

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

RALEIGH, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

**NORTH CAROLINA COALITION TO END HOMELESSNESS
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YEAR ENDED DECEMBER 31, 2019**

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**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. (the Corporation), which comprise the statement of financial position as of December 31, 2019 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, 2019, 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 Matters

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 as required by *Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for 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 June 30, 2020, 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

June 30, 2020

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current assets	
Restricted cash and cash equivalents	861,965
Unrestricted contributions receivable	545,274
Restricted contributions receivable	40,451
Sales Tax Receivable	5,137
Total current assets	1,452,827
TOTAL ASSETS	\$ 1,452,827

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 93,872
Refundable advances	92,327
Unrestricted cash	49,576
Accrued vacation	40,064
Total current liabilities	275,839
Total liabilities	275,839
Net Assets	
Without donor restrictions	
Undesignated	274,572
With donor restrictions	
Purpose restricted	902,416
Total net assets	1,176,988
TOTAL LIABILITIES AND NET ASSETS	\$ 1,452,827

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ -	\$ 1,352,840	\$ 1,352,840
Governmental grant revenue	-	1,721,429	1,721,429
Fee for program	23,785	-	23,785
Other	9,031	-	9,031
Net assets released from restrictions	2,171,853	(2,171,853)	-
Total revenues	<u>2,204,669</u>	<u>902,416</u>	<u>3,107,085</u>
Expenses			
Program services	1,590,786	-	1,590,786
Supporting services			
Management and general	530,263	-	530,263
Total expenses	<u>2,121,049</u>	<u>-</u>	<u>2,121,049</u>
CHANGE IN NET ASSETS	83,620	902,416	986,036
NET ASSETS, BEGINNING OF YEAR	<u>190,952</u>	<u>-</u>	<u>190,952</u>
NET ASSETS, END OF YEAR	<u>\$ 274,572</u>	<u>\$ 902,416</u>	<u>\$ 1,176,988</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, 2019

	Program Service Expenses	Supporting Services	Total
		Management and General	
Salaries	\$ 697,462	\$ 232,487	\$ 929,949
Fringe benefits	108,682	36,227	144,909
Communications	5,372	1,791	7,163
Office expenses	65,622	21,874	87,496
Supplies	11,876	3,959	15,835
Training/memberships	37,336	12,446	49,782
Travel	34,617	11,539	46,156
Contract fees	597,124	199,041	796,165
Equipment and software	16,979	5,660	22,639
Bank charges	238	80	318
Legal and professional fees	730	244	974
Payroll processing	2,152	717	2,869
Licenses	208	69	277
Audit	7,200	2,400	9,600
Membership dues	544	181	725
Board expenses	546	182	728
Insurance	4,098	1,366	5,464
TOTAL FUNCTIONAL EXPENSES	\$ 1,590,786	\$ 530,263	\$ 2,121,049

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, 2019

Cash flows from operating activities		
Change in net assets	\$	986,036
Changes in assets and liabilities		
Grants and contracts receivable		251,891
Other receivables		4,426
Accounts payable		32,666
Cash overdraft		49,576
Unearned revenue		(551,293)
Accrued vacation		1,331
Net cash provided by operating activities		<u>774,633</u>
 Cash flows from investing activities		 -
 Cash flows from financing activities		 <u>-</u>
 Net Change in Cash		 774,633
Cash, Beginning of Year		<u>87,332</u>
Cash, End of Year	\$	<u><u>861,965</u></u>

Schedule of Cash		
Restricted cash		861,965
	\$	<u><u>861,965</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, 2019

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 statements of the Corporation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

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 Corporation has implemented ASU 2016-14.

Cash – The Corporation maintains bank accounts at Wells Fargo, First Horizon, and PNC. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. The cash balances are maintained at financial institutions with high credit-quality ratings. At December 31, 2019, the Corporation's cash balance for First Horizon exceeded the FDIC limit by \$381,507. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant 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 Corporation 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.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Donated services – Volunteers contribute significant amounts of time to the Corporation'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 Corporation 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 a non-profit Corporation exempt from Federal and State income taxation under section 501 (c)(3) of the Internal Revenue Code.

