

**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**



HOULDSWORTH, RUSSO & COMPANY

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# HELP OF SOUTHERN NEVADA

JUNE 30, 2016 AND 2015

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	5-7
CONSOLIDATED STATEMENTS OF CASH FLOWS	8-9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10-19
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION	20
CONSOLIDATING STATEMENTS OF ACTIVITIES	21
CONSOLIDATING STATEMENTS OF CASH FLOWS	22
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23-24
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	25-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	27-28
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	30-31
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	32

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
HELP of Southern Nevada  
Las Vegas, Nevada

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

We have audited the accompanying consolidated financial statements of HELP of Southern Nevada (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of HELP of Southern Nevada 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.

### ***Report on Summarized Comparative Information***

We have previously audited HELP of Southern Nevada's 2015 financial statements, and our report dated December 9, 2015, expressed an unmodified opinion on those audited financial statements. 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.

Certified Public Accountants  
**20 YEARS & COUNTING**

HOULDSWORTH, RUSSO & COMPANY

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## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as and for the year ended June 30, 2016, on pages 20 through 22 and the accompanying schedule of expenditures of federal 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*, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 March 17, 2017 on our consideration of HELP of Southern Nevada'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HELP of Southern Nevada's internal control over financial reporting and compliance.

Las Vegas, Nevada  
March 17, 2017

**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

ASSETS		
	2016	2015
<b>CURRENT ASSETS</b>		
Cash	\$ 8,596,910	\$ 243,586
Accounts receivable	19,339	1,123
Grants receivable	1,454,692	430,905
Pledges receivable	10,200	-
Inventory	118,230	241,068
Prepaid expenses	35,096	54,756
	10,234,467	971,438
<b>OTHER ASSETS</b>		
Property and equipment, net	3,446,273	2,592,695
Deposits	17,000	18,555
Notes receivable	6,685,000	-
	\$ 20,382,740	\$ 3,582,688
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 998,968	\$ 85,080
Accrued liabilities	222,495	179,557
Notes payable, net of debt issuance costs	4,629,046	20,694
Line of credit	311,407	-
Refundable advances	102,165	348,622
	6,264,081	633,953
<b>LONG-TERM LIABILITIES</b>		
Notes payable, net of current maturities and debt issuance costs	9,564,584	274,086
<b>TOTAL LIABILITIES</b>	15,828,665	908,039
<b>NET ASSETS</b>		
Unrestricted	3,005,495	1,196,309
Temporarily restricted	1,548,580	1,478,340
	4,554,075	2,674,649
	\$ 20,382,740	\$ 3,582,688

See notes to consolidated financial statements.

**HELP OF SOUTHERN NEVADA  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

UNRESTRICTED NET ASSETS	2016	2015
Unrestricted revenue, gains and other support:		
Grants	\$ 11,571,844	\$ 9,718,087
Contributions	1,403,299	684,081
In-kind contributions	15,127	83,464
Program income	541,728	477,168
Special events, net	37,963	47,911
Interest income	16,886	771
Gain on disposal of equipment	-	4,000
Other	2,063	2,374
Net assets released from restrictions	179,327	1,068,653
	13,768,237	12,086,509
Expenses:		
Program services:		
Weatherization Assistance	2,266,157	1,892,121
Work Opportunities Readiness Center	1,629,151	1,594,706
Community Alternative Sentencing	281,039	267,686
Emergency Resource Services	1,297,339	1,301,405
Homeless Services	4,075,567	3,774,943
Framing Hope Warehouse	170,137	276,338
State of Nevada 211	-	464,362
Shannon West Homeless Youth Center	1,080,513	1,123,339
	10,799,903	10,694,900
Support services:		
Fundraising	151,521	185,031
Management and general	1,007,467	683,253
	11,958,891	11,563,184
Bad debt expense	160	-
	11,959,051	11,563,184
 Increase in unrestricted net assets	 1,809,186	 523,325
 TEMPORARILY RESTRICTED NET ASSETS		
Contributions	249,567	85,290
Net assets released from restrictions	(179,327)	(1,068,653)
	70,240	(983,363)
 Increase (decrease) in temporarily restricted net assets	 70,240	 (983,363)
 INCREASE (DECREASE) IN NET ASSETS	 1,879,426	 (460,038)
 NET ASSETS AT BEGINNING OF YEAR	 2,674,649	 3,134,687
 NET ASSETS AT END OF YEAR	 \$ 4,554,075	 \$ 2,674,649

See notes to consolidated financial statements.

**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	Program Services			
	Weatherization Assistance	Work Opportunities Readiness Center	Community Alternative Sentencing	Emergency Resource Services
Salaries	\$ 325,664	\$ 883,945	\$ 139,570	\$ 465,234
Payroll taxes and related expenses	46,778	126,968	20,048	66,825
Advertising	563	-	-	-
Contract services	10,605	23,459	4,289	4,049
Depreciation	3,656	19,025	6,327	9,190
Direct client services	-	230,214	59,320	17,314
Dues and awards	1,097	5,708	1,898	2,757
Framing Hope direct expenses	-	-	-	-
Food and gift card expense	-	50,616	-	64,757
Fuel	137	731	40	1,765
Insurance	46,900	32,258	9,369	28,369
Interest	-	-	-	-
Weatherization materials	1,649,420	-	-	-
Occupancy	9,929	51,666	17,183	24,957
Postage	541	1,469	232	773
Printing	743	2,018	319	1,062
Professional fees	4,775	12,960	2,046	6,821
Repairs and maintenance	17,313	37,068	10,951	20,427
Rent and utilities assistance	-	3,955	-	557,335
Supplies	128,364	17,537	4,245	11,199
Telephone	6,376	21,200	4,769	10,806
Training	13,296	5,315	433	675
Travel assistance	-	97,728	-	1,554
Travel	-	5,311	-	1,470
	<u>\$ 2,266,157</u>	<u>\$ 1,629,151</u>	<u>\$ 281,039</u>	<u>\$ 1,297,339</u>

See notes to consolidated financial statements.

