



Tarrant County Homeless Coalition

**Financial Statements with Compliance Reports
and Supplemental Information
December 31, 2019 and 2018**

Tarrant County Homeless Coalition

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Independent Auditors' Report

Board of Directors
Tarrant County Homeless Coalition

Report on the Financial Statements

We have audited the accompanying financial statements of Tarrant County Homeless Coalition (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Tarrant County Homeless Coalition as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, such information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of Tarrant County Homeless Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tarrant County Homeless Coalition's internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas
December 10, 2020

Tarrant County Homeless Coalition
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 324,229	\$ 235,577
Grants receivable	283,150	108,177
Accounts receivable	39,017	110,000
Total current assets	646,396	453,754
Property and equipment:		
Furniture and equipment	41,684	28,532
Website	48,100	48,100
HMIS	93,897	93,897
Less: accumulated depreciation	(173,843)	(170,529)
Total property and equipment, net	9,838	-
Total assets	\$ 656,234	\$ 453,754
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 71,784	\$ 89,530
Accrued expenses	45,616	81,666
Refundable advances	302,664	-
Deferred rent	13,300	-
Total current liabilities	433,364	171,196
Net assets:		
Net assets without donor restrictions	207,870	232,558
Net assets with donor restrictions	15,000	50,000
Total net assets	222,870	282,558
Total liabilities and net assets	\$ 656,234	\$ 453,754

See notes to financial statements.

Tarrant County Homeless Coalition
Statements of Activities
Years Ended December 31, 2019 and 2018

	2019	2018
Net assets without donor restrictions:		
Revenues and other support:		
Contributions	\$ 88,874	\$ 64,217
Government grants	1,859,815	1,553,402
Program income	68,201	103,450
Direct public support	190,797	66,694
Special events	27,070	12,592
Interest income	181	165
Net assets released from restrictions	50,000	-
Total revenues and other support	2,284,938	1,800,520
Expenses:		
Program services:		
Continuum of Care	523,482	415,736
Coordinated Entry Expansion	680,414	602,051
HUD HMIS	414,721	399,079
Resources for Partner Agencies	487,961	219,868
Total program services	2,106,578	1,636,734
Supporting services:		
General and administrative	64,678	88,843
Development and fundraising	138,370	88,718
Total supporting services	203,048	177,561
Total expenses	2,309,626	1,814,295
Change in net assets without donor restrictions	(24,688)	(13,775)
Net assets with donor restrictions:		
Contributions	15,000	50,000
Net assets released from restrictions	(50,000)	-
Change in net assets with donor restrictions	(35,000)	50,000
Change in net assets	(59,688)	36,225
Net assets at beginning of year	282,558	246,333
Net assets at end of year	\$ 222,870	\$ 282,558

See notes to financial statements.

Tarrant County Homeless Coalition
Statement of Functional Expenses
Year Ended December 31, 2019

Category	Program Services					Supporting Services			Total Expenses
	Continuum of Care	Coordinated Entry	HUD HMIS	Resources for Partner Agencies	Total Program Services	General and Administrative	Development and Fundraising	Total Supporting Services	
Salaries and benefits	\$ 360,142	\$ 373,092	\$ 167,429	\$ 50,224	\$ 950,887	\$ 13,760	\$ 110,170	\$ 123,930	\$ 1,074,817
Contract services	66,707	6,487	213,656	15,494	302,344	20,805	1,205	22,010	324,354
CAS Navigator services	-	230,904	-	-	230,904	-	-	-	230,904
Accounting and audit fees	11,139	15,641	8,027	7,253	42,060	3,656	-	3,656	45,716
Rent	10,202	21,427	8,867	865	41,361	516	42	558	41,919
Direct client services	-	511	-	408,527	409,038	-	-	-	409,038
Printing and copying	3,248	7,277	2,290	49	12,864	3,285	377	3,662	16,526
Office supplies	2,945	11,949	1,781	196	16,871	8,839	932	9,771	26,642
Computer and software	22,040	3,585	3,459	101	29,185	403	67	470	29,655
Meetings	2,086	17	67	17	2,187	1,688	3,840	5,528	7,715
Telephone and telecommunications	4,096	7,120	3,938	639	15,793	2,900	2,262	5,162	20,955
Events	25,272	-	-	-	25,272	-	13,777	13,777	39,049
Other costs	375	200	18	168	761	5,779	5,582	11,361	12,122
Travel and meetings	15,230	2,204	5,189	4,428	27,051	(267)	116	(151)	26,900
Depreciation	-	-	-	-	-	3,314	-	3,314	3,314
	<u>\$ 523,482</u>	<u>\$ 680,414</u>	<u>\$ 414,721</u>	<u>\$ 487,961</u>	<u>\$ 2,106,578</u>	<u>\$ 64,678</u>	<u>\$ 138,370</u>	<u>\$ 203,048</u>	<u>\$ 2,309,626</u>

See notes to financial statements.

