STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bill J. Crouch
Cabinet Secretary

Office of Internal Control Policy Development
Division of Compliance and Monitoring
One Davis Square, Suite 401
Charleston, WV 25301
Telephone: (304) 558-0032 Fax: (304) 558-2269

Kimberly D. Merritt
Director

March 12, 2020

WEST VIRGINIA COALITION TO END HOMELESSNESS INC
527 E MAIN ST STE 104
BRIDGEPORT, WV 26330-1824

Re: Grantee Federal Audit Requirement
Grant Number G190241, G190444, G190456
Fiscal Year Ended June 30, 2019

The Code of Federal Regulations in 2 CFR 200 Subpart F (Audit Requirements) requires all non-Federal entities expending $750,000 or more in Federal awards during their fiscal year to have a single or program-specific audit conducted for that year. The audit is to be completed and the reporting package submitted within the earlier of 30 days after receipt of the auditor's report(s) or nine months after the end of the audit period.

Your organization submitted a Grantee Audit Certification and Federal Expenditure Disclosure (GACFED) form to the WV Department of Health and Human Resources (DHHR), Division of Compliance and Monitoring indicating that you exceeded the $750,000 threshold for your fiscal year ended June 30, 2019. This letter is to remind you that your audit report package is due to this office by March 31, 2020 as outlined in Exhibit F of the grant agreement(s) with the DHHR. Please submit the completed audit, along with any additional information (i.e. management letter issued by auditor, management's response to audit findings, etc.) to this office at the address above before the deadline.

Please be aware that the DHHR's Office of Internal Control and Policy Development's Division of Compliance and Monitoring is sending this letter as a courtesy. This is the only reminder notice you will receive and failure to respond to this request will force the Division of Compliance and Monitoring to initiate appropriate measures against your organization that may result in debarment, monetary sanctions or other necessary actions.

Questions pertaining to this letter or any of the information and requirements referenced herein may be directed to the DHHR's Division of Compliance and Monitoring at the address referenced above or by contacting Diana Yarber, Accountant Auditor III at 13045586507.

Thank you for your assistance and cooperation.

Sincerely,

Kimberly D. Merritt

Kimberly D. Merritt
Director
Division of Compliance & Monitoring

DHHR - Finance
APR 03 2020
Date Received

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

Financial and Compliance Report
June 30, 2019

DHHR - Finance

APR 03 2020

Date Received

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CONTENTS

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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 West Virginia Coalition to End Homelessness, Inc. (Organization) which comprise the statement of financial position as of June 30, 2019, 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 West Virginia Coalition to End Homelessness, Inc. as of June 30, 2019, 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 analyses 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2020, 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 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 the Organization'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 West Virginia Coalition to End Homelessness, Inc.'s internal control over financial reporting and compliance.

Arnett Carbis Toothman LLP

Bridgeport, West Virginia
January 2, 2020

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS		
Cash	$	50,324
Grants receivable		84,947
Total assets	$	135,271
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	10,771
Accrued payroll and payroll liabilities		107,441
Total liabilities		118,212
NET ASSETS		
Without donor restrictions		17,059
Total liabilities and net assets	$	135,271

See Notes to Financial Statements

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2019

OPERATING REVENUE AND OTHER SUPPORT	
HMIS grant	$ 429,609
PSH grant	277,579
CABI grant	259,819
Jarkai grant	227,692
EPHH grant	226,849
ESG grant	225,333
Kenobi grant	154,558
Home 4 Good grant	134,732
PATH grant	104,126
Planning grant	103,715
SS O 1 grant	99,625
DHHR grant	78,252
CSBG grant	49,378
SS O 2 grant	35,917
Leadership academy revenue	34,022
Conference registration	19,839
United Way grant	10,000
Other revenue	39,650
Total operating revenue and other support	2,510,695
OPERATING EXPENSES	
Salaries and fringe benefits	1,149,252
Rental	828,630
Travel	142,259
Software and licenses	94,736
Utilities	88,502
Training	71,091
Material and supplies	60,974
Client support services	55,129
Repairs and maintenance	23,369
Professional fees	17,228
Data analysis	15,000
Office	11,228
Insurance	10,888
Advertising	2,752
Bank charges	2,500
Taxes and licenses	264
Other expenses	11,854
Total operating expenses	2,585,656
Change in net assets	(74,961)
Net assets without donor restrictions:	
Beginning of year	92,020
End of year	$ 17,059

See Notes to Financial Statements

Note 1. Description of Organization and Significant Accounting Policies

Nature of operations: 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.

