

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

Houston, Texas

**Financial Statements, Independent Auditor's Report, and
Annual Compliance report**

Years Ended June 30, 2023 and 2022

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Coalition for the Homeless of Houston/Harris County
Houston, Texas

Opinion

We have audited the accompanying financial statements of Coalition for the Homeless of Houston/Harris County (the "Coalition"), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 referred to above present fairly, in all material respects, the financial position of the Coalition, as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibility 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 auditor's 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 generally accepted 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 generally accepted 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 the 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 the 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and



McConnell & Jones, LLP

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 auditing standards generally accepted in the United States of America. 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 March 27, 2024, on our consideration of the 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 the 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 the Coalition's internal control over financial reporting and compliance.

McConnell & Jones LLP

Durham, North Carolina
March 27, 2024

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
STATEMENTS OF FINANCIAL POSITION
Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 6,002,156	\$ 6,676,334
Grants and accounts receivable (note 4)	5,813,990	6,571,006
Pledges receivable (note 5)	10,223,290	1,023,672
Prepaid expenses	135,470	24,448
Inventory	135,741	29,242
Total Current assets	<u>22,310,647</u>	<u>14,324,702</u>
Non current assets		
Right-of-use asset (note 10)	972,819	1,235,655
Property and equipment, net (note 7)	5,245,507	3,620,918
Total non current assets	<u>6,218,326</u>	<u>4,856,573</u>
Total assets	<u>\$ 28,528,973</u>	<u>\$ 19,181,275</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 3,590,588	\$ 6,417,748
Accrued liabilities	426,036	378,093
Line of credit (note 8)	300,000	-
Total current liabilities	<u>4,316,624</u>	<u>6,795,841</u>
Non current liabilities		
Lease liability (note 10)	972,819	1,235,655
Deferred revenue	169,002	402,680
Total non current liabilities	<u>1,141,821</u>	<u>1,638,335</u>
Total liabilities	<u>5,458,445</u>	<u>8,434,176</u>
Net assets		
Without donor restrictions	16,689,842	5,166,671
With donor restrictions (note 14)	6,380,686	5,580,428
Total net assets	<u>23,070,528</u>	<u>10,747,099</u>
Total liabilities and net assets	<u>\$ 28,528,973</u>	<u>\$ 19,181,275</u>

The accompanying notes are an integral part of the consolidated financial statements

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
STATEMENT OF ACTIVITIES
Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support and revenues			
Government grants	\$ 21,791,164	\$ -	\$ 21,791,164
Contributions			
Cash and other financial assets	11,386,736	5,848,703	17,235,439
Nonfinancial assets	29,624	-	29,624
Program service fees	145,226	-	145,226
Net assets released from restrictions (note 15)	5,048,445	(5,048,445)	-
Total support and revenues	38,401,195	800,258	39,201,453
Expenses			
Program services	23,573,685	-	23,573,685
Support services			
Management and general	3,048,839	-	3,048,839
Fundraising	261,696	-	261,696
Total support services	3,310,535	-	3,310,535
Total expenses	26,884,220	-	26,884,220
Changes in net assets from operating activities	11,516,975	800,258	12,317,233
NONOPERATING ACTIVITIES			
Other income	6,196	-	6,196
Changes in net assets from nonoperating activities	6,196	-	6,196
CHANGE IN NET ASSETS	11,523,171	800,258	12,323,429
NET ASSETS, BEGINNING OF YEAR	5,166,671	5,580,428	10,747,099
NET ASSETS, END OF YEAR	\$ 16,689,842	6,380,686	\$ 23,070,528

The accompanying notes are an integral part of the consolidated financial statements

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
STATEMENT OF ACTIVITIES
Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Support and revenues			
Government grants	\$ 16,299,069	\$ 50,000	\$ 16,349,069
Contributions			
Cash and other financial assets	920,208	4,112,953	5,033,161
Nonfinancial assets	49,137	228,799	277,936
Contract fees	838,810	-	838,810
Program service fees	145,226	-	145,226
Net assets released from restrictions (note 15)	4,804,407	(4,804,407)	-
Total support and revenues	23,056,857	(412,655)	22,644,202
Expenses			
Program expenses	17,103,319	-	17,103,319
Support services			
Management and general	2,537,681	-	2,537,681
Fundraising	183,678	-	183,678
Total support services	2,721,359	-	2,721,359
Total expenses	19,824,678	-	19,824,678
Changes in net assets from operating activities	3,232,179	(412,655)	2,819,524
NONOPERATING ACTIVITIES			
Other income	452,659	-	452,659
Changes in net assets from nonoperating activities	452,659	-	452,659
CHANGE IN NET ASSETS	3,684,838	(412,655)	3,272,183
NET ASSETS, BEGINNING OF YEAR	1,481,833	5,993,083	7,474,916
NET ASSETS, END OF YEAR	\$ 5,166,671	\$ 5,580,428	\$ 10,747,099

