Orchard Place and Orchard Place Foundation
Des Moines, Iowa

CONSOLIDATED FINANCIAL REPORT

June 30, 2015

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DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Orchard Place and Orchard Place Foundation
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Orchard Place and Orchard Place Foundation, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Orchard Place and Orchard Place Foundation as of June 30, 2015, 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 basic consolidated financial statements as a whole. The supplementary information, including the accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 September 1, 2015 on our consideration of Orchard Place and Orchard Place Foundation'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 Orchard Place and Orchard Place Foundation's internal control over financial reporting and compliance.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 1, 2015

ORCHARD PLACE AND ORCHARD PLACE FOUNDATION

Consolidated Statement of Financial Position

June 30, 2015

Assets	
Current assets:	
Cash	$ 7,983,693
Receivables:	
Patient and contract receivables, net of allowance for contractual adjustments and uncollectibles of $607,000	2,141,167
Contributions receivable	2,406
Total receivables	2,143,573
Prepaid expenses and inventories	69,341
Total current assets	10,196,607
Interest in the net assets of the Community Foundation of Greater Des Moines	5,621,877
Property and equipment:	
Land and land improvements	1,774,882
Buildings	11,962,437
Equipment and furniture	1,565,013
Computer hardware and software	753,998
Vehicles	210,460
Construction in progress	4,491
Total property and equipment	16,271,281
Accumulated depreciation and amortization	9,366,069
Net property and equipment	6,905,212
Beneficial interest in assets held by the Community Foundation of Greater Des Moines	106,948
Cash surrender value of life insurance	829
Assets held in trust by others	18,000
Total assets	$ 22,849,473
Liabilities and Net Assets	
Current liabilities:	
Line of credit	$ —
Current maturities of capital lease obligations	14,418
Accounts payable and accrued expenses	1,666,380
Gift annuity liabilities	9,576
Total current liabilities	1,690,374
Noncurrent liabilities	—
Total liabilities	1,690,374
Net assets:	
Unrestricted, including $6,890,794 net investment in plant	19,469,896
Temporarily restricted	989,077
Permanently restricted	700,126
Total net assets	21,159,099
Commitments and contingencies	—
Total liabilities and net assets	$ 22,849,473

See accompanying notes to the consolidated financial statements.

ORCHARD PLACE AND ORCHARD PLACE FOUNDATION

Consolidated Statement of Activities

Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenue and support:				
Net patient service revenue, contracts and grants	$ 21,298,401	$ —	$ —	$ 21,298,401
Public support	1,140,644	—	—	1,140,644
Contributions, memorials, and fundraisers, net	129,434	604,246	56,546	790,226
Other revenue	213,444	—	—	213,444
Total operating revenue and support	22,781,923	604,246	56,546	23,442,715
Net assets released from restrictions - satisfaction of program and time restrictions	489,418	(489,418)	—	—
Total operating revenue, support and net asset transfers	23,271,341	114,828	56,546	23,442,715
Operating expenses:				
Program services:				
Orchard Place Campus	7,959,180	—	—	7,959,180
PACE Juvenile Center	2,895,135	—	—	2,895,135
Child Guidance Center	8,040,066	—	—	8,040,066
Integrated Health Program	1,359,786	—	—	1,359,786
Total program services	20,254,167	—	—	20,254,167
Administrative services	1,775,643	—	—	1,775,643
Fundraising and marketing	585,282	—	—	585,282
Total operating expenses	22,615,092	—	—	22,615,092
Change in net assets from operating activities	656,249	114,828	56,546	827,623
Nonoperating activities:				
Investment income, net				
Interest and dividends	95,108	22,345	—	117,453
Realized gains (losses)	101,544	23,708	—	125,252
Unrealized gains (losses)	(89,016)	(20,561)	—	(109,577)
Investment expenses	(23,613)	(28)	—	(23,641)
Total investment income, net	84,023	25,464	—	109,487
Change in the value of split interest agreements	(2,406)	—	—	(2,406)
Other nonoperating income, net	17,255	—	—	17,255
Net assets released from restrictions - property and equipment	306,882	(306,882)	—	—
Change in net assets from nonoperating activities	405,754	(281,418)	—	124,336
Change in net assets	1,062,003	(166,590)	56,546	951,959
Net assets at beginning of year	18,407,893	1,155,667	643,580	20,207,140
Net assets at end of year	$ 19,469,896	$ 989,077	$ 700,126	$ 21,159,099

See accompanying notes to the consolidated financial statements.