A summary of the Organization's significant accounting policies is as follows:

Basis of accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenue is recognized when earned, rather than when received, and expenses are recognized when incurred, rather than when paid.

Management's estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses 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 accounts are 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 receivable represent amounts billed to federal and state agencies, but not paid as of the fiscal year end. Certain grants, which allow the Organization to draw down at any time, are included as receivables and net assets with donor restrictions, if the award has been made but the amount has not been drawn down by the Organization.

Net assets: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restrictions result from contributions, grants, or other inflows of assets whose use by the Organization is limited by donor or grantor imposed stipulations that either expired by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

West Virginia Coalition to End Homelessness, Inc. does not have any net assets with donor restrictions.

Income taxes: The Organization 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 509(a) of the Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an entity that is not a private foundation under 509(a)(1). The Organization had no unrelated business income during the year ended June 30, 2019. Accordingly, no provision for income taxes has been provided.

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability or asset if the Organization has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Services (IRS). The Organization has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements.

Generally, tax returns for years ended June 30, 2016, 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, 2019, advertising costs totaled $2,752. Any such costs constitute allowable, necessary, and reasonable public awareness costs.

Compensation of accrued absences: A liability has been recognized for unpaid, but earned, accrued vacation days to be subsequently taken by employees and is recorded in accrued payroll and payroll liabilities on the statement of financial position. However, no liability is recognized for sick leave as no amount is paid at the time of separation from employment.

Subsequent events: The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 2, 2020, the date the financial statements were available to be issued.

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. Early adoption is not permitted. The guidance permits the use of either a retrospective or modified retrospective (cumulative effect) transition method. The Organization will adopt the guidance for the year ending June 30, 2020. The Organization has evaluated the adoption of this guidance and does not currently believe it will have a material impact on is financial statements.

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 ASU 2014-09. Transition guidance is provided within the ASU and generally requires a retrospective approach. Along with ASU 2016-02, the Organization will also be required to adopt codification improvements to Topic 842, which includes ASUs 2018-10, 2018-11, 2018-20, and 2019-01. The Organization is currently evaluating the impact that adoption will have on its June 30, 2022, 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 adopted this guidance during the year ended June 30, 2019. Adoption of this guidance resulted in expanded disclosures related to liquidity and availability, functional expenditures, and a change in the classification of net assets to net assets with donor restrictions and net assets without donor restrictions.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations (NFPs) and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. The new ASU does not apply to transfers of assets from governments to businesses. The Organization is currently evaluating the impact, if any, that adoption will have on its June 30, 2020, financial statements.

Note 2. Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date consist of the following as of June 30, 2019:

Cash	$	50,324
Grants receivable		84,947
	$	135,271

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from grant revenue. In general, the Organization maintains sufficient financial assets on hand to meet a minimum of 30 days of normal operating expenses. The Organization also maintains a line of credit (Note 8) that would be available, should the need arise.

Note 3. Operating Leases

The Organization leases four facilities for its administrative offices under separate operating lease agreements. The lease terms vary and extend through May 2022. For the fiscal year ended June 30, 2019, total rental costs under these agreements amounted to $55,377, which is included in rental expense on the statement of activities and changes in net assets. Future rental obligations are as follows:

Fiscal Years Ending June 30:		
2020	$	48,500
2021		38,500
2022		33,000
	$	120,000

The Organization also provides rental assistance for homeless individuals who enter into short-term operating rental arrangements. During the year ended June 30, 2019, total rent expense under these arrangements was $773,253, which is included in rental expense on the statement of activities and changes in net assets.

Note 4. 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, 2019, $2,223,074 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, 2019, grant requests receivable from these grantors aggregated $54,286.

Note 5. 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.

Note 6. 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. Employees become eligible to participate in the Plan the first day of the first month following hire. The Organization's expense under this Plan for the fiscal year ended June 30, 2019, was $17,310, which is included in salaries and fringe benefits expense on the statement of activities and changes in net assets.

