

**PATHWAYS TO HOUSING PA, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

**PATHWAYS TO HOUSING PA, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pathways to Housing PA, Inc.  
Philadelphia, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Pathways to Housing PA, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, 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 Pathways to Housing PA, Inc. as of June 30, 2016, 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.

**Other Matters**

*Report on Summarized Comparative Information*

We have previously audited Pathways to Housing PA, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal, state and city awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the City of Philadelphia Subrecipient Audit Guide is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The program activity invoice summary and schedule of adjustments to the program activity invoice summary are presented for purposes of additional analysis as required by the City of Philadelphia Office of Mental Health - Department of Behavioral Health and Intellectual disAbility Services and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 December 15, 2016, on our consideration of Pathways to Housing PA, 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 result 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 Pathways to Housing PA, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
December 15, 2016

**PATHWAYS TO HOUSING PA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

<b>ASSETS</b>	2016	2015
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 477,805	\$ 629,264
Accounts Receivable:		
Government, Net	1,240,082	1,299,556
Other, Net	146,983	159,245
Inventory	127,090	104,460
Client Cash - Restricted	186,919	170,972
Prepaid Expenses	262,540	299,928
Total Current Assets	2,441,419	2,663,425
<b>PROPERTY AND EQUIPMENT</b>		
Furniture, Fixtures, and Equipment	203,721	160,209
Leasehold Improvements	29,044	29,044
Total	232,765	189,253
Less: Accumulated Depreciation	93,902	53,258
Total Property and Equipment	138,863	135,995
 Total Assets	 \$ 2,580,282	 \$ 2,799,420
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 141,441	\$ 52,824
Accrued Expenses	140,545	140,099
Accrued Payroll and Payroll Taxes	201,522	372,181
Deferred Revenue	92,511	-
Due to Clients	186,919	170,972
Capital Lease Obligations, Current Portion	1,746	1,974
Total Current Liabilities	764,684	738,050
<b>LONG-TERM LIABILITIES</b>		
Capital Lease Obligations, Net of Current Portion	-	1,746
Total Liabilities	764,684	739,796
<b>NET ASSETS</b>		
Unrestricted	1,658,954	1,864,420
Temporarily Restricted	156,644	195,204
Total Net Assets	1,815,598	2,059,624
 Total Liabilities and Net Assets	 \$ 2,580,282	 \$ 2,799,420

See accompanying Notes to Financial Statements

**PATHWAYS TO HOUSING PA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Community Behavioral Health	\$ 3,567,648	\$ -	\$ 3,567,648	\$ 3,590,963
U.S. Department of Housing and Urban Development	1,836,508	-	1,836,508	1,570,433
Department of Veterans' Affairs	1,105,944	-	1,105,944	1,482,822
City of Philadelphia Department of Behavioral Health	1,407,785	-	1,407,785	1,315,101
Other Contracts	330,513	-	330,513	201,535
Client Income	417,449	-	417,449	449,364
Foundation Grants	31,375	197,500	228,875	269,250
Contributions	340,903	-	340,903	319,452
Other Income	89,588	-	89,588	79,897
Net Assets Released from Restrictions	236,060	(236,060)	-	-
Total Support and Revenue	<u>9,363,773</u>	<u>(38,560)</u>	<u>9,325,213</u>	<u>9,278,817</u>
<b>EXPENSES</b>				
Program	8,092,960	-	8,092,960	7,624,796
Management and General	1,345,956	-	1,345,956	1,259,291
Fundraising	130,323	-	130,323	124,842
Total Expenses	<u>9,569,239</u>	<u>-</u>	<u>9,569,239</u>	<u>9,008,929</u>
<b>CHANGE IN NET ASSETS</b>	(205,466)	(38,560)	(244,026)	269,888
Net Assets - Beginning of Year	<u>1,864,420</u>	<u>195,204</u>	<u>2,059,624</u>	<u>1,789,736</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,658,954</u></u>	<u><u>\$ 156,644</u></u>	<u><u>\$ 1,815,598</u></u>	<u><u>\$ 2,059,624</u></u>

