OUR FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS
AND SINGLE AUDIT REPORTS AND SCHEDULES
YEARS ENDED JUNE 30, 2016 AND 2015

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HBL CPAs, P.C.
Certified Public Accountants

Gerald H. Beal, CPA
Marianne E. DeVries, CPA
Michael J. DeVries, CPA
Jacquie Ivey, CPA
Coleen A. Krogen, CPA
John P. Lauer, CPA
Laura Randol, CPA, CFE

INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

We have audited the accompanying financial statements of Our Family Services, Inc. (an Arizona nonprofit corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, 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, issued by the Comptroller General of the United States. 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 audits. We conducted our audits 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*. Those standards require that we plan and perform the audits 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 auditors consider 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 Our Family Services, Inc. as of June 30, 2016 and 2015, 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.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and other governmental awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 November 30, 2016 on our consideration of Our Family Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Our Family Services, Inc.'s internal control over financial reporting and compliance.

HBL CPAs, P.C.

HBL CPAs, P.C.

November 30, 2016

OUR FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	$ 582,351	$ 893,045
Contracts receivable	691,087	468,389
Prepaid expenses	99,291	57,884
Other assets	1,139	1,907
Property and equipment	4,333,363	4,372,106
Beneficial interest in funds held by others	302,083	319,041
	$ 6,009,314	$ 6,112,372
LIABILITIES AND NET ASSETS		
Accounts payable	$ 129,062	$ 157,757
Accrued payroll and other expenses	113,439	226,399
Deferred revenue	831	2,385
Custodial liabilities	11,970	7,783
Tenant security deposits	8,390	6,825
Notes payable	822,839	946,039
	1,086,531	1,347,188
Net assets:		
Unrestricted:		
Available for operations	657,932	623,363
Board-designated reserve	151,698	161,725
Expended for property and equipment	3,510,524	3,426,067
	4,320,154	4,211,155
Temporarily restricted	337,385	292,747
Permanently restricted	265,244	261,282
	4,922,783	4,765,184
	$ 6,009,314	$ 6,112,372

OUR FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Public support and revenues:				
Government grants	$ 3,027,093	$ -	$ -	$ 3,027,093
Government contracts	854,030	-	-	854,030
Contributions, bequests and grants	157,129	529,060	3,962	690,151
Program income	372,116	-	-	372,116
Donated materials and services	137,611	-	-	137,611
United Way	98,690	-	-	98,690
Special events, net of $14,245 direct donor benefit costs	57,302	-	-	57,302
Poinsettia sales	6,599	-	-	6,599
Distribution from CPI	608,825	-	-	608,825
Other support and revenue	13,751	-	-	13,751
Gain on sale of property and equipment	29,316	-	-	29,316
Investment income (losses)	160	(9,837)	-	(9,677)
	5,362,622	519,223	3,962	5,885,807
Net assets released from restrictions	474,585	(474,585)	-	-
Total public support and revenues	5,837,207	44,638	3,962	5,885,807
Expenses:				
Program services	4,581,972	-	-	4,581,972
Management and general	865,311	-	-	865,311
Fundraising	280,925	-	-	280,925
Total expenses	5,728,208	-	-	5,728,208
Change in net assets	108,999	44,638	3,962	157,599
Net assets, beginning of year	4,211,155	292,747	261,282	4,765,184
Net assets, end of year	$ 4,320,154	$ 337,385	$ 265,244	$ 4,922,783

OUR FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Public support and revenues:				
Government grants	$ 2,490,697	$ -	$ -	$ 2,490,697
Government contracts	1,127,722	-	-	1,127,722
Contributions, bequests and grants	303,663	598,711	340	902,714
Program income	395,477	-	-	395,477
Donated materials and services	76,741	-	-	76,741
United Way	85,899	-	-	85,899
Special events, net of $15,344 direct donor benefit costs	48,993	-	-	48,993
Poinsettia sales, net of $23,023 cost of goods sold	24,421	-	-	24,421
Other support and revenue	26,096	-	-	26,096
Gain on sale of property and equipment	127,575	-	-	127,575
Investment income	619	2,709	-	3,328
	4,707,903	601,420	340	5,309,663
Net assets released from restrictions	625,055	(625,055)	-	-
Total public support and revenues	5,332,958	(23,635)	340	5,309,663
Expenses:				
Program services	4,129,396	-	-	4,129,396
Management and general	850,961	-	-	850,961
Fundraising	295,242	-	-	295,242
	5,275,599	-	-	5,275,599
Change in net assets	57,359	(23,635)	340	34,064
Net assets, beginning of year	4,153,796	316,382	260,942	4,731,120
Net assets, end of year	$ 4,211,155	$ 292,747	$ 261,282	$ 4,765,184

