

**ST. STEPHEN'S  
HUMAN SERVICES, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2019**

# ST. STEPHEN'S HUMAN SERVICES, INC.

## FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION AND REPORTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

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# Mahoney Ulbrich Christiansen Russ P.A.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
St. Stephen's Human Services, Inc.  
Minneapolis, Minnesota

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

We have audited the accompanying financial statements of St. Stephen's Human Services, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Stephen's Human Services, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, St. Stephen's Human Services, Inc. has adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited St. Stephen's Human Services, Inc.'s 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019, on our consideration of St. Stephen's Human Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 St. Stephen's Human Services, Inc.'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 St. Stephen's Human Services, Inc.'s internal control over financial reporting and compliance.

*Mahoney Ulbrich  
Christiansen Russ P.A.*

October 22, 2019

**ST. STEPHEN'S HUMAN SERVICES, INC.**

STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 2,007,755	\$ 2,112,773
Cash - restricted for participant deposits	423,361	417,986
Investments	1,347,441	1,134,515
Accounts receivable	49,092	35,938
Grants receivable	777,029	617,637
Pledges receivable	236,000	180,000
Prepaid expenses	9,657	15,392
Predevelopment costs	41,202	-
Property and equipment, net	<u>224,786</u>	<u>407,602</u>
 Total assets	 <u>\$ 5,116,323</u>	 <u>\$ 4,921,843</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 78,581	\$ 57,871
Accrued payroll and related	288,953	334,319
Participant deposits	423,361	417,986
Refundable advances	34,310	45,290
Deferred lease incentive, net	<u>127,500</u>	<u>142,500</u>
 Total liabilities	 <u>952,705</u>	 <u>997,966</u>
Net assets:		
Without donor restrictions:		
Board designated reserve	877,599	754,006
Undesignated	<u>2,873,144</u>	<u>2,862,700</u>
	3,750,743	3,616,706
With donor restrictions	<u>412,875</u>	<u>307,171</u>
 Total net assets	 <u>4,163,618</u>	 <u>3,923,877</u>
 Total liabilities and net assets	 <u>\$ 5,116,323</u>	 <u>\$ 4,921,843</u>

See accompanying notes to financial statements.

**ST. STEPHEN'S HUMAN SERVICES, INC.**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	2019			
	Net assets without donor restrictions	Net assets with donor restrictions	Total	2018
Revenues and support:				
Contributions	\$ 1,630,600	\$ 354,264	\$ 1,984,864	\$ 1,838,287
Contributions - in-kind	113,348	-	113,348	106,639
Greater Twin Cities United Way	6,791	-	6,791	116,849
Government grants and reimbursements	8,570,891	-	8,570,891	8,850,077
Board and lodge income	1,245,772	-	1,245,772	971,762
Fee income	362,820	-	362,820	404,331
Other income	8,239	-	8,239	-
Special events less direct benefits to donors of \$18,540 in 2019 and \$8,768 in 2018	37,393	-	37,393	38,107
Net assets released upon expiration of time and purpose restrictions	248,560	(248,560)	-	-
<b>Total revenues and support</b>	<b>12,224,414</b>	<b>105,704</b>	<b>12,330,118</b>	<b>12,326,052</b>
Expenses:				
Program services:				
Shelter	1,023,572	-	1,023,572	870,236
Street outreach	746,273	-	746,273	885,477
Ending long-term homelessness	3,562,866	-	3,562,866	3,761,237
Family supportive housing	1,653,068	-	1,653,068	1,240,052
Kateri residence	3,024	-	3,024	515,217
Prevention	347,543	-	347,543	259,543
Rapid re-housing	1,599,181	-	1,599,181	1,562,571
MHFA subsidies	1,456,084	-	1,456,084	1,470,738
Community engagement	92,746	-	92,746	128,950
Rep payee	187,383	-	187,383	190,453
Total program services	10,671,740	-	10,671,740	10,884,474
Management and general	1,337,159	-	1,337,159	1,226,814
Fundraising	411,174	-	411,174	415,790
<b>Total expenses</b>	<b>12,420,073</b>	<b>-</b>	<b>12,420,073</b>	<b>12,527,078</b>
Change in net assets before gain on sale of assets and investment income or loss	(195,659)	105,704	(89,955)	(201,026)
Gain on sale of Kateri buildings and improvements	156,535	-	156,535	-
Interest income	3,150	-	3,150	2,384
Return on investments, net	170,011	-	170,011	91,856
<b>Change in net assets</b>	<b>134,037</b>	<b>105,704</b>	<b>239,741</b>	<b>(106,786)</b>
Net assets, beginning of year	3,616,706	307,171	3,923,877	4,030,663
<b>Net assets, end of year</b>	<b>\$ 3,750,743</b>	<b>\$ 412,875</b>	<b>\$ 4,163,618</b>	<b>\$ 3,923,877</b>

