Consolidated Financial Statements
June 30, 2017 and 2016

The Road Home

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Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Road Home, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, 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 Consolidated 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 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.

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, 2017 and 2016, 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.

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5 Triad Center, Ste. 600 | Salt Lake City, UT 84180-1106 | T 801.532.2200 | F 801.532.7944 | EOE

Other Matters

Other Information

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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 a report dated October 31, 2017, 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, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of The Road Home's 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 31, 2017

The Road Home

Consolidated Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	$ 2,723,811	$ 2,582,168
Cash restricted for Midvale Shelter	328,474	309,612
Cash restricted for Wendell	37,986	37,986
Grants and contracts receivable	863,357	1,468,721
Due from related parties	288,056	77,629
Promises to give - current	1,932,905	237,338
Prepaid expenses and other assets	199,451	47,168
Total current assets	6,374,040	4,760,622
Cash restricted for acquisition of property and equipment	10,044	10,044
Promises to give - long term	27,307	21,973
Property and equipment, net	2,156,595	2,460,560
Note receivable - Palmer Court	400,000	400,000
Endowment - investments	575,437	493,725
Beneficial interest in assets held by affiliated organization	7,824,623	6,915,350
Total assets	$ 17,368,046	$ 15,062,274
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 103,613	$ 260,071
Accrued expenses	488,616	430,424
Total current liabilities	592,229	690,495
Notes Payable	255,051	255,051
Total liabilities	847,280	945,546
Net Assets		
Unrestricted	2,482,641	1,780,108
Unrestricted - invested in property and equipment, net of related debt	1,901,544	2,205,509
Unrestricted - board designated	574,038	1,272,395
Total unrestricted net assets	4,958,223	5,258,012
Temporarily restricted	4,215,686	2,011,859
Permanently restricted	7,346,857	6,846,857
Total net assets	16,520,766	14,116,728
Total liabilities and net assets	$ 17,368,046	$ 15,062,274

See Notes to Consolidated Financial Statements

The Road Home
Consolidated Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Government grants and contracts	$ 9,031,151	$ -	$ -	$ 9,031,151
Private donors	4,147,580	2,351,443	-	6,499,023
Management fees - related party				
Palmer Court	130,867	-	-	130,867
United Way	78,835	100,000	-	178,835
In-kind	796,623	-	-	796,623
Net investment gain and interest income	16,129	69,717	-	85,846
Special events	329,567	-	-	329,567
less costs of direct benefits to donors	(161,954)	-	-	(161,954)
Distribution from and change in value of beneficial interest in assets held by affiliated organization	363,014	409,273	500,000	1,272,287
Other income	166,413	-	-	166,413
Net assets released from restrictions	726,606	(726,606)	-	-
Total public support and revenue	15,624,831	2,203,827	500,000	18,328,658
Expenses				
Program services expenses				
Emergency Assistance	466,071	-	-	466,071
Shelter	6,259,283	-	-	6,259,283
Self Reliance	395,613	-	-	395,613
Housing	7,852,587	-	-	7,852,587
Total program services expenses	14,973,554	-	-	14,973,554
Supporting services expenses				
Management and general	533,504	-	-	533,504
Fundraising	417,562	-	-	417,562
Total supporting services expenses	951,066	-	-	951,066
Total expenses	15,924,620	-	-	15,924,620
Change in Net Assets	(299,789)	2,203,827	500,000	2,404,038
Net Assets, Beginning of Year	5,258,012	2,011,859	6,846,857	14,116,728
Net Assets, End of Year	$ 4,958,223	$ 4,215,686	$ 7,346,857	$ 16,520,766

