

UNION STATION HOMELESS SERVICES

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Union Station Homeless Services
Pasadena, California

We have audited the accompanying financial statements of Union Station Homeless Services, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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. 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 assessing 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 Union Station Homeless Services as of June 30, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 2, 2019
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UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 937,119
Cash held in trust - client accounts	11,042
Investments	12,234,370
Prepaid expenses	330,498
Grants receivable	2,261,904
Contributions receivable	225,720
Other receivables	<u>8,136</u>

Total current assets	<u>16,008,789</u>
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PROPERTY AND EQUIPMENT - NET	<u>6,759,341</u>
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INTANGIBLE ASSETS - NET	<u>12,913</u>
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OTHER ASSETS

Cash - endowment	5,451
Investments - endowment	<u>2,371,005</u>

Total other assets	<u>2,376,456</u>
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TOTAL ASSETS	<u>\$ 25,157,499</u>
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The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

LIABILITIES, NET ASSETS, AND PARTNERS' CAPITAL

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 2,557,928
Client trust liability	11,042
Other liabilities	<u>759,249</u>
Total current liabilities	<u>3,328,219</u>
LONG-TERM LIABILITIES	
Notes payable	<u>2,400,361</u>
TOTAL LIABILITIES	<u>5,728,580</u>
NET ASSETS	
Unrestricted	
Undesignated	6,721,172
Board designated	<u>854,552</u>
Total unrestricted	<u>7,575,724</u>
Temporarily restricted	9,919,238
Permanently restricted	<u>1,933,957</u>
Total restricted	<u>11,853,195</u>
TOTAL NET ASSETS AND PARTNERS' CAPITAL	<u>19,428,919</u>
TOTAL LIABILITIES, NET ASSETS, AND PARTNERS' CAPITAL	<u>\$ 25,157,499</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF ACTIVITIES
JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Individuals	\$ 1,201,091	\$ 258,700	\$ 20,000	\$ 1,479,791
Churches	39,226	200	-	39,426
Government grants	9,670,003	-	-	9,670,003
Foundations	446,763	327,750	-	774,513
Other organizations	71,049	94,105	-	165,154
Other income	136,994	-	-	136,994
Gifts-in-kind	293,669	-	-	293,669
Investment income - net	464,812	86,275	7,044	558,131
Gain on sale of investments	24,176	17,404	-	41,580
Unrealized gain on investments	552,235	89,415	-	641,650
Net rental revenue	67,949	-	-	67,949
Bad debts	(20,295)	-	-	(20,295)
Net assets released from restriction	405,252	(405,252)	-	-
	<u>13,352,924</u>	<u>468,597</u>	<u>27,044</u>	<u>13,848,565</u>
Special events revenue	619,112	-	-	619,112
Special events expenses	(281,920)	-	-	(281,920)
Net revenue from special events	<u>337,192</u>	<u>-</u>	<u>-</u>	<u>337,192</u>
Total support and revenue	<u>13,690,116</u>	<u>468,597</u>	<u>27,044</u>	<u>14,185,757</u>
EXPENSES				
Program services	10,845,257	-	-	10,845,257
Management and general	1,906,433	-	-	1,906,433
Fundraising	750,526	-	-	750,526
Total expenses	<u>13,502,216</u>	<u>-</u>	<u>-</u>	<u>13,502,216</u>
CHANGE IN NET ASSETS	187,900	468,597	27,044	683,541
NET ASSETS AND PARTNERS' CAPITAL AT BEGINNING OF YEAR	<u>7,387,824</u>	<u>9,450,641</u>	<u>1,906,913</u>	<u>18,745,378</u>
NET ASSETS AND PARTNERS' CAPITAL AT END OF YEAR	<u>\$ 7,575,724</u>	<u>\$ 9,919,238</u>	<u>\$ 1,933,957</u>	<u>\$ 19,428,919</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2018

