

**CABELL HUNTINGTON COALITION  
FOR THE HOMELESS, INC.  
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS WITH  
ADDITIONAL INFORMATION**

**YEARS ENDED JUNE 30, 2018 AND 2017**

DHHR - Finance

MAR 19 2019

Date Received

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.  
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION  
YEARS ENDED JUNE 30, 2018 AND 2017**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Cabell Huntington Coalition for the Homeless, Inc.  
Huntington, West Virginia

***Report on the Financial Statements***

We have audited the accompanying financial statements of Cabell Huntington Coalition for the Homeless, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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 Cabell Huntington Coalition for the Homeless, Inc. as of June 30, 2018 and 2017, 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**

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 8, 2018, on our consideration of Cabell Huntington 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 solely 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 Cabell Huntington 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 Cabell Huntington Coalition for the Homeless, Inc.'s internal control over financial reporting and compliance.

*Ware & Hall PLLC*

Huntington, West Virginia  
December 8, 2018

DHHR - Finance

MAR 19 2019

Date Received

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

<b>ASSETS</b>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 351,469	\$ 272,045
Tenant accounts receivable	4,217	4,238
Grant receivable	106,511	142,435
Other receivables	3,383	8,555
Prepaid expenses	<u>5,947</u>	<u>4,890</u>
<b>TOTAL CURRENT ASSETS</b>	<b>471,527</b>	<b>432,163</b>
<b>RESTRICTED ASSETS</b>		
Restricted cash	68,276	65,349
<b>PROPERTY AND EQUIPMENT, NET</b>	1,422,207	1,475,657
<b>OTHER ASSETS</b>		
Deposits	<u>5,198</u>	<u>5,198</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,967,208</u></b>	<b>\$ <u>1,978,367</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 44,629	\$ 65,346
Accrued payroll	20,790	22,746
Accrued annual leave	17,327	19,847
Accrued interest payable	160	233
Accrued and withheld taxes and benefits	9,691	10,881
Tenant security deposits	12,981	14,740
Deferred revenue	-0-	2,299
Custodial accounts	68,276	65,349
Current portion of notes payable	10,509	10,630
Current portion of obligations under capital lease	-0-	5,447
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>184,363</u></b>	<b><u>217,518</u></b>
<b>LONG-TERM LIABILITIES</b>		
Notes payable, less current portion included above	43,789	53,607
Refundable advances - forgivable loans	<u>795,480</u>	<u>805,832</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>839,269</u></b>	<b><u>859,439</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>1,023,632</u></b>	<b><u>1,076,957</u></b>
<b>NET ASSETS</b>		
Unrestricted	841,627	871,255
Temporarily restricted	<u>101,949</u>	<u>30,155</u>
<b>TOTAL NET ASSETS</b>	<b><u>943,576</u></b>	<b><u>901,410</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,967,208</u></b>	<b>\$ <u>1,978,367</u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

**UNRESTRICTED NET ASSETS**

	<u>2018</u>	<u>2017</u>
<b>SUPPORT AND REVENUE</b>		
Federal and state grants	\$ 938,233	\$ 931,047
Rental and subsidies	396,538	394,886
Fundraising and donations	169,613	282,287
United Way Purchased Services	18,711	22,590
Management fee	24,763	46,123
Other	<u>51,919</u>	<u>43,926</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,599,777</b>	<b>1,720,859</b>
 <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Restriction satisfied by payments	<u>24,506</u>	<u>25,054</u>
<b>TOTAL UNRESTRICTED SUPPORT AND REVENUE AND RECLASSIFICATIONS</b>	<b><u>1,624,283</u></b>	<b><u>1,745,913</u></b>
 <b>EXPENSES</b>		
Program services		
Harmony House	846,891	622,148
Vanity Fair	169,369	171,987
Heistad House	41,711	40,777
Seaton Taylor Apartments	37,452	32,952
Continuum of Care	383,300	574,202
Nelson Apartments	<u>36,924</u>	<u>35,978</u>
Total program services	1,515,647	1,478,044
Support services		
General and administrative	91,002	109,703
Fundraising	<u>47,262</u>	<u>43,469</u>
<b>TOTAL EXPENSES</b>	<b><u>1,653,911</u></b>	<b><u>1,631,216</u></b>
 <b>CHANGE IN UNRESTRICTED NET ASSETS</b>	 <b><u>(29,628)</u></b>	 <b><u>114,697</u></b>
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	96,300	16,579
Net assets released from restrictions	<u>(24,506)</u>	<u>(25,054)</u>
 <b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	 <b><u>71,794</u></b>	 <b><u>(8,475)</u></b>
 <b>CHANGE IN NET ASSETS</b>	 <b>42,166</b>	 <b>106,222</b>
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <b><u>901,410</u></b>	 <b><u>795,188</u></b>
 <b>NET ASSETS AT END OF YEAR</b>	 <b>\$ <u>943,576</u></b>	 <b>\$ <u>901,410</u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 42,166	\$ 106,222
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debts	-0-	2,676
Depreciation	96,155	93,766
Loan Forgiveness	(10,352)	(96,338)
(Increase) decrease in operating assets:		
Tenant accounts receivable	21	(3,939)
Grant receivable	35,924	(97,410)
Other receivables	5,172	(2,974)
Prepaid expenses	(1,057)	(2,618)
Increase (decrease) in operating liabilities:		
Accounts payable	(20,717)	55,798
Accrued payroll	(1,956)	8,151
Accrued annual leave	(2,520)	5,707
Accrued interest payable	(73)	(68)
Accrued and withheld taxes and benefits	(1,190)	(3,971)
Deferred Revenue	(2,299)	(1,701)
Tenant security deposits	(1,759)	1,685
Custodial accounts	<u>23,078</u>	<u>(11,919)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>160,593</u>	<u>53,067</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(42,705)</u>	<u>(53,262)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(42,705)</u>	<u>(53,262)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net (decrease) increase in line of credit	-0-	(6,458)
Principal payments on notes payable	(9,939)	(9,368)
Principal payments under capital lease obligations	<u>(5,447)</u>	<u>-0-</u>
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<u>(15,386)</u>	<u>(15,826)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 102,502	 (16,021)
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>337,394</u>	 <u>353,415</u>
 <b>CASH AT END OF YEAR</b>	 \$ <u>439,896</u>	 \$ <u>337,394</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
 Cash paid during the period for:		
Interest	\$ <u>3,158</u>	\$ <u>4,853</u>
Income taxes	\$ <u>-0-</u>	\$ <u>-0-</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