See Notes to Consolidated Financial Statements

The Road Home
Consolidated Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Government grants and contracts	$ 8,900,687	$ -	$ -	$ 8,900,687
Private donors	2,982,074	2,373,969	70,247	5,426,290
Management fees - related party				
Palmer Court	123,313	-	-	123,313
United Way	54,637	100,000	-	154,637
In-kind	668,616	-	-	668,616
Net investment loss and interest income	(9,493)	(18,262)	-	(27,755)
Special events	320,519	-	-	320,519
less costs of direct benefits to donors	(150,564)	-	-	(150,564)
Distribution from and change in value of beneficial interest in assets held by affiliated organization	597,478	(476,106)	1,000,000	1,121,372
Other income	281,441	-	-	281,441
Net assets released from restrictions	7,237,360	(7,237,360)	-	-
Total public support and revenue	21,006,068	(5,257,759)	1,070,247	16,818,556
Expenses				
Program services expenses				
Emergency Assistance	397,579	-	-	397,579
Shelter	10,817,292	-	-	10,817,292
Self Reliance	782,574	-	-	782,574
Housing	8,133,075	-	-	8,133,075
Total program services expenses	20,130,520	-	-	20,130,520
Supporting services expenses				
Management and general	592,121	-	-	592,121
Fundraising	409,437	-	-	409,437
Total supporting services expenses	1,001,558	-	-	1,001,558
Total expenses	21,132,078	-	-	21,132,078
Change in Net Assets	(126,010)	(5,257,759)	1,070,247	(4,313,522)
Net Assets, Beginning of Year	5,384,022	7,269,618	5,776,610	18,430,250
Net Assets, End of Year	$ 5,258,012	$ 2,011,859	$ 6,846,857	$ 14,116,728

See Notes to Consolidated Financial Statements

The Road Home

Consolidated Statement of Functional Expenses

Year Ended June 30, 2017

	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	$ 249,082	$ 3,195,541	$ 296,220	$ 3,465,681	$ 7,206,524	$ 388,988	$ 326,786	$ 715,774	$ 7,922,298
Contract services	7,626	762,344	20,004	424,638	1,214,612	24,107	7,852	31,959	1,246,571
Conferences and meetings	1,075	4,446	544	37,250	43,315	8,433	188	8,621	51,936
Depreciation	5,597	396,963	5,280	8,528	416,368	10,820	5,808	16,628	432,996
Dues and subscriptions	118	1,470	137	1,959	3,684	171	164	335	4,019
Events	-	-	-	-	-	-	161,954	161,954	161,954
Insurance	1,504	106,695	1,419	2,292	111,910	14,908	1,561	16,469	128,379
Miscellaneous	3,921	50,560	11,095	66,372	131,948	5,932	5,517	11,449	143,397
Participant assistance	135,897	169,648	-	3,077,534	3,383,079	-	-	-	3,383,079
Professional fees	7,686	105,641	9,042	127,665	250,034	11,071	10,150	21,221	271,255
Rent	9,614	642,180	9,070	33,949	694,813	18,584	9,977	28,561	723,374
Repairs and maintenance	16,891	323,394	13,738	121,711	475,734	21,661	20,010	41,671	517,405
Supplies	11,637	144,796	13,517	192,855	362,805	16,810	21,373	38,183	400,988
Telephone	10,084	66,221	4,636	79,185	160,126	3,732	3,581	7,313	167,439
Training	854	10,682	1,044	14,160	26,740	1,411	1,593	3,004	29,744
Transportation	1,867	10,809	7,398	76,764	96,838	1,816	286	2,102	98,940
Utilities	2,618	267,893	2,469	75,129	348,109	5,060	2,716	7,776	355,885
Sub-Recipients	-	-	-	46,915	46,915	-	-	-	46,915
	466,071	6,259,283	395,613	7,852,587	14,973,554	533,504	579,516	1,113,020	16,086,574
Less expenses included with revenues on the statement of activities									
Costs of direct benefits to donors	-	-	-	-	-	-	161,954	161,954	161,954
Total functional expenses	$ 466,071	$ 6,259,283	$ 395,613	$ 7,852,587	$ 14,973,554	$ 533,504	$ 417,562	$ 951,066	$ 15,924,620

