

# **Family Tree, Inc.**

Independent Auditor's Reports and Financial Statements

June 30, 2016 and 2015

**Family Tree, Inc.**  
**June 30, 2016**

**Contents**

<b>Independent Auditor’s Report on Financial Statements and Supplementary Information .....</b>	<b>1</b>
<b>Financial Statements</b>	
Statement of Financial Position.....	3
Statement of Activities .....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7
<b>Schedule of Expenditures of Federal Awards .....</b>	<b>21</b>
Notes to Schedule of Expenditures of Federal Awards .....	23
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards .....</b>	<b>24</b>
<b>Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance .....</b>	<b>26</b>
<b>Schedule of Findings and Questioned Costs.....</b>	<b>28</b>
<b>Summary Schedule of Prior Audit Findings.....</b>	<b>31</b>

## Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Directors  
Family Tree, Inc.  
Wheat Ridge, Colorado

### Report on Financial Statements

We have audited the accompanying financial statements of Family Tree, Inc. (Family Tree) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the 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.

Board of Directors  
Family Tree, Inc.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Tree, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our 2016 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, consisting of the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as listed in the table of contents, is presented for purposes of additional analysis 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 18, 2016, on our consideration of Family Tree's internal control over financial reporting and 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* in considering Family Tree's internal control over financial reporting and compliance.

**BKD, LLP**

Denver, Colorado  
October 18, 2016

**Family Tree, Inc.**  
**Statement of Financial Position**  
**Year Ended June 30, 2016**  
**(With Summarized Financial Information for 2015)**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 600,718	\$ 18,347
Receivables, net of allowance	728,219	688,408
Investments	193,577	550,340
Inventory	20,538	15,241
Prepayments and other	21,330	97,546
Property and equipment, net	1,921,519	2,040,026
Beneficial interest in Community First Foundation	243,108	261,387
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 3,729,009</u>	<u>\$ 3,671,295</u>
 <b>Liabilities</b>		
Accounts payable	\$ 96,226	\$ 58,411
Accrued liabilities	225,386	166,759
Other liabilities	5,374	13,256
Deferred revenue	-	21,034
Capital lease obligation	-	10,276
Notes payable	538,234	574,936
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>865,220</u>	<u>844,672</u>
 <b>Net Assets</b>		
Unrestricted	2,391,436	2,343,131
Temporarily restricted	297,436	308,575
Permanently restricted	174,917	174,917
	<u>                    </u>	<u>                    </u>
Total net assets	<u>2,863,789</u>	<u>2,826,623</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 3,729,009</u>	<u>\$ 3,671,295</u>

