

**WEST VIRGINIA COALITION TO END  
HOMELESSNESS, INC.**

**Financial and Compliance Report  
June 30, 2018**

DHHR - Finance

MAR 18 2019

Date Received



## CONTENTS

---

### SECTION I – FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

---

INDEPENDENT AUDITOR'S REPORT	1 - 2
------------------------------	-------

---

#### Financial Statements:

Statement of financial position	3
Statement of activities and changes in net assets	4
Statement of cash flows	5
Notes to financial statements	6 - 9

#### Supplementary Information:

Schedule of expenditures of federal awards	10
Notes to schedule of expenditures of federal awards	11
Schedule of state awards	12
Notes to schedule of expenditures of state awards	13

---

### SECTION II – INTERNAL CONTROL AND COMPLIANCE MATTERS

---

#### 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 <i>Government Auditing Standards</i>	14 - 15
---	---------

Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	16 - 17
--	---------

---

Schedule of findings and questioned costs	18 - 20
---	---------

Schedule of prior year audit findings	21 - 22
---------------------------------------	---------

---



[actcpas.com](http://actcpas.com)

P.O. Box 908  
600 Market Place Avenue  
Suite 100  
Bridgeport, WV 26330  
304.624.5471 | 304.623.2807 fax  
866.624.5471

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
West Virginia Coalition to End Homelessness, Inc.  
Bridgeport, West Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the West Virginia Coalition to End Homelessness, Inc. (Organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Virginia Coalition to End Homelessness, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and schedule of expenditures of state awards required by the State of West Virginia, are presented for purposes of additional analysis and are not required parts of the financial statements. The 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2019, on our consideration of West Virginia Coalition to End Homelessness, Inc.'s internal control over financial reporting and 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Virginia Coalition to End Homelessness' internal control over financial reporting and compliance.

*Arnett Curtis Toothman LLP*

Bridgeport, West Virginia  
January 7, 2019

DHHR - Finance

MAR 18 2019

Date Received

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2018**

---

<b>ASSETS</b>	
Grants receivable	<u>\$ 151,615</u>
<b>Total assets</b>	<u><u>\$ 151,615</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 6,334
Outstanding checks in excess of bank balance	6,489
Accrued payroll and payroll liabilities	<u>46,772</u>
<b>Total liabilities</b>	59,595
<b>UNRESTRICTED NET ASSETS</b>	<u>92,020</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 151,615</u></u>

*See Notes to Financial Statements*

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Year Ended June 30, 2018**

---

**UNRESTRICTED NET ASSETS**

Revenue:

HMIS grant	\$	356,599
CABI grant		262,356
Kenobi grant		206,336
ESG grant		199,084
WCVEH PSH grant		171,417
Jarkai Revenue		137,445
Planning grant		109,897
PATH grant		88,505
EPHH Revenue		84,346
DHHR grant		75,313
SS O 1 Revenue		63,285
Leadership academy revenue		61,476
CSBG grant		47,571
Steeley Revenue		40,000
Other revenue		67,909

**Total unrestricted net assets** 1,971,539

Expenses:

Salaries and fringe benefits	774,866
Rental	575,487
Travel	146,898
Utilities	81,029
Material and supplies	78,813
Software and licenses	77,077
Training	60,315
Housing reimbursements	24,118
Office	17,019
Professional fees	14,185
Insurance	4,500
Bank charges	3,618
Advertising	1,718
Taxes and licenses	304
Other expenses	9,310

**Total expenses** 1,869,257

**Increase in net assets** 102,282

Net (deficit), beginning of the year (10,262)

Net assets, end of the year \$ 92,020

*See Notes to Financial Statements*

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2018**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 102,282
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(42,075)
Increase (decrease) in liabilities:	
Accounts payable	(23,629)
Accrued payroll and payroll liabilities	<u>(14,758)</u>
<b>Net cash provided by operating activities</b>	<u>21,820</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Outstanding checks in excess of bank balance	(11,820)
Net payments on line of credit	<u>(10,000)</u>
<b>Net cash (used in) financing activities</b>	<u>(21,820)</u>
<b>Net change in cash and cash equivalents</b>	-
Cash and cash equivalents:	
Beginning	<u>-</u>
Ending	<u>\$ -</u>

*See Notes to Financial Statements*

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 1. Description of Organization and Significant Accounting Policies**

**Nature of Operations:** The West Virginia Coalition to End Homelessness, Inc. (Organization) is a private, not-for-profit organization that acts as an advocate for services to prevent and end homelessness throughout West Virginia.

