



Financial Statements  
June 30, 2018 and 2017  
**Jannus, Inc.**

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## Independent Auditor's Report

The Board of Directors  
Jannus, Inc.  
Boise, Idaho

### Report on the Financial Statements

We have audited the accompanying financial statements of Jannus, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 organization'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 organization'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 respective financial position of Jannus, Inc., as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

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 is presented for purposes of additional analysis 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*, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2018 on our consideration of Jannus, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jannus, Inc.'s 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 Jannus, Inc.'s internal control over financial reporting and compliance.



Boise, Idaho  
October 25, 2018

Jannus, Inc.  
Statements of Financial Position  
June 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash	\$ 2,871,323	\$ 2,618,951
Grants and contracts receivable	1,325,871	1,125,471
Accounts receivable other	27,592	21,228
Microenterprise loans receivable, net	56,163	67,539
Prepaid expenses	71,907	51,476
Total current assets	4,352,856	3,884,665
Property and Equipment		
Land	447,944	221,433
Buildings and improvements	1,805,197	1,784,169
Furniture, fixtures, and equipment	263,546	240,669
Less accumulated depreciation	(1,141,247)	(1,034,195)
Total property and equipment	1,375,440	1,212,076
Long-Term Assets		
Microenterprise loans receivable, net	118,462	90,227
	\$ 5,846,758	\$ 5,186,968
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 648,945	\$ 584,208
Accrued wages and benefits	547,109	458,522
Deferred revenue	733,543	519,082
Current portion of SBA Microloan Program note payable	15,593	9,111
Current portion of mortgage payable	510,106	22,537
Total current liabilities	2,455,296	1,593,460
Long-Term Liabilities		
SBA Microloan Program note payable, less current portion	154,259	69,852
Mortgage payable, less current portion	165,327	505,433
Total long-term liabilities	319,586	575,285
Total liabilities	2,774,882	2,168,745
Net Assets		
Unrestricted	1,816,182	1,801,552
Temporarily restricted	1,255,694	1,216,671
Total net assets	3,071,876	3,018,223
	\$ 5,846,758	\$ 5,186,968

Jannus, Inc.  
Statement of Activities  
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Grants and contracts	\$ 12,151,800	\$ -	\$ 12,151,800
Fees for service and reimbursements	1,282,556	-	1,282,556
Contributions and donations	27,202	431,775	458,977
Gross special events revenue	19,800	167,177	186,977
Less cost of direct benefit to donors	(20,205)	-	(20,205)
Net special events revenue	(405)	167,177	166,772
In-kind and match contributions	545,191	-	545,191
Dividends and interest	15,615	-	15,615
Net assets released from restrictions for contributions spent in accordance with donor conditions	549,507	(549,507)	-
Net assets released from restrictions for depreciation on building owned with federal interest	10,422	(10,422)	-
<b>Total support and revenues</b>	<b>14,581,888</b>	<b>39,023</b>	<b>14,620,911</b>
<b>Expenditures</b>			
Salaries	4,776,391	-	4,776,391
Benefits	1,234,699	-	1,234,699
<b>Total salaries and benefits</b>	<b>6,011,090</b>	<b>-</b>	<b>6,011,090</b>
Food program provider payments	2,843,708	-	2,843,708
Contracts and consulting	2,181,383	-	2,181,383
Indirect and administrative fees	965,278	-	965,278
Stipends, assistance, and participant support	682,269	-	682,269
Office rental and maintenance	479,858	-	479,858
Travel	224,709	-	224,709
Supplies	209,989	-	209,989
Telephone and utilities	144,198	-	144,198
Staff and volunteer training	128,703	-	128,703
Legal and accounting	108,221	-	108,221
Depreciation	107,052	-	107,052
Meetings and conferences	102,360	-	102,360
Marketing and outreach	97,880	-	97,880
Computer supplies	74,442	-	74,442
Insurance	62,775	-	62,775
Printing	53,968	-	53,968
Property taxes	22,941	-	22,941
Interest	22,048	-	22,048
Postage	21,610	-	21,610
Bad debt expense	15,405	-	15,405
Fundraising	7,371	-	7,371
<b>Total expenditures</b>	<b>14,567,258</b>	<b>-</b>	<b>14,567,258</b>
Change in Net Assets	14,630	39,023	53,653
Net Assets, Beginning of Year	1,801,552	1,216,671	3,018,223
Net Assets, End of Year	<u>\$ 1,816,182</u>	<u>\$ 1,255,694</u>	<u>\$ 3,071,876</u>

Jannus, Inc.  
Statement of Activities  
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Grants and contracts	\$ 13,534,056	\$ -	\$ 13,534,056
Fees for service and reimbursements	1,335,865	-	1,335,865
Contributions and donations	-	384,418	384,418
Gross special events revenue	-	144,810	144,810
Less cost of direct benefit to donors	-	(16,435)	(16,435)
Net special events revenue	-	128,375	128,375
In-kind and match contributions	475,171	-	475,171
Dividends and interest	13,114	-	13,114
Net assets released from restrictions for contributions spent in accordance with donor conditions	317,656	(317,656)	-
Net assets released from restrictions for depreciation on building owned with federal interest	10,422	(10,422)	-
<b>Total support and revenues</b>	<b>15,686,284</b>	<b>184,715</b>	<b>15,870,999</b>
<b>Expenditures</b>			
Salaries	4,676,445	-	4,676,445
Benefits	1,208,031	-	1,208,031
<b>Total salaries and benefits</b>	<b>5,884,476</b>	<b>-</b>	<b>5,884,476</b>
Contracts and consulting	2,543,245	-	2,543,245
Food program provider payments	2,534,004	-	2,534,004
Stipends, assistance, and participant support	1,870,367	-	1,870,367
Indirect and administrative fees	960,518	-	960,518
Office rental and maintenance	439,489	-	439,489
Supplies	215,215	-	215,215
Travel	213,056	-	213,056
Telephone and utilities	124,076	-	124,076
Staff and volunteer training	112,986	-	112,986
Legal and accounting	94,270	-	94,270
Depreciation	89,909	-	89,909
Meetings and conferences	88,246	-	88,246
Printing	64,750	-	64,750
Insurance	58,367	-	58,367
Marketing and outreach	58,307	-	58,307
Computer supplies	50,032	-	50,032
Postage	23,048	-	23,048
Interest	22,986	-	22,986
Property taxes	21,426	-	21,426
Bad debt expense	20,490	-	20,490
Fundraising	7,316	-	7,316
<b>Total expenditures</b>	<b>15,496,579</b>	<b>-</b>	<b>15,496,579</b>
<b>Change in Net Assets</b>	<b>189,705</b>	<b>184,715</b>	<b>374,420</b>
<b>Net Assets, Beginning of Year</b>	<b>1,611,847</b>	<b>1,031,956</b>	<b>2,643,803</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,801,552</b>	<b>\$ 1,216,671</b>	<b>\$ 3,018,223</b>

