Consolidated Financial Statements
June 30, 2018 and 2017

The Road Home

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Independent Auditor's Report 1

Financial Statements

Consolidated Statements of Financial Position 3
Consolidated Statements of Activities 4
Consolidated Statements of Functional Expenses 6
Consolidated Statements of Cash Flows 8
Notes to Consolidated Financial Statements 9

Federal Awards Reports in Accordance with the Uniform Guidance

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* 26

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by Uniform Guidance 28

Schedule of Expenditures of Federal Awards 30
Notes to Schedule of Expenditures of Federal Awards 32
Schedule of Findings and Questioned Costs 33

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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, 2018 and 2017, 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, 2018 and 2017, 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.

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 January 17, 2019, 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
January 17, 2019

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	$ 3,030,073	$ 2,723,811
Cash restricted for Midvale Shelter	124,329	328,474
Cash restricted for Wendell	37,986	37,986
Grants and contracts receivable	901,675	863,357
Due from related parties	88,437	288,056
Promises to give - current	86,965	1,932,905
Prepaid expenses and other assets	110,305	199,451
Total current assets	4,379,770	6,374,040
Cash Restricted for Acquisition of Property and Equipment	-	10,044
Promises to Give - Long Term	21,772	27,307
Property and Equipment, Net	1,833,097	2,156,595
Note Receivable - Palmer Court	400,000	400,000
Endowment - Investments	627,469	575,437
Beneficial Interest in Assets Held by Affiliated Organization	9,164,078	7,824,623
Total assets	$ 16,426,186	$ 17,368,046
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 192,934	$ 103,613
Accrued expenses	492,378	488,616
Total current liabilities	685,312	592,229
Notes Payable	255,051	255,051
Total liabilities	940,363	847,280
Net Assets		
Unrestricted	1,833,351	2,482,641
Unrestricted - invested in property and equipment, net of related debt	1,578,046	1,901,544
Unrestricted - board designated	1,274,312	574,038
Total unrestricted net assets	4,685,709	4,958,223
Temporarily restricted	2,253,257	4,215,686
Permanently restricted	8,546,857	7,346,857
Total net assets	15,485,823	16,520,766
Total liabilities and net assets	$ 16,426,186	$ 17,368,046

See Notes to Consolidated Financial Statements

The Road Home
Consolidated Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Government grants and contracts	$ 10,481,390	$ -	$ -	$ 10,481,390
Private donors	3,712,106	537,805	-	4,249,911
Management fees - related party				
Palmer Court	135,947	-	-	135,947
United Way	52,796	35,000	-	87,796
In-kind	881,232	-	-	881,232
Net investment gain and interest income	5,206	52,032	-	57,238
Special events	354,434	-	-	354,434
less costs of direct benefits to donors	(154,441)	-	-	(154,441)
Distribution from and change in value of beneficial interest in assets held by affiliated organization	368,476	139,455	1,200,000	1,707,931
Other income	129,185	-	-	129,185
Net assets released from restrictions	2,726,721	(2,726,721)	-	-
Total public support and revenue	18,693,052	(1,962,429)	1,200,000	17,930,623
Expenses				
Program services expenses				
Emergency Assistance	387,712	-	-	387,712
Shelter	7,021,463	-	-	7,021,463
Self Reliance	513,355	-	-	513,355
Housing	9,938,048	-	-	9,938,048
Total program services expenses	17,860,578	-	-	17,860,578
Supporting services expenses				
Management and general	707,768	-	-	707,768
Fundraising	397,220	-	-	397,220
Total supporting services expenses	1,104,988	-	-	1,104,988
Total expenses	18,965,566	-	-	18,965,566
Change in Net Assets	(272,514)	(1,962,429)	1,200,000	(1,034,943)
Net Assets, Beginning of Year	4,958,223	4,215,686	7,346,857	16,520,766
Net Assets, End of Year	$ 4,685,709	$ 2,253,257	$ 8,546,857	$ 15,485,823

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 Functional Expenses
Year Ended June 30, 2018