See Notes to Consolidated Financial Statements

The Road Home

Consolidated Statement of Functional Expenses

Year Ended June 30, 2016

	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	$ 206,755	$ 3,042,464	$ 598,022	$ 3,298,329	$ 7,145,570	$ 472,843	$ 319,611	$ 792,454	$ 7,938,024
Contract services	12,420	667,771	23,633	328,516	1,032,340	25,662	19,618	45,280	1,077,620
Conferences and meetings	112	1,737	329	2,313	4,491	1,614	208	1,822	6,313
Depreciation	5,420	384,468	5,114	8,260	403,262	10,185	5,920	16,105	419,367
Dues and subscriptions	470	28,522	562	2,470	32,024	862	517	1,379	33,403
Events	-	-	-	-	-	-	150,564	150,564	150,564
Insurance	994	70,568	939	1,517	74,018	13,604	1,352	14,956	88,974
Miscellaneous	2,419	34,783	6,560	46,929	90,691	4,060	4,125	8,185	98,876
Participant assistance	115,518	105,000	75,854	3,505,359	3,801,731	-	-	-	3,801,731
Professional fees	3,342	45,017	8,720	63,956	121,035	4,895	9,880	14,775	135,810
Rent	8,638	577,994	8,149	62,309	657,090	16,697	8,964	25,661	682,751
Repairs and maintenance	13,845	402,385	8,942	213,576	638,748	11,378	7,554	18,932	657,680
Supplies	9,163	142,857	27,026	189,856	368,902	16,481	22,328	38,809	407,711
Telephone	13,310	55,529	9,682	75,333	153,854	3,959	4,104	8,063	161,917
Training	809	12,695	2,394	33,006	48,904	1,396	1,546	2,942	51,846
Transportation	993	16,541	3,468	145,914	166,916	2,028	152	2,180	169,096
Utilities	3,371	293,791	3,180	52,293	352,635	6,457	3,558	10,015	362,650
Grants to other nonprofits	-	4,935,170	-	58,455	4,993,625	-	-	-	4,993,625
Sub-Recipients	-	-	-	44,684	44,684	-	-	-	44,684
	397,579	10,817,292	782,574	8,133,075	20,130,520	592,121	560,001	1,152,122	21,282,642
Less expenses included with revenues on the statement of activities									
Costs of direct benefits to donors	-	-	-	-	-	-	150,564	150,564	150,564
Total functional expenses	$ 397,579	$ 10,817,292	$ 782,574	$ 8,133,075	$ 20,130,520	$ 592,121	$ 409,437	$ 1,001,558	$ 21,132,078

See Notes to Consolidated Financial Statements

	2017	2016
Operating Activities		
Change in net assets	$ 2,404,038	$ (4,313,522)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	432,996	419,367
Donated property and equipment	(12,600)	(800)
Gain on sale of property and equipment	(4,331)	-
Contributions restricted for endowment	-	(70,247)
Change in beneficial interest in assets held by affiliated organization	(909,273)	(523,894)
Endowment net investment (return) loss	(81,712)	30,257
Change in assets and liabilities		
Grants and contracts receivable	605,364	(489,258)
Due from related parties	(210,427)	140,889
Promises to give	(1,700,901)	1,791,625
Prepaid expenses and other assets	(152,283)	55,309
Accounts payable and accrued expenses	(98,266)	(459,089)
Net Cash from (used for) Operating Activities	272,605	(3,419,363)
Investing Activities		
Purchase of property and equipment	(128,130)	(149,301)
Proceeds from sale of property and equipment	16,030	-
Cash restricted for Midvale Shelter	(18,862)	3,445,005
Cash restricted for Wendell	-	2,768
Cash restricted for property and equipment	-	-
Addition to endowment	-	(70,247)
Net Cash from (used for) Investing Activities	(130,962)	3,228,225
Financing Activities		
Collection of contributions restricted for endowment	-	70,247
Net Cash from Financing Activities	-	70,247
Net Change in Cash and Cash Equivalents	141,643	(120,891)
Cash and Cash Equivalents, Beginning of Year	2,582,168	2,703,059
Cash and Cash Equivalents, End of Year	$ 2,723,811	$ 2,582,168

Supplemental Disclosure of Non-cash Investing and Financing Activity

During the years ended June 30, 2017 and 2016, The Road Home recorded $12,600 and $800 in donated property and equipment, respectively.

During the years ended June 30, 2017 and 2016, the change in beneficial interest includes contributions totaling $500,000 and $1,000,000, respectively, of donations received by the beneficial interest.

See Notes to Consolidated Financial Statements

Note 1 - Principal Activity and Significant Accounting Policies

Organization

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.