Cabell Huntington Coalition for the Homeless, Inc, is a non-profit organization incorporated on August 11, 1987 to encourage, coordinate, and/or deliver basic human services to persons in the Cabell Huntington area. The Organization is supported primarily through federal and state grants, rental income and subsidies, and fundraising and donations. The coalition is made up of four separate programs:

Harmony House

Harmony House is a multipurpose day shelter designed to address the immediate needs of those experiencing homelessness and to link those individuals and families to services and affordable housing programs that will reduce their time homeless and prevent returns to homelessness. Two healthcare providers, a behavioral healthcare provider, and another social service agency provide services out of the Harmony House location.

Affordable Housing (Vanity Fair, Seaton Taylor, Heistad House, and Nelson Apartments)

The Coalition provides affordable housing in multi-unit apartment projects to individuals with low incomes. Agreements were entered into with U.S. Department of Housing and Urban Development to provide rent subsidies through Huntington West Virginia Housing Authority for each component.

Continuum of Care

The Continuum of Care program consists of the following programs: 1) Project Hope - An 18-unit transitional housing program operated by the Huntington City Mission, 2) Safe Quarters - An 8-bed safe haven shelter for those experiencing mental illness and homelessness operated jointly by the Huntington City Mission and Pretera Center, 3) Housing First - A supportive services only program operated by Pretera Center, 4) Rapid Rehousing Continuum of Care/Rapid Rehousing Expansion - Two rapid rehousing programs that provide financial assistance and housing location and stabilization services, and 5) Planning - A program that provides funding for improving the Continuum of Care's system-wide performance.

Harmony House Payee

The Coalition provides financial management for the Social Security and SSI payments of beneficiaries who are not capable of managing such funds.

**BASIS OF ACCOUNTING**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**CONTRIBUTIONS**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions of long lived assets received without donor stipulation about how long the donated asset must be used are reported as unrestricted support.



**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RECEIVABLES**

Receivables consist of amounts due for services provided under federal, state, and other contracts, and rental income and subsidies.

Receivables are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectibility. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of the individual receivable. Once it is determined by management that the account will not be collectible, it is written off by a charge to the valuation allowance and a credit to the applicable accounts receivable. The allowance for uncollectible accounts as of June 30, 2018 and 2017 totaled \$27,962 and \$38,080, respectively.

**PROPERTY AND EQUIPMENT**

Property and equipment purchases of \$1,000 or more by the Organization are capitalized and stated at cost. Property and equipment donated to the Organization of \$1,000 or more are stated at the fair market value at the date of donation. Major expenditures and those which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

Property and equipment acquired with federal funds are owned by the Organization while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, its disposition, as well as the ownership of any sale proceeds therefrom is subject to funding source regulations.

**DEPRECIATION**

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method. The useful lives of property and equipment for purposes of computing depreciation are:

Furniture, fixtures and equipment	5 to 10 years
Automobiles	3 to 10 years
Buildings and improvements	5 to 40 years

**CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INCOME TAXES**

The Organization is a not-for profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Management believes the Organization is no longer subject to income tax examinations for years prior to 2015.

