

THE COALITION FOR THE HOMELESS, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Coalition for the Homeless, Inc.

We have audited the accompanying financial statements of The Coalition for the Homeless, Inc., (a not-for-profit organization) which comprise the statement of financial position as of June 30, 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.

Auditor's 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 The Coalition for the Homeless, Inc. as of June 30, 2016 and 2015, and the changes 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.

Prior Period Financial Statements

The financial statements of The Coalition for the Homeless, Inc. as of June 30, 2015 were audited by other auditors whose report dated March 28, 2016, expressed an unmodified opinion on those statements.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 29, 2017 on our consideration of The Coalition for the Homeless, 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 The Coalition for the Homeless, Inc.'s internal control over financial reporting and compliance.

Baldwin CPAs, PLLC

Louisville, Kentucky
January 29, 2017

THE COALITION FOR THE HOMELESS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 309,506	\$ 259,393
Grants Receivable	150,135	35,954
Promises to Give	20,829	21,363
Inventory	26	3,169
Prepaid Expenses	3,789	2,591
Investments	162,999	168,942
Property and Equipment, Net	<u>8,937</u>	<u>11,301</u>
Total Assets	<u>\$ 656,221</u>	<u>\$ 502,713</u>
LIABILITIES		
Accounts Payable	\$ 41,211	\$ 37,464
Accrued Expenses and Withholdings	<u>11,631</u>	<u>14,897</u>
Total Liabilities	<u>52,842</u>	<u>52,361</u>
NET ASSETS		
Unrestricted	513,650	428,989
Temporarily Restricted	<u>89,729</u>	<u>21,363</u>
Total Net Assets	<u>603,379</u>	<u>450,352</u>
Total Liabilities and Net Assets	<u>\$ 656,221</u>	<u>\$ 502,713</u>

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

THE COALITION FOR THE HOMELESS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Temporarily			Temporarily		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenue and support:						
Grants and Contributions	\$ 3,334,524	\$ 92,592	\$ 3,427,116	\$ 2,687,889	\$ 21,363	\$ 2,709,252
Charitable Gaming Revenue, Net	188,871	-	188,871	99,508	-	99,508
Membership Dues	72,486	-	72,486	57,431	-	57,431
Special Event Revenue	99,527	-	99,527	48,323	-	48,323
Special Event Expense	(80,829)	-	(80,829)	(63,441)	-	(63,441)
Investment Income	24,447	-	24,447	14,534	-	14,534
Realized and Unrealized Gain (Loss) on Investments, Net	(30,236)	-	(30,236)	(14,790)	-	(14,790)
Other Income	12,494	-	12,494	23,552	-	23,552
Total revenue and support	3,621,284	92,592	3,713,876	2,853,006	21,363	2,874,369
Net assets released from restrictions:						
Restrictions satisfied by payments	24,226	(24,226)	-	54,546	(54,546)	-
Total revenue, support and reclassifications	3,645,510	68,366	3,713,876	2,907,552	(33,183)	2,874,369
Expenses:						
Program services	3,278,805	-	3,278,805	2,676,972	-	2,676,972
Management and general	270,499	-	270,499	173,957	-	173,957
Fund raising	11,545	-	11,545	31,208	-	31,208
Total expenses	3,560,849	-	3,560,849	2,882,137	-	2,882,137
Increase (decrease) in net assets	84,661	68,366	153,027	25,415	(33,183)	(7,768)
Net assets at beginning of year	428,989	21,363	450,352	403,574	54,546	458,120
Net assets at end of year	\$ 513,650	\$ 89,729	\$ 603,379	\$ 428,989	\$ 21,363	\$ 450,352

