

THE COALITION FOR THE HOMELESS, INC.

FINANCIAL REPORT

JUNE 30, 2014

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Coalition for the Homeless, Inc.
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of The Coalition for the Homeless, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, 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.

Auditor's 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 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 February 5, 2015, 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.

Jones, Nale & Mattingly PC

Louisville, Kentucky
February 5, 2015

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 242,490	\$ 196,028
Grants receivable	60,960	103,913
Inventory	5,681	8,698
Prepaid expenses	4,186	6,728
Investments (Notes 2 and 3)	169,321	148,399
Furniture and equipment, net (Note 4)	<u>13,666</u>	<u>16,030</u>
Total assets	<u><u>\$ 496,304</u></u>	<u><u>\$ 479,796</u></u>
LIABILITIES		
Accounts payable	\$ 27,030	\$ 3,201
Accrued expenses and withholdings	<u>11,154</u>	<u>4,702</u>
Total liabilities	<u><u>\$ 38,184</u></u>	<u><u>\$ 7,903</u></u>
NET ASSETS		
Unrestricted	\$ 403,574	\$ 443,824
Temporarily restricted (Note 6)	<u>54,546</u>	<u>28,069</u>
Total net assets	<u><u>\$ 458,120</u></u>	<u><u>\$ 471,893</u></u>
Total liabilities and net assets	<u><u>\$ 496,304</u></u>	<u><u>\$ 479,796</u></u>

The Notes to Financial Statements are an integral part of these statements.

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2014 and 2013

UNRESTRICTED NET ASSETS	<u>2014</u>	<u>2013</u>
Revenues and support:		
Federal awards (Note 10)	\$ 1,107,915	\$ 294,644
Grants and contributions	285,613	187,370
Charitable gaming revenue	\$ 1,838,589	\$ 1,941,821
Direct payouts	(1,576,806)	(1,666,254)
Other direct expenses	<u>(160,449)</u>	<u>(182,395)</u>
In-kind income	28,315	94,545
Membership dues	31,650	42,500
Special events	50,864	40,990
Investment income	6,056	280
Realized and unrealized gain on investments, net	14,931	12,790
Other income	29,779	51,312
Total support and revenue	<u>\$ 1,656,457</u>	<u>\$ 817,603</u>
Released from restrictions	<u>\$ 21,363</u>	<u>\$ 40,034</u>
Expenses:		
Program services	\$ 1,403,623	\$ 537,227
General and administrative	248,733	129,928
Fundraising	65,714	61,871
	<u>\$ 1,718,070</u>	<u>\$ 729,026</u>
Increase (decrease) in unrestricted net assets	<u>\$ (40,250)</u>	<u>\$ 128,611</u>
TEMPORARILY RESTRICTED NET ASSETS		
Grants	\$ 47,840	\$ 21,364
Released from restrictions	<u>(21,363)</u>	<u>(40,034)</u>
Increase (decrease) in temporarily restricted net assets	<u>\$ 26,477</u>	<u>\$ (18,670)</u>
Increase (decrease) in net assets	\$ (13,773)	\$ 109,941
NET ASSETS AT BEGINNING OF YEAR	<u>471,893</u>	<u>361,952</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 458,120</u></u>	<u><u>\$ 471,893</u></u>

The Notes to Financial Statements are an integral part of these statements.

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2014 and 2013

	2014			
	Program Services	General and Administrative	Fund- raising	Total
Salaries	\$ 352,111	\$ 81,681	\$ 21,690	\$ 455,482
Payroll taxes	33,536	7,840	2,178	43,554
Employee benefits	49,416	35,133	4,450	88,999
Federal awards - subrecipients (Note 10)	798,874	--	--	798,874
Advertising	--	--	--	--
Shelter assistance	34,517	--	--	34,517
Supplies	9,998	4,417	491	14,906
Printing	7,993	2,413	268	10,674
Postage	766	383	128	1,277
Stand down program expense	11,735	--	--	11,735
Rent	33,077	6,635	--	39,712
Repairs and maintenance	1,650	1,100	--	2,750
Insurance	--	--	--	--
Telephone	7,007	3,139	349	10,495
Auto, travel and conferences	5,872	5,643	--	11,515
Dues and subscriptions	--	1,545	--	1,545
Depreciation	1,419	710	237	2,365
Professional fees	46,575	33,749	--	80,324
Miscellaneous	88	63,872	--	63,960
Other program expenses	8,989	--	--	8,989
Special events	--	--	35,923	35,923
Board and committees	--	358	--	358
Licenses	--	115	--	115
	<u>\$ 1,403,623</u>	<u>\$ 248,733</u>	<u>\$ 65,714</u>	<u>\$ 1,718,070</u>

The Notes to Financial Statements are an integral part of these statements.