**GRANT REVENUE**

Grants restricted for specific purposes are reported as revenue when qualifying expenses have been incurred. Grants received in advance of incurring qualifying expenses are recorded as deferred revenue. Unreimbursed costs incurred are recorded as grants receivable.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**NOTE 2 - RESTRICTED CASH**

Restricted cash of \$68,276 and \$65,349 at June 30, 2018 and 2017, respectively consists of custodial accounts under the Harmony House Payee Program. These funds are not available to fund the Organization's operations.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 333,430	\$ 333,430
Construction in progress	-0-	33,041
Furniture, fixtures and equipment	276,752	186,087
Automobiles	23,915	23,915
Buildings and improvements	2,369,519	2,367,892
Property held under capital lease	<u>-0-</u>	<u>16,546</u>
	3,003,616	2,960,911
Less: Accumulated Depreciation	<u>(1,581,409)</u>	<u>(1,485,254)</u>
Property and equipment, net	\$ <u>1,422,207</u>	\$ <u>1,475,657</u>

Depreciation expense for the years ended June 30, 2018 and 2017 amounted to \$96,155 and \$93,766, respectively.

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 4 - NOTES PAYABLE**

Following is a summary of notes payable as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Note payable to Huntington National Bank, original face \$160,000, payable in 240 monthly installments of \$1,091, including interest at 5.3%, due June 10, 2027, secured by Deed of Trust on property with a book value of \$446,388 at June 30, 2018 and assignment of rents.	\$ <u>54,298</u>	\$ <u>64,237</u>
<b>TOTAL</b>	54,298	64,237
<b>LESS: CURRENT MATURITIES</b>	<u>(10,509)</u>	<u>(10,630)</u>
<b>LONG TERM PORTION</b>	\$ <u>43,789</u>	\$ <u>53,607</u>

Following are maturities of notes payable for each of the next five years and in aggregate:

<u>Year Ending June 30,</u>	
2019	\$ 10,509
2020	11,079
2021	11,682
2022	11,682
2023	<u>9,346</u>
<b>TOTAL</b>	\$ <u>54,298</u>

Interest expense on notes payable for the years ended June 30, 2018 and 2017 amounted to \$3,017 and \$4,625 respectively.

At June 30, 2018, the Organization had \$50,000 unused on the line of credit with First Sentry Bank as disclosed above.

**NOTE 5 - REFUNDABLE ADVANCES - FORGIVABLE LOANS**

The Organization has two financing agreements with Cabell-Huntington-Wayne Home Investment Partnership Trust Fund. These are non-interest bearing, nonrecourse debt. The funds were advanced under U.S. Department of Housing and Urban Development's Home Investment Partnerships Program for the acquisition, pre-development, development and/or construction of two, six unit apartment complexes to provide permanent housing with supportive services for the chronic homeless.

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 5 - REFUNDABLE ADVANCES - FORGIVABLE LOANS (CONTINUED)**

The first advance agreement was entered into in October, 2004 and totaled \$453,799. The advance is secured by a deed of trust on property located at 534 Seventh Avenue, Huntington, West Virginia with a book value of \$446,388 at June 30, 2018. The property securing the indebtedness is to be utilized by the Organization for a period of not less than 20 years after initial occupancy for providing housing and related services to persons of low income for affordable housing in accordance with the covenants and conditions of the loan agreement. The outstanding principal balance of the loan shall remain the same until the end of the period expiring 20 years from the date of initial occupancy of the property securing the indebtedness. If the Organization fully complies with the covenants and conditions cited above, the entire amount of the principal indebtedness outstanding shall be forgiven and the lien on the Deed of Trust securing the loan shall be fully released.

The second advance agreement was entered into in March, 2014 and totaled \$258,865. The advance is secured by a Deed of Trust on property located at 418-422 9<sup>th</sup> Street West, Huntington, West Virginia with a book value of \$463,988 at June 30, 2018. The property securing the indebtedness is to be utilized by the Organization for a period of not less than fifteen years after initial occupancy for providing affordable housing to low and moderate income households in accordance with the covenants and conditions of the loan agreement. The outstanding principal balance of the loan shall remain the same until the end of the period expiring 15 years from the date of the initial occupancy of the property securing the indebtedness. If the Organization fully complies with the covenants and conditions cited above, the entire amount of the principal indebtedness outstanding shall be forgiven and the lien on the Deed of Trust securing the loan shall be fully released.

Should the Organization sell, refinance the indebtedness, or transfer ownership of the properties without prior written consent of Cabell-Huntington-Wayne Home Investment Partnership Trust Fund, or change its use from affordable housing for qualified low and moderate income persons as set forth in the loan agreements during the periods as described above, the full principal amounts of the loans shall become immediately due and payable.

The Organization has one financing agreement dated October, 2013 with West Virginia Housing Development Fund for \$148,297 at zero percent interest. The Organization only drew down \$103,520 of the advance. The advance is unsecured. The funds advanced were to be utilized to assist in the renovation of 418-422 9th Street West, Huntington, West Virginia into four one bedroom units to be utilized by the Organization for a period of not less than ten years following execution of the note for providing affordable housing to very-low income persons in accordance with the covenants and conditions of the loan agreement. The outstanding principal indebtedness of the loan shall be forgiven on a pro-rata basis for each year that the Organization remains in compliance with the covenants and conditions of the agreement as of the respective yearly anniversary of the execution of the note. The balance of the refundable advance as of June 30, 2018 and 2017 totaled \$82,816 and \$93,168, respectively.

