

**FRIENDS OF SWITCH POINT, INC.**

**FINANCIAL STATEMENTS**

**WITH INDEPENDENT AUDITOR'S REPORT**

***WITH GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE***

**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

FRIENDS OF SWITCHPOINT INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Friends of Switchpoint Inc.

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

We have audited the accompanying financial statements of Friends of Switchpoint Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Switchpoint Inc. as of September 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.

### ***Other Matters***

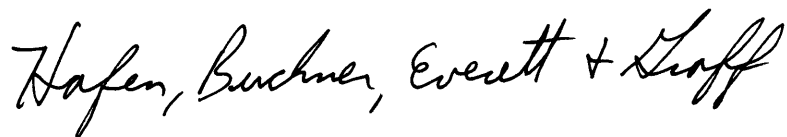
#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 December 22, 2016, on our consideration of Friends of Switchpoint Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Friends of Switchpoint Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hafen, Buckner, Everett & Graff". The script is cursive and fluid, with the names connected together.

Hafen, Buckner, Everett & Graff, P.C.

St. George, UT

December 22, 2016

**FRIENDS OF SWITCHPOINT  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2016**

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ASSETS

Current Assets:	
Cash (Note 1)	\$ 57,298
Grant Receivables	96,734
Prepaid Assets	3,548
Inventory	114,352
Total Current Assets	<u>271,932</u>
Fixed Assets (Note 2):	
Land, Buildings, & Improvements	392,035
Furniture, Fixtures and Equipment	53,408
Vehicles	10,549
Accumulated Depreciation	(42,618)
Total Fixed Assets	<u>413,374</u>
TOTAL ASSETS	<u><u>\$ 685,306</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 22,597
Payroll Liabilities	34,120
Total Current Liabilities	<u>56,717</u>
Net Assets:	
Unrestricted	628,589
Temporarily Restricted	-
Permanently Restricted	-
Total Net Assets	<u>628,589</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 685,306</u></u>

The accompanying notes are an integral part of the financial statements

**FRIENDS OF SWITCHPOINT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support:			
Grant Income		\$ 843,785	\$ 843,785
Donations-in-kind	3,048,360	-	3,048,360
Contributions	455,578	-	455,578
Thrift Store Sales	74,034		74,034
Other Income	6,942		6,942
Interest Income	89	-	89
Satisfaction of grant restriction	843,785	(843,785)	-
	<u>4,428,788</u>	<u>-</u>	<u>4,428,788</u>
Total Revenues, Gains, and Other Support	<u>4,428,788</u>	<u>-</u>	<u>4,428,788</u>
Expenses:			
Program 1 - Food	3,224,216	-	3,224,216
Program 2 - Shelter	664,774	-	664,774
Program 3 - Thrift Store	109,731	-	109,731
Management and General	226,275	-	226,275
Fund-Raising	3,948		3,948
	<u>4,228,944</u>	<u>-</u>	<u>4,228,944</u>
Total Expenses	<u>4,228,944</u>	<u>-</u>	<u>4,228,944</u>
Change in Net Assets	199,844	-	199,844
Net Assets at Beginning of Period	428,745	-	428,745
Net Assets at End of Period	<u>\$ 628,589</u>	<u>\$ -</u>	<u>\$ 628,589</u>

The accompanying notes are an integral part of the financial statements

**FRIENDS OF SWITCHPOINT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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**Cash flows from operating activities:**

Cash received from contributors	\$ 455,578
Cash received from grants	807,567
Cash received from thrift store	74,034
Cash received from miscellaneous income	6,942
Cash received from interest	89
Cash paid to suppliers & staff	<u>(1,247,687)</u>

Net cash provided by operating activities	<u>96,523</u>
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**Cash flows from investing activities:**

Purchase of fixed assets	<u>(58,910)</u>
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Net cash used by investing activities	<u>(58,910)</u>
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**Cash flows from financing activities:**

Payments on notes payable and line of credit	(19,000)
Additional notes payable and line of credit	<u>-</u>

Net cash provided by investing activities	<u>(19,000)</u>
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<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>18,613</u>
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Cash and cash equivalents, beginning of year	<u>38,685</u>
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Cash and cash equivalents, end of year	<u><u>\$ 57,298</u></u>
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**Reconciliation of change in net assets to net cash provided  
by operating activities:**