OUR FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Strong communities division			New beginnings division					
	Clinical services	**Community services**	**Senior services**	**Family housing**	**Homeless youth services**	**Total program services**	**Management and general**	**Fundraising**	**Total**
Contract employees and personnel costs	$ 368,887	$ 272,309	$ 85,774	$ 959,588	$ 362,288	$ 2,048,846	$ 637,162	$ 194,635	$ 2,880,643
Advertising and public relations	-	6,679	9	47,734	-	54,422	150	7,778	62,350
Amortization of loan costs	-	-	-	-	-	-	433	-	433
Bad debt	2,464	416	-	3,974	431	7,285	-	-	7,285
Bank fees	602	385	-	1,541	-	2,528	4,326	2,864	9,718
Client housing	-	-	-	581,250	404,184	985,434	-	-	985,434
Depreciation	7,725	6,280	2,164	132,465	2,865	151,499	30,659	5,452	187,610
Direct donor benefit costs						-		14,245	14,245
Equipment	3,019	4,445	1,811	12,601	6,528	28,404	10,541	5,468	44,413
Facilities	7,995	7,630	2,527	210,265	11,316	239,733	37,005	5,874	282,612
Insurance	7,156	6,018	1,701	22,290	6,859	44,024	11,160	3,883	59,067
Interest	4,533	3,605	1,378	11,152	1,228	21,896	19,987	5,678	47,561
Membership, dues and licensing	2,529	3,754	616	8,347	4,118	19,364	15,064	6,256	40,684
Miscellaneous	2,619	(1,364)	(156)	5,558	(7,874)	(1,217)	18,032	(7,474)	9,341
Office supplies	2,390	6,443	750	9,940	3,285	22,808	6,563	16,052	45,423
Other client expenses	2,475	24,056	7,643	254,967	77,648	366,789	2,461	11	369,261
Professional and						-			
outside services	20,721	40,444	4,925	94,958	19,749	180,797	43,652	29,875	254,324
Recruitment and staff development	2,943	13,507	1,292	12,065	2,873	32,680	9,937	2,519	45,136
Subrecipient payments	-	-	-	124,021	-	124,021	-	-	124,021
Telephone	3,230	3,396	934	12,823	4,137	24,520	6,052	1,396	31,968
Travel and auto	12,254	4,688	407	29,667	11,039	58,055	12,127	615	70,797
Volunteer	-	293	169,791	-	-	170,084	-	43	170,127
Total functional expenses	451,542	402,984	281,566	2,535,206	910,674	4,581,972	865,311	295,170	5,742,453
Less expenses netted against revenues -									
Direct donor benefit costs	-	-	-	-	-	-	-	(14,245)	(14,245)
Total expenses	$ 451,542	$ 402,984	$ 281,566	$ 2,535,206	$ 910,674	$ 4,581,972	$ 865,311	$ 280,925	$ 5,728,208
Percentage of total expenses	8%	7%	5%	44%	16%	80%	15%	5%	100%