**Basis of accounting:** The financial statements have been prepared using the accrual basis of accounting and are in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the accrual method, revenue is recognized when earned and expenses are recorded when incurred.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenditures during the reporting period. Actual results could differ from those estimates.

**Deposit risk:** The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization has not experienced any losses in such accounts.

**Grants receivable:** Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any grantor restrictions. The Organization considers grants receivable to be fully collectable; accordingly, no allowance for doubtful accounts has been recorded.

**Net assets:** Unrestricted net assets are neither permanently nor temporarily restricted by donor or grantor imposed stipulations.

Temporarily restricted net assets result from contributions, grants, or other inflows of assets whose use by West Virginia Coalition to End Homelessness, Inc. are limited by donor or grantor imposed stipulations that either expired by passage of time or can be fulfilled and removed by actions of West Virginia Coalition to End Homelessness, Inc., pursuant to those stipulations, from other asset enhancements and diminishments subject to the same kinds of stipulations, or from reclassifications to or from other classes of assets as a consequence of donor or grantor imposed stipulations, their expiration from passage of time, or their fulfillment and removal by actions of West Virginia Coalition to End Homelessness, Inc. pursuant to those stipulations.

Permanently restricted net assets result from contributions, grants, or other inflows of assets whose use by West Virginia Coalition to End Homelessness, Inc. are limited by donor or grantor imposed stipulation that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of West Virginia Coalition to End Homelessness, Inc., from other asset enhancements and diminishments subject to the same kinds of stipulations, or from reclassifications from or to other classes of net assets as a consequence of donor or grantor imposed stipulations.

West Virginia Coalition to End Homelessness, Inc. does not have any permanently or temporarily restricted net assets.

**Deferred revenue:** Grant funds received in excess of expenditures incurred under grant activities are recorded as deferred grant revenue. As of June 30, 2018, there was no deferred grant revenue.

**Income taxes:** West Virginia Coalition to End Homelessness, Inc., is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and has been recognized as tax exempt under Section 501(a) of the Code. Accordingly, no provision for income taxes has been provided.



## WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

### NOTES TO FINANCIAL STATEMENTS

---

West Virginia Coalition to End Homelessness, Inc., follows the guidance for accounting for uncertainty in income taxes recognized in a company's financial statements that prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met.

Management has determined that this guidance had no material effect on the financial statements. West Virginia Coalition to End Homelessness, Inc., policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in management and general expenses. There were no interest or penalties recognized on the statements of activities as a result of this guidance. Generally, tax returns for years ended June 30, 2015, and thereafter remain subject to examination by federal and state tax authorities.

**Advertising:** The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During year ended June 30, 2018, advertising costs totaled \$1,718. Any such costs constitute allowable necessary and reasonable public awareness costs.

**Compensation of accrued absences:** A liability has been recognized for unpaid, but earned, PTO to be subsequently taken by employees. However, no liability is recognized for sick leave as no amount is paid at the time of separation from employment.

#### **Recent Accounting Pronouncements:**

**Revenue Recognition:** In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP. This ASU attempts to remove inconsistencies and weaknesses in the current revenue recognition requirements, provides a more robust framework for addressing issues, improves comparability across entities and industries, provides more useful information to the users of the financial statements, and simplifies the preparation of financial statements by consolidating the number of requirements required to be referenced. The guidance permits the use of either a retrospective or modified retrospective (cumulative effect) transition method. The Organization is currently evaluating the impact, if any, that adoption will have on its June 30, 2020, financial statements. Management has not yet selected a transition method nor has the effect of this guidance on the Organization's ongoing financial reporting been determined.

**Leases:** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases*, and makes other conforming amendments to U.S. GAAP. This ASU requires, among other changes to the lease accounting guidance, lessees to recognize most leases on the balance sheet via a right-of-use asset and lease liability, and additional qualitative and quantitative disclosures. In addition, the updated guidance requires that lessors separate lease and non-lease components in a contract in accordance with the guidance. Transition guidance is provided within the ASU and generally requires a retrospective approach. This guidance is effective for the Organization's fiscal year ending June 30, 2021. The Organization is currently evaluating the impact, if any, that adoption will have on its June 30, 2021, financial statements.