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

THE COALITION FOR THE HOMELESS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Payroll Taxes	\$ 390,716	\$ 143,475	\$ 10,335	\$ 544,526	\$ 399,771	\$ 90,057	\$ 25,780	\$ 515,608
Employee Benefits	61,217	39,133	785	101,135	48,203	32,362	4,006	84,571
Federal Awards - Subrecipients	2,648,547	-	-	2,648,547	2,020,442	-	-	2,020,442
Shelter Assistance	32,099	-	-	32,099	32,887	-	-	32,887
Stand Down Program Expense	14,813	-	-	14,813	7,711	-	-	7,711
Supplies	93	9,400	-	9,493	2,777	4,157	462	7,396
Printing	4,821	3,459	-	8,280	7,412	3,078	342	10,832
Postage	-	2,971	-	2,971	1,336	668	223	2,227
Rent	25,431	16,107	-	41,538	32,969	7,081	-	40,050
Repairs and Maintenance	-	9,091	-	9,091	6,329	4,220	-	10,549
Telephone and Internet	1,483	8,140	-	9,623	9,682	1,414	157	11,253
Auto, Travel and Conferences	6,496	16,083	187	22,766	12,003	7,341	-	19,344
Dues and Subscriptions	-	1,591	-	1,591	-	1,606	-	1,606
Depreciation	1,418	709	238	2,365	1,418	709	238	2,365
Professional Fees	72,157	16,592	-	88,749	63,419	19,794	-	83,213
Miscellaneous	-	2,104	-	2,104	-	344	-	344
Other Program Expenses	19,514	-	-	19,514	30,613	-	-	30,613
Board and Committees	-	1,579	-	1,579	-	852	-	852
Licenses	-	65	-	65	-	274	-	274
	<u>\$ 3,278,805</u>	<u>\$ 270,499</u>	<u>\$ 11,545</u>	<u>\$ 3,560,849</u>	<u>\$ 2,676,972</u>	<u>\$ 173,957</u>	<u>\$ 31,208</u>	<u>\$ 2,882,137</u>

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

THE COALITION FOR THE HOMELESS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 153,027	\$ (7,768)
Adjustments to reconcile (decrease) in net cash provided by operating activities:		
Depreciation	2,365	2,365
Realized and unrealized (gain) loss on investments	30,236	14,790
Change in assets and liabilities net of the effects of investing activities:		
Grants receivable	(114,181)	3,643
Promises to Give	534	
Inventory	3,143	2,512
Prepaid expenses	(1,198)	1,595
Accounts payable	3,747	10,434
Accrued expenses	(3,266)	3,743
	74,408	31,314
Net cash provided by operating activities	74,408	31,314
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(24,293)	(14,411)
Net cash (used in) investing activities	(24,293)	(14,411)
Net increase in cash	50,113	16,903
Cash, Beginning of year	259,393	242,490
Cash, End of year	\$ 309,506	\$ 259,393

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

**THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Note 1. Significant Accounting Policies

Nature of Operations

The Coalition for the Homeless, Inc. (the "Coalition") is a not-for-profit corporation in Louisville, Kentucky, formed to advocate for the homeless and for the preservation and elimination of homelessness. The Coalition derives a significant portion of its revenues from contributions and grants from third party donors and government entities.

Basis of Accounting

The Coalition prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of Not-for-Profit Organizations. Under this guidance, the Organization is required to 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. A description of the three net assets categories follows:

Unrestricted Net Assets: include the portion of expendable funds that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: include gifts for which donor-imposed restrictions have not been met.

Permanently Restricted Net Assets: include amounts which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Use of 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 revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

**THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Cash

Cash consists of cash on deposit.

Grants Receivable

Grants receivable consist primarily of government cost reimbursement contracts billed but not received. All are considered collectible, so no allowance for doubtful accounts is necessary.

Promises to Give

Promises to give are recognized when the donor makes a promise to give to the Coalition that is, in substance, unconditional. Promises to give becoming due in the next year are recorded at net realizable value. Promises to give in subsequent years are reported at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are recognized. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventory

Inventory consist of bus tickets on hand.

Investments

Investments consist of money market accounts and mutual funds and are stated at fair value as determined by quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. The Coalition classifies all money market accounts held in managed accounts as investments.

Property and Equipment

Property and equipment are stated at cost or appraised value at the date of gift for donated assets. The Coalition has a policy to capitalize expenditures for property and equipment greater than \$1,000, Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Contributions and Grants

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets,

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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 statements of activities as net assets released from restrictions.

Donated goods and services

Contributions of tangible assets are recognized at their fair market value at date of donation. The amounts are reflected in the accompanying financial statements as unrestricted support and are offset by like amounts included in expenses. In-kind donations for the years ended June 30, 2016 and 2015 were \$68,190 and \$60,960 and were for special events.

A large number of volunteers have given significant amounts of their time to the Coalition's operating activities. No amounts have been reflected in these statements for such services, since the services do not require specialized skills.

Expense Allocation

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Coalition.

Income Tax Status

The Coalition for the Homeless, Inc., qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal and state income taxes have been made in these statements.

The Coalition's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits. Management believes the Coalition has no uncertain tax positions resulting in an accrual of tax expense or benefit.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

**THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Note 2. Concentrations of Credit Risk

Cash - The Coalition maintains its cash balances in several financial institutions in Louisville, Kentucky. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The risk is managed by maintaining all deposits in high quality financial institutions.

