



Tarrant County Homeless Coalition

**Financial Statements with Compliance Reports
and Supplemental Information
December 31, 2020 and 2019**

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, 2020 and 2019, 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, 2020 and 2019, 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 August 9, 2021 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
August 9, 2021

Tarrant County Homeless Coalition
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 258,373	\$ 324,229
Grants receivable	244,402	283,150
Accounts receivable	63,968	39,017
Total current assets	566,743	646,396
Property and equipment:		
Furniture and equipment	41,684	41,684
Website	48,100	48,100
HMIS	93,897	93,897
Less: accumulated depreciation	(178,227)	(173,843)
Total property and equipment, net	5,454	9,838
Total assets	\$ 572,197	\$ 656,234
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 62,348	\$ 71,784
Accrued expenses	17,000	45,616
Refundable advances	242,381	302,664
Deferred rent	10,700	13,300
Total current liabilities	332,429	433,364
Net assets:		
Net assets without donor restrictions	227,268	207,870
Net assets with donor restrictions	12,500	15,000
Total net assets	239,768	222,870
Total liabilities and net assets	\$ 572,197	\$ 656,234

See notes to financial statements.

Tarrant County Homeless Coalition
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020	2019
Net assets without donor restrictions:		
Revenues and other support:		
Contributions	\$ 1,970	\$ 88,874
Government grants	2,380,326	1,859,815
Program income	42,420	68,201
Direct public support	225,867	190,797
Special events	12,679	27,070
Interest income	373	181
Net assets released from restrictions	167,257	50,000
Total revenues and other support	2,830,892	2,284,938
Expenses:		
Program services:		
System support	1,220,321	1,026,436
Continuum of Care management services	561,782	398,098
Information systems	540,909	453,914
Capacity building services	126,987	71,687
Total program services	2,449,999	1,950,135
Supporting services:		
Business services	213,099	221,304
Community relations	148,396	138,187
Total supporting services	361,495	359,491
Total expenses	2,811,494	2,309,626
Change in net assets without donor restrictions	19,398	(24,688)
Net assets with donor restrictions:		
Contributions	164,757	15,000
Net assets released from restrictions	(167,257)	(50,000)
Change in net assets with donor restrictions	(2,500)	(35,000)
Change in net assets	16,898	(59,688)
Net assets at beginning of year	222,870	282,558
Net assets at end of year	\$ 239,768	\$ 222,870

See notes to financial statements.

Tarrant County Homeless Coalition
Statement of Functional Expenses
Year Ended December 31, 2020

Category	Program Services					Supporting Services			Total Expenses
	System Support	Continuum of Care Management Services	Information Systems	Capacity Building Services	Total Program Services	Business Services	Community Relations	Total Supporting Services	
Salaries and benefits	\$ 335,812	\$ 364,128	\$ 172,093	\$ 51,157	\$ 923,190	\$ 111,517	\$ 77,196	\$ 188,713	\$ 1,111,903
Contract services	28,948	43,329	308,793	31,849	412,919	32,446	52,853	85,299	498,218
CAS Navigator services	232,540	-	-	-	232,540	-	-	-	232,540
Professional fees	1,706	48,500	-	-	50,206	43,761	3,500	47,261	97,467
Rent	6,748	11,995	10,427	1,520	30,690	310	-	310	31,000
Direct client services	501,838	-	-	-	501,838	-	-	-	501,838
Printing and copying	2,093	2,093	2,093	-	6,279	2,054	-	2,054	8,333
COVID-19 response	85,537	45,073	3,670	2,607	136,887	370	-	370	137,257
Office supplies	14,832	1,449	21,494	439	38,214	8,228	100	8,328	46,542
Computer and software	1,098	12,283	14,530	8,772	36,683	1,216	6,566	7,782	44,465
Meetings	254	6,857	929	1,597	9,637	1,252	788	2,040	11,677
Membership dues and subscriptions	-	545	-	-	545	854	625	1,479	2,024
Telephone and telecommunications	6,575	3,895	2,942	564	13,976	3,017	2,098	5,115	19,091
Training	-	100	3,938	22,605	26,643	69	-	69	26,712
Events	-	19,957	-	-	19,957	250	3,920	4,170	24,127
Other costs	2,340	1,578	-	5,877	9,795	3,371	750	4,121	13,916
Depreciation	-	-	-	-	-	4,384	-	4,384	4,384
	<u>\$ 1,220,321</u>	<u>\$ 561,782</u>	<u>\$ 540,909</u>	<u>\$ 126,987</u>	<u>\$ 2,449,999</u>	<u>\$ 213,099</u>	<u>\$ 148,396</u>	<u>\$ 361,495</u>	<u>\$ 2,811,494</u>

