

THE COALITION FOR THE HOMELESS, INC.

FINANCIAL REPORT

JUNE 30, 2012

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of functional expenses	4
Statements of cash flows	5
Notes to financial statements	6-12



Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Coalition for the Homeless, Inc.
Louisville, Kentucky

We have audited the accompanying statement of financial position of The Coalition for the Homeless, Inc., (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Coalition's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Coalition for the Homeless, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
September 20, 2012

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 225,857	\$ 147,105
Grants receivable	31,745	18,003
Inventory	15,763	22,202
Prepaid expenses	6,970	5,130
Investments (Notes 2 and 3)	135,504	121,119
Furniture and equipment, net (Note 4)	<u>1,719</u>	<u>382</u>
Total assets	<u>\$ 417,558</u>	<u>\$ 313,941</u>
LIABILITIES		
Accounts payable	\$ 49,108	\$ 48,594
Accrued expenses and withholdings	<u>6,498</u>	<u>21,626</u>
Total liabilities	<u>\$ 55,606</u>	<u>\$ 70,220</u>
NET ASSETS		
Unrestricted	\$ 315,213	\$ 206,941
Temporarily restricted (Note 6)	<u>46,739</u>	<u>36,780</u>
Total net assets	<u>\$ 361,952</u>	<u>\$ 243,721</u>
Total liabilities and net assets	<u>\$ 417,558</u>	<u>\$ 313,941</u>

The Notes to Financial Statements are an integral part of these statements.

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF ACTIVITIES
Years ended June 30, 2012 and 2011

UNRESTRICTED NET ASSETS	2012	2011
Revenues and support:		
Grants and contributions	\$ 510,341	\$ 479,870
Charitable gaming revenue	\$ 2,133,038	\$ 1,969,462
Direct payouts	(1,796,696)	(1,665,411)
Other direct expenses	<u>(177,644)</u>	<u>(185,167)</u>
Membership dues	23,850	34,860
Benefit walk	29,525	26,216
Investment income	477	2,614
Net realized and unrealized gain on investments	1,076	13,426
Other income	3,613	3,190
Total support and revenue	<u>\$ 727,580</u>	<u>\$ 679,060</u>
Released from restrictions	<u>\$ 36,780</u>	<u>\$ 21,948</u>
Expenses:		
Direct program services	\$ 525,150	\$ 512,683
General and administrative	98,823	89,818
Fundraising	<u>32,115</u>	<u>33,298</u>
	<u>\$ 656,088</u>	<u>\$ 635,799</u>
Increase in unrestricted net assets	<u>\$ 108,272</u>	<u>\$ 65,209</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Grants	\$ 46,739	\$ 36,780
Released from restrictions	<u>(36,780)</u>	<u>(21,948)</u>
Increase in temporarily restricted net assets	<u>\$ 9,959</u>	<u>\$ 14,832</u>
Increase in net assets	\$ 118,231	\$ 80,041
NET ASSETS AT BEGINNING OF YEAR	<u>243,721</u>	<u>163,680</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 361,952</u></u>	<u><u>\$ 243,721</u></u>

The Notes to Financial Statements are an integral part of these statements.

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2012 and 2011

	2012			
	Program Services	General and Administrative	Fund- raising	Total
Salaries	\$ 270,348	\$ 50,158	\$ 13,880	\$ 334,386
Payroll taxes	24,489	4,566	1,382	30,437
Employee benefits	72,789	14,680	4,669	92,138
Shelter assistance	41,053	--	--	41,053
Supplies	8,009	4,004	1,335	13,348
Printing	5,486	825	275	6,586
Postage	808	404	135	1,347
Stand down program expense	15,293	--	--	15,293
Rent	13,230	6,615	2,205	22,050
Repairs and maintenance	1,231	821	--	2,052
Insurance	646	431	--	1,077
Telephone	2,791	1,395	465	4,651
Auto, travel and conferences	10,971	--	--	10,971
Dues and subscriptions	--	1,752	--	1,752
Depreciation	217	109	36	362
Professional fees	57,489	7,100	1,112	65,701
Miscellaneous	300	4,115	6,621	11,036
Board and committees	--	1,358	--	1,358
Licenses	--	490	--	490
Security	--	--	--	--
	<u>\$ 525,150</u>	<u>\$ 98,823</u>	<u>\$ 32,115</u>	<u>\$ 656,088</u>

The Notes to Financial Statements are an integral part of these statements.