Jannus, Inc.  
Statements of Cash Flows  
Years Ended June 30, 2018 and 2017

	2018	2017
Operating Activities		
Changes in net assets	\$ 53,653	\$ 374,420
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	107,052	89,909
Donated equipment capitalized	-	(10,900)
Donated building improvements capitalized	-	(3,620)
Changes in operating assets and liabilities		
Grants and contracts receivable	(200,400)	205,392
Accounts receivable other	(6,364)	(12,394)
Prepaid expenses	(20,431)	(11,971)
Accounts payable	64,737	(168,100)
Accrued wages and benefits	88,587	(13,587)
Deferred revenue	214,461	(79,728)
Due to fiduciaries	-	(27,594)
Net Cash from Operating Activities	301,295	341,827
Investing Activities		
Purchase of land	(226,511)	-
Purchase of buildings and improvements	(21,028)	(25,659)
Purchase of furniture, fixtures, and equipment	(22,877)	(137,978)
Microenterprise lending	(132,536)	(179,302)
Microenterprise cash collection	115,677	127,759
Net Cash used for Investing Activities	(287,275)	(215,180)
Financing Activities		
SBA Microloan Program note proceeds	100,000	82,000
SBA Microloan Program note payments	(9,111)	(3,037)
Mortgage proceeds	170,000	-
Mortgage payments	(22,537)	(21,600)
Net Cash from Financing Activities	238,352	57,363
Net Change in Cash	252,372	184,010
Cash, Beginning of Year	2,618,951	2,434,941
Cash, End of Year	\$ 2,871,323	\$ 2,618,951
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 22,048	\$ 22,986



Jannus, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2018

	Community Health	Economic Opportunity	Public Policy	Total Program Services	Administration	Building & Equipment	Total Expenditures
Expenditures							
Salaries	\$ 2,437,709	\$ 1,219,521	\$ 496,789	\$ 4,154,019	\$ 622,372	\$ -	\$ 4,776,391
Benefits	660,402	321,038	105,753	1,087,193	147,506	-	1,234,699
Total salaries and benefits	3,098,111	1,540,559	602,542	5,241,212	769,878	-	6,011,090
Food program provider payments	2,843,708	-	-	2,843,708	-	-	2,843,708
Contracts and consulting	490,198	1,537,211	124,244	2,151,653	29,730	-	2,181,383
Indirect and administrative fees	534,973	329,089	101,216	965,278	-	-	965,278
Stipends, assistance, and participant support	230,562	451,307	400	682,269	-	-	682,269
Office rental and maintenance	173,000	192,941	36,518	402,459	31,880	45,519	479,858
Travel	145,284	27,499	43,445	216,228	8,481	-	224,709
Supplies	113,358	75,525	7,548	196,431	13,558	-	209,989
Telephone and utilities	92,148	22,130	3,218	117,496	5,337	21,365	144,198
Staff and volunteer training	107,707	11,401	220	119,328	9,375	-	128,703
Legal and accounting	4,141	11,722	1,349	17,212	88,863	2,146	108,221
Depreciation	10,422	-	-	10,422	6,973	89,657	107,052
Meetings and conferences	16,612	63,532	18,008	98,152	4,208	-	102,360
Marketing and outreach	50,732	20,100	26,644	97,476	404	-	97,880
Computer supplies	32,975	17,858	12,385	63,218	11,224	-	74,442
Insurance	6,829	10,908	268	18,005	44,770	-	62,775
Printing	22,989	12,410	13,020	48,419	5,549	-	53,968
Property taxes	-	-	-	-	310	22,631	22,941
Interest	-	-	-	-	-	22,048	22,048
Postage	10,018	3,891	2,954	16,863	4,747	-	21,610
Bad debt expense	-	15,405	-	15,405	-	-	15,405
Fundraising	644	1,880	4,847	7,371	-	-	7,371
Total expenditures	<u>\$ 7,984,411</u>	<u>\$ 4,345,368</u>	<u>\$ 998,826</u>	<u>\$ 13,328,605</u>	<u>\$ 1,035,287</u>	<u>\$ 203,366</u>	<u>\$ 14,567,258</u>

See Notes to Financial Statements

## Note 1 - Organization and Program Services

### Organization

Jannus, Inc. (Jannus) is a 501(c)(3) nonprofit corporation, incorporated under the laws of the State of Idaho for the purpose of improving the delivery, accessibility, and quality of health care and social services. Offices are located in Boise, Coeur d'Alene, Rathdrum, Kellogg and Sandpoint, Idaho.

### Mission

Jannus brings people together to change lives with programs that promote community health, advance public policy, and create economic opportunity.