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries	\$ 5,498,315	\$ 1,126,874	\$ 422,149	\$ 7,047,338
Payroll taxes and employee benefits	<u>1,169,787</u>	<u>160,375</u>	<u>77,333</u>	<u>1,407,495</u>
Total personnel expenses	<u>6,668,102</u>	<u>1,287,249</u>	<u>499,482</u>	<u>8,454,833</u>
OTHER EXPENSES				
Food and kitchen	120,116	141,127	-	261,243
Development and public relations	34,858	13,039	193,412	241,309
Utilities and telephone	183,394	15,296	5,826	204,516
Facility expenses	271,757	24,067	6,902	302,726
Insurance and taxes	47,060	30,932	445	78,437
Building repairs and maintenance	70,986	-	-	70,986
Auditing and legal services	-	94,041	-	94,041
Staff training and meetings	34,374	27,552	4,526	66,452
Program participant aid and other program expenses	2,457,091	16,206	-	2,473,297
Office expense	211,569	47,613	24,615	283,797
Auto, including reimbursements	56,695	10,257	554	67,506
Volunteer program	4,074	25,000	-	29,074
Bank and payroll fees	25,045	23,782	1,531	50,358
Social services	28,886	-	-	28,886
Interest expense	<u>-</u>	<u>114,512</u>	<u>-</u>	<u>114,512</u>
Total other expenses	<u>3,545,905</u>	<u>583,424</u>	<u>237,811</u>	<u>4,367,140</u>
Depreciation and amortization	<u>631,250</u>	<u>35,760</u>	<u>13,233</u>	<u>680,243</u>
TOTAL EXPENSES	<u>\$ 10,845,257</u>	<u>\$ 1,906,433</u>	<u>\$ 750,526</u>	<u>\$ 13,502,216</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF CASH FLOWS
JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

CHANGE IN NET ASSETS \$ 683,541

Adjustments to reconcile change in net assets to net cash
provided by operating activities:

Depreciation and amortization 680,243
Gain on sale of investments (41,580)
Unrealized gain on investments (641,650)

Changes in operating assets and liabilities:

Prepaid expenses (76,320)
Grants receivable (966,988)
Pledges receivable (224,900)
Other receivables 83,878
Accounts payable and accrued expenses 311,325
Client trust liability 5,206
Other liabilities 716,722

CASH PROVIDED BY OPERATING ACTIVITIES 529,477

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments 1,331,176
Purchase of investments (838,370)
Purchase of property and equipment (137,746)

CASH PROVIDED BY INVESTING ACTIVITIES 355,060

CASH FLOWS FROM FINANCING ACTIVITIES

Additional borrowing on line of credit 700,000
Principal payments on line of credit (850,000)

CASH USED FOR FINANCING ACTIVITIES (150,000)

NET INCREASE IN CASH 734,537

CASH AT BEGINNING OF YEAR 219,075

CASH AT END OF YEAR \$ 953,612

SUMMARY OF CASH AT END OF YEAR:

Cash \$ 937,119
Cash held in trust - client accounts 11,042
Cash - endowment 5,451

\$ 953,612

CASH PAID DURING THE YEAR FOR:

INTEREST \$ 8,106
TAXES \$ 800

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

MISSION STATEMENT

Helping men, women and children rebuild their lives and end homelessness.

ORGANIZATION

During the year ended June 30, 2016, Union Station Homeless Services (the Organization or USHS) and Pacific Housing Alliance signed an affiliation agreement, giving USHS sole control over the Board of Directors of Pacific Housing Alliance. Through this agreement, USHS effectively owns 100% of 160 Euclid Partners, L.P. (the Partnership). As a result, the Partnership and Pacific Housing Alliance are required under generally accepted accounting principles to be consolidated into USHS.

UNION STATION HOMELESS SERVICES

USHS formerly Union Station Foundation, is a 501(c)(3) nonprofit organization headquartered in Pasadena, California. The Organization's mission is to help individuals and families rebuild their lives and end homelessness.

The vision expressed by the community volunteers who founded the agency more than 45 years ago still rings true today: Everyone deserves a life of dignity and a safe place to call home. While the vision has not changed, the services have evolved. The Organization has grown to be the San Gabriel Valley's largest and most comprehensive social service agency addressing homelessness, serving more than 3,000 individuals each year. The impact of their life-saving work is made evident by the stories of people like Michelle, who said, "Giving someone their life back is invaluable, and I have nothing but thanks. I owe them everything. I owe them my life."

160 EUCLID PARTNERS, L.P.

160 Euclid Partners, L.P. (the Partnership), is involved in the rehabilitation and management of a 15-unit residential property consisting of affordable rental housing in Pasadena, California. The Partnership commenced in July 1997 and completed an additional rehabilitation of the rental housing in May 2012.

The Partnership rents to people who work primarily in the City of Pasadena and other areas of the Los Angeles County with qualifying levels of income. The Partnership is subject to business risks associated with fluctuations in the economy and level of unemployment in the Los Angeles County, which will affect occupancy as well as the tenants' ability to make rental payments. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and may occur with little notice or inadequate funding to pay for the related cost, including the administrative burden, to comply with a change.