The accompanying notes are an integral part of the financial statements

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Payroll & related expenses	\$ 4,690,428	\$ 2,257,429	\$ 161,359	\$ 7,109,216
Grants to subrecipients	10,833,538	-	-	10,833,538
Contract services and professional fees	374,347	106,166	29,248	509,761
Information technology	236,036	44,701	-	280,737
Occupancy	266,741	202,911	-	469,652
Supplies	21,852	5,251	13	27,116
Equipment rental & maintenance	378,558	95,213	3,788	477,559
Conferences and conventions	59,402	6,474	-	65,876
Travel	357	10,247	195	10,799
Professional development	19,292	11,017	-	30,309
Dues, fees, and subscriptions	21,814	47,680	1,032	70,526
Depreciation	1,311,737	85,626	-	1,397,363
Insurance	405	30,933	-	31,338
Miscellaneous	57,799	112,601	66,061	236,461
Bank and credit card charges	-	7,196	-	7,196
Direct service expense	5,295,538	21,338	-	5,316,876
Advertising and promotion	5,841	4,056	-	9,897
Total functional expenses	\$ 23,573,685	\$ 3,048,839	\$ 261,696	\$ 26,884,220

The accompanying notes are an integral part of the financial statements

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Payroll & related expenses	\$ 3,562,467	\$ 1,901,896	\$ 97,133	\$ 5,561,496
Grants to subrecipients	6,838,708	-	-	6,838,708
Contract services and professional fees	682,094	169,632	41,121	892,847
Information technology	232,193	-	52	232,245
Occupancy	169,744	149,368	-	319,112
Supplies	18,295	3,788	138	22,221
Equipment rental & maintenance	87,374	31,897	-	119,271
Conferences and conventions	21,228	7,475	-	28,703
Travel	61	1,813	-	1,874
Professional development	10,380	14,316	-	24,696
Dues, fees, and subscriptions	24,389	44,947	7,852	77,188
Depreciation	-	57,331	-	57,331
Insurance	12,202	7,814	-	20,016
Miscellaneous	62,967	136,456	37,382	236,805
Bank and credit card charges	-	9,453	-	9,453
Direct service expense	5,338,836	-	-	5,338,836
Advertising and promotion	42,376	1,500	-	43,876
Total functional expenses	\$ 17,103,314	\$ 2,537,686	\$ 183,678	\$ 19,824,678

The accompanying notes are an integral part of the financial statements

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
STATEMENT OF CASH FLOWS
Years ended June 30, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES:		
Change in net assets	\$ 12,323,429	\$ 3,272,183
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Depreciation and amortization	1,397,363	57,331
PPP loan forgiveness	-	(438,096)
(Increase) decrease in operating assets:		
Grants and accounts receivable	757,016	(5,961,249)
Pledges receivable	(9,199,618)	-
Prepaid expenses	(111,022)	446,859
Inventory	(106,499)	158,263
Other assets	-	6,504
Right of use assets	262,836	-
(Decrease) increase in operating liabilities:		
Accounts payable	(2,827,160)	3,974,138
Accrued expenses	47,943	-
Deferred revenue	(233,678)	(3,362,072)
Right of use liabilities	(262,836)	-
Total adjustments	(10,275,655)	(5,118,322)
Net cash provided (used) by operating activities	2,047,774	(1,846,139)
INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,021,952)	(1,592,285)
Net cash used in investing activities	(3,021,952)	(1,592,285)
FINANCING ACTIVITIES:		
Payment of PPP loan	-	(11,404)
Proceeds from line of credit	300,000	-
Net cash provided (used) in financing activities	300,000	(11,404)
Increase (Decrease) in cash and cash equivalents	(674,178)	(3,449,828)
Cash and cash equivalents, beginning of the year	6,676,334	10,126,162
Cash and cash equivalents, end of the year	\$ 6,002,156	\$ 6,676,334
SUPPLEMENTARY DISCLOSURE		
Construction in Progress Payable	\$ -	\$ 1,835,015

The accompanying notes are an integral part of the financial statements

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION

The Coalition for the Homeless of Houston/Harris County (the “Coalition”) is a private, non-profit organization whose mission is to act as catalyst, uniting partners and maximizing resources to move people into permanent housing with supportive services to ensure that everyone in our community has a safe place to call home.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The Coalition uses the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Basis of presentation - The Coalition reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets are defined as follows:

Without donor restrictions – consists of amounts that are not subject to donor-imposed stipulations and can be used for the general operations of the Coalition.