2011

Program Services	General and Administrative	Fund-raising	Total
\$ 230,637	\$ 46,853	\$ 15,344	\$ 292,834
21,959	4,461	1,461	27,881
69,235	13,452	4,522	87,209
76,083	--	--	76,083
2,678	1,290	430	4,398
6,631	466	155	7,252
1,691	845	282	2,818
9,692	--	--	9,692
13,500	6,750	2,250	22,500
332	221	--	553
2,947	1,965	--	4,912
1,782	891	297	2,970
11,725	--	--	11,725
--	2,197	--	2,197
1,795	898	299	2,992
59,090	5,260	1,754	66,104
2,226	2,971	6,110	11,307
163	989	--	1,152
--	50	--	50
517	259	394	1,170
<u>\$ 512,683</u>	<u>\$ 89,818</u>	<u>\$ 33,298</u>	<u>\$ 635,799</u>

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF CASH FLOWS
Years ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 118,231	\$ 80,041
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	362	2,992
Net realized and unrealized (gain) on investments	(1,076)	(13,426)
Loss on disposal of furniture and equipment	--	314
Change in assets and liabilities net of the effects of investing activities:		
(Increase) decrease in grants receivable	(13,742)	23,343
(Increase) decrease in inventory	6,439	(1,107)
(Increase) in prepaid expenses	(1,840)	(291)
Increase in accounts payable	514	10,706
(Decrease) in accrued expenses	(15,128)	(32,558)
Net cash provided by operating activities	\$ 93,760	\$ 70,014
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	\$ (25,257)	\$ (150,828)
Proceeds from sale of investments	11,948	125,191
Purchase of equipment	(1,699)	--
Net cash (used in) investing activities	\$ (15,008)	\$ (25,637)
Net increase in cash	\$ 78,752	\$ 44,377
Cash:		
Beginning of year	147,105	102,728
End of year	\$ 225,857	\$ 147,105

The Notes to Financial Statements are an integral part of these statements.

THE COALITION FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Nature of operations

The Coalition for the Homeless, Inc. ("the Coalition") is a not-for-profit corporation in Louisville, Kentucky, formed to advocate for the homeless and for the prevention and elimination of homelessness.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Grants Receivable

Grants receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Investments

Investments consist of cash, money market accounts, mutual funds and certificates of deposit and are stated at fair value as determined by quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. The Coalition classifies all cash and money market accounts held in managed accounts as investments.

Inventory

Inventory is valued at the lower of cost or market, cost being determined by the first-in, first-out (FIFO) method.

Property, equipment and depreciation

Property and equipment are stated at cost or appraised value at the date of gift for donated assets. The Coalition has a policy to capitalize expenditure for property and equipment greater than \$1,000. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Contributions and grants

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated goods and services

The value of donated goods is recorded as support and expenses in the statement of activities. A large number of volunteers have given significant amounts of their time to the Coalition's operating activities. No amounts have been reflected in these statements for such services, since the services do not require specialized skills.

Income taxes

The Coalition for the Homeless, Inc., qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for federal and state income taxes has been made in these statements.

The Coalition's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits. Management believes the Coalition has no uncertain tax positions resulting in an accrual of tax expense or benefit.

The Coalition's Federal Return of Organization Exempt from Income Tax, Form 990, is subject to examination by the taxing authorities until the expiration of the related statutes of limitations on the return, which are generally three years.

Reclassification

Certain amounts presented in the prior year have been restated to conform with the current year presentation.

Subsequent events

Management has evaluated subsequent events through September 20, 2012, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments

Approximate fair value of investments compared to cost is as follows:

	June 30, 2012		June 30, 2011	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 2,209	\$ 2,209	\$ 20,132	\$ 20,132
Certificates of deposit	13,457	13,457	25,405	25,405
Mutual fund	119,838	106,902	75,582	74,565
	\$ 135,504	\$ 122,568	\$ 121,119	\$ 120,102

Note 3. Fair Values of Financial Instruments

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Fair Value Measurements Topic establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale of an asset. The Fair Value Measurements Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Fair Value Measurements Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices of similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Values of Financial Instruments (Continued)