PACIFIC HOUSING ALLIANCE

The purpose of the Pacific Housing Alliance is to expand opportunities available to low and moderate income people to obtain affordable, decent, safe, and sanitary housing, and to assist such people in connection with such housing related economic opportunities, and support services.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

HISTORY

In 1973, a group of compassionate volunteers wanted to make a difference. From a small storefront on Union Street in Pasadena, they welcomed the poor, indigent and lonely into "Union Station," a safe gathering place for those living on the street.

From those initial humble offerings of coffee, donuts and friendship, Union Station grew. The Organization built its first shelter in 1989, and launched supportive housing and employment services in 1996. Today, the agency operates multiple shelters and supportive housing sites across Pasadena, and outreach teams and satellite offices in Altadena, Alhambra, Irwindale, El Monte, Pomona, and West Covina.

OUR PROGRAMS

USHS serves the most vulnerable members of our society, who often have nowhere else to turn. Our staff are experts at understanding and addressing the challenges associated with homelessness. We provide a full continuum of care that embodies a Housing First, street-to-home approach, which includes:

- Outreach
- Shelter
- Housing
- Employment

OUTREACH

The Coordinated Entry System (CES) for Adults and Families is an LA County-wide effort to coordinate resources in order to help chronically homeless adults, families and veterans find permanent housing. As the designated Lead Agency for CES in Service Planning Area 3 (SPA 3), USHS coordinates the efforts of more than 60 agencies to support a streamlined outreach and intake process for individuals and families, from Pasadena to Pomona. Together, we are working to help end homelessness in our region. Outreach teams locate, identify and screen people experiencing homelessness throughout the San Gabriel Valley, and rapidly match them to safe and affordable housing. Our partners collaborate by providing intake and assessments, housing placement assistance, and a variety of supportive services including, but not limited to, care coordination, health care, mental health care, substance use treatment, educational support, employment services, legal aid, basic needs assistance, and more. Nearly 1,900 individuals and families were served through CES in 2017-2018.

SHELTER

USHS provides safe short-term shelter for adults and families. Care coordinators meet at least weekly with each shelter resident to support their move into permanent housing, within a goal time period of 90 days. We also provide meals, supportive services, substance use recovery services, career development, and enrichment activities, as well as linkages to health care and mental health care to help them rebuild their lives.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

OUR PROGRAMS (continued)

SHELTER (continued)

Our shelters, which serve as a vital bridge from homelessness to housing, include the Family Center, a nurturing, home-like environment with 50 beds that offers sanctuary for approximately 200 homeless children and parents each year; and the Adult Center, our oldest existing facility built in 1989, which has 56-beds and separate men's and women's dormitories. We also support families and individuals in need of crisis housing with motel vouchers. We were one of the first agencies in Los Angeles County to target and shelter high-risk homeless adults with motel vouchers, which is now a widely implemented best practice.

HOUSING

Housing ends homelessness. We are exceptionally proud to report that in 2017-2018, we helped more than 900 people find housing and end their homelessness.

Supportive housing offers adults and families the opportunity to rebuild their lives in safe, affordable, and private apartments with onsite support services for long-term stability. We operate three permanent supportive housing apartment buildings in Pasadena for formerly homeless individuals and families: Euclid Villa (14-units for families); Marv's Place (19 units for families); and Centennial Place (142 units for adults). At each site, we provide the on-site supportive services and care coordination residents need to rebuild their lives and retain their housing, as well as enrichment activities such as nutrition, budgeting, yoga, music lessons and more. USHS also offers several scattered-site, housing voucher programs for adults experiencing chronic homelessness or complex physical and behavioral health conditions. Our Volunteer Mentor Program matches volunteers from the community with our recently housed neighbors to promote wellness and community connection.

EMPLOYMENT

The Organization's signature Sources Career Development Program connects homeless and very low-income individuals to meaningful employment. Established in 1996, the program addresses both the short-term need for employment and the long-term goal of career advancement. Participants receive individualized job-search and career development assistance such as one-on-one counseling; job-search resources; interview, transportation and work clothes assistance; follow-up retention support; and access to computers and phones.

Additionally, we are one of only three agencies in Los Angeles County managing the Transitional Subsidized Employment (TSE) program, which provides subsidized employment opportunities for CalWORKs participants. Our unique "enhanced transitional subsidized employment" model helps get formerly homeless job seekers into the workplace quickly to learn skills and gain tangible experience, as well as receive an additional layer of support services and care coordination to set them up for success.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

VOLUNTEERS

It is significant to note that none of our work would be possible without our volunteers. Volunteerism continues to serve as the backbone of USHS and the services we provide. From serving meals, to leading enrichment activities, to providing administrative assistance, each year, a strong community of over 3,500 volunteers dedicate their time, energy, and spirit to supporting the life-saving work of USHS. We hold the Service Enterprise Certification from California Volunteers, which is an organizational recognition for excellence in the recruiting, management and integration of volunteers.

