

HUD CoC Competition Evaluation Instrument Financial Review Guide

This guide will be used to review all financial documents submitted with the Agency Component of the HUD CoC Competition Evaluation Instrument. In requesting the documents, the CoC is ensuring agencies are financially stable enough to continue operating their HUD CoC grant(s). In order to be considered financially stable, the agency must have submitted all required documents including the most recent audit, two most recent Form 941, and most recent Form 990. Additionally, All Chicago staff will utilize the following criteria to evaluate each agency's overall fiscal capacity.

Form 990: Return of Organization Exempt from Income Tax

- A. **Box 19 – Revenue less expenses** – If the current year amount is negative and the sum of the previous and current year amounts is negative
- B. **Box 22 – Net Assets** – If either prior year or current year amounts are negative

Form 941: Quarterly Tax Return

- A. **Missing Form 941** – Agency is unable to provide two most recent Form 941
- B. **Number of Employees** – If the number in box 1 on Form 941 compared to the number in box 2a on Part V of Form 990 shows a large variance (50%)

Audited Financial Statements

- A. **Unqualified Opinion** – Financial statements are prepared in accordance with GAAP (Generally Accepted Accounting Principles).
- B. **Qualified Opinion** – Financial statements are prepared in accordance with GAAP, except one or two things are slightly out of compliance.
- C. **Adverse Opinion** – Financial Statements do not comply with GAAP.
- D. **Disclaimer of Opinion** – issued when auditors cannot form and do not express an opinion on the statements due to various issues.
- E. **Going Concern** – There is substantial doubt about the agency's ability to continue operations for the foreseeable future (usually 1 year).

OMB Circular A-133 Report (if required)

- A. Review of Summary of Audit Results - Number of Findings
 - a. **No findings or non-compliance items identified**
 - b. **More than 2 significant deficiencies** OR **Any material weakness identified**
 - c. **Any other non-compliance items**

If any **RED** items are noted in the review, All Chicago may request additional explanation from the agency. If a combination of 2 or more **YELLOW** items are noted in the review, All Chicago will consult with the Finance Team and may request additional information from the agency. If all items are noted as **GREEN** in the review, no further action is required.