

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

RALEIGH, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

**NORTH CAROLINA COALITION TO END HOMELESSNESS
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YEAR ENDED DECEMBER 31, 2018**

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PETWAY
MILLS &
PEARSON, PA
 CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

C. Briggs Petway, Jr.
 Phyllis M. Pearson

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

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
 Raleigh, NC 27615
 919-781-1047

www.pmpcpa.com

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, 2018 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, 2018, 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.

Memberships:

North Carolina
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 Certified Public
 Accountants

American Institute
 Of Certified Public
 Accountants

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 May 16, 2019, 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

May 16, 2019

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Current assets

Cash	\$ 87,332
Contributions receivable	837,616
Other receivables	9,563
Total current assets	<u>934,511</u>

TOTAL ASSETS

\$ 934,511

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 61,206
Refundable advances	643,620
Accrued vacation	38,733
Total current liabilities	<u>743,559</u>

Total liabilities

743,559

Net Assets

Without donor restrictions	
Undesignated	190,952
Total net assets	<u>190,952</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 934,511

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 45,013	\$ 266,433	\$ 311,446
Governmental grant revenue	-	1,521,209	1,521,209
Fee for program	16,597	-	16,597
Other	8,320	-	8,320
Net assets released from restrictions	1,787,642	(1,787,642)	-
Total revenues	1,857,572	-	1,857,572
Expenses			
Program services	1,402,225	-	1,402,225
Supporting services			
Management and general	467,408	-	467,408
Total expenses	1,869,633	-	1,869,633
CHANGE IN NET ASSETS	(12,061)	-	(12,061)
NET ASSETS, BEGINNING OF YEAR	203,013	-	203,013
NET ASSETS, END OF YEAR	\$ 190,952	\$ -	\$ 190,952

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, 2018

	Program Service Expenses	Supporting Services Management and General	Total
Salaries	\$ 693,417	\$ 231,139	\$ 924,556
Fringe benefits	104,025	34,675	138,700
Communications	5,424	1,808	7,232
Office expenses	62,005	20,668	82,673
Supplies	7,765	2,588	10,353
Training/memberships	15,987	5,329	21,316
Travel	26,618	8,872	35,490
Contract fees	423,029	141,009	564,038
Equipment and software	43,338	14,445	57,783
Bank charges	208	70	278
Legal and professional fees	2,677	892	3,569
Payroll processing	2,182	728	2,910
Licenses	305	102	407
Audit	12,037	4,013	16,050
Membership dues	547	183	730
Board expenses	499	166	665
Insurance	2,162	721	2,883
TOTAL FUNCTIONAL EXPENSES	\$ 1,402,225	\$ 467,408	\$ 1,869,633

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, 2018

Cash flows from operating activities	
Change in net assets	\$ (12,061)
Changes in assets and liabilities	
Grants and contracts receivable	(561,405)
Other receivables	(8,812)
Accounts payable	34,797
Unearned revenue	518,848
Accrued vacation	15,115
Net cash from operating activities	<u>(13,518)</u>
Cash flows from investing activities	-
Cash flows from financing activities	<u>-</u>
Net Change in Cash	(13,518)
Cash, Beginning of Year	100,850
Cash, End of Year	<u><u>\$ 87,332</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, 2018

Note 1 – Principal activity and significant accounting policies

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.

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:

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, 2018, the Corporation had a balance of \$87,332 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.

Receivables and credit policies – 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.

Net assets – Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are recorded as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and revenue recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Donated services – Volunteers contribute significant amounts of time to the Organization’s 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. The Organization records donated professional services at the respective fair values of the services received.

Advertising – The Corporation expenses advertising costs as incurred.

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

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, 2018. Income tax returns from 2016 through 2018 are open for examination by taxing authorities.

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.