Level 3: Significant unobservable inputs that reflect an organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair values of assets measured on a recurring basis at June 30, 2012 and 2011 are as follows:

	Balance at June 30, 2012	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 2,209	\$ 2,209	\$ --	\$ --
Certificates of deposit	13,457	--	13,457	--
Mutual funds				
Growth	46,886	46,886	--	--
Growth and income	15,697	15,697	--	--
Income	57,255	57,255	--	--
	<u>\$ 135,504</u>	<u>\$ 122,047</u>	<u>\$ 13,457</u>	<u>\$ --</u>

	Balance at June 30, 2011	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 20,132	\$ 20,132	\$ --	\$ --
Certificates of deposit	25,405	--	25,405	--
Mutual funds				
Growth	31,291	31,291	--	--
Growth and income	19,869	19,869	--	--
Income	24,422	24,422	--	--
	<u>\$ 121,119</u>	<u>\$ 95,714</u>	<u>\$ 25,405</u>	<u>\$ --</u>

The valuation methodologies used for assets and liabilities measured at fair value are:

The carrying amounts of money market accounts and certificates of deposit approximate fair value due to the short-term nature of these instruments.

Mutual funds are valued at fair value based on quoted market prices for identical securities in active markets that the Coalition has the ability to access at the measurement date.

NOTES TO FINANCIAL STATEMENTS

Note 4. Property and Equipment

Major classes of property and equipment and total accumulated depreciation are as follows:

	June 30, 2012	June 30, 2011
Assets		
Furniture and equipment	\$ 3,226	\$ 1,527
	\$ 3,226	\$ 1,527
Accumulated depreciation	(1,507)	(1,145)
	\$ 1,719	\$ 382

Note 5. Pension Plan

The Coalition maintains a simplified employee pension plan covering all employees who have attained 21 years of age and earn in excess of \$500. The Coalition contributes 7% of each eligible employee's salary. Employer contributions for the years ended June 30, 2012 and 2011 were \$22,212 and \$19,264, respectively.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	June 30, 2012	June 30, 2011
Continuum of Care Program, Metro United Way	\$ 10,802	\$ 10,802
Quality Assurance Standards Program, Metro United Way	7,201	7,201
5k Walk Fundraiser	9,648	7,277
Rx:Housing Grant	19,088	1,500
Research Project Grant	--	10,000
	\$ 46,739	\$ 36,780

NOTES TO FINANCIAL STATEMENTS

Note 7. Operating Leases

The Coalition entered into a renewable one year lease with E&M Distributing, Inc., effective February 2, 2006, to lease a charity bingo hall to operate twice weekly bingo games. For the years ended June 30, 2012 and 2011, lease payments for the bingo hall totaled \$69,529 and \$78,000, respectively.

The Coalition entered into a five year lease with Ollie Green Commercial Properties effective November 1, 2010, to lease commercial office space. The monthly payment is \$1,838. Lease payments for the office space totaled \$22,050 and \$18,375, respectively, for the years ended June 30, 2012 and 2011.

The Coalition terminated its commercial office space lease with Clark Enterprises effective November 1, 2010. Lease payments totaled \$4,125 for the year ended June 30, 2011.

The future minimum lease payments required under these lease agreements for each of the succeeding years are as follows:

Due Fiscal Year Ending June 30,	
2013	22,050
2014	22,050
2015	22,050
2016	7,350
	<u>\$ 73,500</u>

Note 8. Fiscal agent

The Coalition and the Transit Authority of River City ("TARC") have entered into an agreement allowing the Coalition to act as TARC's fiscal agent and sell discounted TARC tickets to homeless shelters for their clients' use. The Coalition receives a small transaction fee for this service. The related ticket revenue and expense is recorded as other income in the statements of activities and is presented as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Ticket revenue	\$ 313,145	\$ 273,408
Ticket expense	<u>(305,325)</u>	<u>(281,257)</u>
Ticket income/(loss)	<u>\$ 7,820</u>	<u>\$ (7,849)</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Risks and Uncertainties

The Coalition received approximately 21% and 17%, respectively, of its June 30, 2012 and 2011 total support and revenue from charitable gaming.

The Institution invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of the investment securities will occur in the near term and that such changes could materially affect market values and the amounts reported in the financial statements.