## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors’ Report</td>
<td>1-2</td>
</tr>
<tr>
<td>Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>4</td>
</tr>
<tr>
<td>Statement of Functional Expenses</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>7-17</td>
</tr>
<tr>
<td>Supplementary Financial Information:</td>
<td></td>
</tr>
<tr>
<td>Schedule of Expenditures of Federal Awards</td>
<td>19</td>
</tr>
<tr>
<td>Notes to the Schedule of Expenditures of Federal Awards</td>
<td>20</td>
</tr>
<tr>
<td>Reports on Compliance and Internal Controls:</td>
<td></td>
</tr>
<tr>
<td>Report on Internal Control over Financial Reporting and on Compliance</td>
<td>21-22</td>
</tr>
<tr>
<td>and Other Matters Based on an Audit of Financial Statements Performed</td>
<td></td>
</tr>
<tr>
<td>in Accordance with Government Auditing Standards</td>
<td></td>
</tr>
<tr>
<td>Report on Compliance with Requirements That Could Have a Direct and</td>
<td>21-22</td>
</tr>
<tr>
<td>Material Effect on each Major Program and on Internal Control over</td>
<td></td>
</tr>
<tr>
<td>Compliance in Accordance with OMB Circular A-133</td>
<td></td>
</tr>
<tr>
<td>Schedule of Findings and Questioned Costs</td>
<td>25</td>
</tr>
<tr>
<td>Summary Schedule of Prior Audit Findings</td>
<td>26</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Homeless Alliance, Inc.
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of The Homeless Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Homeless Alliance, Inc. as of June 30, 2013 and 2012, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2013 on our consideration of The Homeless Alliance, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The Homeless Alliance, Inc.’s internal control over financial reporting and compliance.

[Signature]
Certified Public Accountants

Oklahoma City, Oklahoma
September 25, 2013
# THE HOMELESS ALLIANCE, INC.

## STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (Notes 2 and 5)</td>
<td>$200,977</td>
<td>$257,253</td>
</tr>
<tr>
<td>Fees and grants receivable (Note 3)</td>
<td>243,552</td>
<td>334,757</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>6,412</td>
<td>5,416</td>
</tr>
<tr>
<td>Investments (Notes 4 and 5)</td>
<td>9,154</td>
<td>8,567</td>
</tr>
<tr>
<td>Land, building, and equipment at cost, net of accumulated depreciation of $565,660 and $293,628 (Note 6)</td>
<td>5,631,768</td>
<td>5,900,898</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$6,091,863</strong></td>
<td><strong>$6,506,891</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$169,435</td>
<td>$14,947</td>
</tr>
<tr>
<td>Payroll taxes payable</td>
<td>4,192</td>
<td>862</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>19,795</td>
<td>24,677</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>33,474</td>
<td>25,990</td>
</tr>
<tr>
<td>Note payable (Note 7)</td>
<td>669,995</td>
<td>679,931</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>896,891</strong></td>
<td><strong>746,407</strong></td>
</tr>
</tbody>
</table>

### Net assets:

- **Unrestricted**
  - 2013: $4,985,301
  - 2012: $5,456,318

- **Temporarily restricted (Note 8)**
  - 2013: $200,517
  - 2012: $295,599

- **Permanently restricted**
  - 2013: $9,154
  - 2012: $8,567

| **Total net assets** | **5,194,972** | **5,760,484** |

| **Total liabilities and net assets** | **$6,091,863** | **$6,506,891** |

The accompanying notes are an integral part of this schedule.
## Statement of Activities

