

ALTERNATIVE HOUSE

FINANCIAL STATEMENTS

JUNE 30, 2010



HALT BUZAS & POWELL, LTD
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

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HALT BUZAS & POWELL, LTD
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alternative House
Dunn Loring, VA

We have audited the accompanying statements of financial position of Alternative House (a non-profit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Alternative House's management. Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alternative House as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 01, 2010, on our consideration of Alternative House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Halt, Buzas & Powell, Ltd.

Alexandria, VA
December 01, 2010

ALTERNATIVE HOUSE
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 253,068	\$ 269,819
Grants receivable	30,339	32,660
Pledges receivable	2,350	-
Prepaid expenses	23,979	23,254
Total current assets	309,736	325,733
Property and equipment, net	673,924	696,548
Other assets	8,700	9,475
Total assets	\$ 992,360	\$ 1,031,756
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 30,486	\$ 37,525
Accrued leave	34,456	34,457
Mortgage payable, current	3,509	3,264
Funds held for others	8,918	9,532
Total current liabilities	77,369	84,778
Mortgage payable, noncurrent	119,100	122,839
Total liabilities	196,469	207,617
Net assets:		
Unrestricted	745,891	774,139
Unrestricted-board designated	50,000	50,000
Total net assets	795,891	824,139
Total liabilities and net assets	\$ 992,360	\$ 1,031,756

See notes to financial statements



ALTERNATIVE HOUSE
STATEMENT OF ACTIVITIES

	For the Year Ended June 30, 2010		
	Unrestricted	Temporarily Restricted	Total
Revenues:			
Contributions and donations	\$ 463,827	\$ -	\$ 463,827
In-kind contributions	326,892	-	326,892
Federal, state, and local grants	1,080,066	-	1,080,066
Service fee income	19,611	-	19,611
Interest income	2,109	-	2,109
Total revenues	1,892,505	-	1,892,505
Expenses:			
Program services:			
Alternative House	604,529	-	604,529
Transitional Living	326,907	-	326,907
Community Outreach	527,082	-	527,082
Homeless Youth Initiative	215,768	-	215,768
Total program services	1,674,286	-	1,674,286
Support services:			
Management and general	109,075	-	109,075
Fundraising expenses	137,392	-	137,392
Total support services	246,467	-	246,467
Total expenses	1,920,753	-	1,920,753
Net decrease in net assets	(28,248)	-	(28,248)
Net assets, beginning of year	824,139	-	824,139
Net assets, end of year	\$ 795,891	\$ -	\$ 795,891

See notes to financial statements



ALTERNATIVE HOUSE
STATEMENT OF ACTIVITIES

	For the Year Ended June 30, 2009		
	Unrestricted	Temporarily Restricted	Total
Revenues:			
Contributions and donations	\$ 571,042	\$ -	\$ 571,042
In-kind contributions	310,232	-	310,232
Federal, state, and local grants	1,000,251	-	1,000,251
Service fee income	49,952	-	49,952
Interest income	2,065	-	2,065
Net assets released from restrictions:			
Satisfaction of grant restrictions	13,524	(13,524)	-
Total revenues	1,947,066	(13,524)	1,933,542
Expenses:			
Program services:			
Alternative House	576,998	-	576,998
Transitional Living	345,134	-	345,134
Community Outreach	653,450	-	653,450
Total program services	1,575,582	-	1,575,582
Support services:			
Management and general	100,141	-	100,141
Fundraising expenses	127,819	-	127,819
Total support services	227,960	-	227,960
Total expenses	1,803,542	-	1,803,542
Net increase (decrease) in net assets	143,524	(13,524)	130,000
Net assets, beginning of year	680,615	13,524	694,139
Net assets, end of year	\$ 824,139	\$ -	\$ 824,139

