

THE COALITION FOR THE HOMELESS, INC.

FINANCIAL STATEMENTS AND SCHEDULES
IN ACCORDANCE WITH OMB CIRCULAR A-133

For the Years Ended December 31, 2007 and 2006
With Report of Independent Auditors

THE COALITION FOR THE HOMELESS, INC.

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Walker & Company, LLP
Assurance, Business and Advisory Services

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
The Coalition for the Homeless, Inc.

We have audited the accompanying statements of financial position of The Coalition for the Homeless, Inc. (the Coalition) as of December 31, 2007 and 2006, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Coalition's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Coalition, through funding received from United States government agencies invests in capital assets comprised of equipment and fixtures. Those assets are reported to the government as expenditures at the time of purchase on an on-going basis. GAAP requires the capitalization of long lived assets at the time of purchase. In order to conform to GAAP, in preparing its financial statements, the Coalition reduced expenses by the amount of capitalized assets purchased and, accordingly, increased capital assets and unrestricted net assets recorded on the financial statements by the amount of those purchases. The government retains a reversionary interest in these assets.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2008 on our consideration of the Coalition's internal control over financial reporting and 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

the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of functional expenses and expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Coalition. The schedule of expenditures of federal awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Walker & Company, LLC

April 30, 2008

THE COALITION FOR THE HOMELESS, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2007	2006
ASSETS		
Current Assets		
Cash	\$ 1,238,558	\$ 852,149
Restricted cash	60,563	62,657
Grants and contracts receivable, net of allowance of \$21,295 for 2007 and 2006	1,391,966	1,806,813
Accounts receivable	33,490	12,685
Prepaid expenses and other assets	64,013	60,018
Total Current Assets	2,788,590	2,794,322
Investments in certificates of deposit	1,000,000	1,000,000
Interest receivable on certificates of deposit	26,792	59,995
Investments under deferred compensation plan	80,519	67,987
Property and equipment, net	131,607	246,436
TOTAL ASSETS	\$ 4,027,508	\$ 4,168,740
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 163,183	\$ 195,424
Accrued expenses	229,753	246,301
Other liabilities	9,559	21,589
Escrow deposits	60,563	62,657
Note payable	3,117	3,083
Total Current Liabilities	466,175	529,054
Long-term Liabilities		
Deferred compensation	79,969	67,437
Notes payable, net of current portion	14,472	17,985
Total Long-term Liabilities	94,441	85,422
TOTAL LIABILITIES	560,616	614,476
Net Assets		
Unrestricted:		
Undesignated	2,438,230	2,529,148
Board-designated	1,000,000	1,000,000
Total Unrestricted Net Assets	3,438,230	3,529,148
Temporarily Restricted Net Assets	28,662	25,116
Total Net Assets	3,466,892	3,554,264
TOTAL LIABILITIES AND NET ASSETS	\$ 4,027,508	\$ 4,168,740

See notes to financial statements.

THE COALITION FOR THE HOMELESS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31,					
	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Support						
Grants	\$ 743,667	\$ 28,662	\$ 772,329	\$ 773,678	\$ -	\$ 773,678
Contributions	82,010	-	82,010	297,468	-	297,468
Net assets released from purpose restrictions	25,116	(25,116)	-	10,610	(10,610)	-
Total Support	<u>850,793</u>	<u>3,546</u>	<u>854,339</u>	<u>1,081,756</u>	<u>(10,610)</u>	<u>1,071,146</u>
Revenue						
Contracts	7,921,675	-	7,921,675	8,413,466	-	8,413,466
Interest income	95,261	-	95,261	74,753	-	74,753
Rental income	98,049	-	98,049	91,435	-	91,435
Other	7,058	-	7,058	13,614	-	13,614
Total Revenue	<u>8,122,043</u>	<u>-</u>	<u>8,122,043</u>	<u>8,593,268</u>	<u>-</u>	<u>8,593,268</u>
TOTAL SUPPORT AND REVENUE	<u>8,972,836</u>	<u>3,546</u>	<u>8,976,382</u>	<u>9,675,024</u>	<u>(10,610)</u>	<u>9,664,414</u>
EXPENSES						
Program Services	8,372,545	-	8,372,545	8,757,203	-	8,757,203
Supporting Services:						
Fundraising	51,619	-	51,619	16,533	-	16,533
Management and General	643,253	-	643,253	622,040	-	622,040
TOTAL EXPENSES	<u>9,067,417</u>	<u>-</u>	<u>9,067,417</u>	<u>9,395,776</u>	<u>-</u>	<u>9,395,776</u>
CHANGES IN NET ASSETS (DEFICIT) BEFORE CAPITALIZATION OF PROPERTY AND EQUIPMENT						
Capitalization of property and equipment	(94,581)	3,546	(91,035)	279,248	(10,610)	268,638
CHANGES IN NET ASSETS	<u>3,663</u>	<u>-</u>	<u>3,663</u>	<u>83,445</u>	<u>-</u>	<u>83,445</u>
NET ASSETS, BEGINNING OF YEAR	<u>(90,918)</u>	<u>3,546</u>	<u>(87,372)</u>	<u>362,693</u>	<u>(10,610)</u>	<u>352,083</u>
NET ASSETS, END OF YEAR	<u>3,529,148</u>	<u>25,116</u>	<u>3,554,264</u>	<u>3,166,455</u>	<u>35,726</u>	<u>3,202,181</u>
	<u>\$ 3,438,230</u>	<u>\$ 28,662</u>	<u>\$ 3,466,892</u>	<u>\$ 3,529,148</u>	<u>\$ 25,116</u>	<u>\$ 3,554,264</u>

See notes to financial statements.

THE COALITION FOR THE HOMELESS, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2007	2006
OPERATING ACTIVITIES		
Changes in Net Assets	\$ (87,372)	\$ 352,083
Adjustments to reconcile changes in net assets to operating activities:		
Depreciation	85,084	108,491
Loss on disposal of property and equipment	45,864	-
Recovery of bad debt	-	(20,000)
Change in grants and contracts receivable	414,847	(395,833)
Change in accounts receivable	(20,805)	(6,542)
Change in prepaid expenses and other assets	(3,995)	6,647
Change in interest receivable on certificates of deposit	33,203	(40,990)
Change in accounts payable	(32,241)	(13,250)
Change in accrued expenses	(16,548)	26,717
Change in other liabilities	(12,030)	21,589
Change in deferred compensation	12,532	3,321
Total operating activities	418,539	42,233
INVESTING ACTIVITIES		
Investment in deferred compensation plan	(12,532)	(3,321)
Purchases of property and equipment	(16,119)	(83,445)
Total investing activities	(28,651)	(86,766)
FINANCING ACTIVITIES		
Repayments on note payable	(3,479)	(93,769)
Net increase (decrease) in cash	386,409	(138,302)
CASH, Beginning of Year	852,149	990,451
CASH, End of Year	\$ 1,238,558	\$ 852,149
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 959	\$ 4,286

See notes to financial statements.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

The Coalition for the Homeless, Inc. (the Coalition or Organization), a District of Columbia not-for-profit entity, was organized in 1981 to establish an effective means by which homeless individuals can realize an economically independent living status and become contributing members of the community. The programs developed to achieve this goal include employment training, housing, job placement assistance, mental health counseling, substance abuse prevention and social skills development.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies utilized in the preparation of the financial statements is as follows:

Basis of Accounting

The Coalition prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). In accordance with GAAP, revenue and related assets are recognized when earned and expenses and related liabilities recorded when the obligations are incurred. Revenue from government grants and contracts is recognized as related expenses are incurred.

Basis of Presentation

The Coalition's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Coalition is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted based on the existence or absence of donor-imposed restrictions.

The Coalition has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, gains, expenses and losses during the reporting period. Actual results could differ from those estimates.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

The Coalition considers all cash in checking and money market accounts held in financial institutions and cash on hand to be cash.

Investments

Investments consist of certificates of deposit ranging in terms of nine to twelve months. Interest on these certificates of deposit is accrued and recognized in the statements of activities and changes in net assets.

Property and Equipment

Property and equipment valued at \$1,000 and greater are capitalized and recorded at cost, if purchased, and fair value, if donated. Repairs, maintenance and minor replacements are expensed as incurred while major replacements and improvements are capitalized.

The Coalition uses the straight-line method of computing its annual depreciation expense over a range of estimated useful lives of the assets as follows:

Buildings	20 years
Building improvements	15 years
Machinery and equipment	5 years
Furniture and fixtures	5 years
Vehicles – purchased or donated	5 years
Leasehold improvements	Remaining life of the lease

When assets are sold or otherwise disposed, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gains or losses are included in operations.

Grants and Contributions

Grants and contributions are recorded when awarded or pledged and classified as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any grantor or donor restrictions. Temporarily restricted grants and contributions whose restrictions are fulfilled in the same period received are recorded as unrestricted support in the statements of activities and changes in net assets. When a grantor or donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Materials

As required by SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, donated services which create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and typically need to be purchased if not provided by donation are recorded at their fair value in the period provided.

The Coalition receives a significant amount of donated services from unpaid volunteers who assist in operating and securing shelters and housing facilities, and work on special projects. No amounts have been recognized in the statements of activities and changes in net assets because the criteria for recognition as required by SFAS No. 116 have not been satisfied.

Reclassification

Certain balances in the 2006 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2007 financial statements. These reclassifications had no effect on changes in net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses not directly identifiable with any other specific function but provide for the overall support and direction of the Coalition.

NOTE 3 PROGRAM SERVICES

Family Services Program

The Family Services program provides transitional housing with supportive social services that help homeless families regain stability in their lives and address the root cause of poverty, dysfunction, and homelessness. The program focuses on providing services related to substance abuse and mental health illnesses. It also provides services related to employment, training, housing access and developmental and educational needs of the children.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 3 PROGRAM SERVICES (Continued)

Transitional Housing Program

The Transitional Housing program is designed to assist male District residents with moving out of overnight emergency shelters into independent living facilities. This program provides social services, substance abuse counseling and employment services at three locations in the District.

Emery - Work-bed Program

This program began in August 2006 to replace the Emery Shelter and Temporary Residence Program and provides a full range of employment services to homeless single male adults utilizing the 24-hour Work-bed Program. The Coalition assists clients with resume preparation, housing, money management, crisis intervention and stabilization while also assisting them to obtain services in areas of entitlement such as food stamps, VA benefits, substance abuse, employment and housing.

AmeriCorps

This is a volunteer program that provides counseling and assistance to homeless veterans including tuition for the GED examination, basic literacy skills, creative writing classes, and assistance in obtaining gainful employment.

Employment Services Center

This program provides employment services to homeless single residents and heads of households in the District including job-readiness seminars and workshops (resume preparation, interviewing techniques, communication skills), life skills seminars (time management, budgeting), job search and placement assistance, training referrals, computer-assisted learning and basic education testing.

Rehabilitation/Transitional Centers

These programs are intended to provide transitional housing to homeless men who are unemployed and experiencing alcohol or drug abuse, chronic poverty or family problems. Services include substance abuse treatment, employment, and housing placement assistance.

Single Room Occupancy Program

The program's primary purpose is to provide residents with affordable places to live while these residents maintain their sobriety and continue their processes of recovery from substance abuse.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 3 PROGRAM SERVICES (Continued)

30-90 Day Halfway Back Sanctions

This program provides supervised intensive transitional housing services to homeless paroled offenders in violation status who are referred to the program as a graduated sanction in lieu of incarceration.

NOTE 4 INCOME TAXES

The Coalition received from the Internal Revenue Service (IRS), a determination letter stating that it is a tax-exempt organization. Consequently, the Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable District of Columbia income tax laws and regulations and is classified by the IRS as other than a private foundation under Section 509(a)(1) of the IRC. No provision for income taxes has been recorded in the accompanying financial statements.

NOTE 5 CONCENTRATION OF RISK

The Coalition maintains its cash and cash equivalents in financial institutions where, at times, balances may exceed the federally insured limit of \$100,000. At December 31, 2007 and 2006, the uninsured cash and cash equivalents balances totaled \$1,122,981 and \$1,646,675, respectively. The Coalition has not experienced any losses on such accounts and management believes the Organization is not exposed to any significant risk on cash and cash equivalents held these institutions.

NOTE 6 RESTRICTED CASH

The Coalition established a policy that requires employed homeless individuals benefiting from its programs to deposit a percentage of their earnings to savings accounts intended to enable them to fund relocation expenses once they obtain permanent housing.

The funds held in escrow are the properties of those individuals. Withdrawals from these accounts, however, are subject to approvals by the Coalition based on established program guidelines. At December 31, 2007 and 2006, there were seventy-two and seventy-nine escrow accounts, respectively. The aggregate balance of those escrow accounts were \$60,563 and \$62,657, respectively. These amounts are shown as restricted cash and escrow deposits in the accompanying financial statements.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2007	2006
Buildings and improvements	\$ 1,644,024	\$ 1,631,485
Furniture and fixtures	92,680	134,937
Vehicles	103,622	133,203
Machinery and equipment	165,692	313,791
	2,006,018	2,213,416
Less: Accumulated depreciation	(1,874,411)	(1,966,980)
Property and equipment, net	\$ 131,607	\$ 246,436

Certain grants and contracts agreements reflect budgeted amounts for purchases of property and equipment. Costs incurred under program, management and general functions have been capitalized.

In 2007, the Coalition disposed of certain property and equipment totaling \$223,603 when one of its programs was terminated by the District of Columbia Government. As a result, the Organization recorded a loss on disposal of property and equipment of \$45,864. In 2006, the Coalition disposed of and removed from accounting records, fully depreciated property and equipment with an original cost of \$260,670.

Depreciation expense for 2007 and 2006 was \$85,084 and \$108,491, respectively.

NOTE 8 NOTE PAYABLE

The note payable under which the Organization is obligated consists of the following at December 31:

	2007	2006
\$21,170 at 3% due September 2013; collateralized by a deed of trust on certain property located in Northwest, DC	\$ 17,589	\$ 21,068
Less: Current maturities	(3,117)	(3,083)
Note payable, net of current portion	\$ 14,472	\$ 17,985

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 8 NOTE PAYABLE (Continued)

Future maturities of this note are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 3,117
2009	3,274
2010	3,372
2011	3,476
Thereafter	4,350
Total	<u>\$ 17,589</u>

NOTE 9 LINE OF CREDIT

The Coalition has a revolving credit facility with a borrowing limit of \$100,000 with a financial institution. The credit facility was obtained to facilitate cash management during periods of slow cash inflows. Interest on the facility is charged on outstanding balances at the national average prime rate plus 2.25%. No amounts were outstanding under this line at December 31, 2007 and 2006.

NOTE 10 BOARD-DESIGNATED NET ASSETS

Board-designated net assets consist of amounts set aside by the Board of Directors (the Board) to fund operations, Spring Road Family Transitional Program (Spring Road) and capital replacement reserves. These reserves were established to hedge against emergencies requiring cash, such as short-term cash flows, unanticipated reductions or losses of funding, deterioration of physical assets, and special projects such as property acquisitions and/or renovations. The reserves are adjusted annually to reflect Board actions and use of those funds.

The Board-designated net asset amounts totaling \$1,000,000 at December 31, 2007 and 2006, respectively, are invested in certificates of deposit in three financial institutions.

NOTE 11 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets comprise amounts restricted as to purpose. At December 31, 2007 and 2006 these amounts totaled \$28,662 and \$25,116, respectively.

NOTE 12 GRANTS AND CONTRACTS

A substantial portion of the Coalition's funding is derived from the District of Columbia Government through the Community Partnership for the Prevention of Homelessness and agencies of the federal government. Reduction of this funding would have a significant impact on the Coalition's programs and activities.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 12 GRANTS AND CONTRACTS (Continued)

Support and revenue received from government agencies totaled \$8,602,792 and \$8,692,701 in 2007 and 2006, which represent 94% and 96%, respectively, of total support and revenue. Revenue is restricted as to its use and only those costs as prescribed by the grantors, are chargeable and allowable grant expenditures.

Grants and contracts receivable of \$1,413,261 and \$1,828,108 at December 31, 2007 and 2006, respectively, represent the amounts owed to the Coalition for cost reimbursable program expenses, both billed and unbilled, incurred as of these respective dates in direct support and pass-through awards from various federal and local agencies. All amounts are deemed collectible. Management has reserved approximately \$21,000 however, for a specific outstanding amount at December 31, 2007 and 2006, respectively.

All government grants and contracts are subject to audit by grantor agencies.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Property and Equipment

Property and equipment donated and/or acquired with federal grant funds and capitalized are subject to a disposition of assets agreement between the Coalition and the U.S. Department of Health and Human Services (DHHS). The agreement requires the Coalition to dispose of such assets, if funding for its programs is terminated, in accordance with pre-approved DHHS procedures. The proceeds from the disposition of these assets must be used for grant program purposes or returned to the federal government. The Coalition disposed of some of these assets (see Note 7) during 2007 and 2006.

Operating Leases

The Coalition operates Spring Road from a thirty-unit apartment complex under month-to-month lease agreements.

The Coalition's administrative office lease expired in July 2006 and a new lease was renegotiated with a three year term effective December 1, 2006. The lease provides for rent escalation of 2% on December 1 of each subsequent year.

Total rent expense for the years ended December 31, 2007 and 2006 was \$335,128 and \$308,752, respectively.

The Coalition has several non-cancelable sixty-month operating leases for office equipment which expire at various dates through December 2011.

THE COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 13 COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)

Future minimum payments are as follows:

Year ending December 31:	Equipment	Facilities	Total
2008	\$ 25,608	\$ 88,195	\$ 113,803
2009	21,648	82,312	103,960
2010	15,978	-	15,978
2011	5,375	-	5,375
Total	<u>\$ 68,609</u>	<u>\$ 170,507</u>	<u>\$ 239,116</u>

NOTE 14 RETIREMENT PLANS

Tax-deferred Annuity Plan

All employees, both full and part-time, who have attained the age of 21 and have been employed for more than ninety days, are eligible to participate in a 403(b) tax-deferred annuity plan (the Plan). The Plan is administered by a life insurance company.

The Coalition contributes up to 10% of an employee's annual base salary to the Plan on behalf of full-time employees who contribute at least 1% of their annual salary. For fiscal years 2007 and 2006, the Coalition contributed to the Plan \$44,318 and \$34,190, respectively.

Deferred Compensation Plan

The Coalition also maintains a deferred compensation plan for certain key executives and contributes an amount equal to 3% of the executives' annual compensation. This amount is invested in marketable securities and at December 31, 2007 and 2006, the Coalition recorded a liability under the plan of \$79,969 and \$67,437, respectively. The related expense amounted to \$12,532 for each of the years ended December 31, 2007 and 2006. During 2006, the Coalition paid \$7,837 from the plan to one of its key employees who retired.

THE COALITION FOR THE HOMELESS, INC.

SUPPLEMENTAL INFORMATION

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

	Program Services	Supporting Services		Total
		Fund- raising	General and Administrative	
Salaries	\$ 5,175,293	\$ -	\$ 300,224	\$ 5,475,517
Payroll taxes and fringe benefits	761,768	-	73,989	835,757
Advertising	10,626	3,861	-	14,487
Depreciation	79,012	-	6,072	85,084
Utilities	166,985	-	-	166,985
Consulting and contracting services	640,733	38,500	28,366	707,599
Legal and accounting	5,760	-	36,279	42,039
Maintenance and repairs	160,727	-	731	161,458
Training and staff development	4,747	-	1,175	5,922
Insurance	56,044	-	9,218	65,262
Office and computer supplies	107,480	422	22,539	130,441
Housing and food supplies	370,754	-	7,571	378,325
Transportation and travel	64,664	-	13,080	77,744
Printing and postage	12,137	-	11,537	23,674
Interest	959	-	-	959
Security	101,944	-	405	102,349
Facilities rent	248,685	-	86,443	335,128
Equipment leasing/rental	62,418	-	7,908	70,326
Telephone	98,063	-	17,740	115,803
Vehicle expense	43,750	-	116	43,866
Medical/lab fees	53,372	-	369	53,741
Property acquisition	3,663	-	-	3,663
Special events	-	549	-	549
Housing/mortgage assistance	40,849	-	-	40,849
Loss on disposal of property and equipment	45,864	-	-	45,864
Other expenses	56,248	8,287	19,491	84,026
TOTAL	\$ 8,372,545	\$ 51,619	\$ 643,253	\$ 9,067,417

See notes to financial statements.

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2006

	Program Services	Supporting Services		Total
		Fund- raising	General and Administrative	
Salaries	\$ 5,252,497	\$ -	\$ 310,277	\$ 5,562,774
Fringe benefits	717,261	-	66,929	784,190
Advertising	26,064	4,626	2,436	33,126
Depreciation	108,491	-	-	108,491
Utilities	168,772	-	-	168,772
Consulting and contracting services	257,349	-	23,035	280,384
Legal and accounting	-	-	41,802	41,802
Maintenance and repairs	169,351	-	403	169,754
Training and staff development	17,862	-	1,955	19,817
Insurance	56,434	-	2,194	58,628
Office and computer supplies	164,441	-	30,448	194,889
Housing and food supplies	805,880	3,145	8,740	817,765
Transportation and travel	61,776	-	11,597	73,373
Printing and postage	17,463	250	10,623	28,336
Interest	5,412	-	-	5,412
Security	112,745	-	540	113,285
Facilities rent	241,470	-	67,282	308,752
Equipment leasing/rental	68,508	500	10,945	79,953
Telephone	92,625	-	15,624	108,249
Vehicle expense	47,252	-	720	47,972
Medical/lab fees	59,308	-	290	59,598
Property acquisition	83,445	-	-	83,445
Special events	-	1,372	-	1,372
Housing/mortgage assistance	181,051	-	-	181,051
Other expenses	41,746	6,640	16,200	64,586
TOTAL	\$ 8,757,203	\$ 16,533	\$ 622,040	\$ 9,395,776

See notes to financial statements.

THE COALITION FOR THE HOMELESS, INC.

GOVERNMENT REPORTS

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2007

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Justice		
30-90 Day Halfway Back Sanctions	16.999	\$ <u>979,255</u>
U.S. Department of Housing and Urban Development		
Supportive Housing Programs:		
Direct Program:		
Spring Road	14.235	<u>171,463</u>
Pass-Through Program From:		
The Community Partnership for the Prevention of Homelessness		
Blair	14.235	173,816
Employment Training	14.235	<u>305,873</u>
Total		<u>479,689</u>
Total U.S. Department of Housing and Urban Development		<u>651,152</u>
U.S. Department of Health and Human Services		
Pass-Through Program From:		
The Community Partnership for the Prevention of Homelessness -		
Temporary Assistance for Needy Families	93.558	<u>3,086,196</u>
Total Expenditures of Federal Awards		<u><u>\$ 4,716,603</u></u>

The accompanying note is an integral part of this schedule.

THE COALITION FOR THE HOMELESS, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2007

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Coalition for the Homeless, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

OMB Circular A-133 requires that the schedule of expenditures of Federal Awards reflect total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA).

NOTE 2 REPORTING ENTITY

The accompanying schedule includes all federal financial assistance programs administered by the Coalition for the year ended December 31, 2007.



Walker & Company, LLP
Assurance, Business and Advisory Services

**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**

The Board of Directors
The Coalition for the Homeless, Inc.

We have audited the financial statements of The Coalition for the Homeless, Inc. (the Coalition) as of and for the years ended December 31, 2007 and 2006 and have issued our report thereon dated April 30, 2008. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Coalition's control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free of 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 audits, 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*.

This report is intended solely for the information and use of the Board of Directors and management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Walker & Company, LLP.

April 30, 2008



Walker & Company, LLP
Assurance, Business and Advisory Services

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
The Coalition for the Homeless, Inc.

Compliance

We have audited the compliance of The Coalition for the Homeless, Inc. (the Coalition) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Coalition's management. Our responsibility is to express an opinion on the Coalition's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Coalition'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. Our audit does not provide a legal determination on the Coalition's compliance with those requirements.

In our opinion, the Coalition complied in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Coalition's compliance with requirements that could have a direct and material effect on a major federal program in order to

determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Coalition's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Washer & Company, LLP

April 30, 2008

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
▪ Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>
16.999	30-90 Day Half Back Sanctions
14.235	Supportive Housing
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2007

Section II – Financial Statement Findings

Finding	Recommendation and Response
None.	

Section III – Federal Award Findings and Questioned Costs

Finding	Recommendation and Response
None.	

THE COALITION FOR THE HOMELESS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2007

Finding	Status
None.	