**For the Year Ended June 30,**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in unrestricted net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions, grants, and other revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public support</td>
<td>$258,410</td>
<td>$110,380</td>
</tr>
<tr>
<td>Foundations, trusts, and not-for-profit organizations</td>
<td>286,588</td>
<td>491,873</td>
</tr>
<tr>
<td>Donated professional services and facilities (Note 9)</td>
<td>1,794</td>
<td>15,801</td>
</tr>
<tr>
<td>Federal and state grants and contracts</td>
<td>944,111</td>
<td>1,531,842</td>
</tr>
<tr>
<td>Interest income</td>
<td>923</td>
<td>711</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>1,491,826</td>
<td>2,150,607</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of use restriction</td>
<td>207,366</td>
<td>393,436</td>
</tr>
<tr>
<td><strong>Total net assets released from restriction</strong></td>
<td>207,366</td>
<td>393,436</td>
</tr>
<tr>
<td><strong>Total revenue, gains and other support</strong></td>
<td>1,699,192</td>
<td>2,544,043</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>2,053,237</td>
<td>1,857,739</td>
</tr>
<tr>
<td>Fundraising</td>
<td>13,408</td>
<td>29,331</td>
</tr>
<tr>
<td>Management and general</td>
<td>103,564</td>
<td>130,176</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>2,170,209</td>
<td>2,017,246</td>
</tr>
<tr>
<td><strong>Increase (decrease) in unrestricted net assets</strong></td>
<td>(471,017)</td>
<td>526,797</td>
</tr>
<tr>
<td><strong>Changes in temporarily restricted net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation grants</td>
<td>110,000</td>
<td>275,000</td>
</tr>
<tr>
<td>Public support</td>
<td>2,284</td>
<td>33,350</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>112,284</td>
<td>308,350</td>
</tr>
<tr>
<td><strong>Net assets released from restriction (Note 8)</strong></td>
<td>(207,366)</td>
<td>(393,436)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in temporarily restricted net assets</strong></td>
<td>(95,082)</td>
<td>(85,086)</td>
</tr>
<tr>
<td><strong>Changes in permanently restricted net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized and realized gains (losses) (Note 4)</td>
<td>587</td>
<td>(412)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in permanently restricted net assets</strong></td>
<td>587</td>
<td>(412)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in total net assets</strong></td>
<td>(565,512)</td>
<td>441,299</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>5,760,484</td>
<td>5,319,185</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$5,194,972</td>
<td>$5,760,484</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this schedule.
### THE HOMELESS ALLIANCE, INC.

#### STATEMENT OF FUNCTIONAL EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Total Programs</th>
<th>Fundraising</th>
<th>Management and General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For the Year Ended June 30, 2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee compensation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$444,849</td>
<td>$11,022</td>
<td>$19,050</td>
<td>$474,921</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>66,515</td>
<td>1,110</td>
<td>1,305</td>
<td>68,930</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>33,710</td>
<td>765</td>
<td>1,812</td>
<td>36,287</td>
</tr>
<tr>
<td><strong>Total employee compensation</strong></td>
<td>545,074</td>
<td>12,897</td>
<td>22,167</td>
<td>580,138</td>
</tr>
<tr>
<td>Conferences and dues</td>
<td>16,080</td>
<td>705</td>
<td>16,785</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>271,486</td>
<td>546</td>
<td>272,032</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>24,863</td>
<td>3,421</td>
<td>28,284</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>34,726</td>
<td>30</td>
<td>34,756</td>
<td></td>
</tr>
<tr>
<td>Meetings and travel</td>
<td>7,402</td>
<td>175</td>
<td>2,061</td>
<td>9,638</td>
</tr>
<tr>
<td>Minor equipment and software</td>
<td>42,733</td>
<td>227</td>
<td>42,960</td>
<td></td>
</tr>
<tr>
<td>Occupancy</td>
<td>72,253</td>
<td>2,299</td>
<td>74,552</td>
<td></td>
</tr>
<tr>
<td>Professional services</td>
<td>639,471</td>
<td>65</td>
<td>68,694</td>
<td>708,230</td>
</tr>
<tr>
<td>Specific assistance to individuals</td>
<td>372,506</td>
<td>65</td>
<td>372,506</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>26,643</td>
<td>271</td>
<td>3,414</td>
<td>30,328</td>
</tr>
<tr>
<td><strong>Total functional expenses</strong></td>
<td>$2,053,237</td>
<td>$13,408</td>
<td>$103,564</td>
<td>$2,170,209</td>
</tr>
</tbody>
</table>