### Community Health

- Mountain States Early Head Start (MSEHS) – Provides comprehensive health, social, and educational services for infants, toddlers, pregnant women, and their families through family-centered and community-based efforts in Kootenai, Bonner and Shoshone Counties in northern Idaho through grants from the U.S. Department of Health and Human Services (USDHHS), Victims of Crime Act (VOCA) and Temporary Assistance to Needy Families (TANF), passed through from the Idaho Head Start Association. Services include home visits, parent/child educational playgroups, and classes such as Circle of Security, Attachment Bio-Behavioral Catchup parenting coaching, CPR, financial literacy, nutrition, and positive child discipline among many others. During the year, MSEHS was funded to serve 153 children. MSEHS also provides assistance in linking families to needed community resources in areas of preventative health care, dental exams, immunizations, nutrition education, and developmental and health screenings. Some highlights of successes are measured with parents completing GED courses, enrolling in college, gaining employment, accomplishing family goals, and becoming a first-time home buyer. Successes for infants and toddlers focus on helping them prepare to succeed in school through developing strong attachments and a secure foundation. The TANF grant ended June 30, 2017.
- Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV) – Funded through USDHHS and passed through the Idaho Department of Health and Welfare (IDH&W), MIECHV is designed to identify and provide comprehensive services to improve outcomes for families who reside in at-risk communities and improve coordination of services for at-risk communities. Using the Early Head Start Home-Based model, MIECHV was funded to serve 15 participants in Shoshone and Kootenai Counties in northern Idaho. Through the MIECHV program, enrolled infants, toddlers, pregnant women, and their families received the same Early Head Start services as provided through the USDHHS and TANF grants. This grant ended October 31, 2016.
- Nutrition Works – Jannus is a sponsoring organization for the Child and Adult Care Food Program in Idaho. This federal program, funded through the U.S. Department of Agriculture and passed through the Idaho Department of Education, has been a part of Jannus since 1996. The program supports child care facilities, family child care and centers with education, nutrition training and stipends to feed over 8,000 children well-balanced, healthy meals and snacks each month, playing an important role in helping to combat rising obesity rates.

- Empower Idaho (formerly the Idaho Office of Consumer and Family Affairs) – Funded through IDH&W, Empower Idaho builds partnerships with mental health advocates, consumers, their families, and providers for the purpose of improving behavioral health service delivery and to promote recovery and resiliency. Empower Idaho coordinates educational activities, both live and in-person, and advocates on behalf of adults with behavioral health conditions and their family members through a variety of outreach activities including participating on numerous stakeholder groups with the purpose of helping to improve the behavioral health delivery system of Idaho.
- Idaho Peer Support Specialist Training (PSST) – Funded through IDH&W, PSST trained individuals who have an actual experience with mental illness and recovery to support the recovery of others. In addition to providing peer support specialist training, PSST delivered agency readiness training for agencies starting and/or sustaining their peer support programs. This contract ended March 31, 2017.
- Projects for Assistance to Transition from Homelessness (PATH) – Funded through IDH&W to provide Certified Peer Specialists across Idaho to offer outreach, guidance, and support to individuals who are homeless or at risk of homelessness and who also have serious mental health and substance abuse issues.
- Idaho Suicide Prevention Hotline (ISPH) – Funded through IDH&W, Idaho Division of Veterans Services, United Way, the J.A. and Kathryn Albertson Foundation, and a variety of corporate, private foundation, and individual donors, ISPH is committed to the prevention of suicide in Idaho. ISPH provides emotional support, risk assessment, crisis intervention, linkages to local services, and follow up for persons with potential suicide risk factors, empowering callers to look at options and make their own decisions. Calls to the Hotline number are answered 24 hours per day, 7 days per week.
- Foster Grandparents of Treasure Valley (FGP) – An intergenerational mentorship program funded through the Corporation for National and Community Service (CNCS), with a minimum of 10 percent direct community support. FGP works with up to 61 limited income seniors who are placed into positions at non-profit educational centers for children who need extra attention, nurturing, or help with academics. During this fiscal year, FGP provided 58,462 hours of service to children in the schools, libraries, head start/early head start centers, boys and girls clubs, and other educational nonprofit locations.
- Retired and Senior Volunteer Program (RSVP) – Served ten counties in southwestern Idaho providing persons 55 years and older opportunities to address critical community needs and enhance their lives through volunteer service. Primarily supported with federal funds through CNCS, RSVP obtained approximately 30 percent of its funding from a variety of community sources. This program ended March 31, 2018.
- Legacy Corps for Veteran and Military Families – Funded through CNCS and passed through the University of Maryland with 50% match funding from a variety of private foundations and individual donors, Legacy Corps is an AmeriCorps program providing support to family caregivers with an emphasis on the specific needs of military families. Highly trained AmeriCorps Members and volunteers provide in-home respite to families, lead nationally-recognized self-care education programs, facilitate caregiver networking and information sessions, and assist in planning the Annual Idaho Family Caregiver Conference. Additional funding was secured in 2018 through the Idaho Commission on Aging.

- Honoring Choices Idaho (HCI) – Funded primarily through the St. Luke’s and Saint Alphonsus Health Systems to promote advance care planning by providing opportunities for conversations in the context of one’s values, empowering individuals to make and document decisions, and helping to ensure health care choices are honored.
- Southwest Idaho Area Health Education Center (AHEC) – Enhances Idaho’s healthcare workforce and community health in rural and under-served areas by partnering with educational institutions and state, regional, and national primary care proponents. Major activities include health careers promotion and recruitment, community-based student education, and professional education and support. AHEC is affiliated with the University of Washington School of Medicine WWAMI Program, a five-state collaboration for medical education which takes its name from the first letter of each of the states who partner together: Washington, Wyoming, Alaska, Montana, and Idaho.