FASB ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FAS ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. As of the date of the independent auditors' report, the Corporation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Corporation's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2017 through 2019 are subject to examination by the IRS, generally for three years after the returns were filed.

Estimates – The preparation of financial statements 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.

Recognition of Donor Restrictions – All gifts are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions and support that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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:

Unrestricted contributions receivable	\$ 545,274
Sales tax receivables	5,137
	<u>\$ 550,411</u>

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 3 – Contributions Receivable

At December 31, 2019, the Corporation is due the following amounts:

NC Department of Health and Human Services	\$ 340,588
U.S. Housing and Urban Development	142,521
American Red Cross	46,444
Orange County	40,451
City of Durham	15,721
Total contributions receivable	<u>\$ 585,725</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 \$25,508 in 2020. The Corporation paid \$75,780 for this lease in 2019.

The Corporation entered into a lease for information systems technology in July of 2019 until June of 2020. The lease obligates the Corporation to pay \$33,750 in 2020. The Corporation paid \$109,838 for this lease in 2019.

A lease agreement was entered for technical resources in October of 2019 until October of 2020. The lease obligates the Corporation to pay \$9,995 in 2020. The Corporation paid \$12,495 in 2019.

The Corporation entered into a lease for technical assistance in November of 2019 until November of 2020. The lease obligates the Corporation to pay \$41,655 in 2020. The Corporation paid \$33,150 for this lease in 2019.

Note 5 – Current Vulnerability due to Concentrations

During 2018 the Corporation received 92% of its grant funds from the following public sources:

North Carolina Department of Health and Human Services	21%
U.S. Department of Housing and Urban Development	74%
	<u>95%</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, 2019, 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.

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 8 – Refundable Advances

The Corporation recorded \$92,327 of Refundable Advances as of December 31, 2019. Refundable advances are funds available to be spent in future years.

Note 9 – Net Assets Released from Restrictions

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

	<u>2019</u>
Provision of Housing and Support	<u>\$ 2,171,853</u>
	<u><u>\$ 2,171,853</u></u>

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2019</u>
Provision of Housing and Support	<u>\$ 902,416</u>
	<u><u>\$ 902,416</u></u>

Note 11 – 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 was one subsequent event during this period that requires disclosure. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments and cannot be reasonably predicted and estimated at this time.

Compliance Section

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

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	NC0035L4F031811	\$ 491,607
Continuum of Care	14.267	NC0280L4F021705	55,752
Continuum of Care	14.267	NC0357L4F031710	317,205
Continuum of Care	14.267	NC0035L4F031811	150,687
Total Direct Programs			<u>1,015,251</u>
Passed through the North Carolina Department of Health and Human Services			
Emergency Solutions Grant	14.231	00038664	264,201
Total Passed through NC DHHS			<u>264,201</u>
Total U.S. Department of Housing and Urban Development			<u>1,279,452</u>
Total federal awards			<u>1,279,452</u>
Non-federal awards			
State of North Carolina			
Direct Programs			
N.C. Department of Health and Human Services		00036508	135,479
N.C. Department of Health and Human Services		00039429	127,467
N.C. Department of Health and Human Services		00037226	93,182
Golden Leaf Foundation		FY2019-093	30,672
Total non-federal awards			<u>386,800</u>
TOTAL FEDERAL AND NON-FEDERAL AWARDS			<u>\$ 1,666,252</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, 2019. 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 \$271,719 in-kind contributions related to the U.S. Department of Housing and Urban Development grants CFDA #14.267.

**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**

**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
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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 Corporation), which comprise the statement of financial position as of December 31, 2019, 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 June 30, 2020.

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 Corporation'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 Corporation'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 Corporation'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

June 30, 2020



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

**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
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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 Corporation) 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, 2019. 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, 2019.

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 Corporation'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

June 30, 2020

**NORTH CAROLINA COALITION TO END HOMELESSNESS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019**

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

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

Audited qualified as low risk? x yes no

**NORTH CAROLINA COALITION TO END HOMELESSNESS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019**

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, 2019**

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, 2019**

There were no findings for the year ended December 31, 2018.