**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	Program Services			Total Programs
	Homeless Services	Framing Hope Warehouse	Shannon West Homeless Youth Center	
Salaries	\$ 1,442,226	\$ 93,047	\$ 558,282	\$ 3,907,968
Payroll taxes and related expenses	207,158	13,365	80,191	561,333
Advertising	-	-	15	578
Contract services	15,793	4,002	69,190	131,387
Depreciation	26,578	2,253	552	67,581
Direct client services	82,197	-	22,934	411,979
Dues and awards	7,974	676	166	20,276
Framing Hope direct expenses	-	21,855	-	21,855
Food and gift card expense	57,118	-	74,563	247,054
Fuel	24,703	2,658	1,740	31,774
Insurance	97,186	11,395	53,080	278,557
Interest	-	-	-	-
Weatherization materials	-	-	-	1,649,420
Occupancy	72,178	6,119	154,619	336,651
Postage	2,398	155	928	6,496
Printing	3,293	212	1,275	8,922
Professional fees	21,145	1,364	8,186	57,297
Repairs and maintenance	87,723	9,001	31,156	213,639
Rent and utilities assistance	1,834,561	-	-	2,395,851
Supplies	21,967	1,416	13,396	198,124
Telephone	32,680	2,339	8,485	86,655
Training	6,347	-	655	26,721
Travel assistance	28,223	-	1,000	128,505
Travel	4,119	280	100	11,280
	<u>\$ 4,075,567</u>	<u>\$ 170,137</u>	<u>\$ 1,080,513</u>	<u>\$ 10,799,903</u>

See notes to consolidated financial statements.



**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>Fundraising</u>	<u>Management and General</u>	<u>2016 Total</u>	<u>2015 Total</u>
Salaries	\$ 93,047	\$ 651,328	\$ 4,652,343	\$ 4,512,739
Payroll taxes and related expenses	13,365	93,555	668,253	655,869
Advertising	-	2,500	3,078	8,375
Contract services	16,602	45,369	193,358	196,595
Depreciation	1,382	1,892	70,855	96,097
Direct client services	-	-	411,979	603,976
Dues and awards	414	568	21,258	16,037
Framing Hope direct expenses	-	-	21,855	18,300
Food and gift card expense	-	-	247,054	221,881
Fuel	1,186	17	32,977	23,888
Insurance	5,500	1,607	285,664	169,992
Interest	-	115,559	115,559	14,483
Weatherization materials	-	-	1,649,420	1,224,677
Occupancy	3,752	5,139	345,542	424,381
Postage	155	1,083	7,734	10,479
Printing	212	1,487	10,621	9,875
Professional fees	1,364	59,677	118,338	84,017
Repairs and maintenance	3,385	13,228	230,252	226,075
Rent and utilities assistance	-	-	2,395,851	2,556,336
Supplies	9,191	3,018	210,333	178,500
Telephone	1,966	10,434	99,055	124,756
Training	-	1,006	27,727	31,903
Travel assistance	-	-	128,505	135,805
Travel	-	-	11,280	18,148
	<u>\$ 151,521</u>	<u>\$ 1,007,467</u>	<u>\$ 11,958,891</u>	<u>\$ 11,563,184</u>

See notes to consolidated financial statements.

**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 1,879,426	\$ (460,038)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	70,855	96,097
Amortization of debt issuance costs (interest)	27,366	-
Unrealized loss on investments	-	336
Gain on disposal of equipment	-	(4,000)
(Increase) decrease in operating assets:		
Accounts receivable	(18,216)	1,947
Pledges receivable	(10,200)	-
Grants receivable	(1,023,787)	257,106
Inventory	122,838	(43,420)
Prepaid expenses	19,660	(32,210)
Deposits	1,555	(2,400)
Increase (decrease) in operating liabilities:		
Accounts payable	196,313	5,109
Accrued liabilities	42,938	(10,344)
Refundable advances	(246,457)	146,597
	<u>1,062,291</u>	<u>(45,220)</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disbursements from notes receivable	(6,685,000)	-
Purchases of investments	-	(189)
Sales of investments	-	9,920
Proceeds from sale of property and equipment	-	4,000
Purchases of property and equipment	(206,858)	(830,137)
	<u>(6,891,858)</u>	<u>(816,406)</u>
Net cash used in investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	14,697,816	-
Payments on notes payable	(6,542)	-
Payment of debt issuance costs	(819,790)	-
Proceeds from line of credit	1,219,014	87,000
Payments on line of credit	(907,607)	(91,762)
	<u>14,182,891</u>	<u>(4,762)</u>
Net cash provided by (used in) financing activities		
<b>NET INCREASE (DECREASE) IN CASH</b>	8,353,324	(866,388)
<b>CASH, BEGINNING OF YEAR</b>	<u>243,586</u>	<u>1,109,974</u>
<b>CASH, END OF YEAR</b>	<u>\$ 8,596,910</u>	<u>\$ 243,586</u>

See notes to consolidated financial statements.