See accompanying notes to financial statements.

ST. STEPHEN'S HUMAN SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	2019												Total	2018	
	Program Services											Management and general			Fund-raising
	Shelter	Street outreach	Single adult supportive housing	Family supportive housing	Kateri residence	Prevention	Rapid re-Housing	MHFA subsidies	Community engagement	Rep payee	Total program services				
Salaries and wages	\$ 513,955	\$ 415,706	\$ 770,414	\$ 373,697	\$ -	\$ 89,303	\$ 485,745	\$ 45,786	\$ 30,109	\$ 121,664	\$ 2,846,379	\$ 693,456	\$ 243,486	\$ 3,783,321	\$ 3,975,474
Payroll taxes	45,802	36,312	67,102	33,126	-	7,645	42,227	3,990	2,956	10,691	249,851	57,026	15,330	322,207	355,906
Employee benefits	90,742	95,360	210,138	80,402	-	17,586	107,329	9,967	4,194	21,339	637,057	118,860	76,065	831,982	780,632
	650,499	547,378	1,047,654	487,225	-	114,534	635,301	59,743	37,259	153,694	3,733,287	869,342	334,881	4,937,510	5,112,012
Office expense	2,908	612	1,432	1,404	-	469	3,207	-	238	4,127	14,397	12,188	839	27,424	71,916
Telephone	9,111	5,908	7,841	3,875	603	1,067	5,431	623	884	480	35,823	6,554	1,722	44,099	62,946
Postage and shipping	12	35	404	704	-	239	269	-	9	3,686	5,358	5,300	15,901	26,559	35,478
Equipment and maintenance	93	50	91	83	-	6	72	-	-	-	395	61,439	10,338	72,172	74,799
Insurance	-	-	-	-	-	-	-	-	340	-	340	8,996	-	9,336	24,890
Printing and publications	-	2,750	-	-	-	-	-	-	-	-	2,750	-	9,791	12,541	22,478
Travel and meals	958	6,545	22,169	14,032	-	1,529	12,569	1,346	415	-	59,563	250	1,418	61,231	87,879
Conferences and meetings	1,205	1,332	3,517	1,740	-	467	2,322	-	48	-	10,631	35,487	1,882	48,000	43,527
Room Rental	-	-	-	-	-	-	-	-	-	-	-	-	13,343	13,343	500
Professional fees	-	-	-	-	-	-	-	3,653	-	-	3,653	86,066	-	89,719	49,094
Contracted services	91,395	-	-	-	120	-	-	-	-	-	91,515	177,291	11,498	280,304	226,159
Specific assistance to individuals	103,029	118,528	2,366,912	1,092,301	30	215,090	868,272	1,385,100	41,376	-	6,190,638	-	-	6,190,638	6,039,045
Education expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,649
Interest	-	-	-	-	-	-	-	-	-	8,536	8,536	-	-	8,536	10,218
Depreciation	16,655	-	-	-	-	-	-	-	-	-	16,655	-	-	16,655	38,460
Occupancy	147,707	63,135	112,846	51,704	2,271	14,142	71,738	5,619	12,177	16,860	498,199	74,246	28,101	600,546	596,796
	1,023,572	746,273	3,562,866	1,653,068	3,024	347,543	1,599,181	1,456,084	92,746	187,383	10,671,740	1,337,159	429,714	12,438,613	12,535,846
Less: direct benefits to donors	-	-	-	-	-	-	-	-	-	-	-	-	(18,540)	(18,540)	(8,768)
Total expenses	<u>\$ 1,023,572</u>	<u>\$ 746,273</u>	<u>\$ 3,562,866</u>	<u>\$ 1,653,068</u>	<u>\$ 3,024</u>	<u>\$ 347,543</u>	<u>\$ 1,599,181</u>	<u>\$ 1,456,084</u>	<u>\$ 92,746</u>	<u>\$ 187,383</u>	<u>\$ 10,671,740</u>	<u>\$ 1,337,159</u>	<u>\$ 411,174</u>	<u>\$ 12,420,073</u>	<u>\$ 12,527,078</u>

See accompanying notes to financial statements.