Tarrant County Homeless Coalition
Statement of Functional Expenses
Year Ended December 31, 2018

Category	Program Services					Supporting Services			
	Continuum of Care	Coordinated Entry	HUD HMIS	Resources for Partner Agencies	Total Program Services	General and Administrative	Development and Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 341,394	\$ 335,458	\$ 180,854	\$ 14,192	\$ 871,898	\$ 19,812	\$ 59,338	\$ 79,150	\$ 951,048
Contract services	6,015	1,378	192,277	3,050	202,720	47,405	6,593	53,998	256,718
CAS Navigator services	-	219,528	-	-	219,528	-	-	-	219,528
Accounting and audit fees	7,487	12,075	6,900	2,969	29,431	3,473	-	3,473	32,904
Rent	3,250	7,892	2,825	207	14,174	204	22	226	14,400
Direct client services	-	511	-	197,098	197,609	-	-	-	197,609
Printing and copying	6,847	3,354	2,478	1,124	13,803	1,354	-	1,354	15,157
Office supplies	730	9,673	2,006	293	12,702	3,412	18	3,430	16,132
Computer and software	2,746	1,312	4,387	-	8,445	62	288	350	8,795
Meetings	595	122	13	-	730	868	265	1,133	1,863
Telephone and telecommunications	3,897	6,312	3,257	64	13,530	2,511	780	3,291	16,821
Events	22,324	-	-	-	22,324	3,528	15,742	19,270	41,594
Other costs	478	2,565	-	166	3,209	4,820	5,652	10,472	13,681
Travel and meetings	19,973	1,871	2,321	705	24,870	1,394	20	1,414	26,284
Depreciation	-	-	1,761	-	1,761	-	-	-	1,761
	<u>\$ 415,736</u>	<u>\$ 602,051</u>	<u>\$ 399,079</u>	<u>\$ 219,868</u>	<u>\$ 1,636,734</u>	<u>\$ 88,843</u>	<u>\$ 88,718</u>	<u>\$ 177,561</u>	<u>\$ 1,814,295</u>

See notes to financial statements.

Tarrant County Homeless Coalition
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (59,688)	\$ 36,225
Depreciation	3,314	1,761
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Grants receivable	(174,973)	16,153
Accounts receivable	70,983	(60,000)
Accounts payable	(17,746)	47,315
Accrued expenses	(36,050)	72,943
Refundable advances	302,664	(6,605)
Deferred rent	13,300	
Net cash provided by operating activities	101,804	107,792
Cash flows from investing activities:		
Purchase of property and equipment	(13,152)	-
Net change in cash and cash equivalents	88,652	107,792
Cash and cash equivalents at beginning of year	235,577	127,785
Cash and cash equivalents at end of year	\$ 324,229	\$ 235,577

See notes to financial statements.

Tarrant County Homeless Coalition

Notes to the Financial Statements

1. Organization

Tarrant County Homeless Coalition (TCHC) was incorporated in the state of Texas as a not-for-profit corporation on May 25, 1990. The purpose of TCHC is to lead, coordinate and develop strategies and resources to end homelessness. TCHC is supported primarily by contributions and grants from individuals, corporations, other nonprofit organizations and government agencies.

Programs

TCHC accomplishes its purpose through the following programs:

Continuum of Care - TCHC is recognized by the local community and the U.S. Department of Housing and Urban Development (HUD) as the lead agency for the Continuum of Care (CoC) serving Tarrant and Parker Counties. As the CoC lead agency, TCHC collaborates with the local CoC Board of Directors to:

- Operate the Continuum of Care
- Provide for a Homeless Management Information System (HMIS) for the Continuum of Care
- Plan for the Continuum of Care
- Serve as the collaborative applicant for funding

Coordinated Entry - The homeless service system that operates in Tarrant and Parker counties is working on a redesign of the Coordinated Entry System. An ad hoc committee has begun meeting to provide oversight and guidance to the development and implementation of the new system.