**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
SUPPLEMENTAL DISCLOSURES		
Interest expensed	<u>\$ 115,559</u>	<u>\$ 14,483</u>
Assets acquired through accounts payable	<u>\$ 717,575</u>	<u>\$ 38,264</u>

See notes to consolidated financial statements.

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

HELP of Southern Nevada (the Organization) is a nonprofit corporation whose mission is to assist families and individuals throughout Southern Nevada to overcome barriers and attain self-sufficiency through direct services, training, and referral to community resources. The Organization is primarily supported through government grants, program fees, and contributions from foundations and the general public. The majority of the Organization's support comes from agencies within the State of Nevada, Clark County, Nevada, and the City of Las Vegas, Nevada. Additionally, the majority of services provided by the Organization are provided to the Southern Nevada community.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB Codification, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Donated Services and Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions in accordance with FASB ASC, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services totaled \$15,127 and \$1,718 for the years ended June 30, 2016 and 2015, respectively. The donated services for both years include legal services which are recorded as management and general expenses.

Estimates

Timely preparation of consolidated 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, some of which may need revision in future periods.

Receivables

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. It is the Organization's policy to charge off uncollectible accounts and grants receivable when management determines the receivable will not be collected. As of June 30, 2016 and 2015, there were no allowances for doubtful grants or accounts receivables.

Pledges Receivable

Unconditional pledges are recognized as revenues in the period received. As of June 30, 2016 and 2015, there was no allowance for uncollectible pledges recorded.

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Inventory

Inventory is recorded at cost and consists of gift cards and vouchers which are used for the Organization's various programs. The Organization also records special event auction items and gift certificates in inventory, for use at future special events. Gift cards purchased with grant funds are considered unrestricted as the grant restrictions are considered released when the gift cards are initially purchased.

Income Tax Status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Restricted and Unrestricted Revenues

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by their donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Acquisitions of property and equipment in excess of \$5,000 with a useful life of over one year are capitalized.

Refundable Advances

Grant funds received prior to expenditure are initially recorded as refundable advances. The refundable advances are subsequently recognized as revenue when related services are performed.

Statement of Cash Flows

For purposes of the consolidated statement of cash flows, cash includes cash-on-hand and demand deposits. The Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 presentation. These reclassifications did not affect 2015 net assets. 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. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended June 30, 2016 and 2015 are \$3,078 and \$8,375, respectively.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets. Management of the Organization believes that no adjustment for impairment was necessary at June 30, 2016 and 2015.

Gifts of Long-Lived Assets

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Principles of Consolidation

The consolidated financial statements include the financial information of HELP of Southern Nevada (HELP) and HELP Title Holding Corporation (HTHC) (collectively, the Organization). HTHC is consolidated under the principles of FASB ASC as HELP is the sole member of HTHC. All material inter-organizational transactions have been eliminated.

Subsequent Events

Subsequent events were evaluated through March 17, 2017, which is the date the financial statements were available to be issued.

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 2. DESCRIPTION OF PROGRAM SERVICES

Weatherization Assistance

The Weatherization Assistance Program (WAP) was created in 1976 by the U.S. Department of Energy (DOE) to assist low-income families who lacked resources to invest in energy efficiency.

HELP of Southern Nevada has been providing weatherization services in Southern Nevada for the past 22 years. We currently receive and administer four grants for the Weatherization Assistance Program. In the past seven years, the energy saved amounted to 40,411,189 kilowatts, saving an estimated \$5,574,436 in utility payments.

Work Opportunities Readiness Center (W.O.R.C.)

Through the Displaced Homemaker Program, W.O.R.C. offers free assistance to anyone who has recently lost his or her primary source of income due to job lay-offs, divorce, death, or disability to evaluate their current employment needs, then offers a week-long workshop to sharpen job seeking skills as well as helping with job referrals and placement. W.O.R.C. also provides a One Stop Career Center through the Workforce Connections, Workforce Innovation and Opportunity Act (WIOA), which provides pre-employment services to adults and dislocated workers that empower participants to enter or re-enter the labor market. Workshops, career exploration, support groups and networking, one-to-one personal or vocational counseling, job-seeking and job keeping methods, on-the-job training, leadership development, decision-making skills development, and assistance with developing an action plan are among the resources used to help participants build confidence, identify skills, and seek training or employment.

Framing Hope Warehouse

Framing Hope Warehouse offers low cost home and building supplies to non-profit organizations through a partnership with The Home Depot Foundation managed by Good360, the leader in product philanthropy. The HELP of Southern Nevada Framing Hope Warehouse is the newest warehouse in a nationwide network that offers new product donations to the non-profits that need them the most. Program fees of \$259,213 and \$226,941 were collected under this activity for the years ended June 30, 2016 and 2015, respectively.

Community Alternative Sentencing (CAS)

The CAS program gives court appointed volunteers the opportunity to serve the community, save taxpayers the cost of incarceration, and provide manpower to nonprofits and government agencies. Program fees of \$218,684 and \$221,047 were collected under this activity for the years ended June 30, 2016 and 2015, respectively. This includes waivers of \$59,320 and \$45,550 for the years ended June 30, 2016 and 2015, respectively. The CAS program is expected to close effective June 30, 2017.