**ST. STEPHEN'S HUMAN SERVICES, INC.**

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

Increase (Decrease) in Cash

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 239,741	\$ (106,786)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	41,236	45,054
Return on investments, net	(170,011)	(91,856)
Donated stock	(68,564)	(22,385)
Gain on sale of Kateri building and improvements	(156,536)	-
Deferred lease incentive amortization	(15,000)	(7,500)
Changes in operating assets and liabilities:		
Accounts receivable	(13,154)	(1,819)
Grants receivable	(159,392)	(75,099)
Pledges receivable	(56,000)	(178,900)
Prepaid expenses	5,735	3,693
Accounts payable	20,710	10,359
Accrued payroll and related	(45,366)	53,510
Participant deposits, net	-	16,558
Refundable advances	<u>(10,980)</u>	<u>21,940</u>
Net cash from operating activities	<u>(387,581)</u>	<u>(333,231)</u>
Cash flows from investing activities:		
Payments for property and equipment	-	(179,870)
Proceeds from the sale of Kateri building and improvements	298,116	-
Proceeds from the sale of investments	386,477	262,687
Purchases of investments	(360,828)	(227,779)
Payments for predevelopment costs	<u>(41,202)</u>	<u>-</u>
Net cash from investing activities	<u>282,563</u>	<u>(144,962)</u>
Cash flows from financing activities:		
Deferred lease incentive	<u>-</u>	<u>150,000</u>
Net cash from financing activities	<u>-</u>	<u>150,000</u>
Net decrease in cash	(105,018)	(328,193)
Cash, beginning of year	<u>2,112,773</u>	<u>2,440,966</u>
Cash, end of year	<u>\$ 2,007,755</u>	<u>\$ 2,112,773</u>

See accompanying notes to financial statements.

# ST. STEPHEN'S HUMAN SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

### 1. ORGANIZATION

St. Stephen's Human Services began in the early 1970s as initiatives to end homelessness by the congregation of St. Stephen's Church in South Minneapolis. St. Stephen's Human Services (St. Stephen's) was incorporated as a 501(c)(3) nonprofit independent of the church in 2002. Over nearly 50 years, St. Stephen's has been recognized as a community leader through the development and implementation of innovative programs and services that prevent and end homelessness. The mission of St. Stephen's is ending homelessness. Our primary goal is to support people experiencing homelessness in achieving permanent, affordable housing. We meet people where they are, working together toward self-sufficiency and housing stability.

St. Stephen's operates the following programs:

**Shelter** - St. Stephen's provides emergency shelter to up to 94 individuals experiencing homelessness each night. In addition to providing meals, access to showers, and a safe place to sleep, staff at our two shelter locations provide coordination of services to assist guests in meeting their long-term goals.

**Street Outreach** - St. Stephen's Street Outreach team works with people sleeping outside or in places unfit for human habitation. The team provides on-the-spot services to ensure safety and survival for people experiencing unsheltered homelessness, while helping clients address their barriers to housing.

**Housing Services** - Our housing programs provide access to scattered-site, affordable housing for single adults and families experiencing and emerging from homelessness. Staff provide support in locating, accessing, and maintaining housing as our clients work toward personal goals and self-sufficiency:

**Single Adult Supportive Housing** - Single adult supportive housing involves longer-term services designated for individuals identified as having the greatest needs and vulnerability.

**Family Supportive Housing** - Family supportive housing works with families who have the greatest needs to secure and maintain housing and offers long-term support.

**Kateri Residence** – Kateri was closed on June 30, 2018.

(Continued)

# ST. STEPHEN'S HUMAN SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

### 1. ORGANIZATION (Continued)

**Prevention** - One of the most effective ways to end homelessness is to support those at risk of losing their housing. St. Stephen's provides supportive services, housing stabilization planning, financial counseling, landlord mediation, and other assistance for families at imminent risk of homelessness.

