Consolidated Financial Statements
June 30, 2014 and 2013

The Road Home

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
The Road Home
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Road Home (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 consolidated 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 consolidated 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 consolidated 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 the 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 consolidated 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.

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Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Road Home as of June 30, 2014 and 2013, 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.

Correction of Error
As discussed in Note 18 to the financial statements, certain errors resulting in an understatement of amounts previously reported for property and equipment, net assets, and depreciation expense reported as of June 30, 2013, were discovered by management of the Organization during the current year. Accordingly, amounts reported for property and equipment, net assets and depreciation expense have been restated in the 2013 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2013, to correct the error. Our opinion is not modified with respect to that matter.

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is 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 October 14, 2014, on our consideration of The Road Home'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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Road Home's internal control over financial reporting and compliance.

Eide Bailly LLP

Salt Lake City, Utah
October 14, 2014

	2014	2013 (restated)
Assets		
Current Assets		
Cash and cash equivalents	$ 2,649,460	$ 2,824,847
Grants and contracts receivable	1,229,537	887,109
Due from related parties	173,026	93,366
Promises to give - current	123,941	123,309
Prepaid expenses and other assets	70,061	223,583
Total current assets	4,246,025	4,152,214
Cash restricted for acquisition of property and equipment	143,592	187,000
Promises to give - long term	9,730	11,032
Property and equipment, net	3,047,860	2,627,540
Note receivable - Palmer Court	400,000	400,000
Endowment - investments	285,892	198,538
Beneficial interest in assets held by affiliated organization	5,428,044	5,020,599
Total assets	$ 13,561,143	$ 12,596,923
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 157,179	$ 146,828
Accrued expenses	283,576	247,358
Total current liabilities	440,755	394,186
Notes payable	255,051	97,801
Total liabilities	695,806	491,987
Net Assets		
Unrestricted	1,904,613	1,702,590
Unrestricted - property and equipment	2,792,809	2,529,739
Unrestricted - board designated	1,267,419	1,265,048
Total unrestricted net assets	5,964,841	5,497,377
Temporarily restricted	2,360,322	2,138,069
Permanently restricted	4,540,174	4,469,490
Total net assets	12,865,337	12,104,936
Total liabilities and net assets	$ 13,561,143	$ 12,596,923

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Government grants and contracts	$ 7,010,708	$ -	$ -	$ 7,010,708
Private donors	4,024,239	222,382	70,684	4,317,305
Management fees - related party				
Palmer Court	130,485	-	-	130,485
United Way	81,753	100,000	-	181,753
In-kind	1,116,126	-	-	1,116,126
Net investment return	277	16,670	-	16,947
Special events	254,830	-	-	254,830
less direct costs	(112,271)	-	-	(112,271)
Distribution from and change in value of beneficial interest in assets held by others	251,000	407,445	-	658,445
Other income	91,978	-	-	91,978
Net assets released from restrictions	524,244	(524,244)	-	-
Total public support and revenue	13,373,369	222,253	70,684	13,666,306
Expenses				
Emergency assistance	309,511	-	-	309,511
Shelter	5,156,254	-	-	5,156,254
Self reliance	666,244	-	-	666,244
Housing	6,072,916	-	-	6,072,916
Total program services	12,204,925	-	-	12,204,925
Management and general	397,754	-	-	397,754
Fundraising	303,226	-	-	303,226
Total supporting services	700,980	-	-	700,980
Total expenses	12,905,905	-	-	12,905,905
Change in net assets	467,464	222,253	70,684	760,401
Net assets, Beginning of Year, as restated	5,497,377	2,138,069	4,469,490	12,104,936
Net Assets, End of Year	$ 5,964,841	$ 2,360,322	$ 4,540,174	$ 12,865,337

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Government grants and contracts	$ 5,816,791	$ -	$ -	$ 5,816,791
Private donors	3,257,835	475,278	198,538	3,931,651
Management fees - related party				
Palmer Court	127,698	-	-	127,698
United Way	85,817	100,000	-	185,817
In-kind	644,218	-	-	644,218
Net investment return	5,333	-	-	5,333
Special events	382,632	-	-	382,632
less direct costs	(121,517)	-	-	(121,517)
Distribution from and change in value of beneficial interest in assets held by others	244,880	258,160	-	503,040
Other income	46,276	-	-	46,276
Net assets released from restrictions	478,795	(478,795)	-	-
Total public support and revenue	10,968,758	354,643	198,538	11,521,939
Expenses				
Emergency assistance	331,724	-	-	331,724
Shelter	4,954,344	-	-	4,954,344
Self reliance	662,381	-	-	662,381
Housing	4,653,573	-	-	4,653,573
Total program services	10,602,022	-	-	10,602,022
Management and general	404,650	-	-	404,650
Fundraising	268,851	-	-	268,851
Total supporting services	673,501	-	-	673,501
Total expenses	11,275,523	-	-	11,275,523
Change in net assets	(306,765)	354,643	198,538	246,416
Net assets, Beginning of Year, as restated	5,804,142	1,783,426	4,270,952	11,858,520
Net Assets, End of Year	$ 5,497,377	$ 2,138,069	$ 4,469,490	$ 12,104,936