See notes to financial statements



ALTERNATIVE HOUSE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010

	Alternative House	Transitional Living	Community Outreach	Homeless Youth Initiative	Total program	Management and general	Fundraising expenses	Total support	Total expenses
Salaries	\$ 327,712	\$ 148,870	\$ 294,247	\$ 58,841	\$ 829,670	\$ 40,071	\$ 93,720	\$ 133,791	\$ 963,461
Payroll taxes	25,178	11,887	22,688	4,885	64,638	3,207	7,009	10,216	74,854
Employee benefits	38,231	15,769	32,842	6,202	93,044	11,747	8,481	20,228	113,272
Fundraising events	-	-	-	-	-	-	9,028	9,028	9,028
Communications	4,701	7,265	6,347	3,168	21,481	5,370	3,922	9,292	30,773
Professional fees	118	153	180	57,893	58,344	36,869	-	36,869	95,213
Food	8,243	1,059	1,704	78	11,084	6	-	6	11,090
Equipment rental and maintenance	33	2,108	172	696	3,009	267	-	267	3,276
Insurance	3,234	3,235	3,235	584	10,288	1,602	-	1,602	11,890
Interest	6,629	-	-	-	6,629	2,209	-	2,209	8,838
Occupancy	-	72,538	13,378	59,969	145,885	-	-	-	145,885
Shelter expense	840	-	1,168	1,160	3,168	368	-	368	3,536
Utilities	6,170	8,730	233	2,417	17,550	518	-	518	18,068
Publications	2,355	867	935	58	4,215	427	2,655	3,082	7,297
Supplies	3,102	1,231	3,100	1,017	8,450	3,218	4,913	8,131	16,581
Travel	7,161	6,447	12,322	1,256	27,186	1,101	1,276	2,377	29,563
In-kind donations	133,148	43,623	126,736	16,492	319,999	1,292	5,600	6,892	326,891
Miscellaneous	5,726	2,525	3,209	1,052	12,512	803	788	1,591	14,103
Depreciation	31,948	600	4,586	-	37,134	-	-	-	37,134
Total expenses	<u>\$ 604,529</u>	<u>\$ 326,907</u>	<u>\$ 527,082</u>	<u>\$ 215,768</u>	<u>\$ 1,674,286</u>	<u>\$ 109,075</u>	<u>\$ 137,392</u>	<u>\$ 246,467</u>	<u>\$ 1,920,753</u>

See notes to financial statements.



ALTERNATIVE HOUSE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2009

	Alternative House	Transitional Living	Community Outreach	Total program	Management and general	Fundraising expenses	Total support	Total expenses
Salaries	\$ 311,180	\$ 161,306	\$ 411,161	\$ 883,647	\$ 27,464	\$ 90,372	\$ 117,836	\$ 1,001,483
Payroll taxes	24,669	12,537	31,587	68,793	2,455	6,917	9,372	78,165
Employee benefits	31,510	21,195	42,040	94,745	10,995	6,411	17,406	112,151
Fundraising events	-	-	-	-	-	8,259	8,259	8,259
Communications	5,113	6,214	7,319	18,646	5,830	3,250	9,080	27,726
Professional fees	112	120	7,318	7,550	43,721	60	43,781	51,331
Food	8,289	1,274	7,610	17,173	4	203	207	17,380
Equipment rental and maintenance	-	4,115	355	4,470	-	-	-	4,470
Insurance	2,137	2,294	2,137	6,568	471	-	471	7,039
Interest	6,849	-	-	6,849	2,271	-	2,271	9,120
Occupancy	-	69,495	13,112	82,607	-	-	-	82,607
Shelter expense	-	2,246	2,110	4,356	2,984	-	2,984	7,340
Utilities	5,538	7,947	231	13,716	607	-	607	14,323
Publications	1,840	848	588	3,276	456	2,927	3,383	6,659
Supplies	3,471	2,929	5,814	12,214	593	3,204	3,797	16,011
Travel	2,892	3,582	15,231	21,705	573	1,332	1,905	23,610
In-kind donations	142,299	47,819	102,672	292,790	1,103	4,450	5,553	298,343
Miscellaneous	638	613	376	1,627	614	434	1,048	2,675
Depreciation	<u>30,461</u>	<u>600</u>	<u>3,789</u>	<u>34,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,850</u>
Total expenses	<u>\$ 576,998</u>	<u>\$ 345,134</u>	<u>\$ 653,450</u>	<u>\$ 1,575,582</u>	<u>\$ 100,141</u>	<u>\$ 127,819</u>	<u>\$ 227,960</u>	<u>\$ 1,803,542</u>



See notes to financial statements.