|                          |                |             |                        |           |
| **For the Year Ended June 30, 2012** |                |             |                        |           |
| Employee compensation:   |                |             |                        |           |
| Salaries                 | $435,907       | $13,278     | $57,379                | $506,564  |
| Employee benefits        | 55,830         | 1,387       | 6,641                  | 63,858    |
| Payroll taxes            | 31,526         | 999         | 3,896                  | 36,421    |
| **Total employee compensation** | 523,263 | 15,664 | 67,916 | 606,843 |
| Conferences and dues     | 8,139          | 455         | 8,594                  |           |
| Depreciation             | 261,531        | 562         | 262,093                |           |
| Insurance                | 15,813         | 4,271       | 20,084                 |           |
| Interest                 | 46,459         | 47          | 46,506                 |           |
| Meetings and travel      | 9,974          | 755         | 13,379                 |           |
| Minor equipment and software | 109,101    | 1,661       | 110,762                |           |
| Occupancy                | 71,819         | 3,199       | 75,018                 |           |
| Professional services    | 389,457        | 12,000      | 45,446                 | 446,903   |
| Specific assistance to individuals | 391,475 | 45,446 | 391,475 |           |
| Supplies                 | 30,708         | 912         | 3,969                  | 35,589    |
| **Total functional expenses** | $1,857,739 | $29,331 | $130,176 | $2,017,246 |

The accompanying notes are an integral part of this schedule.
THE HOMELESS ALLIANCE, INC.
STATEMENT OF CASH FLOWS

For the Year
Ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from donors and grants</td>
<td>$1,694,391</td>
<td>$2,790,518</td>
</tr>
<tr>
<td>Cash received from earnings on investments</td>
<td>923</td>
<td>711</td>
</tr>
<tr>
<td>Cash paid to employees and suppliers</td>
<td>(1,738,752)</td>
<td>(2,272,891)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>(43,438)</td>
<td>518,338</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisitions of property and equipment</td>
<td>(2,902)</td>
<td>(738,387)</td>
</tr>
<tr>
<td>Net cash provided (used) by investing activities</td>
<td>(2,902)</td>
<td>(738,387)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from refinancing notes payable</td>
<td>685,085</td>
<td></td>
</tr>
<tr>
<td>Payments on notes payable</td>
<td>(695,021)</td>
<td>(69,415)</td>
</tr>
<tr>
<td>Net cash provided (used) by financing activities</td>
<td>(9,936)</td>
<td>(69,415)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash</td>
<td>(56,276)</td>
<td>(289,464)</td>
</tr>
<tr>
<td>Cash at beginning of year</td>
<td>257,253</td>
<td>546,717</td>
</tr>
<tr>
<td>Cash at end of year</td>
<td>$200,977</td>
<td>$257,253</td>
</tr>
</tbody>
</table>

Reconciliation of change in net assets to net cash provided by operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>(565,512)</td>
<td>441,299</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>272,032</td>
<td>262,093</td>
</tr>
<tr>
<td>Unrealized and realized (gains) losses</td>
<td>(587)</td>
<td>412</td>
</tr>
<tr>
<td>(Increase) decrease in grants receivable</td>
<td>91,205</td>
<td>332,294</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(996)</td>
<td>5,954</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable and accrued expenses</td>
<td>160,420</td>
<td>(523,714)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>(43,438)</td>
<td>518,338</td>
</tr>
</tbody>
</table>

Supplemental schedule of noncash operating activities:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair market value of services, facilities and equipment donated</td>
<td>$1,794</td>
<td>$15,801</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this schedule.
1. Nature of Activities and Summary of Significant Accounting Policies

Organization - The Homeless Alliance, Inc. (the Alliance), was organized in April, 2004 under the laws of the State of Oklahoma as a not-for-profit corporation. The Alliance is dedicated to improving the system of care for the homeless in Oklahoma City through collaboration with government, faith-based, and nonprofit service providers, city government, and local businesses. The ultimate goal of the Alliance is to rally the community to end long-term homelessness in Oklahoma City by both preventing homelessness and increasing the supply of affordable and permanent supportive housing to move those who are currently homeless back into housing. As a means of reaching the goal of ending homelessness, the Alliance envisions a cohesive collaborative and coordinated system of care, utilizing recognized best practices to dramatically improve the services provided to the homeless population. The Homeless Alliance seeks to find better ways to help the homeless and make the system more efficient, rational, and caring.