	Program Services Expense					Supporting Services Expense			
	Emergency Assistance	Shelter	Self Reliance	Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries, benefits and taxes	$ 178,142	$ 2,959,141	$ 538,609	$ 2,002,577	$ 5,678,469	$ 242,581	$ 246,772	$ 489,353	$ 6,167,822
Contract services	1,748	133,846	3,120	429,822	568,536	3,131	2,691	5,822	574,358
Conferences and meetings	74	1,662	293	22,849	24,878	117	144	261	25,139
Depreciation	5,607	397,708	5,291	8,544	417,150	10,378	6,281	16,659	433,809
Dues and subscriptions	123	2,454	438	2,011	5,026	183	210	393	5,419
Events	-	-	-	-	-	-	112,271	112,271	112,271
Insurance	1,280	90,786	1,208	1,950	95,224	12,455	1,328	13,783	109,007
Miscellaneous	2,129	44,984	8,201	69,206	124,520	3,375	3,981	7,356	131,876
Participant assistance	74,909	75,695	41,774	2,822,580	3,014,958	-	-	-	3,014,958
Professional fees	2,826	43,587	7,685	37,639	91,737	83,064	3,964	87,028	178,765
Rent	8,115	547,827	7,656	38,381	601,979	15,687	8,421	24,108	626,087
Repairs and maintenance	11,661	388,372	10,093	75,432	485,558	7,790	5,475	13,265	498,823
Supplies	6,116	115,694	22,140	102,091	246,041	9,183	15,675	24,858	270,899
Telephone	12,639	59,633	12,178	77,023	161,473	2,825	3,272	6,097	167,570
Training	1,263	39,404	3,891	25,323	69,881	2,023	2,034	4,057	73,938
Transportation	347	15,499	1,278	157,899	175,023	67	350	417	175,440
Utilities	2,532	239,962	2,389	52,875	297,758	4,895	2,628	7,523	305,281
Grants to other non-profits	-	-	-	105,000	105,000	-	-	-	105,000
Sub-Recipients	-	-	-	41,714	41,714	-	-	-	41,714
	309,511	5,156,254	666,244	6,072,916	12,204,925	397,754	415,497	813,251	13,018,176
Less expenses included with revenues on the statement of activities									
Direct costs of special events	-	-	-	-	-	-	112,271	112,271	112,271
Total functional expenses	$ 309,511	$ 5,156,254	$ 666,244	$ 6,072,916	$ 12,204,925	$ 397,754	$ 303,226	$ 700,980	$ 12,905,905

Consolidated Statement of Functional Expenses
Year Ended June 30, 2013 (restated)

	Program Services Expense					Supporting Services Expense			
	Emergency Assistance	Shelter	Self Reliance	Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries, benefits and taxes	$ 209,600	$ 2,929,128	$ 466,745	$ 1,565,027	$ 5,170,500	$ 248,805	$ 212,713	$ 461,518	$ 5,632,018
Contract services	9,442	161,507	13,381	306,435	490,765	8,461	6,793	15,254	506,019
Conferences and meetings	266	3,840	618	10,039	14,763	323	293	616	15,379
Depreciation	4,936	350,148	4,658	7,523	367,265	9,099	5,568	14,667	381,932
Dues and subscriptions	92	1,328	214	1,014	2,648	112	101	213	2,861
Events	-	-	-	-	-	-	121,517	121,517	121,517
Insurance	1,558	110,472	1,469	2,373	115,872	7,307	1,471	8,778	124,650
Miscellaneous	3,465	48,826	8,163	77,508	137,962	4,290	3,857	8,147	146,109
Participant assistance	70,312	92,400	101,096	1,849,876	2,113,684	-	-	-	2,113,684
Professional fees	2,162	43,865	4,803	23,185	74,015	82,308	2,470	84,778	158,793
Rent	8,261	525,967	7,793	92,494	634,515	15,967	8,572	24,539	659,054
Repairs and maintenance	6,402	279,835	18,365	101,915	406,517	8,304	5,228	13,532	420,049
Supplies	7,722	111,409	17,939	85,066	222,136	9,380	13,729	23,109	245,245
Telephone	2,576	49,457	8,810	67,174	128,017	3,129	3,084	6,213	134,230
Training	1,875	27,061	4,357	34,945	68,238	2,278	2,062	4,340	72,578
Transportation	545	11,206	1,602	137,794	151,147	36	306	342	151,489
Utilities	2,510	207,895	2,368	52,581	265,354	4,851	2,604	7,455	272,809
Grants to other non-profits	-	-	-	200,000	200,000	-	-	-	200,000
Sub-Recipients	-	-	-	38,624	38,624	-	-	-	38,624
	331,724	4,954,344	662,381	4,653,573	10,602,022	404,650	390,368	795,018	11,397,040
Less expenses included with revenues on the statement of activities									
Direct costs of special events	-	-	-	-	-	-	121,517	121,517	121,517
Total functional expenses	$ 331,724	$ 4,954,344	$ 662,381	$ 4,653,573	$ 10,602,022	$ 404,650	$ 268,851	$ 673,501	$ 11,275,523