**Not-for-Profit Entities:** In August 2016, the FASB issued ASU 2016-14, (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments of this ASU change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. The amendments include qualitative and quantitative requirements in the financial statement presentation and disclosures regarding net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The Organization is currently evaluating the impact, if any, that adoption will have on its June 30, 2019 financial statements.

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

---

**Subsequent events:** The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 7, 2019, the date on which the financial statements were available to be issued.

**Note 2. Operating Leases**

The Organization leases three facilities for its administrative offices under separate operating lease agreements. The lease terms vary and extend through July of 2022. For the fiscal year ended June 30, 2018, total rental costs under these agreements amounted to \$58,303. Future rental obligations are as follows:

**Fiscal Year Ended June 30:**

2019	\$	48,000
2020		36,000
2021		36,000
2022		33,000
	\$	<u>153,000</u>

The Organization also provides rental assistance for homeless individuals who enter into short-term operating rental arrangements. In fiscal 2018, total rent expense under these arrangements was \$517,184.

**Note 3. Concentrations of Credit Risk**

The majority of support received by the Organization is comprised of federal pass-through grants from the West Virginia Department of Health and Human Resources, and direct federal funding from the U.S. Department of Housing and Urban Development. For the year ended June 30, 2018, \$1,691,298 was reimbursed or reimbursable from these two grantors. A significant reduction in the level of this revenue, if this were to occur, may have an adverse effect on the Organization's operations and activities.

As of June 30, 2018 grant requests receivable from these grantors aggregated \$150,008.

**Note 4. Contingent Liabilities**

The Organization's programs are generally funded from federal and state sources. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures, which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 5. Defined Contribution Plan**

The Organization maintains a SEP IRA contribution plan (Plan). Contributions that the employees make to the Plan are made with pre-tax dollars. Earnings on these contributions are tax-deferred until withdrawn from the account. The Organization provides an employer contribution equal to 3% of the employee's salary before deductions. This plan becomes effective the first day of the first month following hire. The Organization's expense under this Plan for the fiscal year ended June 30, 2018, was \$11,779.

**Note 6. Program and Other Expenditures**

Expenditures for the year ended June 30, 2018, were as follows:

---

Administrative and General	\$ 254,482
Program Services	<u>1,614,775</u>
	<u>\$ 1,869,257</u>

**Note 7. Line of credit**

West Virginia Coalition to End Homelessness, Inc. has up to a \$10,000 revolving line of credit available, of which \$0 was outstanding as of June 30, 2018. Bank advances on the credit line are due on demand and carry an interest rate of 5.5%.

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018**

<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Direct Identifying Number/ Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>				
<b>Direct Awards:</b>				
Continuum of Care Program	14.267	WV0028L3E081507	\$ - \$	138,021
Continuum of Care Program	14.267	WV0028L3E081608	-	208,727
Continuum of Care Program	14.267	WV0137L3E081600	-	134,289
Continuum of Care Program	14.267	WV126L3E081500	-	50,088
Continuum of Care Program	14.267	WV0126L3E081601	-	110,202
Continuum of Care Program	14.267	WV0119L3E081500	-	16,723
Continuum of Care Program	14.267	WV0138L3E081600	-	92,148
Continuum of Care Program	14.267	WV0121L3E081601	-	84,346
Continuum of Care Program	14.267	WV0122L3E081601	-	144,239
Continuum of Care Program	14.267	WV0122L3E081702	-	24,686
Continuum of Care Program	14.267	WV0118L3E081601	-	63,285
Continuum of Care Program	14.267	WV0140L3E081600	-	30,733
				<u>1,097,487</u>
<b>Pass-through West Virginia Office of Economic Development:</b>				
Emergency Solutions Grant Program	14.231	ESG16WVCEH	-	39,112
Emergency Solutions Grant Program	14.231	ESG17WVCEH	-	102,772
Emergency Solutions Grant Program	14.231	ESG16WVCEH	-	61,904
				<u>203,788</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>1,301,275</u>
<b>U.S. Department of Health and Human Services</b>				
<b>Passed-through West Virginia Office of Economic Development:</b>				
Community Services Block Grant	93.569	17CSBG-D01	-	34,089
Community Services Block Grant	93.569	18CSBG-D01	-	10,897
				<u>44,986</u>
<b>Pass-through West Virginia Department of Health and Human Resources</b>				
Block Grants for Community Mental Health Services	93.958	G170492	-	40,604
Block Grants for Community Mental Health Services	93.958	G180593	-	41,984
				<u>82,588</u>
CAHBI	93.243	G170490	-	107,647
CAHBI	93.243	G180599	-	156,256
				<u>263,903</u>
Projects for Assistance In Transition from Homelessness	93.150	G180251	-	78,267
<b>Total U.S. Department of Health and Human Services</b>				<u>469,744</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ - \$</u>	<u>1,771,019</u>