With donor restrictions – include resources that are subject to donor-imposed stipulations that may be met, either by actions of the Coalition and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. The Coalition did not have perpetual restrictions as of June 30, 2023 and 2022.

The Coalition is also required by FASB ASC Topic 958-205 to present a statement of cash flows and a statement of functional expenses.

Reclassifications - Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

Grant revenue - Generally, grants are recognized as revenues when earned. Grants that operate on a reimbursement basis are recognized on the accrual basis as revenue only to the extent of disbursements and commitments that are allowable for reimbursements. Certain grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Contributions - Under FASB ASC Topic 958-605, *Accounting for Contributions Received and Contributions Made*, the Coalition records contributions received, including unconditional promises to give, as net assets without donor restrictions or net assets with donor restrictions, depending upon the existence and/or nature of any donor restrictions.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions that are restricted by the donor are reported as increases in net assets with restrictions in the reporting period in which the contribution is recognized. However, if the donor restriction is met in the same period the contribution is received, such contribution is recorded as without donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-kind contributions - Contributions of materials and use of facilities are recorded at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has recognized in the financial statements because donated services did not meet the criteria for recognition under generally accepted accounting principles.

Contract fees – Contract revenue and program service fees are recognized as revenue and receivable when services are performed. Payments from resource providers who do not receive commensurate value in return are recognized as contributions.

Cash and cash equivalents – For purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in money market funds, with an original maturity of three months or less when purchased. Excluded from this definition of cash equivalents are such amounts held for long-term investment.

Grants and accounts receivable - Grants and accounts receivable represent pending reimbursements for program expenses incurred and billed as of June 30, 2023 and 2022, and expected to be received from funding sources in the subsequent year. Management considers these amounts to be fully collectible. Accordingly, no allowance for delinquent grants and accounts receivable was made in the accompanying financial statements.

Pledges Receivable- Pledges receivable that are expected to be collected within one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are reported at the present value of future cash flows, if material. Pledges receivable at June 30, 2023 and 2022 was \$10,223,288 and \$1,023,672, respectively.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for doubtful accounts – Receivables are stated net of an allowance for doubtful accounts. The Coalition estimates the allowance based on an analysis of specific contracts, taking into consideration the age of past due amounts and an assessment of the contracting party's ability to pay. Accounts deemed uncollectible are charged to an allowance in the year they are deemed uncollectible. As of June 30, 2023 and 2022 the allowance for notes receivable was \$-0-.

Leases – The Coalition accounts for its leases under ASC Topic 842. Under this guidance, arrangements meeting the definition of a lease are classified as operating or finance leases and are recorded on the statements of financial position as both right-of-use assets and operating lease liability, calculated by discounting fixed lease payments over the lease term at the risk-free rate. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use assets are amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use assets result in straight-line rent expense over the lease term. The Coalition excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy and recognizes rent expense on a straight-line basis over the lease term.

Right-of-Use assets are measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after the commencement date, minus any lease incentives received, plus any initial direct cost. Unless impaired, the ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments, plus amortized initial direct costs, plus/minus any prepaid accrued lease payments, less the unamortized balance of lease incentives received). Lease cost for lease payments are recognized on a straight-line basis over the lease term.

Property and equipment – The Coalition capitalizes property and equipment in excess of \$500. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded as revenue at their estimated fair value as of the date of donation. Depreciation on property and equipment is computed using the straight-line method over a useful life of 3 to 5 years.

Expenditures for repairs and maintenance are charged to expense as incurred. The cost of major renewals and betterments are capitalized and depreciated over their useful lives. Upon disposition of property and equipment, the related asset and accumulated depreciation amounts are removed, and any gain or loss is reflected in the statements of activities for the period. Leasehold property useful lives are determined by the remaining lease term.