Change in net assets	\$ 199,844
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	31,493
Changes in operating assets and liabilities:	
(Increase) / Decrease in receivables	(36,218)
(Increase) / Decrease in other assets	(105,864)
Increase / (Decrease) in other liabilities	23,261
Increase / (Decrease) in accounts payable	<u>(15,993)</u>

Net cash provided by operating activities	<u>\$ 96,523</u>
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Cash paid for interest	<u>\$ 266</u>
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The accompanying notes are an integral part of the financial statements

**FRIENDS OF SWITCHPOINT**  
Combined Statement of Fiduciary Net Position  
September 30, 2016

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	Agency Funds
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 10,741
<b>Total Assets</b>	<u>\$ 10,741</u>
 <b>LIABILITIES</b>	
Other Liabilities	\$ 10,741
<b>Total Liabilities</b>	<u>\$ 10,741</u>

The notes to the financial statements are an integral part of this statement.



**FRIENDS OF SWITCHPOINT INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**General**

The accompanying financial statements of Friends of Switchpoint Inc. (the Organization) have been prepared on the accrual basis of accounting. Contributions are recorded when received unless susceptible to accrual. Other sources of revenue for 2016 include private and government grants.

**Tax**

The Organization is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has indicated the Organization is not a private foundation. In accordance with tax statute, the Organization's tax returns remain subject to examination for all tax years ended on or after September 30, 2014 with regard to all tax positions and the results reported.

**Description of Programs**

Friends of Switchpoint Inc. is an organization providing food, shelter, and case management services for needy individuals in St. George, Utah and the surrounding communities. The organization also operates a relatively small thrift store to assist with employment, training, and provide additional contributions.

**Revenue Recognition**

In accordance with SFAS No.116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. As restrictions are met, these revenues become unrestricted and are then allowed to be expended. As of September 30, 2016 there were no temporarily or permanently restricted net assets. Grant revenues are recognized when qualifying expenses have been incurred and all other grant requirements have been met.

**Accounts Receivable**

Receivables are recorded using accrual basis of accounting. All receivables are generated through government grant billings for reimbursable services provided and are considered fully collectible. Accordingly, no allowance account has been established.

**Cash**

Cash includes all monies in demand deposit and savings accounts.

**FRIENDS OF SWITCHPOINT INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Inventories**

Inventories consist of food and clothing items that have been donated to the Organization. Inventory for the food pantry is valued at \$1.67 per pound, based on Feeding America 2016 study of value per pound of donated food. Thrift store inventory is valued at estimated realizable value. The reported values are \$76,352 and \$38,000 respectively.

**Contributed Services, Supplies and Facilities**

The Organization does not record in the financial statements any support, revenue or expense from services contributed by volunteers because the services performed do not require a specialist and did not create or enhance a nonfinancial asset. Organization facilities are provided by the City of St. George for no cost to facilitate homeless care to the local area.

**Contributed Services, Supplies and Facilities**

Transactions related to assets held by the Organization as an agent for individuals are accounted for as an agency fund. Agency funds include assets held by individual clients of the Organization.

**NOTE 2 - FIXED ASSETS**

The Organization follows the policy of charging ordinary maintenance and repairs to operations as incurred. All expenditures for property, furniture, fixtures and office equipment in excess of \$5,000 are capitalized. Purchased fixed assets are recorded at cost. Donated fixed assets are recorded at fair value. No fixed assets were donated in 2016. When depreciable property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in income.

Depreciation of fixed assets is calculated on the straight-line method over the following estimated useful lives:

Buildings & building improvements	15-40 years
Vehicles	5 years
Furniture, fixtures and equipment	5-10 years

**FRIENDS OF SWITCHPOINT INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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**NOTE 2 - FIXED ASSETS CONTINUED**

Changes in fixed assets for fiscal year 2016 are as follows:

	Balance 9/30/2015	Additions	Deletions	Balance 9/30/2016
Buildings and Improvements	\$ 392,035	\$ 48,361	\$ -	\$ 440,396
Furniture, Fixtures & Equipment	5,047	10,549	-	15,596
Total	397,082	58,910	-	455,992
Less Accumulated Depreciation	(11,125)	(31,493)	-	(42,618)
	<u>\$ 385,957</u>	<u>\$ 27,417</u>	<u>\$ -</u>	<u>\$ 413,374</u>

**NOTE 4 – LEASES**

In addition to the facilities provided by the City of St. George, the Organization entered into a lease agreement with MIJO LLC on August 14 of 2013 for additional office space. The lease is for five years and ends the last day of August 2018.