OUR FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Strong communities division			New beginnings division					
	Clinical services	Community services	Senior services	Family housing	Homeless youth services	Total program services	Management and general	Fundraising	Total
Contract employees and personnel expense	$ 376,194	$ 323,384	$ 94,461	$ 474,337	$ 831,574	$ 2,099,950	$ 621,328	$ 223,678	$ 2,944,956
Advertising and public relations	-	10	-	20	-	30	40	9,981	10,051
Amortization of loan costs	-	-	-	-	-	-	433	-	433
Bad debt	3,759	-	-	178	22	3,959	-	-	3,959
Bank fees	951	1,217	197	992	2,303	5,660	2,968	1,789	10,417
Client housing	-	-	-	425,654	197,729	623,383	-	-	623,383
Cost of poinsettia sales	-	-	-	-	-	-	-	23,023	23,023
Depreciation	6,952	4,036	2,018	103,100	44,716	160,822	28,239	4,602	193,663
Direct donor benefit costs	-	-	-	-	-	-	-	15,344	15,344
Equipment	4,489	9,910	1,693	9,120	13,271	38,483	14,282	3,192	55,957
Facilities	10,655	10,944	2,869	168,649	64,701	257,818	53,101	6,028	316,947
Insurance	9,214	7,450	2,011	11,982	23,764	54,421	11,884	4,544	70,849
Interest	4,307	1,914	1,436	17,965	957	26,579	24,887	3,350	54,816
Membership, dues and licensing	2,631	4,641	582	4,220	10,026	22,100	10,365	6,384	38,849
Miscellaneous	-	-	-	-	-	-	5,793	846	6,639
Office supplies	2,231	8,743	991	4,896	3,463	20,324	6,924	19,018	46,266
Other client expenses	4,280	55,890	8,368	144,173	141,313	354,024	980	70	355,074
Professional and outside services	23,223	43,424	3,331	19,893	57,938	147,809	38,263	7,231	193,303
Recruitment and staff development	3,508	4,135	3,725	6,725	7,373	25,466	10,015	2,828	38,309
Subrecipient payments	-	-	-	13,707	-	13,707	-		13,707
Telephone	4,089	4,926	1,210	6,178	13,907	30,310	5,853	1,427	37,590
Travel and auto	16,460	19,472	2,112	8,290	25,498	71,832	15,606	-	87,438
Volunteer	-	25	172,643	41	10	172,719	-	274	172,993
Total functional expenses	472,943	500,121	297,647	1,420,120	1,438,565	4,129,396	850,961	333,609	5,313,966
Less expenses netted against revenues:									
Cost of poinsettia sales	-	-	-	-	-	-	-	(23,023)	(23,023)
Direct donor benefit costs	-	-	-	-	-	-	-	(15,344)	(15,344)
Total expenses	$ 472,943	$ 500,121	$ 297,647	$ 1,420,120	$ 1,438,565	$ 4,129,396	$ 850,961	$ 295,242	$ 5,275,599
Percentage of total expenses	9%	9%	6%	27%	27%	78%	16%	6%	100%

OUR FAMILY SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ 157,599	$ 34,064
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Donated marketable securities	(25,106)	(23,761)
Realized losses on marketable securities	485	692
Amortization of loan costs	433	433
Depreciation	187,610	193,663
(Gain) on sale/disposal of property and equipment	(29,316)	(127,575)
Change in value of beneficial interest in funds held by others	9,837	(2,709)
(Increase) decrease in operating assets:		
Contracts receivable	(222,698)	132,257
Prepaid expenses	(41,407)	(40,922)
Other assets	335	197
Increase (decrease) in operating liabilities:		
Accounts payable	(28,695)	75,256
Accrued payroll and related expenses	(112,960)	21,156
Deferred revenue	(1,554)	(28,704)
Custodial liabilities	4,187	(11,485)
Tenant security deposits	1,565	(3,325)
Proceeds from sale of donated marketable securities	24,621	23,069
Contributions restricted for long-term purposes	(3,962)	(340)
Net cash provided by (used in) operating activities	(79,026)	241,966
Cash flows from investing activities:		
Proceeds from sale of property and equipment	42,741	291,314
Purchases of property and equipment	(189,143)	(105,845)
Distributions from beneficial interest in funds held by others	11,083	16,113
Additions to beneficial interest in funds held by others	(3,962)	(340)
Net cash provided by (used in) investing activities	(139,281)	201,242
Cash flows from financing activities:		
Contributions restricted for long-term purposes	3,962	12,496
Proceeds from line of credit	100,000	-
Repayment of line of credit	(100,000)	-
Repayment of notes payable	(96,349)	(98,869)
Net cash (used in) financing activities	(92,387)	(86,373)
Change in cash and cash equivalents	(310,694)	356,835
Cash and cash equivalents, beginning of year	893,045	536,210
Cash and cash equivalents, end of year	$ 582,351	$ 893,045
Supplemental cash flow information:		
Cash paid for interest	$ 47,561	$ 54,816
No cash paid for income taxes in 2016 or 2015.		
Noncash investing/financing transaction -		
Payoff of note payable from proceeds from sale of property	$ 26,851	$ -

NOTE 1 – Organization

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

Our Family Services has the following programs under the Strong Communities Division:

Clinical services – General mental health counseling, psycho-educational groups, life skills, and parenting services help to strengthen families and youth.

Community services – Group and educational-based programs build skills, resiliency, resources and connections within our community. Services include Information and Referral, The Center for Community Dialogue and our Prevention program.