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Certain prior year amounts have been reclassified to conform with the current year presentation. A summary of significant accounting policies is described below:

During the 2017-18 fiscal year, our volunteers collectively contributed 32,537 hours in an effort to fulfill its mission. These services do not fall under the category of professional services and in accordance with GAAP, have not been reflected in the Organization's financial statements (see SIGNIFICANT ACCOUNTING POLICIES).

SIGNIFICANT ACCOUNTING POLICIES

The Organization closes its fiscal year with abiding gratitude for the support it has received from its many constituents, and it looks forward to another year of rebuilding lives.

CONSOLIDATION

In accordance with GAAP, the financial statements of Union Station Homeless Services, 160 Euclid Partners, L.P. and Pacific Housing Alliance are consolidated into the financial statements of Union Station Homeless Services. All material intercompany transactions as of June 30, 2018 have been eliminated.

CASH

Liquid assets having a maturity of three months or less are included as cash.

FAIR VALUE MEASUREMENTS

GAAP requires that items recorded at fair market value be valued as level one, two or three, based on various inputs and methodologies as described below:

Level 1 - quoted prices and active markets for identical holdings

Level 2 - significant observable market-based inputs, other than Level 1 quoted prices, or unobservable inputs that are based on comparable market data

Level 3 - significant observable inputs that are not based on comparable market data

GRANTS RECEIVABLE

Grants receivable consist mainly of grants from federal, state and city government agencies. Based on management's experience, all receivables are expected to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded as of June 30, 2018.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of amounts pledged from individuals and corporations, all of which are considered collectible within one year. No allowance has been recorded as of June 30, 2018.

PROPERTY AND EQUIPMENT

Property and equipment are reported at cost. Depreciation is computed on a straight-line basis over estimated useful lives of 3 to 40 years. Maintenance and repairs are recorded as expenses in the year incurred, and renewals and betterments exceeding \$1,000 are capitalized.

OTHER LIABILITIES

Other liabilities consists of funds received for future services to be provided.

INCOME AND SUPPORT RECOGNITION

The financial statements of the Organization have been prepared on the accrual basis of accounting. All donations received are considered available for unrestricted use unless restricted by the donor. Restricted funds are recorded as revenue upon receipt.

Noncash contributions (gifts-in-kind) are recorded at fair market value when the contributions are significant in amount and when there is a reasonable basis for valuation.

BASIS OF PRESENTATION

In accordance with GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as described below:

Unrestricted, includes funds which are expendable for the support of the Organization's operations.

Temporarily restricted, includes funds which donors have restricted for specific purposes or for use according to certain time schedules or both.

Permanently restricted, represents funds that are subject to restrictions set forth in gift instruments requiring that principal be invested in perpetuity or for a specified term and income be expended for unrestricted operating purposes in accordance with the California Uniform Prudent Management of Institutional Funds Act, unless otherwise prohibited by donor stipulation. Unless prohibited by donor stipulation, up to four percent of the average net fair market value may be used for operational or capital needs.

ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAXES

The Organization operates as a California nonprofit corporation under section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes; accordingly, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting.

UNION STATION HOMELESS SERVICES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

SIGNIFICANT ACCOUNTING POLICIES (continued)

JOINT COST ALLOCATION

The Organization incurs costs that are shared by program, management and general, and fundraising activities. The amount allocated to each area depends upon the purpose, audience and content of each medium used. The Organization determined the allocation based on both current and historical data.

DONATED SERVICES

GAAP requires the value of donated services be recorded if those donated services create or enhance nonfinancial assets or require specialized skills. Many volunteers have contributed significant amounts of their time to activities of the Organization. However, since the above requirements were not met, the value of the contributed services is not recorded in the accompanying financial statements. During the year ended June 30, 2018, the Organization received professional services at no cost and these services are reflected in the accompanying financial statements (see NONCASH TRANSACTIONS).

PARTNERSHIP

160 Euclid Partners, L.P. is a California limited partnership, which was formed on July 14, 1997. The general partner is Pacific Housing Alliance, and the limited partner is Union Station Homeless Services. Both are California non-profit corporations. The general and limited partners' percentage of interest in profits and losses is 1% and 99%, respectively.