Note 7. Expenses by Nature and Function

The Organization reports expenses according to their purpose of advocating for services to prevent and end homelessness throughout West Virginia. Both program service and supporting service expenses are allocated by natural classification in a consistent rational and systematic manner.

The table below presents expenses by both their nature and their function for the year ended June 30, 2019:

	Program Services	Administrative and General	Total
Salaries and fringe benefits	$ 995,402	$ 153,850	$ 1,149,252
Rental	773,253	55,377	828,630
Travel	142,154	105	142,259
Software and licenses	94,736	-	94,736
Utilities	60,971	27,531	88,502
Training	23,804	47,287	71,091
Material and supplies	-	60,974	60,974
Client support services	55,129	-	55,129
Repairs and maintenance	23,369	-	23,369
Professional fees	-	17,228	17,228
Data analysis	15,000	-	15,000
Office	-	11,228	11,228
Insurance	-	10,888	10,888
Advertising	-	2,752	2,752
Bank charges	-	2,500	2,500
Taxes and licenses	-	264	264
Other expenses	4,391	7,463	11,854
Total expenses	$ 2,188,209	$ 397,447	$ 2,585,656

Note 8. 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, 2019. Bank advances on the credit line are due on demand and carry an interest rate of prime plus 1.25%.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Direct Identifying Number/ Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Awards:				
Continuum of Care Program	14.267	WV0028L3E081608	$ -	$ 165,308
Continuum of Care Program	14.267	WV0028L3E081709	-	269,630
Continuum of Care Program	14.267	WV0137L3E081600	-	31,774
Continuum of Care Program	14.267	WV0137L3E081701	-	199,934
Continuum of Care Program	14.267	WV0126L3E081601	-	51,721
Continuum of Care Program	14.267	WV0126L3E081702	-	103,705
Continuum of Care Program	14.267	WV0138L3E081600	-	12,940
Continuum of Care Program	14.267	WV0149L3E081700	-	93,486
Continuum of Care Program	14.267	WV0122L3E081702	-	255,716
Continuum of Care Program	14.267	WV0122L3E081803	-	23,992
Continuum of Care Program	14.267	WV0140L3E081600	-	1,449
Continuum of Care Program	14.267	WV0140L3E081701	-	35,452
Continuum of Care Program	14.267	WV0118L3E081601	-	7,857
Continuum of Care Program	14.267	WV0118L3E081702	-	93,812
Continuum of Care Program	14.267	WV0121L3E081601	-	16,045
Continuum of Care Program	14.267	WV0121L3E081702	-	212,248
			-	1,575,069
Passed-through West Virginia Office of Economic Development:				
Emergency Solutions Grant Program	14.231	ESG16WVCEH (Expansion)	-	5,662
Emergency Solutions Grant Program	14.231	ESG17WVCEH	-	68,129
Emergency Solutions Grant Program	14.231	ESG18WVCEH	-	160,234
			-	234,025
Total U.S. Department of Housing and Urban Development			-	1,809,094
U.S. Department of Health and Human Services				
Passed-through West Virginia Office of Economic Development:				
Community Services Block Grant	93.569	18CSBG-D01	-	39,103
Community Services Block Grant	93.569	19CSBG-D01	-	10,951
			-	50,054
Passed-through West Virginia Department of Health and Human Resources:				
Block Grants for Community Mental Health Services	93.958	G180593	-	27,189
Block Grants for Community Mental Health Services	93.958	G190456	-	48,710
			-	75,899
CAHBI	93.243	G180599	-	69,119
CAHBI	93.243	G190444	-	188,045
			-	257,164
Projects for Assistance in Transition from Homelessness	93.150	G180251	-	70,439
Total U.S. Department of Health and Human Services			-	453,556
Total Expenditures of Federal Awards			$ -	$ 2,262,650

See Notes to Schedule of Expenditures of Federal Awards

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2019

State Grantor/Program Title	Grant Number	Grant Period	Grant Award	Grant Receipts	Grant Expenditures
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	G190241	7/1/2018 - 6/30/2019	$ 36,458	$ 36,458	$ 36,458
West Virginia Housing Development Fund			360,000	134,732	101,033
Total Expenditures of State Awards			$ 396,458	$ 171,190	$ 137,491

See Notes to Schedule of Expenditures of State Awards

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2019

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, 2019. 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 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 Cost Rate

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

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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
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 West Virginia Coalition to End Homelessness, Inc. (Organization), which comprise the statement of financial position as of June 30, 2019, 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 2, 2020.

