NORTH CAROLINA COALITION
TO END HOMELESSNESS, INC
RALEIGH, NORTH CAROLINA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS' REPORT</td>
<td>3</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>6</td>
</tr>
<tr>
<td>Statement of Functional Expenses</td>
<td>7</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>8</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>9</td>
</tr>
<tr>
<td>SUPPLEMENTAL INFORMATION</td>
<td></td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal and Non-Federal Awards</td>
<td>13</td>
</tr>
<tr>
<td>COMPLIANCE SECTION</td>
<td></td>
</tr>
<tr>
<td>Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Uniform Guidance</td>
<td>16</td>
</tr>
<tr>
<td>Schedule of Findings and Responses</td>
<td>18</td>
</tr>
<tr>
<td>Corrective Action Plan</td>
<td>20</td>
</tr>
<tr>
<td>Summary Schedule of Prior Year Audit Findings</td>
<td>21</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Carolina Coalition to End Homelessness, Inc.
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of North Carolina Coalition to
End Homelessness, Inc. (a nonprofit organization), which comprise the statement of
financial position as of December 31, 2017 and the related statements of activities,
functional expenses and cash flows for the year then ended, and the related notes to
the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial
statements in accordance with accounting principles generally accepted in the United
States of America; this includes the design, implementation, and maintenance of
internal control relevant to the preparation and fair presentation of financial statements
that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our
audit. We conducted our audit in accordance with auditing standards generally
accepted in the United States of America and the standards applicable to financial
audits contained in Government Auditing Standards, issued by the Comptroller
General of the United States. Those standards require that we plan and perform the
audit to obtain reasonable assurance about whether the financial statements are free
from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts
and disclosures in the financial statements. The procedures selected depend on the
auditor’s judgment, including the assessment of the risks of material misstatement of
the financial statements, whether due to fraud or error. In making those risk
assessments, the auditor considers internal control relevant to the entity’s preparation
and fair presentation of the financial statements in order to design audit procedures
that are appropriate in the circumstances, but not for the purpose of expressing an
opinion on the effectiveness of the entity’s internal control. Accordingly, we express no
such opinion. An audit also includes evaluating the appropriateness of accounting
policies used and the reasonableness of significant accounting estimates made by
management, as well as evaluating the overall presentation of the financial
statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to
provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material
respects, the financial position of North Carolina Coalition to End Homelessness, Inc.,
as of December 31, 2017, and the change in its net assets and its cash flows for the
year then ended in accordance with accounting principles generally accepted in the
United States of America.
Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2018, on our consideration of North Carolina Coalition to End Homelessness, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering North Carolina Coalition to End Homelessness Inc.’s internal control over financial reporting and compliance.

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

September 21, 2018
# NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

## ASSETS

<table>
<thead>
<tr>
<th>Current assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$100,850</td>
</tr>
<tr>
<td>Grants and contracts receivable</td>
<td>276,211</td>
</tr>
<tr>
<td>Other receivables</td>
<td>751</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>377,812</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$377,812</td>
</tr>
</tbody>
</table>

## LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$26,409</td>
</tr>
<tr>
<td>Refundable advances</td>
<td>124,772</td>
</tr>
<tr>
<td>Accured vacation</td>
<td>23,618</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>174,799</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities</strong></td>
<td>174,799</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>203,013</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>203,013</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$377,812</td>
</tr>
</tbody>
</table>
## NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
### STATEMENT OF ACTIVITIES
#### YEAR ENDED DECEMBER 31, 2017

### Changes in unrestricted net assets

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$1,714</td>
</tr>
<tr>
<td>Governmental grant revenue</td>
<td>1,213,727</td>
</tr>
<tr>
<td>Fee for program</td>
<td>18,275</td>
</tr>
<tr>
<td>Other grant revenue</td>
<td>25,267</td>
</tr>
<tr>
<td>In-kind revenue</td>
<td>145,533</td>
</tr>
<tr>
<td>Other</td>
<td>36,619</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>1,441,135</strong></td>
</tr>
</tbody>
</table>

**Net assets released from restrictions**

- **Total revenues and other support**

  **1,441,135**

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>1,102,778</td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>367,590</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>1,470,368</strong></td>
</tr>
</tbody>
</table>