INVESTMENTS

In accordance with GAAP, the fair value of investments is a level 1 classification. At June 30, 2018, investments consisted of the following:

Mutual funds - fixed income	\$ 3,567,221
Mutual funds - equity	<u>11,038,154</u>
	<u>\$ 14,605,375</u>

Investment income of \$558,131 on the Statement of Activities consists of dividends, interest, and capital gain distributions and is reflected net of investment fees of \$66,189 for the year ended June 30, 2018.

INTANGIBLE ASSETS

Intangible assets consisted of the following as of June 30, 2018:

Website	\$ 50,000
Loan fees	14,238
Monitoring fees	<u>6,720</u>
	70,958
Less accumulated amortization	<u>(58,045)</u>
	<u>\$ 12,913</u>

Amortization expense for the year ended June 30, 2018 was \$10,267.

UNION STATION HOMELESS SERVICES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2018:

Land	\$ 2,615,756
Buildings	4,753,447
Building improvements	6,806,798
Leasehold improvements	195,654
Land improvements	49,474
Office equipment	385,078
Furniture and equipment	774,300
Vehicles	<u>260,355</u>
Property and equipment - gross	15,840,862
Less accumulated depreciation	<u>(9,081,521)</u>
Property and equipment - net	<u>6,759,341</u>
Less debt secured by property	<u>(2,400,361)</u>
Net investment in property and equipment	<u><u>\$ 4,358,980</u></u>

Depreciation expense for the year ended June 30, 2018 was \$669,976.

NOTES PAYABLE

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Note secured by property; bearing interest at 4% per annum; principal and interest payable annually from available Residual Receipts exclusively from 160 Euclid Partners, L.P.; unpaid principal and interest due 30 years after the certificate of completion, December 2029; if all loan requirements are met, the loan will be forgiven at maturity	\$ -	\$ 623,500	\$ 623,500
Note secured by property; bearing interest at 6% per annum; principal and interest payable annually from available Residual Receipts exclusively from 160 Euclid Partners, L.P.; unpaid principal and interest due 30 years after the certificate of completion, August 2030; if all loan requirements are met, the loan will be forgiven at maturity	-	658,500	658,500

UNION STATION HOMELESS SERVICES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

NOTES PAYABLE (continued)

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Note secured by a fourth deed of trust; bearing interest at 3% per annum; principal and interest payable annually from available Residual Receipts exclusively from 160 Euclid Partners, L.P.; unpaid principal and interest due July 2066; if all loan requirements are met, the loan will be forgiven at maturity	-	1,118,361	1,118,361
	<u>\$ -</u>	<u>\$ 2,400,361</u>	<u>\$ 2,400,361</u>

Future maturities for outstanding loans as of June 30, 2018 are as follows:

2019	\$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	<u>2,400,361</u>
	<u>\$ 2,400,361</u>

Accrued interest of \$1,564,781 associated with the notes payable is included in accrued expenses as of June 30, 2018. Interest expense for the year ended June 30, 2018 was \$114,512.

LINE OF CREDIT

In April 2018, the Organization renewed its line of credit with Citizens Business Bank for two years. The credit line, in an amount not to exceed \$1,000,000, bears interest at the bank's prime rate of interest, with a floor rate of 4.5%. As of June 30, 2018, there was no outstanding balance on the line of credit.

SPECIAL EVENTS

During the year, the Organization conducted various special events designed to raise funds for general operations. These events included a jazz concert, a food festival, and other small events. Total support and expenses from these events were \$619,112 and \$281,920, respectively. The cost of other fundraising activities is classified as fundraising expense.

UNION STATION HOMELESS SERVICES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

LEASE COMMITMENT

The Organization leases five office properties located in the San Gabriel Valley and three vehicles under noncancelable leases. Total monthly payments for the five properties are \$34,128 and monthly payments for the three vehicles are approximately \$819, and the leases expire between January 2019 and April 2025. Future minimum payments are as follows:

2019	\$	309,955
2020		397,869
2021		380,126
2022		397,665
2023		392,448
Thereafter		<u>661,872</u>
	\$	<u><u>2,539,935</u></u>

Rent expense for the year ended June 30, 2018 was \$94,723 and is included in program participant aid and other program expenses on the Statement of Functional Expenses.

CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits at financial institutions and investments in marketable securities. At times, balances in the Organization's cash and investment accounts may exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) limits.