	Program Services Expense								
	Emergency Assistance	Shelter	Self Reliance	Housing	Total Program Services	Management and General	Fundraising	Cost of Goods Sold	Total
Salaries, benefits and taxes	$ 175,744	$ 3,670,746	$ 327,539	$ 3,997,413	$ 8,171,442	$ 454,768	$ 296,325	$ -	$ 8,922,535
Contract services	6,126	735,334	19,762	396,591	1,157,813	19,063	10,837	-	1,187,713
Conferences and meetings	178	8,347	282	21,786	30,593	12,207	271	-	43,071
Depreciation	5,265	373,456	4,967	8,023	391,711	10,178	5,465	-	407,354
Dues and subscriptions	90	1,897	178	2,154	4,319	216	171	-	4,706
Events	-	-	-	-	-	-	-	154,441	154,441
Insurance	2,285	162,032	2,155	3,481	169,953	16,416	2,371	-	188,740
Miscellaneous	2,386	49,987	4,624	56,157	113,154	5,836	4,363	-	123,353
Participant assistance	145,498	205,653	-	4,772,645	5,123,796	-	-	-	5,123,796
Professional fees	596	22,082	829	6,559	30,066	111,606	16,449	-	158,121
Rent	11,361	675,732	10,718	36,611	734,422	21,961	11,790	-	768,173
Repairs and maintenance	16,319	355,272	13,697	116,084	501,372	21,754	19,665	-	542,791
Supplies	7,958	166,915	15,669	189,514	380,056	18,992	20,268	-	419,316
Telephone	10,046	64,970	4,255	77,601	156,872	4,133	4,122	-	165,127
Training	648	13,752	1,307	18,658	34,365	2,866	1,598	-	38,829
Transportation	234	12,000	1,026	76,360	89,620	2,016	435	-	92,071
Utilities	2,978	299,143	2,809	81,744	386,674	5,756	3,090	-	395,520
Grants to other nonprofits	-	204,145	103,538	76,667	384,350	-	-	-	384,350
	387,712	7,021,463	513,355	9,938,048	17,860,578	707,768	397,220	154,441	19,120,007
Less expenses included with revenues on the statement of activities									
Costs of direct benefits to donors	-	-	-	-	-	-	-	(154,441)	(154,441)
Total functional expenses	$ 387,712	$ 7,021,463	$ 513,355	$ 9,938,048	$ 17,860,578	$ 707,768	$ 397,220	$ -	$ 18,965,566

See Notes to Consolidated Financial Statements

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

	Program Services Expense								
	Emergency Assistance	Shelter	Self Reliance	Housing	Total Program Services	Management and General	Fundraising	Cost of Goods Sold	Total
Salaries, benefits and taxes	$ 249,082	$ 3,195,541	$ 296,220	$ 3,465,681	$ 7,206,524	$ 388,988	$ 326,786	$ -	$ 7,922,298
Contract services	7,626	762,344	20,004	424,638	1,214,612	24,107	7,852	-	1,246,571
Conferences and meetings	1,075	4,446	544	37,250	43,315	8,433	188	-	51,936
Depreciation	5,597	396,963	5,280	8,528	416,368	10,820	5,808	-	432,996
Dues and subscriptions	118	1,470	137	1,959	3,684	171	164	-	4,019
Events	-	-	-	-	-	-	-	161,954	161,954
Insurance	1,504	106,695	1,419	2,292	111,910	14,908	1,561	-	128,379
Miscellaneous	3,921	50,560	11,095	66,372	131,948	5,932	5,517	-	143,397
Participant assistance	135,897	169,648	-	3,124,449	3,429,994	-	-	-	3,429,994
Professional fees	7,686	105,641	9,042	127,665	250,034	11,071	10,150	-	271,255
Rent	9,614	642,180	9,070	33,949	694,813	18,584	9,977	-	723,374
Repairs and maintenance	16,891	323,394	13,738	121,711	475,734	21,661	20,010	-	517,405
Supplies	11,637	144,796	13,517	192,855	362,805	16,810	21,373	-	400,988
Telephone	10,084	66,221	4,636	79,185	160,126	3,732	3,581	-	167,439
Training	854	10,682	1,044	14,160	26,740	1,411	1,593	-	29,744
Transportation	1,867	10,809	7,398	76,764	96,838	1,816	286	-	98,940
Utilities	2,618	267,893	2,469	75,129	348,109	5,060	2,716	-	355,885
	466,071	6,259,283	395,613	7,852,587	14,973,554	533,504	417,562	161,954	16,086,574
Less expenses included with revenues on the statement of activities									
Costs of direct benefits to donors	-	-	-	-	-	-	-	(161,954)	(161,954)
Total functional expenses	$ 466,071	$ 6,259,283	$ 395,613	$ 7,852,587	$ 14,973,554	$ 533,504	$ 417,562	$ -	$ 15,924,620