**Family Tree, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2016**

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Financial Information
<b>Revenue</b>					
Contributions and grants					
Federal government grants	\$ 1,821,000	\$ -	\$ -	\$ 1,821,000	\$ 1,988,358
Other government grants	908,730	-	-	908,730	946,431
Foundations grants	414,283	32,962	-	447,245	259,732
Corporation and individual contributions	595,720	124,300	-	720,020	487,479
In-kind contributions	231,548	-	-	231,548	55,063
Mile High United Way	117,187	31,250	-	148,437	195,313
Total contributions and grants	<u>4,088,468</u>	<u>188,512</u>	<u>-</u>	<u>4,276,980</u>	<u>3,932,376</u>
Special events	114,309	-	-	114,309	137,177
Less direct benefit to attendees	<u>(32,906)</u>	<u>-</u>	<u>-</u>	<u>(32,906)</u>	<u>(20,851)</u>
	<u>81,403</u>	<u>-</u>	<u>-</u>	<u>81,403</u>	<u>116,326</u>
Program service fees	1,472,617	-	-	1,472,617	1,026,904
Rental and other income	116,673	-	-	116,673	90,462
Treasure Trunk Thrift Store	304,571	-	-	304,571	258,373
Investment return	(6,440)	-	-	(6,440)	18,901
Change in beneficial interest in net assets of Community First Foundation	-	(5,799)	-	(5,799)	6,634
	<u>6,057,292</u>	<u>182,713</u>	<u>-</u>	<u>6,240,005</u>	<u>5,449,976</u>
Net assets released from restrictions	<u>193,852</u>	<u>(193,852)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>6,251,144</u>	<u>(11,139)</u>	<u>-</u>	<u>6,240,005</u>	<u>5,449,976</u>
<b>Expenses</b>					
Program services					
Homelessness program	1,823,116	-	-	1,823,116	1,917,305
House of Hope shelter	534,348	-	-	534,348	488,079
Women in Crisis shelter and clinic	489,473	-	-	489,473	493,519
Domestic violence support services	897,158	-	-	897,158	818,236
Child and youth services	985,969	-	-	985,969	458,454
Treasure Trunk Thrift Store	257,589	-	-	257,589	261,870
Property management	97,774	-	-	97,774	186,135
Total program expenses	<u>5,085,427</u>	<u>-</u>	<u>-</u>	<u>5,085,427</u>	<u>4,623,598</u>
Supporting services					
General and administration	685,392	-	-	685,392	705,944
Funds development	<u>432,020</u>	<u>-</u>	<u>-</u>	<u>432,020</u>	<u>457,569</u>
Total supporting services expenses	<u>1,117,412</u>	<u>-</u>	<u>-</u>	<u>1,117,412</u>	<u>1,163,513</u>
Total expenses	<u>6,202,839</u>	<u>-</u>	<u>-</u>	<u>6,202,839</u>	<u>5,787,111</u>
<b>Change in Net Assets</b>	48,305	(11,139)	-	37,166	(337,135)
<b>Net Assets, Beginning of Year</b>	<u>2,343,131</u>	<u>308,575</u>	<u>174,917</u>	<u>2,826,623</u>	<u>3,163,758</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,391,436</u>	<u>\$ 297,436</u>	<u>\$ 174,917</u>	<u>\$ 2,863,789</u>	<u>\$ 2,826,623</u>

**Family Tree, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2016**  
**(With Summarized Financial Information for 2015)**

	Program Services							Supporting Services				2015 Total Expenses
	Housing and Family Stabilization Services		Domestic Violence Services			Child and Youth Services	Treasure Trunk Thrift Store	Property Management	Total Program Expenses	General and Administration	Funds Development	
Homelessness Program	House of Hope Shelter	Women in Crisis Shelter and Clinic	Domestic Violence Support Services									
Salaries and benefits	\$ 591,059	\$ 292,600	\$ 312,963	\$ 769,824	\$ 818,449	\$ 145,767	\$ 133,195	\$ 3,063,857	\$ 655,342	\$ 299,016	\$ 4,018,215	\$ 3,846,519
Contract services	15,620	8,107	31,479	473	5,714	766	7,105	69,264	78,221	8,372	155,857	206,345
Direct client costs	993,174	101,940	46,890	12,167	74,442	130	1,500	1,230,243	-	-	1,230,243	950,550
Travel	22,764	594	1,004	5,911	49,658	89	1,485	81,505	739	3,815	86,059	57,952
Building lease and rent	-	-	-	1,200	-	56,293	3,141	60,634	-	-	60,634	56,486
Utilities	3,125	12,868	13,355	5,572	-	19,028	24,036	77,984	-	-	77,984	87,278
Repairs and maintenance	10,904	31,197	19,231	12,320	1,212	8,692	25,561	109,117	1,902	1,273	112,292	104,816
Supplies and printing	3,714	10,258	9,046	6,040	13,088	4,296	2,025	48,467	20,697	26,004	95,168	100,787
Telephone and postage	7,340	10,764	9,953	11,903	6,791	1,441	2,273	50,465	6,348	3,170	59,983	58,430
Insurance	5,132	10,599	7,434	5,555	791	5,799	14,156	49,466	16,120	406	65,992	63,497
Staff development, meetings and recruitment	5,253	447	4,021	3,194	1,807	292	-	15,014	3,121	3,489	21,624	25,582
Merchant fees, other fees and dues	2,673	579	905	4,913	778	3,703	-	13,551	25,947	12,635	52,133	44,141
Volunteer and Board	465	185	641	580	-	-	-	1,871	2,369	7,874	12,114	13,365
Merchandise change in inventory	-	-	-	-	-	(5,297)	-	(5,297)	-	-	(5,297)	5,182
Interest and other	-	67	36	62	2	615	23,432	24,214	12,103	5,014	41,331	37,542
Facilities and indirect allocations	153,951	23,539	18,678	35,119	13,237	12,533	(156,276)	100,781	(161,733)	60,952	-	-
Expenses before depreciation and amortization	1,815,174	503,744	475,636	874,833	985,969	254,147	81,633	4,991,136	661,176	432,020	6,084,332	5,658,472
Depreciation and amortization	7,942	30,604	13,837	22,325	-	3,442	16,141	94,291	24,216	-	118,507	128,639
Total expenses	\$ 1,823,116	\$ 534,348	\$ 489,473	\$ 897,158	\$ 985,969	\$ 257,589	\$ 97,774	\$ 5,085,427	\$ 685,392	\$ 432,020	\$ 6,202,839	\$ 5,787,111

