

UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT



November 17, 2008



Message from the Executive Director

November 17, 2008

I am pleased to present the FY 2008 Performance and Accountability Report of the United States Interagency Council on Homelessness (USICH). As the report details, the Council's performance in creating a national partnership and national plan on the issue of homelessness has exceeded its FY 2008 goals and demonstrates concrete results in achieving the Administration's goal of ending chronic homelessness.

For 25 years the nation has waited for good news on what seemed to be the intractable problem of homelessness. That good news arrived in July 2008 when the Department of Housing and Urban Development unveiled new research conducted by local communities across the country showing the number of homeless people living on our streets and languishing in our shelters is down -- dramatically.

The national data demonstrate that between 2005 and 2007 the number of homeless people experiencing chronic homelessness – our most vulnerable and disabled neighbors – dropped from nearly 176,000 to fewer than 124,000, a decrease of 52,000 or 30 percent.

Revitalized by President Bush in 2002, the United States Interagency Council on Homelessness has acted to apply the President's Management Agenda to the issue of homelessness. In pursuit of the Administration's goal to end chronic homelessness in the nation, the Council endeavors to ensure that federal homeless initiatives are data and research driven, performance based, and results oriented. To forward that goal the Council is committed to disseminating rapidly to its federal, state, city, county, and private sector partners those outcome-oriented innovations and evidence-based practices from across the country that demonstrate field-tested results in ending homelessness.

As the Council has forwarded the National Partnership involving every level of government and the private sector, its work began in Washington increasing the Council's federal partnership through expansion of the Council's membership,

increasing to a total of 20 departments and agencies. The Council has successfully partnered with Governors of 53 States and Territories to establish State Interagency Councils on Homelessness that are forwarding their own plans in partnership. Further,

in partnership with now over 650 jurisdictional CEO's, Mayors, and County Executives who make their partnership tangible in the creation of more than 350 10-Year Plans to End Chronic Homelessness, the Council is fashioning the collaboration of national and state partnership and resources with local solutions. The Council has encouraged all such partnerships and planning to involve the voice of persons who have experienced homelessness, to be inclusive of the insights, leadership, and resources of the private sector in a commitment to permanent supportive housing, and service strategies that create results. Ultimately, the National Partnership is housing-focused, consumer-centric, service-enriched, results-oriented, and performance-based.

With over 165 plans completed and in implementation, including in most major U.S. cities, the Council is actively monitoring quantifiable results in ending homelessness and in leveraging new investments from state, local, and private sector partners. The United Way, non-profits, providers and advocates, Chambers of Commerce, Business Improvement Districts, National Association of Realtors, businesses and corporations, and faith-based and community organizations have all been engaged in plans across the country.

No one level of government, no one sector will get the job done alone. The National Partnership ensures that government at every level and the private sector work together.

To foster these interagency, intergovernmental, intragovernmental, and intercommunity partnerships and collaborations, the Council's Executive Director last year visited 33 states and territories and over 90 cities to bring the message of the President's Management Agenda and the results of the Administration's seven consecutive years of record targeted federal funding for homeless investments directly to partners. That federal inspiration has led to increased jurisdictional investment from states and cities across the country.

Since its revitalization in 2002, the Council has worked successfully to create an entirely new independent federal agency, one with programmatic and operational infrastructure that demonstrates fiscal accountability, operational integrity, and results in ending homelessness.

Underlying the Council's achievement of its strategic objectives is its commitment to organizational excellence and sound financial management. For FY 2008, the Interagency Council received an unqualified audit opinion on its financial statements. As required by section 1116(e) of Title 31 of the United States Code, I am pleased to report that the financial and performance information contained in this report is complete and reliable. I am also pleased to report that, based on the Independent Auditor's Report dated November 14, 2008 no material weaknesses involving the Council's

internal controls and its operations and no instances of noncompliance with federal laws and regulations were found or noted.

Thank you for your interest in the Council's work.

Sincerely,

Philip F. Mangano
Executive Director

UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS FY 2008 Performance and Accountability Report

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MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS

The United States Interagency Council on Homelessness (USICH) is an independent federal agency created in 1987 by Title II of the Stewart B. McKinney Homeless Assistance Act. The agency was revitalized in early 2002 after a six year dormancy. The Council is responsible for providing federal leadership for activities to assist homeless families and individuals, and its major activities include:

1. planning and coordinating the federal government's activities and programs to assist homeless people, and making or recommending policy changes to improve such assistance;
2. monitoring and evaluating assistance to homeless persons provided by all levels of government and the private sector;
3. ensuring that technical assistance is provided to help community and other organizations effectively assist homeless persons; and
4. disseminating information on federal resources available to assist the homeless population; and
5. constellating a national partnership of government and the private sector to create the result of reducing and ending chronic homelessness.