See Notes to Consolidated Financial Statements

	2018	2017
Operating Activities		
Change in net assets	$ (1,034,943)	$ 2,404,038
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	407,354	432,996
Donated property and equipment	(9,662)	(12,600)
Gain on sale of property and equipment	-	(4,331)
Distributions from and change in beneficial interest in assets held by affiliated organization	(1,339,455)	(909,273)
Endowment net investment return	(52,032)	(81,712)
Change in assets and liabilities		
Grants and contracts receivable	(38,318)	605,364
Due from related parties	199,619	(210,427)
Promises to give	1,851,475	(1,700,901)
Prepaid expenses and other assets	89,146	(152,283)
Accounts payable and accrued expenses	93,083	(98,266)
Net Cash from Operating Activities	166,267	272,605
Investing Activities		
Purchase of property and equipment	(74,194)	(128,130)
Proceeds from sale of property and equipment	-	16,030
Change in cash restricted for Midvale Shelter	204,145	(18,862)
Change in cash restricted for property and equipment	10,044	-
Net Cash from (used for) Investing Activities	139,995	(130,962)
Net Change in Cash and Cash Equivalents	306,262	141,643
Cash and Cash Equivalents, Beginning of Year	2,723,811	2,582,168
Cash and Cash Equivalents, End of Year	$ 3,030,073	$ 2,723,811

Supplemental Disclosure of Non-cash Investing and Financing Activity

During the years ended June 30, 2018 and 2017, The Road Home recorded $9,662 and $12,600 in donated property and equipment, respectively.

During the years ended June 30, 2018 and 2017, the change in beneficial interest includes contributions totaling $1,200,000 and $500,000, respectively, of donations received by the beneficial interest.

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, grants and contracts 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, 2018 and 2017, 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, 2018 and 2017, 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 consolidated 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, 2018 and 2017.

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 consolidated 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 reserves.

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 consolidated 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. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. 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 goods at the respective fair values of the goods received (Note 13).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated 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.

Housing Now LLC and Family Housing Solutions LLC are limited liability companies. As such, the tax effects accrue directly to its members and no tax provision is recorded in the accompanying consolidated financial statements.

Each entity 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 consolidated 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 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 January 17, 2019, 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 is based on the fair value of fund investments as reported by the affiliated organization. There are considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2018:

		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)	$ 7,221	$ -	$ -	$ -
Mutual funds	620,248	620,248	-	-
	$ 627,469	$ 620,248	$ -	$ -
Beneficial interest in assets held by affiliated organization	$ 9,164,078	$ -	$ -	$ 9,164,078

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

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2018 and 2017:

	Fair Value Measurement at Reporting Date Using Significant Unobservable Inputs (Level 3)
	Beneficial Interests in Assets Held by Affiliated Organization
Year Ended June 30, 2018	
Balance at June 30, 2017	$ 7,824,623
Contributions	1,200,000
Net realized and unrealized gain	507,931
Distributions	(368,476)
Balance at June 30, 2018	$ 9,164,078
Unrealized gain included in change in value of beneficial interest in the consolidated statement of activities related to assets still held at June 30, 2018	$ 241,552
Year Ended June 30, 2017	
Balance at June 30, 2016	$ 6,915,350
Contributions	500,000
Net realized and unrealized gain	772,287
Distributions	(363,014)
Balance at June 30, 2017	$ 7,824,623
Unrealized gain included in change in value of beneficial interest in the consolidated statement of activities related to assets still held at June 30, 2017	$ 739,272

Note 3 - Net Investment Return and Interest Income

Net investment return consists of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Operating investments		
Interest and dividends	$ 5,206	$ 4,134
	5,206	4,134
Endowment investments		
Interest and dividends	7,565	7,022
Net realized and unrealized gain	44,134	75,257
Investment management and custodial (fees) and rebates	333	(568)
	52,032	81,712
	$ 57,238	$ 85,846