See accompanying Notes to Financial Statements

**PATHWAYS TO HOUSING PA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	2016					2015	
	Housing First	Furniture Bank	Total Program	Management and General	Fundraising	Total	Total
Payroll and Payroll Related Costs	\$ 3,662,043	\$ 150,254	\$ 3,812,297	\$ 1,110,047	\$ 93,836	\$ 5,016,180	\$ 4,468,186
Affiliate Fees	-	-	-	-	-	-	26,541
Bad Debt	20,924	-	20,924	-	-	20,924	27,956
Client Rent Expense	2,105,532	-	2,105,532	-	-	2,105,532	1,915,911
Client Housing Expenses	420,097	-	420,097	-	-	420,097	545,173
Other Client Expenses	256,365	-	256,365	-	-	256,365	202,841
Clinic Supply Expenses	19,901	-	19,901	-	-	19,901	18,539
Conferences and Meetings	40,935	215	41,150	15,485	8,974	65,609	102,810
Contract Service Payments and Professional Fees	286,014	28,085	314,099	80,239	16,183	410,521	745,700
Depreciation	33,736	-	33,736	6,503	406	40,645	29,316
Insurance	91,215	5,000	96,215	13,725	858	110,798	62,236
Miscellaneous	-	-	-	5,261	-	5,261	4,092
Occupancy Costs	244,649	68,239	312,888	60,316	3,770	376,974	340,374
Office Expenses	187,962	14,007	201,969	54,380	6,296	262,645	335,204
Program Expenses - Furniture Bank	-	449,405	449,405	-	-	449,405	175,327
Vehicle Costs	4,262	4,120	8,382	-	-	8,382	8,723
Total Expenses	<u>\$ 7,373,635</u>	<u>\$ 719,325</u>	<u>\$ 8,092,960</u>	<u>\$ 1,345,956</u>	<u>\$ 130,323</u>	<u>\$ 9,569,239</u>	<u>\$ 9,008,929</u>

See accompanying Notes to Financial Statements

**PATHWAYS TO HOUSING PA, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (244,026)	\$ 269,888
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	40,645	29,316
Bad Debt	20,924	27,956
(Increase) Decrease in:		
Prepaid Expenses	37,388	(37,634)
Accounts Receivable	50,812	(338,582)
Inventory	(22,630)	(104,460)
Cash - Restricted for Clients	(15,947)	(32,315)
Increase (Decrease) in:		
Accounts Payable	88,616	(46,960)
Accrued Expenses	446	(17,730)
Accrued Payroll and Payroll Related Expenses	(170,659)	67,791
Due to Clients	15,947	32,315
Deferred Revenue	92,511	(20,655)
Net Cash Used by Operating Activities	(105,973)	(171,070)
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(43,512)	(38,110)
<b>CASH FLOWS USED BY FINANCING ACTIVITIES</b>		
Payments on Capital Lease Obligations	(1,974)	(1,635)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(151,459)	(210,815)
Cash and Cash Equivalents - Beginning of Year	629,264	840,079
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 477,805	\$ 629,264
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	\$ 542	\$ 881

See accompanying Notes to Financial Statements



**PATHWAYS TO HOUSING PA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Pathways to Housing PA, Inc. ("Pathways") is a not-for-profit corporation formed under the laws of the Commonwealth of Pennsylvania. Pathways operates with the belief that housing is a basic human right for all people. Pathways provides housing and non-fidelity Assertive Community Treatment Services to people who are chronically homeless and have psychiatric and other disabilities. Pathways clients are referred by the City of Philadelphia, therefore, the organization operates under the Medical Assistance guidelines for admission criteria. The Housing First Model has proved to be successful in housing people that have not been able to maintain housing with other agencies. In addition to housing placement, Pathways' clients are provided with support services such as case management, mental health counseling, connection to addictions services, medical services, vocational training, household and money management assistance, "activities of daily living" training and advocacy services. In December 2014, Pathways opened the Philadelphia Furniture Bank providing no-cost furnishings to those in need, primarily individuals and families moving out of homelessness, who are referred to Pathways by member agencies.

Pathways is primarily funded through contracts with governmental agencies such as the United States Department of Housing and Urban Development, City of Philadelphia Department of Behavioral Health and Intellectual Disability Services, City of Philadelphia Office of Supportive Housing, and Community Behavioral Health (the City's medical assistance payer for behavioral health services).

