



Tarrant County Homeless Coalition

**Financial Statements
with Compliance Reports and Supplemental Information
December 31, 2021 and 2020**

Tarrant County Homeless Coalition

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Independent Auditors' Report

Board of Directors
Tarrant County Homeless Coalition

Report on the Audit of the Financial Statements

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tarrant County Homeless Coalition as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tarrant County Homeless Coalition and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tarrant County Homeless Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tarrant County Homeless Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tarrant County Homeless Coalition's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary 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. This 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 GAAS. In our opinion, the schedule of expenditures of federal awards 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 July 18, 2022, 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 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 Tarrant County Homeless Coalition'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 Tarrant County Homeless Coalition's internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas
July 18, 2022

Tarrant County Homeless Coalition
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,553	\$ 258,373
Grants receivable	217,208	244,402
Accounts receivable	78,630	63,968
	318,391	566,743
Total current assets		
Property and equipment:		
Furniture and equipment	41,684	41,684
Website	48,100	48,100
HMIS	93,897	93,897
Less: accumulated depreciation	(182,611)	(178,227)
	1,070	5,454
Total property and equipment, net		
Total assets	\$ 319,461	\$ 572,197
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 194,027	\$ 62,348
Accrued expenses	59,674	17,000
Refundable advances	51,344	242,381
Line of credit	75,000	-
Deferred rent	-	10,700
	380,045	332,429
Total current liabilities		
Net assets (deficit):		
Net assets (deficit) without donor restrictions	(153,084)	227,268
Net assets with donor restrictions	92,500	12,500
	(60,584)	239,768
Total net assets (deficit)		
Total liabilities and net assets (deficit)	\$ 319,461	\$ 572,197

See notes to financial statements.

Tarrant County Homeless Coalition
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021	2020
Net assets without donor restrictions:		
Revenues and support:		
Contributions	\$ 125,768	\$ 1,970
Government grants	2,482,188	2,380,326
Program income	193,925	42,420
Direct public support	207,396	225,867
Special events (net of direct costs of \$13,051 and \$4,170)	9,032	8,509
Interest income	88	373
Net assets released from restrictions	77,500	167,257
Total revenues and support	3,095,897	2,826,722
Expenses:		
Program services:		
System support	1,855,835	1,220,321
Continuum of Care management services	491,169	561,782
Information systems	485,303	540,909
Capacity building services	197,522	126,987
Total program services	3,029,829	2,449,999
Supporting services:		
Business services	203,354	212,849
Community relations and fundraising	243,066	144,476
Total supporting services	446,420	357,325
Total expenses	3,476,249	2,807,324
Change in net assets without donor restrictions	(380,352)	19,398
Net assets with donor restrictions:		
Contributions	157,500	164,757
Net assets released from restrictions	(77,500)	(167,257)
Change in net assets with donor restrictions	80,000	(2,500)
Change in net assets	(300,352)	16,898
Net assets at beginning of year	239,768	222,870
Net assets at end of year	\$ (60,584)	\$ 239,768

See notes to financial statements.

Tarrant County Homeless Coalition
Statement of Functional Expenses
Year Ended December 31, 2021

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 and Fundraising	Total Supporting Services	
Salaries and benefits	\$ 589,962	\$ 441,387	\$ 221,383	\$ 124,898	\$ 1,377,630	\$ 124,432	\$ 180,306	\$ 304,738	\$ 1,682,368
Contract services	33,340	20,773	211,827	2,256	268,196	6,675	35,176	41,851	310,047
CAS Navigator services	285,923	-	-	-	285,923	-	-	-	285,923
Professional fees	731	-	-	350	1,081	40,774	700	41,474	42,555
Rent	6,487	11,531	10,023	1,461	29,502	298	-	298	29,800
Direct client services	342,109	-	-	-	342,109	-	-	-	342,109
Printing and copying	2,264	3,013	2,263	-	7,540	3,119	5,134	8,253	15,793
COVID-19 response	481,570	-	-	1,410	482,980	-	-	-	482,980
Office supplies	235	856	525	149	1,765	7,076	323	7,399	9,164
Computer and software	558	7,343	33,119	29,116	70,136	994	5,743	6,737	76,873
Meetings	491	1,547	3,226	4,959	10,223	2,013	6,478	8,491	18,714
Membership dues and subscriptions	-	-	-	300	300	100	2,075	2,175	2,475
Telephone and telecommunications	8,350	4,634	2,937	982	16,903	5,528	1,909	7,437	24,340
Training	314	-	-	1,357	1,671	-	75	75	1,746
Events	-	-	-	-	-	-	13,051	13,051	13,051
Other costs	103,501	85	-	30,284	133,870	7,961	5,147	13,108	146,978
Depreciation	-	-	-	-	-	4,384	-	4,384	4,384
Total expenses by function	1,855,835	491,169	485,303	197,522	3,029,829	203,354	256,117	459,471	3,489,300
Less: expenses included with revenues on the statement of activities - special events	-	-	-	-	-	-	(13,051)	(13,051)	(13,051)
Total expenses included in the expense section on the statement of activities	\$ 1,855,835	\$ 491,169	\$ 485,303	\$ 197,522	\$ 3,029,829	\$ 203,354	\$ 243,066	\$ 446,420	\$ 3,476,249