DEFINED CONTRIBUTION PLAN

The Organization has a 403(b) tax sheltered annuity plan (defined contribution plan) for qualified participants. Contributions to the plan are non-forfeitable. The Organization may annually contribute a percentage of eligible employees' salaries. Eligible participants may contribute up to the maximum amount currently allowed by the Internal Revenue Service. Contributions made by the Organization during the year ended June 30, 2018 were \$130,378.

NONCASH TRANSACTIONS

GIFTS-IN-KIND

During the year ended June 30, 2018, the following gifts-in-kind were received:

Food and kitchen supplies used in daily operations	\$	187,266
Non-food items distributed to patrons		37,658
Other supplies used in daily operations		1,134
Professional services		67,611
Special events gifts-in-kind		<u>9,586</u>
	\$	<u><u>303,255</u></u>

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NONCASH TRANSACTIONS (continued)

Special events gifts-in-kind are included in special events revenue and expenses on the Statement of Activities. All other gifts-in-kind are reported as gifts-in-kind income on the Statement of Activities and are included in program participant aid and other program expenses on the Statement of Functional Expenses.

In accordance with GAAP, professional services are a level 2 classification, while all other gifts-in-kind are a level 3 classification.

ENDOWMENT

The Organization's endowment consists of several funds established for various purposes. The Governing Board of the Organization has interpreted the California Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the historical dollar amount of the original gift as of the gift 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 (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 in 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 California Uniform Prudent Management of Institutional Funds Act.

INVESTMENT POLICY

Endowment funds are to be invested in securities and other instruments using a broad array of asset classes with the goal of minimizing risk and maximizing potential return within certain guidelines. The long-term target rate of return is four to five percent greater than the inflation rate. This goal, while not always achievable, should accommodate an annual target withdrawal rate of four percent of average assets per year, when market conditions allow, for use by the Organization's programs.

SPENDING POLICY

The Organization has a policy of appropriating for distribution each year up to four percent of the endowment fund's average net fair market value. Amounts appropriated may be used for operational or capital needs.

The Organization has one endowment whereby the donor requires that 10% of the net income each year be transferred to the corpus of the fund, and the remaining 90% of the net income be used for medical care for the needy.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund for perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in unrestricted net assets.

UNION STATION HOMELESS SERVICES
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018

ENDOWMENT (continued)

CHANGES IN ENDOWMENT NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets at June 30, 2017	\$ -	\$ 327,186	\$ 1,906,913	\$ 2,234,099
Investment return				
Investment income	-	86,275	7,044	93,319
Net appreciation (realized and unrealized)	<u>-</u>	<u>106,819</u>	<u>-</u>	<u>106,819</u>
Total investment return	-	193,094	7,044	200,138
Contributions	-	-	20,000	20,000
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(77,781)</u>	<u>-</u>	<u>(77,781)</u>
Endowment net assets at June 30, 2018	<u>\$ -</u>	<u>\$ 442,499</u>	<u>\$ 1,933,957</u>	<u>\$ 2,376,456</u>

Endowment assets consisted of the following as of June 30, 2018:

Investments	\$ 2,371,005
Cash	<u>5,451</u>
	<u>\$ 2,376,456</u>

SUBSEQUENT EVENTS

In accordance with GAAP, the Organization has evaluated subsequent events through March 2, 2019, which is the date these financial statements were available to be issued. All subsequent events requiring recognition have been incorporated into these financial statements.

SUPPLEMENTAL INFORMATION

UNION STATION HOMELESS SERVICES
SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	ASSETS				
	UNION STATION HOMELESS SERVICES	PACIFIC HOUSING ALLIANCE	160 EUCLID PARTNERS, L.P.	ELIMINATIONS	TOTAL
CURRENT ASSETS					
Cash	\$ 890,191	\$ -	\$ 46,928	\$ -	\$ 937,119
Cash held in trust - client accounts	11,042	-	-	-	11,042
Investments	12,234,370	-	-	-	12,234,370
Prepaid expenses	330,114	-	384	-	330,498
Grants receivable	2,261,904	-	-	-	2,261,904
Contributions receivable	225,720	-	-	-	225,720
Other receivables	219	6,035	114,322	(112,440)	8,136
Total current assets	<u>15,953,560</u>	<u>6,035</u>	<u>161,634</u>	<u>(112,440)</u>	<u>16,008,789</u>
PROPERTY AND EQUIPMENT - NET	<u>3,613,444</u>	<u>-</u>	<u>3,145,897</u>	<u>-</u>	<u>6,759,341</u>
INTANGIBLE ASSETS - NET	<u>-</u>	<u>-</u>	<u>12,913</u>	<u>-</u>	<u>12,913</u>
OTHER ASSETS					
Cash - endowment	5,451	-	-	-	5,451
Investments - endowment	<u>2,371,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,371,005</u>
Total other assets	<u>2,376,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,376,456</u>
TOTAL ASSETS	<u>\$ 21,943,460</u>	<u>\$ 6,035</u>	<u>\$ 3,320,444</u>	<u>\$ (112,440)</u>	<u>\$ 25,157,499</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2018