Homeless Management Information System - TCHC administers the HMIS that supports required client and services data collection, reporting and performance evaluation for nearly \$20 million in federal, state, and local programs to prevent and end homelessness.

Resources for Partner Agencies - TCHC oversees funds that are utilized by organizations for direct aid to the homeless within the CoC.

2. Summary of Significant Accounting Policies

The accounting policies of TCHC conform to U.S. generally accepted accounting principles (GAAP). The more significant accounting policies of TCHC are described below.

Tarrant County Homeless Coalition

Notes to the Financial Statements

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP 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 support and expenses during the reporting period. Actual results could differ from those estimated.

Financial Statement Presentation

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

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of TCHC and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting TCHC to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. As of December 31, 2019 and 2018, no such net asset restrictions existed.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and grants receivable. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk.

Tarrant County Homeless Coalition

Notes to the Financial Statements

Grants receivable are unsecured and are due from various grantor agencies under cost reimbursement grants. Accounts receivable are unsecured and are due from various agencies for user fees related to the HMIS system. TCHC continually evaluates the collectability of grants receivable and accounts receivable and maintains allowances for potential losses, if considered necessary.

TCHC maintains cash balances at a financial institution located in Texas. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, TCHC's uninsured balances totaled \$77,530.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the gift. Depreciation is computed using the straight-line method over estimated useful lives of the assets. Expenditures for maintenance and repairs are expensed when incurred; significant renewals and betterments are capitalized.

Deferred Rent

Rent expense is recognized on a straight-line basis over the terms of the leases. Deferred rent represents rent expense recognized in excess of rental payments made.

Revenue Recognition

TCHC recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of TCHC's revenue is derived from cost-reimbursable contract and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when TCHC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. TCHC has been awarded cost-reimbursable grants of \$1,052,366 that have not

Tarrant County Homeless Coalition

Notes to the Financial Statements

been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred.

TCHC records special events revenue when the event takes place. Program income is recognized as the related services are provided.

Donated rent is reflected as a contribution at estimated fair value. TCHC recognized contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or required specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Grants and Contracts

TCHC receives grants and contracts from federal and state agencies, as well as private organizations, to be use for specific programs. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in grants receivable.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents expenses by function and natural classification.

Certain costs are charged directly to the functions they benefit. Other expenses require allocation on a reasonable basis that is consistently applied. Rent and depreciation are allocated on a square footage basis. All other expenses are allocated on the basis of estimates of time and effort.

Contract Compliance

TCHC is responsible for compliance with provisions of contracts and grant agreements. Noncompliance could result in the disallowance of expenditures and a request for reimbursement. In the opinion of TCHC's management, such disallowance, if any, would not be significant to TCHC's financial statements.

Federal Income Taxes

TCHC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC). However, income generated from activities unrelated to TCHC's exempt purposes is subject to tax under IRC Section 511. TCHC had no unrelated business income for the years ended December 31, 2019 and 2018. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Tarrant County Homeless Coalition

Notes to the Financial Statements

GAAP requires the evaluation of tax positions taken in the course of preparing TCHC's tax returns and recognition of a tax liability (or asset) if TCHC has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by TCHC, and has concluded that as of December 31, 2019 and 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification. TCHC considers the applicability and impact of all ASU's. ASU's not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on TCHC's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases (ASC Topic 842)* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use (ROU) assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. The standard takes effect for fiscal years beginning after December 15, 2021.

TCHC is currently assessing the impact that adopting this new guidance will have on the financial statements.

Accounting Pronouncements Adopted

TCHC adopted FASB ASU 4014-09, *Revenue from Contracts with Customers* (Topic 606) as of and for the year ended December 31, 2019 with retrospective application for the 2018 financial statements. Topic 606 is a comprehensive new revenue recognition standard that replaces existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components.

TCHC adopted FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* as of and for the year ended December 31, 2019 with retrospective application for the 2018 financial statements. ASU 2018-08 was issued to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether

Tarrant County Homeless Coalition
Notes to the Financial Statements

transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, *Not-for-Profit Entities* or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of the financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958, is not a factor for determining whether an agreement is within the scope of that guidance.