ORCHARD PLACE AND ORCHARD PLACE FOUNDATION

Consolidated Statement of Functional Expenses

Year ended June 30, 2015

	Orchard Place Campus	PACE Juvenile Center	Child Guidance Center	Integrated Health Program	Administrative Services	Fundraising and Marketing	Total Expenses
Salaries	$ 5,325,787	$ 1,965,823	$ 5,402,285	$ 997,523	$ 1,118,913	$ 363,885	$ 15,174,216
Employee benefits	701,206	334,161	765,843	143,149	136,376	38,281	2,119,016
Payroll taxes and insurance	435,975	161,763	440,958	80,809	89,075	29,796	1,238,376
Total payroll expenses	6,462,968	2,461,747	6,609,086	1,221,481	1,344,364	431,962	18,531,608
Accreditation	193	150	—	—	7,220	—	7,563
Bad debt expense	79,060	24,065	59,999	—	—	—	163,124
Building/grounds maint. and supplies	135,226	11,516	46,448	1,039	1,089	—	195,318
Business meetings	85	85	1,840	693	2,223	1,016	5,942
Child care incentives and stipends	—	—	206,389	—	—	—	206,389
Cleaning	47,266	21,500	20,592	4,250	—	—	93,608
Client expenses	24,249	2,471	327	17,418	—	12,179	56,644
Conference hosting	—	—	80,030	—	—	—	80,030
Contracted services-other agencies	2,520	583	—		—	—	3,103
Contracted trainings	—	—	182,138	—	—	—	182,138
Copier contracts	4,976	1,193	7,802	2,296	1,566	4,112	21,945
Depreciation and amortization	202,318	89,696	45,816	—	61,001	423	399,254
Educational assistance	—	—	—	—	9,000	—	9,000
Equipment maintenance	51,724	19,224	19,817	30	275	—	91,070
Food	314,348	7,132	2,963	283	379	—	325,105
General insurance	64,678	18,926	46,635	10,040	9,288	1,757	151,324
Information technology	5,386	28,917	19,518	4,366	108,600	17,965	184,752
Interest	—	—	—	—	1,703	—	1,703
Marketing, advertising, printing	11,508	12,450	63,048	1,836	13,061	28,447	130,350
Miscellaneous	2,762	419	1,831	30	553	14	5,609
Office supplies/postage	18,140	6,128	39,191	3,369	12,804	6,534	86,166
Other fundraising expenses	—	—	—	—	—	12,628	12,628
Planned giving expenses	—	—	—	—	—	13,527	13,527
Professional fees/contract labor	263,427	35,102	184,436	7,984	57,034	35,100	583,083
Professional licensure fees	3,006	1,177	10,349	—	100	—	14,632
Recreation	20,271	7,396	—	—	—	—	27,667
Recruiting	22,830	6,433	10,672	2,714	22,102	1,335	66,086
Rent, security, and equipment	8,324	2,288	49,687	30,000	85,779	12,000	188,078
Staff development and recognition	15,552	8,083	60,314	5,435	8,090	1,242	98,716
Subscriptions, memberships, dues	374	251	1,621	2,754	9,519	1,200	15,719
Telephone	8,780	8,498	27,095	16,547	8,258	867	70,045
Therapy and program supplies	17,808	12,086	81,476	655	—	—	112,025
Transportation and travel	16,297	68,000	122,855	22,316	11,635	2,974	244,077
Utilities	155,104	39,619	38,091	4,250	—	—	237,064
Total operating expenses	$ 7,959,180	$ 2,895,135	$ 8,040,066	$ 1,359,786	$ 1,775,643	$ 585,282	$ 22,615,092

See accompanying notes to the consolidated financial statements.