The Homeless Alliance, Inc. is supported by public donations, grants and other financial support from private foundations and other grant-making organizations in addition to governmental funding. Members of the Board serve on a voluntary basis receiving no compensation.

Financial Statement Presentation - The Alliance’s financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles for not-for-profit organizations. The Alliance reports information regarding its financial position and changes in net assets according to three classes of net assets based on the existence or absence of donor-imposed restrictions, as follows: unrestricted net assets consist of expendable amounts available to support the Alliance’s operations and objectives; temporarily restricted net assets consist of amounts which have been temporarily restricted by donors for specific purposes or time periods; and permanently restricted net assets consist of amounts required to be maintained by the Alliance, with income generated by such amounts available to support operations and objectives.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
THE HOMELESS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended June 30, 2013 and 2012

Contributions - The Alliance reports support in conformity with U. S. generally accepted accounting principles for not-for-profit organizations. Contributions, including unconditional promises to give, are recognized as revenue in the period received or promised and are reported as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions.

The Alliance reports gifts of cash or other assets as restricted support if the donor imposes restrictions that limit the use of the donated asset. When a donor restriction expires, through the passage of time or accomplishment of the stipulated purpose, the Alliance reclassifies temporarily restricted net assets as unrestricted net assets and reports them in the statement of activities as net assets released from restriction. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Property and Equipment - The Alliance capitalizes all major expenditures for equipment. The Alliance records such assets at cost, or if acquired by gift, at fair value at date of receipt. Depreciation has been provided on the straight-line method over a useful life ranging from 1 to 3 years for equipment, and 30 years for the building (Note 6).

Income Taxes - The Alliance is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

The Alliance evaluates and accounts for their uncertain tax positions, if any, in accordance with U.S. generally accepted accounting principles, including the Alliance’s tax position as a tax-exempt not-for-profit entity. Through the Alliance’s evaluation of its uncertain tax positions, management has determined no uncertain tax positions exist as of June 30, 2013. The Alliance’s Form 990 filings for the years ended before June 30, 2010 are no longer subject to examination by taxing authorities.

Statement of Cash Flows - For purposes of the statement of cash flows, only bank deposits subject to immediate withdrawal are considered to be cash equivalents.

Functional Expense Allocation - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, indirect costs have been allocated among the programs and supporting services benefited. The allocation of certain indirect expenses between supporting services (management and general) and program services (the programs conducted by the Alliance) is based on estimates and the determination of the percentage of effort expended by employees and other statistical factors.
THE HOMELESS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended June 30, 2013 and 2012

Subsequent Events - Management has evaluated subsequent events through September 25, 2013 which is the date the financial statements were available to be issued.

2. Concentration of Credit Risk

The Alliance maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Alliance has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash or cash equivalents. The sources of support for the Alliance are limited to individuals, businesses and foundations in the local geographical area. Six governmental grants accounted for 44% of revenue received for the year ended June 30, 2013.

3. Fees and Grants

The following agreements have been entered into between the Alliance and the City of Oklahoma City:

Homeless Management Information System (HMIS) - All communities, states and tribal entities receiving U.S. Housing and Urban Development funds for the homeless are required to implement an HMIS. The funds are to be used to provide information technology hardware, software and training to agencies that serve the homeless in order to track the progress of individuals receiving services, to share information among agencies on shared clients, and to provide a means to aggregate data on the homeless within the community. The HMIS is funded by two agreements:

A) Funding for the first agreement is made available under the U.S. Housing and Urban Development (HUD) Supportive Housing Grant Program administered by the City of Oklahoma City (City). The grant is a cost-reimbursement grant totaling $162,500 for November 1, 2012 through October 31, 2013. This grant requires the Alliance to provide a 25% cash match to the reimbursement received. The City retains $3,869 of the entire grant as administrative fees, and the Alliance is allowed administrative expenditures of $3,869, leaving a net amount for program service expenditures of $154,762 for the grant period. As of June 30, 2013, $25,371 is recorded as a receivable for this grant.