LIABILITIES AND NET ASSETS

	UNION STATION HOMELESS SERVICES	PACIFIC HOUSING ALLIANCE	160 EUCLID PARTNERS, L.P.	ELIMINATIONS	TOTAL
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 976,148	\$ -	\$ 1,637,777	\$ (55,997)	\$ 2,557,928
Client trust liability	11,042	-	-	-	11,042
Other liabilities	802,694	-	-	(43,445)	759,249
Total current liabilities	<u>1,789,884</u>	<u>-</u>	<u>1,637,777</u>	<u>(99,442)</u>	<u>3,328,219</u>
LONG-TERM LIABILITIES					
Notes payable	-	-	2,400,361	-	2,400,361
TOTAL LIABILITIES	<u>1,789,884</u>	<u>-</u>	<u>4,038,138</u>	<u>(99,442)</u>	<u>5,728,580</u>
NET ASSETS AND PARTNERS' CAPITAL					
Unrestricted					
Undesignated	7,445,829	6,035	-	(12,998)	7,438,866
Partners' Capital	-	-	(717,694)	-	(717,694)
Total undesignated	7,445,829	6,035	(717,694)	(12,998)	6,721,172
Board designated	854,552	-	-	-	854,552
Total unrestricted	<u>8,300,381</u>	<u>6,035</u>	<u>(717,694)</u>	<u>(12,998)</u>	<u>7,575,724</u>
Temporarily restricted	9,919,238	-	-	-	9,919,238
Permanently restricted	1,933,957	-	-	-	1,933,957
Total restricted	<u>11,853,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,853,195</u>
TOTAL NET ASSETS	<u>20,153,576</u>	<u>6,035</u>	<u>(717,694)</u>	<u>(12,998)</u>	<u>19,428,919</u>
TOTAL LIABILITIES AND NET ASSETS AND PARTNERS' CAPITAL	<u>\$ 21,943,460</u>	<u>\$ 6,035</u>	<u>\$ 3,320,444</u>	<u>\$ (112,440)</u>	<u>\$ 25,157,499</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
SUPPLEMENTAL STATEMENT OF ACTIVITIES
JUNE 30, 2018

	UNION STATION HOMELESS SERVICES	PACIFIC HOUSING ALLIANCE	160 EUCLID PARTNERS, L.P.	ELIMINATIONS	Total
SUPPORT AND REVENUE					
Individuals	\$ 1,479,791	\$ -	\$ -	\$ -	\$ 1,479,791
Churches	39,426	-	-	-	39,426
Government grants	9,620,247	-	161,041	(111,285)	9,670,003
Foundations	774,513	-	-	-	774,513
Other organizations	165,154	-	-	-	165,154
Other income	134,961	-	2,033	-	136,994
Gifts-in-kind	293,669	-	-	-	293,669
Investment income - net	558,131	-	-	-	558,131
Gain on sale of investments	41,580	-	-	-	41,580
Unrealized gain on investments	641,650	-	-	-	641,650
Net rental revenue	-	-	67,949	-	67,949
Bad debts	(20,295)	-	-	-	(20,295)
Net assets released from restriction	-	-	-	-	-
	<u>13,728,827</u>	<u>-</u>	<u>231,023</u>	<u>(111,285)</u>	<u>13,848,565</u>
Special events revenue	619,112	-	-	-	619,112
Special events expenses	(281,920)	-	-	-	(281,920)
Net revenue from special events	<u>337,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,192</u>
Total support and revenue	<u>14,066,019</u>	<u>-</u>	<u>231,023</u>	<u>(111,285)</u>	<u>14,185,757</u>
EXPENSES					
Program services	10,656,620	-	263,314	(74,677)	10,845,257
Management and general	1,773,224	-	156,819	(23,610)	1,906,433
Fundraising	750,526	-	-	-	750,526
Total expenses	<u>13,180,370</u>	<u>-</u>	<u>420,133</u>	<u>(98,287)</u>	<u>13,502,216</u>
CHANGE IN NET ASSETS	<u>885,649</u>	<u>-</u>	<u>(189,110)</u>	<u>(12,998)</u>	<u>683,541</u>
NET ASSETS AT BEGINNING OF YEAR	<u>19,267,927</u>	<u>6,035</u>	<u>(528,584)</u>	<u>-</u>	<u>18,745,378</u>
NET ASSETS AT END OF YEAR	<u>\$ 20,153,576</u>	<u>\$ 6,035</u>	<u>\$ (717,694)</u>	<u>\$ (12,998)</u>	<u>\$ 19,428,919</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
 STATEMENT OF CHANGES IN PARTNERS' CAPITAL
 FOR THE YEAR ENDING JUNE 30, 2018