ORCHARD PLACE AND ORCHARD PLACE FOUNDATION

Consolidated Statement of Cash Flows

Year ended June 30, 2015

Cash flows from operating activities:	
Change in net assets	$ 951,959
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	399,254
Gain on sale of property and equipment	(1,700)
Change in assets held by Community Foundation of Greater Des Moines, net of transfers and distributions	(112,359)
Change in the value of cash surrender value of life insurance	(829)
Change in:	
Patient and contracts receivables, net	1,463,143
Contributions receivable, net	3,133
Other receivables	8,505
Prepaid expenses and inventories	(9,620)
Accounts payable, accrued expenses, and gift annuity liabilities	160,122
Net cash provided by operating activities	2,861,608
Cash flows from investing activities:	
Purchase of property and equipment	(395,699)
Proceeds from sales of property and equipment	1,700
Distributions received from Community Foundation of Greater Des Moines	659,593
Net assets transferred to Community Foundation of Greater Des Moines	(28,470)
Net cash provided by investing activities	237,124
Cash flows from financing activities:	
Net payments on line of credit	—
Payments on capital lease agreements	(18,085)
Net cash used in financing activities	(18,085)
Net increase in cash	3,080,647
Cash at beginning of year	4,903,046
Cash at end of year	$ 7,983,693
Supplemental schedule of cash flow information:	
Cash paid for interest	$ 1,703
Non cash contributions - stock gifts	$ 1,116

See accompanying notes to the consolidated financial statements.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The consolidated financial statements include Orchard Place (the Organization) and Orchard Place Foundation (the Foundation), both private non-profit organizations organized under the laws of the State of Iowa. The Organization was founded in 1886 and is accredited through The Joint Commission. It provides a continuum of services to children with mental and behavioral health issues through its four divisions:

- Orchard Place Campus: This division provides 24-hour inpatient care to children needing intensive treatment related to a mental illness, and it is licensed as a Psychiatric Medical Institute for Children. It offers an individualized treatment program including individual and family psychotherapy, social skills building, and life skills training.
- PACE Juvenile Center: This division is community-based, providing skill building services for a diverse population of youth and families struggling with mental health and substance abuse issues. PACE works to enhance the services of mental health professionals, educators and Juvenile Court/Department of Human Services by collaborating with these providers and families to alleviate behavioral issues and promote accountability.
- Child Guidance Center: This division promotes community mental health through multiple professional services to children and their families and to those persons and organizations influential in the emotional development and well being of children. It is licensed as a Community Mental Health Center. Outpatient services are provided by a multi-disciplined staff in the fields of child psychiatry, clinical psychology, clinical social work, nursing, and child development. Child care resource and referral services are also offered.
- Integrated Health Program: This division was formed in May 2013 to provide services as a children's integrated health home. Teams of staff including nurse care managers, care coordinators, and family peer support specialists work with clients that have a severe emotional disturbance to coordinate mental health, medical services, and social services for the client.

The Foundation exists primarily for the benefit of the Organization in carrying out its charitable purposes through the receipt and management of gifts, grants and special events revenue.

The Organization and the Foundation are exempt from income taxes under Section 501(a) of the Internal Revenue Code as nonprofit corporations as described in Section 501(c)(3). All significant intercompany transactions between the Organization and the Foundation have been eliminated.

The Organization and the Foundation have adopted the authoritative guidance issued by the Financial Accounting Standards Board on accounting for uncertainty in income taxes. Management believes it has no material uncertain tax positions and, accordingly, no income tax effects are recognized. The Organization and the Foundation's remaining open years subject to tax examination include the years ended June 30, 2012 through 2015.

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.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

Net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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 that are subject to donor-imposed stipulations that may or will be met either by the actions of the Organization and/or the passage of time; and
- *Permanently restricted net assets* – net assets that are subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. When a 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 consolidated statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Donated Services

The value of donated services is not recognized in the accompanying consolidated financial statements because no objective basis is available to measure the value of such services. It should be noted that a number of volunteers donated time to fundraising and mentoring services.

Assets Held at the Community Foundation of Greater Des Moines

Assets held at the Community Foundation of Greater Des Moines are carried at fair value, with gains and losses resulting from market fluctuations recognized in the period in which the fluctuations occur. Investment income is reported as an increase or decrease in unrestricted net assets, unless the use of the assets is restricted by the donor.

Endowments

The Foundation's endowments, which are included in assets held at the Community Foundation of Greater Des Moines in the consolidated financial statements, consist of six donor-restricted individual funds established for a variety of purposes. The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the Foundation and the Organization and the donor-restricted endowment fund; (3) general economic conditions; (4) the expected total return from income and appreciation of investments; (5) other resources of the Foundation and the Organization; and (6) the investment policies of the Foundation.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if received by gift, are carried at fair value on the date received. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements.

Gifts of long-lived assets such as land, buildings, or equipment 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 those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Assets Held in Trust by Others

Assets held in trust by others are carried at fair value and include $18,000 in a charitable remainder trust. Changes in value resulting from market fluctuations and earnings or losses are recognized in the period in which the changes occur, in the net asset class stipulated by the donor.

Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, if determinable, and adjusted in future periods as final settlements are determined.