**Family Tree, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2016**  
**(With Summarized Financial Information for 2015)**

	<u>2016</u>	<u>2015</u>
<b>Operating Activities</b>		
Change in net assets	\$ 37,166	\$ (337,135)
Items not requiring (providing) cash		
Net realized and unrealized loss (gains) on investments	9,675	(6,652)
Loss on disposal of property held for sale	-	305
Depreciation and amortization	118,507	128,639
Change in beneficial interest in Community First Foundation	5,799	(3,930)
Permanently restricted revenue and support	-	(60)
Changes in		
Receivables	(39,811)	(43,619)
Inventory	(5,297)	(4,039)
Prepayments and other	76,216	13,918
Accounts payable and accrued liabilities	96,442	(15,336)
Other liabilities and deferred revenue	(28,916)	(43,376)
	<u>269,781</u>	<u>(311,285)</u>
Net cash provided by (used in) operating activities		
<b>Investing Activities</b>		
Purchase of investments	(2,912)	(106,335)
Proceeds from sales of investments	350,000	310,000
Acquisitions of property and equipment	-	(66,848)
	<u>347,088</u>	<u>136,817</u>
Net cash provided by investing activities		
<b>Financing Activities</b>		
Investment in permanent endowment	-	60
Net distribution from beneficial interest in		
Community First Foundation	12,480	11,783
Payments on notes payable	(36,702)	(34,663)
Payments on capital lease obligations	(10,276)	(19,165)
	<u>(34,498)</u>	<u>(41,985)</u>
Net cash used in financing activities		
<b>Change in Cash and Cash Equivalents</b>	582,371	(216,453)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>18,347</u>	<u>234,800</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 600,718</u>	<u>\$ 18,347</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	<u>\$ 33,489</u>	<u>\$ 37,486</u>



**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

The mission of Family Tree is to help people overcome child abuse, domestic violence, and homelessness to become safe, strong, and self-reliant. Family Tree was founded in 1976 as a cooperative effort with local government, civic, and private agencies to coordinate existing human service resources, and to identify and develop innovative responses for youth and families in Jefferson County. Due to high-quality services provided, along with expanding community needs, we broadened our service area to include the entire seven-county Denver metro region, and operate utilizing our three programmatic pillars of Child and Youth Services, Domestic Violence Services, and Housing and Family Stabilization Services.

Family Tree works with vulnerable populations located in the seven-county Denver metro region. Our clients have histories of poverty, trauma, and/or crisis, which do not fit a specific profile, but internal data has identified the most common client demographic across all programs are family units (70%), of which the majority are female headed households (79%), and have annual income under \$20,000 (74%). During the year ended June 30, 2016, we assisted 25,820 people; 7,210 through direct services, and 18,610 through our crisis/informational hotlines. Through both of our residential facilities, we provided 19,074 nights of safe shelter to individuals and families.

*Child & Youth Services:* Offers community-based education, treatment, crisis intervention, and case management to stabilize youth homes and to help families overcome situations of child abuse and neglect.