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

Our Family Services has the following programs under the New Beginnings Division:

Family Housing programs, which include:

- *Emergency shelter services* – This 120-day program is the first part of a multi-phase program to help families achieve financial self-sufficiency. The average family enters the shelter after weeks or months of homelessness. During this crisis phase, Our Family provides clients with all of their basic needs.
- *Transitional and affordable housing* – This program is for families leaving the shelter or those coming straight from homelessness. The program gives families time and supportive services to enable them to save money and improve their earning ability before having to support their families in a market-rate environment.
- *Children's program* – The goal of the children's program is to promote one of the most powerful longer-term solutions to homelessness – breaking the generational cycle of dependency.
- *Homeless prevention* – Prevents families from becoming homeless by engaging them in case management and preventing eviction and covering costs (utility shut offs, daycare, food, car repairs, etc.) that could lead a family to become homeless.
- *United Way/Siemer Project* – Our Family works with 3 area elementary schools to prevent families from becoming homeless and moving their children to another school. Provides case management and some financial assistance to clients.
- *Rapid rehousing* – Provides short-term rental assistance and/or utility assistance to homeless families to obtain apartments with their own leases, moving quickly from homelessness to stable housing.
- *Supportive services to Veterans and their families* – Homeless prevention and assistance for families with an identified Veteran. Rental assistance, utility assistance and case management for Veterans and their families.

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

NOTE 2 – Summary of significant accounting policies

Financial statement presentation

Our Family is required under generally accepted accounting principles to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Use of estimates

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

Cash and cash equivalents

Our Family considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents. Our Family maintains its cash in brokerage accounts and in bank deposit accounts which may exceed federally insured limits. At June 30, 2016, uninsured cash was $395,942.

Contracts receivable

Contracts receivable are stated at the amount that Our Family expects to collect from various governmental entities and other funding sources on outstanding balances, net of an allowance for doubtful accounts. Our Family provides for losses on contracts using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of funding sources to meet their obligations. Receivables are considered impaired if payments are not received in accordance with grant terms. It is Our Family's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Contributions/restricted revenue

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Time and purpose restrictions are reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the time or purpose restriction.

Property and equipment

Our Family capitalizes all expenditures for property and equipment in excess of $1,000 with a useful life greater than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, as follows:

Buildings and improvements	7-40 years
Furniture and equipment	3-7 years
Vehicles	5 years

Functional expenses

The costs of providing the various program services and supporting activities of Our Family have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited.

NOTE 2 – Summary of significant accounting policies, continued

Donated goods, facilities and services

Donated goods and facilities are valued at their fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although Our Family utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Income tax status

Our Family Services is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Our Family's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, Our Family qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Advertising

Our Family expenses all advertising costs as incurred.

Endowments

Our Family's endowments consist of funds held at the Jewish Community Foundation (JCF). As required by generally accepted accounting principles, net assets associated with endowment funds (including funds designated by the Board of Directors to function as endowments) are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Our Family has interpreted the State of Arizona's Prudent Management of Institutional Funds Act (PMIFA) (the Act) as requiring the preservation of the fair value 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, Our Family 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 Our Family in a manner consistent with the standard of prudence prescribed by the Act.

NOTE 2 – Summary of significant accounting policies, continued

Endowments, continued

In accordance with the Act, Our Family considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization.

NOTE 3 – Other assets

Other assets consist of the following at June 30, 2016 and 2015:

	2016	2015
Amortized loan costs	$ 6,500	$ 6,500
Accumulated amortization	(5,386)	(4,953)
	1,114	1,547
Gift cards for distribution to clients	25	360
	$ 1,139	$ 1,907

NOTE 4 – Property and equipment

Property and equipment at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Land	$ 393,993	$ 393,993
Building and improvements	5,245,103	5,209,665
Furniture, equipment and computers	496,626	388,752
Vehicles	50,540	50,540
	6,186,262	6,042,950
Less accumulated depreciation	(1,852,899)	(1,670,844)
	$ 4,333,363	$ 4,372,106

NOTE 5 – Fair value measurements and beneficial interest in funds held by others

Fair value measurements are determined based on the assumptions—referred to as inputs—that market participants would use in pricing the asset. Generally accepted accounting principles establish a fair value hierarchy that distinguishes between market participant assumptions and Our Family’s own assumptions about market participant assumptions. Observable inputs are assumptions based on market data obtained from independent sources; while unobservable inputs are Our Family’s own assumptions about what market participants would assume based on the best information available in the circumstances.

NOTE 5 – Fair value measurements and beneficial interest in funds held by others, continued

Level 1 inputs. A quoted price in an active market for an identical asset or liability is considered to be the most reliable evidence of fair value. Our Family does not utilize Level 1 inputs.

Level 2 inputs. These are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. Our Family does not utilize Level 2 inputs

Level 3 inputs. These inputs are unobservable and are used to measure fair value only when observable inputs are not available. Our Family has established beneficial interest in various endowment funds held at the Jewish Community Foundation of Southern Arizona (JCF). JCF does not have variance power related to these endowments. These beneficial interests are considered as valued based on Level 3 inputs, because Our Family owns units of pooled funds held JCF, and relies on JCF to provide the value of those funds. At JCF, these pooled investments are primarily held in marketable securities and are considered to be valued based on Level 1 inputs.