See Notes to Consolidated Financial Statements

	2014	2013 (restated)
Operating Activities		
Change in net assets	$ 760,401	$ 246,416
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	433,809	381,932
Donated property and equipment, net	(488,650)	(5,500)
Contributions restricted for purchasing property and equipment	(100,000)	(237,000)
Contributions restricted for endowment	(70,684)	(198,538)
Change in beneficial interest in assets held by affiliated organization	(407,445)	(258,160)
Endowment net investment return	(16,670)	-
Change in assets and liabilities		
Grants and contracts receivable	(342,428)	(417,432)
Due from related parties	(79,660)	42,968
Promises to give	670	333,952
Cash restricted for acquisition of property and equipment	43,408	(187,000)
Prepaid expenses and other assets	153,522	(137,388)
Accounts payable and accrued expenses	46,569	47,802
Net Cash used for Operating Activities	(67,158)	(387,948)
Investing Activities		
Purchase of property and equipment	(64,821)	(123,265)
Withdrawal from cash restricted for purchase of property and equipment	(143,408)	(50,000)
Addition to endowment	(70,684)	(198,538)
Net Cash used for Investing Activities	(278,913)	(371,803)
Financing Activities		
Collection of contributions restricted for purchasing property and equipment	100,000	237,000
Collection of contributions restricted for endowment	70,684	198,538
Net Cash from Financing Activities	170,684	435,538
Net Change in Cash	(175,387)	(324,213)
Cash, Beginning of Year	2,824,847	3,149,060
Cash, End of Year	$ 2,649,460	$ 2,824,847

Schedule of non-cash investing and financing activities:

During the years ended June 30, 2014 and 2013, the Organization recorded $645,900 (and related notes payable of $157,250) and $5,500 in donated property and equipment, respectively.

See Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Operational Purpose

The Road Home (TRH) is a nonprofit corporation organized under the laws of the State of Utah. TRH's mission is to help individuals and families step out of homelessness and back into the community through emergency services, personalized case management and collaboration with other community service providers.

TRH principal programs comprise the following:

- Emergency Assistance: Emergency Assistance provides emergency and employment related assistance.
- Shelter: Shelter Services provides basic short-term shelter services to those in need.
- Self Reliance: Self Reliance provides case management and resources for shelter residents.
- Housing: Housing provides case management, resources and rental assistance for permanent and transitional housing clients.

Principles of Consolidation

The consolidated financial statements include the accounts of TRH and its wholly-owned single member limited liability companies Housing Now LLC and Family Housing Solutions LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as TRH or the Organization.

Cash and Cash Equivalents

TRH considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of TRH are excluded from this definition.

Grants and Contracts Receivable

TRH receives substantial funding through federal, state, and other grants and contracts. The majority of these grants and contracts operate on a cost reimbursement basis. Generally, accounts receivable and the related revenues are recorded when the applicable expenses to grant awards have been incurred. Certain grants require that TRH match the funds received with other funds in varying percentages.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. As of both June 30, 2014 and 2013 the allowance for uncollectible promises to give was $0.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 20 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

TRH reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, and impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2014.