	<u>General Partner PHA</u>	<u>Limited Partner USHS</u>	<u>Note Receivable from PHA</u>	<u>Total</u>
Balance, June 30, 2017	\$ (311,358)	\$ (210,955)	\$ (6,271)	\$ (528,584)
Net loss	<u>(1,891)</u>	<u>(187,219)</u>	<u>-</u>	<u>(189,110)</u>
Balance, June 30, 2018	<u>\$ (313,249)</u>	<u>\$ (398,174)</u>	<u>\$ (6,271)</u>	<u>\$ (717,694)</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES

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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

To the Governing Board
Union Station Homeless Services
Pasadena, California

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 Union Station Homeless Services, which comprise 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 March 2, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union Station Homeless Services' 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 Union Station Homeless Services' 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. 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 Union Station Homeless Services' 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

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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 Union Station Homeless Services' 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.

A handwritten signature in blue ink that reads "Gordon Armstrong". The signature is written in a cursive style with a large initial 'G'.

March 2, 2019
Pasadena, California

INDEPENDENT AUDITOR'S 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

To the Governing Board
Union Station Homeless Services
Pasadena, California

Report on Compliance for Each Major Federal Program

We have audited Union Station Homeless Services' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Union Station Homeless Services' major federal programs for the year ended June 30, 2018. Union Station Homeless Services' 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Union Station Homeless Services' 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 Union Station Homeless Services' 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 Union Station Homeless Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Union Station Homeless Services 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 June 30, 2018.

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Report on Internal Control over Compliance

Management of Union Station Homeless Services 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 Union Station Homeless Services' 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 Union Station Homeless Services' internal control over compliance.

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

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

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 Union Station Homeless Services as of and for the year ended June 30, 2018, and have issued our report thereon dated March 2, 2019, 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 the purpose 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.



March 2, 2019
Pasadena, California

UNION STATION HOMELESS SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/ AGREEMENT No.</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
Federal Assistance			
Department of Housing and Urban Development			
Passed through City of Pasadena Continuum of Care (COC) program	14.267	CA1447L9D071601	\$ 123,937
Passed through City of Pasadena Continuum of Care (COC) program	14.267	CA1363L9D071602	836,889
Passed through Housing Authority of the County of Los Angeles Continuum of Care (COC) program	14.267	CA1597L9D001600	24,543
Passed through Housing Authority of the County of Los Angeles Continuum of Care (COC) program	14.267	CA1447L9D071500	26,736
Passed through 160 Euclid Partners, L.P. Continuum of Care (COC) program	14.267	CA1259L9D071603	<u>161,031</u>
Subtotal			1,173,136
Passed through City of Pasadena Emergency Solutions Grant Program	14.231	C-30829	27,469
Passed through Los Angeles Homeless Services Authority Emergency Solutions Grant Program	14.231	2017 CESF03	<u>82,954</u>
Subtotal			110,423
Passed through City of Alhambra Community Development Block Grants/Entitlement Grants	14.218	C2M16-64	<u>154,859</u>
Total Department of Housing and Urban Development			<u>1,438,418</u>
Department of Health and Human Services			
Passed through City of Inglewood Temporary Assistance for Needy Families (TANF)	93.558	16-W481	68,400
Passed through Los Angeles Homeless Services Authority Temporary Assistance for Needy Families (TANF)	93.558	2017DPSSF03	<u>1,061,196</u>
Total Department of Health and Human Services			1,129,596 *
Department of Homeland Security			
Passed through United Way of Greater Los Angeles Emergency Food and Shelter National Board Program	97.024	EFSP Phase 35	<u>30,089</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,598,103</u>

* Major program

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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 Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization did not elect to use the 10% de minimis indirect cost rate.

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2018

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Auditor's Report Issued</u>
93.558	Temporary Assistance for Needy Families (TANF)	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

SECTION II. FINANCIAL STATEMENT FINDINGS

None

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None