ALTERNATIVE HOUSE
STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	
	2010	2009
Cash flows from operating activities:		
Net (decrease) increase in net assets	\$ <u>(28,248)</u>	\$ <u>130,000</u>
Adjustments to reconcile net (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	37,134	34,850
Donated asset	-	(11,890)
Decrease (increase) in assets:		
Grants receivable	2,321	-
Pledges receivable	(2,350)	12,693
Prepaid expenses	(725)	-
Other assets	775	(1,278)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(7,039)	4,441
Accrued leave	-	8,103
Funds held for others	<u>(614)</u>	<u>33</u>
Total adjustments	<u>29,502</u>	<u>46,952</u>
Net cash provided by operating activities	<u>1,254</u>	<u>176,952</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(14,510)</u>	<u>-</u>
Net cash used in investing activities	<u>(14,510)</u>	<u>-</u>
Cash flows from financing activities:		
Payment of debt principal	<u>(3,495)</u>	<u>(3,213)</u>
Net cash used in financing activities	<u>(3,495)</u>	<u>(3,213)</u>
Net (decrease) increase in cash	(16,751)	173,739
Cash and cash equivalents, beginning of year	<u>269,819</u>	<u>96,080</u>
Cash and cash equivalents, end of year	<u>\$ 253,068</u>	<u>\$ 269,819</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest expense	<u>\$ 8,838</u>	<u>\$ 9,120</u>



See notes to financial statements

ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

1. Organization

Abused & Homeless Children's Refuge (d/b/a Alternative House) (the Organization) was organized in 1972 as a not-for-profit, tax exempt organization in the Commonwealth of Virginia and provides residential housing and counseling services for runaway, homeless and abused youth and their families. The Organization relies on significant financial support from federal, state and local entities, including the Fairfax County Consolidated Community Funding Pool and U.S. Department of Health and Human Services. The Organization also receives considerable funding from private foundations, corporations and individuals.

The Organization provides emergency shelter at the Alternative House on a voluntary basis for up to three weeks for young people between the ages of 13 to 18 years old. The Organization provides temporary housing and counseling services that motivate troubled teens to work on resolving their crises.

The Transitional Living program assists homeless young mothers ages 16 through 24 through an 18 or 24 month residential program. Residents receive assistance to improve parenting skills, continue their education, receive employment training, and save for the day they leave the program and establish a home for themselves and their children. The program is designed to help homeless youth achieve their goals of becoming a better parent and attain the skills necessary to become a contributing member of society.

Through the Community Outreach program the Organization provides one-on-one interactions with at-risk teenagers in local neighborhoods. The Organization provides counseling services, tutoring, sports, games and entertainment designed to focus on prevention of sexual abuse, violence, gang membership and drug abuse.

The Homeless Youth Initiative is a targeted youth initiative for 16 to 21 year old public school students who are homeless and unaccompanied. The Organization provides safe and stable transitional housing and host homes in the community which enables the students to complete high school. In addition to housing and community support, youth receive case management services, individual therapy, life skills education, tutoring, and assistance with emergency food and supplies.



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

2. Summary of significant accounting policies

Basis of accounting

The financial statements are prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation

The Organization has presented its financial statements in accordance with *U.S. Generally Accepted Accounting Principles* (GAAP). Under those principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets represents the expendable resources that are available for operations at management's discretion.

Temporarily Restricted Net Assets represents resources restricted by donors as to purpose or by the passage of time.

