

**NORTH CAROLINA COALITION TO END HOMELESSNESS, INC**  
**RALEIGH, NORTH CAROLINA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NORTH CAROLINA COALITION TO END HOMELESSNESS**  
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**Year Ended December 31, 2016**

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## INDEPENDENT AUDITORS' REPORT

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, 2016 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, 2016, 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 January 22, 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

January 22, 2018

NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016

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<u>ASSETS</u>	2016
<b>Current assets</b>	
Cash	\$ 37,770
Grants and contracts receivable	329,956
Other receivables	171
<b>Total current assets</b>	<b>367,897</b>
<b>TOTAL ASSETS</b>	<b>\$ 367,897</b>
 <u>LIABILITIES AND NET ASSETS</u>  	
<b>Current liabilities</b>	
Accounts payable	\$ 17,675
Unearned Revenue	94,543
Accrued Vacation	23,433
<b>Total current liabilities</b>	<b>135,651</b>
<b>Total liabilities</b>	<b>135,651</b>
<b>Net Assets</b>	
Unrestricted	232,246
<b>Total net assets</b>	<b>232,246</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 367,897</b>

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, 2016**

**Changes in unrestricted net assets**

Revenues		
Contributions	\$	340
Governmental grant revenue		992,761
Fee for program		134,626
Other grant revenue		84,345
In-kind revenue		123,606
Other		17,431
<b>Total revenues</b>		<u>1,353,109</u>
Net assets released from restrictions		
Satisfaction of program restrictions		-
<b>Total revenues and other support</b>		<u>1,353,109</u>
 Expenses		
Program services		962,607
Supporting services		
Management and general		302,317
<b>Total expenses</b>		<u>1,264,924</u>
 <b>Increase in unrestricted net assets</b>		<u>88,185</u>
 <b>CHANGE IN NET ASSETS</b>		88,185
Net Assets - Beginning of Year		<u>144,061</u>
<b>NET ASSETS - END OF YEAR</b>	<b>\$</b>	<u><u>232,246</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, 2016**

	Supporting Services		Total
	Program Service Expenses	Management and General	
Salaries	\$ 469,933	\$ 147,590	\$ 617,523
Fringe benefits	75,579	23,737	99,316
Communications	5,625	1,766	7,391
Office expenses	58,644	18,418	77,062
Supplies	9,379	2,946	12,325
Training/memberships	15,496	4,867	20,363
Travel	22,963	7,212	30,175
Contract fees	188,428	59,179	247,607
Equipment and software	13,344	4,189	17,533
Bank charges	24	7	31
Legal fees	1,439	452	1,891
Payroll processing	1,900	597	2,497
Licenses	99	31	130
Mebership dues	99	31	130
Board expenses	483	150	633
In-kind expenses	94,064	29,542	123,606
Insurance	5,108	1,603	6,711
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 962,607</b>	<b>\$ 302,317</b>	<b>\$ 1,264,924</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, 2016**

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	2016
<b>Cash flows from operating activities</b>	
Change in net assets	\$ 88,185
Adjustments to reconcile changes in net assets to net cash used by operating activities	
Changes in assets and liabilities	
Grants and contracts receivable	(169,814)
Other receivables	1,421
Prepaid expenses	-
Accounts payable	(22,873)
Unearned revenue	94,543
Accrued vacation	733
<b>Net cash used by operating activities</b>	<b>(7,805)</b>
<b>Cash flows from investing activities</b>	-
<b>Cash flows from financing activities</b>	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(7,805)</b>
Cash - Beginning of year	45,575
<b>CASH - END OF YEAR</b>	<b>\$ 37,770</b>

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



NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**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 consolidated 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. The account is 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, 2016, the Corporation had a balance of \$41,186 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  
June 30, 2016

**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, 2016. Income tax returns from 2014 through 2016 are open for examination by taxing authorities.

**Note 3 – Grants and contracts receivable**

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

U.S. Department of Housing and Urban Development	\$ 54,575
Department of Health and Human Services -HMIS	149,918
The Homeless Services Network	180
Raleigh Wake Partnership to End Homelessness	125,283
Total grants and contracts receivable	<u>\$ 329,956</u>

**Note 4 – Leases**

The Corporation entered into a lease for office space in May of 2015 until April of 2020. The lease obligates the Corporation to pay \$71,432 in 2017, \$73,572 in 2018, \$75,780 in 2019 and \$25,508 in 2020. The Corporation paid \$69,352 for this lease in 2016.

The Corporation entered into a cleaning agreement in August of 2016. The agreement obligates the Corporation to pay \$375 in 2017. The Corporation paid \$1,125 under this agreement in 2016.

**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  
June 30, 2016

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

During 2016 the Corporation received 94% of its grant funds from the following public sources:

North Carolina Department of Health and Human Services	35%
U.S. Department of Housing and Urban Development	58%
Orange County	1%
	<u>94%</u>

**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, 2016, 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- Unearned Revenue**

The Corporation recorded \$94,543 of Unearned Revenue as of June 30, 2016. This was related to Wake County HMIS invoices exceeding expenses incurred for the services.

## Compliance Section

**NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS**  
**Year Ended December 31, 2016**

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	\$ 11,441
Continuum of Care	14.267	NC0035L4F031508	494,619
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>635,956</u>
<b>Total federal awards</b>			<u>635,956</u>
<b>Non-federal awards</b>			
State of North Carolina			
Direct Programs			
N.C. Department of Health and Human Services		00033872	250,992
N.C. Department of Health and Human Services		00033486	108,600
N.C. Department of Health and Human Services		00032874	101,100
<b>Total non-federal awards</b>			<u>460,692</u>
<b>TOTAL FEDERAL AND NON-FEDERAL AWARDS</b>			<u>\$ 1,096,648</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, 2016. This information in this Schedule of Expenditures of Federal and Non-Federal Awards is presented in accordance with the requirements of *Government Auditing Standards*. 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 \$123,606 in-kind contributions related to the U.S. Department of Housing and Urban Development grants CFDA # 14.267.

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

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, 2016, 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 January 22, 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.

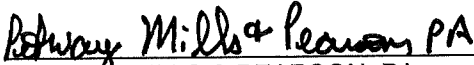
**Compliance and Other Matters**

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  
Certified Public Accountants  
Zebulon, North Carolina

January 22, 2018

**NORTH CAROLINA COALITION TO END HOMELESSNESS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2016**

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



**NORTH CAROLINA COALITION TO END HOMELESSNESS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2016**

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

None reported.

**NORTH CAROLINA COALITION TO END HOMELESSNESS  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2016**

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported.

**NORTH CAROLINA COALITION TO END HOMELESSNESS  
SUMMARY SCHEDULE OF PRIOR YEAR' AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2016**

No audit conducted in 2015.