NOTE 2 BUSINESS AND CREDIT CONCENTRATIONS

The Organization provides services in the central Iowa area and received approximately $17,315,000 from the Department of Human Services (the Department) during the year ended June 30, 2015. Services provided are primarily through per diem and purchase of service agreements. At June 30, 2015, the Organization had accounts receivable from the Department of approximately $1,500,000. Future agreements with the Department are generally dependent upon appropriations by the state legislature.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2015 consisted of unconditional promises expected to be collected in less than one year of $2.406.

NOTE 4 ASSETS HELD AT THE COMMUNITY FOUNDATION OF GREATER DES MOINES

In 2007, the Foundation transferred assets to the Community Foundation of Greater Des Moines (the Community Foundation), specifying itself as beneficiary, under two types of agreements.

Amounts reported in the consolidated statement of financial position as interest in the net assets of the Community Foundation of Greater Des Moines represent the net cumulative transfers by the Foundation to the Community Foundation, as well as earnings net of disbursements. Distributions are to be made in accordance with the "spending formula" adopted by the Community Foundation's Board of Directors, currently 5% of the fund balance as of December 31st of the previous year. Distributions in excess of net income may be made in order to make a distribution in accordance with the spending formula. The Foundation may request distributions of net income in excess of the spending formula distributions, administrative fees and direct expenses. The Community Foundation's Board of Directors shall make additional distributions in excess of amounts determined under the spending formula, up to 100% of the fund, pursuant to requests by the Foundation. The Community Foundation has been granted variance power over the assets, if the Foundation ceases to be a qualified charitable organization or proposes to dissolve.

Amounts reported in the consolidated statement of financial position as beneficial interest in assets held by the Community Foundation of Greater Des Moines represent the net cumulative transfers by the Foundation to the Community Foundation, as well as earnings net of disbursements. These funds were established under the Endow Iowa provisions of the Code of Iowa. Distributions of up to but not exceeding 5% of the fund balance as of December 31st of the previous year may be made each year. Net income in excess of the distributions, administrative fees and direct expenses will be added to the fund principal. The Community Foundation has been granted variance power over the assets, if the Foundation ceases to be a qualified charitable organization or proposes to dissolve.

The assets transferred to the Community Foundation are invested in a pooled endowment at the direction of the Community Foundation's Investment Committee. The investment allocation at June 30, 2015 was as follows:

United States equity	31.1%
Non-United States equity	26.1
United States fixed income	9.4
Non-United States fixed income	4.5
Cash composite	.7
Hedge funds	16.9
Real assets	7.1
Private equity	4.2
Total	100.0%

NOTE 5 FAIR VALUE MEASUREMENTS

The Foundation accounts for its assets held at the Community Foundation of Greater Des Moines, assets held in trust by others, and cash surrender value of life insurance at fair value. Fair value is defined as 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 in its principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. These levels are as follows:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques. The fair value of the investment is based on a combination of audited financial statements of the investees and monthly or quarterly statements received from investees.

Assets held by the Community Foundation of Greater Des Moines consist of pooled funds invested at the Community Foundation. The Foundation holds a share of the pooled funds and not direct ownership of the underlying investments. Although the pooled funds, as noted in the previous table, include equity, fixed income, and other marketable securities, the pool itself is not a publicly traded instrument. Management estimates the fair value of its pooled funds at the balance sheet date based on its relative ownership investment in the pool.

The following table presents the Foundation's investments measured at fair value as of June 30, 2015:

Description	Total	Level 1	Level 2	Level 3
Interest in the net assets of the Community Foundation of Greater Des Moines	$5,621,877	–	–	$5,621,877
Beneficial interest in assets held by the Community Foundation of Greater Des Moines	106,948	–	–	106,948
Cash surrender value of life insurance	829	–	–	829
Assets held in trust by others	18,000	–	–	18,000
Totals	$5,747,654	$ –	$ –	$5,747,654

NOTE 5 FAIR VALUE MEASUREMENTS (continued)

The following table provides a summary of changes in fair value of the Foundation's Level 3 funds for the year ended June 30, 2015:

Balance at beginning of year	$ 6,265,589
Pooled funds:	
Interest and dividends	117,453
Realized gains (losses)	125,252
Unrealized gains (losses)	(110,406)
Investment expenses	(19,940)
Contributions	28,470
Distributions	(659,593)
	(518,764)
Other:	
Change in value – assets held in trust by others	–
Change in value – cash surrender value of life insurance	829
	829
Balance at end of year	$5,747,654

