



The Coalition for the Homeless, Inc.

Independent Auditors' Report

And Financial Statements

For the Years Ended

June 30, 2017 and 2016

Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	20
Schedule of Findings and Questioned Costs	22

Independent Auditors' 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 statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 audits 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 December 7, 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 the effectiveness of The Coalition for the Homeless, Inc.'s 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
December 7, 2017

The Coalition for the Homeless, Inc.
 Statements of Financial Position
 June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 471,723	\$ 309,506
Grants receivable	52,835	150,135
Promises to give	17,705	20,829
Inventory	2,630	26
Prepaid expenses	3,516	3,789
Investments	266,817	162,999
Property and equipment, net	6,573	8,937
Total assets	\$ 821,799	\$ 656,221
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 38,571	\$ 41,211
Accrued expenses and withholdings	18,185	11,631
Total liabilities	56,756	52,842
 NET ASSETS		
Unrestricted	697,121	513,650
Temporarily restricted	67,922	89,729
Total net assets	765,043	603,379
Total liabilities and net assets	\$ 821,799	\$ 656,221

The Coalition for the Homeless, Inc.
 Statements of Activities
 For the Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Grants and contributions	\$ 3,268,492	\$ 130,971	\$ 3,399,463	\$ 3,334,524	\$ 92,592	\$ 3,427,116
Charitable gaming revenue, net	185,490	-	185,490	188,871	-	188,871
Membership dues	50,990	-	50,990	72,486	-	72,486
Special event revenue	95,434	-	95,434	99,527	-	99,527
Special event expense	(45,810)	-	(45,810)	(80,829)	-	(80,829)
Investment income	30,393	-	30,393	24,447	-	24,447
Realized and unrealized gain (loss) on investments, net	(6,375)	-	(6,375)	(30,236)	-	(30,236)
Other income	22,866	-	22,866	12,494	-	12,494
	<u>3,601,480</u>	<u>130,971</u>	<u>3,732,451</u>	<u>3,621,284</u>	<u>92,592</u>	<u>3,713,876</u>
Net assets released from restrictions:						
Restrictions satisfied by payments	152,778	(152,778)	-	24,226	(24,226)	-
	<u>3,754,258</u>	<u>(21,807)</u>	<u>3,732,451</u>	<u>3,645,510</u>	<u>68,366</u>	<u>3,713,876</u>
Total revenue and support						
Expenses:						
Program services	3,305,744	-	3,305,744	3,278,805	-	3,278,805
Management and general	131,266	-	131,266	270,499	-	270,499
Fundraising	133,777	-	133,777	11,545	-	11,545
	<u>3,570,787</u>	<u>-</u>	<u>3,570,787</u>	<u>3,560,849</u>	<u>-</u>	<u>3,560,849</u>
Total expenses						
Change in net assets	183,471	(21,807)	161,664	84,661	68,366	153,027
Net assets at beginning of year	513,650	89,729	603,379	428,989	21,363	450,352
	<u>\$ 697,121</u>	<u>\$ 67,922</u>	<u>\$ 765,043</u>	<u>\$ 513,650</u>	<u>\$ 89,729</u>	<u>\$ 603,379</u>
Net assets at end of year						

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, 2017 and 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 456,426	\$ 29,612	\$ 108,266	\$ 594,304	\$ 390,716	\$ 143,475	\$ 10,335	\$ 544,526
Employee benefits	79,713	5,172	18,908	103,793	61,217	39,133	785	101,135
Federal awards - subrecipients	2,416,930	-	-	2,416,930	2,648,547	-	-	2,648,547
Shelter assistance	32,120	-	-	32,120	32,099	-	-	32,099
Stand down program	8,268	-	-	8,268	14,813	-	-	14,813
Supplies	8,611	559	2,042	11,212	93	9,400	-	9,493
Printing	3,832	249	909	4,990	4,821	3,459	-	8,280
Postage	1,553	101	368	2,022	-	2,971	-	2,971
Rent	40,801	25,843	-	66,644	25,431	16,107	-	41,538
Repairs and maintenance	-	9,239	-	9,239	-	9,091	-	9,091
Telephone and internet	12,841	833	3,046	16,720	1,483	8,140	-	9,623
Travel and conferences	33,164	1,739	-	34,903	6,496	16,083	187	22,766
Dues and subscriptions	-	2,024	-	2,024	-	1,591	-	1,591
Depreciation	1,418	709	238	2,365	1,418	709	238	2,365
Professional fees	62,801	42,511	-	105,312	72,157	16,592	-	88,749
Miscellaneous	11	9,975	-	9,986	-	2,169	-	2,169
Other program expenses	146,750	-	-	146,750	19,514	-	-	19,514
Board and committees	505	2,700	-	3,205	-	1,579	-	1,579
	<u>\$ 3,305,744</u>	<u>\$ 131,266</u>	<u>\$ 133,777</u>	<u>\$ 3,570,787</u>	<u>\$ 3,278,805</u>	<u>\$ 270,499</u>	<u>\$ 11,545</u>	<u>\$ 3,560,849</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, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 161,664	\$ 153,027
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,365	2,365
Realized and unrealized (gain) loss on investments	6,375	30,236
(Increase) decrease in operating assets:		
Grants receivable	97,300	(114,181)
Promises to give	3,124	534
Inventory	(2,604)	3,143
Prepaid expenses	273	(1,198)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,640)	3,747
Accrued expenses	6,554	(3,266)
	272,411	74,407
Cash flows from investing activities		
Purchase of investments	(110,194)	(24,293)
	(110,194)	(24,293)
Net increase in cash	162,217	50,113
Cash, beginning of year	309,506	259,393
Cash, end of year	\$ 471,723	\$ 309,506

The Coalition for the Homeless, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2017 and 2016

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 people who are homeless and for the prevention 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 on the accrual basis of accounting 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.