- SafeCare Colorado: nationally-recognized, in-home program providing direct skills training in parenting, child safety, and health in Adams and Douglas counties. The goal in this evidence-based program is for 70% of families that participate through intake will complete one or more SafeCare modules and shows an increase in parenting knowledge.
- Community Family Resource Team: 120-day home-based therapy designed to keep youth safely in their homes, providing crisis intervention, school-based assistance, and support to stabilize families. During the year ended June 30, 2016, we assisted 101 at-risk youth with in-home services; 90% were successfully diverted from further child welfare system involvement.
- Kinship Programs: home-based financial/supportive services for relative caretakers struggling to maintain stability/housing for children in their care.
- Colorado Child Care Assistance Program: administration of enrollment in Douglas County child care assistance program.

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

*Domestic Violence Services:* Keeps domestic violence survivors and their children safe through our crisis line, emergency shelter, safety planning, legal advocacy, and linkages to community resources. During the year ended June 30, 2016, over 16,500 people contacted us through crisis/informational hotlines.

- Women In Crisis: 45-day confidential shelter, case management, and support for victims and their children. Eighty-nine percent of those surveyed reported increased knowledge of safety strategies, and 91% reported increased awareness of community resources.
- Legal Advocacy: increase immediate and long-term safety through civil/criminal legal advocacy and crisis intervention. Ninety-three percent of those surveyed reported they know more about their rights and options.
- Domestic Violence Outreach: increase safety/healing, and decrease isolation of victims and their children through advocacy in a safe, community setting. During the year ended June 30, 2016, 96% of those surveyed reported they feel less alone.
- Parenting Time Program: provide a safe environment for children to spend time with non-residential parent(s). Last fiscal year, services were provided to 1,582 individuals, and provided over 8,400 hours of safety for children.

*Housing & Family Stabilization Services:* Provides individual and family stabilization services through emergency shelter, crisis hotline, homeless prevention services, case management, education and employment counseling, along with ancillary support, for people experiencing homelessness or at risk of becoming homeless. During the year ended June 30, 2016, over 3,300 people were connected through the crisis hotline, and 3,374 people received direct services including rental assistance and case management.

- House of Hope: 90-day shelter, case management, and support for homeless women with children. Last year, House of Hope provided emergency residential services to 186 individuals/families with almost half of families moving to safe and stable housing post-shelter.
- Homelessness Program: comprehensive support, case management and employment guidance, stabilizing individuals/families and providing access to affordable housing. During the year ended June 30, 2016, 87% of families exiting the housing programs moved into permanent housing. Additionally, 78% of those households who exited maintained or increased their income.

*Other Family Tree Programs*

- Treasure Trunk: is a donation-based community thrift store that offers access to clothing, furniture, and household goods to families and individuals who are on the path towards self-sufficiency. Family Tree provides vouchers usually valued between \$25 and \$250 for Family Tree program participants to gather basic needs items. In the year ended June 30, 2016, more than 3,600 vouchers were redeemed at Treasure Trunk.

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

- Property Management: provides safe and secure facilities to ensure continuous operation and control of physical facilities owned and/or used for services.

***Basis of Presentation***

The accompanying financial statements of Family Tree have been prepared on the accrual basis of accounting. Family Tree reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available for use in Family Tree's operations.

Temporarily restricted amounts are contributions restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted net assets are monies that must be maintained permanently by Family Tree as required by the donor and includes amounts held in an endowment fund at Community First Foundation (Community First).

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

***Cash and Cash Equivalents***

Family Tree considers all liquid investments with original maturities of three months or less that are not part of the investment portfolio to be cash equivalents.

At June 30, 2016, Family Tree's cash accounts exceeded federally insured limits by approximately \$365,000.

***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

***Inventory***

Inventory consists of materials donated to the Treasure Trunk store and is valued at estimated fair value at the time of donation.

***Property and Equipment***

Property and equipment acquisitions are recorded at cost, or if contributed, at the fair value at the date of donation. Depreciation and amortization are calculated using the straight-line method over the estimated useful life of each asset, from 3 to 40 years, or the related lease term for capital leases. Expenditures for maintenance, repairs or minor replacements are charged to expense. Expenditures for major replacements and betterments in excess of \$5,000 and with a useful life greater than one year are capitalized.