B) The second agreement is a social service grant to provide professional services related to administering the HMIS system. Under the terms of this agreement, the Alliance received $20,000 as of June 30, 2013 and 2012. Requirements to qualify for this grant include that at least 95% of the services provided to the homeless by various participating agencies occur within the corporate limits of the City.
Coordinated Case Management - Funding is to provide a coordinated team-based approach to help homeless families and families at risk of becoming homeless move from emergency shelters to secure housing. The program matches case managers from existing local agencies that serve the homeless to provide coordinated care for families in the program. Two Emergency Solutions Grants were received for July 1, 2012 through June 30, 2013. Both are cost reimbursement grants requiring the Alliance provide a 100% match. The 2012-2013 grant awarded $72,000 and the 2011 Second Allocation grant totaled $54,500. Both grants cover direct financial assistance for first month’s rent, security deposits and utility deposits as well as operational costs and quality assurance. The funds were made available under the HUD Emergency Solutions Grant Program administered by the City. As of June 30, 2013, $25,706 and $5,965 are recorded as a receivable under these grants.

Housing Locator - Funding is to work with landlords and property owners to facilitate placement of clients in safe, affordable housing. The program requires the development and maintenance of effective working relationships with local landlords and property developers, serve as a housing resource for the Continuum of Care agencies seeking to place clients, conduct housing inspections prior to leasing, assist with identification of potential rehabilitation properties for future development and coordinate with Oklahoma AIDS Care Fund to identify, inspect and develop properties outside the Oklahoma City limits. This a cost reimbursement grant totaling $20,000 for the fiscal year ended June 2013. The Alliance is required to provide a 100% match. The funds were made available under the HUD Emergency Solutions Grant Program administered by the City. As of June 30, 2013, $6,664 is recorded as receivable under this grant.

Develop WestTown Facilities - The City provides funding for professional services to develop programs and coordinate the development of services to the homeless at the WestTown facility. Under the terms of this agreement, the Alliance received $190,000 as of June 30, 2013 and 2012. The agreement may be renewed annually. As of June 30, 2013, $47,500 is recorded as a receivable under this contract.
Neighborhood Stabilization Program - Funding is provided to build and operate a comprehensive “one-stop” resource center by co-locating programs and coordinating the development of services to the homeless at the WestTown property owned by the Homeless Alliance. The agreement is effective from March 1, 2009 to June 30, 2013. The Alliance has agreed to operate the facility for its intended purpose for a period of no less than 20 years following the completion of construction. The funds were made available through the HUD’s Neighborhood Stabilization Program. The agreement was subsequently amended to include providing a day shelter at the WestTown facility. Total funding available under the agreement is $4,800,000. All funding had been received as of June 30, 2013.

Supportive Housing Program - Funding is provided to lease 20 scattered site units of permanent supportive housing for families meeting the needs guideline under the U.S. Department of Housing and Urban Development’s Supportive Housing Grant Program and provide case management, life skills, employment services for these families. The grant term ends on October 31, 2013. The maximum for this grant is $358,654. This grant requires the Alliance to provide a 20% match for case management, life skills, employment services and HMIS activities and a 25% match for program management, maintenance, repairs and insurance. No cash match is required for the funds used for lease payments. The City retains $8,539 of the entire grant as administrative fees, and the Alliance is allowed administrative expenditures of $8,539, leaving a net amount for program service expenditures of $341,576 for the grant period. As of June 30, 2013, $51,871 is recorded as receivable for this grant.

Emergency Food and Shelter Program - The Alliance received a grant of $11,919 under the Emergency Food and Shelter Program. Funds are used to provide temporary shelter for families or one month rent or mortgage payments.
THE HOMELESS ALLIANCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
For the Years Ended June 30, 2013 and 2012