2013

Program Services	General and Administrative	Fund- raising	Total
\$ 260,229	\$ 48,793	\$ 16,264	\$ 325,286
23,162	4,343	1,447	28,952
69,715	13,072	4,357	87,144
--	--	--	--
2,230	1,487	--	3,717
32,102	--	--	32,102
9,488	4,744	1,582	15,814
2,617	1,308	436	4,361
1,096	548	183	1,827
9,977	--	--	9,977
18,630	9,315	3,105	31,050
1,877	1,252	--	3,129
3,518	2,345	--	5,863
7,073	3,537	1,179	11,789
15,879	--	--	15,879
--	1,957	--	1,957
443	221	74	738
74,187	34,468	--	108,655
5,004	2,017	189	7,210
--	--	--	--
--	--	33,055	33,055
--	421	--	421
--	100	--	100
<u>\$ 537,227</u>	<u>\$ 129,928</u>	<u>\$ 61,871</u>	<u>\$ 729,026</u>

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (13,773)	\$ 109,941
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,365	738
Realized and unrealized (gain) on investments, net	(14,931)	(12,790)
Change in assets and liabilities net of the effects of investing activities:		
(Increase) decrease in grants receivable	42,953	(72,168)
Decrease in inventory	3,017	7,066
Decrease in prepaid expenses	2,542	242
Increase (decrease) in accounts payable	23,829	(45,907)
Increase (decrease) in accrued expenses	6,452	(1,796)
Net cash provided by (used in) operating activities	<u>\$ 52,454</u>	<u>\$ (14,674)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	\$ (5,992)	\$ (13,562)
Proceeds from sale of investments	-	13,457
Purchase of equipment	-	(15,050)
Net cash (used in) investing activities	<u>\$ (5,992)</u>	<u>\$ (15,155)</u>
Net increase (decrease) in cash	\$ 46,462	\$ (29,829)
Cash:		
Beginning of year	<u>196,028</u>	<u>225,857</u>
End of year	<u><u>\$ 242,490</u></u>	<u><u>\$ 196,028</u></u>

The Notes to Financial Statements are an integral part of these statements.

THE COALITION FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

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 prevention and elimination of homelessness. The Coalition derives a significant portion of its revenues from contributions and grants from third party donors and governmental entities.

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 assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Grants receivable

Grants receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

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.

Inventory

Inventory is valued at the lower of cost or market, cost being determined by the first-in, first-out (FIFO) method.

Property, equipment and depreciation

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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Contributions and grants

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

The value of donated goods is recorded as support and expenses in the statements of activities. 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.

Income taxes

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 has 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.

The Coalition's Federal Return of Organization Exempt from Income Tax, Form 990, is subject to examination by the taxing authorities until the expiration of the related statutes of limitations on the return, which is generally three years.

Subsequent events

Management has evaluated subsequent events through February 5, 2015, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments

Approximate fair value of investments compared to cost is as follows:

	June 30, 2014		June 30, 2013	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 3,299	\$ 3,299	\$ 3,122	\$ 3,122
Mutual funds	166,022	123,098	145,277	117,433
	<u>\$ 169,321</u>	<u>\$ 126,397</u>	<u>\$ 148,399</u>	<u>\$ 120,555</u>

Note 3. Fair Values of Financial Instruments

U.S. GAAP 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 specifies a three-tier hierarchy of valuation techniques based upon whether the inputs to those valuation techniques are based 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, 2014 and 2013 are as follows:

	Balance at June 30, 2014	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 3,299	\$ 3,299	\$ --	\$ --
Mutual funds				
Growth	72,525	72,525	--	--
Growth and income	22,380	22,380	--	--
Income	71,117	71,117	--	--
	<u>\$ 169,321</u>	<u>\$ 169,321</u>	<u>\$ --</u>	<u>\$ --</u>

	Balance at June 30, 2013	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 3,122	\$ 3,122	\$ --	\$ --
Mutual funds				
Growth	59,546	59,546	--	--
Growth and income	21,319	21,319	--	--
Income	64,412	64,412	--	--
	<u>\$ 148,399</u>	<u>\$ 148,399</u>	<u>\$ --</u>	<u>\$ --</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Values of Financial Instruments (Continued)

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

The carrying amounts 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 4. Property and Equipment

Property and equipment and total accumulated depreciation are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Furniture and equipment	\$ 18,276	\$ 18,276
Less accumulated depreciation	<u>(4,610)</u>	<u>(2,246)</u>
	<u>\$ 13,666</u>	<u>\$ 16,030</u>

Note 5. 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% of each eligible employee's salary. Employer contributions for the years ended June 30, 2014 and 2013 were \$34,857 and \$23,175, respectively.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Continuum of Care Program, Metro United Way	\$ 21,363	\$ 11,018
Quality Assurance Standards Program, Metro United Way	--	7,345
HMIS Grant, Metro United Way	--	3,000
Rx: Housing Grant	31,333	6,706
Give-A-Jam Fundraiser	<u>1,850</u>	<u>--</u>
	<u>\$ 54,546</u>	<u>\$ 28,069</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Operating Leases

The Coalition entered into a renewable one year lease with E&M Distributing, Inc., effective February 2, 2006, to lease a charity bingo hall for purposes of operating bingo games twice per week. For the years ended June 30, 2014 and 2013, lease payments for the bingo hall totaled \$76,550 and \$81,000, respectively.