**Rapid Re-Housing** - This program helps families and single adults transition quickly from shelter into housing with supportive services and a short-term rental subsidy. Specialized services include rapid rehousing with an emphasis on employment.

**MHFA Subsidies** - Rental subsidies are an important tool for helping some single adults and families maintain their housing while they work toward self-sufficiency. These subsidies are provided through Minnesota Housing.

**Community Engagement** - This program engages people experiencing homelessness and other members of the community in advocating for systemic change to prevent and end homelessness. The program offers *A Day in the Life*, an experiential-learning program that gives participants an opportunity to learn directly from people experiencing homelessness and legislative advocacy in collaboration with our public, private and nonprofit partners.

#### **Other Services:**

**Representative Payee** – Social Security appoints representative payees to Social Security beneficiaries who need help managing their funds to pay rent and utility expenses, personal needs and food.

**Other Resources** – St. Stephen's publishes the *Handbook of the Streets* to help people navigate available services and secures birth certificates for people who lack identification documents.

The majority of revenue and support is from government agencies, contributions, board and lodge income, and fees for services.

(Continued)

# ST. STEPHEN'S HUMAN SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Implementation of New Accounting Guidance** - During the year ended June 30, 2019 St. Stephen's implemented *ASU 2016-14, Financial Statements of Not-for-Profit Entities*. Accordingly, the beginning balances of the donor restricted net asset categories (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification, with donor restrictions. The ASU requires additional disclosures for liquidity.

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

**Financial Statement Presentation** - St. Stephen's reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Revenues and support are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Net assets without donor restrictions represent the portion of net assets that are not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a reserve.
- Net assets with donor restrictions arise from contributions that are restricted by donors for specific purposes or time periods.

**Cash - Restricted for Participant Deposits** - Some clients are not able to manage their own money and therefore St. Stephen's holds as an agent amounts collected from these participants in its Alliance of the Streets Representative Payee program and manages their money on their behalf. A liability titled "Participant Deposits" has been established for these funds.

(Continued)

# ST. STEPHEN'S HUMAN SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Cash and Cash Equivalents** - For the purpose of preparing the statement of cash flows, investments with an original maturity of three months or less are considered cash equivalents. Restricted cash for participant deposits is not considered a cash equivalent.

Cash and money market accounts held in brokerage accounts are included in investments and are not considered cash for purposes of the Statement of Cash Flows.

**Investments** - Investments are recorded at fair value. Investment income or loss including gains and losses on investments, interest, and dividends, is included in the statement of activities as increases in net assets without donor restrictions unless the income or loss is restricted by the donor.

**Fair Value Measurements** - St. Stephen's determines fair value, when necessary, based on the assumptions that market participants would use when pricing the asset or liability. Valuation techniques require using inputs which are categorized using the following hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs that are observable, directly or indirectly, other than the quoted prices included in Level 1; and
- Level 3 - unobservable inputs.

St. Stephen's investments are all valued using Level 1 inputs.

**Concentration of Credit Risk** - St. Stephen's places its cash with several financial institutions. At times the amount on deposit exceeds the insured limit of the institutions and exposes St. Stephen's to a credit risk. St. Stephen's has not experienced any losses on its cash deposits. At June 30, 2019 and 2018, deposits exceeded the federally insured limit by \$1,764,324 and \$1,850,102, respectively.

**Receivables** - Accounts and grants receivable are stated at the amount management expects to collect. Management reviews receivable balances at year end and establishes an allowance based on expected collections. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is worthless. No allowance was considered necessary at June 30, 2019 or 2018.

(Continued)

## ST. STEPHEN'S HUMAN SERVICES, INC.

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Pledges Receivable** - Pledges receivable are recorded at the promised amount because the difference between the promised amount and the net present value of the promise is immaterial. Management believes that all amounts will be received when due, therefore no allowance for uncollectible amounts has been provided. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is worthless.

**Predevelopment costs** - Predevelopment costs are recorded at cost and include costs related to the possible construction of a new shelter by St. Stephen's. Costs will continue to be recorded in predevelopment costs until a final determination to go forward or not with the project is made. If it is determined to go forward with the construction of a new shelter the costs will be transferred to work in progress and capitalized to building when placed in service. If it is determined that construction will not go forward, the predevelopment costs will be expensed.

