



West Virginia Coalition to End Homelessness, Inc

Financial and Compliance Report

June 30, 2021

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Baker Tilly US, LLP
P.O. Box 908
Bridgeport, WV 26330
United States of America

T: +1 (304) 624 5471
F: +1 (304) 623 2807
bakertilly.com

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, 2021, 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, 2021, 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the Organization's beginning net assets were restated to reflect a decrease in unrestricted net assets to account for deferred grant revenue that was recognized into income in the prior year financial statements in error. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and expenditures of state 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 the State of West Virginia, are presented for purposes of additional analyses and are not required parts of the financial statements. Such information is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2022, 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.

Baker Tilly US, LLP

Bridgeport, West Virginia
August 1, 2022

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$	356,082
Grants receivable		<u>451,051</u>

Total current assets		807,133
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INVESTMENTS

1,510,525

Total assets	\$	<u>2,317,658</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	402,125
Deferred revenue		312,780
Accrued payroll and payroll liabilities		<u>186,478</u>

Total current liabilities		<u>901,383</u>
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NET ASSETS

Without donor restrictions		657,437
With donor restrictions		<u>758,838</u>

Total net assets		<u>1,416,275</u>
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Total liabilities and net assets	\$	<u>2,317,658</u>
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See Notes to Financial Statements

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND OTHER SUPPORT			
U.S. Department of Housing and Urban Development	\$ 2,049,438	\$ -	\$ 2,049,438
West Virginia Department of Health and Human Resources	1,759,280	-	1,759,280
West Virginia Home 4 Good	856,779	-	856,779
DHHR - State Opioid Response	595,707	-	595,707
DHHR - Block Grants for Community Mental Health Services	154,338	-	154,338
PATH Grant - Federal	69,395	-	69,395
DHHR - Community Services Block Grant	65,521	-	65,521
PATH Grant - West Virginia	43,814	-	43,814
Other revenue	332,602	8,052	340,654
Net assets released from restrictions	650,849	(650,849)	-
Total operating revenue and other support	6,577,723	(642,797)	5,934,926
OPERATING EXPENSES			
Salaries and fringe benefits	2,636,533	-	2,636,533
Rental	1,775,286	-	1,775,286
Grant disbursements	1,759,928	-	1,759,928
Software and licenses	222,086	-	222,086
Travel	216,447	-	216,447
Client support services	181,990	-	181,990
Materials and supplies	141,103	-	141,103
Utilities	139,016	-	139,016
Training	105,204	-	105,204
Repairs and maintenance	49,059	-	49,059
Professional fees	29,318	-	29,318
Insurance	21,217	-	21,217
Advertising	6,848	-	6,848
Other expenses	74,435	-	74,435
Total operating expenses	7,358,470	-	7,358,470
(Deficiency) of revenue and other support over expenses	(780,747)	(642,797)	(1,423,544)
NON-OPERATING REVENUE			
Investment income	514,631	-	514,631
Change in net assets	(266,116)	(642,797)	(908,913)
Net assets:			
Beginning of the year, as previously reported	1,599,704	1,401,635	3,001,339
Prior period adjustment (Note 13)	(676,151)	-	(676,151)
Beginning of the year, as restated	923,553	1,401,635	2,325,188
End of year	\$ 657,437	\$ 758,838	\$ 1,416,275

See Notes to Financial Statements

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (908,913)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
Unrealized (gain) on investments	(355,275)
(Increase) in assets:	
Grants receivable	(209,879)
Increase (decrease) in liabilities:	
Accounts payable	384,767
Deferred revenue	(363,371)
Accrued payroll and payroll liabilities	4,281
	<hr/>
Net cash (used in) operating activities	(1,448,390)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	349,999
	<hr/>
Net (decrease) in cash	(1,098,391)
Cash:	
Beginning	1,454,473
	<hr/>
Ending	<u><u>\$ 356,082</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: 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.

Cash and deposit risk: In the normal course of business, the Organization may have deposits with local financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) 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 without donor restrictions, if the award has been made but the amount has not been drawn down by the Organization.

Investments and investment income: Investments are measured at fair value on the statements of financial position. The fair value of substantially all securities is determined by quoted market rates. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) are included in revenue and support.

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported on the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions.

Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported on the statements of financial position could change materially in the near term. The Organization considers its investments to be trading securities.