Note 4 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30, 2018 and 2017:

	2018	2017
U.S. Department of Housing and Urban Development (HUD)	$ 318,823	$ 119,642
Salt Lake County	86,868	23,293
Temporary Assistance for Needy Families (TANF)	81,274	335,511
State of Utah	103,272	63,994
Supportive Services for Verteran Families (SSVF)	188,630	62,603
Tenant-Based Rental Assistance (TBRA)	16,145	144,257
Salt Lake City	73,458	19,267
Substance Abuse and Mental Health Services Administration (SAMHSA)	-	55,570
Davis County	-	10,000
Other	33,207	29,220
	$ 901,676	$ 863,357

Note 5 - Promises to Give

Unconditional promises to give consist of the following at June 30, 2018 and 2017:

	2018	2017
United Way	$ 35,000	$ 100,000
Eccles Foundation	-	350,000
One-Time Bequest From Private Estate	-	1,426,798
Other	73,737	83,414
	$ 108,737	$ 1,960,212

Unconditional promises to give are estimated to be collected as follows at June 30, 2018 and 2017:

Within one year	$ 86,965	$ 1,932,905
In one to five years	21,772	27,307
	$ 108,737	$ 1,960,212

Note 6 - Property and Equipment

Property and equipment consists of the following at June 30, 2018 and 2017:

	2018	2017
Building leasehold improvements	$ 3,240,681	$ 3,183,010
Land	712,700	712,700
Buildings	1,247,094	1,247,094
Vehicles	466,434	440,249
Furniture and fixtures	626,342	626,342
	6,293,251	6,209,395
Less accumulated depreciation	(4,460,154)	(4,052,800)
	$ 1,833,097	$ 2,156,595

Building leasehold improvements located in the downtown shelter will fully depreciate by June 30, 2019. See 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% of the area median income and 60 units to tenants who earn up to 60% 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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, lease expense under these operating leases totaled $170,721 and $144,409, respectively.

Future minimum lease payments are as follows:

Years Ending June 30,	Operating Leases
2019	$ 136,990
2020	56,962
	$ 193,952

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. 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 these permanently restricted contributions.

The Huntsman Trust stipulates the trust was created to establish a perpetual fund for the Salt Lake Shelter (as defined in the trust) and that the permanent contributions 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 fund administered by the Huntsman Trust are to be used to benefit TRH and the operations of the Salt Lake Shelter. TRH classifies as permanently restricted net assets (a) the original value of gifts donated to the fund administered by the Huntsman Trust, and (b) the original value of subsequent gifts donated to the fund administered by the Huntsman Trust. The remaining portion of the donor-restricted funds is classified as temporarily restricted net assets until those amounts are appropriated for distribution.

At June 30, 2018 and 2017, TRH has recorded $9,164,078 and $7,824,623, respectively, as the value of the beneficial interest in the assets held in the fund administered by the Huntsman Trust relating to these permanently restricted contributions. During the years ended June 30, 2018 and 2017, TRH recorded gains of $507,931 and $772,287, respectively, as a change in beneficial interest in the assets held by the Huntsman Trust. During the years ended June 30, 2018 and 2017, $368,476 and $363,014 respectively, was transferred to and received in cash by TRH.

Note 11 - Endowments

TRH's endowment consists of a fund established by donors to provide annual funding for general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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, 2018 and 2017, 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, 2018 and 2017, TRH had the following endowment net asset composition by type of fund:

June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	$ -	$ 121,749	$ 505,720	$ 627,469
June 30, 2017				
Donor-restricted endowment	$ -	$ 69,717	$ 505,720	$ 575,437

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, 2018 and 2017 are as follows:

Year Ended June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 69,717	$ 505,720	$ 575,437
Investment return				
Investment income, net of fees	-	7,898	-	7,898
Net realized and unrealized gain	-	44,134	-	44,134
	-	52,032	-	52,032
Endowment net assets, end of year	$ -	$ 121,749	$ 505,720	$ 627,469
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

Note 12 - Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 consists of:

	2018	2017
Huntsman Trust - Shelter	$ 1,122,941	$ 983,486
St. Benedict and Gallivan - endowment	121,749	69,717
Palmer Court	12,760	99,875
Note receivable - Palmer Court	400,000	400,000
House 20 - housing	185,841	246,973
United Way (time restriction)	35,000	100,000
Individual pledges (time restriction)	73,738	433,414
One-time bequest from private estate	-	1,426,798
LDS - travel	41,010	74,337
LDS - identification documentation	25,000	-
Midvale Shelter - property and equipment	-	10,044
Wendell	37,986	37,986
Midvale Shelter - operations	197,232	333,056
	$ 2,253,257	$ 4,215,686

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 during the year ended June 30, 2018.