Subsequent events

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 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$	87,332
Other receivables		<u>9,563</u>
		<u>\$ 96,895</u>

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 3 – Contributions Receivable

At December 31, 2018, the Corporation is due the following amounts:

Blue Cross Blue Shield of NC	\$ 500,000
NC Department of Health and Human Services	210,899
U.S. Housing and Urban Development	81,137
Golden Leaf Foundation	41,922
City of Sanford	3,658
Total contributions receivable	<u>\$ 837,616</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 \$75,780 in 2019 and \$25,508 in 2020. The Corporation paid \$73,572 for this lease in 2018.

Note 5 – Current Vulnerability due to Concentrations

During 2018 the Corporation received 93% of its grant funds from the following public sources:

North Carolina Department of Health and Human Services	15%
U.S. Department of Housing and Urban Development	77%
Orange County	1%
	<u>93%</u>

Note 6 – 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 7 – 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, 2018, 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 8 – Refundable Advances

The Corporation recorded \$643,620 of Refundable Advances as of December 31, 2018. Refundable advances are funds available to be spent in future years.

Note 9 – Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 10 – Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14.

Note 11 – Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes of the donor as follows:

	<u>2018</u>
Contributions	\$ 266,433
Government grant revenue	<u>1,521,209</u>
	<u>\$ 1,787,642</u>

Compliance Section

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

Federal or Non-federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Federal awards			
U.S. Department of Housing and Urban Development			
Direct Programs			
Continuum of Care	14.267	NC0035L4F031710	\$ 415,493
Continuum of Care	14.267	NC0280L4F021604	55,752
Continuum of Care	14.267	NC0164L4F071607	76,682
Continuum of Care	14.267	NC0357L4F031600	298,483
Continuum of Care	14.267	NC0035L4F031710	28,670
Total Direct Programs			<u>875,080</u>
Passed through the North Carolina Department of Health and Human Services			
Emergency Solutions Grant	14.231	00037226	292,419
Total Passed through NC DHHS			<u>292,419</u>
Total U.S. Department of Housing and Urban Development			<u>1,167,499</u>
Total federal awards			<u>1,167,499</u>
Non-federal awards			
State of North Carolina			
Direct Programs			
N.C. Department of Health and Human Services		00036508	178,424
N.C. Department of Health and Human Services		00032874	51,880
Golden Leaf Foundation		FY2019-093	159,328
Total non-federal awards			<u>389,632</u>
TOTAL FEDERAL AND NON-FEDERAL AWARDS			<u><u>\$ 1,557,131</u></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, 2018. 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 \$236,460 in-kind contributions related to the U.S. Department of Housing and Urban Development grants CFDA #14.267.



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

C. Briggs Petway, Jr.
 Phyllis M. Pearson

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

Zebulon Office
 P.O. Box 1036
 806 N. Arendell Ave.
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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, 2018, 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 May 16, 2019.

Raleigh Office
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 919-781-1047

Internal Control Over Financial Reporting

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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.

Memberships:

North Carolina
 Association of
 Certified Public
 Accountants

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.

American Institute
 Of Certified Public
 Accountants

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

May 16, 2019



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MILLS &
PEARSON, PA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE

C. Briggs Petway, Jr.
 Phyllis M. Pearson

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

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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, 2018. 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, 2018.

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

May 16, 2019

**NORTH CAROLINA COALITION TO END HOMELESSNESS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2018**

SECTION I. -- SUMMARY OF AUDITORS' RESULTS

Financial Statement

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency (ies) identified
that are not considered to be
material weaknesses? _____ yes x none reported

Noncompliance material to financial
Statement noted _____ yes x no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified? _____ yes x none reported

Type of auditors' report issued on compliance
for major federal programs: Unmodified.

Any audit findings disclosed that are required
to be reported in accordance with OMB
Uniform Guidance? _____ yes x no

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA Number</u>
Continuum of Care	14.267
Emergency Solutions Grant	14.231

Dollar threshold used to distinguish between
Type A and Type B Programs \$ 750,000

**NORTH CAROLINA COALITION TO END HOMELESSNESS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2018**

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, 2018**

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, 2018**

There were no findings for the year ended December 31, 2017.