Donated investments are reported at fair value at the date of receipt.

Compensated absences: A liability for compensated absences earned, but not paid as of June 30, 2021 has been recognized and is included in accrued payroll and payroll liabilities on of the statement of financial position. As of June 30, 2021, \$79,736 remain unpaid.

Deferred revenue: Deferred revenue includes amounts for which management does not believe the criteria has been met to earn the revenue. Deferred grant revenue reflects amounts associated with grant funds received, but not earned.

Economic dependency: The Organization receives a significant portion of its support from federal and state government grants and contracts. A material reduction in the level of support or nonpayment of fees generated would have a significant impact on the Organization's programs and activities and its ability to continue as a going concern. Grant revenue is provided primarily to residents of West Virginia. General economic conditions in these areas significantly influence the Organization's ability to collect fees for services rendered.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

NOTES TO FINANCIAL STATEMENTS

Net assets: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, 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, and other inflows of assets whose use by the Organization is limited by donor or grantor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, from other asset enhancements and diminishments subject to the same kind of stipulations, or from reclassifications to or from other classes of net assets as a consequence of donor or grantor imposed stipulations their expiration by passage of time, or their fulfillment and removal 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.

Income taxes: The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is recognized as tax exempt under 501(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 years ended June 30, 2021. 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, 2021, 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, 2018, and thereafter remain subject to examination by federal and state tax authorities.

Advertising: Advertising costs are expensed as incurred. Total advertising costs for the year ended June 30, 2021 are separately stated on the statement of activities and changes in net assets.

Subsequent events: In preparing these financial statements, the Organization evaluated events that occurred through August 1, 2022, the date the financial statements were available to be issued, for potential recognition or disclosure.

Recent Accounting Pronouncements

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 new revenue guidance in ASU 2014-09. Transition guidance is provided within the ASU and generally requires a retrospective approach. In June 2020, the FASB issued ASU 2020-05, which deferred the adoption date of this ASU for all private entities and public not-for-profit (NFP) entities that have not issued their financial statements reflecting the adoption of this ASU. The Organization is currently evaluating the impact, if any, that adoption will have on its June 30, 2023 financial statements.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position consist of the following as of June 30, 2021:

Cash	\$	356,082
Grants receivable		451,051
	\$	<u>807,133</u>

The Organization has a goal to maintain financial assets, which consist of cash on hand, to meet 30 days of normal operating expenses, which are, on average, approximately \$467,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3. Investments

The Organization has established an investment account with Lincoln Financial Advisors. The fund was established to hold investments of the Organization in a conservative portfolio of money market and fixed income mutual funds and similar investments. The income is used for the operating expenses of the Organization or as specified by management and the Board of Directors.

Investment income for the year ended June 30, 2021 was as follows:

Realized gain on investments	\$	159,290
Dividends		66
Unrealized gain on investments		355,275
Investment income	\$	<u>514,631</u>

Note 4. Fair Value Measurements

Accounting standards establish a framework for stating investments at fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). The three Levels of the fair value hierarchy used to value financial assets and liabilities are described as follows:

- Level I Quoted prices in active markets for identical financial assets and liabilities.
- Level II Observable inputs other than Level I prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level III Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

NOTES TO FINANCIAL STATEMENTS

Financial assets recorded on the statement of financial position measured at fair value as of June 30, 2021:

	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 3,735	\$ 3,735	\$ -	\$ -
Stocks and mutual funds	1,506,790	1,506,790	-	-
Total investments	\$ 1,510,525	\$ 1,510,525	\$ -	\$ -

The following methods were used by the Organization in estimating fair value of its financial instruments.

Cash and cash equivalents: Fair values, which are the amounts reported on the statements of financial position, are based on multiplying number of units held by \$1 per unit.

Stocks and mutual funds: Fair values which are amounts reported on the balance sheets, are based on quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5. Operating Leases

The Organization leased three facilities for eight months of the fiscal year, under separate operating lease agreements. As of March 1, 2021, the Organization dropped down to only one leased facility for its administrative office. The lease terms vary and extend through April 2027. For the fiscal year ended June 30, 2021, total rental costs under these agreements amounted to \$91,467, 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:

2022	\$ 84,000
2023	84,000
2024	84,000
2025	84,000
2026	84,000
Thereafter	70,000
	<u>\$ 490,000</u>

The Organization also provides rental assistance for homeless individuals who enter into short-term operating rental arrangements. During the year ended June 30, 2021, total rent expense under these arrangements was \$1,683,819, which is included in rental expense on the statement of activities and changes in net assets.

