u>	<u>7,138,864</u>
EXPENSES			
Personnel and related	3,423,831	0	3,423,831
Program rent and deposit assistance	818,274	0	818,274
Donated food and supplies	688,807	0	688,807
Nursing home fees	387,991	0	387,991
Contracted case managers	245,102	0	245,102
Security	236,195	0	236,195
Food	146,415	0	146,415
Insurance	128,925	0	128,925
Repairs	93,227	0	93,227
Depreciation	72,507	0	72,507
Travel and meetings	66,237	0	66,237
Rent and parking	58,355	0	58,355
Discretionary housing assistance	48,075	0	48,075
License and permits	46,390	0	46,390
Professional services	42,792	0	42,792
Cleaning supplies	35,309	0	35,309
Telephone	33,218	0	33,218
Beds	31,880	0	31,880
Move-in supplies	31,603	0	31,603
Bus passes	21,182	0	21,182
Other	<u>325,927</u>	<u>0</u>	<u>325,927</u>
	<u>6,982,242</u>	<u>0</u>	<u>6,982,242</u>
CHANGE IN NET ASSETS	204,081	(47,459)	156,622
BEGINNING NET ASSETS	<u>981,361</u>	<u>103,906</u>	<u>1,085,267</u>
ENDING NET ASSETS	<u>\$1,185,442</u>	<u>\$56,447</u>	<u>\$1,241,889</u>

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

**FRONT STEPS, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED 30 SEPTEMBER 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$156,622
Depreciation expense	72,507
Change in receivables	414,849
Change in prepaid expenses	26,839
Change in accounts payable	(21,402)
Change in accrued liabilities	<u>(145,720)</u>
	<u>503,695</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of fixed assets	<u>(56,653)</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayments on line of credit	<u>(4,533)</u>
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NET CHANGE IN CASH AND EQUIVALENTS	442,509
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BEGINNING CASH AND EQUIVALENTS	<u>188,192</u>
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ENDING CASH AND EQUIVALENTS	<u><u>\$630,701</u></u>
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The accompanying notes are an integral part of this financial statement presentation.

## FRONT STEPS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1: ORGANIZATION

Front Steps, Inc. (Front Steps), formerly known as the Capital Area Homeless Alliance, Inc., is a corporate organization under the Nonprofit Corporation Act of the state of Texas. Front Steps was organized in March 1997 in response to the Community Action Network's Comprehensive Plan for Addressing Homelessness in Austin/Travis County. Front Steps manages the Austin Resource Center for the Homeless (ARCH) located in Austin, Texas, for the City of Austin. Activities are funded by government grants and private contributors. Programs consist of:

**ARCH** - ARCH serves as a central point of intake and assessment for homeless persons. ARCH is designed to assess client needs, provide information on services, and meet the basic needs of homeless adults, as well as provide a daytime shelter location.

**Central Texas Recuperative Care Project (Recuperative Care)** - Recuperative Care is a collaboration between Front Steps, St. David's Community Health Foundation and the St. David's and Seton hospital systems. The program assists its clients with recuperative medical assistance and transitional housing.

**Keep Austin Housed** - Keep Austin Housed manages the services of AmeriCorps members who partner with social services agencies to provide case management services, counseling and mentoring for homeless people.

**Housing** - Front Steps provides a full range of services to clients related to transitional and permanent housing by assisting them in moving from homelessness to safe, affordable long term housing.

**Veterans Administration Housing** - The support Services for Veteran Families (SSVF) Program provides short term, rapid rehousing assistance with intensive case management to very low- income veteran families to obtain stable permanent housing. The SSVF program focuses on intensive case management to help participants increase their ability to sustain permanent housing and reach their greatest potential.

**Rapid Rehousing Services** - Front Steps eliminates barriers to housing for very low-income individuals through short-term, rapid rehousing assistance coupled with intensive case management. Assistance may be in the form of rental down payment, utility assistance, elimination of debt, and other financial assistance.

# FRONT STEPS, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### FINANCIAL STATEMENT PRESENTATION

Front Steps is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Front Steps has not received any permanently restricted net assets.

##### Unrestricted Net Assets

Unrestricted net assets result from city and agency contracts, government awards, unrestricted contributions, investment income, less expenses incurred in operations, to raise contributions, and for administrative functions.

##### Temporarily Restricted Net Assets

Support that is restricted by the donor is recorded as an increase in temporarily restricted net assets. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

#### BASIS OF ACCOUNTING

Front Steps uses the accrual basis of accounting. Contracts and grants are recorded as revenue when the funds are considered earned, regardless of when cash is received. Cost reimbursement contracts are recorded as revenue when the costs are incurred and contributions are recorded as support when the funds are awarded. Expenses are recorded when incurred regardless of when cash is disbursed.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and money market funds held in brokerage accounts. The carrying value of cash equivalents approximates fair value because of the highly liquid nature of those financial instruments.