The principal programs of TRH are as follows:

- 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. Management determines the allowance for uncollectible grants and contracts receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. At June 30, 2017 and 2016, the allowance was $0.

Promises to Give

TRH records unconditional promises to give expected to be collected within one year 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 statements 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. At June 30, 2017 and 2016, the allowance was $0.

Property and Equipment

TRH records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 20 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements 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, an 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 years ended June 30, 2017 and 2016.

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

TRH records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements 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 Trustees for operating reserve and board-designated endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions taken by the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Board of Trustees.

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 statements 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 the Organization's actions. The restrictions stipulate that resources be maintained permanently but permit the Organization 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, 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 (Note 13).

Functional Allocation of 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 has been determined not to be a private foundation under Section 509(a)(1). 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

Deposit concentration risk is managed 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 Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Trustees 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 31, 2017, the date on which the consolidated financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

TRH reports certain assets 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 accessible 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, the Organization would develop 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, 2017:

		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)	$ 6,007	$ 6,007	$ -	$ -
Mutual funds	569,430	569,430	-	-
	$ 575,437	$ 575,437	$ -	$ -
Beneficial interest in assets held by affiliated organization	$ 7,824,623	$ 7,824,623	$ -	$ -

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2016:

		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)	$ 72,033	$ 72,033	$ -	$ -
Mutual funds	421,692	421,692	-	-
	$ 493,725	$ 493,725	$ -	$ -
Beneficial interest in assets held by affiliated organization	$ 6,915,350	$ 6,915,350	$ -	$ -

Note 3 - Net Investment Return and Interest Income

Net investment return (loss) consists of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Operating investments		
Interest and dividends	$ 4,134	$ 2,502
	4,134	2,502
Endowment investments		
Interest and dividends	$ 7,022	$ 5,656
Net realized and unrealized gain (loss)	75,257	(35,590)
Less investment management and custodial fees	(568)	(323)
	81,712	(30,257)
	$ 85,846	$ (27,755)

Note 4 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30, 2017 and 2016:

	2017	2016
U.S. Department of Housing and Urban Development (HUD)	$ 119,642	$ 353,117
Salt Lake County	23,293	317,803
Temporary Assistance for Needy Families (TANF)	335,511	223,259
State of Utah	63,994	198,019
Supportive Services for Verteran Families (SSVF)	62,603	143,470
Tenant-Based Rental Assistance (TBRA)	144,257	113,664
Salt Lake City	19,267	62,002
Substance Abuse and Mental Health Services Administration (SAMHSA)	55,570	42,427
Davis County	10,000	-
Other	29,220	14,960
	$ 863,357	$ 1,468,721

Note 5 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2017 and 2016:

	2017	2016
United Way	$ 100,000	$ 100,000
Gillmore Foundation	-	100,000
Eccles Foundation	350,000	-
One-time bequest from private estate	1,426,798	-
Other	83,414	59,311
	$ 1,960,212	$ 259,311

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

	2017	2016
Within one year	$ 1,932,905	$ 237,338
In one to five years	27,307	21,973
	$ 1,960,212	$ 259,311

Note 6 - Property and Equipment

Property and equipment consists of the following at June 30, 2017 and 2016:

	2017	2016
Building leasehold improvements	$ 3,183,010	$ 3,110,323
Land	712,700	712,700
Buildings	1,247,094	1,247,094
Vehicles	440,249	403,392
Furniture and fixtures	626,342	614,654
	6,209,395	6,088,163
Less accumulated depreciation	(4,052,800)	(3,627,603)
	$ 2,156,595	$ 2,460,560

Building leasehold improvements located in the downtown shelter will fully depreciate by June 30, 2019. See additional information in Note 17.

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 - Notes Payable

Notes payable totaling $255,051 at June 30, 2017 and 2016, 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, 2017, TRH does not intend to sell or convert the use of the properties in the near future.

Note 9 - Leases

TRH leases equipment under various operating leases expiring at various dates through 2020. For the years ended June 30, 2017 and 2016, lease expense under these operating leases totaled $144,409 and $132,292, respectively.