Note 6. 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, direct federal funding from the U.S. Department of Housing and Urban Development, and direct funding from the U.S. Department of Health and Human Services. If a significant reduction in the level of this revenue were to occur, it would have an adverse effect on the Organization's operations and activities.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions were released for the purposes of family housing for the year ended June 30, 2021:

Day One Family Fund	<u>\$ 650,849</u>
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Net assets with donor restrictions, subject to expenditure for specified purpose, consist of the following as of June 30, 2021:

Day One Family Fund	\$ 750,786
Program income	<u>8,052</u>
	<u>\$ 758,838</u>

Note 8. Commitments and Contingencies

Laws and regulations: The not-for-profit industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, grant program participation requirements, reimbursement for services, and fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations. Violations of these laws and regulations could result in expulsion from government programs together with the imposition of significant fines and penalties, as well as significant repayments for services and costs previously billed.

Management believes that the Organization is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Note 9. Line of Credit

The Organization has a line of credit with MVB Bank in the amount of \$20,000, with a variable interest rate of prime plus 1.25%. The Organization did not have an outstanding balance on this line of credit as of June 30, 2021.

Note 10. Retirement Plan

The Organization has established a SEP IRA deferred compensation plan (Plan). The Organization contributes 3% of the employee's salary, however employees are required to contribute 3% in order to be eligible for the match. 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, 2021, was \$26,861, which is included in salaries and fringe benefits expense on the statement of activities and changes in net assets.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.**NOTES TO FINANCIAL STATEMENTS****Note 11. Functional expense allocation:**

The program activities of the Organization and the administrative and general costs have been summarized on a functional basis on the statements of functional expenses for the year ended June 30, 2021. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs may have been allocated between program services and administrative and general costs.

The table below presents expenses by both their nature and their function for the year ended June 30, 2021:

	Program Service	Administrative and General	Total
Salaries and fringe benefits	\$ 2,169,476	\$ 467,057	\$ 2,636,533
Rental	1,683,819	91,467	1,775,286
Grant disbursements	1,759,928	-	1,759,928
Software and licenses	222,086	-	222,086
Travel	216,426	21	216,447
Client support services	181,990	-	181,990
Material and supplies	26,630	114,473	141,103
Utilities	120,833	18,183	139,016
Training	59,458	45,746	105,204
Repairs and maintenance	49,059	-	49,059
Professional fees	-	29,318	29,318
Insurance	-	21,217	21,217
Advertising	-	6,848	6,848
Other expenses	31,195	43,240	74,435
Total operating expenses	\$ 6,520,900	\$ 837,570	\$ 7,358,470

Note 12. COVID-19 Pandemic

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The response to the pandemic has severely impacted the level of economic activity around the world and has had wide ranging effects on the Organization, including changing workforce dynamics.

In response to the pandemic, the United States government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act. The CARES Act established several programs to aid businesses in their response to the economic effects of COVID-19.

The material government funding received by the Organization, and the corresponding accounting for the funding, is outlined below.

The Organization earned and spent ESG-CV COVID grant funding in the amount of \$143,410 during fiscal year ended June 30, 2021. Additionally, the Organization earned and spent HOPWA-CV COVID grant funding in the amount of \$22,882 for the year ended June 30, 2021.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

NOTES TO FINANCIAL STATEMENTS

The allowable costs under the COVID-specific grants include covered payroll costs, but are primarily specific to client needs, including rental assistance, utility assistance, homelessness prevention, and administration.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's financial markets, employees, and vendors. Given the uncertainty regarding the spread of this coronavirus, the related financial impact on the Organization's results of operations, financial position, and liquidity or capital resources cannot be reasonably estimated at this time and have not been reflected in the financial statements.

Note 13. Prior Period Adjustment

In the previous year, the Organization did not account for deferred grant revenue. This omission was not in accordance with generally accepted accounting principles.

During the year ended June 30, 2021, the Organization restated the beginning net assets to reflect the previous year omission.