Investments - Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Coalition. To address the risk, the Coalition maintains a formal investment policy that sets out investment guidelines, asset allocation guidelines and requires review of the investment manager's performance. The finance committee oversees the entire process.

Concentration of Revenue – The Coalition is dependent on cost reimbursement contracts with the Department of Housing and Urban Development to carry out its program activities. The majority of these contracts have been currently renewed through third-party payers' fiscal years ending during 2016. However, any significant future changes in the level of government funding of these programs could have a favorable or unfavorable impact on the operating results of the Coalition. During the years ended June 30, 2016 and 2015, 86% and 82%, respectively, of total revenue and support was derived from federal, state, and local government grants.

Note 3. Promises to Give

Promises to give are receivable in less than one year. The promises to give balance consists of the following as of June 30, 2016 and 2015, respectively:

	2016	2015
Metro United Way	\$ 20,829	\$ 21,363

No allowance for doubtful accounts is considered necessary, as management believes that all amounts are collectible.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Note 4. Investments

Long-term investments are valued using level 1 inputs based on unadjusted quoted market prices within active markets and consist of stocks, bonds and mutual funds. Cost, fair values and unrealized appreciation at June 30, 2016 and 2015, are as follows:

	June 30, 2016		June 30, 2015	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 40,650	\$ 40,650	\$ 2,957	\$ 2,957
Mutual funds	122,349	96,370	165,985	130,435
	<u>\$ 162,999</u>	<u>\$ 137,020</u>	<u>\$ 168,942</u>	<u>\$ 133,392</u>

Note 5. Fair Values of Financial Instruments

The ASC provides a framework for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methodology for measuring fair value species a three-tier hierarchy of valuation techniques based upon whether the inputs to those valuation techniques are bases on quoted prices of identical assets or liabilities (Level 1), significant other observable inputs (Level 2), or significant other unobservable inputs that reflect an organization's own assumptions of market participant valuation (Level 3).

Fair values of assets measured on a recurring basis at June 30, 2016 and 2015 are as follows:

	Balance at	Fair Value Measurements Using:		
	June 30, 2016	Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 40,650	\$ 40,650	\$ -	\$ -
Mutual funds				
Growth	87,705	87,705	-	-
Growth and income	-	-	-	-
Income	34,644	34,644	-	-
	<u>\$ 162,999</u>	<u>\$ 162,999</u>	<u>\$ -</u>	<u>\$ -</u>

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Balance at June 30, 2015	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 2,957	\$ 2,957	\$ -	\$ -
Mutual funds				
Growth	74,124	74,124	-	-
Growth and income	23,806	23,806	-	-
Income	68,055	68,055	-	-
	<u>\$ 168,942</u>	<u>\$ 168,942</u>	<u>\$ -</u>	<u>\$ -</u>

The valuation methodologies used for assets measured at fair value are:

The carrying amount of money market accounts approximate fair value due to the short-term nature of these instruments.

Mutual funds are valued at fair value based on quoted market prices for identical securities in active markets that the Coalition has the ability to access at the measurement date.

Note 6. Property and Equipment

Property and equipment and total accumulated depreciation are as follows:

	2016	2015
Property and Equipment	\$ 18,276	\$ 18,276
Less Accumulated Depreciation	<u>(9,339)</u>	<u>(6,975)</u>
	<u>\$ 8,937</u>	<u>\$ 11,301</u>

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Continuum of Care Program, Metro United Way	\$ 20,829	\$ 21,363
Rx: Housing Grant	500	-
Program Income from Tenants	67,399	-
Bourbon Mixer Contribution	<u>1,000</u>	<u>-</u>
	<u>\$ 89,728</u>	<u>\$ 21,363</u>

Note 8. Pension Plan

The Coalition maintains a simplified employee pension plan covering all employees who have attained 21 years of age and earn in excess of \$500. The Coalition contributes 7.0% of each eligible employee's salary. Employer contributions for the years ended June 30, 2016 and 2015 were \$36,470 and \$30,988.