Since its revitalization in 2002 to the present, the Interagency Council has successfully established partnerships that extend from the White House to the streets, partnering through federal agencies, state houses, city halls and county executive offices in the public sector, and through the United Way, non-profits, providers and advocates, Chambers of Commerce, Business Improvement Districts, National Association of Realtors, businesses and corporations, faith-based and community organizations, and including homeless people themselves, in the private sector. Together, the Council and the public and private sectors are creating planful partnerships, strategic solutions, and innovative initiatives to reduce and end homelessness

The Interagency Council continues its implementation of the federal strategy on homelessness and a comprehensive national strategy to forward the Administration's goal of ending chronic homelessness through interagency, intergovernmental, intragovernmental, and intercommunity partnerships and collaborations, particularly in fostering relationships with Governors and Mayors to create jurisdictional 10-Year Plans to end chronic homelessness. As of September 2008 there are 53 Governors of States and territories that have moved forward to establish State Interagency Councils on Homelessness and over 650 mayors and county executives have partnered in more than 350 jurisdictional 10-Year Planning processes to end chronic homelessness.

The Interagency Council is staffed by its Executive Director, and seven employees at its headquarters office. The Council's initiatives are also supported by the work of six full-time regional coordinators, who are employees of the U.S. Department of Housing and Urban Development and report programmatically to the Council's Executive Director. Together, these resources support the work of the 20 federal agency members of the Council in forwarding Administration's goal to end chronic homelessness in America.

PRESIDENT’S MANAGEMENT AGENDA

Summary

Through its work and initiatives to forward the Administration’s goal of ending chronic homelessness, the Council is seeking to establish a new standard of expectation on the issue of homelessness. That new measure requires that resources be considered more than simply expenditures or funding to manage the problem of homelessness. Rather, consistent with the President’s Management Agenda, resources are to be investments which are data-driven, performance-based, results-oriented, and responsive to consumers (homeless people). Investments should result in visible, measurable, and quantifiable change in communities, on the streets, and in the lives of homeless people.

The Interagency Council is working to strengthen its focus on results through consistent and sustained execution of the President’s Management Agenda. In its operations, the Council seeks to provide effective stewardship of taxpayer funds by:

- Ensuring an efficient, high-performing, diverse, competitively sourced workforce, aligned with mission priorities and working cooperatively with Interagency Council partners;
- Enhancing internal controls, data integrity, management information and program and policy improvements as reflected by an unqualified audit opinion;
- Implementing business processes and information technology necessary to make information available electronically; and
- Linking budget decisions and program priorities more closely with program performance.

Strategic Management of Human Capital

The agency recognizes that the key to meeting its program performance goals and achieving the desired results is a high performing staff, focused on delivering services to the American people. The success of the Interagency Council will be determined, in part, to how well it meets its “people needs.” As the Interagency Council moves into the future, some challenges are ahead such as implementation of a Performance Management Program and retaining a highly skilled workforce. Without authorization language that remedies current restrictive sunset language and allows basic health and benefits to current and future employees, securing and retention of qualified personnel are a challenge.

Competitive Sourcing

This initiative calls on federal agencies to create a more market-based government that enhances services and reduces costs through public-private competition.

The Interagency Council continues to out-source several major components of its operations after cost-effectiveness determinations; maintaining agreements with divisions of the General Services Administration to provide operational support that would be exorbitant to perform in-house and also outsourcing its information technology requirements for its network, website hosting and maintenance, and weekly e-newsletter.

Improved Financial Performance.

The President's Management Agenda requires all federal agencies to maintain an unqualified financial statement audit opinion, which indicates that the financial statements are free of significant errors or misstatements. For FY 2008, the Interagency Council has received its fourth consecutive clean opinion from independent auditors, indicating no material weaknesses involving the Council's internal controls and its operations, and no instances of noncompliance with federal laws and regulations.

Expanded Electronic Government.

The Interagency Council employs advanced and secure information technology for speed, efficiency and improved customer service. The www.usich.gov website continues to be an important part of delivering reliable and up-to-date information on all Council member initiatives and results to all stakeholders in public policymaking, the private sector, and the homeless community. The site is also slated to be revamped in the future to be more user friendly.

The Interagency Council currently disseminates its weekly electronic newsletter to approximately 17,000 decision makers in public and private sector policy roles. The e-news uses a highly cost-effective and rapid electronic email format which is regularly updated.

Budget and Performance Integration

This initiative challenges agencies to set measurable goals, to monitor progress toward achieving results, and to make management and funding decisions based on these outcomes. This cost-benefit approach helps to highlight where the American taxpayer is receiving real value and where federal agencies have room for improvement. The Interagency Council views this initiative as a valuable tool that helps the agency fulfill program objectives most effectively by establishing clear performance targets, tracking

progress in achieving stated objectives, and making adjustments to improve results. Investments in personnel are linked directly to specific deliverables in federal, state, and local government partnerships.

The Interagency Council's strategy, its principles, and objectives as outlined in the Detailed Performance Information section of this Report are aligned with this initiative of the President's Management Agenda by requiring investments of federal resources based on research and evidence-based practices, accountability to the customer (homeless people), and clearly definable and measurable results. Investments in personnel are linked directly to specific deliverables in federal, state, and local partnerships.

The Council has initiated ongoing tracking of outcomes for the federal collaborative initiatives and targeted agency initiatives, to provide continuous measures of numbers of persons whose homelessness has been ended through federal investment and to quantify the chronicity of those housed or served. Tracking of jurisdictional actions by states and cities to commit to 10-Year Plans, to develop plans, and to implement plans provides an ongoing and quantifiable record of partnership. Further, in regard specifically to plans already in implementation, tracking is targeted to commitments of permanent housing and services and the investment resources leveraged by Governors, Mayors, and private sector partners and targeted to persons experiencing chronic homelessness. Progress in meeting these commitments is also tracked.