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 5 - REFUNDABLE ADVANCES - FORGIVABLE LOANS (CONTINUED)**

The obligations, totaling \$795,480 and \$805,832 at June 30, 2018 and 2017, respectively, are reported as refundable advances - forgivable loans in the accompanying financial statements.

**NOTE 6 - CAPITAL LEASE**

The Organization was the lessee of a telephone system which expired in fiscal year ended June 30, 2018. The asset and liability under the capital lease were recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset was depreciated over the lower of the related lease term or the estimated useful life. Depreciation of the asset under the capital lease was included in depreciation expense for the fiscal years ended June 30, 2018 and 2017.

Following is a summary of property held under capital lease at June 30, 2018 and 2017, respectively:

	<u>2018</u>	<u>2017</u>
Telephone system	\$ -0-	\$ 16,546
Less: Accumulated depreciation	<u>-0-</u>	<u>(6,756)</u>
Net	\$ <u>-0-</u>	\$ <u>9,790</u>

The interest rate on the capital lease was 3.0% and was imputed based on the lower of the Organization's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

Interest expense on the capital lease for the years ended June 30, 2018 and 2017 amounted to \$68 and \$160, respectively.

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Gutter Project	\$ 11,079	\$ 11,079
FHLB Duplex Project	5,000	5,000
Healthy Food Program	66	295
Jobs First	6,971	8,281
Rehousing	10,333	-0-
Solar Project	63,000	-0-
Balcony and Walkway Project	<u>5,500</u>	<u>5,500</u>
Total temporarily restricted net assets	\$ <u>101,949</u>	\$ <u>30,155</u>

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

Net assets were released from donor restrictions during 2018 and 2017 by incurring expenses satisfying the purpose restrictions specified by the donor as follows:

Purpose Restriction Accomplished	<u>2018</u>	<u>2017</u>
Adopt-A-Room	\$ -0-	\$ 3,000
Healthy Food Program	229	620
Jobs First	12,610	900
Rental and Support for Three Families	-0-	17,017
Summer Maintenance Program	-0-	3,517
Rehousing	9,667	-0-
Solar Project	<u>2,000</u>	<u>-0-</u>
Total restrictions released	\$ <u>24,506</u>	\$ <u>25,054</u>

**NOTE 8 - CONCENTRATION OF CREDIT RISK**

Cabell Huntington Coalition for the Homeless, Inc. is a non-profit organization that provides basic human services to persons in need in the Cabell-Huntington area. The Organization provides services which are reimbursed by third parties without requiring collateral or any other security. The Organization does, however, collect deposits from its tenants. Tenant security deposits totaled \$12,981 and \$14,740 at June 30, 2018 and 2017, respectively. Accounts receivable are recorded net of an allowance for bad debts of \$27,962 and \$38,080 as of June 30, 2018 and 2017, respectively.

The Organization maintains substantially all of its cash balances with two financial institutions. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had bank balances in excess of the FDIC coverage of \$156,576 and \$29,289 at these financial institutions at June 30, 2018 and 2017, respectively.

**NOTE 9 - RENTAL AND SUBSIDIES**

The Organization is the lessor of office space to a local business (in 2017) and apartment units to low income individuals under operating leases expiring in various years through fiscal year 2019. The Organization receives rent subsidies under Section 8 housing assistance payments from U.S. Department of Housing and Urban Development for its low income tenants.

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 9 - RENTAL AND SUBSIDIES (CONTINUED)**

Following is a summary of property on or held for lease at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 273,208	\$ 326,950
Buildings and Improvements	2,053,855	2,342,874
Furniture, fixtures and equipment	<u>203,248</u>	<u>144,872</u>
	2,530,311	2,814,696
Less: Accumulated Depreciation	<u>(1,276,505)</u>	<u>(1,425,047)</u>
Property held for lease, net	\$ <u>1,253,806</u>	\$ <u>1,389,649</u>

**NOTE 10 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

A significant portion of the Organization's rental income is received in the form of rent subsidies under Section 8 housing assistance payments from U.S. Department of Housing and Urban Development. The Organization's operations of its subsidized properties are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

**NOTE 11- INTERAGENCY AGREEMENT**

An interagency agreement for the Supportive Housing Program/Continuum of Care Program was entered into on January 2, 1997 between the Cabell Huntington Coalition for the Homeless, Inc. (Coalition), Huntington City Mission, Inc. (Mission) and Prestera Center for Mental Health Services, Inc. (Prestera). This interagency agreement ensures that the real estate owned by the Mission is fully utilized and that all costs and expenses of development and maintenance are satisfied. The Coalition agreed to act as the fiscal agent.

**NOTE 12 - IDLE PROPERTY**

In 2014, the Organization received donated property with a fair value of \$31,498. As of June 30, 2018 and 2017, the property is idle and, therefore, is not being depreciated. The Organization plans to raze the building and construct a duplex on the property to be used for low-income housing once the financing is secured.