*See Notes to Schedule of Expenditures of Federal Awards*

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2018**

---

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of West Virginia Coalition to End Homelessness, 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of West Virginia Coalition to End Homelessness, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of West Virginia Coalition to End Homelessness, Inc.

**Note 2. Summary of Significant Accounting Policy**

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 Costs**

West Virginia Coalition to End Homelessness, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**SCHEDULE OF STATE AWARDS  
Year Ended June 30, 2018**

<u>State Grantor/Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
West Virginia Department of Health and Human Resources Bureau for Behavioral Health and Health Facilities Office of Programs and Policies Projects for Assistance in Transition from Homelessness West Virginia Appropriated Funds	G180251	7/1/2017 - 6/30/2018	\$ 78,267	\$ 78,267	\$ 78,267

*See Schedule of Expenditures of State Awards*

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**Year Ended June 30, 2018**

---

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of state awards (Schedule) includes the state grant activity of West Virginia Coalition to End Homelessness, Inc. under programs of the state government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the State of West Virginia. Because the Schedule presents only a selected portion of the operations of West Virginia Coalition to End Homelessness, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of West Virginia Coalition to End Homelessness, Inc. Additionally, due to the different reporting requirements of the financial statements from those of the above schedule, some amounts presented may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**Note 2. Summary of Significant Accounting Policy**

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 Costs**

West Virginia Coalition to End Homelessness, Inc. has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

Board of Directors  
West Virginia Coalition to End Homelessness, Inc.  
Bridgeport, 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 the West Virginia Coalition to End Homelessness, Inc. (Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated January 7, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness*, is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002, that we consider to be significant deficiencies.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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*.

### **Organization's Response to Findings**

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization'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.

*Arnett Cochio Rothman LLP*

Bridgeport, West Virginia  
January 7, 2019



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

Board of Directors  
West Virginia Coalition to End Homelessness, Inc.  
Bridgeport, West Virginia

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

We have audited West Virginia Coalition to End Homelessness, Inc.'s (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on West Virginia Coalition to End Homelessness, Inc.'s major federal programs for the year ended June 30, 2018. West Virginia Coalition to End Homelessness, 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 Organization'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 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* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 Organization's compliance.

**Opinion on Each Major Federal Program**

In our opinion, West Virginia Coalition to End Homelessness, Inc. complied, in all material respects, with the 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 the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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, we identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

The Organization's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Purpose of this Report

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 on Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Annett Corbis Toothman LLP*

Bridgeport, West Virginia  
January 7, 2019

DHHR - Finance

MAR 18 2019

Date Received

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018**

---

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

**Financial Statements**

Type of Auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiency(ies) identified?   X   Yes        None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Type of auditor's report issued on compliance for major programs: **Unmodified opinion**

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiency(ies) identified?   X   Yes        None Reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?        Yes   X   No

Identification of each major program:

CFDA Number(s)

93.243  
14.231  
14.267

Name of Federal Programs or Cluster

CAHBI  
Emergency Solutions Grant  
Continuum of Care

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee?        Yes   X   No

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2018**

---

**SECTION II – FINANCIAL STATEMENTS FINDINGS REQUIRED TO BE REPORTED IN  
ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING  
STANDARDS**

See Finding Numbers 2018-001 and 2018-002 below.

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Finding Number 2018-001**

**Finding:** Failure to record accounts payable in the accounting software.

**Criteria or specific requirement:** Generally accepted accounting principles requires that accounts payable be booked.

**Condition:** As of June 30, 2018, \$4,380 was not recorded in accounting system as accounts payable.

**Effect:** This caused liabilities to be understated by \$4,380 at year-end.

**Cause:** The reason the activity was not recorded in the accounting software is because the client was paying items when invoices were received and did not create a bill in the accounting software to account for the liability when incurred.