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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Bridgeport, WV • Buckhannon, WV • Charleston, WV • Columbus, OH • Meadville, PA • Morgantown, WV • New Castle, PA • Pittsburgh, PA

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 Carbis Toothman LLP

Bridgeport, West Virginia
January 2, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 the Major Federal Program

We have audited the compliance of West Virginia Coalition to End Homelessness, Inc. (Organization) 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 program for the year ended June 30, 2019. West Virginia Coalition to End Homelessness, Inc.'s major federal program is identified in the summary of independent 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 the Organization's major federal program 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* (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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Basis for Qualified Opinion on the Major Federal Program

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements regarding CFDA 14.267 Continuum of Care program, as described in items 2019-001 and 2019-002 for matching. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

Qualified Opinion on the Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on the Major Federal Program paragraph, 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 its major federal program for the year ended June 30, 2019.

Other Matters

West Virginia Coalition to End Homelessness, Inc.'s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. West Virginia Coalition to End Homelessness, Inc.'s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Items 2019-001 and 2019-002 to be material weaknesses.

West Virginia Coalition to End Homelessness, Inc.'s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. West Virginia Coalition to End Homelessness, Inc.'s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Arnett Carbis Toothman LLP

Bridgeport, West Virginia
January 2, 2020

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Type of auditor's report issued on compliance for major program:	Qualified	
Internal control over financial reporting:		
Material weakness(es) identified?	X Yes	____ No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	X Yes	____ No

Identification of major program:

CFDA Number(s)	Name of Federal Programs or Cluster
14.267	Continuum of Care

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Material Weaknesses in Internal Control Over Major Program

Identifying Number 2019-001

Program: Continuum of Care (CoC)

CFDA Number: 14.267

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Pass-Through Entity: Not Applicable

Award Year: June 30, 2019

Compliance Requirement: Matching

Criteria or Specific Requirement: 24 CFR 578.73(a) Matching Requirements, 24 CFR 578.103(a)(10)

Condition: The Organization has timesheets to demonstrate that the Cooperative Agreement to Benefit Homeless Individuals (CABHI) funds were drawn for case managers' time, but there is no documentation showing that the actual time spent on the CoC grants exceeded that which was charged to the CoC grants and amounts charged to CABHI paid for the difference.

Effect: Unable to determine that match requirements were met.

Cause: The Organization does not have policies or procedures to document how cash match is used to pay CoC eligible program costs.

Questioned Costs: None.

Recommendation: The Organization should create policies and procedures for tracking how cash match has been spent on CoC eligible activities. The Organization should also provide any further documentation to demonstrate that match was met.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See separate Corrective Action Plan.

Identifying Number 2019-002

Program: Continuum of Care

CFDA Number: 14.267

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Pass-Through Entity: Not Applicable

Award Year: June 30, 2019

Compliance Requirement: Matching

Criteria or Specific Requirement: 24 CFR 578.73(c)(3)(i) Matching Requirements, 2 CFR 200.306 Cost Sharing or Matching

Condition: In-kind services for the Homeless Management Information System (HMIS) grant were documented by signed letters, instead of Memorandums of Understandings (MOUs), and the documentation of match provided was the commitment letters, instead of documentation of hours worked.

Effect: Unable to determine if the services were provided.

Cause: The Organization does not have a process in place to document in-kind services.

Questioned Costs: None.

Recommendation: The Organization should create a procedure for executing MOUs and collect supporting documentation of services provided.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See separate Corrective Action Plan.

Finding Number 2018-001

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

Criteria or Specific Requirement: Generally accepted accounting principles require 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.

Status: Corrected.

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.

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.

Status: Corrected.