The fair value of assets measured on a recurring basis at June 30, 2016 and 2015 consisted of the following:

	2016 Level 3	2015 Level 3
Beneficial interest in funds held by others	$ 302,083	$ 319,041

Activity in assets measured on a recurring basis utilizing Level 3 inputs was as follows for the year ended June 30, 2016:

	Beginning balance	Additions	Change in value	Distributions/ proceeds	Ending balance
Beneficial interest in funds held by others	$ 319,041	$ 3,962	$ (9,837)	$ (11,083)	$ 302,083

Activity in assets measured on a recurring basis utilizing Level 3 inputs was as follows for the year ended June 30, 2015:

	Beginning balance	Additions	Change in value	Distributions/ proceeds	Ending balance
Beneficial interest in funds held by others	$ 332,105	$ 340	$ 2,709	$ (16,113)	$ 319,041

NOTE 5 – Fair value measurements and beneficial interest in funds held by others, continued

Investment income (losses) for the years ended June 30, 2016 and 2015 was as follows:

	2016	2015
Interest and dividends	$ 645	$ 1,311
Realized (losses) on sale of donated marketable securities	(485)	(692)
Change in value of beneficial interest in funds held by others	(9,837)	2,709
	$ (9,677)	$ 3,328

NOTE 6 – Custodial liabilities

Our Family had custodial liabilities totaling $11,970 and $7,783 at June 30, 2016 and 2015, respectively, related to its role as a fiscal agent for two organizations.

NOTE 7 – Lines of credit

Our Family has a $250,000 revolving line of credit that bears variable interest at the lender's prime rate plus 2.0% (5.5% at June 30, 2016), collateralized by real property and maturing in June 2017. The outstanding balance for the line of credit was $0 at both June 30, 2016 and 2015.

NOTE 8 – Notes payable

Notes payable at June 30, 2016 and 2015 consisted of the following:

Note holder	Maturity date	Interest rate	Payments	2016	2015
Bank	Sep 2028	4.57%	$5,983 monthly	$ 666,047	$ 704,114
Bank	Oct 2018	4.44%	$3,274 monthly	83,915	121,392
Bank	Aug 2019	4.73%	$2,127 monthly	72,877	93,682
Bank	Apr 2022	6.00%	$401 monthly	-	26,851
				$ 822,839	$ 946,039

One of the notes payable to banks is subject to certain financial covenants, with which Our Family was in compliance or received a waiver for at June 30, 2016.

Future maturities of the notes payable are as follows at June 30, 2016:

Year ending June 30, 2017	$ 99,192
2018	104,129
2019	79,738
2020	52,650
2021	49,690
Thereafter	437,440
	$ 822,839

NOTE 9 – Permanently restricted net assets

Permanently restricted net asset activity was as follows during the year ended June 30, 2016:

	Beginning balance	Contributions	Ending balance
Operating endowment	$ 48,701	$ -	$ 48,701
Lacy endowment - earnings restricted for homeless teens	212,581	3,962	216,543
	$ 261,282	$ 3,962	$ 265,244

Permanently restricted net asset activity was as follows during the year ended June 30, 2015:

	Beginning balance	Contributions	Ending balance
Operating endowment	$ 48,461	$ 240	$ 48,701
Lacy endowment - earnings restricted for homeless teens	212,481	100	212,581
	$ 260,942	$ 340	$ 261,282

NOTE 10 – Temporarily restricted net assets

Temporarily restricted net asset activity was as follows during the year ended June 30, 2016:

	Beginning balance	Contributions	Investment (loss)	Releases/ appropri-ations	Ending balance
Purpose-restricted by donor:					
Counseling	$ 12,500	$ 24,476	$ -	$ (15,729)	$ 21,247
Information and referral	27,000	60,400	-	(57,400)	30,000
Prevention	12,500	49,200	-	(40,200)	21,500
The Center for Community Dialogue	25,500	71,895	-	(55,172)	42,223
Senior companion program	20,000	41,650	-	(36,653)	24,997
Homeless youth services	42,317	93,238	-	(99,358)	36,197
Family housing	96,216	188,201	-	(160,035)	124,382
	236,033	529,060	-	(464,547)	300,546
Accumulated endowment earnings:					
Operating endowment	6,611	-	(1,758)	(1,050)	3,803
Homeless teens endowment	50,103	-	(8,079)	(8,988)	33,036
	56,714	-	(9,837)	(10,038)	36,839
	$ 292,747	$ 529,060	$ (9,837)	$ (474,585)	$ 337,385