Beneficial Interest in Assets Held by Affiliated Organization

TRH and donors have transferred funds to an affiliated organization, the Jon M. Huntsman Family Community Shelter Trust (the Huntsman Trust), for the benefit of TRH. TRH has evaluated the terms of the agreements governing the funds held by the Huntsman Trust for the benefit of TRH and recognizes its rights to the assets (financial or nonfinancial) held by the Huntsman Trust as an asset unless the Huntsman Trust is explicitly granted variance power, that is, the unilateral power to redirect the use of the transferred assets to another beneficiary. Because TRH and the Huntsman Trust are financially interrelated organizations and variance power is not granted to the Huntsman Trust, TRH recognizes its interest in the net assets of the Huntsman Trust and adjusts that interest for its share of the change in net assets of the Huntsman Trust related to the transferred assets.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Unrestricted Net Assets* – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and quasi-endowment.
>
> *Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or action of TRH and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by TRH's Board of Directors.

TRH reports contributions restricted by donors 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.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of TRH. The restrictions stipulate that resources be maintained permanently but permit TRH to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Special event revenues received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to TRH's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. TRH records donated professional services at the respective fair values of the services received.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

TRH is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. TRH is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The entity has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

TRH believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. TRH would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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 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 and those differences could be material.

Financial Instruments and Credit Risk

TRH manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, TRH has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of TRH's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board believe that the investment policies and guidelines are prudent for the long-term welfare of TRH.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent events

TRH has evaluated subsequent events through October 14, 2014, the date on which the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that TRH can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, TRH develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to TRH's assessment of the quality, risk or liquidity profile of the asset or liability.

All of TRH's investment assets are classified within Level 1 because they are comprised of open-ended fixed income securities and equities, money market funds, and mutual funds with readily determinable fair values based on daily redemption values. The fair value of TRH's beneficial interest in assets held by an affiliated organization are classified within Level 1 because the fair value of fund investments are comprised of open-ended fixed income securities and equities and money market funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2014:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Endowment investments				
Cash and money market funds (at cost)	$ 22,690	$ 22,690	$ -	$ -
Mutual Funds	263,202	263,202		
	$ 285,892	$ 285,892	$ -	$ -
Beneficial interest in assets held by affiliated organization	$ 5,428,044	$ 5,428,044	$ -	$ -

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2013:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Endowment investments				
Cash and money market funds (at cost)	$ 198,538	$ 198,538	$ -	$ -
Beneficial interest in assets held by affiliated organization	$ 5,020,599	$ 5,020,599	$ -	$ -

Fair Value of Financial Instruments Not Required to Be Reported at Fair Value

The carrying amounts of cash and cash equivalents, grants and contracts receivable, promises to give, accounts payable, accrued expenses and other liabilities, and deferred revenue approximate fair value due to the short-term nature of the items, and are considered to fall within Level 1 of the fair value hierarchy.

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2014 and 2013:

	2014	2013
Operating investments		
Interest and dividends	$ 3,486	$ 5,333
Net realized and unrealized gain (loss)	(3,209)	-
	277	5,333
Endowment investments		
Interest and dividends	$ 5,643	$ -
Net realized and unrealized gain (loss)	12,355	-
Less investment management and custodial fees	(1,328)	-
	16,670	-
	$ 16,947	$ 5,333

Note 4 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following:

	2014	2013
U.S. Department of H.U.D.	$ 343,060	$ 130,408
Rapid Rehousing	260,559	252,767
TBRA	146,183	107,398
State of Utah	126,593	110,740
TANF	107,657	124,998
SSVF	80,658	-
Salt Lake County	42,655	85,502
Other	25,610	27,713
Salt Lake City	1,375	28,355
SAMHSA	95,187	19,228
	$ 1,229,537	$ 887,109

Note 5 - Promises to Give

Unconditional promises to give consist of the following:

	2014	2013
United Way	$ 100,000	$ 100,000
Others	33,671	34,341
	$ 133,671	$ 134,341

Unconditional promises to give are estimated to be collected as follows:

	2014	2013
Within one year	$ 123,941	$ 123,309
In one to five years	9,730	11,032
	$ 133,671	$ 134,341

Note 6 - Property and Equipment

Property and equipment consists of the following:

	2014	2013 (restated)
Building leasehold improvements	$ 2,979,817	$ 2,865,451
Land	712,700	410,500
Buildings	1,247,094	899,651
Vehicles	359,431	341,735
Furniture and fixtures	614,455	603,780
	5,913,497	5,121,117
Less accumulated depreciation	(2,865,637)	(2,493,577)
	$ 3,047,860	$ 2,627,540

Note 7 - Note Receivable - Palmer Court

TRH has loaned the Palmer Court project $400,000 in connection with a grant received from the Federal Home Loan Bank of Seattle (FHLB). The loan is non-interest bearing, due in April 2039 and payment is subject to available cash flow. The grant from FHLB requires that the Palmer Court project commit to leasing 141 units to tenants who earn up to 30 percent of the area median income and 60 units to tenants who earn up to 60 percent of the area median income as defined by HUD. If Palmer Court fails to comply with these terms through June 2024, the grant could be required to be repaid to the FHLB.