See notes to financial statements.

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

Category	Program Services					Supporting Services			
	System Support	Continuum of Care Management Services	Information Systems	Capacity Building Services	Total Program Services	Business Services	Community Relations and Fundraising	Total Supporting Services	Total Expenses
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	-	4,170	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
	1,220,321	561,782	540,909	126,987	2,449,999	212,849	148,646	361,495	2,811,494
Less: expenses included with revenues on the statement of activities - special events	-	-	-	-	-	-	(4,170)	(4,170)	(4,170)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,220,321</u>	<u>\$ 561,782</u>	<u>\$ 540,909</u>	<u>\$ 126,987</u>	<u>\$ 2,449,999</u>	<u>\$ 212,849</u>	<u>\$ 144,476</u>	<u>\$ 357,325</u>	<u>\$ 2,807,324</u>

See notes to financial statements.

Tarrant County Homeless Coalition
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (300,352)	\$ 16,898
Depreciation	4,384	4,384
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Grants receivable	27,194	38,748
Accounts receivable	(14,662)	(24,951)
Accounts payable	131,679	(9,436)
Accrued expenses	42,674	(28,616)
Refundable advances	(191,037)	(60,283)
Deferred rent	(10,700)	(2,600)
Net cash used by operating activities	(310,820)	(65,856)
Cash flows from financing activities:		
Proceeds from line of credit	75,000	-
Net change in cash and cash equivalents	(235,820)	(65,856)
Cash and cash equivalents at beginning of year	258,373	324,229
Cash and cash equivalents at end of year	\$ 22,553	\$ 258,373
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 834	\$ -

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 accounting principles generally accepted in the United States of America (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, 2021 and 2020, 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, 2021 or 2020.

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, 2021, TCHC had no bank balances that were uninsured.

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 \$51,344 and \$242,381 at December 31, 2021 and

Tarrant County Homeless Coalition

Notes to the Financial Statements

2020, respectively. TCHC has been awarded cost-reimbursable grants of \$2,404,860 that have not been recognized at December 31, 2021 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 and supplies are reflected as contributions 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 used 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, 2021 and 2020. 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, 2021 and 2020, 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.

In 2020, FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. TCHC will be required to present contributed nonfinancial assets as a separate line items in the statement of activities apart from contributions of cash or other financial assets, and additional quantitative and qualitative disclosures will be required. The standard takes effect for annual reporting periods beginning after June 15, 2021.

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

Reclassification

Certain items in the 2020 financial statements have been reclassified for comparative purposes to conform to the presentation of the 2021 financial statements.

3. Line of Credit

TCHC has an unsecured line of credit with a bank allowing TCHC to borrow up to \$100,000. Interest is at 4.75% and is payable monthly until September 12, 2022, when all unpaid principal and interest will be due. At December 31, 2021 the outstanding balance of the line of credit totaled \$75,000.

Tarrant County Homeless Coalition
Notes to the Financial Statements

4. Net Assets with Donor Restrictions

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

	2021	2020
Neighborhood engagement workshops	\$ -	\$ 12,500
Development of consulting program	75,000	-
Forever home fund	17,500	-
	\$ 92,500	\$ 12,500

5. In-Kind Donations

TCHC received \$145,933 and \$43,063 of in-kind supplies and use of office space during the years ended December 31, 2021 and 2020, respectively, that met the accounting requirement for recognition in the financial statements.

6. Commitments and Contingencies

TCHC leases office space under a non-cancelable operating lease agreement expiring in 2025. Rent expense totaled \$29,800 and \$31,000 for the years ended December 31, 2021 and 2020, respectively.