NOTE 10 – Temporarily restricted net assets, continued

Temporarily restricted net asset activity was as follows during the year ended June 30, 2015:

	Beginning balance	Contributions	Investment income	Releases/ appropri-ations	Ending balance
Purpose-restricted by donor:					
Counseling	$ 17,226	$ 14,649	$ -	$ (19,375)	$ 12,500
Information and referral	28,500	54,069	-	(55,569)	27,000
Prevention	44,540	52,500	-	(84,540)	12,500
The Center for Community Dialogue	30,275	46,552	-	(51,327)	25,500
Senior companion program	40,500	41,905	-	(62,405)	20,000
Homeless youth services	75,366	139,005	-	(172,054)	42,317
Family housing	9,857	250,031	-	(163,672)	96,216
	246,264	598,711	-	(608,942)	236,033
Accumulated endowment earnings:					
Operating endowment	13,279	-	505	(7,173)	6,611
Homeless teens endowment	56,839	-	2,204	(8,940)	50,103
	70,118	-	2,709	(16,113)	56,714
	$ 316,382	$ 598,711	$ 2,709	$ (625,055)	$ 292,747

NOTE 11 – Endowments

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires Our Family to retain as a fund of perpetual duration. There were no deficiencies of this nature to be reported as of either June 30, 2016 or 2015.

Return objectives and risk parameters

Our Family has no formally adopted investment policies for the endowment assets. Endowment assets include those assets of donor-restricted funds that Our Family must hold in perpetuity or for a donor-specified period, as well as board-designated funds.

Investment strategies

To satisfy its long-term rate-of-return objectives, Our Family relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Our Family targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 11 – Endowments, continued

Spending policy

Our Family has two endowment funds held at JCF, and has adopted the spending policy of the JCF for these funds. Accumulated earnings on these endowments are released as appropriations from temporarily restricted net assets when distributed by JCF and the related restriction (if any) has been met.

Endowment fund net assets

Net assets in the endowment funds consisted of the following at June 30, 2016:

	Temporarily restricted	Permanently restricted	Total
Beginning balance	$ 56,714	$ 261,282	$ 317,996
Contributions	-	3,962	3,962
Change in value of beneficial interest in funds held by others	(9,837)	-	(9,837)
Appropriations	(10,038)	-	(10,038)
Ending balance	$ 36,839	$ 265,244	$ 302,083

Net assets in the endowment funds consisted of the following at June 30, 2015:

	Temporarily restricted	Permanently restricted	Total
Beginning balance	$ 70,118	$ 260,942	$ 331,060
Contributions	-	340	340
Change in value of beneficial interest in funds held by others	2,709	-	2,709
Appropriations	(16,113)	-	(16,113)
Ending balance	$ 56,714	$ 261,282	$ 317,996

See Notes 9 and 10 for endowment-related activities in permanently and temporarily restricted net assets, respectively.

NOTE 12 – Retirement plan

Our Family has a 403(b) thrift plan that allows eligible employees to defer pretax annual compensation up to certain limitations imposed by the Internal Revenue Service. Our Family may also make matching contributions to the Plan. To be eligible, employees must be at least 18 years of age. The employer match begins after a year of service for employees at least 21 years of age. Our Family matches 50% of employee contributions up to 4% of annual compensation. Our Family's matching contributions for the years ended June 30, 2016 and 2015 were $23,040 and $21,691, respectively.

NOTE 13 – Distribution from CPI

During the year ended June 30, 2016, Our Family received $608,824 as a distribution from Community Partners, Inc. (CPI), formerly known as Community Partnership of Southern Arizona, for their membership in the Behavioral Health Coalition.

OUR FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
JUNE 30, 2016 AND 2015

NOTE 14 – Donated materials and services

In-kind contributions for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
Advertising and public relations	$ 54,402	$ 160
Professional and outside services	31,644	6,975
Membership, dues and licensing	1,769	-
Office supplies	167	125
Other client expenses	36,400	68,657
Equipment	4,402	-
Recruitment and staff development	9,137	363
Volunteer	24	657
In-kind expenses	137,945	76,937
Less usage of gift card inventory donated in prior years	(334)	(196)
	$ 137,611	$ 76,741

NOTE 15 – Lease commitments

Our Family leases office space and office equipment for its operation under non-cancelable operating leases expiring at various times through November 2020. Rent expense for the years ended June 30, 2016 and 2015 was $29,757 and $79,268, respectively.