Note 8 - Leases

TRH leases equipment under various operating leases expiring at various dates through 2018. Future minimum lease payments are as follows:

Years Ending June 30,	Operating Leases
2015	$ 95,648
2016	78,572
2017	22,617
2018	10,317
	$ 207,154

Note 9 - Beneficial Interest in Assets Held by Affiliated Organization

In 1992, a donor made a permanently restricted contribution to TRH and stipulated that the earnings be used to benefit the shelter operated by TRH. Subsequent donations were made and in 1995, TRH, the original donor, and the Jon M. Huntsman Family Community Trust (the Huntsman Trust) entered into an agreement whereby the Huntsman Trust was made responsible for the investment and administration of the permanently restricted contributions.

TRH's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. The Huntsman Trust stipulates the trust was created to establish a perpetual fund for the endowment of the Salt Lake Shelter and that the original endowment principal may only be distributed to TRH with the consent of a two thirds majority of the board of trustees and some additional restrictive stipulations. The earnings on the endowment are to be used to benefit TRH and the operations of the Salt Lake Shelter. As a result of this interpretation, TRH classifies as permanently restricted net assets (a) the original value of gifts donated to the Endowment, and (b) the original value of subsequent gifts donated to the Endowment. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for distribution in a manner consistent with the standard of prudence prescribed by UPMIFA.

At June 30, 2014 and 2013, TRH has recorded $5,428,044 and $5,020,599, respectively, as the value of the interest in the net assets fund administered by the Huntsman Trust relating to these permanently restricted contributions. During the years ended June 30, 2014 and 2013, TRH recorded gains of $658,445 and $503,040, respectively, as a change in interest in the net assets of the Huntsman Trust. During the years ended June 30, 2014 and 2013, $251,000 and $244,880 respectively, was transferred to and received in cash by TRH.

Changes in the interest in net assets of affiliated organization for the year ending June 30, 2014, are as follows:

Beneficial interest in assets held by the Huntsman Trust, beginning of year	$ 5,020,599
Investment return	
Investment gain	658,445
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	(251,000)
Beneficial interest in assets held by the Huntsman Trust, end of year	5,428,044
Allocations	
Allocation to temporarily restricted net assets	(1,157,092)
Permanently restricted net assets at June 30, 2014	$ 4,270,952

Changes in the interest in net assets of affiliated organization for the year ending June 30, 2013, are as follows:

Beneficial interest in assets held by the Huntsman Trust, beginning of year	$ 4,762,439
Investment return	
Investment gain	503,040
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	(244,880)
Beneficial interest in assets held by the Huntsman Trust, end of year	5,020,599
Allocations	
Allocation to temporarily restricted net assets	(749,647)
Permanently restricted net assets at June 30, 2013	$ 4,270,952

Note 10 - Endowments

TRH holds permanently restricted contributions totaling $285,892 and $198,538 at June 30, 2014 and 2013. The amounts are reflected as endowment investments in the consolidated statements of financial position. During the year ended June 30, 2014, TRH received permanently restricted donations totaling $70,684 from various donors.

TRH's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2014, there were no such donor stipulations. As a result of this interpretation, TRH classifies as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by TRH in a manner consistent with the standard of prudence prescribed by UPMIFA. TRH considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2014 and 2013, TRH had the following endowment net asset composition by type of fund:

	Temporarily Restricted	Permanently Restricted	Total
June 30, 2014			
Donor-restricted endowment	$ 16,670	$ 269,222	$ 285,892
June 30, 2013			
Donor-restricted endowment	$ -	$ 198,538	$ 198,538

Investment and Spending Policies

TRH has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. A significant portion of the funds are invested to seek growth of principal over time.

Changes in Endowment net assets for the years ending June 30, 2014 and 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Year ended June 30, 2014			
Endowment net assets, beginning of year	$ -	$ 198,538	$ 198,538
Investment return			
Investment income, net of fees	4,315	-	4,315
Net realized and unrealized gain (loss)	12,355	-	12,355
	16,670	-	16,670
Contributions	-	70,684	70,684
Endowment net assets, end of year	$ 16,670	$ 269,222	$ 285,892
Year ended June 30, 2013			
Endowment net assets, beginning of year	$ -	$ -	$ -
Investment return			
Investment income, net of fees	-	-	-
Net realized and unrealized gain (loss)	-	-	-
	-	-	-
Contributions	-	198,538	198,538
Endowment net assets, end of year	$ -	$ 198,538	$ 198,538