Compensated absences - Vacation is provided by the Coalition for eligible employees to be away from work due to vacation, illness or other personal requirements. All regular full-time and part-time (working at least 20 hours per week) employees begin vacation accrual upon hire which may be used after completing 90 days of service. Certain key management personnel receive unlimited general-purpose vacation.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measure of operations – The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Coalition’s ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs and other activities considered to be of a more unusual or non-recurring nature.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax status – The Coalition is exempt from federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and the applicable state tax statutes. In addition, the Coalition qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been qualified as an organization that is not a private foundation under Section 509(a) of the U. S. Internal Revenue Code.

Uncertain tax positions – Income from certain activities not directly related to the Coalition’s tax-exempt purposes may be subject to taxation as unrelated business income. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined that the Coalition had no uncertain income tax positions at June 30, 2023.

Functional allocation of expense – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct cost identified by function code in the accounting records, estimates of staff time, and utilization of assets.

Advertising – The Coalition expenses the costs of advertising as incurred. For the years ended June 30, 2023 and 2022, advertising expense was \$4,517 and \$43,876, respectively.

Recent account pronouncements - In June 2016, the FASB issued ASU 2016-13, Financial Instruments – credit losses (Topic 326) which amends the accounting guidance on the impairment of financial instruments. The ASU adds an impairment model to U.S. GAAP known as current expected credit loss (CECL), which is based upon expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. The ASU is effective for annual period beginning after December 15, 2022, for not-for-profit entities, with early adoption permissible. The adoption of this standard is not expected to have a material impact on the financial statements.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30:

	<u>2023</u>	<u>2022</u>
Analyzed checking accounts	\$ 5,553,846	\$ 6,118,353
Interest Checking	35,967	50,000
Money market accounts	<u>412,343</u>	<u>507,981</u>
Total cash and cash equivalents	<u>\$ 6,002,156</u>	<u>\$ 6,676,334</u>

NOTE 4 – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable within one year consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
City of Houston	\$ 1,049,152	\$ 2,313,746
Harris County	3,085,665	382,894
Houston Endowment	500,000	-
Harris County Housing Authority	70,100	131,303
Housing and Urban Development	438,501	-
Houston Downtown Management District	-	150,000
Other receivables	5,580	1,079,410
Texas Department of Housing and Community Affairs	458,748	-
United Way	<u>206,244</u>	<u>2,513,654</u>
Total grants and accounts receivable	<u>\$ 5,813,990</u>	<u>\$ 6,571,006</u>

Management considers these amounts to be fully collectible. Accordingly, no allowance for delinquent grants and accounts receivable was made in the accompanying financial statements.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

NOTE 5 – PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30:

	2023	2022
Pledges receivable within one year:		
Houston Endowment	\$ 10,125,000	\$ 1,000,000
Other pledges receivable	98,290	23,672
Total pledges receivable	<u>\$ 10,223,290</u>	<u>\$ 1,023,672</u>

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

The Coalition holds its cash and cash equivalents in Texas based banks. The balances are insured by the Federal Deposit Insurance Center up to \$250,000. At June 30, 2023 and 2022, the Coalition had a balance of \$5,783,501 and \$6,427,824 in excess of \$250,000, respectively. Management believes that this credit risk exposure was mitigated by the financial strength of the banking institutions in which the deposits were held.

Credit risk associated with grant receivable is minimal due to the credit worthiness of federal, state and local funding agencies.

NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment less accumulated depreciation and amortization consists of the following at June 30:

	2023	2022
Furniture and fixtures	\$ 192,773	\$ 131,974
Software and licenses	291,125	291,125
Vehicles	108,779	108,779
Construction in progress	-	3,335,178
Navigation Center leasehold improvements	<u>6,339,888</u>	<u>43,557</u>
Total property and equipment	6,932,565	3,910,613
Less: Accumulated depreciation and amortization	<u>(1,687,058)</u>	<u>(289,695)</u>
Property and equipment, net	<u>\$ 5,245,507</u>	<u>\$ 3,620,918</u>

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

Depreciation and amortization expense was \$1,397,363 and \$57,331 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8 – LINE OF CREDIT

The Coalition has a \$300,000 bank line of credit, of which \$300,000 is outstanding as of June 30, 2023. The line bears interest at 4.00% per annum. It is secured by all Coalition assets. The line of credit expires on November 11, 2024, and it is management's intention to renew the facility.