Emergency Resource Services (ERS)

Emergency Resource Services (ERS) provides assistance to individuals and families including: application for Supplemental Nutrition Assistance Program benefits, Energy Assistance Program applications, Project Reach, food, intensive case management, rental assistance, referrals and Baby First Services.

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 2. DESCRIPTION OF PROGRAM SERVICES (CONTINUED)

Homeless Services

Homeless Services consist of six programs:

*Help Them Home and New Beginnings* – these programs provide intensive case management and permanent supportive housing for chronically homeless individuals with a disability. Individuals are referred to this program through Clark County Social Services Coordinated Intake.

*Cooperative Agreement Benefitting Homeless Individuals (CABHI)* – This program provides intensive case management and permanent supportive housing for chronically homeless individuals with a mental health and substance abuse disability.

*Healthy Living* – This program provides intensive case management and permanent supportive housing for chronically homeless individuals or families with a disability. Individuals and families in this program must have a medically fragile diagnosis and be referred by a participating hospital or managed care organization.

*Mobile Crisis Intervention Team* – The Mobile Crisis Intervention Team (MCIT) conducts interventions, abatements and health & safety checks throughout all jurisdictions at the direction of Clark County. They work in tandem with all service providers to encourage homeless individuals and families living in places not meant for human habitation to engage in services.

*PATH* – The PATH program is designed to provide services to persons who are homeless or at-risk of becoming homeless and have a serious mental illness. The main goal is to obtain appropriate housing while engaging in formal mental health treatment. Individuals are referred to the community queue for housing placement.

State of Nevada 211

The 211 program connects callers to free information about critical health and human services available in their community. The 211 program ended effective June 30, 2015.

Shannon West Homeless Youth Center

HELP of Southern Nevada's Shannon West Homeless Youth Center (SWHYC) provides services for at-risk youth that are homeless or are at risk of becoming homeless. The SWHYC motivates residents towards reaching self-sufficiency by providing the training and skills to further their education, employment, social and life skills for ages 16-24.



**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 3. PROPERTY AND EQUIPMENT

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

	<u>HELP Assets</u>	<u>Assets Held by Grantor</u>	<u>Total</u>
Furniture and equipment	\$ 1,119,898	\$ 11,626	\$ 1,131,524
Buildings and improvements	1,231,102	-	1,231,102
Land	877,813	-	877,813
Leasehold improvements	193,372	-	193,372
Construction in progress	<u>1,126,303</u>	<u>-</u>	<u>1,126,303</u>
	4,548,488	11,626	4,560,114
Less accumulated depreciation	<u>(1,102,215)</u>	<u>(11,626)</u>	<u>(1,113,841)</u>
	<u>\$ 3,446,273</u>	<u>\$ -</u>	<u>\$ 3,446,273</u>

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

	<u>HELP Assets</u>	<u>Assets Held by Grantor</u>	<u>Total</u>
Furniture and equipment	\$ 973,824	\$ 11,626	\$ 985,450
Buildings and improvements	1,211,604	-	1,211,604
Land	877,813	-	877,813
Leasehold improvements	193,372	-	193,372
Construction in progress	<u>367,442</u>	<u>-</u>	<u>367,442</u>
	3,624,055	11,626	3,635,681
Less accumulated depreciation	<u>(1,033,185)</u>	<u>(9,801)</u>	<u>(1,042,986)</u>
	<u>\$ 2,590,870</u>	<u>\$ 1,825</u>	<u>\$ 2,592,695</u>

NOTE 4. TAX-DEFERRED ANNUITY PLAN

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. Employees may elect to make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization does not make contributions to this plan on behalf of the employees.

NOTE 5. SPECIAL EVENTS, NET

Special events net revenue consists of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Revenue	\$ 75,608	\$ 80,570
Less related expenses	<u>(37,645)</u>	<u>(32,659)</u>
Special events, net	<u>\$ 37,963</u>	<u>\$ 47,911</u>

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 6. RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following programs at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Emergency Resource Services	\$ 193,270	\$ 76,804
Community Outreach	-	-
Shannon West Homeless Youth Center-Capital Project	9,212	73,496
Homeless Services	111,083	1,975
Work Opportunities Readiness Center	20,000	20,000
Building for use as a social services center	1,200,168	1,306,065
Weatherization Assistance	4,647	-
Pledges receivable	<u>10,200</u>	<u>-</u>
	<u>\$ 1,548,580</u>	<u>\$ 1,478,340</u>

Temporarily restricted net assets consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Cash	\$ 208,620	\$ 172,275
Pledges receivable	10,200	-
Grants receivable	129,593	-
Buildings and land, net	<u>1,200,167</u>	<u>1,306,065</u>
	<u>\$ 1,548,580</u>	<u>\$ 1,478,340</u>

NOTE 7. CONCENTRATIONS

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash. The Organization deposits its cash in various financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2016 and 2015, the Organization's uninsured balance totaled \$8,468,963 and \$408,485, respectively.

The Organization received over 21% and 26% of its grants revenue through government grants from the State of Nevada as of June 30, 2016 and 2015, respectively. The Organization received over 33% and 29% of its grant revenue from Clark County as of June 30, 2016 and 2015, respectively. At June 30, 2016, approximately 48% of grants receivable was due from a single grant.