Note 11 - Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 and 2013, consist of:

	2014	2013
Huntsman Trust - Shelter	$ 1,157,092	$ 749,647
Palmer Court	457,372	572,372
Note Receivable - Palmer Court	400,000	400,000
United Way (time restriction)	100,000	100,000
Midvale Shelter Roof	93,025	100,000
LDS Travel	51,925	50,177
National Philanthropic Trust - Midvale Renovation	50,000	-
Individual Pledges (time restriction)	33,671	43,999
Endowment appreciation - Shelter	16,670	-
Midvale Shelter Renovation	567	87,000
Butler Employment Pilot Program	-	34,874
	$ 2,360,322	$ 2,138,069

Permanently restricted net assets totaling $4,270,952 at both June 30, 2014 and 2013 represent permanently restricted donations held by the Huntsman Trust. The permanently restricted net assets are donations received from various donors to establish an endowment for the benefit of TRH. As further discussed in Note 9, an agreement was entered into between TRH and the Huntsman Trust, whereby the responsibility for the investment and administration of this endowment was transferred to the Huntsman Trust. Earnings on the assets of the Huntsman Trust are available for the support of the TRH homeless shelter, provided, however, that for so long as TRH continues to provide shelter to homeless persons in the State of Utah, that income derived from the endowment shall be directed to TRH for such purposes.

Additionally, TRH holds permanently restricted net assets totaling $269,222 and $198,538 at June 30, 2014 and 2013 as more fully described in Note 10.

Note 12 - Donated Professional Services and Materials

TRH received donated professional services and materials as follows during the years ended June 30, 2014 and 2013:

	Program Services	Management and General	Fundraising and Development	Total
June 30, 2014				
Rent	$ 530,515	$ 7,420	$ 13,845	$ 551,780
Blankets	75,696	-	-	75,696
Property and equipment, net	488,650	-	-	488,650
	$ 1,094,861	$ 7,420	$ 13,845	$ 1,116,126

	Program Services	Management and General	Fundraising and Development	Total
June 30, 2013				
Rent	$ 525,339	$ 7,321	$ 13,658	$ 546,318
Blankets	92,400	-	-	92,400
Property and equipment	5,500	-	-	5,500
	$ 623,239	$ 7,321	$ 13,658	$ 644,218

Net property and equipment contributed during the year ended June 30, 2014 included $645,900 of capitalized assets less $157,250 of related notes payable. Property and equipment contributed during the year ended June 30, 2013 was capitalized.

Note 13 - Notes Payable

Notes payable totaling $255,051 and $97,801 at June 30, 2014 and 2013, respectively, consist of various loans due to the Olene Walker Housing Loan Fund that were assumed by TRH upon receiving related in-kind real estate donations. The notes are non-interest bearing and repayment is deferred indefinitely until TRH sells the properties or converts the properties to a use other than transitional or permanent housing solutions. As of June 30, 2014, TRH does not intend to sell or convert the use of the properties in the near future.

Note 14 - Employee Benefits

TRH has a defined contribution plan (the Plan) covering substantially all employees. The Plan provides that employees who have attained the age 21 and completed one year of service can voluntarily contribute to the Plan. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. Total expense related to the Plan for the years ended June 30, 2014 and 2013 was $177,372 and $191,689, respectively.

Note 15 - Related Party Transactions

TRH leases the downtown shelter from Shelter the Homeless Committee, a related non-profit organization for $300 per year. For the years ended June 30, 2014 and 2013, TRH estimates that the fair value of the shelter space is $552,080 and $546,618, respectively, and has recorded contributed revenue and a corresponding expense totaling $551,780 and $546,318 to reflect the estimated fair value of this lease transaction.

For the years ended June 30, 2014 and 2013, TRH contributed $105,000 and $200,000, respectively, to Shelter the Homeless Committee to support operations at Palmer Court.

At June 30, 2014 and 2013, TRH has recorded its interest in the net assets of the Huntsman Trust totaling $5,428,044 and $5,020,599 respectively, relating to funds transferred/donated to the Huntsman Trust for the benefit of TRH, over which the Huntsman Trust has not been granted variance power, as more fully described in Note 9.

As more fully described in Note 7, TRH has a long-term note receivable from a related party - Palmer Court totaling $400,000 at June 30, 2014 and 2013.

Due from related parties total $173,026 and $93,366 at June 30, 2014 and 2013, representing amounts due from Palmer Court and the Wendell Apartments. Amounts are non-interest bearing.