Future minimum lease payments are as follows:

Year ending June 30, 2017	$ 19,870
2018	3,616
2019	1,294
2020	1,294
2021	324
	$ 26,398

NOTE 16 – Bequest

Our Family received partial bequest contributions from an estate in 2014. As an estimate of future bequest contributions has been inestimable, no bequest receivable has been recorded in the statement of financial position as of June 30, 2016 or 2015, respectively.

NOTE 17 - Contingencies

Our Family is involved in a legal claim arising in the ordinary course of business. In the opinion of management and based on consultation with legal counsel, any losses related to this matter are expected to be covered by insurance.

NOTE 18 – Subsequent events

Subsequent events have been evaluated through November 30, 2016, which is the date the financial statements were available to be issued.

SINGLE AUDIT REPORTS AND SCHEDULES

HBL CPAs, P.C.
Certified Public Accountants

Gerald H. Beal, CPA
Marianne E. DeVries, CPA
Michael J. DeVries, CPA
Jacquie Ivey, CPA
Coleen A. Krogen, CPA
John P. Lauer, CPA
Laura Randol, CPA, CFE

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
Our Family Services, Inc.
Tucson, Arizona

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 Our Family Services, 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 November 30, 2016.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered Our Family Services, 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 Our Family Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Our Family Services, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

5656 E. Grant Road, Suite 200 · Tucson, Arizona 85712 · www.hblcpa.com · Ph. 520-886-3181 · Fx. 520-885-3699

Board of Directors
Our Family Services, Inc.

Compliance and other matters

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

Purpose of this report

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

HBL CPAs, P.C.

HBL CPAs, P.C.

November 30, 2016

HBL CPAs, P.C. Certified Public Accountants

Gerald H. Beal, CPA
Marianne E. DeVries, CPA
Michael J. DeVries, CPA
Jacquie Ivey, CPA
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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
Our Family Services, Inc.
Tucson, Arizona

Report on Compliance for Each Major Federal Program

We have audited Our Family Services, 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 Our Family Services, Inc.'s major federal programs for the year ended June 30, 2016. Our Family Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of Our Family Services, 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). 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 requires examining, on a test basis, evidence about Our Family Services, 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 Our Family Services, Inc.'s compliance.

Opinion on each major federal program

In our opinion, Our Family Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

5656 E. Grant Road, Suite 200 · Tucson, Arizona 85712 · www.hblcpa.com · Ph. 520-886-3181 · Fx. 520-885-3699

Board of Directors
Our Family Services, Inc.

Report on internal control over compliance

Management of Our Family Services, 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 Our Family Services, 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 Our Family Services, 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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HBL CPAs, P.C.

HBL CPAs, P.C.

November 30, 2016

OUR FAMILY SERVICES, INC.
AND OUR FAMILY SERVICES FOUNDATION, INC.
SUMMARY OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No

Identification of major programs:

14.267	Continuum of Care Program
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low risk auditee?	No

INFORMATION PREPARED BY AUDITEE

OUR FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal grantor/pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Passed through to subrecipients	Expenditures Federal	Expenditures Nonfederal
U.S. Department of Agriculture Food and Nutrition Services					
Passed through Arizona Department of Education					
Child and Adult Care Food Program	10.558	CTD-13-19-13	$ -	$ 37,838	$ -
Total CFDA No. 10.558			-	37,838	-
U.S. Department of Housing and Urban Development					
Direct:					
Continuum of Care Program	14.267	AZ0048L9T011306	-	30,473	-
Continuum of Care Program	14.267	AZ0048L9T011407	-	36,889	-
Continuum of Care Program	14.267	AZ0143L9T011300	-	180,287	-
Continuum of Care Program	14.267	AZ0143L9T011501	-	36,431	-
Continuum of Care Program	14.267	AZ0146L9T011300	77,383	199,094	-
Continuum of Care Program	14.267	AZ0146L9T011501	46,638	115,028	-
Passed through Pima County -					
Continuum of Care Program	14.267	CT-CD-16*53	-	215,053	-
Total CFDA No. 14.267			124,021	813,255	-
Passed through City of Tucson -					
Community Development Block Grants/ Entitlement Grants	14.218	17970	-	60,000	-
Passed through Pima County:					
Community Development Block Grants/ Entitlement Grants	14.218	CT-CD-15*347	-	11,688	-
Total CFDA No. 14.218			-	71,688	-
Passed through City of Tucson:					
Emergency Solutions Grant Program	14.231	18176	-	34,958	-
Emergency Solutions Grant Program	14.231	18171	-	30,000	-
Emergency Solutions Grant Program	14.231	18168	-	30,000	-
Emergency Solutions Grant Program	14.231	17979	-	9,595	-
Passed through Pima County:					
Emergency Solutions Grant Program	14.231	CT-CD-15*145	-	9,825	-
Passed through Primavera Foundation:					
Emergency Solutions Grant Program	14.231	DES-13050-414	-	139,815	-
Total CFDA No. 14.231				254,193	
Department of Veterans Affairs					
Passed through Primavera Foundation -					
VA Supportive Services for Veteran Families Program	64.033	11-AZ-331	-	46,097	-
Total CFDA No. 64.033			-	46,097	-
U.S. Department of Health and Human Services					
Direct:					
Drug-free Communities Support Program Grants	93.276	2H79SP015916-06	-	26,540	-
Drug-free Communities Support Program Grants	93.276	2H79SP015916-07	-	76,998	-
Total CFDA No. 93.276			-	103,538	-
Transitional Living for Homeless Youth	93.550	90CX6938-04	-	131,265	-
Transitional Living for Homeless Youth	93.550	90CX6938-03	-	63,485	-
Transitional Living for Homeless Youth	93.550	90CX6972-03	-	169,405	-
Transitional Living for Homeless Youth	93.550	90CX6972-04	-	23,256	-
Total CFDA No. 93.550			-	387,411	-