Future minimum lease payments are as follows:

Years Ending June 30,	Operating Leases
2018	$ 137,550
2019	136,999
2020	56,962
	$ 331,511

Note 10 - 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, the original donor, TRH, and the Jon M. Huntsman Family Community Shelter 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 Trustees 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 (as defined in the trust) 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, 2017 and 2016, TRH has recorded $7,824,623 and $6,915,350, respectively, as the value of the beneficial interest in the assets held in a fund administered by the Huntsman Trust relating to these permanently restricted contributions. During the years ended June 30, 2017 and 2016, TRH recorded gains of $772,287 and $121,372, respectively, as a change in beneficial interest in the assets held by the Huntsman Trust. During the years ended June 30, 2017 and 2016, $363,014 and $597,478 respectively, was transferred to and received in cash by TRH.

Changes in the beneficial interest in assets held by affiliated organization for the year ending June 30, 2017, are as follows:

Beneficial interest in assets held by the Huntsman Trust, beginning of year	$ 6,915,350
Investment return	
Investment gain	772,287
Contributions	500,000
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	(363,014)
Beneficial interest in assets held by the Huntsman Trust, end of year	7,824,623
Allocations	
Allocation to temporarily restricted net assets	(983,486)
Amount held in permanently restricted net assets at June 30, 2017	$ 6,841,137

Changes in the beneficial interest in assets held by affiliated organization for the year ending June 30, 2016, are as follows:

Beneficial interest in assets held by the Huntsman Trust, beginning of year	$ 6,391,456
Investment return	
Investment gain	121,372
Contributions	1,000,000
Distributions	
Appropriation of endowment assets pursuant to spending-rate policy	(597,478)
Beneficial interest in assets held by the Huntsman Trust, end of year	6,915,350
Allocations	
Allocation to temporarily restricted net assets	(574,213)
Amount held in permanently restricted net assets at June 30, 2016	$ 6,341,137

Note 11 - Endowments

TRH holds permanently restricted net assets totaling $505,720 at June 30, 2017 and 2016 which have been invested in an endowment account as shown in the consolidated financial statements. The balance in this account totaled $575,437 and $493,725 at June 30, 2017 and 2016. During the years ended June 30, 2017 and 2016, TRH received permanently restricted donations from various donors totaling $0 and $70,247, respectively.

The Board of Trustees of TRH has interpreted the Utah 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, 2017 and 2016, there were no such donor stipulations, respectively. As a result of this interpretation, permanently restricted net assets are classified at (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, 2017 and 2016, TRH had the following endowment net asset composition by type of fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2017				
Donor-restricted endowment	$ -	$ 69,717	$ 505,720	$ 575,437
June 30, 2016				
Donor-restricted endowment	$ (11,995)	$ -	$ 505,720	$ 493,725

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, 2017 and 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Year Ended June 30, 2017				
Endowment net assets, beginning of year	$ (11,995)	$ -	$ 505,720	$ 493,725
Investment return				
Investment income, net of fees	-	6,455	-	6,455
Net realized and unrealized gain	11,995	63,262	-	75,257
	11,995	69,717	-	81,712
Endowment net assets, end of year	$ -	$ 69,717	$ 505,720	$ 575,437
Year Ended June 30, 2016				
Endowment net assets, beginning of year	$ -	$ 18,262	$ 435,473	$ 453,735
Investment return				
Investment income, net of fees	-	5,333	-	5,333
Net realized and unrealized loss	(11,995)	(23,595)	-	(35,590)
	(11,995)	(18,262)	-	(30,257)
Contributions	-	-	70,247	70,247
Endowment net assets, end of year	$ (11,995)	$ -	$ 505,720	$ 493,725

Note 12 - Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016, consists of:

	2017	2016
Huntsman Trust - Shelter	$ 983,486	$ 574,213
St. Benedict and Gallivan	69,717	-
Palmer Court	99,875	99,875
Note receivable - Palmer Court	400,000	400,000
House 20 - Housing	246,973	279,108
Wasatch Advantage - Housing	-	7,757
United Way (time restriction)	100,000	100,000
Individual Pledges (time restriction)	433,414	159,311
One-time bequest from private estate	1,426,798	-
LDS Travel	74,337	31,607
Sorenson Foundation - playground mats	-	2,346
Costs for Midvale	10,044	10,044
Wendell	37,986	37,986
Midvale Shelter	333,056	309,612
	$ 4,215,686	$ 2,011,859

During the year ended June 30, 2017, TRH received an unconditional promise to give via a one-time bequest from a private estate. The promise to give has an implied time restriction until the contribution is collected by TRH, at which time the contribution becomes unrestricted. TRH collected this contribution in the subsequent period.