NOTE 6 ENDOWMENTS

Endowment funds of $920,215 are included in assets held by the Community Foundation of Greater Des Moines and $28,076 in cash. The change in endowment net assets was as follows for the year ended June 30, 2015:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Balance at beginning of year	$ (1,027)	$ 273,637	$ 643,580	$ 916,190
Investment return:				
Investment income	388	17,943	–	18,331
Investment expenses	–	(28)	–	(28)
Net appreciation (realized and unrealized)	65	3,231	–	3,296
Total investment return	453	21,146	–	21,599
Contributions	–	–	56,546	56,546
Expenditures	(985)	(45,059)	–	(46,044)
Balance at end of year	$ (1,559)	$ 249,724	$ 700,126	$ 948,291

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $1,559 at June 30, 2015. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

NOTE 7 LINE OF CREDIT

At June 30, 2015, the Organization had a $1 million line of credit with Bankers Trust Company (the Bank), maturing November 24, 2015. Interest is payable monthly at the three month London Interbank Offered Rate (LIBOR) plus 2.75 percent, which totaled 3.03 percent at June 30, 2015. The Organization had no borrowings outstanding under this line of credit at June 30, 2015.

The line of credit is guaranteed by the Foundation. The guarantee is unsecured; however, the Foundation is not allowed to pledge or encumber any of its assets except as disclosed and consented to by the Bank. The debt is secured by a first security interest in all the Organization's assets including but not limited to accounts receivable, inventory, equipment, machinery, and general intangibles. The line of credit agreement contains a number of covenants regarding operations of the Organization. The Organization is in substantial compliance with those covenants at June 30, 2015.

NOTE 8 OBLIGATIONS UNDER CAPITAL LEASES

The Organization leases copy machines under a master capital lease agreement. The obligation under this capital lease has been recorded in the accompanying consolidated financial statements at the present value of future minimum payments discounted at the interest rate implicit in the lease of 7.0 percent. The aggregate requirement on the obligation under capital lease for the year ended June 30, 2015 is $14,843. This amount includes interest totaling $425, resulting in a net principal balance outstanding of $14,418. Future minimum rental payments under this capital lease are as follows: 2016: $14,418.

Assets under capital leases totaled $83,278 at June 30, 2015 and are included in "Equipment and furniture" on the consolidated statement of financial position. Accumulated amortization on the leased equipment was $70,786 at June 30, 2015. The amount included for amortization of leased equipment financed by the above lease for the year ended June 30, 2015 was $16,656. The related interest expense for the year ended June 30, 2015 was $1,703.

NOTE 9 NET ASSETS

Temporarily restricted net assets are restricted to the following purposes at June 30, 2015:

Aliber House	$ 154,995
Educational activities	80,528
Charitable remainder trust	18,000
Capital improvements	142,734
Child Guidance Center general support	120,869
Orchard Place Campus general support	47,365
PACE Juvenile Center general support	34,795
Recreational and summer programming	159,727
Hansell scholarship fund	65,825
Club Chris greenhouse	10,725
Other programs	153,514
Total temporarily restricted net assets	$ 989,077

NOTE 9 NET ASSETS (continued)

Permanently restricted net assets are restricted to the following purposes at June 30, 2015:

Educational activities	$ 283,770
Aliber House	241,026
Sexual abuse survivors' programming	10,800
Cultural enrichment activities	40,000
Orchard Place Campus direct care	28,076
General support	96,454
Total permanently restricted net assets	$ 700,126

NOTE 10 RETIREMENT PLANS

The Organization participates in a multiemployer defined benefit plan sponsored by the United Way of Central Iowa. The plan provides defined benefits to all employees age 21 or older with one year of service in which the employee is credited with at least 1,000 hours of service. Effective December 31, 2008, the Organization elected to freeze plan benefits for all existing participants and to discontinue the admittance of new participants. Amounts charged to pension cost and contributed to the plan totaled $551,914 for the year ended June 30, 2015.

The Organization participates in a defined contribution retirement plan sponsored by the United Way of Central Iowa. Eligible employees are allowed to make contributions of pre-tax and after-tax compensation into the plan. The Organization may make matching and/or discretionary contributions, subject to certain restrictions. During the year ended June 30, 2015, the Organization made contributions to the plan totaling $176,193.