There were no concentrations in donations for the year ended June 30, 2015. The Organization recognized a donation of \$600,000 from a single donor representing 36% of total contributions during the year ended June 30, 2016. As of June 30, 2016 a total of 62% of grants receivable are due from a single grantor.

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 8. OPERATING LEASES

The Organization has non-cancelable operating leases for office facilities that expire July 2017 and December 2018. In addition, the Organization has one non-cancelable operating leases for various office equipment expiring February 2017. There are non-cancelable operating leases for vehicles all expiring in September and October 2018. Rental expense for leases totaled \$255,254 and \$329,753 for the years ended June 30, 2016 and 2015, respectively.

Future minimum payments under operating leases are as follows:

2017	\$ 242,949
2018	184,079
2019	<u>76,604</u>
Total	<u>\$ 503,632</u>

NOTE 9. COMMITMENTS

In January 2016, a new revolving line of credit was established for \$350,000. The interest rate on the line of credit is a fixed rate of 3.15% per annum. Nevada HAND, Inc. is a guarantor on this line of credit and has collateralized the line of credit with their own certificate of deposit. The line of credit expired January 2017 and was subsequently renewed with the same terms through January 2018. As of June 30, 2016, the balance on this line of credit was \$311,407.

NOTE 10. NEW MARKET TAX CREDIT FINANCING

To partially fund the construction of the Shannon West Homeless Youth Center expansion project (the "Project"), the Organization entered into a New Markets Tax Credit (NMTC) financing arrangement. The NMTC Program is designed to spur new or increased investments into operating businesses and real estate projects located in low-income communities by offering investors a federal tax credit in exchange for the investments. To earn the tax credit, the investor must remain invested for a 7-year period, which will end on March 31, 2023 for our project. As part of this financing arrangement, the Organization issued a \$6,685,000 note receivable to the Bank of America Investment Fund V, LLC. In turn, this investment fund made an investment in a Community Development Entity (CDE) and holds a 99.99% investor member interest in the CDE. The CDE made two loans totaling \$10,000,000 to the project (See Note 11). As part of the financing arrangement, the Organization entered into a put and call agreement to take place at the end of the 7-year tax credit period. Under the agreements, the NMTC investor can exercise a put option to sell all interest in the investment fund to HELP for \$1,000. If the NMTC investor does not exercise the put option, then the agreement allows HELP to exercise a call option to purchase the interest in the investment fund at an appraised fair market value. As of June 30, 2016, this note receivable is expected to be fully collectible.

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 11. NOTES PAYABLE

In September 2014, a line of credit balance of \$299,542 was modified into a twenty-year loan maturing in September 2034. This loan requires monthly principal and interest payments of \$1,724 with a final balloon payment of \$93,467. Interest on the loan is calculated at 4.77% per annum which is based on the 5 year LIBOR rate plus 3%. As of June 30, 2016 and 2015, the balance of the note payable was \$288,238 and \$294,780, respectively.

As of June 30, 2016, the Organization had a note payable in the amount of \$4,697,816. The note includes interest at a rate of 7.0% per annum. The note payable requires monthly installments of interest plus principal in the amount of funds received from grants available to pay the bridge loan, which is payable in arrears for the prior month. This note matures in March 31, 2017.

As of June 30, 2016, the Organization had a note payable in the amount of \$6,685,000 (Loan A). This notes bears an interest rate of .67% per annum and is interest-only through April 2023 and then converts to a principal and interest payment schedule for the balance of the loan term. This loan is payable in quarterly installments and matures in March 2046.

As of June 30, 2016, the Organization had a note payable in the amount of \$3,315,000 (Loan B). This notes bears an interest rate of .67% per annum and is interest-only through April 2023 and then converts to a principal and interest payment schedule for the balance of the loan term. This loan is payable in quarterly installments and matures in March 2046.

	<u>2016</u>	<u>2015</u>
Private loan	\$ 288,237	\$ 294,780
Loan A	6,685,000	-
Loan B	3,315,000	-
Clearinghouse CFDI	<u>4,697,816</u>	<u>-</u>
	14,986,053	294,780
Less amount due within one year	4,629,046	20,694
Less debt issuance costs	<u>792,423</u>	<u>-</u>
Long-term notes payable	<u>\$ 9,564,584</u>	<u>\$ 274,086</u>

The schedule of principal payments due for the next five years ending June 30:

2017	\$ 4,629,046
2018	20,694
2019	20,694
2020	20,694
2021	20,694
Thereafter	<u>10,274,231</u>
	<u>\$ 14,986,053</u>

**HELP OF SOUTHERN NEVADA**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016 AND 2015**

NOTE 12. DEBT ISSUANCE COSTS

Debt issuance costs represent loan costs incurred with the acquisition of debt. Capitalized debt issuance costs are being amortized over the term of the related loan using the effective interest method.

Debt issuance costs consist of the following at June 30, 2016:

Debt issuance costs	\$ 819,790
Less accumulated amortization	<u>27,366</u>
Unamortized debt issuance costs	<u>\$ 792,424</u>

Amortization (interest) expense was \$27,366 and \$0 for the years ended June 30, 2016 and 2015, respectively. Future estimated amortization for debt issuance costs are as follows:

2017	\$ 127,357
2018	37,893
2019	37,893
2020	37,893
2021	37,893
Thereafter	<u>513,495</u>
	<u>\$ 792,424</u>

NOTE 13. FUNDS HELD FOR OTHERS

Funds held for others represents monies held for youth clients in a custodial capacity. The Organization held \$18,678 and \$8,663, at June 30, 2016 and 2015, respectively. Funds held for others are presented with accrued liabilities on the consolidated statements of financial position.