WEST VIRGINIA COALITION TO END HOMELESSNESS
Advocates for Service to Prevent and End Homelessness throughout West Virginia

PO Box 4697
Bridgeport, WV 26330
304.842.9522
www.wvceh.org

Jill Moyer
CPD Field Representative
US Department of Housing and Urban Development
1000 Liberty Avenue, Suite 1000
Pittsburgh, PA 15222-4004

December 19, 2019

Dear Ms. Moyer,

Please find enclosed the responses and attachments to the August 2018 HUD CoC Monitoring Report provided to us.

If you should have any additional questions, please do not hesitate to contact us.

Regards,

Zachary Brown
Chief Executive Officer

COPY

Failure to demonstrate cash match funds have been spent on CoC eligible activities

Corrective Action
WVCEH has to create policies and procedures for tracking how cash match has been spent on CoC eligible activities. WVCEH is also requested to provide any further documentation to demonstrate that match was met. Provide a copy within 30 days.

WVCEH agrees with this finding. Though WVCEH have been adequately demonstrating that cash match is received, the tracking of the match on CoC eligible activities has not been a smooth one. WVCEH has trained all staff on the importance, and requirement, to track match received through cash and in-kind services. WVCEH has implemented a procedure to do this in HMIS on a client-by-client basis in HMIS. Furthermore, WVCEH will list all cash match sources received at the end of each month with the draw sheets from e-LOCCS. Staff have also been trained on imputing notes into their timesheet software when they are paid from a matching source, but working with clients in a HUD funded program. WVCEH will also print off an in-kind report from HMIS monthly to show in-kind and cash matches received and tied to clients.

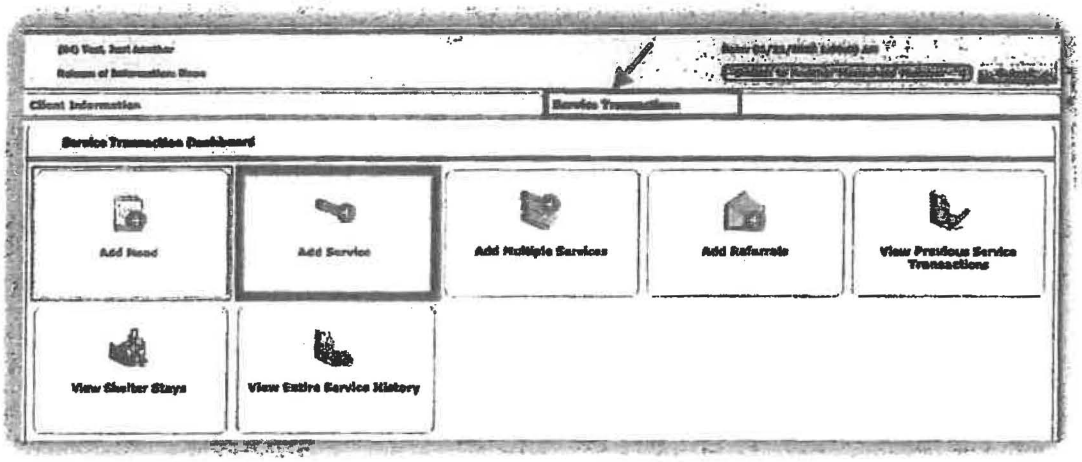
Attachments:
- HMIS Workflow
- Updated SOP manual, page 4 with process for tracking cash and in-kind match
- Example timesheet

RECORDING IN-KIND MATCH WITHIN A SERVICE TRANSACTION

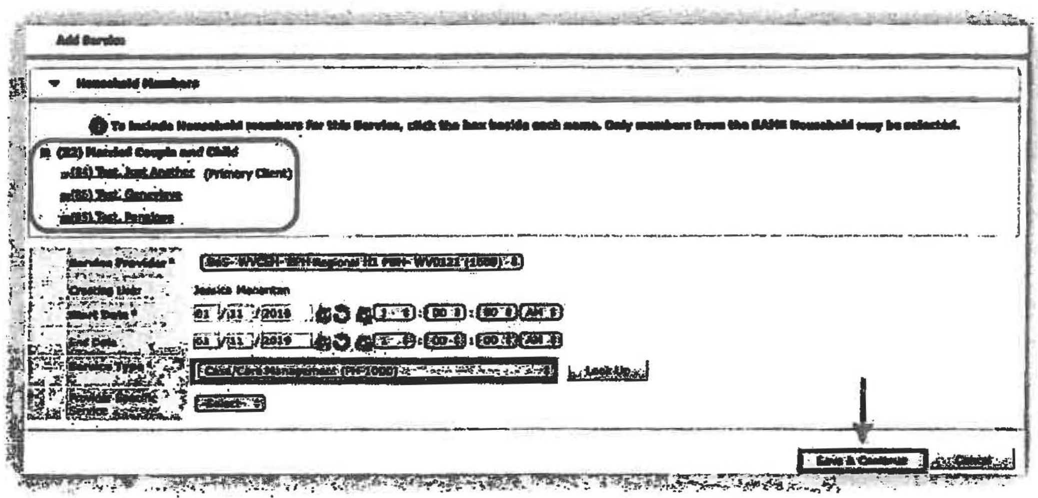
Document In-Kind match when receiving donations for your client.