On December 3, 2015 the Organization entered into a lease agreement with BOV-RAC Utah, LLC for retail space to operate a thrift store. The lease is for 48 months ending the last day of November 2019.

The following schedule shows the total lease payments due over the next four years (no payment are due thereafter):

FY 2017	\$ 39,503
FY 2018	40,508
FY 2018	6,000
FY 2019	5,500
THEREAFTER	-
TOTAL	<u>\$ 91,511</u>

**FRIENDS OF SWITCHPOINT INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2016**

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**NOTE 5 – UNRESTRICTED AND TEMPORARILY RESTRICTED NET ASSETS**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As restrictions are met, these revenues become unrestricted and are then allowed to be expended. Revenues are reported as unrestricted support if the restrictions are met in the reporting period. Accordingly, all net assets are accounted for under SFAS no. 117, *Financial Statements of Not-for-Profit Organization*. As of September 30, 2016 there were no temporarily restricted net assets.

**NOTE 6 – RELATED PARTIES**

For part of FY 2016, the executive director of the Organization and some additional staff we employed by the City of St. George, who provides Organizational facilities for no cost. As of FY 2017, the Organization employs all staff formerly employed by the City. Other related party items include:

1. Immaterial disbursements were made to the Finance Manager's husband for repair services rendered.
2. A board member received immaterial payment for legal services rendered during the year.

**NOTE 7 – CREDIT LINE**

On November 30, 2015 the Organization obtained a line of credit from Rock Canyon Bank in the amount of \$50,000. The line expires on November 30, 2017. It is anticipated that another line of credit will be established at that time. The balance at September 30, 2016 was \$0.

**NOTE 8 – RETIREMENT**

The Organization offers an IRA plan for any employee who wishes to participate and matches up to 3% of wages. For FY 2016 the Organization match amount totaled \$4,452.

**NOTE 9 – MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through the issuance date of this report.

## SUPPLEMENTARY SCHEDULES

**FRIENDS OF SWITCHPOINT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Expense Category	Program 1 Food	Program 2 Shelter	Thrift Store	Management & General	Total
Advertising and Promotion	-	-	-	31	31
Bank Service Charges	-	-	-	2,686	2,686
Cost of Sales	-	-	74,033	-	74,033
Contract Labor	3,805	3,805	-	-	7,610
Depreciation Expense	20,155	7,559	-	3,779	31,493
Direct Client Costs	39,288	39,288	-	-	78,576
Dues and Subscriptions	-	-	-	6,893	6,893
Food Expense	2,865,944	-	-	-	2,865,944
Rent - Facilities	3,793	4,335	14,963	2,710	25,801
Equipment Lease	2,184	2,185	-	-	4,369
Insurance - Liability	3,115	7,851	-	1,495	12,461
Rental Assistance	-	225,799	-	-	225,799
Interest	120	119	-	27	266
Miscellaneous	3,166	3,165	-	704	7,035
Office Expense	1,078	1,078	-	2,156	4,312
Postage and Delivery	-	-	-	909	909
Professional Fees	-	11,304	-	42,369	53,673
Repairs and Maintenance	2,590	2,589	-	2,667	7,846
Salaries & Wages	216,583	278,464	13,333	123,761	632,141
Fringe	33,023	42,457	-	18,870	94,350
Travel	7,142	7,142	-	1,587	15,871
Training	6,820	6,820	-	1,515	15,155
Supplies	9,873	9,873	4,613	10,171	34,530
Telephone	4,020	7,179	-	3,157	14,356
Utilities	1,517	3,762	2,789	788	8,856
Total Program & Administrative	<u>\$ 3,224,216</u>	<u>\$ 664,774</u>	<u>\$ 109,731</u>	<u>\$ 226,275</u>	4,224,996
Fundraising Expenses					<u>3,948</u>
Total Functional Expenses					<u>\$ 4,228,944</u>

The accompanying notes are an integral part of the financial statements

**FRIENDS OF SWITCHPOINT**  
Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year Ended September 30, 2016

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	Balance 9/30/2015	Additions	Deductions	Balance 9/30/2016
<b><u>Client Funds</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 6,466	\$ 17,008	\$ (12,733)	\$ 10,741
Total Assets	<u>\$ 6,466</u>	<u>\$ 17,008</u>	<u>\$ (12,733)</u>	<u>\$ 10,741</u>
<b><u>Liabilities</u></b>				
Other Liabilities	\$ 6,466	\$ 17,008	\$ (12,733)	\$ 10,741
Total Liabilities	<u>\$ 6,466</u>	<u>\$ 17,008</u>	<u>\$ (12,733)</u>	<u>\$ 10,741</u>

The notes to the financial statements are an integral part of this statement.