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
	System Support	Continuum of Care Management Services	Information Systems	Capacity Building Services	Total Program Services	Business Services	Community Relations	Total Supporting Services	
Salaries and benefits	\$ 334,512	\$ 324,635	\$ 156,037	\$ 44,864	\$ 860,048	\$ 104,599	\$ 110,170	\$ 214,769	\$ 1,074,817
Contract services	1,987	4,267	276,096	15,494	297,844	1,055	1,205	2,260	300,104
CAS Navigator services	230,904	-	-	-	230,904	-	-	-	230,904
Professional fees	4,500	-	-	-	4,500	65,468	-	65,468	69,968
Rent	14,925	6,965	6,054	294	28,238	13,652	29	13,681	41,919
Direct client services	408,527	-	-	-	408,527	-	-	-	408,527
Printing and copying	7,154	3,175	2,218	-	12,547	3,340	195	3,535	16,082
Office supplies	11,581	1,900	1,286	5	14,772	11,547	762	12,309	27,081
Computer and software	2,960	11,989	5,275	4,779	25,003	4,582	67	4,649	29,652
Meetings	2,620	15,424	3,237	5,612	26,893	3,767	3,956	7,723	34,616
Membership dues and subscriptions	-	300	-	-	300	2,102	4,559	6,661	6,961
Telephone and telecommunications	6,416	4,095	3,701	639	14,851	3,842	2,262	6,104	20,955
Training	200	-	-	-	200	260	340	600	800
Events	-	25,272	-	-	25,272	-	13,777	13,777	39,049
Other costs	150	76	10	-	236	3,776	865	4,641	4,877
Depreciation	-	-	-	-	-	3,314	-	3,314	3,314
	<u>\$ 1,026,436</u>	<u>\$ 398,098</u>	<u>\$ 453,914</u>	<u>\$ 71,687</u>	<u>\$ 1,950,135</u>	<u>\$ 221,304</u>	<u>\$ 138,187</u>	<u>\$ 359,491</u>	<u>\$ 2,309,626</u>

See notes to financial statements.

Tarrant County Homeless Coalition
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 16,898	\$ (59,688)
Depreciation	4,384	3,314
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Grants receivable	38,748	(174,973)
Accounts receivable	(24,951)	70,983
Accounts payable	(9,436)	(17,746)
Accrued expenses	(28,616)	(36,050)
Refundable advances	(60,283)	302,664
Deferred rent	(2,600)	13,300
	(65,856)	101,804
Net cash provided (used) by operating activities	(65,856)	101,804
Cash flows from investing activities:		
Purchase of property and equipment	-	(13,152)
	-	(13,152)
Net change in cash and cash equivalents	(65,856)	88,652
Cash and cash equivalents at beginning of year	324,229	235,577
Cash and cash equivalents at end of year	\$ 258,373	\$ 324,229

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, 2020 and 2019, 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. No allowance was considered necessary at December 31, 2020 or 2019.

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, 2020, TCHC's uninsured balances totaled \$43,300.