### **Economic Opportunity**

- Idaho Office for Refugees (IOR) – Responsible for administration of the State of Idaho’s refugee resettlement program, overseeing the resettlement of 388 new refugees in Idaho during the fiscal year from eighteen different countries, primarily from the Democratic Republic of Congo, Iraq, Syria, and Afghanistan. IOR receives USDHHS funds from the Federal Office of Refugee Resettlement (ORR). IOR supports interim financial assistance, English language training, employment services, case management, and social adjustment services to assist refugees to become self-supporting and integrate into the United States.
  - English Language Center (ELC) – ELC provides English language instruction for adult refugees to enhance their employability and promote economic self-sufficiency. The ELC also provides cultural orientation classes and employment readiness classes through the WorkStyles program.
  - Services to Elderly Refugees – Funded through ORR, this program links refugees 60 years and older to mainstream senior services and promotes development of capacity within local aging networks to meet the cultural and linguistic needs of older refugees. Direct services include specialized English language classes and assistance with naturalization for those who have been in the United States for five years or longer.
  - Refugee School Impact – Funded through ORR, this program provides funding to three Idaho school districts to provide educational and adjustment services to recently arrived refugee school-age children and youth. The intent is to ease the adjustment of children into the mainstream classroom and provide additional resources for this purpose.
  - Refugee Savings Program – Funded through ORR, this Individual Development Account (IDA) Savings program encourages self-sufficiency through education, training, and saving and provides a match of participant savings on a one to one basis. Participants work toward meeting savings goals for home purchase, small business startups, post-secondary education and training, or vehicles when needed for employment. This grant ended December 31, 2016.

- Global Gardens – Funded primarily through a variety of USDA grants, Global Gardens seeks opportunities to utilize urban spaces for agriculture to train and support farmers and gardeners. Goals of the program are to increase agricultural opportunities for low income refugee families in southwest Idaho by locating land for gardens to practice commercial growing, assist beginning farmers to locate land to lease for small farm operations, provide classroom and field based training, and sponsor refugee farmer participation in education courses. Global Gardens also has a small program on the Duck Valley Reservation to offer training and technical assistance to beginning Native American farmers and gardeners.
- Global Talent Idaho (GTI) – Funded through the Idaho Department of Labor (IDOL), United Way, and a variety of corporate and individual donors, GTI is a workforce development initiative to enable skilled new Americans to successfully integrate into professional roles in Idaho. GTI coordinates training and case management support to help refugees and other foreign-trained immigrants reclaim professional careers. IDOL funding ended June 30, 2017.
- Agency for New Americans (ANA) – Provided initial reception and placement services to 95 refugees in the Boise area during the fiscal year from eight countries, primarily Democratic Republic of Congo, Syria, Afghanistan, Somalia, Bhutan and Burma. ANA provides case management, employment services, immigration, orientation classes, medical case management, senior refugee services, women and youth programs and volunteer services to new arrivals and more established refugee clients. ANA has diversified funding through the U.S. Department of State, Bureau for Population, Refugees and Migration, through a Cooperative Agreement with Episcopal Migration Ministries (EMM), IDH&W, direct grant awards from ORR, as a sub recipient from IOR, Victims of Crime Act (VOCA) and through community donations and support. ANA maintains a Board of Immigration Appeals accreditation for its Immigration Program.
- Jannus Economic Opportunity (EO) – Jannus EO removes barriers to transform lives and expand economic opportunity through education and support for those in need, especially underserved groups such as women, immigrants, refugees, Latinos, Native Americans and Veterans. Jannus EO is a community resource that delivers support in many ways with a focus on improving wealth equity, offering services in microlending, business development, mentorship and credit building.
  - Microenterprise Development Program – Funded by ORR, the Microenterprise Development Program assists refugees in becoming economically self-sufficient, helps refugee communities in developing capital resources, and assists refugees in developing credit history and/or repairing their credit scores. This program provides technical assistance and capital to eligible refugee entrepreneurs to establish small businesses that will help them become economically self-sufficient.
  - Microloan Program – Jannus EO offers microlending to help individuals, families and communities realize financial health and resiliency while creating pathways to the financial mainstream.

EO offers three types of microloans to meet the personal and business needs of individuals: small personal loans, business microloans, and Small Business Administration (SBA) intermediary loans.

Jannus help clients reduce dependency on high interest loans, remove barriers to self-sufficiency, gain access to affordable financing, improve credit scores, and increase financial literacy.

- Starling - A Boise-based multicultural women's mentoring program focused on fostering the advancement of young adult refugee women enrolled in higher education, ages 18-25, to maximize their potential as future leaders.

Through the mentorship of women leaders with intentional, curated programming, Starlings are supported across all domains of self-sufficiency, while opportunities are provided to connect culturally, build social capital, attain hard-skills such as credit building, and ensure they have the support they need to attain college degrees. With a focus on nurturing goals, aspirations, and ambitions, the Starling project creates a space for these emerging future leaders to utilize their strength, grit and distinctive experience for the betterment of themselves, our community, and the world.

- Refugee Childcare Business Development Program (RCBD) – Funded by ORR, the refugee child care business development project offers childcare business development support that empowers refugees, primarily women, to become economically self-sufficient by establishing in-home childcares – a much needed service that provides culturally sensitive, affordable, safe, licensed care for children.

The RCBD project uses a holistic approach providing support across the 17 domains of self-sufficiency designed to meet the varied and unique needs of recent arrivals to America. Over months and even years we develop deeply meaningful and impactful relationships with our clients to help them become independent and successful and build sustainable businesses in the process.

## Public Policy

- Idaho Center for Fiscal Policy (ICFP) – Funded through the Annie E. Casey Foundation, the Center on Budget and Policy Priorities, and a variety of corporate, private foundation, and individual donors to conduct research and provide information about Idaho tax and budget issues, with particular emphasis on how Idaho pays for vital government services including education, public health and safety, and transportation. By offering data, reports, and commentary, ICFP is a source for understanding Idaho's state budget and tax policies.
- Idaho Voices for Children (Voices) – Funded through the Annie E. Casey Foundation and a variety of corporate, private foundation, and individual donors, Voices develops and promotes a children's policy agenda that targets health, education, and child well-being. Voices educates policymakers and the public, conducts research and analysis, and convenes partnerships to ensure that the needs of Idaho children are met. Voices serves as the KIDS COUNT grantee in Idaho to compile data and research that informs policy change to improve the lives of vulnerable children and their families. Through funding from the Robert Wood Johnson Foundation, the David and Lucile Packard Foundation, and Community Catalyst, Voices advocates for health coverage and improvements to Idaho's behavioral health system. Voices also works on the policy initiatives of the Idaho Asset Building Network, which advances housing affordability through a grant from the National Low-Income Housing Coalition.

