

**SOUTHERNMOST HOMELESS  
ASSISTANCE LEAGUE, INC.**

**Financial Statements**

**JUNE 30, 2016 and 2015**

**SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.**

**Financial statements**

**June 30, 2016 and 2015**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITORS' REPORT . . . . .</b>	1 - 2
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position . . . . .	3
Statements of Activities and Changes in Net Assets . . . . .	4
Statements of Cash Flows . . . . .	5
Notes to the Financial Statements . . . . .	6 - 11
<b>SUPPLEMENTAL INFORMATION:</b>	
Statements of Functional Expenses . . . . .	12 - 13
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 . . . . .	14 - 15

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**INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS**

Board of Directors  
Southernmost Homeless Assistance League, Inc.:

***Report on the Financial Statements***

We have audited the accompanying financial statements of Southernmost Homeless Assistance League, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. 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 Southernmost Homeless Assistance League, Inc., as of June 30, 2016 and 2015 and the results of its operations and its cash flows for the year then ended in conformity 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 statement as a whole. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are 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 a report dated September 9, 2016 on our consideration of Southernmost Homeless Assistance League, Inc's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Smith, Burgin & Associates, LLC.*

September 9, 2016

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Statements of Financial Position

As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 66,962	\$ 24,363
Grants receivable	6,307	-
Other assets	-	1,952
Property and equipment, net	<u>-</u>	<u>-</u>
Total Assets	<u>73,269</u>	<u>26,315</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	3,129	5,377
Deferred revenue	<u>37,010</u>	<u>37,010</u>
Total Liabilities	40,139	42,387
Net Assets:		
Unrestricted	33,130	(16,072)
Temporarily restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>33,130</u>	<u>(16,072)</u>
Total Liabilities and Net Assets	<u>\$ 73,269</u>	<u>\$ 26,315</u>

See accompanying notes to financial statements

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Revenues:</u>		
Grants	\$ 81,637	\$ 75,332
Contract revenue	399,706	399,706
Contributions and other	10,759	5,286
Interest income	51	40
Program income/Administrative fees	44,412	45,787
Other and fees	<u>10,283</u>	<u>1,574</u>
Total Revenues	<u>546,848</u>	<u>527,725</u>
<u>Expenses:</u>		
Homeless program costs	402,753	446,475
Facilities equipment	6,467	22,263
Mobile outreach program	-	5,144
Coalition support grants	-	-
General and administrative support	<u>88,426</u>	<u>91,901</u>
Total Expenses	<u>497,646</u>	<u>565,783</u>
Increase (decrease) in net assets	49,202	(38,058)
NET ASSETS, BEGINNING OF YEAR	<u>(16,072)</u>	<u>21,986</u>
NET ASSETS, END OF YEAR	<u>\$ 33,130</u>	<u>\$ (16,072)</u>

See accompanying notes to financial statements

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from grants	\$ 75,330	\$ 75,805
Cash received from contracts	399,706	399,706
Cash received from membership program and other dues	55,171	47,361
Cash received from contributions and other	10,283	5,286
Cash paid to suppliers, employees and subcontracted services-grants	(497,942)	(561,991)
Interest income	51	40
	<u>42,599</u>	<u>(33,793)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Disposition of property and equipment	<u>-</u>	<u>19,566</u>
	<u>-</u>	<u>19,566</u>
<u>CASH PROVIDED BY INVESTING ACTIVITIES</u>		
NET INCREASE (DECREASE) IN CASH	42,599	(14,227)
CASH AT BEGINNING OF YEAR	<u>24,363</u>	<u>38,590</u>
CASH AT END OF YEAR	<u>\$ 66,962</u>	<u>\$ 24,363</u>
Adjustments to reconcile change in net assets to net cash provided by operations:		
Increase (decrease) in net assets	\$ 49,202	\$ (38,058)
Depreciation	-	-
Changes in assets and liabilities:		
Decrease (increase) in accounts and other receivables	(6,307)	473
Decrease (increase) in other assets	1,952	5,591
Decrease in accounts payable	<u>(2,248)</u>	<u>(1,799)</u>
	<u>\$ 42,599</u>	<u>\$ (33,793)</u>

See accompanying notes to financial statements

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

**(1) Summary of Significant Accounting Policies**

**Organization**

The Southernmost Homeless Assistance League, Inc. ("SHAL") was incorporated under the not-for-profit statutes of the State of Florida to provide advocacy and supporting programs that reduce Homelessness in Monroe County, Florida. The Southernmost Homeless Assistance League, Inc. was the lead agency of a coalition that effectively distributes resources through a network of service providers to people who are homeless or at risk of homelessness in Monroe County until February 1, 2013. The Southernmost Homeless Assistance League, Inc. also operated the Keys Overnight Temporary Shelter (KOTS) and the Mobile Outreach Program (MOP) for the City of Key West.