NOTE 11 RENT EXPENSE

Effective July 1, 2004, the Child Guidance Center division of the Organization occupies a building in Des Moines, Iowa situated on land leased through a long-term ground lease ending April 30, 2058. Payments are based on 6 percent of the appraised value of the land adjusted at various points during the term of the lease and are payable monthly. Rent expense under this lease agreement was $23,580 for the year ended June 30, 2015. Future minimum rental payments under this ground lease based on the current appraised value of the land total are as follows: 2016: $23,580; 2017: $23,580; 2018: $23,580; 2019: $23,580; 2020: $23,580 and later years: $892,110.

Effective July 1, 2009, the Organization is leasing office space in Des Moines, Iowa for its administrative offices. The original five-year lease term ended on June 30, 2014, and the lease has been extended for its second year through June 30, 2016. Rent expense under this lease agreement was $76,790 for the year ended June 30, 2015. Future minimum rental payments under this office lease are as follows: 2016: $76,790.

NOTE 12 MALPRACTICE CLAIMS

The Organization is insured for protection against liability claims resulting from professional services provided or which should have been provided. Umbrella coverage limits are $2,000,000 per occurrence and $2,000,000 in the aggregate, with underlying professional liability coverage of $1,000,000 per claim and $3,000,000 in the aggregate.

Presently no claims alleging malpractice have been asserted against the Organization. However, incidents occurring through June 30, 2015 may result in the assertion of claims. Other claims may be asserted arising from services provided to patients in the past. Management is unable to estimate the ultimate cost, if any, of the resolution of such potential claims and, accordingly, no accrual has been made for them; however, management believes that these claims, if asserted, would be settled within the limits of insurance coverage.

NOTE 13 SUBSEQUENT EVENTS

The Organization and the Foundation have evaluated subsequent events through September 1, 2015, the date which the consolidated financial statements were available to be issued. There were no subsequent events requiring accrual or disclosure.

Schedule 1

ORCHARD PLACE AND ORCHARD PLACE FOUNDATION

Consolidating Statement of Financial Position

June 30, 2015

Assets	Orchard Place	Orchard Place Foundation	Eliminations	Total
Current assets:				
Cash	$ 7,732,294	$ 251,399	$ —	$ 7,983,693
Receivables:				
Patient and contract receivables, net	2,141,167	—	—	2,141,167
Contributions receivable	—	2,406	—	2,406
Other receivables	80,041	—	(80,041) (1)	—
Total receivables	2,221,208	2,406	(80,041)	2,143,573
Prepaid expenses and inventories	63,692	5,649	—	69,341
Total current assets	10,017,194	259,454	(80,041)	10,196,607
Interest in the net assets of the Community Foundation of Greater Des Moines	—	5,621,877	—	5,621,877
Property and equipment:				
Land and land improvements	1,774,882	—	—	1,774,882
Buildings	11,962,437	—	—	11,962,437
Equipment and furniture	1,565,013	—	—	1,565,013
Computer hardware and software	727,473	26,525	—	753,998
Vehicles	210,460	—	—	210,460
Construction in progress	4,491	—	—	4,491
Total property and equipment	16,244,756	26,525	—	16,271,281
Accumulated depreciation and amortization	9,339,950	26,119	—	9,366,069
Net property and equipment	6,904,806	406	—	6,905,212
Beneficial interest in assets held by the Community Foundation of Greater Des Moines	—	106,948	—	106,948
Cash surrender value of life insurance	—	829	—	829
Assets held in trust by others	—	18,000	—	18,000
Total assets	$ 16,922,000	$ 6,007,514	$ (80,041)	$ 22,849,473
Liabilities and Net Assets				
Current liabilities:				
Line of credit	$ —	$ —	$ —	$ —
Current maturities of capital lease obligations	14,418	—	—	14,418
Accounts payable and accrued expenses	1,663,192	83,229	(80,041) (1)	1,666,380
Gift annuity liabilities	—	9,576	—	9,576
Total current liabilities	1,677,610	92,805	(80,041)	1,690,374
Noncurrent liabilities	—	—	—	—
Total liabilities	1,677,610	92,805	(80,041)	1,690,374
Net assets:				
Unrestricted	15,244,390	4,225,506	—	19,469,896
Temporarily restricted	—	989,077	—	989,077
Permanently restricted	—	700,126	—	700,126
Total net assets	15,244,390	5,914,709	—	21,159,099
Commitments and contingencies				
Total liabilities and net assets	$ 16,922,000	$ 6,007,514	$ (80,041)	$ 22,849,473

Eliminating entries:

(1) To eliminate the intercompany payable and receivable balance

See accompanying notes to the consolidated financial statements.