**Basis of Presentation**

The financial statements of Pathways have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Prior Year Summarized Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with Pathways' financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**Cash and Cash Equivalents**

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Cash and cash equivalents include demand deposit accounts.

**Client Cash-Restricted/Due to Clients**

Pathways, as part of Social Security's Representative Payment Program, provides financial management for the Social Security payments made to beneficiaries who are incapable of managing their payments. Restricted cash represents these funds that are held on behalf of Pathways clients. Pathways manages these resources to help create a stable living environment and ensure that the basic needs of food, shelter, clothing and medical care are met.

**PATHWAYS TO HOUSING PA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts is maintained to recognize potential losses in Pathways accounts receivable. Management continually monitors accounts receivables for collectability issues. An allowance for doubtful accounts is based upon management's judgment and is established based on review of the types of individual accounts, collection history, and other pertinent factors. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off. At June 30, 2016, the amount of the allowance for accounts receivable, other was \$67,566.

**Inventory**

The Inventory for the Philadelphia Furniture Bank consists of slightly used furniture received from for-profit entities, non-profit organizations, and individuals. The inventory value is based on estimates from various donation value guides. This furniture is provided to those in need, primarily individuals and families moving out of homelessness, who are referred to Pathways by member agencies. Ending inventory as of June 30, 2016 amounted to \$127,090.

In-kind contributions of furniture amounted to \$217,020 for the year ended June 30, 2016, which is included as part of contributions on the Statement of Activities.

**Property and Equipment**

Property and equipment are purchased and stated at cost. Donated property is recorded at fair value. Depreciation is provided on the straight-line method over the estimated useful lives of the related assets as follows:

Furniture, Fixtures, and Equipment	3-8 Years
Leasehold Improvements	Term of Lease

Pathways capitalizes property and equipment acquisitions with a cost exceeding \$2,500. The cost of maintenance and repairs is charged to expense as incurred whereas significant renewals and betterments are capitalized.

**Net Assets**

Pathways classifies resources for accounting and reporting purposes into separate net asset classes based on the absence or existence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories. A description of the asset categories is as follows:

*Unrestricted Net Assets* – Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use. Unrestricted net assets include operating funds. The Board of Directors has the ability to designate unrestricted net assets for specified purposes.

**PATHWAYS TO HOUSING PA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

*Temporarily Restricted Net Assets* – Net assets that are subject to donor-imposed restrictions or stipulations that can be fulfilled by actions of Pathways pursuant to those stipulations or that expire by the passage of time. It is Pathways policy to record temporarily restricted contributions recognized and expended in the same accounting period in the unrestricted net asset class activity.

*Permanently Restricted Net Assets*- Net assets that are subject to donor-imposed restrictions or stipulations that require the principal to be invested in perpetuity and the income to be used to support Pathways objectives in accordance with the wishes of the donor. Pathways does not have any permanently restricted net assets at June 30, 2016.

**Revenue Recognition**

*Contract Revenue* - Contract revenue from governmental agencies is recognized at the time the service is rendered and is based upon allowable costs. Pathways considers all government awards to be exchange transactions in which each party receives and sacrifices commensurate value. Accordingly, government awards do not affect temporarily restricted or permanently restricted net assets, and funds received in advance are deferred revenue, and funds disbursed and not reimbursed represent receivables.

*Fee for Service* – Fee for service revenue is recognized at the time the service is rendered and is based upon the billing rate and the allowable number of service units provided to the clients. Rates are established by the governmental agency and are subject to change. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered.

*Client Income* – Client Income represents each client’s share of their housing rental expenses and represents 30 percent of their annual income net of allowable adjustments. Client income is accrued when earned to the extent that the related expenses have been incurred.

*Contributions and Foundation Grants* - Pathways records as revenue, unconditional promises to give, in the period the promise to give is received. All contributions are considered available for unrestricted use unless specifically restricted by the donors’ request or restricted by time.

**Functional Allocation of Expenses**

Expenses are charged to various programs and supporting services when specifically identified. If not specifically identified, expenses are allocated in proportion to direct expenses, as estimated by management.

**Income Tax Status**

Pathways is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Pathways informational tax returns are subject to review and examination by federal, state, or local authorities. Pathways is not aware of any activities that would jeopardize its tax-exempt status.