**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	HELP of Southern Nevada	HELP Title Holding Corporation	Total Before Eliminations	Eliminating Entries	Consolidated
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 208,620	\$ 8,388,290	\$ 8,596,910	\$ -	\$ 8,596,910
Accounts receivable	183,817	-	183,817	(a) (164,478)	19,339
Grants receivable	1,454,692	-	1,454,692	-	1,454,692
Pledges receivable	10,200	-	10,200	-	10,200
Inventory	118,230	-	118,230	-	118,230
Prepaid expenses	35,096	-	35,096	-	35,096
	<u>2,010,655</u>	<u>8,388,290</u>	<u>10,398,945</u>	<u>(164,478)</u>	<u>10,234,467</u>
<b>OTHER ASSETS</b>					
Property and equipment, net	1,819,008	1,767,265	3,586,273	(a) (140,000)	3,446,273
Deposits	17,000	-	17,000	-	17,000
Notes receivable	6,685,000	-	6,685,000	-	6,685,000
	<u>8,521,008</u>	<u>1,767,265</u>	<u>10,288,273</u>	<u>(140,000)</u>	<u>10,148,273</u>
	<u>\$ 10,531,663</u>	<u>\$ 10,155,555</u>	<u>\$ 20,687,218</u>	<u>\$ (304,478)</u>	<u>\$ 20,382,740</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 295,459	\$ 867,987	\$ 1,163,446	\$ (164,478)	\$ 998,968
Accrued liabilities	205,751	16,744	222,495	-	222,495
Notes payable, net of debt issuance costs	4,629,046	-	4,629,046	-	4,629,046
Line of credit	311,407	-	311,407	-	311,407
Refundable advances	102,165	-	102,165	-	102,165
	<u>5,543,828</u>	<u>884,731</u>	<u>6,428,559</u>	<u>(164,478)</u>	<u>6,264,081</u>
<b>LONG-TERM LIABILITIES</b>					
Notes payable, net of current maturities and debt issuance costs	<u>267,543</u>	<u>9,297,041</u>	<u>9,564,584</u>	<u>-</u>	<u>9,564,584</u>
<b>NET ASSETS</b>					
Unrestricted	3,171,712	(26,217)	3,145,495	(140,000)	3,005,495
Temporarily restricted	1,548,580	-	1,548,580	-	1,548,580
	<u>4,720,292</u>	<u>(26,217)</u>	<u>4,694,075</u>	<u>(140,000)</u>	<u>4,554,075</u>
	<u>\$ 10,531,663</u>	<u>\$ 10,155,555</u>	<u>\$ 20,687,218</u>	<u>\$ (304,478)</u>	<u>\$ 20,382,740</u>

(a) To eliminate intercompany activity.

See notes to consolidated financial statements.

**HELP OF SOUTHERN NEVADA  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	HELP of Southern Nevada	HELP Title Holding Corporation	Total Before Eliminations	Eliminating Entries	Consolidated
<b>UNRESTRICTED NET ASSETS</b>					
Unrestricted revenue, gains and other support:					
Grants	\$ 11,571,844	\$ -	\$ 11,571,844	\$ -	\$ 11,571,844
Contributions	1,403,299	-	1,403,299	-	1,403,299
In-kind contributions	15,127	-	15,127	-	15,127
Program income	681,728	-	681,728	(a) (140,000)	541,728
Special events, net	37,963	-	37,963	-	37,963
Interest income	16,886	-	16,886	-	16,886
Other	2,063	-	2,063	-	2,063
Net assets released from restrictions	179,327	-	179,327	-	179,327
	<u>13,908,237</u>	<u>-</u>	<u>13,908,237</u>	<u>(140,000)</u>	<u>13,768,237</u>
Expenses:					
Program services:					
Weatherization Assistance	2,266,157	-	2,266,157	-	2,266,157
Work Opportunities Readiness Center	1,629,151	-	1,629,151	-	1,629,151
Community Alternative Sentencing	281,039	-	281,039	-	281,039
Emergency Resource Services	1,297,339	-	1,297,339	-	1,297,339
Homeless Services	4,075,567	-	4,075,567	-	4,075,567
Framing Hope	170,137	-	170,137	-	170,137
Shannon West Homeless Youth Center	1,080,513	-	1,080,513	-	1,080,513
Support services:					
Fundraising	151,521	-	151,521	-	151,521
Management and general	981,250	26,217	1,007,467	-	1,007,467
Bad debt expense	160	-	160	-	160
	<u>11,932,834</u>	<u>26,217</u>	<u>11,959,051</u>	<u>-</u>	<u>11,959,051</u>
Increase (decrease) in unrestricted net assets	<u>1,975,403</u>	<u>(26,217)</u>	<u>1,949,186</u>	<u>(140,000)</u>	<u>1,809,186</u>
<b>Changes in temporarily restricted net assets</b>					
Contributions					
Net assets released from restrictions	249,567	-	249,567	-	249,567
	<u>(179,327)</u>	<u>-</u>	<u>(179,327)</u>	<u>-</u>	<u>(179,327)</u>
Increase in temporarily restricted net assets	<u>70,240</u>	<u>-</u>	<u>70,240</u>	<u>-</u>	<u>70,240</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>2,045,643</u>	<u>(26,217)</u>	<u>2,019,426</u>	<u>(140,000)</u>	<u>1,879,426</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,674,649</u>	<u>-</u>	<u>2,674,649</u>	<u>-</u>	<u>2,674,649</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 4,720,292</u>	<u>\$ (26,217)</u>	<u>\$ 4,694,075</u>	<u>\$ (140,000)</u>	<u>\$ 4,554,075</u>

(a) To eliminate intercompany activity.