- Idaho Out-of-School Network (ION) – Funded through the Charles Stewart Mott Foundation and a variety of community partners, ION ensures that Idaho youth have access to quality out-of-school programs by working to build statewide awareness about the importance of out-of-school programs, expand funding, and create a statewide map to help families find after school activities in their local communities.

## **Note 2 - Summary of Significant Accounting Policies**

### **Cash and Cash Equivalents**

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building project, permanent endowment, or other long-term purposes are excluded from this definition.

### **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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Property and Equipment**

Acquisitions of property, equipment, and building improvements in excess of \$5,000 are capitalized. Property and equipment are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 5 years for equipment, 30 years for buildings, and 5 to 10 years for building improvements. Routine building and equipment maintenance is expensed as incurred. When property or equipment is retired or otherwise disposed of, the net book value is removed, and the net gain or loss is included in determination of the change in net assets. Funding services may have a reversionary interest in certain equipment as well as the determination of use of any proceeds from sale of these assets (see Note 10).

Jannus reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2018 and 2017.

Depreciation expense was \$107,052 and \$89,909 for the years ended June 30, 2018 and 2017, respectively.

### **Grants, Contracts, Revenues and Receivables**

Support received under grants and contracts is treated as an exchange transaction. Exchange transactions are reciprocal transfers in which each party receives and sacrifices something of approximately equal value. For grants and contracts, revenue is recognized to the extent of related costs incurred. Grants and contracts receivable are all due in less than one year.

Jannus provides credit in the normal course of business to its customers and performs ongoing credit evaluations of those customers. Jannus considers the need for allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information. Except for the loan losses and allowance specific to the microenterprise loans, described below, Jannus has experienced no credit losses on grants and contracts during 2018 and 2017 and the allowance for doubtful accounts for grants and contracts receivable is zero as of June 30, 2018 and 2017.

### **Microloan and Consumer Lending Transactions**

*Microloan Lending* – Under grants from ORR and other funders, EO issues Microenterprise loans to generally underserved populations interested in starting or expanding a small business. These populations, generally due to lack of or poor credit history, have difficulty obtaining traditional financing. EO bridges the gap for these individuals to start or expand businesses, develop a credit history, and, for refugees, continue to learn about business practices in the United States. Individual loans range from \$500 to a maximum of \$35,000 for terms ranging from six months to three years. Jannus has the intent and ability to hold and administer these loans for the foreseeable future. Loans are stated at the unpaid principal balances.

Interest on loans, generally charged at 4 to 6 percent over the prime rate, is recognized as interest income over the term of the loan, calculated using the simple-interest method on principal amounts outstanding. Upon maturity or default, all sums due bear interest at 18% per annum until paid in full or as long as the default continues. Defaults are determined on a case-by-case basis considering excessive missed payments or failure to meet other loan obligations, as defined in each borrower's loan agreements. Loans are written-off when accounts become past due 120 days. A closing fee or small program participant loan fee is collected and recognized as fee income in the period received.

The need for an allowance for loan loss is evaluated on a regular basis by management considering the collectability of loans in light of historical collection experience, estimated value of underlying collateral, circumstances of payment delays or shortfalls, and any adverse situations that may affect the borrowers' ability to repay. Based on these factors, management concluded a 5 percent allowance at June 30, 2018 and 2017 was the best estimate of outstanding loans potentially unrecoverable, based on considerations including the portion of loan balances not fully covered by collateral, the loans in default status at June 30<sup>th</sup>, and the payment histories of existing borrowers. Any subsequent recovery will offset the allowance.

*SBA Microloan Program* – During the years ended June 30, 2017 and 2018, Jannus received a zero percent loan from the Small Business Administration (SBA) as a participant in the Microloan Program. Jannus is using proceeds of this loan to make additional microloans to help non-traditional clients start or expand small businesses. Microloans can be used for working capital, inventory or supplies, furniture or fixtures, and equipment. Loans over 120 days past due are required to be charged off. The loan maturity date does not exceed six years on microloans. Jannus may charge up to 7.75% over its cost of funds on a microloan of more than \$10,000 and up to 8.5% over its cost of funds on a microloan of \$10,000 or less.

Amounts loaned to Jannus are maintained in a restricted revolving loan fund. Jannus is also required to maintain a separate loan loss reserve fund at an amount equal to 15% of the amount received from the SBA.



*Collateral* – Management determines the need for collateral on a case-by-case basis, depending on the loan amount, borrower’s business history, and personal references. Approximately 89 percent of the microenterprise loans receivable balance, at June 30, 2018 and 2017, is collateralized by borrowers’ business related vehicles and equipment. To determine the collateralized balance, Jannus uses the lower of the ending loan receivable balance at June 30 or the fair value of the collateral. Fair value of collateral is based on Kelly Blue Book for vehicles or purchase price of applicable business assets. Jannus files a lien on the vehicle’s title and holds the title until the loan is paid in full or files a UCC1 lien with the State of Idaho for business equipment.

*Consumer Lending* – Jannus is licensed by the Idaho Department of Finance as a regulated consumer lender under the Idaho Credit Code. As a licensee, Jannus provides affordable small loans to individuals for personal, family, or household purposes. The main objectives of the personal lending program is to enable low to moderate-income individuals gain access to credit, provide opportunities for income stabilization, build or improve credit scores, and increase financial literacy. Consumers are able to take advantage of free financial and credit coaching to improve their financial stability and resiliency.

Consumers can borrow a maximum of \$1,000 with no collateral required and terms up to 12 months. Interest on loans is charged at 20 percent, is recognized as interest income over the term of the loan and calculated using the simple-interest method on principal amounts outstanding. Defaults are determined on a case-by-case basis considering excessive missed payments or failure to meet other loan obligations, as defined in each borrower’s loan agreement. Loans are written-off when accounts become past due 120 days.

