

**NORTH CAROLINA COALITION  
TO END HOMELESSNESS, INC**

**RALEIGH, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**NORTH CAROLINA COALITION TO END HOMELESSNESS  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2017**

---

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	3
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Expenditures of Federal and Non-Federal Awards	13
<b>COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Uniform Guidance	16
Schedule of Findings and Responses	18
Corrective Action Plan	20
Summary Schedule of Prior Year Audit Findings	21

**PETWAY**  
**MILLS &**  
**PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.  
Phyllis M. Pearson

*Zebulon Office*  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
919.269.7405  
919.269.8728 Fax

*Raleigh Office*  
9121 Anson Way  
Suite 200  
Raleigh, NC 27615  
919.781.1047

www.pmpcpa.com

*Memberships:*

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
of Certified Public  
Accountants

To the Board of Directors  
North Carolina Coalition to End Homelessness, Inc.  
Raleigh, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of North Carolina Coalition to End Homelessness, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Carolina Coalition to End Homelessness, Inc., as of December 31, 2017, and the change 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 Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and Non-Federal awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2018, on our consideration of North Carolina Coalition to End Homelessness, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Carolina Coalition to End Homelessness Inc.'s internal control over financial reporting and compliance.

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

September 21, 2018

**NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

---

**ASSETS**

<b>Current assets</b>	
Cash	\$ 100,850
Grants and contracts receivable	276,211
Other receivables	751
<b>Total current assets</b>	<u>377,812</u>
<b>TOTAL ASSETS</b>	<u>\$ 377,812</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>	
Accounts payable	\$ 26,409
Refundable advances	124,772
Accrued vacation	23,618
<b>Total current liabilities</b>	<u>174,799</u>
<b>Total liabilities</b>	<u>174,799</u>
<b>Net Assets</b>	
Unrestricted	<u>203,013</u>
<b>Total net assets</b>	<u>203,013</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 377,812</u>

The accompanying notes are an integral part of the financial statements.

**NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

---

**Changes in unrestricted net assets**

Revenues	
Contributions	\$ 1,714
Governmental grant revenue	1,213,727
Fee for program	18,275
Other grant revenue	25,267
In-kind revenue	145,533
Other	36,619
<b>Total revenues</b>	<u>1,441,135</u>
Net assets released from restrictions	
Satisfaction of program restrictions	-
<b>Total revenues and other support</b>	<u>1,441,135</u>
Expenses	
Program services	1,102,778
Supporting services	
Management and general	367,590
<b>Total expenses</b>	<u>1,470,368</u>
<b>Increase in unrestricted net assets</b>	<u>(29,233)</u>
<b>CHANGE IN NET ASSETS</b>	(29,233)
Net Assets - Beginning of Year	<u>232,246</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 203,013</u></u>

The accompanying notes are an integral part of the financial statements.

**NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	Supporting Services		Total
	Program Service Expenses	Management and General	
Salaries	\$ 510,136	\$ 170,046	\$ 680,182
Fringe benefits	122,828	40,944	163,772
Communications	5,608	1,869	7,477
Office expenses	59,456	19,818	79,274
Supplies	10,914	3,638	14,552
Training/memberships	19,449	6,482	25,931
Travel	31,448	10,482	41,930
Contract fees	204,065	68,022	272,087
Equipment and software	20,554	6,851	27,405
Bank charges	191	64	255
Legal and professional fees	1,437	479	1,916
Payroll processing	2,432	810	3,242
Licenses	-	-	-
Membership dues	559	186	745
Board expenses	386	128	514
In-kind expenses	109,150	36,383	145,533
Insurance	4,165	1,388	5,553
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,102,778</b>	<b>\$ 367,590</b>	<b>\$ 1,470,368</b>

The accompanying notes are an integral part of the financial statements.

**NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2017**

---

<b>Cash flows from operating activities</b>	
Change in net assets	\$ (29,233)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	-
Changes in assets and liabilities	
Grants and contracts receivable	53,745
Other receivables	(580)
Prepaid expenses	-
Accounts payable	8,734
Unearned revenue	30,229
Accrued vacation	185
<b>Net cash provided by operating activities</b>	<u>63,080</u>
<b>Cash flows from investing activities</b>	-
<b>Cash flows from financing activities</b>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	63,080
Cash - Beginning of year	<u>37,770</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 100,850</u></u>

The accompanying notes are an integral part of the financial statements.



NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**Note 1 - Organization**

North Carolina Coalition to End Homelessness (the Corporation) is a nonprofit corporation, incorporated on May 19, 2000 and located in Raleigh, North Carolina. The mission of the Corporation is to end homelessness by creating alliances, encouraging public dialogue, securing resources, and advocating for systemic change. The Corporation works with communities to address root causes of homelessness by developing and implementing data-driven strategies that are focused on permanent housing and appropriate services.

**Note 2 - Summary of significant accounting policies**

**Basis of accounting** – The financial statement presentation follows the Financial Accounting Standards Board's Codification of Professional Standards. These requirements require that the Corporation report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Corporation reports the following net assets:

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

**Cash** – The Corporation maintains a bank accounts at Wells Fargo and Capital Bank. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. The cash balance is maintained at a financial institution with high credit-quality ratings. At December 31, 2017, the Corporation had a balance of \$107,642 in the bank, all of which was covered by federal insurance. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit loss on cash.

**Allowance for doubtful accounts** – The Corporation has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

**Contributions** – The Corporation records contributions received as unrestricted temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 Statement of Activities as net assets released from restrictions.

**Donated services** – In accordance with the Financial Accounting Standards Board's Codification of Professional Standards, no amounts have been reflected in the consolidated financial Statement for donated services that do not require specialized skills. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation with specific assistance programs, campaign solicitations and various committee assignments.

**Donated material and equipment** – The Corporation records the value of donated materials and equipment when there is an objective basis available to measure their fair value. Donated materials and equipment are reflected as contributions in the foregoing consolidated financial Statement at their estimated values at the date of receipt.

**Advertising** – The Corporation expenses advertising related to its program services as incurred.

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**Expense allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

**Tax status** – The Corporation is exempt from federal and State income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and the applicable State tax statutes. In addition, the Corporation qualifies for the charitable contributions deduction under Section 170(b)(1)(a) of the U.S. Internal Revenue Code. Further, the Corporation has been determined not to be a private foundation under Section 509(a) of the U.S. Internal Revenue Code.

The Corporation recognizes an uncertainty tax position of "more likely than not" level of fifty percent that the position will be sustained by the Internal Revenue Service (IRS). Income taxes did not have a material impact on the financial position or results of operations of the Corporation as of and for the Year ended December 31, 2017. Income tax returns from 2015 through 2017 are open for examination by taxing authorities.

**Note 3 – Grants and contracts receivable**

At December 31, 2017, the Corporation is due the following amounts:

U.S. Department of Housing and Urban Development	\$ 131,536
Department of Health and Human Services - HMIS	91,529
City of Sanford	613
Orange County	22,000
Raleigh Wake Partnership to End Homelessness	30,533
Total grants and contracts receivable	<u>\$ 276,211</u>

**Note 4 – Leases and Contracts**

The Corporation entered into a lease for office space in May of 2015 until April of 2020. The lease obligates the Corporation to pay \$73,572 in 2018, \$75,780 in 2019 and \$25,508 in 2020. The Corporation paid \$71,432 for this lease in 2017.

The Corporation entered into a cleaning agreement in August of 2018. The agreement obligates the Corporation to pay \$1,000 in 2018. The Corporation paid \$1,500 under this agreement in 2017.

**Note 5 – Description of program services**

The Corporation assists local organizations collect, manage, and use critical population and service information about homelessness in local communities.

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**Note 6 – Current vulnerability due to concentrations**

During 2017 the Corporation received 95% of its grant funds from the following public sources:

North Carolina Department of Health and Human Services	18%
U.S. Department of Housing and Urban Development	75%
Orange County	2%
	<hr style="width: 100%; border: 0.5px solid black;"/>
	95%
	<hr style="width: 100%; border: 0.5px solid black;"/>

**Note 7 – Contingencies**

The Corporation receives grant funds. Such funds are subject to final approval by the grantor agencies, and deficiencies, if any, are the responsibility of the Corporation.

The Corporation has the usual obligations of a contractor for performance in connection with contracts for work performed and to be performed. Management does not anticipate any significant losses in connection with these obligations.

**Note 8 – Subsequent events - Date of Management's Review**

The Corporation has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Corporation has not evaluated subsequent events after that date. There were no subsequent events during this period requiring disclosure.