Management Challenges

The Interagency Council continues its mission to coordinate the federal response to homelessness and to create a national partnership at every level of government and every element of the private sector to reduce and end homelessness in the nation. Its major challenges, as noted in its PART update this year, center on the challenges and limited foundation from which the Council can encourage member agencies to consolidate their efforts into a single federal plan to end chronic homelessness and to forward collaborative initiatives that combine current federal funding opportunities into common funding calendars and pool and target federal agency resources to support the field in strategically leveraging resources to the goals of 10-Year Plans. Personnel challenges include attracting and retaining highly qualified staff without the ability to provide basic health care and benefits.

SYSTEMS, CONTROLS AND COMPLIANCE

As part of the independent auditor's review of the Interagency Council's FY 2008 financial statements under OMB Bulletin 07-04, Audit Requirements for Federal Financial Statements, internal control testing and testing of the Council's compliance with applicable laws and regulations was performed. Based on the Independent Auditor's Report dated November 14, 2008 no material weaknesses involving the Council's internal controls and its operations, and no instances of noncompliance with federal laws and regulations were found or noted.

Further, our service provider, GSA, received a favorable opinion on its Report on Controls Placed in Operation and Tests of Operating Effectiveness for the Period July 1, 2007 – June 30, 2008. This audit focused on GSA's Pegasys Financial Management, and was prepared in accordance with standards established by the American Institute of Certified Public Accountants. Commonly known as a "SAS 70 Review", the report details the auditor's examination of the processing of transactions by GSA.

As a service organization, GSA uses the Pegasys system to provide financial and administrative services to external client agencies such as the Interagency Council.

The Interagency Council reports no improper payments for FY 2008 as defined by the Improper Payments Information Act of 2002.

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

As a federal agency, the Interagency Council prepares annual financial statements in conformity with U.S. generally accepted accounting principles and then subjects them to an independent audit to ensure their reliability in assessing the Council's performance. The following annual financial statements are prepared: Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Statement of Financing; these statements are accompanied by corresponding notes. For FY 2008, the Council received its fourth consecutive clean audit opinion that the financial statements were fairly stated in all material respects.

The Interagency Council contracts the largest portion of its accounting and payroll functions to the General Services Administration's (GSA) Heartland Finance Center, in Kansas City, MO. GSA utilizes the Pegasys accounting system, and other subsystems to process financial transactions. For FY 2008, GSA received a favorable opinion on its SAS 70 audit.

The Interagency Council's financial statements and notes are presented in the format required for the current year by OMB guidance such as Circular A-136, *Financial Reporting Requirements*.

Balance Sheet

The balance sheet presents the total amounts available for use by the Interagency Council (assets) against the amounts owed (liabilities) and amounts that comprise the difference (net position).

Total Assets equal \$266,334 and Fund Balance with Treasury, represents or 100 % of the Interagency Council's assets, with the remainder consisting of capitalized Plant, Property and Equipment (PP&E) and other assets. Fund Balance with Treasury is funding available through the Department of Treasury accounts from which the Interagency Council is authorized to make expenditures and pay amounts due. A threshold of \$5,000 per item is used in order to determine capitalization. Capitalized PP&E is recorded at original acquisition cost. Straight line depreciation and a useful life of five years is used in depreciation calculations. Acquisitions not meeting these criteria are recorded as expenses.

Total Liabilities equal \$242,307, including accounts payable which consist of liabilities to other government agencies, commercial vendors, contractors and disbursements in transit. At fiscal year end, the Interagency Council accrues the amount of estimated unpaid expenses. At fiscal year-end, the Interagency Council accrues payroll for services rendered by the Interagency Council employees and leave accrued, but not yet paid out. To the extent current and prior-year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future appropriations for unfunded leave liabilities.

Statement of Net Cost

This statement presents the annual cost of operating the Interagency Council's program. The gross cost less any offsetting revenue is used to arrive at the net cost of operations. All of the Interagency Council's costs incurred were directly related to the support and advancement of its mission and performance goals.

Statement of Changes in Net Position

This statement presents those accounting items that caused the net position section of the Balance Sheet to change from the beginning to the end of the reporting period. The Interagency Council's net position for FY 2008 was \$24,027 .

Statement of Budgetary Resources

This statement provides information on how budgetary resources were made available to the Interagency Council's and the status of those budgetary resources at year-end. USICH is funded through congressional appropriations totaling \$2.15 million in FY 2008.

Limitations of the Financial Statements

As required by OMB Circular A-136, *Financial Reporting Requirements*, we disclose the following limitations on the Interagency Council's FY 2007 financial statements, which are contained in this Report. The financial statements have been prepared to report the financial position and results of operations of the Interagency Council, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the Interagency Council in accordance with generally accepted accounting principles (GAAP) for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

DETAILED PERFORMANCE INFORMATION



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This Administration recognizes that homelessness is a national problem with local solutions. As such, the Council has established a broad range of intergovernmental partnerships to ensure a multi-jurisdictional approach. Federal partnerships with state and local governments are key to achieve the objectives of preventing and ending chronic homelessness. These partnerships are central to the quantifiable results expected from the Council's regional coordinators and the Washington staff. No one level of government or one sector of the community can reach the goal alone. The Council seeks visible, measurable, quantifiable change on the streets, in homeless programs, and in the lives of homeless people.