**PATHWAYS TO HOUSING PA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Management’s Judgments and Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The most significant management estimates and assumptions relate to determination of the allowance for doubtful accounts, the functional expense allocation and the useful lives of fixed assets. Actual results could differ from those estimates.

**Subsequent Events**

In preparing these financial statements, the Pathways has evaluated events and transactions for potential recognition or disclosures through December 15, 2016, the date the financial statements were available to be issued.

**NOTE 2      CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents potentially subject Pathways to a concentration credit risk. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank deposit accounts may exceed FDIC insurable limits.

**NOTE 3      ACCOUNTS RECEIVABLE – GOVERNMENT**

As of June 30, 2016, accounts receivable - government are comprised of the following:

City of Philadelphia Department of Behavioral Health	\$ 185,811
City of Philadelphia Office of Supportive Housing	333,361
U.S. Department of Housing and Urban Development	294,566
City of Philadelphia Department of Behavioral Health Office of Addiction Services	12,600
Action Wellness	32,454
Columbia University in the City of NY	11,187
Community Behavioral Health	370,103
Total Accounts Receivable - Government	<u>\$ 1,240,082</u>

**PATHWAYS TO HOUSING PA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4      NET ASSETS**

As of June 30, 2016, temporarily restricted net assets are restricted as to purpose and available for the following:

Furniture Bank Supported Employment and Operations	\$    72,380
Client Furniture	34,000
Strategic Plan	15,875
Veterans	11,494
Medical Clinic	10,395
Furniture Bank Equipment	10,000
Financial Literacy	2,500
Total	\$   156,644

**NOTE 5      EMPLOYEE BENEFIT PLAN**

Pathways maintains a 401k Plan covering all eligible employees who have completed three months of service. Employees may contribute a percentage of their gross wages to the plan. Pathways makes a “non-elective” contribution of 3% of gross salary for all eligible employees regardless if they contribute or not. Total contributions for the year ended June 30, 2016 were \$109,246.

**NOTE 6      OPERATING LEASE COMMITMENTS**

**Residential Apartments**

Pathways leases approximately 202 residential apartments throughout the City of Philadelphia that serve as the housing units for the clients of the program. The various one-year leases have expiration dates throughout fiscal year 2017. Residential rental expense for the year ended June 30, 2016 totaled \$2,105,532.

**Office Facilities**

Pathways conducts its operations from facilities that are leased under a ten-year operating lease with an expiration date in 2022. There are two five-year renewal options under the contract that allow the Organization to lease the facility until 2032. Rental and occupancy expense for the year ended June 30, 2016 totaled \$308,735.

**Furniture Bank Program**

In October 2014 Pathways entered into a five year operating lease for space to house their Philadelphia Furniture Bank program. The Philadelphia Furniture Bank program facilitates the collection and distribution of gently used donated furniture to individuals and families moving out of homelessness. Rental and occupancy expense for the year ended June 30, 2016 totaled \$68,239.

**PATHWAYS TO HOUSING PA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 OPERATING LEASE COMMITMENTS (CONTINUED)**

Aggregate minimum annual rental payments under residential apartments, office facilities and furniture bank leases at June 30, 2016 are as follows:

Year Ending June 30,	Amount
2017	\$ 1,467,564
2018	268,466
2019	274,302
2020	278,645
2021	282,178
Thereafter	251,293
Total	\$ 2,822,448

**NOTE 7 CAPITAL LEASE**

Pathways copier lease is recorded as a capital lease with an expiration date of March 2017. The economic substance of the lease is that Pathways is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The lease includes an end of lease purchase option that shall be the fair market value of the equipment. The copier equipment has a total cost of \$7,995 and accumulated depreciation of \$7,196 at June 30, 2016. This capitalized lease is included in property and equipment.

Minimum future lease payments under the capital lease at June 30, 2016 are as follows:

Year Ending June 30,	Amount
2017	\$ 1,887
Less: Amount Representing Interest	141
Total	\$ 1,746

**NOTE 8 CONCENTRATION OF REVENUES**

Pathways operating revenue is primarily generated through contracts with Federal and local governmental agencies. For the year ended June 30, 2016, this amount represented approximately 91% of total revenues. The total receivable from contracts with Federal and local governmental agencies as of June 30, 2016 was approximately 94% of total accounts receivable.