The microenterprise and consumer loans receivable balance for the years ending June 30, are as follows:

	2018	2017
Microloans receivable, current	\$ 46,456	\$ 48,246
SBA microloan program loans receivable, current	25,207	28,703
Consumer loans receivable, current	3,053	6,439
Less allowance for doubtful accounts	<u>(18,553)</u>	<u>(15,849)</u>
Net microloans and consumer loans receivable, current	<u>56,163</u>	<u>67,539</u>
Micro loans receivable, long-term	54,729	47,246
SBA microloan program loans receivable, long-term	<u>63,733</u>	<u>42,981</u>
Microloans and consumer loans receivable, long-term	<u>118,462</u>	<u>90,227</u>
Total microloans and consumer loans receivable	<u>\$ 174,625</u>	<u>\$ 157,766</u>

At June 30, 2018 and 2017, the total loan receivable balances that were past due 90 days or more were \$0 and \$8,759, respectively.

### Promises to Give

Jannus records unconditional promises to give expected to be collected within five years at net realizable value. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. The promise to give for the Endowment was \$17,600 and \$0 as of June 30, 2018 and 2017, respectively.

### **Advertising (Marketing and Outreach)**

Advertising costs, including marketing and client outreach, are expensed as incurred and amounted to \$97,880 and \$58,307 for the years ended June 30, 2018 and 2017, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### **Income Taxes**

Jannus is organized as an Idaho nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contributions deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). Jannus is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Jannus is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Jannus has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

### **Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, Jannus has not experienced losses in any of these accounts. Credit risk associated with accounts receivable, including grants and contracts receivable, is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and organizations supportive of Jannus' mission.

### **Net Assets**

Net assets, revenues, 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 available for use in general operations. Unrestricted net assets consist of grants and contracts, unrestricted contributions, and other inflows of assets whose use by Jannus is not limited by donor-imposed restrictions.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or the organization's actions and/or the passage of time.

Jannus reports contributions and promises to give as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets or have a time restriction. When a donor restriction or time 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 statements of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash is received and unrestricted promises to give are committed. Generally, contributions related to special events are recognized in the period that the event occurs. If the possibility that the event will not take place is so remote that it is negligible, or the donor explicitly waives the condition that the event takes place, contributions related to special events are recognized when cash is received.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to Jannus' program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Jannus records donated professional services at the respective fair values of the services received. If the organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy.

### **Subsequent Events**

Subsequent events have been evaluated through October 25, 2018, the date the financial statements were available to be issued.

### **Recent Accounting Guidance**

The Financial Accounting Standards Board (FASB) issued ASU 2016-14 (the ASU) *Presentation of Financial Statements for Not-for-Profit Entities* during August 2016. The ASU is the first in a two-phase FASB project that will change the way not-for-profit (NFP) entities present their financial statements and related disclosures. It seeks to improve NFP financial reporting by simplifying net asset classifications and enhancing presentation and disclosure requirements regarding liquidity, financial performance, and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017. Changes to Jannus financial statements and related disclosures will be implemented with end of year reporting June 30, 2019.

The Financial Accounting Standards Board (FASB) issued ASC 606; *New Revenue Recognition Standard* that changes the way not-for-profits evaluate and recognize revenue when they earn it or transfer control. Entities with a June 30, 2018 year-end have until July 1, 2019 to implement.

**Note 3 - Promises to Give**

Unconditional promises to give that are estimated to be collected within one year is \$14,600 and from one year to within five years is \$3,000, as of year-end June 30, 2018.

**Note 4 - In-Kind Contributions and Contributed Services**

Jannus received donated professional services and materials during the years ended June 30, as follows:

	2018	2017
Idaho Suicide Prevention Hotline - supplies, rent, services	\$ 296,435	\$ 261,184
Mountain States Early Head Start - supplies, rent, services, travel	70,536	69,032
Global Gardens - supplies, rent, services	59,117	32,453
Administration - services, supplies	33,447	7,158
Foster Grandparents - physicals, recognition	25,867	24,710
Agency for New Americans - supplies, rent	16,323	18,135
Retired Senior Volunteer Program - rent, recognition	16,154	21,296
Idaho Out of School Network - supplies, rent, services	13,799	29,299
Economic Opportunity - supplies, rent, services	10,236	9,150
PATH - rent, supplies	1,800	1,780
English Language Center - supplies	1,477	-
Legacy Corps - supplies, rent	-	534
Global Talent Idaho - services	-	240
AHEC - services	-	200
	\$ 545,191	\$ 475,171
Total in-kind contributions		

**Note 5 - Mortgage Payable**

Jannus has a mortgage secured by a deed of trust on the property located at 1607 W. Jefferson St. in Boise, Idaho. This property value and property located at 1614 W. Jefferson have a carrying value of \$396,566 at June 30, 2018. Principal and interest are payable in monthly installments by the 10<sup>th</sup> of each month. The interest rate is fixed at 4.2 percent and the monthly installment is \$3,715. Payment in full is due on the maturity date of May 10, 2019. Payment in full of \$505,433 is due on the maturity date of May 10, 2019.