Following are the Council's Performance Goals for FY 08.

1. Number of cities and counties that have committed to or have created 10-Year Plans to end chronic homelessness.
2. Number of cities and counties that have implemented 10-Year Plans to end chronic homelessness.
3. Of cities and counties that have implemented 10-Year Plans to end chronic homelessness, the number that are reporting prevention and/or a decrease in the number of chronic homeless individuals in their communities.
4. Number of key federal agencies that have endorsed a federal plan to end chronic homelessness and have implemented internal working groups to forward their agency's participation.
5. Of the cities and counties that are implementing 10-Year Plans to end chronic homelessness, the percentage that are leveraging additional investment resources to decrease the number of chronically homeless individuals in their communities as a result of the Council's efforts.

Performance Goals and Results

The United States Interagency Council on Homelessness has developed a National partnership of government at every level and the private sector to forward results-oriented strategies to end chronic homelessness through interagency, intergovernmental, and intercommunity collaborations. The Council's strategy, its principles, and objectives are aligned with the President's Management Agenda, which requires investments of federal resources based on research and evidence-based practices, accountability to the customer (homeless people), and clearly definable and measurable results. This Administration recognizes that homelessness is a national problem with local solutions which can be advanced by a broad range of intergovernmental partnerships that ensure a multi-jurisdictional strategy and investment approach. Federal partnerships with state and local governments and the private sector are key to achieve the objectives of preventing and ending chronic homelessness. No one level of government or one sector of the community can reach the goal alone. The Council seeks visible, measurable, quantifiable change on the streets, in homeless programs, and in the lives of homeless people.

For FY 2008, the Council's strategic performance goals are as follows:

Term	Type	Text															
1	Annual Output	<p>Number of cities and counties that have committed to or have created 10-year plans to end chronic homelessness.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>150</td> <td>222</td> </tr> <tr> <td>2006</td> <td>200</td> <td>224</td> </tr> <tr> <td>2007</td> <td>250</td> <td>310</td> </tr> <tr> <td>2008</td> <td>340</td> <td>350 plans [650 jurisdictions]</td> </tr> </tbody> </table>	Year	Target	Actual	2005	150	222	2006	200	224	2007	250	310	2008	340	350 plans [650 jurisdictions]
Year	Target	Actual															
2005	150	222															
2006	200	224															
2007	250	310															
2008	340	350 plans [650 jurisdictions]															
2	Annual Outcome	<p>Number of cities and counties that have implemented 10-year plans to end chronic homelessness.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>N/A</td> <td>20</td> </tr> <tr> <td>2006</td> <td>50</td> <td>72</td> </tr> <tr> <td>2007</td> <td>90</td> <td>150</td> </tr> <tr> <td>2008</td> <td>165</td> <td>210</td> </tr> </tbody> </table>	Year	Target	Actual	2005	N/A	20	2006	50	72	2007	90	150	2008	165	210
Year	Target	Actual															
2005	N/A	20															
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Year	Target	Actual															
2005	N/A	1															
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4 Long-term	Outcome	Number of key federal agencies that have endorsed a federal plan to end chronic homelessness and have implemented internal working groups to forward their agency's participation.															
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Year	Target	Actual															
2005	N/A	4															
2006	6	7															
2007	9	9															
2008	11	11															
5 Long-term	Efficiency	Of the cities and counties that are implementing 10-year plans to end chronic homelessness, the percentage that are leveraging additional investment resources to decrease the number of chronically homeless individuals in their communities as a result of the Council's efforts.															
<table border="1"> <thead> <tr> <th>Year</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>25%</td> <td>30%</td> </tr> <tr> <td>2006</td> <td>35%</td> <td>50%</td> </tr> <tr> <td>2007</td> <td>60%</td> <td>63%</td> </tr> <tr> <td>2008</td> <td>68%</td> <td>73%</td> </tr> </tbody> </table>			Year	Target	Actual	2005	25%	30%	2006	35%	50%	2007	60%	63%	2008	68%	73%
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2008	68%	73%															

POSSIBLE EFFECTS OF EXISTING CURRENTLY KNOWN DEMANDS, RISKS, UNCERTAINTIES, EVENTS, CONDITIONS AND/OR TRENDS

External factors that will challenge the Council's ability to achieve its desired outcomes are framed below according to the key responsibilities and activities of the Council, pursuant to its statutory authority under the McKinney-Vento Act and consistent with the President's Management Agenda.

- A. Planning and coordinating the federal government's activities and programs to assist homeless people, and making or recommending policy changes to improve such assistance**
- B. Monitoring and evaluating assistance to homeless persons provided by all levels of government and the private sector**
- C. Ensuring that technical assistance is provided to help community and other organizations effectively assist homeless persons**
- D. Disseminating information on federal resources available to assist persons experiencing homelessness**

Federal Coordination

Federal efforts to end chronic homelessness depend on strong coordination among the Council's member agencies, other federal entities, State and local government partners, and the private sector. Commitment of all Council member agencies to a consistent and high level of Council participation is essential to expanding coordination and collaborative initiatives.