Permanently restricted net assets totaling $6,841,137 and $6,341,137 at June 30, 2017 and 2016, respectively, 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 10, 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 that TRH continues to provide shelter to homeless persons in the State of Utah, the income derived from the endowment shall be directed to TRH for such purposes.

Additionally, TRH holds permanently restricted net assets totaling $505,720 at June 30, 2017 and 2016 as more fully described in Note 11.

Note 13 - Donated Professional Services and Materials

Donated rent and materials received during the years ended June 30, 2017 and 2016 are as follows:

	Program Services	Management and General	Fundraising	Total
Year Ending June 30, 2017				
Rent	$ 592,331	$ 14,351	$ 7,693	$ 614,375
Blankets	169,648	-	-	169,648
Property and equipment	12,600	-	-	12,600
	$ 774,579	$ 14,351	$ 7,693	$ 796,623

	Program Services	Management and General	Fundraising	Total
Year Ending June 30, 2016				
Rent	$ 541,204	$ 14,070	$ 7,542	$ 562,816
Blankets	105,000	-	-	105,000
Property and equipment	800	-	-	800
	$ 647,004	$ 14,070	$ 7,542	$ 668,616

Property and equipment donated during the years ended June 30, 2017 and 2016 was capitalized.

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, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Trustees each plan year. During the years ended June 30, 2017 and 2016, TRH provided matching and discretionary contributions to participants. Total expense related to the plan for the years ending June 30, 2017 and 2016 was $308,270 and $292,108, respectively.

Note 15 - Related Party Transactions

TRH leases the downtown shelter from Shelter the Homeless Committee, a related nonprofit organization for $300 per year. For the years ended June 30, 2017 and 2016, TRH estimates that the fair value of the shelter space is $574,372 and $563,116, respectively, and has recorded contributed in-kind revenue and a corresponding expense totaling $614,375 and $562,816 for the years ended June 30, 2017 and 2016, respectively, to reflect the estimated fair value of this lease transaction.

TRH leases the Midvale shelter from Shelter the Homeless Midvale LLC, a related nonprofit organization. TRH paid $79,697 and $70,411 in rent for the years ended June 30, 2017 and 2016, respectively. TRH estimates the fair value of the Midvale shelter space to be $120,000 and $70,411, respectively, and has recorded contributed in-kind revenue and a corresponding expense totaling $40,303 and $0 for the years ended June 30, 2017 and 2016, respectively, to reflect the estimated fair value of this lease transaction.

For the years ended June 30, 2017 and 2016, TRH estimates that the fair value of the shelter space is $574,372 and $563,116, respectively, and has recorded contributed in-kind revenue and a corresponding expense totaling $574,072 and $562,816 for the years ended June 30, 2017 and 2016, respectively, to reflect the estimated fair value of this lease transaction.

For the years ended June 30, 2017 and 2016, TRH contributed $0 and $357,497, respectively, of amounts that had been temporarily restricted to be used at Palmer Court to Shelter the Homeless Committee to support operations at Palmer Court. In addition, for the years ended June 30, 2017 and 2016, TRH recorded management and administration fee revenue in the amounts of $130,867 and $123,313, respectively, from Palmer Court.

At June 30, 2017 and 2016, TRH has recorded beneficial interest in the assets of the Huntsman Trust totaling $7,824,623 and $6,915,350 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 10.

As more fully described in Note 7, TRH has a long-term note receivable from Palmer Court, a related party, totaling $400,000 at June 30, 2017 and 2016.

Due from related parties totaled $288,056 and $77,629 at June 30, 2017 and 2016, respectively, representing amounts due from Shelter the Homeless Committee, Palmer Court and the Wendell Apartments. Amounts are non-interest bearing.

During the years ended June 30, 2017 and 2016, TRH granted $0 and $4,931,396, respectively, to Shelter the Homeless – Midvale for renovation, construction and operations of the Midvale Shelter.