See notes to consolidated financial statements.

**HELP OF SOUTHERN NEVADA**  
**CONSOLIDATING STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	HELP of Southern Nevada	HELP Title Holding Corporation	Total Before Eliminations	Eliminating Entries	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Increase (decrease) in net assets	\$ 2,045,643	\$ (26,217)	\$ 2,019,426	\$ (140,000)	\$ 1,879,426
Adjustments to reconcile change in net assets to net cash used in operating activities					
Depreciation	70,855	-	70,855	-	70,855
Amortization of debt issuance costs (interest)	17,893	9,473	27,366	-	27,366
(Increase) decrease in operating assets:					
Accounts receivable	(18,216)	-	(18,216)	-	(18,216)
Pledges receivable	(10,200)	-	(10,200)	-	(10,200)
Grants receivable	(1,023,787)	-	(1,023,787)	-	(1,023,787)
Inventory	122,838	-	122,838	-	122,838
Prepaid expenses	19,660	-	19,660	-	19,660
Deposits	1,555	-	1,555	-	1,555
Increase (decrease) in operating liabilities:					
Accounts payable	196,313	164,478	360,791	(164,478)	196,313
Accrued liabilities	26,194	16,744	42,938	-	42,938
Refundable advances	(246,457)	-	(246,457)	-	(246,457)
Net cash provided by operating activities	1,202,291	164,478	1,366,769	(304,478)	1,062,291
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Disbursements from notes receivable	(6,685,000)	-	(6,685,000)	-	(6,685,000)
Purchases of property and equipment	(206,858)	-	(206,858)	-	(206,858)
Net cash used in investing activities	(6,891,858)	-	(6,891,858)	-	(6,891,858)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from notes payable	5,761,571	8,936,245	14,697,816	-	14,697,816
Payments on notes payable	(6,542)	-	(6,542)	-	(6,542)
Payment of debt issuance costs	(107,357)	(712,433)	(819,790)	-	(819,790)
Proceeds from line of credit	1,219,014	-	1,219,014	-	1,219,014
Payments on line of credit	(907,607)	-	(907,607)	-	(907,607)
Net cash provided by (used in) financing activities	5,959,079	8,223,812	14,182,891	-	14,182,891
NET INCREASE (DECREASE) IN CASH	269,512	8,388,290	8,657,802	(304,478)	8,353,324
CASH, BEGINNING OF YEAR	243,586	-	243,586	-	243,586
CASH, END OF YEAR	\$ 513,098	\$ 8,388,290	\$ 8,901,388	\$ (304,478)	\$ 8,596,910
<b>SUPPLEMENTAL DISCLOSURES</b>					
Interest expensed	\$ 89,342	\$ 26,217	\$ 115,559	\$ -	\$ 115,559
Assets acquired through accounts payable	\$ -	\$ 717,575	\$ 717,575	\$ -	\$ 717,575

(a) To eliminate intercompany activity.

See notes to consolidated financial statements.



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

To the Board of Directors  
HELP of Southern Nevada  
Las Vegas, Nevada

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 consolidated financial statements of HELP of Southern Nevada (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 17, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered HELP of Southern Nevada's (the Organization) 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of HELP of Southern Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as 2016-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether HELP of Southern Nevada's consolidated 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*.

Certified Public Accountants  
**20 YEARS & COUNTING**

HOULDSWORTH, RUSSO & COMPANY

8675 S. Eastern Avenue | Las Vegas, Nevada 89123 | P: 702.269.9992 | F: 702.269.9993 | [www.trustHRC.com](http://www.trustHRC.com)

**Response to Findings**

HELP of Southern Nevada's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. HELP of Southern Nevada's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Las Vegas, Nevada  
March 17, 2017

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

To the Board of Directors  
HELP of Southern Nevada  
Las Vegas, Nevada

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

We have audited HELP of Southern Nevada'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 HELP of Southern Nevada's major federal programs for the year ended June 30, 2016. HELP of Southern Nevada'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 the federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of HELP of Southern Nevada'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 includes examining, on a test basis, evidence about HELP of Southern Nevada'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 HELP of Southern Nevada's compliance.

***Opinion on Each Major Federal Program***

In our opinion, HELP of Southern Nevada 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.