NOTE 9 - CONTINGENCIES

The Coalition receives grants from Federal, State, and local sources that are governed by various statutes and regulations and are subject to review and audit by the funding sources. In addition, expenses charged to federal and state programs are subject to audit and adjustment by the grantor agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs resulting in a liability.

Consequently, any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Coalition with the terms of the grants/contracts. However, in the opinion of the Coalition's management, such disallowances, if any, will not have a material effect on any of the 2023 and 2022 financial statements of the Coalition.

NOTE 10 – RIGHT OF USE ASSETS AND LIABILITIES

The Coalition leases administrative office space and equipment under non-cancelable operating lease agreements. These leases have remaining lease terms ranging from 1 to 2 years. The Coalition's right-of-use asset and operating lease liability are calculated using the present value of lease payments using the discount rate. The weighted-average remaining lease term and discount rate for the Coalition's Operating leases were approximately 2 years and 4.67%.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

Total rent expense for the year's ending June 30, 2023 and 2022 amounted to \$436,202 and \$247,442, respectively. The following is a schedule of future minimum payments in excess of one year, by year, on non-cancellable operating leases:

Year ending June 30,	Amount
2024	\$ 317,438
2025	324,600
2026	326,987
2027	81,747
	<u>\$ 1,050,772</u>

NOTE 11 – RETIREMENT PLAN

The Coalition sponsors a 401(k) defined contribution retirement plan. For full-time employees with 6 months of service and 500 hours, the Coalition makes a contribution equal to 100% of the employee's contribution up to 4% of the employee's salary. The Coalition contributed \$40,172 and \$37,502 to the plan for the years ended June 30, 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, the Coalition contributed \$73,226 and \$37,502, respectively to the plan on behalf of each qualifying employee.

NOTE 12 – DESCRIPTION OF PROGRAM SERVICES

Data management – The Coalition serves as the repository of knowledge about homelessness services and related issues in the Houston areas by serving as lead agency of the Homelessness Management Information System (HMIS), Coordinated access system (CAS), and through performance measurement activities.

Program management – The Coalition has developed and managed important programs that impact stakeholders and individuals experiencing homelessness. The Coalition serves as the lead agency for the Houston/Pasadena/Harris County/Fort Bend County/Montgomery County Continuum of Care (CoC) program.

System Capacity Building – The Coalition helps to define, guide, facilitate, monitor, and improve the planning process and monitor progress against the current strategic plan. The Coalition ensures that an effective resource planning process is used to collect and integrate CoC partner and staff inputs and expand resources for people experiencing homelessness.

Public Policy - The Coalition proposes state and local public policies to ensure that everyone in our community has a safe place to call home.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

NOTE 13 – FUNCTIONAL EXPENSES

The following is a detail of expenses by functional classification for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Program services:		
Research	\$ 1,097,887	\$ 853,678
Project management	21,130,138	15,221,863
System Capacity Building	1,087,538	767,323
Public Policy	258,122	260,450
Supporting services:		
Management and General	3,048,839	2,537,686
Fundraising expenses	261,696	183,678
	<u>\$ 26,884,220</u>	<u>\$ 19,824,678</u>

NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022 are available for the following purposes:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Barrier Buster/Welcome Home	\$ -	\$ 36,835
Covid Community Housing Program (CCHP)	11,998	1,423,761
Day 1 Families fund	4,995,467	-
DMD Housing Surge	210,114	-
Education	50,000	50,000
Greater Houston Community Foundation	-	132
Harvey Emergency	-	14,940
Heartland Alliance	-	21,726
Houston Endowment Inc.	500,000	1,000,000
Income NOW	25,321	20,691
Meaningful Change	93,063	93,063
Navigation Center	419,937	2,867,390
Other	24,912	-
World Homeless Day	-	3,500
Youth Program	49,874	48,390
Total with donor restricted net assets	<u>\$ 6,380,686</u>	<u>\$ 5,580,428</u>

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

NOTE 15 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions were released from restriction due to satisfaction of the following purpose restrictions, as accomplished during June 30:

	June 30,	
	2023	2022
Covid Community Housing Program (CCHP)	\$ 1,401,222	\$ 3,954,550
Greater Houston Community Foundation	22,231	52
Harvey Emergency	14,940	187,979
Houston Downtown Management District	293,411	-
Houston Endowment Inc.	500,000	-
Income NOW	10,096	24,845
Navigation Center	2,727,131	393,362
Other	27,398	-
Technology Upgrade Project	-	509
United Way	-	214,000
World Homeless Day	3,500	27,500
Youth Program	48,516	1,610
Total net assets released from restrictions	<u>\$ 5,048,445</u>	<u>\$ 4,804,407</u>

NOTE 16 – LIQUIDITY

The Coalition's financial assets available within one year of the Statement Financial Position date for general expenditure are as follows:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 6,002,156	\$ 6,676,334
Grants and accounts receivable	5,813,990	6,571,006
Pledges receivable	10,223,290	1,023,672
Prepaid expenses	135,470	24,448
Inventory	135,741	29,242
Total current assets	<u>22,310,647</u>	<u>14,324,702</u>
Less:		
Non-financial assets not available for general expenditure	(10,494,501)	(1,077,362)
Net assets with donor restrictions	<u>(6,380,686)</u>	<u>(5,580,428)</u>
	(16,875,187)	(6,657,790)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,435,460</u>	<u>\$ 7,666,912</u>

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2023 and 2022

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

The Coalition has a goal to maintain financial assets, which consist of cash on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$6,721,055. The Coalition has a policy to structure its financial assets to be available for general expenditures, liabilities, and other obligations as they become due. As more fully described in Note 8, the Coalition also has committed line of credit in the amount of \$300,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 17 – SUBSEQUENT EVENTS

The Coalition has evaluated subsequent events occurring after June 30, 2023 through March 27, 2024, which is the date the financial statements were available to be issued and determined that there were no significant events requiring recognition or disclosure.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Coalition for the Homeless of Houston/Harris County
Houston, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Coalition for the Homeless of Houston/Harris County (the "Coalition"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coalition's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Coalition'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 statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McConnell & Jones LLP

Durham, North Carolina
March 27, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

To the Board of Directors
Coalition for the Homeless of Houston/Harris County
Houston, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coalition for the Homeless of Houston/Harris County' (the "Coalition") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Coalition's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition 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 June 30, 2023.

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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition 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 Coalition'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 the Coalition's federal programs.



Auditor's 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 the Coalition'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 generally accepted auditing standards, 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 the Coalition's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Coalition'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 the Coalition'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 the Coalition's 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, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on 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 a 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 Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

McConnell & Jones LLP

Durham, North Carolina
March 27, 2024

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<i>U.S. Department of Housing and Urban Development:</i>				
Passed-through City of Houston				
Community Development Block Grant (CDBG) Entitlement Program Cluster:		4600017376 2022-0713		
Community Development Block Grant - CARES act Navigation Center Operations	14.218	4600017376 2023-0692	\$ 648,227	\$ 621,161
Community Development Block Grant - Planning	14.218	4600017059-2022-0034	92,365	-
Community Development Block Grant - Planning 2	14.218	4600017527 2023-0027	43,003	-
Community Development Block Grant - CARES Act Outreach expansion	14.218	4600016847 2022-0762	822,249	-
Community Development Block Grant - CARES Act Outreach	14.218	4600016847 2022-0762	362,550	-
Total Community Development Block Grant (CDBG) Entitlement Program Cluster			1,968,394	621,161
Other programs:				
Emergency Solutions Grant Program - CARES Act Navigation Center Construction	14.231	4600017090 2022-0068	291,614	-
		4600017090 2023-0535		
Emergency Solutions Grant Program - CARES Act Outreach	14.231	4600016847-2021-0996	466,905	-
Emergency Solutions Grant Program - Homelessness Management Information System (HMIS)	14.231	4600015481 2022-0257	67,513	-
Total Emergency Solutions Grant Program			826,032	-
Housing Opportunities for Persons with AIDS - HMIS	14.241	4600015481 2022-0257	46,981	-
Subtotal City of Houston			2,841,407	621,161
Passed-through HUD Office, Houston, Texas				
Continuum of Care Program:				
Continuum of Care Program - HMIS	14.267	TX0177L6E002013	60,456	-
Continuum of Care Program - HMIS 2	14.267	TX0177L6E002114	940,380	-
Continuum of Care Program - Coordinated Access	14.267	TX0414L6E002106	409,465	98,229
Continuum of Care Program - Planning	14.267	TX0602L6E002000	261,061	-
Continuum of Care Program - Planning 2	14.267	TX0637L6E002100	738,826	-
Continuum of Care Program - Coordinated Access 2	14.267	TX0478L6E002105	615,174	-
Total Continuum of Care Program			3,025,362	98,229
Youth Homelessness Demonstration Program:				
Youth Homeless Demonstration Program - HMIS	14.276	TX0653Y6E002000	45,969	-
Youth Homeless Demonstration Program - Planning	14.276	TX0652Y6E002000	117,893	117,893
Youth Homeless Demonstration Program - Supportive Service Only (SSO) Coordinated	14.276	TX0654Y6E002000	81,817	81,817
Youth Homeless Demonstration Program - SSO-CES Outreach	14.276	TX0607Y6E002000	613,708	132,656
Total Youth Homelessness Demonstration Program			859,387	332,366
Subtotal HUD Office, Houston, Texas			3,884,749	430,595