***Long-lived Asset Impairment***

Family Tree evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2016 and 2015.

***Deferred Revenue***

Grants, contracts, and other receipts relating to future periods are deferred and recognized as revenue in the applicable future period when the related services are rendered and expenses are incurred.

***Contributions***

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Contributed Goods and Services**

Donated goods are recorded in the accompanying financial statements at fair value as of the date of donation.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The value of contributed goods and services included in the financial statements for the years ended June 30, 2016 and 2015, totaled \$231,548 and \$55,063, respectively. The allocation of this amount between goods and services is as follows:

	<b>2016</b>	<b>2015</b>
Goods	\$ 200,973	\$ 18,798
Services	30,575	36,265
	\$ 231,548	\$ 55,063

**Government Grants**

Family Tree receives certain revenues from grants with various governmental agencies. The disbursement of funds received under these grants generally requires compliance with the terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The amount of charges to these grants that may be disallowed, if any, by such audits cannot be presently determined. However, management believes that the effect of any such audits would not have a significant impact on the financial statements; accordingly, no provision has been made in the financial statements for any liability that may result.

**Income Taxes**

Family Tree has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Family Tree is subject to federal income tax on any unrelated business taxable income. In addition, Family Tree qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation under Section 509(a).

**Functional Allocation of Expenses**

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

General and administrative expenses that have a direct services component are allocated based on the percentage of certain administrative salaries relative to total salaries in the statements of activities and functional expenses.

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

***Concentration of Credit Risk***

Financial instruments that potentially subject Family Tree to concentrations of credit risk consist of money market accounts, investment securities, and mutual funds. Family Tree places its money market accounts with creditworthy, high-quality financial institutions. Investments are made by investment managers engaged by Family Tree and the investments are monitored by management and the Board of Directors. The fair value of investments is subject to fluctuations on a year-to-year basis.

Credit risk with respect to receivables is limited due to the number and creditworthiness of the government entities and organizations from which the amounts are due.

***Comparative Financial Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Family Tree's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

***Reclassifications***

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on the change in net assets.

**Note 2: Investments and Investment Return**

Investments consisted of the following at June 30:

	<b>2016</b>	<b>2015</b>
Money market funds	\$ 38,877	\$ 91,661
Mutual funds	124,424	321,435
Corporate bonds	30,276	102,300
Marketable alternative investments	-	34,944
	<hr/>	<hr/>
Total investments	<u>\$ 193,577</u>	<u>\$ 550,340</u>

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

Total investment return is comprised of the following:

	<b>2016</b>	<b>2015</b>
Interest and dividend income	\$ 3,235	\$ 12,249
Net realized and unrealized gains (losses)	(9,675)	6,652
	\$ (6,440)	\$ 18,901

See Note 11 regarding the fair value of investments.

**Note 3: Receivables**

Accounts receivable represent amounts due from government grants, program service fees contracts, and amounts to be received under other agreements. Accounts receivable are all due within one year. Contributions receivable represent grants awarded and pledges made before year-end from foundations, corporations and individuals. Contributions receivable include grants and pledges due within one year as well as multi-year pledges.

Family Tree uses the allowance method to determine uncollectible receivables. The allowance method is based on prior years' experience and management's analysis of specific receivable balances.

Receivables consisted of the following as of June 30:

	<b>2016</b>	<b>2015</b>
Accounts receivable - government	\$ 586,432	\$ 499,908
Accounts receivable - other	9,754	145,671
Contributions - pledges and grants	147,033	52,829
Allowance for uncollectible accounts	(15,000)	(10,000)
	\$ 728,219	\$ 688,408

Family Tree celebrated the organization's 40th anniversary year in 2016 and introduced a campaign for multi-year pledges titled "40 More" to acknowledge the milestone. Family Tree has not discounted these amounts for being due in more than one year as the amount of the discount was considered immaterial. At June 30, 2016, contributions are due by June 30 as follows:

2017	\$ 94,400
2018	32,633
2019	10,000
2020	10,000
	\$ 147,033

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 4: Beneficial Interest in Community First Foundation**

Family Tree participates in the Nonprofit Preservation Challenge Grant Program established by Community First. The purpose of this program is to assist charitable organizations with the formation of perpetual endowment funds. Under the terms and conditions of the grant award, Family Tree made irrevocable transfers of permanently restricted funds to Community First in 2005. Community First matched contributions received by Family Tree for the Helen's Hope Women in Crisis shelter (Helen's Hope) program through July 2005 and provides investment management services. Distributions from the fund, per terms of the agreement, will be paid to Family Tree to support the Helen's Hope program. In addition, Family Tree pays Community First a 1% fee for investment management services.