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**FRIENDS OF SWITCHPOINT**  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2016

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<b>Federal or Pass-Through Grantor</b>	<b>Federal CFDA #</b>	<b>Expenditures</b>	<b>Major Program</b>
<b>U.S. DEPT OF HEALTH &amp; HUMANCE SERVICES:</b>			
Passed through the City of St. George Utah:			
Temporary Assistance for Needy Families - Cluster	93.558	355,221	
Passed through the Utah Dept. of Workforce Services:			
Temporary Assistance for Needy Families	93.558	<u>329,313</u>	
<b>Total for U.S. Dept. of Health &amp; Human Services</b>		<u>684,534</u>	<b>X</b>
<b>U.S. DEPT OF HOUSING &amp; URBAN DEVELOPMENT:</b>			
Continuum of Care Program	14.267	<u>124,577</u>	
<b>TOTAL FEDERAL EXPENDITURES</b>		<u><u>\$ 809,111</u></u>	

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note A: Basis of Presentation**

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The accompanying schedule of expenditures of federal awards includes the federal grant activity of Friends of Switchpoint and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance for Federal awards.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Friends of Switchpoint Inc.

We have audited, in accordance with the 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 Friends of Switchpoint Inc. (a nonprofit organization), which comprise the statement of financial position as of September 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 December 22, 2016.

## **Internal Control Over Financial Reporting**

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

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

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

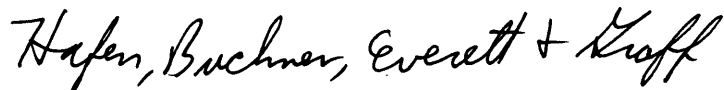
## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Friends of Switchpoint Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do

not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in black ink, reading "Hafen, Buckner, Everett & Graff". The signature is written in a cursive, flowing style.

Hafen, Buckner, Everett & Graff, P.C.

St. George, UT

December 22, 2016

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

To the Board of Directors of  
Friends of Switchpoint Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Friends of Switchpoint Inc'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 Friends of Switchpoint Inc's major federal programs for the year ended September 30, 2016. Friends of Switchpoint Inc's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Friends of Switchpoint Inc'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 Friends of Switchpoint Inc's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

## Report on Internal Control Over Compliance

Management of Friends of Switchpoint 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 Friends of Switchpoint Inc's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Friends of Switchpoint Inc's internal control over compliance.

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

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

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



Hafen, Buckner, Everett & Graff, P.C.

St. George, UT  
December 22, 2016

**FRIENDS OF SWITCHPOINT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR YEAR ENDED SEPTEMBER 30, 2016**

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No matters were reported in prior year.

**FRIENDS OF SWITCHPOINT INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**I. SUMMARY OF AUDITORS' RESULTS**

A. Type of audit report issued on the financial statements: Unmodified opinion.

B. Internal control over financial reporting:

Material weakness identified: None.

Significant deficiencies identified that were not considered to be material weaknesses: None.

C. Instances of noncompliance material to the financial statements: None.

D. Internal control over major programs:

Material weakness identified: None

Significant deficiencies identified that were not considered to be material weaknesses: None.

E. Type of report issued on compliance for major programs: Unmodified opinion.

F. Audit findings required to be reported under paragraph .510(a): None.

G. Major Programs:

<u>Program</u>	<u>CFDA</u>	<u>Amount</u>
Temporary Assistance for Needy Families	93.959	\$ 684,534

H. Dollar threshold used to distinguish between Type A and B programs, as described in paragraph .520(b): \$750,000.

I. Friends of Switchpoint Inc. does not qualifies as a low-risk auditee under paragraph .530.

**II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS***

Finding: None

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AS DEFINED IN PARAGRAPH 510(A)**

<u>FINDING</u>	<u>QUESTIONED COSTS</u>
None	None