Note 9. Operating Leases

The Coalition leases office space under operating leases expiring in various years through 2022. Several of these leases have renewal options that are renewed in the normal course of business. Future minimum lease payments under non-cancelable operating leases at June 30, 2016, are as follows:

<u>Due Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 102,128
2018	66,222
2019	66,222
2020	66,222
2021	50,199
Thereafter	<u>42,188</u>
	<u>\$ 393,181</u>

**THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

Note 10. Fiscal Agent

The Coalition and the Transit Authority of River City (“TARC”) have entered into an agreement allowing the Coalition to act as TARC’s fiscal agent and sell discounted TARC tickets to homeless shelters for their clients’ use. The Coalition receives a small transaction fee for this service. The related ticket revenue and expense is recorded as other income in the statements of activities and is presented as follows:

	2016	2015
Ticket revenue	\$ 390,894	\$ 385,182
Ticket expense	(379,286)	(375,585)
Net ticket income	\$ 11,608	\$ 9,597

Note 11. Federal Awards

During the years ended June 30, 2016 and 2015, the Coalition received federal awards under programs administered by the U.S Department of Housing and Urban Development. As required under the programs the Coalition passed through awards during the years ended June 30, 2016 and 2015 totaling \$2,648,547 and \$2,020,442, respectively, to sub-recipients who provide programs that assist the homeless.

Note 12. Subsequent Events

Management has evaluated subsequent events for recognition or disclosure in the financial statements through January 29, 2017, which was the date at which the financial statements were available to be issued.

ADDITIONAL INFORMATION

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Payments to sub-recipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development:			
Continuum of Care Program	14.267	\$ 2,648,547	\$ 3,071,175
Emergency Solutions Grant	14.231	32,100	32,100
Community Development Block Grant	14.218	-	80,000
		<u>2,680,647</u>	<u>3,183,275</u>
Total Expenditures of Federal Awards		<u>\$ 2,680,647</u>	<u>\$ 3,183,275</u>

See accompanying notes to schedule of expenditures of federal awards.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and nonfederal awards includes the federal award activity of The Coalition for the Homeless, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of The Coalition for the Homeless, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Coalition for the Homeless, Inc.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Coalition for the Homeless, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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
The Coalition for the Homeless, Inc.

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 The Coalition for the Homeless, Inc. which comprise the statement of financial position as of June 30, 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 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Coalition for the Homeless, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Coalition for the Homeless, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Coalition for the Homeless, Inc.'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Coalition for the Homeless, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baldwin CPAs, PLLC

Louisville, Kentucky
January 29, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
The Coalition for the Homeless, Inc.

Report on Compliance for Each Major Federal Program

We have audited The Coalition for the Homeless, Inc.'s (a not-for-profit 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 The Coalition for the Homeless, Inc.'s major federal programs for the year ended June 30, 2016. The Coalition for the Homeless, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Coalition for the Homeless, 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 The Coalition for the Homeless, 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 on The Coalition for the Homeless, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Coalition for the Homeless, 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 June 30, 2016.

Report on Internal Control over Compliance

Management of The Coalition for the Homeless, 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 The Coalition for the Homeless, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Coalition for the Homeless, Inc.'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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Baldwin CPAs, PLLC

Louisville, Kentucky
January 29, 2017

**THE COALITION FOR THE HOMELESS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

Summary of auditor's results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of The Coalition for the Homeless, Inc. were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the internal control report.
3. No instances of noncompliance material to the financial statements of The Coalition for the Homeless, Inc. which would be required to be reported on Government Auditing Standards were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance.
5. The auditor's report on compliance for the Department of Housing and Urban Development – Continuum of Care Program expresses an unmodified opinion.
6. There are no audit findings to be reported in accordance with 2 CFR 200.516(a).
7. Programs tested as major programs included:

Department of Housing and Urban Development	CFDA #14.267	\$ 3,071,175
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8. The dollar threshold to distinguish between Type A and Type B programs is \$750,000.
9. The Coalition for the Homeless, Inc. did not qualify as a low-risk auditee.

Findings – financial statement audit: None

Findings and questioned costs – major federal award programs audit: None

**THE COALITION FOR THE HOMELESS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

FINDINGS – FINANCIAL STATEMENTS AUDIT

2015-001 General Ledger Reconciliations

Condition: The finding was a material weakness in the internal controls over financial reporting resulting in several audit adjustments due to accounts not being reconciled to the general ledger. In addition, several account reconciliations provided during the audit did not agree to the general ledger.

Recommendation: The auditor recommended that the Coalition have someone perform these reconciliations on a monthly basis.

Current status: The Coalition engaged a third party accountant to perform monthly account reconciliations and prepare monthly financial statements for management and the Board of Directors.

2015-002 Financial Reporting

Condition: The finding was a significant deficiency stating that the Coalition does not have a person with the complete knowledge to prepare the annual financial statements that include all the disclosures required by generally accepted accounting principles.

Recommendation: The auditor recommended that the Coalition engage or employ a person with this level of expertise.

Current status: The third party accountant hired by the Coalition is able to prepare the annual financial statements including footnotes.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None