**Property and Equipment** - Property and equipment are recorded at cost. St. Stephen's policy is to capitalize expenditures in excess of \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment. Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of property and equipment are capitalized.

Management evaluates these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Absent explicit donor restrictions regarding how long contributed assets must be used, St. Stephen's reports expiration of donor restrictions when the donated or acquired assets are placed in service.

**Contributions** - Contributions are recognized when the donor makes an unconditional commitment to give. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions and transferred to net assets without donor restrictions when restrictions expire or the condition is met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

(Continued)

**ST. STEPHEN'S HUMAN SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributed Materials and Space** - Contributed materials are recorded as contributions, when received, at their fair value. During 2018, St. Stephen's received donated food for the Kateri residence and the shelter of \$535 and use of space of \$7,500. The use of the Kateri residence ended in 2018 and no contributed materials or space was received in 2019.

St. Stephen's received donated clothing and household items for programs as follows:

	<u>2019</u>	<u>2018</u>
Rapid re-housing	\$ 26,909	\$ 40,570
Shelter	29,097	22,164
Family supportive housing	13,375	17,046
Kateri residence	-	13,157
Street outreach	42,386	12,047
Ending long-term homelessness	<u>1,581</u>	<u>1,655</u>
Total	<u>\$ 113,348</u>	<u>\$ 106,639</u>

**Contributed Services** - Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a non-financial asset or the service requires specialized skills, is provided by an individual possessing those skills, and would need to be purchased if not provided by donation. There were no contributed services recognized in 2019 or 2018.

**Government Grants and Contracts** - Government grants and contracts are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as refundable advances.

**Board and Lodge Income** - Board and lodge income consists of housing support reimbursements for residents living in housing operated by St. Stephen's. Revenue is recognized on a monthly basis as units are occupied.

(Continued)

## ST. STEPHEN'S HUMAN SERVICES, INC.

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Functional Expenses** - Expenses have been allocated among program services, management and general, and fundraising classifications based upon direct expenditures and allocations by management. Occupancy costs are allocated based on the number of staff members per program. Administrative expenses (office expense, telephone, postage and shipping) are allocated based on management's estimation of use by each program based on total expense for each program. All other expenses are based on direct expenses.

**Operating and Nonoperating Activities** - The statement of activities presents the changes in net assets from operating activities and from nonoperating activities. Operating revenues and expenses include all activities that are an integral part of the St. Stephen's programs and supporting activities. Nonoperating activities consist primarily of investment income, including gains and losses.

**Comparative Total Column** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by functionalized expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with St. Stephen's financial statements for the year ended June 30, 2018, from which the information was derived.

**Income Taxes** - St. Stephen's is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income from activities that are not related to its exempt purpose. Management believes St. Stephen's does not have any unrelated business income or uncertain tax positions in 2019 or 2018.

**Reclassifications** - Certain reclassifications have been made to the prior year financial statements to be consistent with the current year classifications. The reclassifications did not affect net assets or the change in net assets.

#### 3. AVAILABILITY AND LIQUIDITY

The following reflects St. Stephen's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date. Amounts not available include amounts held as a fiscal agent by St. Stephen's for the Rep Payee program.

(Continued)

**ST. STEPHEN'S HUMAN SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

**3. AVAILABILITY AND LIQUIDITY (Continued)**

Financial assets at year end:	2019	2018
Cash	\$ 2,007,755	\$ 2,112,773
Investments	1,347,441	1,134,515
Accounts receivable	49,092	35,938
Grants receivable	777,029	617,637
Pledges receivable	236,000	180,000
Total financial assets	<u>4,417,317</u>	<u>4,080,863</u>
Less amounts not available to be used within a year:		
Net assets with donor restrictions	25,844	49,001
Board designated-Kopp reserve in investments	877,599	754,006
	<u>903,443</u>	<u>803,007</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,513,874</u>	<u>\$ 3,277,856</u>

The Kopp reserve (Notes 4 and 8) is excluded from assets available for general expenditures as St. Stephen's cannot make withdrawals without liquidating the full amount of the investments. St. Stephen's does not intend to liquidate these investments in the next 12 months, however in the event of an unanticipated liquidity need, St. Stephen's could draw upon these funds. Income from the investments as described in Note 4 are made available quarterly to meet general expenditures.