The following is a summary of fees and grants receivable at June 30, 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Oklahoma City:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUD Supportive Grant Program (HMIS)</td>
<td>$25,371</td>
<td>$18,628</td>
</tr>
<tr>
<td>Emergency Solutions Grant</td>
<td>38,335</td>
<td>7,840</td>
</tr>
<tr>
<td>Professional Services Contract</td>
<td>47,500</td>
<td>95,000</td>
</tr>
<tr>
<td>Homelessness Prevention and Rapid Rehousing Program</td>
<td></td>
<td>27,833</td>
</tr>
<tr>
<td>Supportive Housing Program</td>
<td>51,871</td>
<td>32,665</td>
</tr>
<tr>
<td>Total grants through City of Oklahoma City</td>
<td>163,077</td>
<td>181,966</td>
</tr>
<tr>
<td>Foundations and other</td>
<td>80,475</td>
<td>152,791</td>
</tr>
<tr>
<td></td>
<td><strong>$243,552</strong></td>
<td><strong>$334,757</strong></td>
</tr>
</tbody>
</table>

4. **Endowed Funds Held by Communities Foundation**

The Alliance is the beneficiary of a designated agency endowment fund held by the Communities Foundation of Oklahoma, Inc. (CFO) with a market value of $15,497 at June 30, 2013. This endowment was established with funds contributed by both the Alliance and other third party donors. Under the terms of CFO’s designated fund policies, CFO has variance power over these assets, and only that portion of the assets contributed by the Alliance together with earnings thereon, is considered to represent the present value of future distributions expected to be made to the Alliance. Of the total fund balance at June 30, 2013, $9,154 represents contributions and accumulated earnings by the Alliance and is included as an asset in the accompanying statements of financial position. The market value of assets contributed by third party donors of $6,342 at June 30, 2013 is not reported in the Alliance’s financial statements.

The Alliance receives annual distributions from the fund, subject to CFO’s spending policy, which totaled $707 for the year ended June 30, 2013.

As required by principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the Alliance to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions. All of the Alliance’s permanent endowment funds as of June 30, 2013, are held in trust by others and any determination of the application of generally accepted accounting principles
would originate from within those outside organizations and net asset classification or reclassification, if any, would be reported to the Alliance for inclusion in the accompanying financial statements. No such reclassification was reported for the year ended June 30, 2013. Therefore the Alliance continues to classify as permanently restricted net assets 1) the original value of endowed gifts, 2) subsequent gifts, and 3) any accumulations or adjustments made to the permanent endowments in accordance with the donor gift instrument as classified by CFO.

5. Disclosure About Fair Value of Financial Instruments

U.S. generally accepted accounting principles (GAAP) requires the Alliance to disclose estimated fair values for all financial instruments. Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

The fair values reported below for financial instruments were based on a variety of factors. In some cases, fair values have been estimated based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of risk. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of June 30, 2013 and 2012, or that will be realized in the future.

The carrying amounts of cash and cash equivalents approximate their fair values because of the terms and relatively short maturity of these assets. The carrying value of investments, which is fair value, is based upon quoted market prices, if available. If quoted market prices are not available, fair value is estimated using quoted prices for similar securities.

The Alliance’s financial instruments at June 30 were as follows:

<table>
<thead>
<tr>
<th>Fair Value/Estimated Market Value and Carrying Amount</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$200,977</td>
<td>$257,253</td>
</tr>
<tr>
<td>Beneficial interest in assets held by others (CFO)</td>
<td>$9,154</td>
<td>$8,567</td>
</tr>
</tbody>
</table>
GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1: Quoted Prices in Active Markets for Identical Assets, Level 2: Significant Other Observable Inputs, and Level 3: Significant Unobservable Inputs. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities.

*Fair Value Measured on a Recurring Basis*

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy.

**Investments**

The fair values of investment in U.S. government obligations, equity securities, corporate and municipal debt obligations, certificates of deposit, and other investments are based on quoted market prices for active markets, where available. If quoted market prices for active markets are not available, fair values are obtained from pricing services, based on quoted market prices of comparable instruments, bid/ask quotes, or the use of discounted cash flow models, using observable inputs such as current yields, credit risks, and prepayment speeds.