**NOTE 13 - SUBSEQUENT EVENTS**

Management has reviewed events occurring subsequent to June 30, 2018 through December 8, 2018 (the date the financial statements were available to be issued) for possible adjustment to, or disclosure in, the accompanying financial statements as required by the Subsequent Events Topic of the FASB Accounting Standards Codification.

ADDITIONAL INFORMATION



**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2018**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>
<b>U.S. Department of Housing and Urban Development</b>		
Continuum of Care Program	14.267	WV0116L3E011500
Continuum of Care Program	14.267	WV0012L3E011506
Continuum of Care Program	14.267	WV0047L3E011607
Continuum of Care Program	14.267	WV0009L3E011608
Continuum of Care Program	14.267	WV0124L3E011500
Continuum of Care Program	14.267	WV0047L3E011708
Continuum of Care Program	14.267	WV0012L3E011607
Continuum of Care Program	14.267	WV0132L3E011600
Continuum of Care Program	14.267	WV0124L3E011601
Continuum of Care Program	14.267	WV0142L3E011600
<b>Pass -Through City of Huntington, West Virginia:</b>		
Home Investment Partnerships Program	14.239	M-03-DC-54-0202
Home Investment Partnerships Program	14.239	N/A
Community Development Block Grants/Entitlement Grants	14.218	N/A
Emergency Solutions Grant Program	14.231	FEDERAL ESG FY2017
<b>Pass-Through West Virginia Development Office:</b>		
Emergency Solutions Grant Program	14.231	ESG 17CABELL
<b>Pass-Through The Huntington, West Virginia Housing Authority:</b>		
Section 8 Project-Based Cluster		
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	WV004MR0003
Section 8 Housing Assistance Payments Program	14.195	WV004V00018
Lower Income Housing Assistance Program - Section 8		
Moderate Rehabilitation	14.856	WV004MR0004
Section 8 Project-Based Cluster Sub-total		
Shelter Plus Care	14.238	N/A
<b>Total U.S. Department of Housing and Urban Development</b>		
<b>U.S. Department of Health and Human Services</b>		
<b>Pass-Through Valley Health Systems, Inc.:</b>		
Health Center Program Cluster		
Consolidated Health Centers	93.224	N/A
Health Center Program Cluster Subtotal		
<b>Pass-Through West Virginia Department of Health and Human Resources:</b>		
Block Grants for Community Mental Health Services	93.958	G170483
Block Grants for Community Mental Health Services	93.958	G180582
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	G170738
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	G180596
<b>Total U.S. Department of Health and Human Services</b>		
<b>Total Expenditures of Federal Awards</b>		
<b>Combined Expenditures</b>		
1) CFDA No. 14.267	\$	541,708
2) CFDA No. 14.239		712,664
3) CFDA No. 14.231		149,330
4) CFDA No. 93.958		68,629
5) CFDA No. 93.243		159,566

<u>Program Period</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
07/01/16 - 06/30/17	\$ 33,500	\$ 4,591 1)	\$ -0-
11/01/16 - 10/31/17	107,595	57,291 1)	57,291
02/01/17 - 01/31/18	127,066	81,139 1)	79,139
03/01/17 - 02/28/18	208,175	121,085 1)	118,960
08/01/16 - 07/31/17	87,023	6,706 1)	-0-
02/01/18 - 01/31/19	127,066	41,085 1)	41,085
11/01/17 - 10/31/18	107,595	72,104 1)	69,979
07/01/17 - 06/30/18	33,500	20,307 1)	16,846
08/01/17 - 07/31/18	87,023	73,594 1)	-0-
08/01/17 - 07/31/18	103,590	63,806 1)	-0-
10/04/14 - 06/30/18	453,799	453,799 2)	-0-
04/01/14 - 06/30/18	259,444	258,865 2)	-0-
09/01/17 - 08/31/18	7,000	7,000	-0-
07/01/17 - 06/30/18	132,986	132,986 3)	-0-
07/01/17 - 09/30/18	21,966	16,344 3)	-0-
07/01/17 - 06/30/18	163,875	163,875	-0-
07/01/17 - 06/30/18	20,284	20,284	-0-
07/01/17 - 06/30/18	44,926	<u>44,926</u>	<u>-0-</u>
07/01/17 - 06/30/18	28,950	<u>229,085</u>	<u>-0-</u>
07/01/17 - 06/30/18		<u>28,950</u>	<u>-0-</u>
		<u>1,668,737</u>	<u>383,300</u>
07/01/17 - 06/30/18	12,000	<u>12,000</u>	<u>-0-</u>
		12,000	-0-
10/01/16 - 09/30/17	70,000	17,500 4)	-0-
10/01/17 - 09/30/18	70,000	51,129 4)	-0-
09/30/16 - 09/29/17	231,773	47,985 5)	-0-
09/30/17 - 09/29/18	224,557	<u>111,581</u> 5)	<u>-0-</u>
		<u>240,195</u>	<u>-0-</u>
		\$ <u>1,908,932</u>	\$ <u>383,300</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2018**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Cabell Huntington Coalition for the Homeless, Inc. under programs of the federal government for the year ended June 30, 2018. 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 operations of Cabell Huntington 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 Cabell Huntington Coalition for the Homeless, Inc.