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. Refundable advances totaled \$242,381 and \$302,664 at December 31, 2020

Tarrant County Homeless Coalition

Notes to the Financial Statements

and 2019, respectively. TCHC has been awarded cost-reimbursable grants of \$881,971 that have not been recognized at December 31, 2020 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 recognizes 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, 2020 and 2019. 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, 2020 and 2019, 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.

Reclassification

Certain items in the 2019 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2020 financial statements.

3. Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Board and staff leadership development	\$ -	\$ 15,000
Neighborhood engagement workshops	<u>12,500</u>	<u>-</u>
	<u>\$ 12,500</u>	<u>\$ 15,000</u>

Tarrant County Homeless Coalition

Notes to the Financial Statements

4. Contributed Services

TCHC received \$43,063 and \$51,800 of in-kind services during the years ended December 31, 2020 and 2019, respectively, that met the accounting requirement for recognition in the financial statements.

5. Commitments and Contingencies

TCHC leases office space under a non-cancelable operating lease agreement expiring in 2021. Rent expense totaled \$31,000 and \$26,400 for the years ended December 31, 2020 and 2019, respectively.

The future minimum lease payments under TCHC's lease agreement for 2021 is \$40,500.

6. Concentrations

At December 31, 2020, 36% of TCHC's grants and accounts receivable were due from one entity. At December 31, 2019, 90% of TCHC's grants receivable were due from three entities

TCHC's revenue is received from various sources. Two of these sources comprised approximately 73% and 88% of total revenue for the years ended December 31, 2020 and 2019, 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.

7. Liquidity and Availability of Resources

TCHC strives to maintain liquid financial assets sufficient to cover general expenditures for a reasonable period of time. Donor restrictions for purposes related to TCHC's ongoing and central programs are considered available for general expenditure.

The following table reflects TCHC's financial assets as of December 31, 2020 and 2019 that are available to meet general expenditures within one year of the statement of financial position date:

	2020	2019
Cash and cash equivalents	\$ 258,373	\$ 324,229
Grants receivable	244,402	283,150
Accounts receivable	63,968	39,017
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 566,743</u>	<u>\$ 646,396</u>

Tarrant County Homeless Coalition

Notes to the Financial Statements

8. Uncertainties

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic and recommended containment and mitigation measures worldwide. The coronavirus outbreak has caused business disruption through mandated closings of non-essential businesses and severely restricted the level of economic activity around the world. TCHC has adjusted operational plans to protect the employees and individuals served while still meeting client needs for essential services. TCHC has not experienced a decline in grants and donations to date. TCHC continues to closely monitor the impact of COVID-19 on all aspects of the business. Given the uncertainty of the spread and duration of the coronavirus, the related financial impact to TCHC, if any, cannot be determined at this time.

9. Subsequent Events

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, 2020, 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 August 9, 2021.

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
August 9, 2021

**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, 2020. 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, 2020.

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
August 9, 2021

Tarrant County Homeless Coalition
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

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, 2020

<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	TX0288L6T011808	\$ 114,259
Continuum of Care Program	14.267	TX0288L6T011909	324,093
Continuum of Care Program	14.267	TX0519L6T011800	326,482
Continuum of Care Program	14.267	TX0551L6T011900	32,334
Continuum of Care Program	14.267	TX0343L6T011806	447,499
Continuum of Care Program	14.267	TX0343L6T011907	37,170
Continuum of Care Program	14.267	TX0540H6T011800	<u>57,720</u>
			1,339,557
Texas Department of Housing and Community Affairs			
Emergency Shelter Grants Program	14.231	332-RFP19-1007	84,048
Emergency Shelter Grants Program - COVID-19	14.231	TDHCA ESG-CV	<u>64,578</u>
			148,626
Community Development Block Grants/Entitlement Grants Cluster:			
City of Arlington			
Community Development Block Grant	14.218	128458	8,265
Tarrant County			
Community Development Block Grant	14.218	N/A	<u>5,666</u>
			<u>13,931</u>
Total expenditures of federal awards			<u><u>\$ 1,502,114</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, 2020. 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.