ORCHARD PLACE AND ORCHARD PLACE FOUNDATION

Consolidating Statement of Activities

Year ended June 30, 2015

	Unrestricted				Temporarily Restricted				Permanently Restricted	
	Orchard Place	Orchard Place Foundation	Eliminating Entries	Total Unrestricted	Orchard Place	Orchard Place Foundation	Eliminating Entries	Total Temporarily Restricted	Orchard Place Foundation	Total
Operating revenue and support:										
Net patient service revenue, contracts and grants	$ 21,298,401	$ —	$ —	$ 21,298,401	$ —	$ —	$ —	$ —	$ —	$ 21,298,401
Public support	1,140,644	—	—	1,140,644	—	—	—	—	—	1,140,644
Contributions, memorials, and fundraisers, net	—	129,434	—	129,434	466,404	604,246	(466,404) (1)	604,246	56,546	790,226
Other revenue	213,444	—	—	213,444	—	—	—	—	—	213,444
Total operating revenue and support	22,652,489	129,434	—	22,781,923	466,404	604,246	(466,404)	604,246	56,546	23,442,715
Net assets released from restrictions - satisfaction of program and time restrictions	466,404	489,418	(466,404) (1)	489,418	(466,404)	(489,418)	466,404 (1)	(489,418)	—	—
Total operating revenue, support, net asset transfers	23,118,893	618,852	(466,404)	23,271,341	—	114,828	—	114,828	56,546	23,442,715
Operating expenses:										
Program services:										
Orchard Place Campus	7,959,180	—	—	7,959,180	—	—	—	—	—	7,959,180
PACE Juvenile Center	2,895,135	—	—	2,895,135	—	—	—	—	—	2,895,135
Child Guidance Center	8,040,066	—	—	8,040,066	—	—	—	—	—	8,040,066
Integrated Health Program	1,359,786	—	—	1,359,786	—	—	—	—	—	1,359,786
Orchard Place Foundation	—	773,286	(773,286) (1)	—	—	—	—	—	—	—
Total program services	20,254,167	773,286	(773,286)	20,254,167	—	—	—	—	—	20,254,167
Administrative services	1,775,643	—	—	1,775,643	—	—	—	—	—	1,775,643
Fundraising and marketing	—	585,282	—	585,282	—	—	—	—	—	585,282
Total operating expenses	22,029,810	1,358,568	(773,286)	22,615,092	—	—	—	—	—	22,615,092
Change in net assets from operating activities	1,089,083	(739,716)	306,882	656,249	—	114,828	—	114,828	56,546	827,623
Nonoperating activities:										
Contributions from Orchard Place Foundation - restricted for property and equipment	—	—	—	—	306,882	—	(306,882) (1)	—	—	—
Investment income, net	—	84,023	—	84,023	—	25,464	—	25,464	—	109,487
Change in the value of split interest agreements	—	(2,406)	—	(2,406)	—	—	—	—	—	(2,406)
Other nonoperating income, net	17,255	—	—	17,255	—	—	—	—	—	17,255
Net assets released from restrictions - property and equipment	306,882	306,882	(306,882) (1)	306,882	(306,882)	(306,882)	306,882 (1)	(306,882)	—	—
Change in net assets from nonoperating activities	324,137	388,499	(306,882)	405,754	—	(281,418)	—	(281,418)	—	124,336
Change in net assets	1,413,220	(351,217)	—	1,062,003	—	(166,590)	—	(166,590)	56,546	951,959
Net assets at beginning of year	13,831,170	4,576,723	—	18,407,893	—	1,155,667	—	1,155,667	643,580	20,207,140
Net assets at end of year	$ 15,244,390	$ 4,225,506	$ —	$ 19,469,896	$ —	$ 989,077	$ —	$ 989,077	$ 700,126	$ 21,159,099

(1) To eliminate intercompany transfers

See accompanying notes to the consolidated financial statements.