**Questioned Costs:** None.

**Context:** During review of the general ledger and subsequent events testing, it was noted that accounts payable should have been booked but there was failure to do so.

**Recommendation:** It is recommended that the client create invoices and record activity as it happens in order to properly record all liabilities and expenses.

**Views of Responsible Officials and Planned Corrective Action:** The client has been made aware of this and is planning to record invoices as they happen. Also, an audit entry was made to record the cost.

**Finding Number 2018-002**

**Finding:** Missing approvals on invoices during allowable cost testing.

**Criteria or specific requirement:** In accordance with a good system of internal control and corporate policies and procedures, all invoices must be properly approved for payment.

**Condition:** Ten of the 93 invoices tested during allowable cost testing did not have proper evidence of management approval.

**Effect:** Expenditures were made that did not have a proper written signature of approval.

**Cause:** The reason proper approvals were not obtained is that assumptions were made that routine expenditures could be made without any written signature of approval; however, internal policies and procedures currently do not allow for a deviation of this sort from the policy.

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**Year Ended June 30, 2018**

---

**Questioned Costs:** The invoices that did not have proper documented approval totaled \$5,769. However, review of the checks issued for payment revealed that the individuals responsible for approving the transactions signed the checks, and review of the transactional source documentation revealed the costs were allowable under the grants and federal cost principles. Therefore, there are no questioned costs associated with this finding.

**Context:** Of the 93 transactions tested, we found five instances of noncompliance with prescribed controls that did not have proper written signature of approval.

**Recommendation:** It is recommended that all invoices obtain a prior written signature of approval before they are paid, and if management wishes to alter its current policy to permit recurring invoices to be paid without individual approval then such a change in policy should be made.

**Corrective Action:** The program director will ensure that all invoices are properly approved before payment.

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2018**

---

**Finding Number 2017-001**

**Finding:** Activity in the Pay Pal account was not recorded in the accounting software.

**Criteria or specific requirement:** Generally accepted accounting principles requires that all revenue be recorded as earned.

**Condition:** As of June 30, 2017, \$1,603 was not recorded in accounting system as revenue.

**Effect:** This caused revenue to be understated by \$1,603 at year-end.

**Cause:** The reason the activity was not recorded in the accounting software is because it is only recorded when the CEO authorizes a transfer from the Pay Pal account into the checking account.

**Questioned Costs:** None.

**Context:** During review of the general ledger and subsequent events testing, it was noted that revenue from Leadership Academy registration was being collected through Pay Pal, but not recorded in the accounting software.

**Recommendation:** It is recommended that the client create a Pay Pal account in the QuickBooks ledger and record activity as it happens in order to properly record all revenues and expenses.

**Corrective Action Taken:** The client has been made aware of this and is planning to create a new account in the chart of accounts for the Pay Pal activity. Also, an audit entry was made to record the revenue.

**Finding Number 2017-002**

**Finding:** Missing approvals on invoices during allowable cost testing.

**Criteria or specific requirement:** In accordance with a good system of internal control and corporate policies and procedures, all invoices must be properly approved for payment.

**Condition:** Six of the 112 invoices tested during allowable cost testing did not have proper evidence of management approval.

**Effect:** Expenditures were made that did not have a proper written signature of approval.

**Cause:** The reason is that assumptions were made that routine expenditures could be made without any written signature of approval, however, internal policies and procedures currently do not allow for a deviation of this sort from the policy.

**WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**Year Ended June 30, 2018**

---

**Questioned Costs:** The invoices that did not have proper documented approval totaled \$49,585. However, review of the checks issued for payment revealed that the individuals responsible for approving the transactions signed the checks, and review of the transactional source documentation revealed the costs were allowable under the grants and federal cost principles. Therefore, there are no questioned costs associated with this finding.

**Context:** Of the 112 transactions tested, we found six instances of noncompliance with prescribed controls that did not have proper written signature of approval.

**Recommendation:** It is recommended that all invoices obtain a prior written signature of approval before they are paid, and if management wishes to alter its current policy to permit recurring invoices to be paid without individual approval then such a change in policy should be made.

**Views of Responsible Officials and Planned Corrective Action:** The program director will ensure that all invoices are properly approved before payment.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100