Permanently Restricted Net Assets represent resources whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

The Organization has no temporarily restricted and permanently restricted net assets at June 30, 2010 and 2009.



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Use of estimates

The preparation of financial statements in conformity with *U.S. 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 and their functional allocation during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Organization classifies all highly liquid investments as cash equivalents. At June 30, 2010 and 2009, cash and cash equivalents included checking account deposits, certificates of deposit, and money market funds.

Concentrations of credit risk

The Organization maintains bank accounts that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. There were no deposits in excess of FDIC limits at June 30, 2010. At June 30, 2009, the Organization had bank deposits in excess of FDIC limits of \$8,041.

Accounts receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances at year-end. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to allowance for doubtful accounts and a credit to accounts receivable. No allowance for uncollectible grants receivables has been established since management believes all receivables are fully collectible at June 30, 2010.



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The cash flows are discounted at a discount rate commensurate with the risks involved, at the date the promise was made. The amortization of any discount is reported as contribution revenue in the statement of activities. When considered necessary, an allowance is recorded based on management's estimate of uncollectibility including such factors as prior collection history, type of contribution and the nature of fund-raising activity.

Property and equipment

Property and equipment are reflected in the financial statements at cost, net of accumulated depreciation. Donated property and equipment is stated at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

Building and improvements	27.5 years
Furniture and equipment	5 to 10 years
Vehicles	5 to 10 years
Leasehold improvements	Life of lease

The Organization's policy is to capitalize major additions and improvements over \$10,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Income taxes

The Organization is exempt from Federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to its exempt purpose. The Organization is taxed on net income from unrelated business activities. For the years ended June 30, 2010 and 2009, the Organization did not generate any net income from unrelated business activities.



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Accounting for uncertain tax positions

Effective January 1, 2009, in accordance with *U.S. Generally Accepted Accounting Principles*, the Organization adapted the standard for uncertainty in income taxes. In applying the standard, the Organization must determine and assess any material positions taken in any income tax return as of the date they adopt the standard, including all significant uncertain positions, in all tax years that are still subject to assessment or challenge by relevant taxing authorities. A benefit related to an uncertain tax position may not be recognized in the financial statements unless it is more likely than not that the position will be sustained on its technical merits. Management of the Organization believes that for all the years still subject to audit by the relevant taxing authorities no material uncertain tax positions should be recognized in the financial statements.

Grants and contracts

The Organization records grant revenue over the period of the award and the provisions of the grant determine the timing of the revenue recognition. Federal grant revenue is recognized as work is performed. This occurs when expenses are incurred that can be charged against the contracts. Cash received in advance of these expenditures are treated as deferred revenue until such time as expenditures are incurred which can be charged against the contract.

Service fee income

Service fee income is recognized when the events have taken place. Fees received before the event takes place are recorded as deferred revenue.



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Contributions

Unconditional promises to give are recorded as contributions at their net realizable value in the year in which the promise is made. All contributions are available for unrestricted purposes unless specifically restricted by the donor. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

The Organization reports grants, contracts, and gifts of cash and other assets as restricted support (temporarily restricted or permanently restricted, depending on the nature of the restriction) if they are received with donor stipulations that limit the use of the assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

During the year ended June 30, 2009, the board of directors designated \$50,000 of unrestricted net assets as a working capital reserve. The reserve may be used for cash flow management or other operational needs as determined by the board. During the year ended June 30, 2010, no funds were used nor were any additional funds designated by the board.

Reclassification

Certain prior year reclassifications have been made to remain consistent with current year classifications.

Functional allocation of expenses

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



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

In-kind contributions

Donated materials, use of facilities and services are recorded at fair value when an unconditional commitment is received from the donor. In-kind contributions are recorded as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ending June 30, 2010 and 2009, the value of donated goods and professional services were \$281,758 and \$265,098, respectively.

Many individuals volunteer their time and perform a variety of task that assists the Organization. No contribution for volunteer services has been reflected in the financial statements for the years ending June 30, 2010 and 2009.