(This schedule is continued on the following page)

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
Passed-through Harris County Housing Authority				
Harris County Housing Authority EHV Navigation	14.871	None indicated	328,927	275,000
Subtotal Harris County Housing Authority			<u>328,927</u>	<u>275,000</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>7,055,083</u>	<u>1,326,756</u>
U.S. Department of the Treasury				
Passed-through Harris County, Texas				
		2022-005		
American Rescue Plan Act Pass-Through Intermediary	21.027	HCNTY-0000062336	3,221,733	3,221,733
		2022-006		
American Rescue Plan Act Sole Source System Management	21.027	HCNTY-0000062402	3,341,445	-
		2021-018		
American Rescue Plan Act Emergency Housing Voucher (EHV) Navigation	21.027	HCNTY00000039620	539,150	43,598
Subtotal Harris County, Texas			<u>7,102,328</u>	<u>3,265,330</u>
Passed-through Texas Department of Housing and Community Affairs				
Emergency Rental Assistance - ERA2 Housing Stability Services	21.023	20210000029	2,169,788	1,781,083
Emergency Rental Assistance - ERA1 Housing Stability Services	21.023	20220000016	4,183,454	3,917,477
Subtotal Texas Department of Housing and Community Affairs			<u>6,353,242</u>	<u>5,698,560</u>
<i>Total U.S. Department of the Treasury</i>			<u>13,455,571</u>	<u>8,963,891</u>
Total Expenditures of Federal Awards			<u>\$ 20,510,654</u>	<u>\$ 10,290,647</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

NOTE 1- Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Coalition for the Homeless of Houston/Harris County (the "Coalition") under the programs of the federal government and the State of Texas for the year ended June 30, 2023. This information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Coalition.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Coalition has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – Reconciliation to financial statements

Governmental agency grants and contracts per the Statement of Activities	\$ 21,791,164
Less: Non-federal grants and contracts	<u>(1,280,510)</u>
Total expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 20,510,654</u></u>

NOTE 4 - Clusters of programs

The following are clustered by the United States Department of Housing and Urban Development and are treated separately for state audit requirement purposes; Community Development Block Grant (CDBG) Entitlement Program.

NOTE 5 – Commitments and contingencies

Federal grants received by the Coalition are subject to review and audit by grantor agencies. The Coalition's management believes that the results of such audits will not have a material effect on the Schedule.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2023

Section I – Summary of Auditors’ Results

Financial statements

Type of auditors’ report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness (es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal and State Awards

Type of auditors’ report issued: **Unmodified**

Internal control over major federal programs:

- Material weakness (es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered material weaknesses? _____ Yes X None reported

Noncompliance material to federal awards? _____ Yes X No

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance _____ Yes X No

Identification of major federal and state programs:

<u>Program Name</u>	<u>Assistance Listing Number</u>
Community Development Block Grant (CDBG) Entitlement Program Cluster	14.218
Continuum of Care Program	14.267
Youth Homelessness Demonstration Program (YHDP)	14.276

Dollar threshold use to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk auditee X Yes _____ No

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2023

Section II – Financial Statement Audit Findings

This section identifies the significant deficiencies, material weaknesses, and instances of fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards require reporting under 2 CFR Section 200.515(d)(2).

None reported.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2023

Section III – Major Federal Award Compliance and Reporting Requirements

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any abuse findings involving federal awards that are material to a major program.

No findings noted.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2023

Section IV – Major Federal Award Program Findings and Questioned Costs

None reported.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2023

Section V – Summary Schedule of Prior Year Findings

None reported.