Restructuring of Federal Funding - Department of Housing and Urban Development

Legislation has been transmitted to the Congress, both by the Administration and other parties, which would substantially restructure the annual HUD homeless funding competition.

Data and Research Base for Policy

Continued implementation of the HUD Homeless Management Information System (HMIS) in jurisdictions across the country has ramifications for the availability of reliable data on which to base or adjust public policy on homelessness.

Ensuring Performance Based Investments

The ability to measure performance and results from targeted federal investments for intervention and prevention is key to ensuring that federal resources from every agency are matched to outcomes that end chronic homelessness. Reports from federal agencies on the specificity of their funding from McKinney-Vento and other homeless related resources are essential in determining the applicability of data, research, performance, and results of such resources.

Intergovernmental Partnership

Changes in the fiscal posture of state and local government could have dramatic effects on the capacity of state and local government to be effective partners in achieving needed leverage to implement 10-year plan goals.

Technical Assistance

Coordinated technical assistance is needed from federal agencies if interagency goals are to be supported in line with policy objectives.

Personnel

The continued inability of the Council to provide health care and other benefits for personnel impairs its capacity to perform.

FINANCIALS





BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Board of Directors
U. S. Interagency Council on Homelessness
Washington, D.C.

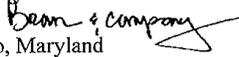
We have audited the accompanying balance sheets of the U. S. Interagency Council on Homelessness (the Council) as of September 30, 2008 and 2007, and the related statements of net cost and results of operations and changes in net position, and the statements of budgetary resources for each of the years ended September 30, 2008 and 2007. These financial statements are the responsibility of the U. S. Interagency Council on Homelessness. 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 U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and, Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirement for Federal Financial Statements, as amended*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council as of September 30, 2008 and 2007, and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with U.S. Government Auditing Standards and OMB Bulletin No. 07-04, as amended, we have also issued a report dated November 14, 2008 on our consideration of the Council's internal control over financial reporting and its compliance with provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with U.S. Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The information in "Management's Discussion and Analysis" (MD&A) is presented for the purpose of additional analysis and is required by OMB Circular No A-136, revised *Financial Reporting Requirements*. The Council's MD&A contains a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with the Council officials. Based on this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.


Largo, Maryland
November 14, 2008

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BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors
U. S. Interagency Council on Homelessness
Washington, D.C.

We have audited the financial statements (hereinafter referred to as "financial statements") of the U. S. Interagency Council on Homelessness (the Council) as of and for the year ended September 30, 2008, and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements, as amended*.

In planning and performing our audit, we considered the U. S. Interagency Council on Homelessness's internal control over financial reporting by obtaining an understanding of the Council's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04, as amended. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide an opinion on internal control and therefore, we do not express an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants and OMB Bulletin No. 07-04, reportable conditions are matters coming to our attention that, in our judgment, should be communicated because they represent significant deficiencies in the design or operation of the internal control, which could adversely affect the Council's ability to meet the objectives of internal control. Material weaknesses are reportable conditions in which the design or operation of the internal control does not reduce to a relatively low level the risk that errors, fraud or noncompliance in amounts that would be material in relation to the financial statements being audited, or material to a performance measure or aggregation of related performance measures, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal controls, misstatements, losses, or non-compliance may nevertheless occur and not be detected. However, we noted no matters involving the internal control and its operation that we considered to be material weaknesses as defined above.

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This report is intended solely for the information and use of the management of the Council, OMB, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Brown & Company

Largo, Maryland
November 14, 2008

═══════════ BROWN & COMPANY CPAS, PLLC ════════════▶



BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

The Board of Directors
U S. Interagency Council on Homelessness
Washington, D.C.

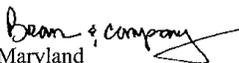
We have audited the financial statements of U. S. Interagency Council on Homelessness (the Council) as of and for the year ended September 30, 2008, and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements, as amended*.

The management of the Council is responsible for complying with laws and regulations applicable to the Council. As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB audit guidance. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the Council.

The results of our tests of compliance disclosed no reportable instances of noncompliance with other laws and regulations discussed in the preceding paragraph that are required to be reported under U.S. Government Auditing Standards or OMB Bulletin No. 07-04, as amended.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion. However, we noted no noncompliance with laws and regulations, which could have a direct and material effect on the determination of financial statement amounts.

This report is intended solely for the information and use of the management of the U. S. Interagency Council on Homelessness, OMB, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.


