

Tentative and Preliminary (03/08/19)

**ALLIANCE TO END HOMELESSNESS IN  
SUBURBAN COOK COUNTY**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017**

**TOGETHER WITH AUDITOR'S REPORT**

# Tentative and Preliminary (03/08/19)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Alliance to End Homelessness  
in Suburban Cook County

We have audited the accompanying financial statements of Alliance to End Homelessness in Suburban Cook County (the Alliance) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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 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.

# Tentative and Preliminary (03/08/19)

To the Board of Directors of  
Alliance to End Homelessness  
in Suburban Cook County  
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## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance to End Homelessness in Suburban Cook County as of December 31, 2018 and 2017, 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.

## ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 a report dated **DATE**, on our consideration of the Alliance'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 controls 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* in considering the Alliance's internal control over financial reporting and compliance.

DUGAN & LOPATKA

Warrenville, Illinois  
**DATE**

# Tentative and Preliminary (03/08/19)

EXHIBIT 1

ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 245,560	\$ 128,206
Accounts receivable - Contract billings	285,047	239,008
- Contributions	-	56,250
Prepaid expenses and other assets	14,592	13,280
Total current assets	545,199	436,744
PROPERTY AND EQUIPMENT, net	15,833	13,345
Total assets	<u>\$ 561,032</u>	<u>\$ 450,089</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 72,097	\$ 46,350
Accrued vacation	18,194	18,798
Total current liabilities	90,291	65,148
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	374,063	273,404
With donor restrictions	96,678	111,537
Total net assets	470,741	384,941
Total liabilities and net assets	<u>\$ 561,032</u>	<u>\$ 450,089</u>

The accompanying notes are an integral part of this statement.

# Tentative and Preliminary (03/08/19)

EXHIBIT 2

ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contract income	\$ 1,529,825	\$ -	\$ 1,529,825	\$ 1,389,464	\$ -	\$ 1,389,464
Contributions	84,457	129,750	214,207	108,953	145,000	253,953
In-kind professional services	61,037	-	61,037	203	-	203
Other	6,465	-	6,465	6,505	-	6,505
Net assets released from restrictions	144,609	(144,609)	-	43,463	(43,463)	-
Total support and revenue	<u>1,826,393</u>	<u>(14,859)</u>	<u>1,811,534</u>	<u>1,548,588</u>	<u>101,537</u>	<u>1,650,125</u>
<b>FUNCTIONAL EXPENSES:</b>						
Program services -						
Data Collection	475,550	-	475,550	386,194	-	386,194
Coordinated Entry	720,841	-	720,841	736,253	-	736,253
Continuum of Care Planning	397,452	-	397,452	221,848	-	221,848
Total program services	<u>1,593,843</u>	<u>-</u>	<u>1,593,843</u>	<u>1,344,295</u>	<u>-</u>	<u>1,344,295</u>
Supporting services -						
Management and general	93,217	-	93,217	74,383	-	74,383
Fundraising	38,674	-	38,674	53,986	-	53,986
Total supporting services	<u>131,891</u>	<u>-</u>	<u>131,891</u>	<u>128,369</u>	<u>-</u>	<u>128,369</u>
Total functional expenses	<u>1,725,734</u>	<u>-</u>	<u>1,725,734</u>	<u>1,472,664</u>	<u>-</u>	<u>1,472,664</u>
CHANGE IN NET ASSETS	100,659	(14,859)	85,800	75,924	101,537	177,461
NET ASSETS, Beginning of year	<u>273,404</u>	<u>111,537</u>	<u>384,941</u>	<u>197,480</u>	<u>10,000</u>	<u>207,480</u>
NET ASSETS, End of year	<u>\$ 374,063</u>	<u>\$ 96,678</u>	<u>\$ 470,741</u>	<u>\$ 273,404</u>	<u>\$ 111,537</u>	<u>\$ 384,941</u>

The accompanying notes are an integral part of this statement.

# Tentative and Preliminary (03/08/19)

EXHIBIT 3

ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 85,800	\$ 177,461
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	7,324	8,169
Loss on sale of property and equipment	513	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	10,211	(94,744)
(Increase) in prepaid expenses and other assets	(1,312)	(1,409)
Increase (decrease) in accounts payable and accrued liabilities	25,747	(564)
Increase (decrease) in accrued vacation	(604)	685
Total adjustments	41,879	(87,863)
Net cash provided by operating activities	127,679	89,598
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(10,325)	(7,269)
NET CHANGE IN CASH AND CASH EQUIVALENTS	117,354	82,329
CASH AND CASH EQUIVALENTS, Beginning of year	128,206	45,877
CASH AND CASH EQUIVALENTS, End of year	\$ 245,560	\$ 128,206
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ -	\$ 10

The accompanying notes are an integral part of this statement.

# Tentative and Preliminary (03/08/19)

EXHIBIT 4

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ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>			Total Program Services	<u>Supporting Services</u>		Total
	Data Collection	Coordinated Entry	Continuum of Care Planning		Management and General	Fundraising	
Salaries	\$ 209,927	\$ -	\$ 220,700	\$ 430,627	\$ 40,608	\$ 20,263	\$ 491,498
Payroll taxes	15,048	-	15,820	30,868	2,911	1,452	35,231
Employee benefits	34,658	-	36,437	71,095	6,704	3,345	81,144
Grants to subrecipients	-	720,841	-	720,841	-	-	720,841
Consultant fees	6,889	-	49,179	56,068	2,963	8,302	67,333
Depreciation	3,128	-	3,289	6,417	605	302	7,324
Equipment rental and maintenance	8,432	-	5,432	13,864	1,990	-	15,854
Homeless Management Information							
System vendor fees	90,927	-	-	90,927	-	-	90,927
In-kind legal services	61,037	-	-	61,037	-	-	61,037
Insurance	-	-	-	-	6,381	-	6,381
Meetings and travel	18,230	-	19,166	37,396	3,526	1,760	42,682
Postage and shipping	-	-	1,099	1,099	74	400	1,573
Printing	330	-	2,324	2,654	-	250	2,904
Professional fees	554	-	16,262	16,816	22,022	53	38,891
Rent	12,499	-	13,140	25,639	2,418	1,206	29,263
Supplies	5,105	-	5,367	10,472	988	493	11,953
Utilities and other office	8,786	-	9,237	18,023	1,699	848	20,570
Other	-	-	-	-	328	-	328
<b>Total functional expenses</b>	<b>\$ 475,550</b>	<b>\$ 720,841</b>	<b>\$ 397,452</b>	<b>\$ 1,593,843</b>	<b>\$ 93,217</b>	<b>\$ 38,674</b>	<b>\$ 1,725,734</b>

The accompanying notes are an integral part of this statement.

# Tentative and Preliminary (03/08/19)

ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services			Total Program Services	Supporting Services		Total
	Data Collection	Coordinated Entry	Continuum of Care Planning		Management and General	Fundraising	
Salaries	\$ 207,966	\$ -	\$ 148,006	\$ 355,972	\$ 37,345	\$ 24,487	\$ 417,804
Payroll taxes	15,530	-	10,754	26,284	2,789	1,805	30,878
Employee benefits	33,219	-	23,003	56,222	5,965	3,860	66,047
Grants to subrecipients	-	736,253	-	736,253	-	-	736,253
Consultant fees	6,277	-	-	6,277	4,929	18,020	29,226
Depreciation	4,109	-	2,844	6,953	738	478	8,169
Equipment rental and maintenance	2,907	-	2,238	5,145	2,038	-	7,183
Homeless Management Information							
System vendor fees	75,880	-	-	75,880	-	-	75,880
In-kind legal services	203	-	-	203	-	-	203
Insurance	-	-	-	-	4,156	-	4,156
Interest	-	-	-	-	10	-	10
Meetings and travel	11,633	-	8,056	19,689	2,089	1,352	23,130
Postage and shipping	-	-	1,330	1,330	157	260	1,747
Printing	-	-	5,903	5,903	-	415	6,318
Professional fees	703	-	487	1,190	8,861	82	10,133
Rent	13,013	-	9,011	22,024	2,337	1,512	25,873
Supplies	4,670	-	3,234	7,904	839	543	9,286
Utilities and other office	10,084	-	6,982	17,066	1,810	1,172	20,048
Other	-	-	-	-	320	-	320
<b>Total functional expenses</b>	<b>\$ 386,194</b>	<b>\$ 736,253</b>	<b>\$ 221,848</b>	<b>\$ 1,344,295</b>	<b>\$ 74,383</b>	<b>\$ 53,986</b>	<b>\$ 1,472,664</b>

The accompanying notes are an integral part of this statement.

ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Alliance to End Homelessness in Suburban Cook County (the Alliance) was incorporated in August, 2004, in the State of Illinois as a not-for-profit organization. The Alliance was created to oversee the Continuum of Care programs established by the U.S. Department of Housing and Urban Development (HUD) for reviewing requests for block grant money from HUD for Suburban Cook County, Illinois. The Alliance serves as a convener for the collaborative, community-based endeavors of homeless service providers, affordable housing developers, local governments, foundations, and the private sector.

The financial statements were available to be issued on **DATE**, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies applied by management in the preparation of the accompanying financial statements.

Basis of Accounting -

The Alliance records its financial transactions and maintains its books and records on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation –

The financial statements of the Alliance have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Alliance is required to report information regarding its financial position and activities according to two classes of net assets, which are without donor restrictions and with donor restrictions.

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Alliance.

With donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Alliance or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2018 and 2017, net assets with donor restrictions were as follows:

Waterton Philanthropic Fund grant restricted		
for salary of Program Director	\$ 30,000	\$ 21,542
Funding received for subsequent period	<u>66,678</u>	<u>89,995</u>
	<u>\$ 96,678</u>	<u>\$ 111,537</u>

# Tentative and Preliminary (03/08/19)

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## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

### 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 reported amounts and disclosures. Actual results could differ from those estimates.

### Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Alliance considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

### Contract Billings Receivable -

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

### Property and Equipment -

Property and equipment are carried at original cost or fair market value at date of receipt for donated assets less accumulated depreciation. The Alliance follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using straight-line method over the estimated useful lives of the assets.

### Revenue and Support -

Grants and contributions that are restricted by the grantor/donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of 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.

### Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, benefits, consultant fees, meetings and travel, and professional fees, which are allocated on the basis of estimates of time and effort.

# Tentative and Preliminary (03/08/19)

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## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

### Income Taxes -

The Alliance has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income tax has been established. In addition, the Alliance qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under IRC Section 509(a)(1).

The Alliance files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Alliance is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2015. The Alliance does not expect a material net change in unrecognized tax benefits in the next twelve months.

### New Accounting Pronouncement –

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Alliance to End Homelessness in Suburban Cook County has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

## (2) DONATED SERVICES, MATERIALS, AND FACILITIES:

Donations of services are recorded if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended December 31, 2018 and 2017, the Alliance received donated legal services valued at \$61,037 and \$203, respectively.

In-kind donations of materials are recorded at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Conditional transfers of assets are recognized when the conditions upon which they depend are substantially met. During the years ended December 31, 2018 and 2017, there were no such donations.

## (3) PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 65,629	\$ 58,103
Less - Accumulated depreciation	<u>(49,796)</u>	<u>(44,758)</u>
	<u>\$ 15,833</u>	<u>\$ 13,345</u>

Depreciation expense for the years ended December 31, 2018 and 2017, was \$7,324 and \$8,169, respectively.

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## (4) LINE OF CREDIT:

The Alliance has a \$100,000 line of credit from a bank, bearing interest at prime plus one percent, with a minimum rate of 3.00%, and due in August, 2019. The Alliance had no outstanding borrowings as of December 31, 2018 and 2017.

## (5) COMPENSATED ABSENCES:

The Alliance has a vesting vacation policy. The amount of existing vacation time remaining as of December 31, 2018 and 2017, is \$18,194 and \$18,798, respectively.

## (6) LEASE COMMITMENTS:

The Alliance entered into a long-term lease agreement for its office space which expires June 30, 2022. Rent expense paid under the lease amounted to \$29,263 and \$25,872 for the years ended December 31, 2018 and 2017, respectively.

Minimum lease payments due for the years ending December 31 are as follows:

2019	\$	37,872
2020		39,012
2021		40,182
2022		<u>20,388</u>
	\$	<u>137,454</u>

## (7) CONTINUUM OF CARE COMPETITION:

The Alliance successfully negotiated \$13,107,890 and \$12,080,398 in Homeless Assistance Grants on behalf of its member agencies in the 2018 and 2017 HUD Continuum of Care competitions, respectively, with amounts awarded in the subsequent calendar year.

## (8) CONCENTRATIONS:

The Alliance received approximately 75% and 73% of its total public support and revenue from the U.S. Department of Housing and Urban Development for the years ended December 31, 2018 and 2017, respectively. For those years then ended, 40% and 45% of total public support and revenue was pass-through funds to sub-recipients, respectively. Excluding amounts passed-through to sub-recipients, for the years ended December 31, 2018 and 2017, 59% and 52% of its total public support and revenue was received from the U.S. Department of Housing and Urban Development, respectively.

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## (9) AVAILABILITY AND LIQUIDITY:

The following represents the Alliance's financial assets at December 31, 2018:

Financial assets at year end:

Cash and cash equivalents	\$ 245,560
Receivables	<u>285,047</u>

Total financial assets	530,607
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Less amounts not available to be used within one year:

Net assets with donor restrictions	96,678
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Less net assets with purpose restriction to be met in less than a year

<u>(96,678)</u>
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Financial assets available to meet general expenditures

Over the next twelve months	<u>\$ 530,607</u>
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The Alliance's goal is to generally maintain enough financial assets to meet 3 months of operating expenses (approximately \$250,000, excluding grants to sub-recipients). Excess cash is invested in money market accounts. The Alliance also has a \$100,000 line of credit to meet cash flow needs.

# Tentative and Preliminary (03/08/19)

## 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 of  
Alliance to End Homelessness  
in Suburban Cook County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alliance to End Homelessness in Suburban Cook County (the Alliance) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flow and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **DATE**.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Alliance'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance'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. 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.

# Tentative and Preliminary (03/08/19)

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*  
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## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Alliance'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 Alliance'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 Alliance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DUGAN & LOPATKA

Warrenville, Illinois

DATE

# Tentative and Preliminary (03/08/19)

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

To the Board of Directors of  
Alliance to End Homelessness  
in Suburban Cook County

### ***Report on Compliance for Each Major Federal Program***

We have audited Alliance to End Homelessness in Suburban Cook County (the Alliance) 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 Alliance's major federal programs for the year ended December 31, 2018. The Alliance'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Alliance'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 the Alliance'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 the Alliance's compliance.

# Tentative and Preliminary (03/08/19)

Independent Auditor's Report  
on Compliance for each Major Federal Program  
and on Internal Control over Compliance  
Required by Uniform Guidance  
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## ***Opinion on Each Major Federal Program***

In our opinion, the Alliance 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, 2018.

## ***Report on Internal Control Over Compliance***

Management of the Alliance is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Alliance's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 Alliance's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DUGAN & LOPATKA

Warrenville, Illinois

DATE

# Tentative and Preliminary (03/08/19)

EXHIBIT 5

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ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor	Pass- Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Department of Housing and Urban Development:					
Continuum of Care	14.267				\$ 597,670
Continuum of Care	14.267				62,057
Continuum of Care	14.267				131,135
Continuum of Care	14.267				151,770
Continuum of Care	14.267				208,707
Continuum of Care	14.267				<u>215,653</u>
Total Continuum of Care				<u>\$ 720,841</u>	<u>1,366,992*</u>
Community Development Block Grant	14.218	Cook County Department of Planning and Development	1702-025		38,448
Community Development Block Grant	14.218	Cook County Department of Planning and Development	1802-026		<u>17,300</u>
Total Community Development Block Grant					<u>55,748</u>
Emergency Solutions Grants Program	14.231	Village of Oak Park	S17-1		5,917
Emergency Solutions Grants Program	14.231	Village of Oak Park	S18-1		4,285
Emergency Solutions Grants Program	14.231	Cook County Department of Planning and Development	E18-01		<u>55,000</u>
Total Emergency Shelter Grants Program					<u>65,202</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 720,841</u>	<u>\$ 1,487,942</u>

\*Major program

# Tentative and Preliminary (03/08/19)

EXHIBIT 5

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ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Alliance to End Homelessness in Suburban Cook County (the Alliance) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Alliance, it is not intended to and does not represent the financial position, changes in net assets, or cash flows of the Alliance.

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

Note C - Indirect Cost Rates:

The Alliance has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D - Non-Cash Awards:

The Alliance did not have any outstanding federal loans or loan guarantees or insurance at December 31, 2018, and did not receive any federal non-cash awards during the year ended December 31, 2018.

ALLIANCE TO END HOMELESSNESS IN SUBURBAN COOK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

PART 1: SUMMARY OF AUDIT RESULTS -

1. The auditor's report expresses an unmodified opinion on the financial statements of Alliance to End Homelessness in Suburban Cook County.
2. There were no material weaknesses disclosed during the audit of the financial statements. No significant deficiencies related to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Alliance to End Homelessness in Suburban Cook County were disclosed during the audit.
4. There were no significant deficiencies in internal control over compliance disclosed during the audit of the major federal award programs. There were no material weaknesses disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Alliance to End Homelessness in Suburban Cook County expresses an unmodified opinion on all major federal programs.
6. There are no audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a).
7. The programs tested as major programs included:

Continuum of Care Program	14.267
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8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Alliance to End Homelessness in Suburban Cook County was determined not to be a low-risk auditee.

PART 2: FINDINGS - FINANCIAL STATEMENTS AUDIT (GAGAS) -

There were no audit findings or questioned costs.

PART 3: AUDIT FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
AUDIT -

There were no audit findings or questioned costs.