In-kind match is typically in the form of the value of personnel, goods, and services, including direct and indirect costs. If someone donates a gift card to your client, you will simply record the amount on the gift card. If furniture or other supplies are donated, quantify the supplies or the worth of the item, and enter into HMIS as In-Kind Match.

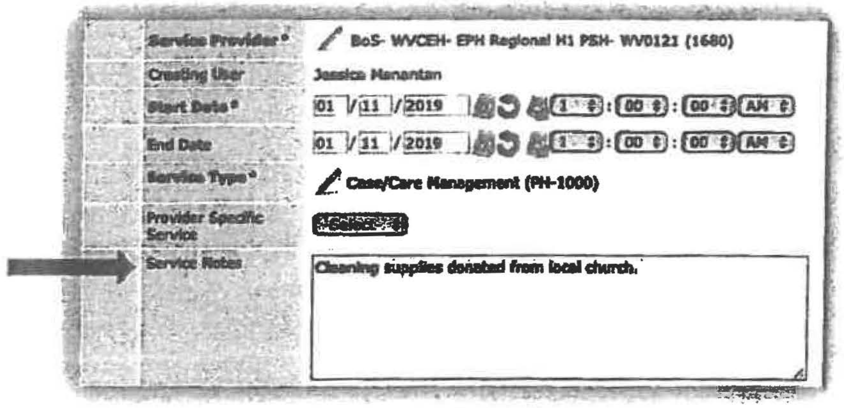
<u>Step 1</u>: Click on the Service Transactions tab and select Add Service.



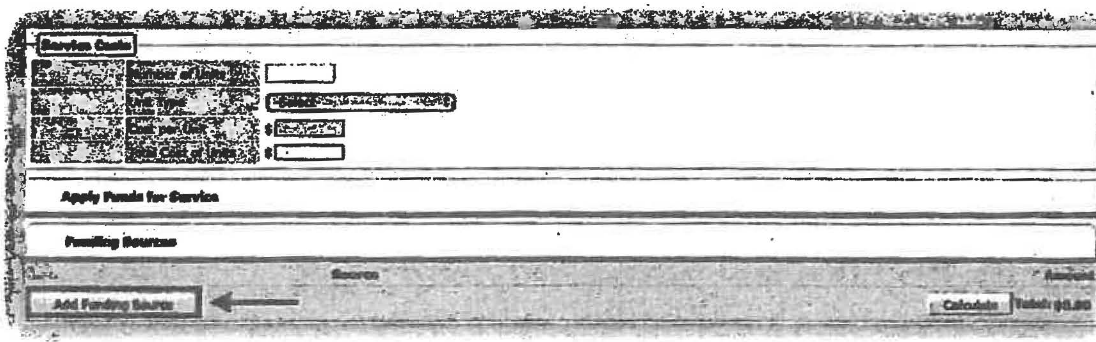
<u>Step 2</u>: Ensure all household members are selected, select Service Type as *Case/Care Management*, and then click *Save & Continue.*