The accompanying financial statements include only the accounts of the Southernmost Homeless Assistance League, Inc. The following is a summary of the more significant policies:

**Basis of presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Southernmost Homeless Assistance League, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Southernmost Homeless Assistance League, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Southernmost Homeless Assistance League, Inc. Generally, the donors of these assets permit the Southernmost Homeless Assistance League, Inc. to use all or part of the income earned on any related investments for specific purposes.



SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies - (Cont.)

Support, Revenues and Expenses

Contributions received and unconditional promises to give are measured at their fair market values and are reported as increases in net assets. Southernmost Homeless Assistance League, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Southernmost Homeless Assistance League, Inc. reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of Long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived-assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained. Southernmost Homeless Assistance League, Inc. reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services, Goods and Facilities

A number of unpaid volunteers have made significant contributions of their time to the Southernmost Homeless Assistance League, Inc's programs to reduce the number of homeless individuals. These financial statements do not reflect these In-Kind donations.

Program Income

Program income represents aggregate income earned by SHAL from administering federal, state and local awards programs and foundation grants. Such earnings exclude interest earned on advances, if any. SHAL adds the earnings from all awards programs, if any, to funds committed to the program to be used to further eligible program objectives and/or finance the local matching share of the program. Program income not used during the current period is deferred to future periods as refundable advance.

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies - (Cont.)

Donated Materials and Services

Donated materials are valued at their estimated fair value at the time of donation. Volunteer services are recorded at fair market values consistent with those amounts which would be paid to third parties or salaried personnel for similar services. Services donated by other organizations are valued at the employees' regular rate of pay.

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense as the benefits accrue to employees and a fund liability of the respective fund that will pay it. These accrued benefits are expected to be liquidated with expendable available financial resources during the course of operations.

Refundable Advances

Refundable advances represent grants received in the current or prior years which are restricted for specific purposes or to support the activities of subsequent years. Revenue is recognized only to the extent that related expenses have been incurred.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consists of cash held in checking accounts. Management believes that the Southernmost Homeless Assistance League, Inc. is not exposed to any significant credit risk with its checking account.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Southernmost Homeless Assistance League, Inc. to concentrations of credit and market risk consist primarily of cash equivalents and uncollateralized accounts receivable. Cash equivalents are maintained at high-quality financial institutions within insurer limits and credit exposure is limited to two institutions. Southernmost Homeless Assistance League, Inc. has not experienced any losses on its cash equivalents. Grants receivable are primarily due from government agencies and are deemed fully collectible.

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

(1) **Summary of Significant Accounting Policies - (Cont.)**

**Receivables**

Receivables are presented on the statement of financial position net of an allowance for doubtful accounts based on Southernmost Homeless Assistance League, Inc.'s assessment of collectability. As of June 30, 2016 and 2015, Southernmost Homeless Assistance League, Inc. considered all receivables to be collectible and no allowances have been recorded.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been detailed on a functional basis in the statements of functional expenses and summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the activities benefited. Salaries and other expenses, which are associated with a specific program, are charged directly to that program. Salaries and other expenses, which benefit more than one program, are allocated to the various programs based on the relative benefit provided. Administrative and general expenses are allocated to the various programs based on the staff's time devoted to each function.

**Income Tax Status**

The Southernmost Homeless Assistance League, Inc. is a nonprofit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Southernmost Homeless Assistance League, Inc. has also been classified as an entity that is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(vi). The Southernmost Homeless Assistance League, Inc. has no excise or unrelated business income taxes in the years ended June 30, 2016 and 2015.

**Long-Lived Assets**

SHAL reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements. Acquisitions over \$500 are capitalized unless considered repairs for existing long lived assets.

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies - (Cont.)

Contingencies

Financial awards from federal, state and local government entities in the form of grants are subject to audit by the respective governmental agencies. The possible disallowance by the governmental agencies of any item charged to the program or request for the return of any unexpended funds cannot be determined at this time. Accordingly, no provision for any liability that may result has been made in the financial statements.

Economic Dependence

SHAL provides its program services with funds primarily received from federal, state and local governments. A significant reduction in the level of this funding, if this were to occur, may have an adverse effect on SHAL's programs and activities.

