

THE COALITION FOR THE HOMELESS, INC.

FINANCIAL REPORT

JUNE 30, 2013

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1-2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7-12



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 The Coalition for the Homeless, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Coalition for the Homeless, 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 conformity with accounting principles generally accepted in the United States of America.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
December 2, 2013

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 196,028	\$ 225,857
Grants receivable	103,913	31,745
Inventory	8,698	15,763
Prepaid expenses	6,728	6,970
Investments (Notes 2 and 3)	148,399	135,504
Furniture and equipment, net (Note 4)	<u>16,030</u>	<u>1,719</u>
Total assets	<u>\$ 479,796</u>	<u>\$ 417,558</u>
LIABILITIES		
Accounts payable	\$ 3,201	\$ 49,108
Accrued expenses and withholdings	<u>4,702</u>	<u>6,498</u>
Total liabilities	<u>\$ 7,903</u>	<u>\$ 55,606</u>
NET ASSETS		
Unrestricted	\$ 443,824	\$ 315,213
Temporarily restricted (Note 6)	<u>28,069</u>	<u>46,739</u>
Total net assets	<u>\$ 471,893</u>	<u>\$ 361,952</u>
Total liabilities and net assets	<u>\$ 479,796</u>	<u>\$ 417,558</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, 2013 and 2012

UNRESTRICTED NET ASSETS	2013	2012
Revenues and support:		
Grants and contributions	\$ 482,014	\$ 502,521
Charitable gaming revenue	\$ 1,941,821	\$ 2,133,038
Direct payouts	(1,666,254)	(1,796,696)
Other direct expenses	<u>(182,395)</u>	<u>(177,644)</u>
In-kind income	94,545	--
Membership dues	42,500	23,850
Special events	40,990	29,525
Investment income	280	477
Net realized and unrealized gain on investments	12,790	1,076
Other income	51,312	11,433
Total support and revenue	<u>\$ 817,603</u>	<u>\$ 727,580</u>
Released from restrictions	<u>\$ 40,034</u>	<u>\$ 36,780</u>
Expenses:		
Program services	\$ 537,227	\$ 525,150
General and administrative	129,928	98,823
Fundraising	<u>61,871</u>	<u>32,115</u>
	<u>\$ 729,026</u>	<u>\$ 656,088</u>
Increase in unrestricted net assets	<u>\$ 128,611</u>	<u>\$ 108,272</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Grants	\$ 21,364	\$ 46,739
Released from restrictions	<u>(40,034)</u>	<u>(36,780)</u>
Increase (decrease) in temporarily restricted net assets	<u>\$ (18,670)</u>	<u>\$ 9,959</u>
Increase in net assets	\$ 109,941	\$ 118,231
NET ASSETS AT BEGINNING OF YEAR	<u>361,952</u>	<u>243,721</u>
NET ASSETS AT END OF YEAR	<u>\$ 471,893</u>	<u>\$ 361,952</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, 2013 and 2012

	2013			
	Program Services	General and Administrative	Fund-raising	Total
Salaries	\$ 260,229	\$ 48,793	\$ 16,264	\$ 325,286
Payroll taxes	23,162	4,343	1,447	28,952
Employee benefits	69,715	13,072	4,357	87,144
Advertising	2,230	1,487	--	3,717
Shelter assistance	32,102	--	--	32,102
Supplies	9,488	4,744	1,582	15,814
Printing	2,617	1,308	436	4,361
Postage	1,096	548	183	1,827
Stand down program expense	9,977	--	--	9,977
Rent	18,630	9,315	3,105	31,050
Repairs and maintenance	1,877	1,252	--	3,129
Insurance	3,518	2,345	--	5,863
Telephone	7,073	3,537	1,179	11,789
Auto, travel and conferences	15,879	--	--	15,879
Dues and subscriptions	--	1,957	--	1,957
Depreciation	443	221	74	738
Professional fees	74,187	34,468	--	108,655
Miscellaneous	5,004	2,017	189	7,210
Special events	--	--	33,055	33,055
Board and committees	--	421	--	421
Licenses	--	100	--	100
	<u>\$ 537,227</u>	<u>\$ 129,928</u>	<u>\$ 61,871</u>	<u>\$ 729,026</u>

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

2012

Program Services	General and Administrative	Fund- raising	Total
\$ 270,348	\$ 50,158	\$ 13,880	\$ 334,386
24,489	4,566	1,382	30,437
72,789	14,680	4,669	92,138
--	--	--	--
41,053	--	--	41,053
8,009	4,004	1,335	13,348
5,486	825	275	6,586
808	404	135	1,347
15,293	--	--	15,293
13,230	6,615	2,205	22,050
1,231	821	--	2,052
646	431	--	1,077
2,791	1,395	465	4,651
10,971	--	--	10,971
--	1,752	--	1,752
217	109	36	362
57,489	7,100	1,112	65,701
300	4,115	6,621	11,036
--	--	--	--
--	1,358	--	1,358
--	490	--	490
<u>\$ 525,150</u>	<u>\$ 98,823</u>	<u>\$ 32,115</u>	<u>\$ 656,088</u>