Largo, Maryland
November 14, 2008

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U.S. INTERAGENCY COUNCIL ON HOMELESSNESS

BALANCE SHEET

As Of September 30, 2008 and 2007

		2008	2007
		<u> </u>	<u> </u>
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 268,343	\$ 252,573
Total Intragovernmental		<u>268,343</u>	<u>252,573</u>
General Property, Plant and Equipment	(Note 3)		3,396
Other	(Note 4)	<u>(2,009)</u>	<u>(2,009)</u>
Total Assets		<u>\$ 266,334</u>	<u>\$ 253,960</u>
Liabilities:	(Note 5)		
Accounts Payable		61,596	9,597
Other	(Note 6)	<u>180,710</u>	<u>108,318</u>
Total Liabilities		<u>242,307</u>	<u>117,914</u>
Net Position:			
Unexpended Appropriations - Other Funds		170,544	208,516
Cumulative Results of Operations - Other Funds		<u>(146,517)</u>	<u>(72,471)</u>
Total Net Position		<u>24,027</u>	<u>136,045</u>
Total Liabilities and Net Position		<u>\$ 266,334</u>	<u>\$ 253,960</u>

*Amounts may be off by a dollar due to rounding.

*The accompanying notes are an integral
part of these statements*

U.S. INTERAGENCY COUNCIL ON HOMELESSNESS

STATEMENT OF NET COST

For The Years Ended September 30, 2008 and 2007

		<u>2008</u>	<u>2007</u>
Program Costs:			
Program A:			
Gross Costs	(Note 7)	\$ 2,235,148	\$ 2,157,421
Net Program Costs		<u>2,235,148</u>	<u>2,157,421</u>
Net Cost of Operations		<u>\$ 2,235,148</u>	<u>\$ 2,157,421</u>

*Amounts may be off by a dollar due to rounding.

*The accompanying notes are an integral
part of these statements*

U.S. INTERAGENCY COUNCIL ON HOMELESSNESS

STATEMENT OF CHANGES IN NET POSITION

For The Years Ended September 30, 2008 and 2007

2008

	<u>Earmarked Funds</u>	<u>All Other Funds</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Cumulative Results of Operations:				
Beginning Balances	\$	\$ (72,471)	\$	\$ (72,471)
Beginning Balances, as Adjusted	\$	\$ (72,471)	\$	\$ (72,471)
Budgetary Financing Sources:				
Appropriations Used		2,149,874		2,149,874
Other Financing Resources (Non-Exchange):				
Imputed Financing		11,227		11,227
Total Financing Sources		2,161,102		2,161,102
Net Cost of Operations (+/-)		2,235,148		2,235,148
Net Change		(74,047)		(74,047)
Cumulative Results of Operations	\$	\$ (146,517)	\$	\$ (146,517)
Unexpended Appropriations:				
Beginning Balances	\$	\$ 208,516	\$	\$ 208,516
Budgetary Financing Sources:				
Appropriations Received		2,150,000		2,150,000
Other Adjustments		(38,097)		(38,097)
Appropriations Used		(2,149,874)		(2,149,874)
Total Budgetary Financing Sources		(37,971)		(37,971)
Total Unexpended Appropriations		170,544		170,544
Net Position	\$	\$ 24,027	\$	\$ 24,027

*Amounts may be off by a dollar due to rounding.

U.S. INTERAGENCY COUNCIL ON HOMELESSNESS

STATEMENT OF CHANGES IN NET POSITION

For The Years Ended September 30, 2008 and 2007

2007

	<u>Earmarked Funds</u>	<u>All Other Funds</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Cumulative Results of Operations:				
Beginning Balances	\$	\$ (26,190)	\$	\$ (26,190)
Beginning Balances, as Adjusted	\$	\$ (26,190)	\$	\$ (26,190)
Budgetary Financing Sources:				
Appropriations Used		2,088,781		2,088,781
Other Financing Resources (Non-Exchange):				
Imputed Financing		22,359		22,359
Total Financing Sources		2,111,140		2,111,140
Net Cost of Operations (+/-)		2,157,421		2,157,421
Net Change		(46,281)		(46,281)
Cumulative Results of Operations	\$	\$ (72,471)	\$	\$ (72,471)
Unexpended Appropriations:				
Beginning Balances	\$	\$ 509,326	\$	\$ 509,326
Budgetary Financing Sources:				
Appropriations Received		1,787,971		1,787,971
Other Adjustments				
Appropriations Used		(2,088,781)		(2,088,781)
Total Budgetary Financing Sources		(300,810)		(300,810)
Total Unexpended Appropriations		208,516		208,516
Net Position	\$	\$ 136,045	\$	\$ 136,045

*Amounts may be off by a dollar due to rounding.

U.S. INTERAGENCY COUNCIL ON HOMELESSNESS
STATEMENT OF BUDGETARY RESOURCES
For The Years Ended September 30, 2008 and 2007