**Increase in unrestricted net assets**

  **(29,233)**

### CHANGE IN NET ASSETS

**(29,233)**

**Net Assets - Beginning of Year**

  **232,246**

**NET ASSETS - END OF YEAR**

  **$203,013**

The accompanying notes are an integral part of the financial statements.
# NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
## STATEMENT OF FUNCTIONAL EXPENSES
### YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Supporting Services</th>
<th>Program Service Expenses</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$510,136</td>
<td>$170,046</td>
<td>$680,182</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>$122,828</td>
<td>$40,944</td>
<td>$163,772</td>
</tr>
<tr>
<td>Communications</td>
<td>$5,608</td>
<td>$1,869</td>
<td>$7,477</td>
</tr>
<tr>
<td>Office expenses</td>
<td>$59,456</td>
<td>$19,818</td>
<td>$79,274</td>
</tr>
<tr>
<td>Supplies</td>
<td>$10,914</td>
<td>$3,638</td>
<td>$14,552</td>
</tr>
<tr>
<td>Training/memberships</td>
<td>$19,449</td>
<td>$6,482</td>
<td>$25,931</td>
</tr>
<tr>
<td>Travel</td>
<td>$31,448</td>
<td>$10,482</td>
<td>$41,930</td>
</tr>
<tr>
<td>Contract fees</td>
<td>$204,065</td>
<td>$68,022</td>
<td>$272,087</td>
</tr>
<tr>
<td>Equipment and software</td>
<td>$20,554</td>
<td>$6,851</td>
<td>$27,405</td>
</tr>
<tr>
<td>Bank charges</td>
<td>$191</td>
<td>$64</td>
<td>$255</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>$1,437</td>
<td>$479</td>
<td>$1,916</td>
</tr>
<tr>
<td>Payroll processing</td>
<td>$2,432</td>
<td>$810</td>
<td>$3,242</td>
</tr>
<tr>
<td>Licenses</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Membership dues</td>
<td>$559</td>
<td>$186</td>
<td>$745</td>
</tr>
<tr>
<td>Board expenses</td>
<td>$386</td>
<td>$128</td>
<td>$514</td>
</tr>
<tr>
<td>In-kind expenses</td>
<td>$109,150</td>
<td>$36,383</td>
<td>$145,533</td>
</tr>
<tr>
<td>Insurance</td>
<td>$4,165</td>
<td>$1,388</td>
<td>$5,553</td>
</tr>
</tbody>
</table>

**TOTAL FUNCTIONAL EXPENSES**  
$1,102,778 $367,590 $1,470,368

The accompanying notes are an integral part of the financial statements.
NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities
Change in net assets $ (29,233)
Adjustments to reconcile changes in net assets to net cash provided by operating activities -
Changes in assets and liabilities
  Grants and contracts receivable 53,745
  Other receivables (580)
  Prepaid expenses -
  Accounts payable 8,734
  Unearned revenue 30,229
  Accrued vacation 185
  Net cash provided by operating activities 63,080

Cash flows from investing activities -

Cash flows from financing activities -

NET INCREASE (DECREASE) IN CASH 63,080

Cash - Beginning of year 37,770

CASH - END OF YEAR $ 100,850

The accompanying notes are an integral part of the financial statements.
Note 1 - Organization

North Carolina Coalition to End Homelessness (the Corporation) is a nonprofit corporation, incorporated on May 19, 2000 and located in Raleigh, North Carolina. The mission of the Corporation is to end homelessness by creating alliances, encouraging public dialogue, securing resources, and advocating for systemic change. The Corporation works with communities to address root causes of homelessness by developing and implementing data-driven strategies that are focused on permanent housing and appropriate services.

Note 2 - Summary of significant accounting policies

Basis of accounting – The financial statement presentation follows the Financial Accounting Standards Board's Codification of Professional Standards. These requirements require that the Corporation report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Corporation reports the following net assets:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Cash – The Corporation maintains a bank accounts at Wells Fargo and Capital Bank. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. The cash balance is maintained at a financial institution with high credit-quality ratings. At December 31, 2017, the Corporation had a balance of $107,642 in the bank, all of which was covered by federal insurance. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit loss on cash.

Allowance for doubtful accounts – The Corporation has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Contributions – The Corporation records contributions received as unrestricted temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated services – In accordance with the Financial Accounting Standards Board's Codification of Professional Standards, no amounts have been reflected in the consolidated financial Statement for donated services that do not require specialized skills. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation with specific assistance programs, campaign solicitations and various committee assignments.