The future minimum lease payments under TCHC’s lease agreement are as follows for the years ending December 31:

2022	\$ 48,141
2023	49,377
2024	50,649
2025	44,998

7. Concentrations

At December 31, 2021 and 2020, 16% and 36% of TCHC’s grants and accounts receivable were due from one entity, respectively.

TCHC’s revenue is received from various sources. Two of these sources comprised approximately 60% and 73% of total revenue for the years ended December 31, 2021 and 2020, 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.

Tarrant County Homeless Coalition
Notes to the Financial Statements

8. 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, 2021 and 2020 that are available to meet general expenditures within one year of the statement of financial position date:

	2021	2020
Cash	\$ 22,553	\$ 258,373
Grants receivable	217,208	244,402
Accounts receivable	78,630	63,968
Total financial assets	318,391	566,743
Less amounts unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	92,500	-
Total financial assets available to meet cash needs for general expenditures within one year	\$ 225,891	\$ 566,743

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 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 Tarrant County Homeless Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 July 18, 2022.

Report on 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) 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 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.

Report on 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 financial statement. 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.

Sutton Grost Carey

A Limited Liability Partnership

Arlington, Texas
July 18, 2022

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

Opinion on Each Major Federal Program

We have audited Tarrant County Homeless Coalition's (TCHC) compliance with the types of compliance requirements identified as subject to audit 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, 2021. TCHC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TCHC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the TCHC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to TCHC's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TCHC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TCHC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding TCHC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of TCHC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 TCHC internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we

did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on TCHC's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. TCHC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
July 18, 2022

Tarrant County Homeless Coalition
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

<u>Federal Agency/Pass-through Grantor/Program Title</u>	<u>ALN#</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct:			
Continuum of Care Program	14.267	TX0288L6T011808	\$ 46,030
Continuum of Care Program	14.267	TX0288L6T011909	264,633
Continuum of Care Program	14.267	TX0519L6T011800	356,128
Continuum of Care Program	14.267	TX0551L6T011900	24,714
Continuum of Care Program	14.267	TX0343L6T011806	453,878
Continuum of Care Program	14.267	TX0343L6T011907	17,660
Continuum of Care Program	14.267	TX0540H6T011800	<u>86,087</u>
			1,249,130
Youth Homelessness Demonstration Program	14.276	N/A	16,301
City of Arlington:			
COVID-19 Emergency Shelter Grants Program	14.231	128458	65,213
Texas Department of Housing and Community Affairs:			
COVID-19 Emergency Shelter Grants Program	14.231	824740125	76,834
COVID-19 Emergency Shelter Grants Program	14.231	TDHCA ESG-CV	511,033
COVID-19 Emergency Shelter Grants Program	14.231	TDHCA ESG-CV	<u>41,191</u>
			<u>694,271</u>
Total expenditures of federal awards			<u><u>\$ 1,959,702</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, 2021. 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.

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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance and continues to use the cost allocation plan negotiated individually with its grantors.

Tarrant County Homeless Coalition
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	Yes
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)?	No
Identification of major federal program:	
ALN 14.231 Emergency Solutions Grant Program	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

Finding 2021-001: Allowable costs – Significant deficiency in internal control over Compliance

ALN#: 14.231 Emergency Solutions Grant Program

Tarrant County Homeless Coalition
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Criteria: TCHC's internal control procedures over compliance stipulate that all invoices be approved by management and/or the board of directors.

Condition: During allowable cost testing, one invoice out of 25 tested did not have documentation of management approval. It is noted that this specific activity, rideshare services, is reoccurring and none of the invoices were approved.

Cause: TCHC did not have a standard procedure in place to document management's approval of this type of activity.

Effect: TCHC's reporting of allowable cost is not fully documented in accordance with internal control procedures over compliance.

Questioned costs: None

Recommendation: Management should review TCHC's ride share app account at least monthly and document approval of all charges.

Management's Response: See corrective action plan.

Section IV – Summary of Prior Year Audit Findings

None



THE HOMELESS COALITION

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817-509-3635 | www.ahomewithhope.org

Below is TCHC's responses to the audit findings for the year ended December 31, 2021:

Finding 2021-001: Allowable costs

Response: Ride share services were provided by the Homeless Coalition as part of COVID-19 response. The organization no longer provides emergency COVID response and is no longer using ride share services to provide transportation. Additionally, since this control finding, the organization has hired a Director of Administration to better meet the ongoing business needs of the Homeless Coalition.