#### CONTRIBUTIONS

Contributions received are recorded at fair value as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon satisfaction of the restriction or expiration of the time restriction.



# **FRONT STEPS, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **FEDERAL AND STATE AWARDS AND RECEIVABLES**

Cost reimbursement grant revenue is generally considered earned as services are rendered and allowable expenses are incurred. Unconditional grants are recorded as support when the funds are awarded. Deferred revenue is recognized when cash is received prior to the revenue being earned. Grants receivable are recorded when revenue is earned prior to cash being received. Front Steps expects all grants receivable to be fully collected; therefore, an allowance of doubtful accounts has not been recorded.

#### **FEDERAL INCOME TAXES**

Front Steps is a publicly supported organization exempt from federal income taxes under IRS Code Section 501(c)(3). Therefore, no provision has been made for federal income taxes in the accompanying financial statements. Front Steps' policy is to record interest and penalties related to income taxes as interest and other expense, respectively.

At 30 September 2017 no interest and penalties have been or are required to be accrued. Front Steps, generally, is no longer subject to income tax examinations by federal authorities for years prior to 30 September 2015.

#### **FUNCTIONAL EXPENSE ALLOCATION**

Front Steps allocates common costs between program services, general and administration, and fundraising by estimating the percentage of total labor spent on each category. The estimates are reviewed periodically and the allocations revised, if necessary, to reflect changes in the activities of the organization.

#### **FIXED ASSETS**

Fixed assets are stated at cost if purchased or fair market value at the date of receipt if donated. Purchases are capitalized if the estimated useful service life of the asset is more than one year and the cost is at least \$2,000. Depreciation is computed using the straight-line method over the estimated useful life (5 years for furniture, fixtures and equipment).

#### **ESTIMATES**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

# FRONT STEPS, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### SUBSEQUENT EVENTS

The management of Front Steps has evaluated subsequent events as of the date of the Independent Auditor's report, the date the financial statements were available to be issued.

### NOTE 3: CONTRIBUTED GOODS AND SERVICES

Front Steps receives services donated by various sources in support of the Clothing Closet, preparation of meals, the front desk, and other programs. Front Steps estimates the donated service hours to be approximately 8,791 hours, which are valued at \$210,656. These services have not been recorded in the financial statements because they did not require specialized skills. Additionally, Front Steps received contributed food and supplies valued at \$688,807 that were recorded as contribution revenue and as donated food and supplies expense.

### NOTE 4: FIXED ASSETS

Furniture, fixtures and equipment	\$659,000
Vehicles	24,718
Accumulated depreciation	<u>(480,245)</u>
	<u>\$203,473</u>

As part of Front Steps' management contract with the City of Austin, the City of Austin provides the facilities for the City's ARCH program. Front Steps serves the City of Austin under the contract as manager of the program, and therefore has no facilities of its own.

### NOTE 5: GRANT CONTINGENCY

Front Steps receives substantial funding under cost reimbursement grants. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of noncompliance with the terms of the grant contracts. Management believes requests for reimbursement, if any, would not be significant. Front Steps does not maintain collateral for its receivables and does not believe significant risk existed at 30 September 2017.

### NOTE 6: CONCENTRATIONS

For the year ended 30 September 2017, funding provided by the City of Austin represented 39% of total revenue. Funding from 2 additional sources represented another 16% and 12% of total revenue. Receivable from these 3 funding sources represented 85% of total receivables.

# FRONT STEPS, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Transitional Housing	\$24,773
Veteran assistance	22,326
Client progress tracking	<u>9,348</u>
	<u>\$56,447</u>

### NOTE 8: FUNCTIONAL EXPENSES

#### Program:

ARCH	\$2,798,775
Veterans Administration Housing	1,197,240
Housing	591,655
Keep Austin Housed	584,168
Recuperative Care	567,341
Rapid Rehousing Services	<u>71,431</u>
	5,810,610
Fundraising	171,526
Administration	<u>1,000,107</u>
	<u>\$6,982,243</u>

### NOTE 9: OPERATING LEASES

Front Steps leases office space under an operating lease which will expire in February 2021. Total office rent expense for the year ended 30 September 2017 amounted to approximately \$35,000. Total minimum future office lease payments are:

2018	\$36,256
2019	37,638
2020	38,614
2021	<u>16,258</u>
	<u>\$128,766</u>

## **FRONT STEPS, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 10: PRIOR PERIOD ADJUSTMENT**

Awards and contracts receivables in the statement of net position were understated by \$93,660 as of 30 September 2016 which resulted in net assets begin understated by \$93,660. A prior period adjustment has been posted to restate beginning net assets. A prior period adjustment has been recorded to correct the beginning unrestricted net assets. The effects of this adjustment on the change in net assets is an increase of \$93,660 for the year ended 30 September 2016.