Funds held by Community First for the benefit of Family Tree are recorded as interest in net assets of Community First on the statement of financial position. Family Tree's interest in Community First, including contributions transferred, match, and investment earnings, totaled \$243,108 and \$261,387 at June 30, 2016 and 2015, respectively.

**Note 5: Property and Equipment**

Property and equipment at June 30 consisted of:

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 3,001,827	\$ 3,001,827
Land and land improvements	635,693	635,693
Furniture, fixtures and equipment	129,565	216,565
Vehicles	<u>68,261</u>	<u>68,261</u>
	3,835,346	3,922,346
Less accumulated depreciation and amortization	<u>(1,913,827)</u>	<u>(1,882,320)</u>
	<u>\$ 1,921,519</u>	<u>\$ 2,040,026</u>



**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 6: Capital Lease Obligation**

Family Tree acquired office equipment under the provisions of a long-term lease. For financial reporting purposes, minimum lease payments relating to the asset have been capitalized. The lease expired in December 2015. Amortization of the lease property is included in depreciation expense.

The asset under capital lease has a cost and accumulated amortization as of June 30 as follows:

	<u>2016</u>	<u>2015</u>
Equipment	\$ -	\$ 84,000
Less accumulated depreciation	-	(75,599)
	<u>\$ -</u>	<u>\$ 8,401</u>

**Note 7: Notes Payable**

Notes payable include the following at June 30:

	<u>2016</u>	<u>2015</u>
Note payable	<u>\$ 538,234</u>	<u>\$ 574,936</u>

Note payable to bank, interest at 5.90%, maturing August 2021; collateralized by certain property and assignment of rents on the related property. Monthly installments of \$5,849 with a balloon principal payment due at maturity.

The loan agreement states that Family Tree shall maintain a Coverage Ratio as of the end of each fiscal year of not less than 1.20 to 1.00. At June 30, 2016, Family Tree was in compliance with this covenant.

Future annual maturities of notes payable outstanding are as follows as of June 30:

2017	\$ 39,050
2018	41,452
2019	44,000
2020	46,642
2021	49,574
Thereafter	<u>317,516</u>
	<u>\$ 538,234</u>

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 8: Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Housing and Family Stabilization Services	\$ 56,911	\$ 117,282
Domestic Violence Services	114,112	149,922
Child and Youth Services	7,397	2,309
Restricted for Future Operations	<u>119,016</u>	<u>39,062</u>
	<u>\$ 297,436</u>	<u>\$ 308,575</u>

Permanently restricted net assets at June 30 are restricted to:

	<u>2016</u>	<u>2015</u>
Women in Crisis - endowment fund (Note 4)	<u>\$ 174,917</u>	<u>\$ 174,917</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2016</u>	<u>2015</u>
Housing and Family Stabilization Services	\$ 74,995	\$ 103,716
Domestic Violence Services	75,908	90,486
Child and Youth Services	3,882	50,500
Restricted for Future Operations	<u>39,067</u>	<u>-</u>
	<u>\$ 193,852</u>	<u>\$ 244,702</u>

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 9: Operating Leases**

Family Tree has operating lease commitments for equipment and program facilities spaces requiring monthly payments ranging from approximately \$400 to \$4,000 through July 2019. Future minimum rental payments required for such operating leases at June 30, 2016 are as follows:

2017	\$	58,944
2018		58,944
2019		58,944
2020		11,281
2021		<u>3,474</u>
Net present value of minimum lease payments	\$	<u>191,587</u>

Building lease and rent expense for the years ended June 30, 2016 and 2015 was \$61,770 and \$52,903, respectively.