Fair Values of Financial Instruments

The following methods and assumptions were used by the Southernmost Homeless Assistance League, Inc. in estimating the fair value disclosures for financial instruments:

*Cash and cash equivalents, grants receivable and payables* - The carrying amounts reported in the statements of financial position approximate fair values due to relatively short maturities of these instruments.

(2) Cash and Cash Equivalents

Custodial credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Southernmost Homeless Assistance League, Inc.'s deposits may not be returned.

Deposits

Southernmost Homeless Assistance League, Inc. maintains cash deposits at financial institutions located in Key West, Florida consisting of checking accounts. Balances at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2016 and 2015, Southernmost Homeless Assistance League, Inc.'s uninsured balances for cash deposits totaled \$0, respectively.

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

Notes to the Financial Statements

June 30, 2016 and 2015

(3) **Receivables**

**Grants Receivable**

Outstanding balances for grant providers are as follows:

	<u>2016</u>	<u>2015</u>
Board of County Commissioners	\$ 6,307	\$ -
	<u>          </u>	<u>          </u>
	\$ <u>6,307</u>	\$ <u>-</u>

(4) **Property and Equipment**

Property and equipment are comprised of the following at June 30, 2016 and 2015:

Mobile outreach vehicle	\$ -
Office equipment	<u>-</u>
	-
Accumulated depreciation	<u>-</u>
	\$ <u>-</u>

Depreciation expense amounted to \$0 for 2016 and 2015.

(5) **Accounts Payable**

Accounts payable as of June 30, 2016 and 2015 consisted of amounts due to various vendors of \$3,129 and \$5,377, respectively.

(6) **Support from the State of Florida**

For the years ended June 30, 2016 and 2015, the Southernmost Homeless Assistance League, Inc. received a portion of its revenues as further described below.

**Emergency Shelter Grant Agreement**

The State of Florida - Department of Children and Families awarded the Southernmost Homeless Assistance League Inc. in 2016 and 2015 \$0 and \$19,093, respectively, to provide emergency shelter to homeless individuals in Monroe County, Florida. The annual grant term(s) began October 1, 2015 with an expiration date of September 30, 2015 or upon completion of the project.

## **SUPPLEMENTAL INFORMATION**

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2016

	Program Services	Management and General	Totals
<b>Personnel Expenses:</b>			
Salaries and wages	\$ 276,451	\$ 63,052	\$ 339,503
Employee benefits and taxes	33,230	9,861	43,091
<b>Total Salaries and related expenses</b>	309,681	72,913	382,594
<b>Direct Expenses:</b>			
Accounting and audits	2,310	1,890	4,200
Subcontracted services	3,998	-	3,998
Dues and subscriptions	1,179	1,179	2,358
Insurance	3,308	740	4,048
Occupancy/facilities/bedding	-	10,206	10,206
Office expense and supplies	25,457	1,498	26,955
Staff development	407	-	407
Telephone	5,911	-	5,911
Vehicle expenses	-	-	-
Program expenses	46,969	-	46,969
Depreciation	-	-	-
Other	10,000	-	10,000
<b>Total Expenses</b>	<b>\$ 409,220</b>	<b>\$ 88,426</b>	<b>\$ 497,646</b>

See accompanying notes to financial statements

SOUTHERNMOST HOMELESS ASSISTANCE LEAGUE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

	Program Services	Management and General	Totals
<b>Personnel Expenses:</b>			
Salaries and wages	\$ 278,563	\$ 63,532	\$342,095
Employee benefits and taxes	23,277	6,907	30,184
<b>Total Salaries and related expenses</b>	301,840	70,439	372,279
<b>Direct Expenses:</b>			
Accounting and audits	6,260	5,154	11,414
Subcontracted services	17,000	-	17,000
Dues and subscriptions	-	2,768	2,768
Insurance	27,689	7,834	35,523
Occupancy/facilities/bedding	22,263	4,254	26,517
Office expense, supplies and other	24,663	1,452	26,115
Staff development	480	-	480
Telephone	6,859	-	6,859
Program expenses	61,684	-	61,684
Depreciation	-	-	-
Vehicle expenses	5,144	-	5,144
<b>Total Expenses</b>	<u>\$ 473,882</u>	<u>\$ 91,901</u>	<u>\$565,783</u>

See accompanying notes to financial statements



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INDEPENDENT AUDITORS' 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

Board of Directors  
Southernmost Homeless Assistance League, 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 Southernmost Homeless Assistance League (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southernmost Homeless Assistance League'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 Southernmost Homeless Assistance League's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Southernmost Homeless Assistance League'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 Southernmost Homeless Assistance League'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.

*Smith, Burgin & Associates, LLC.*

September 9, 2016