**PATHWAYS TO HOUSING PA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9      CONTRACTUAL ADJUSTMENTS**

The contracts under which Pathways conducts its programs contain provisions defining costs, which are allowable and reimbursable within the program. Program billings are subject to audit by various governmental funding sources. Audits of these billings may result in adjustments for disallowances. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined to date.

**PATHWAYS TO HOUSING PA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**YEAR ENDED JUNE 30, 2016**

Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Award Period	Expenditures
<b>FEDERAL AWARDS</b>				
U.S. Department of Housing and Urban Development				
Supportive Housing Program	14.267	PA0433L3T001403	02/01/15 - 01/31/16	\$ 356,891
Supportive Housing Program	14.267	PA0433L3T001504	02/01/16 - 01/31/17	254,590
Supportive Housing Program	14.267	PA0504L3T001302	11/01/14 - 10/31/15	139,376
Supportive Housing Program	14.267	PA0504L3T001403	11/01/15 - 10/31/16	290,068
Total Supportive Housing Program				<u>1,040,925</u>
Pass-Through City of Philadelphia Office of Supportive Housing				
Shelter Plus Care	14.267	15-20553	02/01/15 - 01/31/16	228,362
Shelter Plus Care	14.267	16-20522	02/01/16 - 01/31/17	166,685
Shelter Plus Care	14.267	15-20404	11/01/14 - 10/31/15	58,206
Shelter Plus Care	14.267	16-20382	11/01/15 - 10/31/16	149,549
Total Shelter Plus Care				<u>602,802</u>
Total CFDA 14.267				<u>1,643,727</u>
Pass-Through City of Philadelphia Office of Housing and Community Development				
Pass-Through Action Wellness				
Housing Opportunities for People with AIDS	14.241	15-20068	04/01/15 - 03/31/16	144,156
Housing Opportunities for People with AIDS	14.241	16-20033	04/01/16 - 03/31/17	48,625
Total CFDA 14.241				<u>192,781</u>
Total U.S. Department of Housing and Urban Development				<u>1,836,508</u>
U.S. Department of Health and Human Services				
Pass-Through National Institutes of Health				
Pass-Through Columbia University				
Mental Health Research Grants	93.242	2(GG009371)	6/1/15 - 5/31/16	98,870
Mental Health Research Grants	93.242	2(GG009371)	6/1/16 - 5/31/17	11,187
Total CFDA 93.242				<u>110,057</u>
Total Federal Awards				1,946,565
<b>STATE AWARDS</b>				
State Financial Assistance				
Pass-Through City of Philadelphia Department of Behavioral Health and Intellectual disAbility Services				
	N/A	13-20104-03	07/01/15 - 6/30/16	1,013,906
Pass-Through City of Philadelphia Department of Behavioral Health and Intellectual disAbility Services - Drug and Alcohol Abuse Services				
	N/A	13-20108-03	07/01/15 - 6/30/16	252,000
Total State Awards				<u>1,265,906</u>
<b>CITY AWARDS</b>				
City Financial Assistance				
City of Philadelphia Office of Supportive Housing				
Shelter Plus Care	N/A	15-20404	11/01/14 - 10/31/15	91,911
Shelter Plus Care	N/A	16-20382	11/01/15 - 10/31/16	15,000
Shelter Plus Care	N/A	16-20382	11/01/15 - 10/31/16	109,045
Total City Awards				<u>215,956</u>
Total Federal, State and City Awards				<u>\$ 3,428,427</u>

See Notes to Schedule of Expenditures of Federal, State and City Awards



**PATHWAYS TO HOUSING PA, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**  
**JUNE 30, 2016**

**NOTE 1 GENERAL INFORMATION**

The accompanying schedule of expenditures of federal, state and city awards (the Schedule) presents the activities in all federal, state and city awards of Pathways to Housing PA, Inc. for the year ended June 30, 2016. All financial assistance received directly from federal agencies as well as financial assistance passed through other governmental agencies or nonprofit organizations are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). During the year ended June 30, 2016 Pathways to Housing PA, Inc. did not pass-through federal funding to subrecipients.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to funding agencies because those reports may be submitted on either a cash or modified accrual basis of accounting.