Permanently restricted net assets totaling $8,041,137 and $6,841,137 at June 30, 2018 and 2017, respectively, represent permanently restricted donations held by the Huntsman Trust. The permanently restricted net assets are donations received from various donors established 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 fund 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 fund shall be directed to TRH for such purposes.

Additionally, TRH holds permanently restricted net assets in the endowment totaling $505,720 at June 30, 2018 and 2017, 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, 2018 and 2017 are as follows:

	Program Services	Management and General	Fundraising	Total
Year Ending June 30, 2018				
Rent	$ 640,346	$ 16,648	$ 8,923	$ 665,917
Blankets	205,653	-	-	205,653
Property and equipment	9,662	-	-	9,662
	$ 855,661	$ 16,648	$ 8,923	$ 881,232

	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

Property and equipment donated during the years ended June 30, 2018 and 2017 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, 2018 and 2017, TRH provided matching and discretionary contributions to participants. Total expense related to the plan for the years ending June 30, 2018 and 2017 was $303,350 and $308,270, 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, 2018 and 2017, TRH estimates the fair value of the shelter space to be $585,553 and $574,372, respectively, and has recorded contributed in-kind revenue and a corresponding expense totaling $585,253 and $574,072 for the years ended June 30, 2018 and 2017, respectively, to reflect the estimated fair value of this lease transaction.

TRH leases the Midvale shelter from STH Midvale LLC, a related organization. TRH paid $63,636 and $79,697 in rent for the years ended June 30, 2018 and 2017, respectively. TRH estimates the fair value of the Midvale shelter space to be $144,000 and $120,000, respectively, and has recorded contributed in-kind revenue and a corresponding expense totaling $80,364 and $40,303 for the years ended June 30, 2018 and 2017, respectively, to reflect the estimated fair value of this lease transaction. For the years ended June 30, 2018 and 2017, TRH contributed $204,415 and $0, respectively, to STH Midvale, LLC.

For the years ended June 30, 2018 and 2017, TRH contributed $76,667 and $0, respectively, to Shelter the Homeless Committee to support operations at Palmer Court. For the years ended June 30, 2018 and 2017, TRH recorded management and administration fee revenue in the amounts of $135,947 and $130,867, respectively, from Palmer Court.

At June 30, 2018 and 2017, TRH has recorded beneficial interest in the assets of the Huntsman Trust totaling $9,164,078 and $7,824,623 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, 2018 and 2017.

Due from related parties totaled $88,437 and $288,056 at June 30, 2018 and 2017, respectively, representing amounts due from Shelter the Homeless Committee, 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 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 continuing to provide homeless solutions in the community. Subsequent to year end, TRH was notified that its bid to run the new men's shelter has been accepted.

Federal Awards Reports in Accordance
With the Uniform Guidance
June 30, 2018

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, 2018, 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 January 17, 2019.

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.

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 have not been 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 [2018-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 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*.

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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
January 17, 2019

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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, 2018. 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, 2018.

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.

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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
January 17, 2019