OUR FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS, CONTINUED
YEAR ENDED JUNE 30, 2016

Federal grantor/pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Passed through to subrecipients	Expenditures Federal	Expenditures Nonfederal
U.S. Department of Health and Human Services, continued					
Direct, continued:					
Basic Center Grant	93.623	90CY6535-03	$ -	$ 171,972	$ -
Basic Center Grant	93.623	90CY6535-02	-	73,531	-
Total CFDA No. 93.623			-	245,503	-
Passed through Casa de los Ninos -					
Medical Assistance Program	93.778	CDLN01	-	71,567	-
Passed through Cenpatico					
Medical Assistance Program	93.778	19348	-	233,858	-
Total CFDA No. 93.778			-	305,425	-
Passed through Primavera Foundation -					
Temporary Assistance for Needy Families	93.558	DES-13050-414	-	457,399	-
Total CFDA No. 93.558			-	457,399	-
Passed through Tumbleweed Center for Youth Development -					
Demonstration Grants for Domestic Victims of Human Trafficking	93.327	MOU	-	18,421	6,479
Total CFDA No. 93.327			-	18,421	6,479
Corporation for National and Community Service					
Direct -					
Senior Companion Program	94.016	15SCWAZ001	-	209,221	-
Total CFDA No. 94.016			-	209,221	-
Other governmental assistance					
City of Tucson:					
Senior Companion Program	N/A	18023	-	-	30,000
Parent Education and Support	N/A	18022	-	-	30,000
Jewish Family & Children's Services -					
CCCE - AZ Tobacco Tax	N/A	D0501	-	-	10,625
			$ 124,021	$ 2,949,989	$ 77,104

NOTE 1 - Basis of presentation

The accompanying schedule of expenditures of federal and other governmental awards (the "Schedule") includes the federal award activity of Our Family Services, Inc. under programs of the federal government for the year ended June 30, 2016. 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). Because the Schedule presents only a selected portion of the operations of Our Family Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Our Family Services, Inc.

NOTE 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Our Family Services, Inc. has not elected to use the 10-percent de minimis indirect cost rate as it already has a federally approved indirect cost rate.

OUR FAMILY SERVICES, INC.
SUMMARY OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2016

Finding: 2015-001	**Program**: CFDA Nos. 93.550 and 93.558	**Questioned Cost**: None

Condition: During our compliance testing of the special tests and provisions of CFDA 93.550 and CFDA 93.558, for 2 out of 11 and for 23 out of 60 participant activity support tested, respectively, Our Family could not provide adequate supporting backup for various program requirements.

Criteria: Organizations receiving federal funding are required to maintain sufficient documentation to support compliance with program requirements. The requirements for these particular grants consisted of the following:

Program 93.550 - Establishing various plans to develop life skills, job readiness skills and household management skills to support long term success after leaving the program.
Program 93.558 - Maintaining a case file for each participant, regular case manager meetings and each participant having a signed lease agreement.

Cause and effect: Our Family moved to a new case management software during the year and was unable to pull documentation out of the previous software after terminating its agreement with the former software company. As a result, the organization could not substantiate that they were in compliance with various program requirements.

Current year status: Resolved.