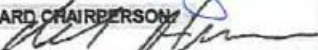
**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal, state and city award expenditures are reported on the statement of functional expenditures as program costs. However, expenditures in the schedule of expenditures of federal, state and city awards for certain programs which have incurred deficits have been limited to the related contracted amount. In addition, for certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported on the schedule of expenditures of federal, state and city awards due to program expenditures exceeding grant or contract budget limitations, which are not included as federal, state and city financial assistance.

**NOTE 4 INDIRECT COST RATE**

Pathways to Housing PA, Inc. has elected to use the 10% de minimis indirect cost rate for federal contracts allowed under the Uniform Guidance.

**PATHWAYS TO HOUSING PA, INC.**  
**PROGRAM ACTIVITY INVOICE SUMMARY**  
**JUNE 30, 2016**

PROGRAM ACTIVITY INVOICE SUMMARY MH 2014			CITY OF PHILADELPHIA DEPT. OF BEHAVIORAL HEALTH & INTELLECTUAL DISABILITY SERVICES				AGENCY: Pathways to Housing PA		PERIOD: FROM: 7/1/2015 TO: 6/30/2016	
							APPROVED BY: PRESIDENT / CEO: 		DATE SUBMITTED: 8/26/2016	
							BOARD CHAIRPERSON: 			
PROGRAM ACTIVITY	PAC CODE	PROGRAM NAME	ELIGIBLE EXPENDITURES				REVENUE	NET TO BE FUNDED	INELIGIBLE COST	
			PERSONNEL	OPERATING	ADMIN.	RET. REV.				TOTAL
	PACcode		PERSONNEL	DIRECT	ADMIN	RETREV	TOTAL	REVENUE	NETFUND	INELIG
COMM RES SRVCS	0100-1618	RES-SUPP IND. LI.	341,406	678,229	163,142		\$ 1,182,777	\$ 930,777	\$ 252,000	
OTHER SERVICES	0100-1626	RES-OTHER-HOMELES	1,094,292	911,121	320,865		\$ 2,326,278	\$ 1,912,452	413,826	
OTHER SERVICES	0182-9826	RES-OTHER-HOMELES	561,933	467,868	164,767		\$ 1,194,568	\$ 975,205	219,363	
OTHER SERVICES	0184-0490	ICM-HOMELESS-MISC	1,301,320	1,083,500	381,573		\$ 2,766,393	\$ 2,385,676	380,717	
<b>TOTAL</b>			<b>\$ 3,298,951</b>	<b>\$ 3,140,718</b>	<b>\$ 1,030,347</b>	<b>\$ -</b>	<b>\$ 7,470,016</b>	<b>\$ 6,204,110</b>	<b>\$ 1,265,906</b>	<b>\$ -</b>

**PATHWAYS TO HOUSING PA, INC.**  
**SCHEDULE OF ADJUSTMENT TO PROGRAM ACTIVITY INVOICE SUMMARY**  
**JUNE 30, 2016**

Program Activity Code	COMM RES SERVICES 0100-1618	OTHER SERVICES 0182-9826	OTHER SERVICES 0182-9826	OTHER SERVICES 0184-0490
<b>PROGRAM ACTIVITY SUMMARY AS</b>				
<b>ORIGINALLY SUBMITTED</b>				
Personnel	\$ 341,406	\$ 1,094,292	\$ 561,933	\$ 1,301,320
Operating	678,229	911,121	467,868	1,083,500
Administrative	163,142	320,865	164,767	381,573
Retained Revenue	-	-	-	-
Total Expenditures	<u>1,182,777</u>	<u>2,326,278</u>	<u>1,194,568</u>	<u>2,766,393</u>
Revenue	<u>930,777</u>	<u>1,912,452</u>	<u>975,205</u>	<u>2,385,676</u>
<b>NET TO BE FUNDED</b>	<u><u>\$ 252,000</u></u>	<u><u>\$ 413,826</u></u>	<u><u>\$ 219,363</u></u>	<u><u>\$ 380,717</u></u>
<b>AUDIT ADJUSTMENTS</b>				
Operating	\$ -	\$ -	\$ -	\$ -
Total Expenditures	-	-	-	-
Revenue	-	-	-	-
<b>NET TO BE FUNDED</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>AUDITED PROGRAM ACTIVITY INVOICE SUMMARY</b>				
Personnel	\$ 341,406	\$ 1,094,292	\$ 561,933	\$ 1,301,320
Operating	678,229	911,121	467,868	1,083,500
Administrative	163,142	320,865	164,767	381,573
Retained Revenue	-	-	-	-
Total Expenditures	<u>1,182,777</u>	<u>2,326,278</u>	<u>1,194,568</u>	<u>2,766,393</u>
Revenue	<u>930,777</u>	<u>1,912,452</u>	<u>975,205</u>	<u>2,385,676</u>
<b>NET TO BE FUNDED</b>	<u><u>\$ 252,000</u></u>	<u><u>\$ 413,826</u></u>	<u><u>\$ 219,363</u></u>	<u><u>\$ 380,717</u></u>