Unrestricted net assets as of June 30, 2020, has been restated by a decrease of \$676,151.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Identifying Number/ Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>			
Continuum of Care Program	14.267	WV0028L3E081810	\$ 159,631
Continuum of Care Program	14.267	WV0028L3E081911	279,329
Continuum of Care Program	14.267	WV0137L3E081802	176,210
Continuum of Care Program	14.267	WV0137L3E081903	65,287
Continuum of Care Program	14.267	WV0160L3E081800	23,414
Continuum of Care Program	14.267	WV0167L3E081900	101,350
Continuum of Care Program	14.267	WV0122L3E081803	54,929
Continuum of Care Program	14.267	WV0122L3E081904	465,046
Continuum of Care Program	14.267	WV0118L3E081803	10,758
Continuum of Care Program	14.267	WV0118L3E081904	141,432
Continuum of Care Program	14.267	WV0168L3E081900	54,291
			<u>1,531,677</u>
<u>Pass-through West Virginia Office of Economic Development:</u>			
Emergency Solutions Grant Program	14.231	ESG19WVCEH	42,820
Emergency Solutions Grant Program	14.231	ESG20WVCEH	86,017
			<u>128,837</u>
Emergency Solutions Grant Program	14.231	ESG-CV	<u>143,410</u>
Housing Opportunities for Persons with AIDS	14.241	HF19WVCEH	63,441
Housing Opportunities for Persons with AIDS	14.241	HF20WVC	159,191
			<u>222,632</u>
Housing Opportunities for Persons with AIDS	14.241	CVHF20WVC	<u>22,882</u>
			<u>\$ 2,049,438</u>

* COVID related funding

See Notes to Schedule of Expenditures of Federal Awards

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Direct Identifying Number/ Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed-through West Virginia Office of Economic Development:			
Community Services Block Grant	93.569	19CSBG-D01	5,521
Community Services Block Grant	93.569	20CSBG-D01	<u>60,000</u>
			<u>65,521</u>
Pass-through West Virginia Department of Health and Human Resources:			
Block Grants for Community Mental Health Services	93.958	G200659	79,338
Block Grants for Community Mental Health Services	93.958	G210621	<u>75,000</u>
			<u>154,338</u>
State Opioid Response (SOR)	93.788	G200735	<u>595,707</u>
Projects for Assistance in Transition from Homelessness (PATH)	93.150	G210371	<u>69,395</u>
Total U.S. Department of Health and Human Services			<u>884,961</u>
Total Expenditures of Federal Awards			<u>\$ 2,934,399</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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of West Virginia Coalition to End Homelessness, Inc. under programs of the federal government for the year ended June 30, 2021. 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. 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 Costs

The Organization does not seek reimbursement of indirect costs under its state programs. Additionally, the Organization has never negotiated an indirect cost rate with its cognizant agency. Therefore, the Organization has elected to use the 10% de minimis indirect cost rate.

Note 4. Sub-recipients

The Organization does not pass federal awards to sub-recipients.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2021**

<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>	<u>Receivable (Deferred)</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	G210371	7/1/2020 - 6/30/2021	\$ 43,814	\$ 43,814	\$ 43,814	\$ -
Bureau for Children and Families Office of Programs and Policies Statewide Homeless Services						
West Virginia Appropriated Funds	G210156	7/1/20-6/30/21	1,785,564	1,785,564	1,759,280	(26,284)
West Virginia Housing Development Fund	Home 4 Good COVID	6/5/2020-6/5/2021	638,000	-	633,700	-
West Virginia Housing Development Fund	Home 4 Good 2020	12/6/2019-1/6/2022	362,000	199,786	199,786	-
West Virginia Housing Development Fund	Home 4 Good Admin	2/15/2020-1/6/2022	37,797	37,797	23,293	(14,504)
Subtotal West Virginia Housing Development Fund			<u>1,037,797</u>	<u>237,583</u>	<u>856,779</u>	<u>(14,504)</u>
Total Expenditures of State Awards			<u>\$ 2,867,175</u>	<u>\$ 2,066,961</u>	<u>\$ 2,659,873</u>	<u>\$ (40,788)</u>

See Notes to Schedule of Expenditures of State Awards

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

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, 2021. 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 Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the requirements of the state, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Costs

The Organization does not seek reimbursement of indirect costs under its state programs. Additionally, the Organization has never negotiated an indirect cost rate with its cognizant agency. Therefore, the Organization has elected to use the 10% de minimis indirect cost rate.

**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, 2021, 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 August 1, 2022.