THE COALITION FOR THE HOMELESS, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 109,941	\$ 118,231
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	738	362
Net realized and unrealized (gain) on investments	(12,790)	(1,076)
Change in assets and liabilities net of the effects of investing activities:		
(Increase) in grants receivable	(72,168)	(13,742)
Decrease in inventory	7,065	6,439
(Increase) decrease in prepaid expenses	242	(1,840)
Increase (decrease) in accounts payable	(45,907)	514
(Decrease) in accrued expenses	(1,796)	(15,128)
Net cash provided by (used in) operating activities	<u>\$ (14,675)</u>	<u>\$ 93,760</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	\$ (13,562)	\$ (25,257)
Proceeds from sale of investments	13,457	11,948
Purchase of equipment	(15,050)	(1,699)
Net cash (used in) investing activities	<u>\$ (15,155)</u>	<u>\$ (15,008)</u>
Net increase (decrease) in cash	\$ (29,830)	\$ 78,752
Cash:		
Beginning of year	<u>225,857</u>	<u>147,105</u>
End of year	<u>\$ 196,027</u>	<u>\$ 225,857</u>

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. The Coalition derives a significant portion of its revenues from contributions and grants from third party donors and governmental entities.

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 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 expenditures 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 reclassified to conform with the current year presentation.

Subsequent events

Management has evaluated subsequent events through December 2, 2013, 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, 2013		June 30, 2012	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 3,122	\$ 3,122	\$ 2,209	\$ 2,209
Certificates of deposit	--	--	13,457	13,457
Mutual funds	145,277	117,433	119,838	106,902
	<u>\$ 148,399</u>	<u>\$ 120,555</u>	<u>\$ 135,504</u>	<u>\$ 122,568</u>

Note 3. Fair Values of Financial Instruments

U.S. GAAP provides a framework for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methodology for measuring fair value specifies a three-tier hierarchy of valuation techniques based upon whether the inputs to those valuation techniques are based on quoted prices of identical assets or liabilities (Level 1), significant other observable inputs (Level 2), or significant other unobservable inputs that reflect a company's own assumptions of market participant valuation (Level 3).

Fair values of assets measured on a recurring basis at June 30, 2013 and 2012 are as follows:

	Balance at June 30, 2013	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Financial assets:				
Money market accounts	\$ 3,122	\$ 3,122	\$ --	\$ --
Mutual funds				
Growth	59,546	59,546	--	--
Growth and income	21,319	21,319	--	--
Income	64,412	64,412	--	--
	<u>\$ 148,399</u>	<u>\$ 148,399</u>	<u>\$ --</u>	<u>\$ --</u>

	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>

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Values of Financial Instruments (Continued)

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.

Note 4. Property and Equipment

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

	June 30, 2013	June 30, 2012
Assets, furniture and equipment	\$ 18,276	\$ 3,226
Less accumulated depreciation	\$ 18,276 (2,246)	\$ 3,226 (1,507)
	\$ 16,030	\$ 1,719

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, 2013 and 2012 were \$23,175 and \$22,212, respectively.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	June 30, 2013	June 30, 2012
Continuum of Care Program, Metro United Way	\$ 11,018	\$ 10,802
Quality Assurance Standards Program, Metro United Way	7,345	7,201
HMIS Grant, Metro United Way	3,000	--
5k Walk Fundraiser	--	9,648
Rx:Housing Grant	6,706	19,088
	\$ 28,069	\$ 46,739

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, 2013 and 2012, lease payments for the bingo hall totaled \$81,000 and \$69,529, 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, respectively, for both the years ended June 30, 2013 and 2012.

The Coalition entered into a five year lease with Ollie Green Commercial Properties effective December 10, 2012, to lease additional commercial office space. The monthly payment is \$1,500. Lease payments for the office space totaled \$9,000 for the year ended June 30, 2013.

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,	
2014	\$ 40,050
2015	40,050
2016	25,350
2017	18,000
2018	9,000
	<u>\$ 132,450</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, 2013</u>	<u>June 30, 2012</u>
Ticket revenue	\$ 418,190	\$ 313,145
Ticket expense	<u>(391,363)</u>	<u>(305,325)</u>
Net ticket income	<u>\$ 26,827</u>	<u>\$ 7,820</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Risks and Uncertainties

The Coalition received approximately 11% and 21%, respectively, of its June 30, 2013 and 2012 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.