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.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2017 and 2016

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, at cost.

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, 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, 2017 and 2016 were \$32,967 and \$68,190, respectively 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.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2017 and 2016

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. During 2017, the Coalition changed its allocation procedures to better reflect fund raising expenses. The change had no effect on change in net assets or total assets.

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.

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 2017. 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, 2017 and 2016, 87% and 86%, respectively, of total revenue and support was derived from federal, state, and local government grants.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2017 and 2016

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, 2017 and 2016, respectively:

	2017	2016
Metro United Way	\$ 17,705	\$ 20,829

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

Note 4 - Investments

Investments consist of cash, stocks, and mutual funds that are stated at fair value based on quoted prices in active markets (all level 1 measurements) and are summarized as follows:

	Fair Value	Cost Basis	Unrealized Gains (Losses)
<u>June 30, 2017</u>			
Cash	\$ 1,031	\$ 1,031	\$ -
Mutual funds	265,786	227,785	38,001
	\$ 266,817	\$ 228,816	\$ 38,001
 <u>June 30, 2016</u>			
Cash	\$ 40,650	\$ 40,650	\$ -
Mutual funds	122,349	96,370	25,979
	\$ 162,999	\$ 137,020	\$ 25,979

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).

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2017 and 2016

Fair values of assets measured on a recurring basis at June 30, 2017 and 2016 are as follows:

	Balance at June 30, 2017	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 1,031	\$ 1,031	\$ -	\$ -
Mutual funds				
Growth	13,044	13,044	-	-
Income	252,742	252,742	-	-
	<u>\$ 266,817</u>	<u>\$ 266,817</u>	<u>\$ -</u>	<u>\$ -</u>
	Balance at June 30, 2016	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 40,650	\$ 40,650	\$ -	\$ -
Mutual funds				
Growth	87,705	87,705	-	-
Income	34,644	34,644	-	-
	<u>\$ 162,999</u>	<u>\$ 162,999</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:

	2017	2016
Property and Equipment	\$ 18,276	\$ 18,276
Less Accumulated Depreciation	(11,703)	(9,339)
	<u>\$ 6,573</u>	<u>\$ 8,937</u>

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2017 and 2016

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	2017	2016
Continuum of Care Program,		
Metro United Way	\$ 17,705	\$ 20,829
Rx: Housing Grant	2,948	500
Program Income from Tenants	47,269	67,400
Bourbon Mixer Contribution	-	1,000
	\$ 67,922	\$ 89,729

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, 2017 and 2016 were \$26,488 and \$36,470.

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, 2017, are as follows:

Due Fiscal Year Ending June 30,	Amount
2018	\$ 131,223
2019	66,222
2020	66,222
2021	50,199
2022	42,188
	\$ 356,054

Rent expense for the years ended June 30, 2017 and 2016 was \$143,444 and \$126,713, respectively.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2017 and 2016

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:

	2017	2016
Ticket revenue	\$ 391,684	\$ 390,894
Ticket expense	(372,835)	(379,286)
Net ticket income	\$ 18,849	\$ 11,608

Note 11 - Federal Awards

During the years ended June 30, 2017 and 2016, 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, 2017 and 2016 totaling \$2,447,740 and \$2,648,547, respectively, to sub-recipients who provide programs that assist the homeless.

Note 12 - Recently Issued Accounting Standards

Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The core principle of ASU 2014-09 is to recognize revenues when a customer obtains control of a good or service, in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. The standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 by one year. The updated standard will be effective for the year ending June 30, 2020. The Organization has not yet selected a transition method and is currently evaluating the effect that the new standard will have on its combined financial statements.

Accounting Standards Update 2016-02, Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), requiring all leases to be recognized on the Organization’s balance sheet as a right-of-use asset and a lease liability, unless the lease is a short term lease (generally a lease with a term of twelve months or less). At the commencement date of the lease, the Organization will recognize: 1) a lease liability for Organization’s obligation to make payments under the lease agreement, measured on a discounted basis; and 2) a right-of-use asset that represents the Organization’s right to use, or control the use of, the specified asset for the lease term.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2017 and 2016

Upon adopting the ASU, the Organization will be required to recognize and measure its leases at the beginning of the earliest period presented using a modified retrospective approach.

ASU 2016-02 will be effective for the Organization for the year ending June 30, 2021, with early adoption permitted. The Organization is currently evaluating the effect that the new standard will have on its combined financial statements.

Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958)

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, that changes how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The ASU includes a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The ASU will be effective for the Organization for the year ending June 30, 2019. Early adoption is permitted.

The Organization is currently evaluating the effect that the new standard will have on its combined financial statements.

Note 13 - Subsequent Events

Management has evaluated subsequent events for recognition or disclosure in the financial statements through December 7, 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, 2017

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	\$ 2,416,930	\$ 3,089,757
Emergency Solutions Grant	14.231	30,810	30,810
Community Development Block Grant	14.218	-	80,000
Total Expenditures of Federal Awards		<u>\$ 2,447,740</u>	<u>\$ 3,200,567</u>

The Coalition for the Homeless, Inc.
Notes to Schedules of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal 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, 2017. 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 Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Directors
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, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 7, 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
December 7, 2017

Independent Auditors' 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, 2017. 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.

Auditors' 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, 2017.

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
December 7, 2017

The Coalition for the Homeless, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Summary of auditors' results:

1. The auditors' 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. No material weaknesses are reported.
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 in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal awards programs for The Coalition for the Homeless, Inc. expresses an unmodified opinion on all major federal programs.
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			
Continuum of Care Program	CFDA #14.267	\$	3,089,757

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