	2008	2008	2007	2007
	Budgetary	Non-Budgetary Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
Budgetary Resources:				
Unobligated Balance:				
Beginning of Period	\$ 210,525	\$	\$ 507,898	\$
Recoveries of Prior Year Obligations	3,025		420,315	
Budget Authority:				
Appropriations Received	2,150,000		1,787,971	
Spending Authority from Offsetting Collections (Gross):				
Earned				
Collected	395		177,622	
Subtotal	<u>\$ 2,150,395</u>		<u>\$ 1,965,593</u>	
Permanently Not Available	(38,097)			
Total Budgetary Resources	<u><u>\$ 2,325,848</u></u>	<u><u>\$</u></u>	<u><u>\$ 2,893,806</u></u>	<u><u>\$</u></u>
Status of Budgetary Resources:				
Obligations Incurred				
Direct (Note 8)	<u>\$ 2,154,294</u>	\$	<u>\$ 2,683,281</u>	\$
Subtotal	<u>\$ 2,154,294</u>		<u>\$ 2,683,281</u>	
Unobligated Balances				
Apportioned	697		3,863	
Subtotal	<u>\$ 697</u>		<u>\$ 3,863</u>	
Unobligated Balances - Not Available	170,857		206,662	
Total Status of Budgetary Resources	<u><u>\$ 2,325,848</u></u>	<u><u>\$</u></u>	<u><u>\$ 2,893,806</u></u>	<u><u>\$</u></u>
Change in Obligated Balances:				
Obligated Balance, Net:				
Unpaid Obligations, Brought Forward, October 1	<u>\$ 42,048</u>	\$	<u>\$ 282,041</u>	\$
Total, Unpaid Obligated Balance, Brought Forward, Net	<u>\$ 42,048</u>		<u>\$ 282,041</u>	
Obligations Incurred	2,154,294		2,683,281	
Gross Outlays (-)	(2,096,528)		(2,502,959)	
Recoveries of Prior-Year Unpaid Obligations, Actual (-)			(420,315)	
Obligated Balance, Net, End of Period:				
Unpaid Obligations (+) (Note 9)	96,789		42,048	
Total, Unpaid Obligated Balance, Net, End of Period	<u><u>\$ 96,789</u></u>	<u><u>\$</u></u>	<u><u>\$ 42,048</u></u>	<u><u>\$</u></u>
Net Outlays:				
Gross Outlays (+)	2,096,528		2,502,959	
Offsetting Collections (-)	(395)		(177,622)	
Net Outlays	<u><u>\$ 2,096,133</u></u>	<u><u>\$</u></u>	<u><u>\$ 2,325,337</u></u>	<u><u>\$</u></u>

*Amounts may be off by a dollar due to rounding.

*The accompanying notes are an integral
part of these statements*

U.S. INTERAGENCY COUNCIL ON HOMELESSNESS

APPROPRIATED FUND

Note 1 – Significant Accounting Policies

Reporting Entity

Congress established the U.S. Interagency Council on Homelessness in 1987 with the passage of the *Stewart B. McKinney Homeless Assistance Act*. The Council is responsible for providing federal leadership for activities to assist homeless families and individuals.

Basis of Presentation

These financial statements have been prepared from the accounting records of the U.S. Interagency Council on Homelessness in accordance with generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and OMB (Office of Management and Budget) Circular A-136, “Financial Reporting Requirements.” GAAP for Federal entities is the Hierarchy of accounting principles prescribed in the American Institute of Certified Public Accountant’s (AICPA) Statement on Auditing Standards No. 91, *Federal GAAP Hierarchy*.

OMB Circular A-136 requires agencies to prepare principal statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources. The balance sheet presents, as of September 30, 2008, amounts of future economic benefits owned or managed by the U.S. Interagency Council on Homelessness (assets), amounts owed by the U.S. Interagency Council on Homelessness (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within the U.S. Interagency Council on Homelessness and other reporting entities. The Statement of Budgetary Resources reports an agency’s budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with general government practice. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenues and Other Financing Sources

The U.S. Interagency Council on Homelessness is an appropriated fund and receives appropriations. Other financing sources for the U.S. Interagency Council on Homelessness consist of imputed financing sources which are costs financed by other Federal entities on behalf of the U.S. Interagency Council on Homelessness, as required by Statement of Federal Financial Accounting Standard (SFFAS) No. 5, Accounting for Liabilities of the Federal Government.

Note 2 – Fund Balance With Treasury

All of the U.S. Interagency Council on Homelessness fund balance with treasury is coming from appropriations. This fund balance with treasury is a consolidated balance of five annual funds (910: FY 2004, FY 2005, FY 2006, FY 2007 and FY 2008), one multi-year fund (909: FY02/04) and one no-year fund (910X). The annual fund for FY 2003 is cancelled and the remaining fund balance of \$38,097 is given back to US Treasury during fiscal year 2008.

	<u>2008</u>	<u>2007</u>
A. Fund Balance with Treasury		
Appropriated Fund	<u>\$268,343</u>	<u>\$252,573</u>
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	697	3,863
b) Unavailable	170,857	206,662
2) Obligated Balance not yet Disbursed	<u>96,789</u>	<u>42,048</u>
Total	<u>\$268,343</u>	<u>\$252,573</u>

Note 3 - General Property, Plant and Equipment, Net

As of September 30, 2008 the U.S. Interagency Council on Homelessness shows Equipment – Administrative total cost of \$22,198 and a net book value of \$0. The Accumulated Depreciation to date shows a balance of \$22,198. The depreciation calculation method used is Straight Line with a useful life of 5 years. However, for the items that were obligated in FY03 and received in FY05, the useful life is 3 years. A \$5,000 threshold is used to determine whether items are capitalized.