**NOTE 2 - SUMMARY OF 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.

**NOTE 3 - INDIRECT COST RATE**

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

**NOTE 4 - LOANS OUTSTANDING**

Cabell Huntington Coalition for the Homeless, Inc. had the following loan balances outstanding at June 30, 2018. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Home Investment Partnerships Program	14.239	\$ 712,664

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

	Program Services			
	<u>Harmony</u> <u>House</u>	<u>Vanity</u> <u>Fair</u>	<u>Heistad</u> <u>House</u>	<u>Seaton</u> <u>Taylor</u> <u>Apartments</u>
Salaries and wages	\$ 428,888	\$ 58,491	\$ 3,656	\$ 3,656
Employee benefits	88,318	12,045	753	752
Professional fees	200	245	-0-	-0-
Emergency assistance	26,820	-0-	-0-	-0-
Travel	146	-0-	-0-	-0-
Maintenance and repairs	20,432	14,354	1,237	7,807
Vehicles	5,063	-0-	-0-	-0-
Telephone and utilities	27,722	55,166	13,198	11,371
Office supplies and expense	12,488	1,195	-0-	-0-
Rapid Rehousing	202,019	-0-	-0-	-0-
Other	9,138	25	-0-	-0-
Interest	160	-0-	2,925	-0-
Depreciation	14,944	27,848	19,942	13,866
Insurance	10,553	-0-	-0-	-0-
Fund raising	-0-	-0-	-0-	-0-
Bad debts	-0-	-0-	-0-	-0-
Sub-grantee costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL</b>	<b>\$ <u>846,891</u></b>	<b>\$ <u>169,369</u></b>	<b>\$ <u>41,711</u></b>	<b>\$ <u>37,452</u></b>

<u>Program Services</u>			<u>Support Services</u>		
<u>Continuum of Care</u>	<u>Nelson Apartments</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
\$ -0-	\$ 7,311	\$ 502,002	\$ 37,113	\$ 19,518	\$ 558,633
-0-	1,505	103,373	7,642	4,020	115,035
-0-	-0-	445	19,800	-0-	20,245
-0-	-0-	26,820	-0-	-0-	26,820
-0-	-0-	146	3,290	-0-	3,436
-0-	2,048	45,878	4,601	-0-	50,479
-0-	-0-	5,063	-0-	-0-	5,063
-0-	6,409	113,866	2,287	1,118	117,271
-0-	520	14,203	10,280	3,568	28,051
-0-	-0-	202,019	-0-	-0-	202,019
-0-	1,738	10,901	2,269	2,693	15,863
-0-	-0-	3,085	-0-	-0-	3,085
-0-	17,393	93,993	1,082	1,080	96,155
-0-	-0-	10,553	2,638	-0-	13,191
-0-	-0-	-0-	-0-	15,265	15,265
-0-	-0-	-0-	-0-	-0-	-0-
<u>383,300</u>	<u>-0-</u>	<u>383,300</u>	<u>-0-</u>	<u>-0-</u>	<u>383,300</u>
\$ <u>383,300</u>	\$ <u>36,924</u>	\$ <u>1,515,647</u>	\$ <u>91,002</u>	\$ <u>47,262</u>	\$ <u>1,653,911</u>

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

Program Services

	Harmony <u>House</u>	Vanity <u>Fair</u>	Heistad <u>House</u>	Seaton Taylor <u>Apartments</u>
Salaries and wages	\$ 313,727	\$ 65,037	\$ 4,065	\$ 4,065
Employee benefits	60,844	12,613	788	788
Professional fees	-0-	400	-0-	-0-
Emergency assistance	28,898	-0-	-0-	-0-
Travel	415	-0-	-0-	-0-
Maintenance and repairs	14,000	11,047	3,037	4,383
Vehicles	4,577	-0-	-0-	-0-
Telephone and utilities	27,643	57,223	12,265	8,786
Office supplies and expense	12,346	1,411	157	-0-
Rapid Rehousing	64,664	-0-	-0-	-0-
Other	55,418	75	-0-	-0-
Interest	331	-0-	4,454	-0-
Depreciation	21,164	23,231	14,658	14,557
Insurance	18,121	-0-	-0-	-0-
Fund raising	-0-	-0-	-0-	-0-
Bad debts	-0-	950	1,353	373
Sub-grantee costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL</b>	<b>\$ <u>622,148</u></b>	<b>\$ <u>171,987</u></b>	<b>\$ <u>40,777</u></b>	<b>\$ <u>32,952</u></b>