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) as a basis for designing 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we identified a significant deficiency that we consider to be a material weakness. This deficiency in internal control is described in the accompanying schedule of findings as finding number 2021-001. Other 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Baker Tilly US, LLP

Bridgeport, West Virginia
August 1, 2022

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 West Virginia Coalition to End Homelessness, Inc.'s (Organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 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.

Opinion on the Major Federal Program

In our opinion, West Virginia Coalition to End Homelessness, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

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.

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 the 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 material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Baker Tilly US, LLP

Bridgeport, West Virginia
August 1, 2022

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

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? X Yes 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: Unmodified

Internal control over major federal program:

Material weakness(es) identified? Yes X 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)? Yes X No

Identification of major program:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program

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, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weakness in Internal Control over Financial Reporting

Finding number: 2021-001

Criteria: Internal controls over financial reporting are critical to ensuring that the financial statements and related footnotes are reported in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: During the audit, we noted that the Organization has not been accounting for deferred revenue, but rather recording all monies received as revenue earned upon billing.

Cause: The Organization has experienced a significant increase in grant funding. Most of the grants received are billed as expenses are incurred. However new funding has been given to the Organization ahead of the needs, with a reconciliation due at the end of the grant period. The Organization failed to recognize the need to account for these grants utilizing deferred revenue.

Effect: Understatement of deferred revenue will overstatement revenue earned.

Recommendation: Deferred revenue should be recorded at the time of receipt and/or billing and later recognized as revenue once the funds are earned through expenditure.

Management's Response: The Organization's finance team is creating additional tracking to incorporate a system in which deferred revenue is adjusted monthly.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

WEST VIRGINIA COALITION TO END HOMELESSNESS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

Significant deficiencies in Internal Control over Financial Reporting

Finding number: 2020-001

Criteria: Internal controls over financial reporting are critical to ensuring that the financial statements and related footnotes are reported in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: During the audit, we noted that the Organization did not utilize proper cut-off procedures to ensure accounts payable were recorded in the proper period.

Cause: The Organization staff involved in accounting and reporting was on leave at year-end close.

Effect: Understatement of liabilities and expenses recorded in the wrong reporting period.

Recommendation: Accounts payable should be recorded at the date of service. Management should review this account each month to ensure that all expenses are being properly recorded in the correct period.

Subsequent year follow-up: Organization staff have been recording payables in the proper period.

Finding number: 2020-002

Criteria: Internal controls over financial reporting are critical to ensuring that the financial statements and related footnotes are reported in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: During the audit, we noted that the Organization did not utilize proper cut-off procedures to ensure accounts receivable were recorded in the proper period.

Cause: The Organization staff involved in accounting and reporting was on leave at year-end close.

Effect: Understatement of assets and revenues recorded in the wrong reporting period.

Recommendation: Accounts receivable should be recorded when revenue is earned. Management should review this account each month to ensure that all expenses are being properly recorded in the correct period.

Subsequent year follow-up: Organization staff have been recording receivables in the proper period.

Baker Tilly

600 Market Place Avenue, Suite 100

Bridgeport, WV 26330

August 15, 2022

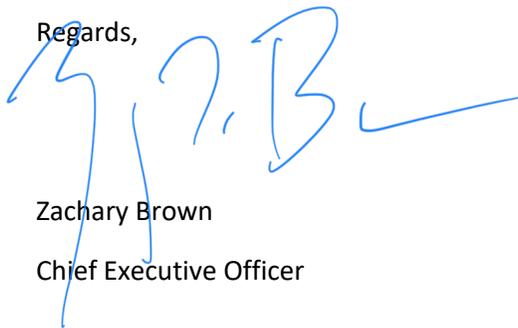
Response to Audit Finding

Procedures for recognizing revenue received prior to being earned have been amended to the following:

Funding received prior to being earned is recorded in the full amount as a credit to Deferred Revenue and a debit to Accounts receivable on the date of invoicing, or cash if an unexpected cash receipt. This is completed within Quickbooks in the Invoice document, as this is also the document required by our grantors to submit for funding.

On a monthly basis, a journal entry is prepared that will debit Deferred Revenue for the amount of expenses for each class, and credit the correct revenue account for each class. The purpose of this journal entry is to record the earned revenue when earned.

Regards,



Zachary Brown

Chief Executive Officer