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH SPECIFIED INDIRECT COST ALLOCATION REQUIREMENTS**

Board of Directors  
Pathways to Housing PA, Inc.  
Philadelphia, Pennsylvania

We have examined Pathways to Housing PA, Inc.'s compliance with allocating indirect costs reflected in the City of Philadelphia Office of Mental Health - Department of Behavioral Health and Intellectual disAbility Services program activity summary as required by the Commonwealth of Pennsylvania, Department of Human Services, Section 4300.94 of the Title 4300 Regulations for the year ended June 30, 2016. Management is responsible for Pathways to Housing PA, Inc.'s compliance with those requirements. Our responsibility is to express an opinion on Pathways to Housing PA, Inc.'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including examining, on a test basis, evidence about Pathways to Housing PA, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Pathways to Housing PA, Inc.'s compliance with specified requirements.

In our opinion, Pathways to Housing PA, Inc. complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

This report is intended solely for the information and use of the Board of Directors, management, and the City of Philadelphia Office of Mental Health - Department of Behavioral Health and Intellectual disAbility Services and is not intended to be and should not be use by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
December 15, 2016

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

Board of Directors  
Pathways to Housing PA, Inc.  
Philadelphia, Pennsylvania

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 Pathways to Housing PA, Inc., which comprise the statement of financial position as of June 30, 2016, 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 December 15, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pathways to Housing PA, 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 Pathways to Housing PA, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Pathways to Housing PA, 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. 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.

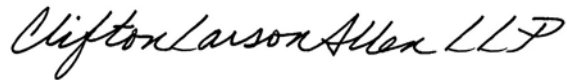
Board of Directors  
Pathways to Housing PA, Inc.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pathways to Housing PA, 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 result 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.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
December 15, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Pathways to Housing PA, Inc.  
Philadelphia, Pennsylvania

**Report on Compliance for Each Major Federal Program**

We have audited Pathways to Housing PA, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pathways to Housing PA, Inc.'s major federal programs for the year ended June 30, 2016. Pathways to Housing PA, 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***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Pathways to Housing PA, 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 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) and the City of Philadelphia Subrecipient Audit Guide. Those standards and the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide 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 Pathways to Housing PA, 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 Pathways to Housing PA, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Pathways to Housing PA, 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 program for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

Management of Pathways to Housing PA, 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 Pathways to Housing PA, 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 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 Pathways to Housing PA, 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 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
December 15, 2016



**COUNCIL OF SPANISH SPEAKING ORGANIZATIONS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_yes        X  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes        X  none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_yes        X  no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_yes        X  no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes        X  none reported
2. Type of auditor’s report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.515(d)(2) of the Uniform Guidance? \_\_\_\_\_yes        X  no

**Identification of Major Federal Programs**

**CFDA Number(s)**

14.267

**Name of Federal Program or Cluster**

Continuum of Care Program (Supportive Housing Program)

Dollar threshold used to distinguish between

Type A or Type B programs was:

\$ 750,000/ \$187,500

Auditee qualified as low-risk auditee?

  X  yes      \_\_\_\_\_no

**PATHWAYS TO HOUSING PA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2016**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR section 200.515(d)(2) of the Uniform Guidance.

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**Section IV – Prior Audit Findings**

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There were no findings in the prior year that were required to be reported.