**Note 10: Retirement Plan**

Family Tree has a retirement plan (the Plan) under Internal Revenue Code Section 403(b). Employees regularly scheduled to work a minimum of 20 hours per week are eligible to participate in the Plan. The Plan allows for employees to make before-tax or after-tax Roth contributions up to 100% of their annual compensation, as limited annually by the IRS. All contributions to the Plan are fully vested when made. Effective July 1, 2013, Family Tree amended the Plan to include a discretionary employer contribution. The Board of Directors annually determines the amount, if any, of Family Tree's contributions to the Plan. Family Tree contributed to the Plan \$0 and \$41,986 for 2016 and 2015, respectively.

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 11: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Family Tree did not have Level 3 securities as of June 30, 2016 and 2015.

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

***Recurring Measurements***

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2016 and 2015:

	<b>2016</b>				
	<b>Total</b>	<b>Fair Value Measurements Using</b>			
		<b>Quoted Prices</b>		<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobserv- able Inputs (Level 3)</b>
		<b>in Active Markets for Identical Assets (Level 1)</b>	<b>in Active Markets for Identical Assets (Level 1)</b>		
Money market	\$ 38,877	\$ 38,877	\$ -	\$ -	
Equity mutual funds					
Mid-cap	6,827	6,827	-	-	
International	17,822	17,822	-	-	
Fixed income mutual funds	99,775	99,775	-	-	
Fixed income bonds					
High-grade corporate	30,276	-	30,276	-	
Beneficial interest in Community First	243,108	-	243,108	-	
	<u>\$ 436,685</u>	<u>\$ 163,301</u>	<u>\$ 273,384</u>	<u>\$ -</u>	

**Family Tree, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

	2015				
	Fair Value Measurements Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)
Money market	\$ 91,661	\$ 91,661	\$ -	\$ -	
Equity mutual funds					
Large-cap	73,725	73,725	-	-	
Mid-cap	58,960	58,960	-	-	
Small-cap	31,079	31,079	-	-	
S&P 500 funds	16,649	16,649	-	-	
International	43,420	43,420	-	-	
Fixed income mutual funds	97,602	97,602	-	-	
Marketable alternative investments	34,944	34,944	-	-	
Fixed income bonds					
High-grade corporate	102,300	-	102,300	-	
Beneficial interest in Community First	261,387	-	261,387	-	
	<u>\$ 811,727</u>	<u>\$ 448,040</u>	<u>\$ 363,687</u>	<u>\$ -</u>	

The amounts reported at fair value on a recurring basis are presented on the statement of financial position under the following captions:

	2016	2015
Investments	\$ 193,577	\$ 550,340
Beneficial interest in Community First Foundation	<u>243,108</u>	<u>261,387</u>
	<u>\$ 436,685</u>	<u>\$ 811,727</u>

**Note 12: Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

## **Supplementary Information**

**Family Tree, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs			
Pass-through programs from			
Colorado Department of Human Services			
Family Violence Prevention and Services	93.671	None provided	\$ 71,062
Federal Temporary Assistance for Needy Families Block Grant	93.558	None provided	23,356
Jefferson County Community Development			
Jefferson County Department of Human Services Community Services Block Grant	93.569	None provided	95,012
Arapahoe County Department of Social Services			
Temporary Assistance for Needy Families	93.558	None provided	234,330
Total U.S. Department of Health and Human Services			423,760
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program			
Supportive Housing Program	14.235	CO0052L8T031407/CO0052L8T031508 CO0108L8T031302/CO0108L8T031403	556,699
Pass-through programs from			
Volunteers of America Colorado Branch - Supportive Housing Program - Youth Transition Project	14.235	None provided	184,061
Colorado Coalition for the Homeless - Rapid Rehousing Demonstration	14.235	CO0024L8T031303	18,090
Rapid Rehousing Demonstration	14.267	CO0024L8T031404	29,363
Colorado Department of Local Affairs - Emergency Shelter Grants Program	14.231	H5ESG14923/H6ESG15923	7,756
Emergency Shelter Grants Program	14.231	H5ESG14961/H6ESG15961	54,502
Emergency Shelter Grants Program	14.231	None provided	39,308
Permanent Supporting Housing Program	14.267	H6SCP003	101,010
Arapahoe County Social Services - Community Development Block Grant	14.218	CMPF1509/ENPS1516	37,669
Arapahoe County Community Resources - Community Development Block Grant	14.218	CMPF1411	69
City of Denver - HOME Grow Denver	14.239	OEDEV-201419487-00/EODEV-201626445-00	169,383
Total U.S. Department of Housing and Urban Development			1,197,910