The following presents the fair value measurements of investments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2013 and 2012:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th></th>
<th>2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Fair Value Level</td>
<td>Fair Value</td>
<td>Fair Value Level</td>
</tr>
<tr>
<td>Held by others (CFO)</td>
<td>$9,154</td>
<td>(2)</td>
<td>$8,567</td>
<td>(2)</td>
</tr>
</tbody>
</table>
6. **Summary of Property and Equipment**

At June 30, 2013 and 2012, the cost of property and equipment was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$159,400</td>
<td>$159,400</td>
</tr>
<tr>
<td>Building (Note 8)</td>
<td>5,613,007</td>
<td>5,613,007</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>382,373</td>
<td>379,471</td>
</tr>
<tr>
<td>Land improvements</td>
<td>15,739</td>
<td>15,739</td>
</tr>
<tr>
<td>Vehicles</td>
<td>26,909</td>
<td>26,909</td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td><strong>6,197,428</strong></td>
<td><strong>6,194,526</strong></td>
</tr>
</tbody>
</table>

Accumulated depreciation:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>388,425</td>
<td>200,522</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>168,714</td>
<td>90,864</td>
</tr>
<tr>
<td>Vehicles</td>
<td>8,521</td>
<td>2,242</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td><strong>565,660</strong></td>
<td><strong>293,628</strong></td>
</tr>
</tbody>
</table>

**Net book value**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net book value</strong></td>
<td><strong>$5,631,768</strong></td>
<td><strong>$5,900,898</strong></td>
</tr>
</tbody>
</table>

7. **Note Payable**

The Alliance refinanced the mortgage note with a local bank for the purchase of the property known as the WestTown Campus. The note is secured by a mortgage lien on the property. The note requires 83 monthly payments of $5,352 beginning March 20, 2013 and one final payment of $431,053 on February 20, 2020. The outstanding principal balance at June 30, 2013 is $669,995.
8. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, are available for the following purpose or period:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordinated Case Management</td>
<td>$38,840</td>
<td>$128,377</td>
</tr>
<tr>
<td>Designated for fiscal year 2013</td>
<td>90,000</td>
<td></td>
</tr>
<tr>
<td>Designated for fiscal year 2014</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Fresh StART</td>
<td>1,590</td>
<td>2,022</td>
</tr>
<tr>
<td>Fund Development Staff/Resources</td>
<td>39,400</td>
<td></td>
</tr>
<tr>
<td>100,000 Homes</td>
<td>8,036</td>
<td></td>
</tr>
<tr>
<td>Kennel/Job Training Program</td>
<td>34,290</td>
<td></td>
</tr>
<tr>
<td>Permanent Supportive Housing Program</td>
<td>3,161</td>
<td></td>
</tr>
<tr>
<td>VA Standdown</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

Temporarily restricted net assets: $200,517  $295,599

During the year, $207,366 was released from restriction.

9. Donated Goods and Services

The Alliance receives donated goods and services from a variety of professionals and organizations. The services and facilities are valued at their fair market value in conformity with generally accepted accounting principles, and are recorded in the accompanying financial statements as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional services</td>
<td>$500</td>
<td>$4,353</td>
</tr>
<tr>
<td>Donated assets</td>
<td>1,294</td>
<td>11,448</td>
</tr>
</tbody>
</table>

$1,794  $15,801
10. **Retirement Plan**

On January 1, 2005, the Alliance adopted a Simple Individual Retirement Account (Simple IRA). Employees who earn at least $5,000 per year are eligible to participate in the plan. The Alliance contributes a matching amount equal to the employee’s contribution, up to 3% of the employee’s compensation. For the period ended June 30, 2013, the Alliance’s contribution totaled $10,653 ($9,874 in 2012).
SUPPLEMENTARY FINANCIAL INFORMATION
### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-through Grantor/Program Title</th>
<th>Term</th>
<th>Maximum Amount</th>
<th>Federal CFDA Number</th>
<th>Disbursements/Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department of Housing and Urban Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed through the City of Oklahoma City:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supportive Housing Program</td>
<td>November 1, 2011 to</td>
<td>$ 162,500</td>
<td>14.235</td>
<td>$ 63,751</td>
</tr>
<tr>
<td>Project No. OK0026B6i021002</td>
<td>October 31, 2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supportive Housing Program</td>
<td>January 1, 2012 to</td>
<td>$ 358,645</td>
<td>14.235</td>
<td>$ 188,149</td>
</tr>
<tr>
<td>Project No. OK0019B6i021001</td>
<td>December 31, 2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supportive Housing Program</td>
<td>November 1, 2012 to</td>
<td>$ 162,500</td>
<td>14.235</td>
<td>$ 112,283</td>
</tr>
<tr>
<td>Project No. OK0026B6i021103</td>
<td>October 31, 2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supportive Housing Program</td>
<td>November 1, 2012 to</td>
<td>$ 358,654</td>
<td>14.235</td>
<td>$ 205,860</td>
</tr>
<tr>
<td>Project No. OK0019B6i021102</td>
<td>October 31, 2013</td>
<td></td>
<td></td>
<td>570,043</td>
</tr>
<tr>
<td>2012-13 Emergency Solutions Grants Program</td>
<td>July 1, 2012 to</td>
<td>$ 126,500</td>
<td>14.231</td>
<td>$ 126,500</td>
</tr>
<tr>
<td></td>
<td>June 30, 2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Department of Housing and Urban Development</strong></td>
<td></td>
<td></td>
<td></td>
<td>696,543</td>
</tr>
</tbody>
</table>