Note 16 - Concentrations

A significant portion of TRH's support is provided through government grants and contracts. A loss of this support would have a materially adverse effect on TRH.

Note 17 - Contingencies and Commitments

TRH has received various in-kind contributions of residential real estate from the Olene Walker Housing Agency, to be used for the purpose of providing housing solutions to those served by TRH. The agreements with the donor require TRH to use the real estate for low-income housing purposes. If TRH sells the property, it will have to pay $255,051 to The Olene Walker Housing Loan Fund.

As more fully described in Note 7, TRH received a grant from FHLB which was then loaned to Palmer Court. Palmer Court must comply with the leasing commitments through June 2024 or the grant could be required to be repaid.

Note 18 - Restatement

During the year ended June 30, 2014, TRH identified misstatements within the prior year financial statements related to non-cash, in-kind contributions of real estate totaling $1,108,700 with related debt of $97,801 received by TRH in June 2010, but previously not recorded in its general ledger. The related accumulated depreciation on the real estate as of June 30, 2013 totaled $115,080. The Company restated its previously issued financial statements to appropriately reflect the June 30, 2013 balances for property and equipment, notes payable, net assets, depreciation expense, and change in net assets for the year ended June 30, 2013.

The following is a summary of the effects of the restatement in the Organization's June 30, 2013 Statement of Financial Position:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2013			
Property and equipment, net	1,633,920	993,620	2,627,540
Total assets	11,603,303	993,620	12,596,923
Notes payable	-	97,801	97,801
Total liabilities	394,186	97,801	491,987
Unrestricted net assets - property and equipment	1,633,920	895,819	2,529,739
Total unrestricted net assets	4,601,558	895,819	5,497,377
Total net assets	11,209,117	895,819	12,104,936
Total liabilities and net assets	11,603,303	993,620	12,596,923

The following is a summary of the effects of the restatement in the Organization's June 30, 2013 Statement of Activities:

	As Previously Reported	Adjustment	As Restated
Year ended June 30, 2013			
Expenses			
Emergency assistance	$ 331,229	$ 495	$ 331,724
Shelter	4,919,176	35,168	4,954,344
Self reliance	661,913	468	662,381
Housing	4,652,817	756	4,653,573
Total program services	10,565,135	36,887	10,602,022
Management and general	404,136	514	404,650
Fundraising	267,892	959	268,851
Total supporting services	672,028	1,473	673,501
Total expenses	11,237,163	38,360	11,275,523
Change in net assets	284,776	(38,360)	246,416
Net assets, Beginning of Year	10,924,341	934,179	11,858,520
Net Assets, End of Year	11,209,117	895,819	12,104,936

The following is a summary of the effects of the restatement in the Organization's June 30, 2013 Statement of Functional Expenses:

	As Previously Reported	Adjustment	As Restated
Year ended June 30, 2013			
Depreciation and amortization	$ 343,572	$ 38,360	$ 381,932
Total functional expenses	11,237,163	38,360	11,275,523

The following is a summary of the effects of the restatement in the Organization's June 30, 2013 Statement of Cash Flows:

	As Previously Reported	Adjustment	As Restated
Year ended June 30, 2013			
Change in net assets	$ 284,776	$ (38,360)	$ 246,416
Depreciation and amortization	343,572	38,360	381,932

Single Audit Section
June 30, 2014

The Road Home

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security direct programs:				
Emergency Food and Shelter Program		97.024		$ 85,250
U.S. Department of Housing and Urban Development				
Passed through from Emergency Solutions Grants:				
Salt Lake City	*	14.231		44,000
State of Utah	*	14.231	14-1042	310,154
Rapid Rehousing - State	*	14.231		300,740
Rapid Rehousing - County	*	14.231	BV13520C	78,803
Rapid Rehousing - City	*	14.231		101,069
Total passed through from Emergency Solutions Grants				834,766
Passed through from Supportive Housing Grants:				
Successful Transitions		14.235	UT0051L8T001203	25,981
Green Street Partners - 2nd West		14.235	UT0032L8T001203	15,700
Supportive Housing Frontier		14.235	UT0052L8T001203	74,703
Supportive Housing Frontier / Wendell		14.235	UT0052B8T001102	41,714
Total passed through from Supportive Housing Grants				158,098
Passed through from Continuum of Care Grants:				
CoC - Leasing - Fams		14.235	UT0077L8T001201	555,736
CoC - Leasing - Pathways		14.235	UT0075L8T001201	431,549
CoC - Leasing - CHSH		14.235	UT0076L8T001201	319,778
CoC - New Family RRH		14.235	UT0089L8T001200	58,392
CoC - Transitional Housing Families with Children		14.235	UT0035L8T001204	33,054
Total passed through from Continuum of Care				1,398,509
Passed through from Tenant Based Rental Assistance Grants:				
Salt Lake City		14.239		141,755
Salt Lake County		14.239	BV13110	300,000
Total passed through from Tenant Based Rental Assistance Grants				441,755
Passed through from Community Development Block Grants:				
Davis County		14.218		20,000
Layton City		14.218		3,500
Salt Lake City		14.218		109,022
Salt Lake County		14.218	BV03922	41,465
Sandy City		14.218		12,000
South Jordan City		14.218		5,500
Taylorsville City		14.218		3,500
West Jordan City		14.218		12,000
West Valley City		14.218		11,347
Total passed through from Community Development Block Grants				218,334
Total Department of Housing and Urban Development				3,051,462