<u>2008</u>	<u>Equipment</u>	<u>Furniture & Fixtures</u>	<u>Software</u>	<u>Total</u>
Cost	\$22,198			\$22,198
Accum. Depr.	(\$22,198)			(\$22,198)
Net Book Value	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>2007</u>	<u>Equipment</u>	<u>Furniture & Fixtures</u>	<u>Software</u>	<u>Total</u>
Cost	\$22,198			\$22,198
Accum. Depr.	(\$18,802)			(\$18,802)
Net Book Value	<u>\$3,396</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,396</u>

Note 4 – Other Assets

This line item represents Advances to Associates.

	<u>Total 2008</u>	<u>Total 2007</u>
Advances to Associates	(2,009)	(2,009)
Total Other Assets	<u>(2,009)</u>	<u>(2,009)</u>

Note 5 – Liabilities Not Covered by Budgetary Resources

Liabilities of U.S. Interagency Council on Homelessness are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2008, U.S. Interagency Council on Homelessness showed liabilities covered by budgetary resources of \$95,789 and liabilities not covered by budgetary resources of \$146,517.

Liabilities covered by budgetary resources is composed of Accounts Payable \$61,596 and Accrued Funded Payroll and Leave \$34,193.

	<u>2008</u>	<u>2007</u>
With the Public		
Other	146,517	75,867
Total liabilities not covered by budgetary resources	146,517	75,867
Total liabilities covered by budgetary resources	95,789	42,048
Total Liabilities	<u>\$242,307</u> *	<u>\$117,914</u> *

* rounding

Note 6 – Other Liabilities

Other liabilities with the public consist of Accrued Funded Payroll and Leave of \$34,193 and Unfunded leave in the amount of \$146,517.

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2008 Other Liabilities	146,517		34,193	\$180,710
2007 Other Liabilities	75,867		32,451	\$108,318

Note 7 – Intragovernmental Costs and Exchange Revenue

Intragovernmental costs are those of goods/services purchased from a federal entity.

	<u>Total 2008</u>	<u>Total 2007</u>
Program A		
Intragovernmental costs	424,064	74,415
Public costs	1,811,085	2,083,007
Total Program A costs	<u>2,235,148</u>	<u>2,157,421</u>
Total Program A	<u>2,235,148</u> *	<u>2,157,421</u> *

* rounding

Note 8 – Apportionment Categories of Obligations Incurred

All obligations for the U.S. Interagency Council on Homelessness, is the amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132.

	Total 2008	Total 2007
Direct		
Category A		241,687
Category B	2,154,294	2,441,594
Total Obligations	<u>2,154,294</u>	<u>2,683,281</u>

Note 9 – Undelivered Orders at the End of the Period

The amount of Unpaid Obligated Balance, Net, End of Period includes obligations relating to Undelivered Orders (good and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year for goods and services received).

	Undelivered Orders	Accounts Payable	Unpaid Obligated Balance Net
2008	1,000	95,789	\$96,789
2007		42,048	\$42,048

Note 10 – Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)

Liabilities not covered by budgetary resources total \$146,517 and the change in components requiring or generating resources in future period shows \$70,651. The \$70,651 is the net increase of future funded expenses – leave between appropriations of annual fund 2007 and annual fund 2008. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. Whereas, the unfunded leave liability includes the expense related to the increase in annual leave liability for which the budgetary resources will be provided in a subsequent period.

	2008	2007
Liabilities not covered by budgetary resources	\$146,517	\$75,867
Change in components requiring/generating resources	\$70,651	* \$39,063

* rounding

Note 10 – Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing), Continued

	2008	2007
<i>Resources Used to Finance Activities:</i>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 2,154,294	\$ 2,683,281
Less: Spending Author and Recoveries	<u>3,420</u>	<u>597,937</u>
Net Obligations	2,150,874	2,085,344
Other Resources		
Imputed Financing from Costs Absorbed by Others	<u>11,227</u>	<u>22,359</u>
Net Other Resources Used to Finance Activities	<u>11,227</u>	<u>22,359</u>
 <i>Total Resources Used to Finance Activities</i>	 2,162,102	 2,107,703
 <i>Resources Used to Finance Items not Part of the Net Cost of Operations</i>		
Change in Budgetary Resources Obligated for Goods		
Services and Benefits Ordered But Not Yet Provided	<u>1,000</u>	<u>(3,438)</u>
<i>Total Resources Used to Finance Items Not Part of the Net Cost of Operations</i>	<u>1,000</u>	<u>(3,438)</u>
 <i>Total Resources Used to Finance the Net Cost of Operations</i>	 2,161,102	 2,111,140
 <i>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</i>		
Components Requiring or Generating Resources in Future Periods:		
Increase in Annual Leave Liability	<u>70,651</u>	<u>39,063</u>
<i>Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods</i>	70,651	39,063
 <i>Components Not Requiring or Generating Resources:</i>		
Depreciation and Amortization	<u>3,396</u>	<u>7,218</u>
<i>Total Components of Net Cost of Operations that will not Require or Generate Resources</i>	<u>3,396</u>	<u>7,218</u>
<i>Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period</i>	<u>74,047</u>	<u>46,281</u>
<i>Net Cost of Operations</i>	<u><u>2,235,148</u></u>	<u><u>2,157,421</u></u>

*Amounts may be off by a dollar due to rounding.