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 Award:				
Emergency Food and Shelter Program	97.024	N/A	$ 197,195	
U.S. Department of Housing and Urban Development				
Passed through from Emergency Solutions Grants:				
Rapid Rehousing - City	14.231	FY17-18	85,508	-
Rapid Rehousing - County	14.231	BV17520	44,507	-
Salt Lake City	14.231	FY17-18	58,123	-
State of Utah	14.231	18-0674	540,968	-
Salt Lake County	14.231	BV17520	63,300	-
Total passed through from Emergency Solutions Grants			792,406	-
Passed through from Supportive Housing Grants:				
Green Street Partners - 2nd West	14.235	UT0032L8T001708	5,132	-
Green Street Partners - 2nd West	14.235	UT0032L8T001607	9,560	-
Total passed through from Supportive Housing Grants			14,692	-
Passed through from Continuum of Care Grants:				
CoC - Leasing - Pathways	14.235	UT0075L8T001605	727,174	-
CoC - Leasing - Pathways	14.235	UT0075L8T001504	529,977	-
CoC - Leasing - CHSH	14.235	UT0076L8T001504	246,502	-
CoC - Leasing - CHSH	14.235	UT0076L8T001504	198,180	-
CoC - RRH for Families	14.235	UT0089L8T001704	23,645	-
CoC - RRH for Families	14.235	UT0089L8T001603	106,092	-
CoC - PSH Expansion	14.235	UT0104L8T001602	143,208	-
CoC - RRH Expansion	14.235	UT0105L8T001602	105,664	-
CoC - Frontier/Wendell	14.235	UT0052L8T001607	123,866	49,163
Total passed through from Continuum of Care			2,204,308	49,163
Total Supportive Housing and Continuum of Care			2,219,000	49,163
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	-
Housing Authority of the County of Salt Lake	14.239	BV17107	82,687	-
Total passed through from Tenant Based Rental Assistance Grants			582,687	-

See Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
Passed through from Community Development Block Grants - Entitlement Grants Cluster:				
Salt Lake City	14.218	FY17-18	$ 45,357	-
Sandy City	14.218	FY17-18	12,000	-
Sandy City - Homeless Shelter Operations	14.218	FY17-18	5,000	-
Sandy City - Transitional Housing	14.218	FY17-18	8,500	-
West Jordan City	14.218	FY17-18	10,300	-
West Valley City	14.218	FY17-18	9,000	-
South Jordan City	14.218	FY17-18	4,750	-
Taylorsville City	14.218	FY17-18	2,366	-
Total passed through from Community Development Block Grants			97,273	-
Total Department of Housing and Urban Development			3,691,366	49,163
U.S. Department of Veteran Affairs				
Passed through from Tenant Based Rental Assistance Grants:				
Supportive Services for Veteran Families	64.003	15-UT-336	1,007,013	-
U.S. Department of Health and Human Services				
Direct Award:				
Chronic Homeless Services & Housing	93.243		294,209	141,174
Passed through from the State of Utah - Department of Workforce Services - TANF Cluster:				
Temporary Assistance for Needy Families	93.558	18DWS0137	2,593	-
Temporary Assistance for Needy Families	93.558	15DWS0172	619,294	-
TANF - CIP	93.558	15DWS0012	79,803	-
TANF - Midvale	93.558	18-0645	1,194,049	-
TANF - State of Utah	93.558	18-0645	903,519	-
State of Utah - H2H KRH	93.558	18-1480	364,586	-
Total passed through from the State of Utah			3,163,844	-
Total Department of Health and Human Services			3,458,053	141,174
Total Federal Assistance			$ 8,353,627	$ 190,337

See Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of The Road Home (the Organization) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of The Road Home, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Road Home.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

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	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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs

Name of Federal Program	CFDA Number
Supportive Services for Veteran Families Program	64.003
Temporary Assistance for Needy Families	93.558
Emergency Solutions Grant Program	14.231

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

2018-A **Material Audit Adjustments**
Material Weakness

Criteria:
The Organization should have procedures in place to ensure account balances are materially correct at the end of the reporting period.

Condition:
During the course of our engagement, we proposed audit adjustments to several of the Organization's recorded account balances, which if not recorded would have resulted in a material misstatement of the Organization's financial statements and schedule of expenditures of federal awards.

Cause:
The Organization's procedures in place during the year ended June 30, 2018 did not provide for sufficient reconciliation processes to ensure that promises to give, prepaid expenses, depreciation, federal awards and other amounts are properly recorded at year end.

Effect:
Various account balances were significantly misstated in the Organization's consolidated financial statements and statement of expenditures of federal awards, which may affect management decisions.

Recommendation:
The Organization should analyze its procedures for reconciling accounts to ensure all transactions have been properly recorded. Management should review its process for the final review of the consolidated financial statements and schedule of expenditures of federal awards and make necessary changes to these procedures to ensure that all transactions are properly recorded by the Organization.

Views of Responsible Officials:
Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

None