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 housing authorities to be used for the purpose of providing housing solutions to those served by TRH. The agreements 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.

The board of Shelter the Homeless Committee, the owner of the downtown shelter, has been asked to work with city, county, and state leaders and all other stakeholders to work towards closing the downtown shelter on or before June 30, 2019. This will require significant additional fundraising and system planning to achieve the necessary efficiencies in the homeless service system to reduce demand for emergency shelter. Shelter the Homeless Committee will work with all stakeholders towards achieving this goal. It is the intent of management of TRH to continue to operate the Midvale Shelter and the other housing resources it currently operates. Additionally, TRH believes it will have an integral role in providing homeless solutions in the community.

Federal Awards Reports in Accordance
With the Uniform Guidance
June 30, 2017

The Road Home

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees 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, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2017.

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 opinion 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.

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency [2017-A].

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5 Triad Center, Ste. 600 | Salt Lake City, UT 84180-1106 | T 801.532.2200 | F 801.532.7944 | EOE

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 consolidated 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*.

Entity's Response to Finding

The Road Home's response to the finding identified in our audit is 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 31, 2017

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
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 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, 2017. 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 federal statutes, regulations, 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 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 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 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 on each of its major Federal programs for the year ended June 30, 2017.

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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 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 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Salt Lake City, Utah
October 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
U.S. Department of Homeland Security direct program:				
Emergency Food and Shelter Program	97.024	N/A	$ 180,000	$ -
U.S. Department of Housing and Urban Development				
Passed through from Emergency Solutions Grants:				
Rapid Rehousing - State	14.231	17-0535	14,295	-
State of Utah - KRH	14.231	17-0535	100,000	-
Rapid Rehousing - City	14.231	FY 16-17	87,198	-
Rapid Rehousing - County	14.231	BV16520	40,000	-
Salt Lake City	14.231	71-5-17-9250	68,065	-
State of Utah	14.231	17-0535	261,573	-
Salt Lake County	14.231	BV16520	56,827	-
Total passed through from Emergency Solutions Grants			627,958	-
Passed through from Supportive Housing Grants:				
Green Street Partners - 2nd West	14.235	UT0032L8T001607	7,143	-
Green Street Partners - 2nd West	14.235	UT0032L8T001506	16,725	-
Total passed through from Supportive Housing Grants			23,868	-
Passed through from Continuum of Care Grants:				
CoC - Leasing - Pathways	14.235	UT0075L8T001504	723,228	-
CoC - Leasing - Pathways	14.235	UT0075L8T001403	469,788	-
CoC - Leasing - CHSH	14.235	UT0076L8T001504	250,112	-
CoC - Leasing - CHSH	14.235	UT0076L8T001403	101,128	-
CoC - RRH for Families	14.235	UT0089L8T001603	15,829	-
CoC - RRH for Families	14.235	UT0089L8T001502	121,921	-
CoC - PSH Expansion	14.235	UT0104L8T001501	143,208	-
CoC - RRH Expansion	14.235	UT0105L8T001501	105,664	-
CoC - Frontier/Wendell	14.235	UT0052L8T001506	120,011	46,915
Total passed through from Continuum of Care			2,050,889	46,915
Total Supportive Housing and Continuum of Care			2,074,757	46,915
Passed through from Tenant Based Rental Assistance Grants:				
Salt Lake County	14.239	BV16105	300,000	-
Salt Lake City	14.239	FY 16-17	200,000	-
Total passed through from Tenant Based Rental Assistance Grants			500,000	-
Passed through from Community Development Block Grants - Entitlement Grants Cluster:				
Salt Lake City	14.218	71-5-17-9250	46,500	-
Sandy City - Homeless Shelter Operations	14.218	FY 16-17	9,000	-
Sandy City - Transitional Housing	14.218	FY 16-17	7,000	-
Davis County	14.218	FY 16-17	10,000	-
West Jordan City	14.218	FY 16-17	12,000	-
West Valley City	14.218	FY 16-17	6,444	-
South Jordan City	14.218	FY 16	5,000	-
Layton City	14.218	FY 16	4,000	-
Taylorsville City	14.218	FY 16	2,200	-
Total passed through from Community Development Block Grants			102,144	-
Total Department of Housing and Urban Development			3,484,859	46,915