St. Stephen's occasionally receives Legacy gifts which are given without donor restrictions. Typically, these gifts are not recorded as donor restricted, but are instead internally designated. These gifts are not excluded from assets available to meet general expenditures.

St. Stephen's regularly monitors liquidity required to meet its operating needs and other commitments. Reports reviewed by the board regularly include ratios and other information to track liquidity versus St. Stephen's goals. In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

(Continued)

# ST. STEPHEN'S HUMAN SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

### 3. AVAILABILITY AND LIQUIDITY (Continued)

The Board of St. Stephen's goal is generally to maintain financial assets to meet 3 months of operating expenses (approximately \$3 million). St. Stephen's informal policy is to keep all operating funds in cash, however, Legacy gifts and stock donations are typically kept in investments. St. Stephen's investment policy is to be generally conservative related to how much of the financial assets are invested. Investments are intended to produce 3% on average for annual cash flow requirements. To help manage unanticipated liquidity needs, St. Stephen's has committed line of credit of \$350,000, which it could draw upon (Note 7).

### 4. INVESTMENTS

Investments consist of the following:

	2019	2018
Board designated (Kopp):		
Cash and money market funds	\$ 103,850	\$ 56,903
U. S. common stock	677,229	651,864
International equities	96,520	45,239
Total board designated reserve (Kopp)	877,599	754,006
Cash and money market funds	456,659	380,509
U. S. common stock	11,267	-
Mutual funds	1,916	-
Total investments	<u>\$ 1,347,441</u>	<u>\$ 1,134,515</u>

Gain (loss) on investments consists of the following:

	2019	2018
Realized gains (losses), net	\$ 178,477	\$ 147,862
Interest and dividend income	7,261	3,218
Unrealized gains (losses), net	(3,513)	(51,696)
Investment service fees	(12,214)	(7,528)
Investment gains (loss), net	<u>\$ 170,011</u>	<u>\$ 91,856</u>

(Continued)

## ST. STEPHEN'S HUMAN SERVICES, INC.

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

#### 4. INVESTMENTS (CONTINUED)

St. Stephen's has established a Board designated (Kopp) reserve for an unspecified period of time. A portion of the earnings from segregated reserve investments, as determined from time to time by the Board, is to be used for St. Stephen's social service programs. The Board of Directors has approved a quarterly withdrawal of 1.25% of the previous quarter ending date balance.

Changes in the Board designated reserve for the year ended June 30, 2019 are as follows:

Beginning of year balance	\$	754,006
Unrealized gains (losses), net		103,438
Realized gains (losses), net		71,689
Interest and dividends		1,392
Service fees		(12,214)
Withdrawals		(40,712)
		<hr/>
End of year balance	\$	<u>877,599</u>

#### 5. PLEDGES RECEIVABLE

Pledges receivable are related to specific programs and general operations. All pledges are expected to be collected in the year ending June 30, 2020.

#### 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>	<u>Depreciation life in years</u>
Kateri building and improvements	\$ -	\$ 376,155	15 - 27.5
Shelter building improvements	208,728	208,728	15
Administrative leasehold improvements	276,396	276,396	5 - 15
	<hr/> 485,124	<hr/> 861,279	
Less accumulated depreciation	<hr/> (260,338)	<hr/> (453,677)	
	<hr/> <u>\$ 224,786</u>	<hr/> <u>\$ 407,602</u>	

(Continued)

**ST. STEPHEN'S HUMAN SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

**6. PROPERTY AND EQUIPMENT (Continued)**

In 2019 and 2018, depreciation of \$24,581 and \$6,594 for the administrative leasehold improvements is recorded in occupancy expense on the statement of functional expenses.

The Kateri program ended on June 30, 2018. In October, 2018, St. Stephen's sold the Kateri building to another nonprofit who provides services to a similar population for \$300,000, and resulting in a gain on sale of \$156,535.

St. Stephen's is pursuing the acquisition of a new shelter to replace the Clinton Avenue Shelter. St. Stephen's has hired a consulting company and plans to work with a several contractors to complete this project. This project is in the early stages, so an estimate of total costs has not been made as the details are still too uncertain. St. Stephen's may use some of the investments to pay predevelopment costs and acquire a site when one is located.