The Coalition entered into a five year lease with Ollie Green Commercial Properties effective November 1, 2010, to lease commercial office space. The monthly payment is \$1,838. Lease payments for the office space totaled \$22,050 for the years ended June 30, 2014 and 2013.

The Coalition entered into a five year lease with Ollie Green Commercial Properties effective December 10, 2012, to lease additional commercial office space. The monthly payment is \$1,500. Lease payments for the office space totaled \$18,000 and \$9,000 for the years ended June 30, 2014 and 2013, respectively.

The future minimum lease payments required under these lease agreements for each of the succeeding years are as follows:

Due Fiscal Year Ending June 30,	
2015	\$ 40,050
2016	25,350
2017	18,000
2018	9,000
	<u>\$ 92,400</u>

Note 8. 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:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Ticket revenue	\$ 316,349	\$ 418,190
Ticket expense	<u>(310,073)</u>	<u>(391,363)</u>
Net ticket income	<u>\$ 6,276</u>	<u>\$ 26,827</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Risks and Uncertainties

The Coalition invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of the investment securities will occur in the near term and that such changes could materially affect market values and the amounts reported in the financial statements.

Note 10. Federal Awards

During the year ended June 30, 2014, 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 totaling \$798,874 to subrecipients who provide programs that assist the homeless. The total amount of awards passed through to subreceptients was zero for the year ended June 30, 2013.

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Title	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:		
Continuum of Care Program	14.267	\$ 1,105,778
Supportive Housing Program	14.235	<u>2,137</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,107,915</u></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
Year Ended June 30, 2014**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of programs of the federal government for the year ended June 30, 2014 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operation 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. Subrecipients

Of the federal expenditures presented in the Schedule, The Coalition for the Homeless, Inc. provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.267	Continuum of Care Program	\$ 798,874



Jones, Nale & Mattingly PLC

**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**

To the Board of Directors
The Coalition for the Homeless, Inc.
Louisville, Kentucky

We have audited, 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, the financial statements of The Coalition for the Homeless, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows the years then ended and the related notes to the financial statements, and have issued our report thereon dated February 5, 2015.

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 The Coalition for the Homeless, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the The Coalition for the Homeless, Inc.'s internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [2014-001]

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. [2014-002]

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*.

The Coalition for the Homeless, Inc.'s Response to Findings

The Coalition for the Homeless, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Coalition for the Homeless, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Jones, Nale & Mattingly PC

Louisville, Kentucky
February 5, 2015



Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
The Coalition for the Homeless, Inc.
Louisville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited The Coalition for the Homeless, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of 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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
February 5, 2015

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the The Coalition for the Homeless, Inc.
2. One material weakness and one significant deficiency relating to the audit of the financial statements are reported in the **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.**
3. No instances of noncompliance material to the financial statements of the The Coalition for the Homeless, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133.**
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion.
6. There are no audit findings relative to the major federal award programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:

Continuum of Care Program: CFDA No. 14.267
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Coalition for the Homeless, Inc. did not qualify as a low-risk auditee.

THE COALITION FOR THE HOMELESS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2014

FINDINGS—FINANCIAL STATEMENTS AUDIT

2014-001 General Ledger Reconciliations

Criteria: A system of internal control over financial reporting includes controls over the monthly process of reconciling accounts to the general ledger

Condition: The audit of the financial statements resulted in several adjustments due to accounts not being reconciled to the general ledger.

Cause: The Coalition did not appear to have adequate staffing to perform the account reconciliations.

Effect: The Coalition's financial statements may not be accurate.

Recommendation: To mitigate this finding, the Coalition should have someone perform these reconciliations on a monthly basis.

Response: The Coalition has hired an individual to perform monthly account reconciliations.

2014-002 Financial Reporting

Criteria: A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures.

Condition: 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.

Cause: The Coalition does not employ someone with the level of knowledge and training to prepare annual financial statements to include footnote disclosures.

Effect: The annual financial statements are prepared by management with consultation from their auditors.

Recommendation: To mitigate this finding the Coalition would have to employ a person with this level of expertise.

Response: The Coalition's management has advised us that they do not believe that the benefit of employing this level of expertise warrants the associated costs.

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAM AUDIT

None

THE COALITION FOR THE HOMELESS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no prior audit findings and questioned costs related to major federal award programs audit.