**Note 9 – Risk Management**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the year ended December 31, 2017, the Corporation carried insurance through various commercial carriers to cover all risks of losses. The Corporation has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**Note 10 – Refundable Advances**

The Corporation recorded \$124,772 of Refundable Advances as of December 31, 2017.

Compliance Section

**NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2017**

Federal or Non-federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>Federal awards</b>			
U.S. Department of Housing and Urban Development			
Direct Programs			
Continuum of Care	14.267	NC0333L4F031500	\$ 220,332
Continuum of Care	14.267	NC0035L4F031508	582,129
Continuum of Care	14.267	NC0280L4F021402	53,214
Continuum of Care	14.267	NC0164L4F071405	76,682
Total U.S. Department of Housing and Urban Development			<u>932,357</u>
<b>Total federal awards</b>			<u>932,357</u>
<b>Non-federal awards</b>			
State of North Carolina			
Direct Programs			
N.C. Department of Health and Human Services		00033872	122,524
N.C. Department of Health and Human Services		00032874	101,835
<b>Total non-federal awards</b>			<u>224,359</u>
<b>TOTAL FEDERAL AND NON-FEDERAL AWARDS</b>			<u>\$ 1,156,716</u>

**Notes to Schedule:**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and Non-Federal Awards includes the federal and State grant activity of North Carolina Coalition to End Homelessness under the programs of the federal government and the State of North Carolina for the year ended December 31, 2017. This information in this Schedule of Expenditures of Federal and Non-Federal Awards is presented in accordance with the requirements of *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of North Carolina Coalition to End Homelessness, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of North Carolina Coalition to End Homelessness, Inc.

**Indirect Costs**

North Carolina Coalition to End Homelessness, Inc. has not elected to charge a 10% de minimis indirect cost rate. Instead the Corporation negotiated an allocation plan approved by the Agency's oversight agency.

**In Kind Contributions**

North Carolina Coalition to End Homelessness, Inc. received \$145,533 in-kind contributions related to the U.S. Department of Housing and Urban Development grants CFDA #14.267.

**PETWAY  
MILLS &  
PEARSON, PA**

*CERTIFIED PUBLIC ACCOUNTANTS*

C. Briggs Petway, Jr.  
Phyllis M. Pearson

*Zebulon Office*  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
919.269.7405  
919.269.8728 Fax

*Raleigh Office*  
9121 Anson Way  
Suite 200  
Raleigh, NC 27615  
919.781.1047

www.pmpcpa.com

*Memberships:*

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
of Certified Public  
Accountants

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

Board of Directors  
North Carolina Coalition to End Homelessness, Inc.  
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Carolina Coalition to End Homelessness, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2018.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 preceding paragraph 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 material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

September 21, 2018

**PETWAY  
MILLS &  
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.  
Phyllis M. Pearson

*Zebulon Office*  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
919.269.7405  
919.269.8728 Fax

*Raleigh Office*  
9121 Anson Way  
Suite 200  
Raleigh, NC 27615  
919.781.1047

www.pmpcpa.com

*Memberships:*

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
of Certified Public  
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB UNIFORM GUIDANCE**

To the Board of Directors  
North Carolina Coalition to End Homelessness, Inc.  
Raleigh, North Carolina

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

We have audited North Carolina Coalition to End Homelessness, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of North Carolina Coalition to End Homelessness, Inc.'s major federal programs for the year ended December 31, 2017. North Carolina Coalition to End Homelessness, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of North Carolina Coalition to End Homelessness, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Carolina Coalition to End Homelessness, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of North Carolina Coalition to End Homelessness, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, North Carolina Coalition to End Homelessness, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.



## Report on Internal Control Over Compliance

Management of North Carolina Coalition to End Homelessness, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Carolina Coalition to End Homelessness, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the Organization'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 a 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

September 21, 2018



**NORTH CAROLINA COALITION TO END HOMELESSNESS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2017**

**SECTION II. -- FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III. -- FEDERAL AWARD FINDINGS**

None reported.

**NORTH CAROLINA COALITION TO END HOMELESSNESS  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2017**

**SECTION II. -- FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III. -- FEDERAL AWARD FINDINGS**

None reported.

**NORTH CAROLINA COALITION TO END HOMELESSNESS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2017**

There were not findings for the year ended December 31, 2016.