**Family Tree, Inc.**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended June 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Justice</u>			
Direct Program			
Office for Violence Against Women - Transitional Housing Grant	16.736	2013-WH-AX-0029	90,766
Pass-through programs from			
Colorado Department of Public Safety - VOCA Victims of Crime Act One-Time Funding	16.575	2015-VA-GX-0040	7,620
Colorado Department of Public Safety - Division of Criminal Justice - Violence Against Women Formula Grants	16.588	2015-WF-AX-0026	<u>100,641</u>
Total U.S. Department of Justice			<u>199,027</u>
<u>U.S. Department of Agriculture</u>			
Pass-through programs from			
State of Colorado Department of Health & Environment Child and Adult Food Care Program	10.558	10280	<u>303</u>
Total U.S. Department of Agriculture			<u>303</u>
			<u>\$ 1,821,000</u>

**Family Tree, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2016**

**Notes to Schedule**

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Family Tree, Inc. under programs of the federal government for the year ended June 30, 2016. The accompanying notes are an integral part of this Schedule. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Family Tree, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Family Tree, Inc.
2. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Family Tree, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Such expenditures are recognized following, as applicable, either the cost principles in OMB or the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. There were no federal awards provided to subrecipients.

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

Board of Directors  
Family Tree, Inc.  
Wheat Ridge, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Family Tree, Inc. (Family Tree), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2016.

***Internal Control Over Financial Reporting***

Management of Family Tree is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered Family Tree's 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 Family Tree's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Tree'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 Family Tree'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.

Board of Directors  
Family Tree, Inc.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Family Tree'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*.

We also noted certain matters, which we reported to Family Tree's management in a separate letter dated October 18, 2016.

### ***Purpose of this Report***

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

**BKD, LLP**

Denver, Colorado  
October 18, 2016

## Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Board of Directors  
Family Tree, Inc.  
Wheat Ridge, Colorado

### Report on Compliance for Each Major Federal Program

We have audited Family Tree, Inc. (Family Tree's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. Family Tree's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of Family Tree's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 Family Tree's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Family Tree's compliance.

Board of Directors  
Family Tree, Inc.

### ***Opinion on Each Major Federal Program***

In our opinion, Family Tree, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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

The management of Family Tree, 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 Family Tree's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Tree'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. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

*BKD, LLP*

Denver, Colorado  
October 18, 2016

**Family Tree, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2016**

**Summary of Auditor's Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified     Qualified     Adverse     Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?     Yes         None reported

Material weakness(es)?     Yes         No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes         No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?     Yes         None reported

Material weakness(es)?     Yes         No

5. The opinion expressed in the independent auditor's report on compliance for major federal award programs was:

Unmodified     Qualified     Adverse     Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes         No

**Family Tree, Inc.**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

7. Identification of major programs:

Cluster/Program	CFDA Number
Supporting Housing Program	14.235
U.S. Department of Housing and Urban Development	
Volunteers of America Colorado Branch - Youth Transition Project	
Colorado Coalition for the Homeless - Rapid Rehousing Demonstration	

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. Auditee qualified as low-risk auditee?

Yes       No



**Family Tree, Inc.**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2016**

**Findings Required to be Reported by *Government Auditing Standards***

Reference Number	Finding	Questioned Costs
---------------------	---------	---------------------

---

No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance (OMB Circular A-133)**

Reference Number	Finding	Questioned Costs
---------------------	---------	---------------------

---

No matters are reportable.

**Family Tree, Inc.**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2016**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
-----------------------------	---------------------------	---------------

---

No matters are reportable.