See Notes to Schedule of Expenditures of Federal Awards

U.S. Department of Veteran Affairs				
Supportive Services for Veteran Families	64.003	15-UT-336	1,056,078	-
U.S. Department of Health and Human Services				
Direct Award:				
Chronic Homeless Services & Housing	93.243	5H79TI025650-03	315,880	-
Passed through from the State of Utah and Salt Lake County:				
Social Services Block Grant	93.667	BJ16103	34,438	-
Passed through from the State of Utah -				
Department of Workforce Services - 477 Cluster:				
Temporary Assistance for Needy Families	93.558	15DWS0172	809,158	-
TANF - CIP	93.558	15DWS0012	208,797	-
TANF - Midvale	93.558	1402UTTANFTRH	1,080,000	-
Total passed through from the State of Utah			2,097,955	-
Total Department of Health and Human Services			2,448,273	-
Total Federal Assistance			$ 6,989,210	$ 46,915

See Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Road Home (the Organization), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. 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 are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, 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.

The Organization has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs

Name of Federal Program	CFDA Number
Supportive Housing and Continuum of Care	14.235
Temporary Assistance for Needy Families	93.558
Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2017-A **Audit Adjustments**
Significant Deficiency

Criteria:
The Organization should have procedures in place to properly record all grant and contract receivable transactions and related revenues in the proper period.

Condition:
During the course of our engagement, we proposed audit adjustments to the Organization's recorded account balances in the area of grants and contracts receivable and related revenues, which if not recorded would have resulted in a misstatement of the Organization's consolidated financial statements.

Cause:
The Organization's procedures in place during the year ended June 30, 2017 to record grants and contracts receivable and related revenues did not include a reconciliation process to ensure that amounts related to the current fiscal year were properly recorded.

Effect:
Grants and contracts receivable and related revenues were incorrectly recorded in the Organization's consolidated financial statements, which may affect management decisions.

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

Views of Responsible Officials:
Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

None

Management's Response to Auditor's Findings: Summary Schedule of Prior Audit Findings and Corrective Action Plan
June 30, 2017

Prepared by Management of

The Road Home

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Salt Lake City, UT 84101

TEL Administration: 801.359.4142 TEL Development & PR: 801.355.1433
FAX: 801.359.4178 www.theroadhome.org

United Way

Summary Schedule of Prior Audit Findings

Finding 2016-A

Initial Fiscal Year Finding Occurred: 2016

Finding Summary: Eide Bailly LLP proposed a material audit adjustment to the Organization's recorded account balances in the area of grants and contracts receivable, which if not recorded would have resulted in a material misstatement of the Organization's consolidated financial statements.

Status: Ongoing as Eide Baily LLP proposed audit adjustments in the current year to the Organization's recorded account balances in the area of grants and contracts receivable and related revenues, which if not recorded would have resulted in a misstatement of the Organization's consolidated financial statements. The Road Home changed accounting systems at the beginning of the 2017 fiscal year. This caused some difficulty in recording transactions. To correct the issue the Grants Accounting Manager now reviews the summary grants report monthly for accuracy and completeness and reconciles it with the grants accounts receivable in the accounting system. All grants expected to be received are recorded in accounting program at issuance of billing to grantors, and all receipts from grantors are applied to receivables by the Controller.

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Corrective Action Plan

Finding 2017-A

Finding Summary: Eide Bailly LLP proposed audit adjustments to the Organization's recorded account balances in the area of grants and contracts receivable and related revenues, which if not recorded would have resulted in a misstatement of the Organization's consolidated financial statements.

Responsible Individuals: Darlene Rada, Grants Accounting Manager
Heather Bee, Controller

Corrective Action Plan: The Grants Accounting Manager now reviews the summary grants report monthly for accuracy and completeness and reconciles it with the grants accounts receivable in the accounting system. All grants expected to be received are recorded in accounting program at issuance of billing to grantors, and all receipts from grantors are applied to receivables by the Controller.

Anticipated Completion Date: Ongoing

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Corrective Action Plan

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