Jannus purchased property located at 1611 W. Jefferson St. in Boise, Idaho in May 2018. This property is located next door to the 1607 W. Jefferson Street property. The building on the property is estimated to have no residual value because of it being uninhabitable and the land value was recorded at \$226,511. Principal and interest are payable in monthly installments by the 10<sup>th</sup> of each month. The interest rate is fixed at 5.30 percent and the monthly installment is \$1,152. Payment in full is due on the maturity date of June 10, 2023. Maturities are as follows:

2019	\$	4,673
2020		5,173
2021		5,480
2022		5,765
2023		<u>148,909</u>
Total	\$	<u><u>170,000</u></u>

**Note 6 - SBA Microloan Program Note Payable**

Jannus has two zero percent note payables to the SBA as a participant in the Microloan Program. The first note is payable in monthly installments of \$759 to maturity on February 28, 2026. The second note, received in November, 2017, is payable in monthly installments of \$926 beginning December 2018 and maturing in November 2027. The contract rights of the loans made by Jannus in the Microloan Program and related loan loss reserve funding are pledged as collateral. Maturities for the two notes are as follows:

2019	\$	15,593
2020		20,222
2021		20,222
2022		20,222
2023		20,222
Thereafter		<u>73,371</u>
Total	\$	<u><u>169,852</u></u>

**Note 7 - Line of Credit**

Jannus has a \$300,000 revolving line of credit with US Bank secured by the property located at 1607 W. Jefferson St. in Boise, Idaho. The facility bears interest at an annual rate of prime plus 0.25 percent, but no less than 4 percent. At June 30, 2018, the interest rate was 5.25 percent. The facility requires a current ratio of 1 to 1 and a fixed charge coverage ratio of at least 1.15 to 1. At June 30, 2018, Jannus was in compliance with the covenants. Interest is payable monthly, with the final interest payment due and payable on January 31, 2018. The line of credit balance is zero at both June 30, 2018 and 2017.

**Note 8 - Operating Lease Arrangements**

Jannus leases, under operating leases, buildings and office equipment located in Boise, Coeur d’Alene, Rathdrum, Kellogg and Sandpoint, Idaho.

The building lease terms for the MSEHS center in Coeur d’Alene is \$1 per year for 25 years ending February 10, 2023. This lease automatically renews for another 25 years as long as Jannus receives MSEHS funding.

The building lease for the MSEHS center in Sandpoint is \$4,216 per month for 10 years ending June 30, 2023. This lease payment will adjust on July 1, 2023 based on the Consumer Price Index.

The building lease for the MSEHS center in Kellogg was \$200 per month and ended June 30, 2018. The lease is negotiated annually.

The building lease for the Idaho Suicide Prevention Hotline in Boise is \$200 per month for 12 months ending October 31, 2018. This lease is negotiated and renewed annually.

Equipment under operating leases includes five copy machines and a postage meter in Boise, and copy machines and postage meters in Coeur d’Alene, Rathdrum, and Sandpoint.

Minimum lease payments under operating leases for buildings and equipment are as follows:

<u>Years ending June 30,</u>	<u>Operating Lease</u>
2019	\$ 80,444
2020	75,347
2021	68,154
2022	64,541
2023	54,199
Total minimum lease payments	<u>\$ 342,685</u>

Rent expense for buildings, equipment, and the allocation of rent expense to programs for the Jannus-owned building for the years ended June 30, 2018 and 2017 was \$298,706 and \$284,447, respectively.

**Note 9 - Endowment**

The endowment consists of funds established by donors and The Whitney Foundation grant to provide funding based on Board designation for the long-term sustainability of Jannus programs and services. As of June 30, 2018, Jannus had the following endowment net assets:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment	\$ 34,400	\$ 17,600	\$ -	\$ 52,000

**Note 10 - Temporarily Restricted Net Assets**

In prior years, MSEHS used an American Recovery and Reinvestment Act (ARRA) expansion grant to purchase land and construct a building in Rathdrum, Idaho resulting in temporarily restricted net assets of \$334,532 and \$344,952 as of June 30, 2018 and 2017, respectively. According to federal regulation 45 CFR 1309.21, the federal government maintains an interest in all real property acquired with grant funds; therefore, the cost of the land and building is reflected as temporarily restricted net assets. The building is being depreciated in accordance with Jannus policy and temporarily restricted net assets are released accordingly.

Temporarily restricted net assets also consist of contributions restricted by donors to support program services of Jannus. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose. The amount of contributions with donor stipulations included in temporarily restricted net assets at June 30, 2018 and 2017 were \$921,162 and \$871,719, respectively. Temporarily restricted net assets for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 17,600	\$ -
Restricted by donors to support program services	1,453,071	1,189,375
Building owned with federal interest	344,952	355,374
Net assets were released from restrictions as follows during the years ended June 30, 2018 and 2017:		
Restricted purpose spending in support of program services	(549,507)	(317,656)
Depreciation on building owned with federal interest	(10,422)	(10,422)
Temporarily Restricted Net Assets, End of Year	\$ 1,255,694	\$ 1,216,671

**Note 11 - Retirement Plans**

Jannus defined contribution 403(b) plan covers employees who work 20 hours per week or greater after one year of employment. Jannus matches employee contributions two-to-one up to 5 percent of salary deferral for eligible employees. Employer contributions to the plan during the years ended June 30, 2018 and 2017 were \$329,863 and \$341,812, respectively. Employees are immediately vested in employer contributions.

**Note 12 - Concentration of Revenue**

Jannus had concentrations of revenue from certain agencies, including direct and pass-through grants and contracts, for the years ended June 30, as follows:

Source	2018 (in millions)	2017 (in millions)
U.S. Department of Health and Human Services	\$ 5.73	\$ 6.80
U.S. Department of Agriculture	\$ 3.62	\$ 3.22

**Note 13 - Claims and Litigation**

Jannus had previously been named in a number of complaints from individuals and outside organizations. As of June 30, 2017, Jannus received its final no probable cause determination and has no remaining pending claims as of June 30, 2018.

**Note 14 - Contingencies**

A portion of Jannus revenue is from government grants and contracts, which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.





Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2018

**Jannus, Inc.**



**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  
Jannus, Inc.  
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Jannus, Inc. (Jannus), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jannus' 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 Jannus' internal control. Accordingly, we do not express an opinion on the effectiveness of Jannus' 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be 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 Jannus' 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jannus' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Boise, Idaho  
October 25, 2018



## **Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Jannus, Inc.  
Boise, Idaho

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

We have audited Jannus, Inc.’s (Jannus) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Jannus’ major federal programs for the year ended June 30, 2018. Jannus’ 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 the compliance for each of Jannus’ 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 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 Jannus’ 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 the major federal program. However, our audit does not provide a legal determination of Jannus’ compliance.