The Organization receives donated space for its Culmore Youth center in Falls Church, VA. In September 2000, the Organization entered into a non-cancelable lease agreement that stipulates that the Organization is only responsible for the telephone line, security and alarm services, and general liability insurance for the center. The lease includes automatic renewals at the end of each year unless either party notifies in writing its desire to terminate the lease. Based on prevailing rental rates in the area, management estimates the value of the donated rent and corresponding rent expense to be \$45,134 and \$45,134 for the years ended June 30, 2010 and 2009, respectively.

Funds held for others

The Organization maintains a program to assist young mothers in learning to save and be more responsible about spending. The Organization maintains a money market account for the Assisted Young Mothers program into which mothers may deposit part of their earnings.

The value of the account for the years ended June 30, 2010 and 2009 was \$8,918 and \$9,532, respectively. These amounts are reported as an asset and liability in the statement of financial position.



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

3. Property and equipment

The following is a summary of property and equipment held as of June 30:

	2010	2009
Land	\$ 154,947	\$ 154,947
Building and improvements	816,094	816,094
Furniture and equipment	124,687	124,687
Leasehold improvements	24,575	24,575
Vehicles	43,804	29,294
Subtotal	1,164,107	1,149,597
Accumulated depreciation	(490,183)	(453,049)
Total	\$ 673,924	\$ 696,548

Depreciation of property and equipment for the years ended June 30, 2010 and 2009 was \$37,134 and \$34,850, respectively.

4. Retirement plan

The Organization maintains a qualified Simple Retirement Account (SRA) Plan where qualified employees can make pre-tax contributions up to statutory limits. All regular employees who have earned at least \$5,000 during the previous calendar year are eligible for enrollment in the Organization's SRA plan. The Organization makes matching contributions up to three percent of the participating employee's salary.

Pension expense for the years ended June 30, 2010 and 2009 was \$16,024 and \$13,118, respectively.



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

5. Mortgage payable

On October 1, 2007, the Organization refinanced the mortgage on its property located in Dunn Loring, VA. The interest rate is fixed at 7.25% over a term of ten years.

Interest expense for the years ended June 30, 2010 and 2009 was \$8,838 and \$9,120 , respectively.

Aggregate future maturities of the mortgage payable are as follows:

For fiscal years ending in:

2011	\$ 3,509
2012	3,772
2013	4,054
2014	4,359
2015	4,685
2016 and thereafter	<u>102,230</u>
Total	<u>\$ 122,609</u>

6. Line of credit

In June 2010, the Organization secured a \$100,000 revolving line of credit to support short-term needs. The credit line is secured with a second deed of trust on the Organization's property. The combined loan-to-value of the property located in Dunn Loring, VA will not exceed 80%. The funds are available at the discretion of the Organization. Interest is payable monthly on the outstanding principal balance. The interest rate is subject to change based on the Wall Street Journal Prime Rate plus 100 basis points. The credit line is for one year and expires in June 2011. During years ended June 30, 2010 and 2009, the Organization did not borrow against the credit line.



ALTERNATIVE HOUSE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

7. Commitments and contingencies

Operating leases

The Organization leases an apartment located in Falls Church, VA for its Community Outreach program. The lease requires monthly payments of \$1,079 and expired on October 31, 2010. In November 2010, the lease was extended through October 2011 with no increase to the monthly payments.

The Organization also leases three townhouses in Fairfax, VA for its Transitional Living program. All of the townhouses are leased on a month-to-month basis as of the date of the audit report.

In October 2010, the Organization entered into a lease for a townhouse in Fairfax, VA for its Assisting Young Mothers program. The lease requires monthly payments of \$1,695 and expires on October 31, 2012.

Additionally, the Organization has an automobile lease agreement which commenced on June 1, 2008. The agreement is for 39 months with a minimum monthly payment of \$255.

Rent expense for the years ended June 30, 2010 and 2009 was \$145,885 and \$82,607, respectively.