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Veteran Affairs				
Supportive Services for Veteran Families		64.003	14-UT-143	282,369
U.S. Department of Health and Human Services				
Direct Award:				
Chronic Homeless Services & Housing		93.243	5UD1T102347	477,344
Passed through from the State of Utah and Salt Lake County:				
Social Services Block Grant		93.667		27,000
Passed through from the State of Utah - Department of Workforce Services:				
Temporary Assistance for Needy Families	*	93.558		1,113,897
Total Department of Health and Human Services				1,618,241
Total Federal Assistance				$ 5,037,322

* - Denotes a major program.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Road Home (TRH), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.* The Road Home received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - 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 *OMB Circular A-122, Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Road Home's summary of significant accounting policies is presented in Note 1 in The Road Home's basic consolidated financial statements.

Note 3 - Sub-Recipients of Grant Awards

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, The Road Home provided federal awards to subrecipients as follows:

Frontier Supportive Housing (CFDA No. 14.235)	$ 32,624
Wendell Supportive Housing (CFDA No. 14.235)	9,090
Total:	$ 41,714

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CPAs & BUSINESS ADVISORS

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 and Management of
The Road Home
Salt Lake City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of The Road Home, which comprise the consolidated statement of financial position as of June 30, 2014, 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, and have issued our report thereon dated October 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Road Home'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 opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Road Home's internal control. Accordingly, we do not express an opinion on the effectiveness of The Road Home's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness. [2014 - A]

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.

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

The Road Home's Response to Finding

The Road Home's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Road Home'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 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.

Eide Bailly LLP

Salt Lake City, Utah
October 14, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

The Board of Directors
The Road Home
Salt Lake City, Utah

Report on Compliance for Each Major Federal Program

We have audited The Road Home's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Road Home's major federal programs for the year ended June 30, 2014. The Road Home'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 requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for each of The Road Home'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 The Road Home'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 The Road Home's compliance.

Opinion on Each Major Federal Program
In our opinion, The Road Home complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of The Road Home is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Road Home'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 OMB Circular A-133, 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 The Road Home'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 compliance requirement 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Salt Lake City, Utah
October 14, 2014

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No

Identification of major programs:

Name of Federal Program	CFDA Number
Temporary Assistance for Needy Families	93.558
Emergency Solutions Grant	14.231

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

2014 – A **Restatement due to a Correction of an Error**
Material Weakness

Criteria :
The Organization should have procedures in place to record all donated assets at the time the assets are acquired.

Condition:
The Organization received non-cash, in-kind donations of certain real estate assets totaling $1,108,700 with related debt of $97,801 during the year ended June 30, 2010 but did not record the transaction in its general ledger and the financial statement reporting process in place at that time did not identify the error. Upon receiving additional in-kind real estate in the current year, the Organization recognized it had overlooked the previously donated real estate and corrected the error.

Cause:
The Organization's procedures in place during the year ended June 30, 2010 to record in-kind donations did not require immediate recording of in-kind contributions. This resulted in the transaction not being properly recorded in the financial statements.

Effect:
Property and equipment and related debt and depreciation expense, as well as net assets, were materially understated in the Organization's prior years financial statements.

Recommendation:
The Organization should analyze its procedures for recording in-kind contributions and the process for the final review of the financial statements and make necessary changes to these procedures to ensure that all such transactions are properly recorded in the Organization's financial statements and such omissions are identified during the financial statement review process.

Management Response and Corrective Plan:
We have implemented procedures to assure that all in-kind donations of fixed assets will be recorded in the general ledger at the time of donation. We have also improved our processes since 2010 to ensure that the financial statements are reviewed during preparation and prior to submission for audit.

Section III – Federal Award Findings and Questioned Costs

None

No findings reported in the prior year