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

In our opinion, Jannus’ complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control over Compliance

Management of Jannus is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jannus' 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 Jannus' 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 compliance requirement 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 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.



Boise, Idaho  
October 25, 2018

Jannus, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Grant Award or Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
Direct Programs				
Early Head Start	93.600	10CH0190/05	\$ 2,041,613	\$ -
Wilson Fish Cooperative Agreement	93.583	90RW0052/02, 90RW0052/03	1,300,602	395,930
Refugee Social Services	93.566 *	1601IDRSOC, 1701IDRSOC, 1801IDRSOC	849,356	482,262
Refugee Targeted Assistance	93.584	16A1IDRTAG, 17A1IDRTAG	254,588	165,897
Refugee Targeted Assistance - Discretionary	93.576 **	90RT0209/01, 90RT0209-02	187,398	141,209
Refugee Home-Based Childcare	93.576 **	90RG0165/02, 90RG0165/03	181,433	-
Refugee Microenterprise Development	93.576 **	90RG0141/04, 90RG0184/01	156,613	-
Total U.S. Department of Health and Human Services Direct Programs			4,971,603	1,185,298
Pass Through Programs Through				
Idaho Dept of Health & Welfare - Projects for Assist to Transition from Homelessness	93.150	BC024200	334,766	-
Idaho Dept of Health & Welfare - Refugee TANF Case Management- TANF Cluster	93.558	WC080500	123,498	60,119
University of Washington - SW Idaho Area Health Education Ctr	93.107	UWSC6106	80,202	-
Episcopal Migration Ministries (EMM) - Match Grant	93.567	90RV0065/03, 1802NYRVMG	77,374	-
Idaho Dept of Health & Welfare - Refugee Community Health Worker Program	93.576 **	HC947600	60,361	-
Idaho Dept of Health & Welfare - ID Suicide Prevention Hotline	93.958	HC960100	50,000	-
Idaho Dept of Health & Welfare - Family Violence Prevention ANA	93.671 ****	VC032400	10,000	-
Idaho Dept of Health & Welfare - Family Violence Prevention EHS	93.671 ****	VC032500	10,000	-
Idaho Commission on Aging - Alzheimer's Disease	93.051	NA	7,000	-
Idaho Dept of Health & Welfare - Refugee Entrant & Assistance	93.566 *	HC936200	4,794	-
Your Health Idaho - Individual Person Assister	93.519	JAN2017EE	4,175	-
Total U.S. Department of Health and Human Services Pass through Programs			762,170	60,119
Total U.S. Department of Health and Human Services			5,733,773	1,245,417

Jannus, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Grant Award or Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
Direct Programs				
Beginning Farmers & Ranchers Development Program	10.311	2016-70017-25378	205,234	-
Farmers Market Promotion Program	10.168	16FMPPID0043	71,394	-
Total U.S. Department of Agriculture Direct Programs			276,628	-
Pass Through Programs Through				
Idaho Dept of Education - Child and Adult Care Food Program	10.558	4864	3,330,431	-
Washington State University - Ag Risk Management Education Program	10.500	108815_G003537	7,435	-
Idaho Dept of Health & Welfare - SNAP	10.551	WC088600	6,529	-
Total U.S. Department of Agriculture Pass through Programs			3,344,395	-
Total U.S. Department of Agriculture			3,621,023	-
<u>Corporation for National and Community Service</u>				
Direct Programs				
Foster Grandparents- Foster Grandparent/ Senior Companion Cluster	94.011	15SFPID001	273,854	-
Retired Senior Volunteer Program	94.002	15SRPID002	87,427	-
Total Corporations for National and Community Service Direct Programs			361,281	-
Pass Through Programs Through				
University of Maryland - Legacy Corps	94.006	29076-Z9091110	46,319	-
Total Corporation for National and Community Service			407,600	-
<u>U.S. Small Business Administration</u>				
Direct Programs				
Microloan Intermediary Technical Assistance	59.046	SBAHQ-17-Y-0023	183,214	-
<u>U.S. Department of State</u>				
Pass Through Programs Through				
EMM - Cooperative Agreement (R&P)	19.510	S-PRMCO-17-CA-1009, S-PRMCO-18-CA-008	170,365	-

Jannus, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Grant Award or Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
<u>U.S. Department of Justice</u>				
Pass Through Programs Through				
Idaho Dept of Health & Welfare - Crime Victim Assistance EHS	16.575	*** VC032500	15,000	-
Idaho Dept of Health & Welfare - Crime Victim Assistance ANA	16.575	*** VC032400	68,000	-
Total U.S. Department of Justice			83,000	-
<u>U.S. Department of Education</u>				
Pass Through Programs Through				
Idaho Dept of Education - Idaho Out of School Network	84.287	17-7203	38,096	-
<u>U.S. National Aeronautics and Space Administration</u>				
Pass Through Programs Through				
University of Idaho - Space Grant Consortium	43.008	FPK900-SB-028, ES0666-SB-783961	5,660	-
Total Federal Financial Assistance			\$ 10,242,731	\$ 1,245,417

- \* Total for CFDA 93.566 is \$854,150
- \*\* Total for CFDA 93.576 is \$585,805
- \*\*\* Total for CFDA 16.575 is \$83,000
- \*\*\*\* Total for CFDA 93.671 is \$20,000



**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Jannus, Inc. (Jannus) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Jannus it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jannus.

**Note 2 - Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Jannus’ summary of significant accounting policies is presented in Note 2 in Jannus’ basic financial statements.

Jannus has not elected to use the 10% de minimis cost rate.

**Note 3 - Loan Programs**

The loan program listed below is administered directly by Jannus and the balances and transactions relating to this program are included in Jannus’ basic financial statements. Expenditures reported in this schedule consist of the beginning of the year outstanding loan balance plus loans made during the year. The receivable balance at June 30, 2018 is:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Ending Balance at June 30, 2018</u>
59.046	SBA Microloan Program	\$88,358

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Refugee and Entrant Assistance- Discretionary Grant	93.576
Child and Adult Care Food Program	10.558
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported