

**FEDERAL AWARDS
SUPPLEMENTARY INFORMATION
of
TOLEDO LUCAS COUNTY
HOMELESSNESS BOARD**

Year ended December 31, 2014

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**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***

Board of Directors
Toledo Lucas County Homelessness Board

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 Toledo Lucas County Homelessness Board (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Toledo Lucas County Homelessness Board'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 Toledo Lucas County Homelessness Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Toledo Lucas County Homelessness Board'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Toledo Lucas County Homelessness Board'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.

DeMarco & Associates CPAs LLC

Perrysburg, Ohio
July 16, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Directors
Toledo Lucas County Homelessness Board

Report on Compliance for Each Major Federal Program

We have audited Toledo Lucas County Homelessness Board's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Toledo Lucas County Homelessness Board's major federal programs for the year ended December 31, 2014. Toledo Lucas County Homelessness Board'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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Toledo Lucas County Homelessness Board'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 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 Toledo Lucas County Homelessness Board'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 Toledo Lucas County Homelessness Board's compliance.

Opinion on Each Major Federal Program

In our opinion, Toledo Lucas County Homelessness Board 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, 2014.

Report on Internal Control over Compliance

Management of Toledo Lucas County Homelessness Board 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 Toledo Lucas County

Homelessness Board'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 federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Toledo Lucas County Homelessness Board'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. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Toledo Lucas County Homelessness Board as of and for the year ended December 31, 2014, and have issued our report thereon dated July 16, 2015, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

DeMarco & Associates CPAs LLC

Perrysburg, Ohio
July 16, 2015

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA/Grant Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development Office of Community Planning and Development/Pass-through City of Toledo/Emergency Solutions Grant Program	14.231 25 th YR ESG	\$ 31,251
Department of Housing and Urban Development Office of Community Planning and Development/Pass-through City of Toledo/Emergency Solutions Grant Program	14.231 26 th YR ESG	8,914
Department of Housing and Urban Development Office of Community Planning and Development/Pass-through City of Toledo/Emergency Solutions Grant Program	14.231 27 th YR ESG	293,763
Department of Housing and Urban Development Office of Community Planning and Development/Pass-through City of Toledo/Emergency Solutions Grant Program	14.231 28 th YR ESG	<u>44,506</u>
Total Emergency Solutions Grant Program		375,434
Department of Housing and Urban Development Office of Community Planning and Development/Continuum of Care Program	14.267 OH0034L5E011205	39,873
Department of Housing and Urban Development Office of Community Planning and Development/Continuum of Care Program	14.267 OH0440L5E011200	31,981
Department of Housing and Urban Development Office of Community Planning and Development/Continuum of Care Program	14.267 OH0034L5E011306	<u>41,580</u>
Total Continuum of Care		113,434
Department of Housing and Urban Development Office of Community Planning and Development/Pass-through City of Toledo/Community Development Block Grants/Entitlement Grants	14.218 39 th YR CDBG	210,592
Department of Housing and Urban Development Office of Community Planning and Development/Pass-through City of Toledo/Community Development Block Grants/Entitlement Grants	14.218 40 th YR CDBG	<u>26,364</u>
Total Community Development Block Grants		236,956

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA/Grant Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development Office of Community Planning and Development/Pass-through City of Toledo/Home Investment Partnerships Program	14.239 TBRA	<u>172,503</u>
Total Expenditures		\$ <u><u>898,327</u></u>

<u>State Award – Nonfederal Agency/Division/Program</u>	<u>Grant Number</u>	<u>State Expenditures</u>
Ohio Department Service Agency/Low and Moderate Income (LMI) Housing Trust Fund (HTF)/ Homeless Crisis Response Program	S-L-12-7PP-1	\$ 346,332

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE
AWARDS

Note A - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Toledo Lucas County Homelessness Board and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 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.

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 OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program(s):

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program(s):

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.231	Department of Housing and Urban Development Office of Community Planning and Development/Pass-through City of Toledo/Emergency Solutions Grant Program
14.267	Department of Housing and Urban Development Office of Community Planning and Development/Continuum of Care Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section II – Financial Statement Audit Findings

No matters were reported.

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section III – Federal Program Audit Findings and Questioned Costs

No matters were reported.

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**

Section II - Financial Statement Audit Findings

No matters were reported.

**TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**

Section III – Federal Program Audit Findings and Questioned Costs

Finding 2013 - 1 Cash Management

Condition: The organization has not implemented a cash management system to ensure compliance with the fifteen day rule. The OHCP Financial Management Rules and Regulations state, “Funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of the funds.” For grants tested, the agency held a balance of more than \$5,000 for longer than fifteen days.

CFDA Number 14.231			
<u>Date of Draw Down</u>	<u>Cash Balance</u>	<u>Date of Disbursement</u>	<u>Days Out of Compliance</u>
6/5/12	\$55,648.66	2/28/14	633 Days
8/30/12	\$42,950.00	2/28/14	547 Days

Recommendation: We recommend that the organization develop and implement a cash management system to minimize the amount of time funds are kept on hand and that draw downs meet the 15-day rule. We recommend complete utilization of accounting systems to track cash requirement needs. We recommend the organization examine, negotiate and implement policies and procedures that will provide appropriate levels of funding to manage cost reimbursement type arrangements.

Current status: The organization is no longer receiving funding as it relates to the fifteen day rule under cost reimbursement type arrangements. Therefore, the compliance with the fifteen day rule is no longer applicable. However, responsible officials have worked on adopting related policies and procedures to comply with the rules of utilization of draw down type funding.