| **Department of Homeland Security**               |                           |                |                     |                            |
| Emergency Food and Shelter Program Phase 30      | December 7, 2012 to       | $ 11,919       | 97.024              | $ 11,919                   |
|                                                   | March 31, 2013             |                |                     |                            |
| **Total Federal Awards**                         |                           |                |                     | $ 708,462                  |
THE HOMELESS ALLIANCE, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Homeless Alliance, Inc. under the programs of the federal government for the year ended June 30, 2013. The information in this schedule is present in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of The Homeless Alliance, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of The Homeless Alliance, Inc.

2. **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principle contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited to reimbursement.
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
The Homeless Alliance, Inc.
Oklahoma City, Oklahoma

We have audited the financial statements of The Homeless Alliance, Inc. as of and for the year ended June 30, 2013, and have issued our report thereon dated September 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of The Homeless Alliance, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The Homeless Alliance, Inc.’s internal 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 Homeless Alliance, Inc.’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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 previously.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Homeless Alliance, Inc.'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 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.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

EnglerDahlstedt & Co., PC
Certified Public Accountants

Oklahoma City, Oklahoma
September 25, 2013
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
The Homeless Alliance, Inc.
Oklahoma City, Oklahoma

Compliance

We have audited The Homeless Alliance, Inc.'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 The Homeless Alliance, Inc.'s major federal programs for the year ended June 30, 2013. The Homeless Alliance, Inc.'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 each of its major federal programs is the responsibility of The Homeless Alliance, Inc.'s management. Our responsibility is to express an opinion on The Homeless Alliance, Inc.'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 Homeless Alliance, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The Homeless Alliance, Inc.'s compliance with those requirements.

In our opinion, The Homeless Alliance, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.
Internal Control Over Compliance

Management of The Homeless Alliance, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered The Homeless Alliance, Inc.’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 The Homeless Alliance, Inc.’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.

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 deficiencies, 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, others within the entity, 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.

Engelhard Roberts, CPA

Certified Public Accountants

Oklahoma City, Oklahoma
September 25, 2013
Financial Statements

The auditor's report expresses an unqualified opinion on the basic financial statements of The Homeless Alliance, Inc.

Internal control over financial reporting:
- Material weakness identified? ___ yes ___X__ no
- Significant deficiency identified? ___ yes ___X__ none reported

Noncompliance material to financial statements noted?
___ yes ___X__ no

Federal Awards

Internal control over major programs:
- Material weakness identified? ___ yes ___X__ no
- Significant deficiency identified? ___ yes ___X__ none reported

The auditor's report on compliance for the major federal award programs for The Homeless Alliance, Inc. expresses an unqualified opinion on all major federal programs.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?
___ yes ___X__ no

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.235</td>
<td>Supportive Housing Program</td>
</tr>
</tbody>
</table>

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

Auditee qualified as low-risk auditee? ___X__ yes ___ no
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS

The results of our auditing procedures for the year ended June 30, 2012 disclosed no instances of noncompliance that were required to be reported in accordance with OMB Circular A-133.