Aggregate future minimum lease payments are as follows:

For fiscal years ending in:	<u>Townhomes</u>	<u>Automobile</u>
2011	\$ 43,058	\$ 3,062
2012	24,656	510
2013	<u>6,780</u>	<u>-</u>
Total	<u>\$ 74,494</u>	<u>\$ 3,572</u>



ALTERNATIVE HOUSE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

8. Significant concentrations

The Organization receives a significant portion of its revenues from Federal, state and local government agencies in the form of grant awards and service fee arrangements. During the years ended June 30, 2010 and 2009, the Organization received \$1,099,677 and \$1,050,203, respectively, from such sources, excluding in-kind contributions. These amounts constituted approximately 70% and 65% of total revenue for the years ended June 30, 2010 and 2009, respectively.

9. Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose. Purpose restrictions accomplished during the years ended June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Transitional Living Program	\$ <u>-</u>	\$ <u>13,524</u>
Total net assets released from restrictions	\$ <u>-</u>	\$ <u>13,524</u>

10. Subsequent events

The Organization has evaluated subsequent events through December 01, 2010, which is the date the financial statements were available to be issued.



ALTERNATIVE HOUSE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA/grant number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Direct programs:		
Basic Center Program	93.623	\$ 187,500
Transitional Living Program-Maternity Group Home	93.550	200,000
Street Outreach Program	93.557	93,751
Total direct programs		<u>481,251</u>
Pass-through programs from:		
County of Fairfax (Recovery Act Funds)		
ARRA-Consolidated Community Funding Pool	RQ08-939123-31C-F	106,000
ARRA-Shelter Services for Runaway & At Risk Adolescents	RQ09-109854-31A	187,550
Total pass-through programs		<u>293,550</u>
Total U.S. Department of Human and Health Services		774,801
Total Expenditures of Federal Awards		<u>\$ 774,801</u>

Note 1 - Basis of presentation

The above schedule of expenditures of federal awards reflects the federal grant activity of Alternative House and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.





HALT BUZAS & POWELL, LTD
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

**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
Alternative House
Dunn Loring, VA

We have audited the financial statements of Alternative House (a nonprofit organization) as of and for the year ended June 30, 2010 and have issued our report thereon dated December 01, 2010. 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, we considered Alternative House's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alternative House's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alternative House's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

Compliance and Other Matters

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

We noted certain matters that we reported to management of Alternative House in a separate letter dated December 01, 2010.

This report is intended solely for the information and use of management, Board of Directors, others within the organization, federal awarding agencies, and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Halt, Buzas & Powell, Ltd.

December 01, 2010





HALT BUZAS & POWELL, LTD
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MANAGEMENT CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR
A-133**

To the Board of Directors
Alternative House
Dunn Loring, VA

Compliance

We have audited the compliance of Alternative House (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Alternative House's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Alternative House's management. Our responsibility is to express an opinion on Alternative House's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alternative House'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. Our audit does not provide a legal determination of Alternative House's compliance with those requirements.

In our opinion, Alternative House complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

The management of Alternative House is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Alternative House's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alternative House's internal control over compliance.

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

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 significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, others within the organization, federal awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Halt, Bugas & Powell, Ltd.

December 01, 2010



ALTERNATIVE HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

I. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Alternative House.
2. No significant deficiencies were disclosed during the audit of the financial statements of Alternative House.
3. No instances of noncompliance material to the financial statements of Alternative House, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal award program for Alternative House expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with sections 510(a) of OMB circular A-133 are reported in this schedule.
7. The programs tested as major programs were:

ARRA-Consolidated Community Funding Pool	RQ08-939123-31C-5
ARRA-Shelter Services for Runaway & At Risk Adolescents	RQ09-109854-31A
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. Alternative House qualified as a low-risk auditee.

II. Findings-Financial Statement Audit

None.

III. Findings and Questioned Costs-Major Federal Award Programs Audit

None.



ALTERNATIVE HOUSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2010

I. Prior Audit Findings

None.