Montemayor Britton Bender PC  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management  
Front Steps, Inc.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

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 Front Steps, Inc. (Front Steps) which comprise the statement of financial position as of 30 September 2017, and the related statements of activities, and cash flows for the year then ended, and the notes to the financial statements, and have issued our report thereon dated 9 June 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Front Steps' 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 Front Steps' internal control. Accordingly, we do not express an opinion on the effectiveness of Front Steps'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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Montemayor Britton Bender PC

9 June 2018  
Austin, Texas



**Montemayor Britton Bender PC**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management  
Front Steps, Inc.

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

Report on Compliance for Each Major Federal Program

We have audited Front Steps, Inc.'s (Front Steps) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Front Steps' major federal programs for the year ended 30 September 2017. Front Steps' major federal programs are 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 Front Steps' 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 Front Steps' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe 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 Front Steps' compliance.



### Opinion on Each Major Federal Program

In our opinion, Front Steps 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 30 September 2017.

### Report on Internal Control Over Compliance

Management of Front Steps 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 Front Steps' 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 Front Steps' internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Montmagn Britten Bender PC

9 June 2018  
Austin, Texas



**FRONT STEPS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED 30 SEPTEMBER 2017**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Number</u>	<u>Expenditures</u>
<b>Federal Awards:</b>			
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
One Star Foundation: Americorps	94.006	12FXHTX0010006	<u>\$397,226</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through City of Austin: Emergency Solutions Grant Program	14.231	NG150000006	313,922
Rapid Rehousing Program	14.231	NG1600000011	21,780
Rapid Rehousing Program	14.231	NG1600000010	46,809
Homeless Management Information Systems	14.231	NG1700000009	<u>23,084</u>
			<u>405,595</u>
Supportive Housing	14.235	TX0034L6J031508	120,258
Supportive Housing	14.235	TX0034L6J031609	44,452
HUD III-Samaritan	14.235	TX0255L6J031505	168,268
HUD III-Samaritan	14.235	TX0255L6J031404	<u>38,807</u>
			<u>371,785</u>
DEPARTMENT OF VETERANS AFFAIRS			
VA Supportive Services for Veteran Families (SSVF) Program	64.033	C15-TX-503A	<u>1,127,461</u>
			<u>\$2,302,067</u>

NOTE 1: This schedule is prepared on the same basis as the financial statements. Refer to the notes to the financial statements on pages 6-11 for applicable accounting policies.

NOTE 2: Front Steps did not elect to use the 10% de minimis indirect cost rate.

**FRONT STEPS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED 30 SEPTEMBER 2017**

**SUMMARY OF AUDITOR'S RESULTS**

**A. FINANCIAL STATEMENTS**

- |   |            |
|---|------------|
| 1. Type of auditor's report issued:   | Unmodified |
| 2. Internal control over financial reporting:   |            |
| a. Material weakness(es) identified?  | No         |
| b. Significant deficiency(ies) identified that are not<br>considered to be material weakness(es)? | None Noted |
| c. Noncompliance material to financial statements noted?  | No         |

**B. FEDERAL AWARDS**

- |  |            |
|--|------------|
| 1. Internal control over major programs:   |            |
| a. Material weakness(es) identified?   | No         |
| b. Significant deficiency(ies) identified that are not<br>considered to be material weakness(es)?                | None Noted |
| c. Type of auditor's report issued on compliance for<br>major programs:  | Unmodified |
| d. Any audit findings disclosed that are required to be<br>reported in accordance with 2 CFR section 200.516(a)? | No         |
| 2. Major programs:   |            |

CFDA#64.033	VA Supportive Services for Veteran Families Program
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- |   |           |
|---|-----------|
| 3. Dollar threshold used to distinguish between type A and Type B programs: | \$750,000 |
| 4. Auditee qualified as low-risk auditee?                                   | No        |

**C. FINANCIAL STATEMENT FINDINGS**

1. Current year - none
2. Prior year - see attached

**D. FEDERAL FINDINGS AND QUESTIONED COSTS**     None Noted

See independent auditor's report.

ATTACHMENT

**FRONT STEPS, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**30 SEPTEMBER 2017**

**FINANCIAL STATEMENT FINDINGS**

2016-001 Journal Entries

Status: Corrected.

2016-002 Bank Reconciliations

Status: Corrected.

2016-003 Improve Monthly Closing Procedures and Material Audit Adjustments

Status: Corrected.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

2016-004 Vendor payments in excess of that allowable by program

Status: Corrected.

2016-005 Expenses relating to 2015 reported as 2016 expenses

Status: Corrected.