**7. LINE OF CREDIT**

St. Stephen's has a revolving line of credit that enables St. Stephen's to borrow up to \$350,000. Interest accrues at a rate of 1% over the prime rate, but not less than 5.5%. The agreement expires on February 1, 2020. The line of credit is secured by all assets of St. Stephen's. As of June 30, 2019 and 2018, there were no outstanding advances on the line of credit.

**8. DONOR RESTRICTED AND BOARD DESIGNATED NET ASSETS**

Net assets with donor restrictions consist of contributions restricted for the following:

	2019	2018
Purpose restricted:		
Shelter	\$ 56,871	\$ 83,413
Rapid re-housing	25,844	49,001
Prevention	151,693	31,849
Street outreach	7,767	42,871
Strategic planning	9,700	-
Other	-	37
General operations (time restricted)	161,000	100,000
Total net assets with donor restrictions	<u>\$ 412,875</u>	<u>\$ 307,171</u>

(Continued)

**ST. STEPHEN'S HUMAN SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

**8. DONOR RESTRICTED AND BOARD DESIGNATED NET ASSETS (Continued)**

The Board designated (Kopp) reserve represents investments segregated for operating support (Note 4). Income from the investments is to be used for St. Stephen's social service programs.

**9. RETIREMENT PLAN**

St. Stephen's administers the St. Stephen's Human Services 401(k) retirement savings plan (the Plan). The Plan is subject to provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Generally, all employees of St. Stephen's who are over 21 years of age and who have completed twelve months of service are eligible to participate in this plan. Participants may contribute up to the maximum allowable by law and are fully vested immediately.

St. Stephen's provided a discretionary contribution of 2% of any eligible employee's earnings to the Plan. St. Stephen's also provides a 3% match to employees participating in the plan. Contributions to the plan were \$87,116 and \$101,678 in 2019 and 2018, respectively.

**10. LEASE**

St. Stephen's occupies administrative space and two shelters under non-cancelable lease agreements. The leases require monthly payments for base rent plus operating expenses. Rent expense under these leases was \$412,486 in 2019 and \$407,551 in 2018.

During the year ended June 30, 2018, St. Stephen's modified its lease for the administrative space. As part of this modification, the landlord agreed to reimburse St. Stephen's for up to \$150,000 of leasehold improvements. The \$150,000 is recorded as a deferred lease incentive and is amortized over the term of the lease, using the straight-line method. Amortization is included in occupancy expense.

(Continued)

**ST. STEPHEN'S HUMAN SERVICES, INC.**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2019  
(With Comparative Information for 2018)

**10. LEASE (CONTINUED)**

Future minimum lease payments required for the years ending June 30 are as follows:

2020	\$	313,981
2021		318,877
2022		323,772
2023		328,667
2024		333,562
Thereafter		<u>1,205,407</u>
	\$	<u>2,824,266</u>

A portion of the leased administrative space is subleased to an unaffiliated nonprofit organization. The sub-tenant is renting space from St. Stephen's on a month-to-month basis. Rent revenue of \$14,425 in 2019 and \$14,198 in 2018 is recorded in fee income.

**11. COMMITMENTS AND CONTINGENCIES**

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed grant costs may constitute a liability. The amount, if any, of costs that may be disallowed by the grantor agencies will be recognized in the year determined.

**12. ECONOMIC DEPENDENCE**

Of its revenues and support, St. Stephen's received approximately 52% and 49% in 2019 and 2018 from government contracts with one government agency. Many of those contracts are dependent on the grantor obtaining funding from various other government agencies.

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 22, 2019, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

**SUPPLEMENTARY INFORMATION  
AND REPORTS**

**ST. STEPHEN'S HUMAN SERVICES, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

Federal Grantor/ Program Title/ Pass-through Grantor	CFDA Number	Pass-through Grantor Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
Substance Abuse and Mental Health Services Administration			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		
Pass-through program from Minnesota Department of Human Services/Alcohol and Drug Abuse Division		114247	\$ 254
Total U.S. Department of Health and Human Services			<u>254</u>
<b>U.S. Department of Housing and Urban Development</b>			
Office of Community Planning and Development			
Emergency Solutions Grant Program	14.231		
Pass-through programs from:			
Minnesota Department of Human Services		GRK126918	50,000
Hennepin County Department of Human Services		C44107	218,106
City of Minneapolis Department of Community Planning and Economic Development:		C38269	<u>145,028</u>
			<u>413,134</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