<u>Program Services</u>			<u>Support Services</u>		
<u>Continuum of Care</u>	<u>Nelson Apartments</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
\$ -0-	\$ 8,129	\$ 395,023	\$ 49,515	\$ 18,726	\$ 463,264
-0-	1,577	76,610	9,603	3,632	89,845
-0-	-0-	400	19,102	-0-	19,502
-0-	-0-	28,898	-0-	-0-	28,898
-0-	-0-	415	-0-	-0-	415
-0-	2,278	34,745	3,500	-0-	38,245
-0-	-0-	4,577	-0-	-0-	4,577
-0-	5,361	111,278	8,607	3,393	123,278
-0-	830	14,744	11,600	4,068	30,412
-0-	-0-	64,664	-0-	-0-	64,664
-0-	-0-	55,493	2,069	987	58,549
-0-	-0-	4,785	-0-	-0-	4,785
-0-	17,803	91,413	1,177	1,176	93,766
-0-	-0-	18,121	4,530	-0-	22,651
-0-	-0-	-0-	-0-	11,487	11,487
-0-	-0-	2,676	-0-	-0-	2,676
<u>574,202</u>	<u>-0-</u>	<u>574,202</u>	<u>-0-</u>	<u>-0-</u>	<u>574,202</u>
\$ <u>574,202</u>	\$ <u>35,978</u>	\$ <u>1,478,044</u>	\$ <u>109,703</u>	\$ <u>43,469</u>	\$ <u>1,631,216</u>

**INDEPENDENT AUDITOR'S REPORTS ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS**



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**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  
Cabell Huntington Coalition for the Homeless, Inc.  
Huntington, West Virginia

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 Cabell Huntington Coalition for the Homeless, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2018.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Cabell Huntington 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 Cabell Huntington Coalition for the Homeless, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cabell Huntington 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 a material weakness 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 as item 2018-001 to be a material weakness.

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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-002 through 2018-003 to be significant deficiencies.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Cabell Huntington Coalition for the Homeless, Inc.'s financial statements are free of 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*.

***Cabell Huntington Coalition for the Homeless, Inc.'s Response to Findings***

Cabell Huntington Coalition for the Homeless, Inc.'s response to the findings identified in our audit is described in the accompanying corrective action plan. Cabell Huntington Coalition for the Homeless, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ware & Hall PLLC*

Huntington, West Virginia  
December 8, 2018

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

Board of Directors  
Cabell Huntington Coalition for the Homeless, Inc.  
Huntington, West Virginia

***Report on Compliance for Each Major Federal Program***

We have audited Cabell Huntington Coalition for the Homeless, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cabell Huntington Coalition for the Homeless, Inc.'s major federal programs for the year ended June 30, 2018. Cabell Huntington 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Cabell Huntington 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 Cabell Huntington Coalition for the Homeless, Inc.'s compliance with those requirements and performing such other procedures as we consider 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 Cabell Huntington Coalition for the Homeless, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Cabell Huntington 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, 2018.

***Report on Internal Control Over Compliance***

Management of Cabell Huntington 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 Cabell Huntington 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 Cabell Huntington 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 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.

*Wane & Hall PLLC*

Huntington, West Virginia  
December 8, 2018

DHHR - Finance

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**



Cabell-Huntington  
Coalition for the Homeless

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February 15, 2019

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The River Tower, Suite 601  
1108 Third Avenue  
Post Office Box 819  
Huntington, WV, 25712

**Summary Schedule of Prior Audit Year Findings**

**2017-001 Refundable Advances – Forgivable Loans**

This issue has been resolved.

Sincerely,

Amanda Coleman  
Executive Director

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2018**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of Auditor's Report Issued - Unmodified

Internal Control Over Financial Reporting:

• Material weakness(es) identified?	<u>✓</u> Yes	<u>    </u> No
• Significant deficiency (ies) identified that are not considered to be material weaknesses?	<u>✓</u> Yes	<u>    </u> None Reported
Noncompliance material to the financial statements?	<u>    </u> Yes	<u>✓</u> No

**FEDERAL AWARDS**

Internal Control Over Major Programs:

• Material weakness(es) identified?	<u>    </u> Yes	<u>✓</u> No
• Significant deficiency (ies) identified that are not considered to be material weaknesses?	<u>    </u> Yes	<u>✓</u> None Reported

Type of Auditor's Report Issued on Compliance for Major Programs - Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200-516(a) of the Uniform Guidance	<u>    </u> Yes	<u>✓</u> No
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Identification of Major Programs:

<b>U.S. Department of Housing and Urban Development</b>	<b><u>CFDA #</u></b>
<b>Pass-through City of Huntington, West Virginia</b>	
Home Investment Partnership Program	14.239
<b>Pass-through the Huntington, West Virginia Housing Authority</b>	
Section 8 Project-Based Cluster	
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249
Section 8 Housing Assistance Payments Program	14.195
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?	<u>    </u> Yes	<u>✓</u> No
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**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2018**

**SECTION II - FINANCIAL STATEMENTS FINDINGS**

**2018-001 Custodial Accounts**

**Condition:** The Organization maintains two bank accounts in a custodial capacity for many of their clients. We noted that the bank reconciliations for one of the custodial accounts contained errors whereby numerous items were erroneously listed as deposits in transit and outstanding checks. In addition, we noted duplicated entries in the custodial accounts' accounting records. As a result, the bank balances per the custodial accounts' general ledger did not agree with the reconciled bank accounts.