Donated material and equipment – The Corporation records the value of donated materials and equipment when there is an objective basis available to measure their fair value. Donated materials and equipment are reflected as contributions in the foregoing consolidated financial Statement at their estimated values at the date of receipt.

Advertising – The Corporation expenses advertising related to its program services as incurred.
Expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates – The preparation of financial Statement 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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax status – The Corporation 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 Corporation qualifies for the charitable contributions deduction under Section 170(b)(1)(a) of the U.S. Internal Revenue Code. Further, the Corporation has been determined not to be a private foundation under Section 509(a) of the U.S. Internal Revenue Code.

The Corporation recognizes an uncertainty tax position of "more likely than not" level of fifty percent that the position will be sustained by the Internal Revenue Service (IRS). Income taxes did not have a material impact on the financial position or results of operations of the Corporation as of and for the Year ended December 31, 2017. Income tax returns from 2015 through 2017 are open for examination by taxing authorities.

Note 3 – Grants and contracts receivable

At December 31, 2017, the Corporation is due the following amounts:

<table>
<thead>
<tr>
<th>Grant Recipient</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Housing and Urban Development</td>
<td>$ 131,536</td>
</tr>
<tr>
<td>Department of Health and Human Services - HMIS</td>
<td>91,529</td>
</tr>
<tr>
<td>City of Sanford</td>
<td>613</td>
</tr>
<tr>
<td>Orange County</td>
<td>22,000</td>
</tr>
<tr>
<td>Raleigh Wake Partnership to End Homelessness</td>
<td>30,533</td>
</tr>
<tr>
<td>Total grants and contracts receivable</td>
<td>$ 276,211</td>
</tr>
</tbody>
</table>

Note 4 – Leases and Contracts


The Corporation entered into a cleaning agreement in August of 2018. The agreement obligates the Corporation to pay $1,000 in 2018. The Corporation paid $1,500 under this agreement in 2017.

Note 5 – Description of program services

The Corporation assists local organizations collect, manage, and use critical population and service information about homelessness in local communities.
Note 6 – Current vulnerability due to concentrations

During 2017 the Corporation received 95% of its grant funds from the following public sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Carolina Department of Health and Human Services</td>
<td>18%</td>
</tr>
<tr>
<td>U.S. Department of Housing and Urban Development</td>
<td>75%</td>
</tr>
<tr>
<td>Orange County</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>95%</strong></td>
</tr>
</tbody>
</table>

Note 7 – Contingencies

The Corporation receives grant funds. Such funds are subject to final approval by the grantor agencies, and deficiencies, if any, are the responsibility of the Corporation.

The Corporation has the usual obligations of a contractor for performance in connection with contracts for work performed and to be performed. Management does not anticipate any significant losses in connection with these obligations.

Note 8 – Subsequent events - Date of Management’s Review

The Corporation has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors’ report. The Corporation has not evaluated subsequent events after that date. There were no subsequent events during this period requiring disclosure.

Note 9 – Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the year ended December 31, 2017, the Corporation carried insurance through various commercial carriers to cover all risks of losses. The Corporation has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

Note 10 – Refundable Advances

The Corporation recorded $124,772 of Refundable Advances as of December 31, 2017.
# NORTH CAROLINA COALITION TO END HOMELESSNESS, INC.
## SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
### YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Federal or Non-federal Grantor/Pass-through Grantor/Program or Cluster Title</th>
<th>Federal CFDA Number</th>
<th>Pass-through Grantor’s Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal awards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Housing and Urban Development Direct Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuum of Care</td>
<td>14.267</td>
<td>NC0333L4F031500</td>
<td>$220,332</td>
</tr>
<tr>
<td>Continuum of Care</td>
<td>14.267</td>
<td>NC0035L4F031508</td>
<td>582,129</td>
</tr>
<tr>
<td>Continuum of Care</td>
<td>14.267</td>
<td>NC0280L4F021402</td>
<td>53,214</td>
</tr>
<tr>
<td>Continuum of Care</td>
<td>14.267</td>
<td>NC0164L4F071405</td>
<td>76,682</td>
</tr>
<tr>
<td>Total U.S. Department of Housing and Urban Development</td>
<td></td>
<td></td>
<td>932,357</td>
</tr>
<tr>
<td>Total federal awards</td>
<td></td>
<td></td>
<td>932,357</td>
</tr>
<tr>
<td>Non-federal awards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State of North Carolina Direct Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N.C. Department of Health and Human Services</td>
<td>00033872</td>
<td>122,524</td>
<td></td>
</tr>
<tr>
<td>N.C. Department of Health and Human Services</td>
<td>00032874</td>
<td>101,835</td>
<td></td>
</tr>
<tr>
<td>Total non-federal awards</td>
<td></td>
<td></td>
<td>224,359</td>
</tr>
<tr>
<td>TOTAL FEDERAL AND NON-FEDERAL AWARDS</td>
<td></td>
<td></td>
<td>$1,156,716</td>
</tr>
</tbody>
</table>