**Report on Internal Control Over Compliance**

Management of HELP of Southern Nevada 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 HELP of Southern Nevada'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

Certified Public Accountants  
**20 YEARS & COUNTING**

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 HELP of Southern Nevada'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Las Vegas, Nevada  
March 17, 2017

**HELP OF SOUTHERN NEVADA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Grantor Agency</u>	<u>Program Title</u>	<u>Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development	Continuum of Care	14.267	\$ 968,059
Passed through Clark County:			
U.S. Department of Housing and Urban Development	Continuum of Care	14.267	<u>232,871</u>
	Total Continuum of Care Program 14.267		1,200,930
Passed through the State of Nevada:			
U.S. Department of Energy	Weatherization Assistance for Low-income Persons	81.042	320,124
U.S. Department of Health and Human Services	Low-income Home Energy Assistance Program	93.568	287,387
U.S. Department of Health and Human Services	Projects in Assistance in Transition From Homelessness	93.150	202,741
U.S. Department of Health and Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	162,664
U.S. Department of Agriculture	Supplemental Nutrition Assistance Program	10.561	82,534
U.S. Department of Health and Human Services	Substance Abuse and Mental Health Services	93.243	185,541
Passed through City of Las Vegas:			
U.S. Department of Health and Human Services	Substance Abuse and Mental Health Services	93.243	<u>250,611</u>
	Total Substance Abuse and Mental Health Services Program 93.243		436,152
Passed through Clark County:			
U.S. Department of Housing and Urban Development	Shelter Plus Care	14.238	1,148,377
U.S. Department of Housing and Urban Development	Emergency Shelter Grant	14.231	80,989
Passed through City of Las Vegas:			
U.S. Department of Housing and Urban Development	Emergency Shelter Grant	14.231	<u>34,668</u>
	Total Emergency Shelter Grant Program 14.231		115,657
Passed through the City of North Las Vegas:			
U.S. Department of Housing and Urban Development	Community Development Block Grant	14.218	30,000
Passed through City of Las Vegas:			
U.S. Department of Housing and Urban Development	Community Development Block Grant	14.218	50,000
Passed through the City of Henderson:			
U.S. Department of Housing and Urban Development	Community Development Block Grant	14.218	20,000
Passed through Clark County:			
U.S. Department of Housing and Urban Development	Community Development Block Grant	14.218	<u>700,528</u>
	Total Community Development Block Grant Program 14.218		800,528

**HELP OF SOUTHERN NEVADA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor Agency	Program Title	Number	Expenditures
Passed through City of Las Vegas:			
U.S. Department of Housing and Urban Development	HOME Program	14.239	61,289
Passed through United Way of Southern Nevada:			
U.S. Department of Homeland Security	Emergency Food and Shelter Program LRO ID: 5868-0004	97.024	105,500
Passed through the Workforce Connections:			
U.S. Department of Labor	Workforce Innovation and Opportunity Act	17.278	179,135
U.S. Department of Labor	Workforce Innovation and Opportunity Act	17.258	422,985
U.S. Department of Labor	Workforce Innovation and Opportunity Act	17.259	<u>871,165</u>
	Total Workforce Innovation and Opportunity Act Cluster		1,473,285
			<u><u>\$ 6,397,168</u></u>

**HELP OF SOUTHERN NEVADA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity for HELP of Southern Nevada, under programs of the federal government for the year ended June 30, 2016 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). The schedule presents only a portion of the operations of HELP of Southern Nevada. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. The cost principles indicate that certain types of expenditures are not allowable and certain allowable costs are limited as to reimbursement. HELP of Southern Nevada has elected not to the use 10 percent de minimum indirect cost rate as allowed under Uniform Guidance.

NOTE 3. PASS-THROUGH AWARDS

HELP of Southern Nevada received certain federal financial assistance from pass-through awards of the pass-through entities listed on the schedule of expenditures of federal awards.

**HELP OF SOUTHERN NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

**SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of HELP of Southern Nevada.
2. One instance of a significant deficiency related to the audit of the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
3. No instances of noncompliance material to the financial statements of HELP of Southern Nevada, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for HELP of Southern Nevada expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The programs tested as major programs were the U.S Department of Health and Human Services, CFDA Number 93.568, Low-income Home Energy Assistance Program, U.S. Department of Housing and Urban Development, CFDA Number 14.218, Community Development Block Grant, and U.S. Department of Labor CFDA Numbers 17.258, 17.259 and 17.278, Workforce Innovation and Opportunity Act.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. HELP of Southern Nevada qualifies as a low-risk auditee.

**FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**FINDINGS AND QUESTIONED COSTS-FINANCIAL STATEMENT AUDIT**

2016-001 Schedule of Expenditures of Federal Awards

*Criteria:* In accordance with 2 CFR 200.510, the auditee must prepare a schedule of expenditures of federal awards which must include the total federal awards expended.

*Condition:* Expenditures relating to the period were omitted from the schedule of expenditures of federal awards.



**HELP OF SOUTHERN NEVADA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**JUNE 30, 2016**

**FINDINGS AND QUESTIONED COSTS-FINANCIAL STATEMENT AUDIT (CONTINUED)**

2016-001 Schedule of Expenditures of Federal Awards (continued)

*Cause:* The design and implementation of internal controls over the recognition of the expenditures of federal awards was not effective.

*Effect:* Improper recognition of federal expenditures could result in an improper major program determination.

*Perspective Information:* The finding represents an isolated instance. The expenditures were related to the complex transactions relating to the New Market Tax Credit activity.

*Recommendation:* We recommend that management design a system whereby all federal expenditures are tracked and included on the schedule of expenditures of federal awards in the proper period.

*Management Response:* At year-end close, a reconciliation of the grants draws, general ledger activity and schedule of expenditures of federal awards was completed correctly for HELP's regular year to year grant activity. We inadvertently left one of the Capital Project funds (Clark County – CDBG) off the expenditure list. Steps are in place to ensure this will not be an issue in future audits.

**HELP OF SOUTHERN NEVADA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

**PRIOR YEAR FINDINGS-FINANCIAL STATEMENT AUDIT**

None.

**PRIOR YEAR FINDINGS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.