**Criteria:** Accurate preparation of bank reconciliations, including investigation and resolution of deposits in transit and outstanding checks, is essential to ensure that all transactions are processed and recorded properly and to prevent, or detect and correct, misstatements on a timely basis. At all times, the cash balances in the custodial accounting records should agree to the reconciled cash balances in the custodial bank accounts.

**Cause:** Reconciling items (deposits in transit and outstanding checks) on one of the Organization's custodial accounts' bank reconciliations were not properly investigated and resolved, therefore preventing any meaningful reconciliation with the Organization's custodial accounts' general ledger.

**Effect:** Failure to accurately prepare the custodial accounts' bank reconciliations for this account and investigate and resolve reconciling items results in an increased risk that misstatements may occur and not be detected on a timely basis. In addition, management's financial statements required an audit adjusting entry in order to be presented in accordance with generally accepted accounting principles.

**Recommendation:** Investigate and resolve reconciling items (deposits in transit and outstanding checks) on the custodial accounts' bank reconciliations on a timely basis and compare the reconciled bank balances to the custodial accounts' general ledger to ensure all transactions are recorded properly.

**Views of responsible officials and planned corrective action:** The Organization agrees with the finding and will investigate and resolve reconciling items in the future and compare the reconciled bank balances to the custodial accounts' general ledger to ensure all custodial transactions are accounted for properly. See current year corrective action plan.

**2018-002 Tenant Security Deposits**

**Condition:** The Organization's tenant security deposit list contained numerous errors. Tenant security deposits were listed for a number of individuals who were no longer tenants. We also noted a number of current tenants whose tenant security deposits were not included on the tenant security deposit list.

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2018**

**SECTION II - FINANCIAL STATEMENTS FINDINGS (CONTINUED)**

**2018-002 Tenant Security Deposits (continued)**

**Criteria:** Tenant security deposits are collected from tenants to help offset potential cost to repair damages to the units upon move-out. The tenant security deposits are to be reported as a liability in the Organization's accounting records until move-out, at which time the deposits are refunded to the tenant or applied to the cost of repairing damages.

**Cause:** There is a lack of effective communication between the Housing Compliance Coordinator and the Organization's Finance Manager regarding tenant move-ins/move-outs and the collection and related disposition of tenant security deposits.

**Effect:** The liability for tenant security deposits was overstated by \$6,807 as of June 30, 2018. The necessary correcting entry was made during the audit.

**Recommendation:** Establish a more effective way of communicating tenant security deposits collections and the related disposition upon move-in/move out between the Housing Compliance Coordinator and the Finance Manager to ensure that the Organization's liability to the tenants is recorded properly. Also, consider opening a tenant security deposit bank account to deposit collections into and pay out refunds of deposits or transfers to the operating bank account for amounts retained to help offset cost to repair damages to the units upon move-out in order to assist in isolating these transactions and further enhance the safeguarding of the tenant's security deposits.

**Views of responsible officials and planned corrective action:** The Organization agrees with the finding and will establish a more effective way of communicating tenant security deposits collections and the related disposition. See current year corrective action plan.

**2018-003 Donor Restricted Contributions**

**Condition:** Instances were noted where contributions from donors were recorded as restricted for various purposes, however, written documentation was not maintained to substantiate the donor's restriction.

**Criteria:** Contributions received with donor restrictions are required to be recorded as restricted contributions and are only to be expended for purposes of satisfying the donor's restriction.

**Cause:** Management has indicated that many of the donor restrictions were verbal and that no written record was received.

**Effect:** Without written evidence of the donor's restriction, it is not possible to ascertain whether the contributions were expended in accordance with the donor's restriction.

**Views of responsible officials and planned corrective action:** The Organization agrees with the finding and will require written documentation of the donor's restriction in the future. See current year corrective action plan.

**CABELL HUNTINGTON COALITION FOR THE HOMELESS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None

**CORRECTIVE ACTION PLAN**



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Please find management's response to the FY 2017-2018 audit report.

#### Corrective Action Plan

##### 2018-001 Custodial Accounts

This issue has been resolved. Timely reconciliations were being made. However, management was unsure of how to correct an error from prior years. The auditor has assisted us in this matter. The secondary account was reconciled and then closed. The only existing custodial account is reconciled monthly. Amanda Coleman, Executive Director, is responsible for ensuring the monthly reconciliations continue and are correct.

##### 2018-002 Tenant Security Deposits

A process has been created to address communication issues between the finance manager and apartment manager. Deposits should have been applied to the cost of repairing damages. Suzy Spears, finance manager, is responsible for ensuring the process is successful.

##### 2018-003 Donor Restricted Contributions

Previously, donors shared information about restricted contributions verbally. The organization will no longer accept restrictions without written documentation in the form of a letter. Marissa Clark, Assistant Director, is responsible for ensuring this issue is resolved.

Sincerely,

Amanda Coleman  
Executive Director

DHHR - Finance

MAR 19 2019

Date Received