Analysis of various provisions of these standards resulted in no significant changes in the way TCHC recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

3. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2019	2018
Board and staff leadership development	\$ 15,000	\$ -
Strategic planning	-	25,000
Homeless system support enhancements	-	25,000
	\$ 15,000	\$ 50,000

4. Commitments and Contingencies

TCHC leases office space under a non-cancelable operating lease agreement expiring in 2021. Rent expense totaled \$26,400 and \$14,400 for the years ended December 31, 2019 and 2018, respectively.

The following is a schedule of future minimum lease payments under TCHC’s lease agreement for the years ending December 31:

2020	\$ 32,400
2021	40,500

Tarrant County Homeless Coalition

Notes to the Financial Statements

5. Concentrations

At December 31, 2019, 90% of TCHC's grants receivable were due from three entities. At December 31, 2018, TCHC had grants receivable due from one entity.

TCHC's revenue is received from various sources. Two of these sources comprised approximately 88% and 94% of total revenue for the years ended December 31, 2019 and 2018, respectively. Although management believes these revenue sources will continue in the near term, it acknowledges that the loss of revenue from these sources could have a materially adverse effect on TCHC's financial position, activities and cash flows.

6. Liquidity and Availability of Resources

TCHC strives to maintain liquid financial assets sufficient to cover general expenditures for a reasonable period of time.

The following table reflects TCHC's financial assets as of December 31, 2019 and 2018 that are available to meet general expenditures within one year of the statement of financial position date:

	2019	2018
Cash and cash equivalents	\$ 324,229	\$ 235,577
Grants receivable	283,150	108,177
Accounts receivable	39,017	110,000
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 646,396</u>	<u>\$ 453,754</u>

7. Subsequent Events

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. Given the uncertainty of the spread of the coronavirus, the related financial impact to TCHC, if any, cannot be determined at this time.

Management has evaluated subsequent events through the date which the financial statements were available to be issued, and concluded that no additional disclosures are required.

Compliance Reports and Supplemental Information

Independent Auditors' 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
Tarrant County Homeless Coalition

We have audited, in accordance with U.S. generally accepted auditing standards 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 Tarrant County Homeless Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tarrant County Homeless Coalition's (TCHC) 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 TCHC's internal control. Accordingly, we do not express an opinion on the effectiveness of TCHC'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 TCHC'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 TCHC'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 TCHC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TCHC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas
December 10, 2020

**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance**

Board of Directors
Tarrant County Homeless Coalition

Report on Compliance for Each Major Federal Program

We have audited Tarrant County Homeless Coalition's (TCHC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TCHC's major federal programs for the year ended December 31, 2019. TCHC's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of TCHC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TCHC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of TCHC's compliance.

Opinion on Each Major Federal Program

In our opinion, TCHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of TCHC 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 TCHC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TCHC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas
December 10, 2020

Tarrant County Homeless Coalition
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditors' report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal program:

CFDA 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 no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Summary of Prior Year Audit Findings

None

Tarrant County Homeless Coalition
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA #</u>	<u>Contract Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development			
Continuum of Care Program	14.267	TX0288L6T011707	\$ 9,608
Continuum of Care Program	14.267	TX0288L6T011808	255,863
Continuum of Care Program	14.267	TX0492L6T011700	307,054
Continuum of Care Program	14.267	TX0492L6T011800	31,222
Continuum of Care Program	14.267	TX0343L6T011705	139,320
Continuum of Care Program	14.267	TX0343L6T011806	43,459
Continuum of Care Program	14.267	TX0417L6T011702	300,225
Continuum of Care Program	14.267	TX0417L6T011800	<u>6,194</u>
			1,092,945
Texas Department of Housing and Community Affairs			
Emergency Shelter Grants Program	14.231	332-RFP19-1007	8,640
Community Development Block Grants/Entitlement Grants Cluster:			
City of Arlington			
Community Development Block Grant	14.218	99585	10,151
Community Development Block Grant	14.218	128458	11,435
Tarrant County			
Community Development Block Grant	14.218	N/A	<u>8,201</u>
			<u>29,787</u>
Total expenditures of federal awards			<u><u>\$ 1,131,372</u></u>

See notes to schedule of expenditures of federal awards.

Tarrant County Homeless Coalition

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Tarrant County Homeless Coalition (TCHC) under programs of the federal government for the year ended December 31, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TCHC, it is not intended to and does not present the financial position, changes in net assets or cash flows of TCHC.

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. TCHC has not elected to use the 10 percent de minimis indirect cost rate, and continues to use the cost allocation plan negotiated individually with its grantors, as applicable.