Orchard Place and Orchard Place Foundation
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

Federal grantor/pass-through grantor/ pass through grant description	Federal CFDA number	Federal CFDA name	Federal expenditures
United States Department of Agriculture			
Passed through State of Iowa Department of Education			
National School Breakfast, Lunch and Snack Program	10.553 and 10.555	After School Snack Program, School Breakfast Program, and National School Lunch Program	$ 178,880
Food Distribution Program	10.550	Commodities	3,779
		Total United States Department of Agriculture	182,659
United States Department of Justice			
Passed through Iowa Criminal and Juvenile Justice Planning Division			
Juvenile Accountability Block Grants - Functional Family Therapy	16.523	Juvenile Accountability Block Grants	51,509
Juvenile Justice and Delinquency Prevention - Allocation to the States - Functional Family Therapy	16.540	Juvenile Justice and Delinquency Prevention	2,613
		Total United States Department of Justice	54,122
United States Department of Health and Human Services			
Passed through State of Iowa Department of Human Services			
Child Care Resource and Referral	93.575	Child Care and Development Block Grant	1,089,822
Passed through the Polk County Early Childhood Iowa			
Early Childhood Iowa Grant	93.575	Child Care and Development Block Grant	267,918
Passed through Iowa River Valley Early Childhood Iowa			
Early Childhood Iowa Grant	93.575	Child Care and Development Block Grant	62,462
Passed through Kids First Communities Early Childhood Iowa			
Early Childhood Iowa Grant	93.575	Child Care and Development Block Grant	19,777
Passed through JMP Early Childhood Iowa			
Early Childhood Iowa Grant	93.575	Child Care and Development Block Grant	45,234
Passed through Mahaska Wapello Early Childhood Iowa			
Early Childhood Iowa Grant	93.575	Child Care and Development Block Grant	69,301
Passed through BooSt Together for Children Early Childhood Iowa			
Early Childhood Iowa Grant	93.575	Child Care and Development Block Grant	54,580
Passed through 4 R Kids Early Childhood Iowa			
Early Childhood Iowa Grant	93.575	Child Care and Development Block Grant	4,948
Passed through 4 Counties for Kids Early Childhood Iowa			
Early Childhood Iowa Grant	93.575	Child Care and Development Block Grant	29,192
			1,643,234
Passed through State of Iowa Department of Human Services			
Juvenile Court Services - Diversion	93.558	Temporary Assistance for Needy Families (TANF)	185,539
Passed through State of Iowa Department of Human Services, Division of Mental Health and Developmental Disabilities			
Trauma Informed Care Services	93.958	Block Grants for Community Mental Health Services	161,152
		Total United States Department of Health and Human Services	1,989,925
Total federal expenditures			$ 2,226,706

See Independent Auditor's Report and Note to Schedule of Expenditures of Federal Awards.

Orchard Place and Orchard Place Foundation
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Orchard Place and is presented on the accrual basis of accounting. The Orchard Place Foundation received no federal awards for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

DENMAN
& COMPANY, LLP

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
Orchard Place and Orchard Place Foundation
Des Moines, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Orchard Place and Orchard Place Foundation (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 1, 2015.

Internal Control Over Financial Reporting

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

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.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 1, 2015

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Orchard Place and Orchard Place Foundation
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

We have audited Orchard Place and Orchard Place Foundation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Orchard Place and Orchard Place Foundation's major federal programs for the year ended June 30, 2015. Orchard Place and Orchard Place Foundation'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 Orchard Place and Orchard Place Foundation'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Orchard Place and Orchard Place Foundation'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 Orchard Place and Orchard Place Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Orchard Place and Orchard Place Foundation 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 June 30, 2015.

Internal Control Over Compliance

Management of Orchard Place and Orchard Place Foundation 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 Orchard Place and Orchard Place Foundation'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Orchard Place and Orchard Place Foundation'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
September 1, 2015

Orchard Place and Orchard Place Foundation
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2015

SECTION I–SUMMARY OF AUDITOR'S RESULTS

Financial Statements

(a) Type of auditor's report issued: Unmodified opinion

(b) Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified that is not considered to be material weakness? None reported

(c) Noncompliance material to financial statements noted? No

Federal Awards

(d) Internal control over major programs:

- Material weakness identified? No
- Significant deficiency identified that is not considered to be material weakness? None reported

(e) Type of auditor's report issued on compliance for major programs: Unmodified opinion

(f) Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

(g) Identification of major programs:
CFDA #93.575 – Child Care and Development Block Grant

(h) Dollar threshold used to distinguish between type A and type B programs: $300,000

(i) Auditee qualified as low-risk auditee: Yes

SECTION II–FINANCIAL STATEMENT FINDINGS

No matters regarding significant deficiencies, material weaknesses or instances of noncompliance related to the financial statements were reported.

SECTION III–FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters regarding significant deficiencies, material weaknesses, or instances of noncompliance with federal program requirements, including questioned costs, were reported.