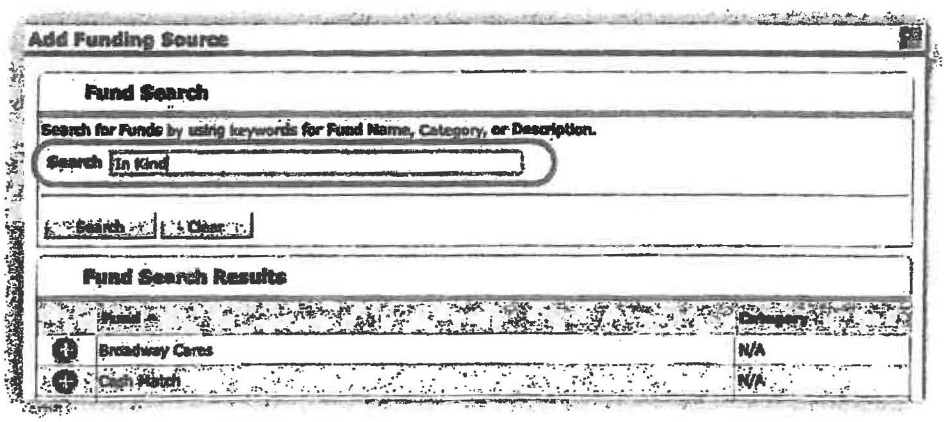
Step 3: You may provide a service note indicating what is being donated.

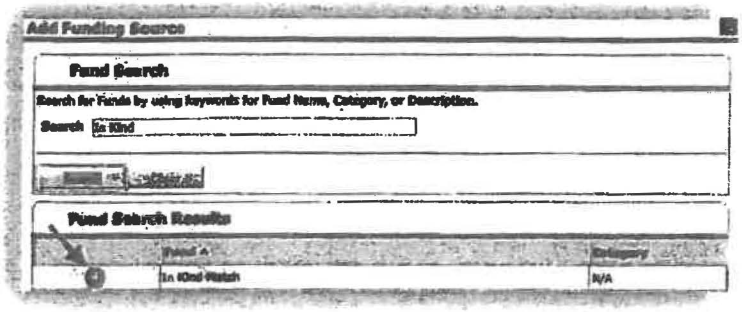


Step 4: Under Funding Sources, select *Add Funding Source*.

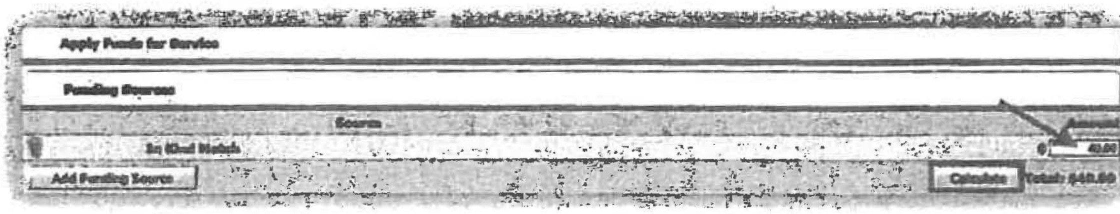


Step 5: Search for "In Kind".





ces. Enter the amount and



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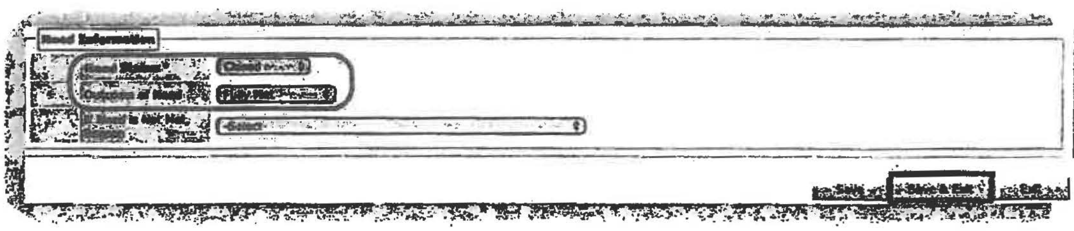

No MOU for in-kind services provided and documentation of in-kind services did not include records for documenting the service hours were actually provided.

Corrective Action

WVCEH create a procedure for executing MOUs and collecting supporting documentation of services provided. Provide a copy.

WVCEH agrees with this finding. Though WVCEH has been doing a letter from the in-kind source, WVCEH agrees that we failed to provide MOUs as required. MOUs have been executed for current FY2018 funding and are attached. Furthermore, the Standard Operating Procedures have also been updated in regards to match.

Attachments:

- **Standard Operating Procedures Manual, page 4**