**ST. STEPHEN'S HUMAN SERVICES, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

Federal Grantor/ Program Title/ Pass-through Grantor	CFDA Number	Pass-through Grantor Identifying Number	Federal Expenditures
Continuum of Care Pass-through program from Hennepin County Department of Human Services:	14.267		
		A177549	505,835
		A166177	241,858
			<u>747,693</u>
Shelter Plus Care Pass-through program from Hearth Connections	14.238	N/A	<u>26,304</u>
Total U.S. Department of Housing and Urban Development			<u>1,187,131</u>
<b>U.S. Department of Homeland Security</b>			
Federal Emergency Management Agency (FEMA) Emergency Food and Shelter National Board Program	97.024		
Pass-through program from United Way		LRO 495000028	<u>16,317</u>
<b>U.S. Department of Veterans Affairs</b>			
VA Health Administration Center VA Supportive Services for Veteran Families	64.033		
Pass-through program from Minnesota Assistance Council for Veterans		N/A	<u>162,761</u>
Total expenditures of federal awards			<u><u>\$ 1,366,463</u></u>

See accompanying notes to schedule of expenditures of federal awards.

# ST. STEPHEN'S HUMAN SERVICES, INC.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

### Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of St. Stephen's Human Services, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of St. Stephen's Human Services, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of St. Stephen's Human Services, Inc.

### Note 2. Summary of Significant Accounting Policies

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

(2) Pass-through entity identifying numbers are presented where available.

### Note 3. Indirect Cost Rate

St. Stephen's Human Services, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### Note 4: Reconciliation to the Statement of Activities:

Expenditures of federal awards as shown on previous page	\$ 1,366,463
Revenue from state grants	6,309,555
Revenue from county grants	686,824
Revenue from city grants	<u>208,049</u>
Total government grants and reimbursements	<u>\$ 8,570,891</u>



# Mahoney Ulbrich Christiansen Russ P.A.

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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 Directors  
St. Stephen's Human Services, Inc.  
Minneapolis, Minnesota

We have audited the financial statements of St. Stephen's Human Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 22, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Stephen's Human Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Stephen's Human Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of St. Stephen's Human Services, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

(Continued)

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Mahoney Ulbrich  
Christiansen Russ P.A.*

October 22, 2019



# Mahoney Ulbrich Christiansen Russ P.A.

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

To the Board of Directors  
St. Stephen's Human Services, Inc.  
Minneapolis, Minnesota

### **Report on Compliance for the Major Federal Program**

We have audited St. Stephen's Human Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on St. Stephen's Human Services, Inc.'s major federal program for the year ended June 30, 2019. St. Stephen's Human Services, Inc.'s major federal program is 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 compliance for St. Stephen's Human Services, Inc.'s major federal program 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* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about St. Stephen's Human Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of St. Stephen's Human Services, Inc.'s compliance.

(Continued)

### ***Opinion on the Major Federal Program***

In our opinion, St. Stephen's Human Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of St. Stephen's Human Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered St. Stephen's Human Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 St. Stephen's Human Services, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mahoney Ulbrich  
Christiansen Russ P.A.*

October 22, 2019

**ST. STEPHEN'S HUMAN SERVICES, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified		
"Going concern" emphasis-of-matter paragraph included in the auditor's report?	_____ yes	_____ <u>X</u> no	
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
• Significant deficiency(s) identified?	_____ yes	_____ <u>X</u> none reported	
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no	

**FEDERAL AWARDS**

Internal control over major program:			
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no	
• Significant deficiency(s) identified?	_____ yes	_____ <u>X</u> none reported	
Type of auditor's report issued on compliance for major program	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____ yes	_____ <u>X</u> no	
Identification of major program	CFDA Number 14.231 – Emergency Solutions Grant Program		
Dollar threshold used to distinguish between type A and type B programs	<u>\$ 750,000</u>		
Auditee qualified as low-risk auditee?	_____ <u>X</u> yes	_____ no	

(Continued)

**ST. STEPHEN'S HUMAN SERVICES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2019

**SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT**

No matters were reported.

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

No matters were reported.