### Notes to Schedule:

#### Basis of Presentation
The accompanying Schedule of Expenditures of Federal and Non-Federal Awards includes the federal and State grant activity of North Carolina Coalition to End Homelessness under the programs of the federal government and the State of North Carolina for the year ended December 31, 2017. This information in this Schedule of Expenditures of Federal and Non-Federal Awards is presented in accordance with the requirements of *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of North Carolina Coalition to End Homelessness, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of North Carolina Coalition to End Homelessness, Inc.

#### Indirect Costs
North Carolina Coalition to End Homelessness, Inc. has not elected to charge a 10% de minimis indirect cost rate. Instead the Corporation negotiated an allocation plan approved by the Agency’s oversight agency.

#### In Kind Contributions
North Carolina Coalition to End Homelessness, Inc. received $145,533 in-kind contributions related to the U.S. Department of Housing and Urban Development grants CFDA #14.267.
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
North Carolina Coalition to End Homelessness, Inc.
Raleigh, North Carolina

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 North Carolina Coalition to End
Homelessness, Inc. (the Organization), which comprise the statement of financial
position as of December 31, 2017, 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 September
21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered
North Carolina Coalition to End Homelessness, Inc.'s internal control over financial
reporting (internal control) to determine the audit procedures that are appropriate
in the circumstances for the purpose of expressing our opinions on the financial
statements, but not for the purpose of expressing an opinion on the effectiveness
of North Carolina Coalition to End Homelessness, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of the
Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control
does not allow management or employees, in the normal course of performing
their assigned functions, to prevent, or detect and correct, misstatements on a
timely basis. A material weakness is a deficiency, or a combination of deficiencies,
in internal control such that there is a reasonable possibility that a material
misstatement of the entity’s financial statements will not be prevented, or detected
and corrected on a timely basis. A significant deficiency is a deficiency, or
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
preceding paragraph 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 material weaknesses. However, material weaknesses may exist
that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Carolina Coalition
to End Homelessness, Inc.’s financial statements are free from material
misstatement, we performed tests of its compliance with certain provisions of laws,
regulations, contracts, and grant agreements, noncompliance with which could
have a direct and material effect on the determination of financial statement
amounts. However, providing an opinion on compliance with those provisions was
not an objective of our audit, and accordingly, we do not express such an opinion.
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

September 21, 2018
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE

To the Board of Directors
North Carolina Coalition to End Homelessness, Inc.
Raleigh, North Carolina

Report on Compliance for Each Major Federal Program

We have audited North Carolina Coalition to End Homelessness, Inc.'s (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement, that could have a direct and material effect on each of North Carolina Coalition to End Homelessness, Inc.'s major federal programs for the year ended December 31, 2017. North Carolina Coalition to End Homelessness, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of North Carolina Coalition to End Homelessness, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Carolina Coalition to End Homelessness, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of North Carolina Coalition to End Homelessness, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, North Carolina Coalition to End Homelessness, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.
Report on Internal Control Over Compliance

Management of North Carolina Coalition to End Homelessness, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Carolina Coalition to End Homelessness, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

September 21, 2018
SECTION I. -- SUMMARY OF AUDITORS' RESULTS

Financial Statement

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified? ______ yes ___ x ___ no

Significant deficiency (ies) identified that are not considered to be material weaknesses? ______ yes ___ x ___ none reported

Noncompliance material to financial Statement noted ______ yes ___ x ___ no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? ______ yes ___ x ___ no

Significant deficiency(ies) identified? ______ yes ___ x ___ none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance? ______ yes ___ x ___ no

Identification of major federal programs:

Program Name __________ CFDA Number __________

Continuum of Care 14.267

Dollar threshold used to distinguish between Type A and Type B Programs $ 750,000
SECTION II. — FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III. — FEDERAL AWARD FINDINGS

None reported.
SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III. -- FEDERAL AWARD FINDINGS

None reported.
There were not findings for the year ended December 31, 2016.