



The Coalition for the Homeless, Inc.

Independent Auditors' Report

And Financial Statements

For the Years Ended

June 30, 2019 and 2018

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Independent Auditors' Report

Board of Directors
The Coalition for the Homeless, Inc.

We have audited the accompanying financial statements of The Coalition for the Homeless, Inc., (a not-for-profit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2020 on our consideration of The Coalition for the Homeless, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Coalition for the Homeless, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Coalition for the Homeless, Inc.'s internal control over financial reporting and compliance.

Baldwin CPAs, PLLC

Louisville, Kentucky
January 5, 2020

The Coalition for the Homeless, Inc.
 Statements of Financial Position
 June 30, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 557,485	\$ 319,379
Grants receivable	406,816	447,356
Promises to give	14,383	19,227
Inventory	-	38
Prepaid expenses	9,614	4,329
Investments	483,118	388,040
Property and equipment, net	3,792	4,208
	\$ 1,475,208	\$ 1,182,577
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 245,129	\$ 266,542
Accrued expenses and withholdings	42,940	28,577
	288,069	295,119
Net assets		
Without donor restrictions	1,028,864	774,004
With donor restrictions	158,275	113,454
	1,187,139	887,458
Total Net Assets	1,187,139	887,458
Total Liabilities and Net Assets	\$ 1,475,208	\$ 1,182,577

The Coalition for the Homeless, Inc.
Statements of Activities
For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Grants and contributions	\$ 4,271,850	\$ 243,778	\$ 4,515,628	\$ 3,858,115	\$ 211,649	\$ 4,069,764
Charitable gaming revenue, net	195,079	-	195,079	197,741	-	197,741
Membership dues	79,630	-	79,630	51,629	-	51,629
Special event revenue	154,903	-	154,903	72,420	-	72,420
Special event expense	(87,176)	-	(87,176)	(50,392)	-	(50,392)
Investment income	4,614	-	4,614	1,903	-	1,903
Realized and unrealized gain on investments, net	13,850	-	13,850	19,638	-	19,638
Other income	12,785	-	12,785	8,506	-	8,506
	<u>4,645,535</u>	<u>243,778</u>	<u>4,889,313</u>	<u>4,159,560</u>	<u>211,649</u>	<u>4,371,209</u>
Net Assets Released from Restrictions:						
Restrictions satisfied by payments	198,957	(198,957)	-	166,117	(166,117)	-
	<u>4,844,492</u>	<u>44,821</u>	<u>4,889,313</u>	<u>4,325,677</u>	<u>45,532</u>	<u>4,371,209</u>
Total Revenue and Support						
	<u>4,844,492</u>	<u>44,821</u>	<u>4,889,313</u>	<u>4,325,677</u>	<u>45,532</u>	<u>4,371,209</u>
Expenses:						
Program services	4,305,267	-	4,305,267	3,937,096	-	3,937,096
Management and general	139,106	-	139,106	155,132	-	155,132
Fundraising	145,259	-	145,259	156,566	-	156,566
	<u>4,589,632</u>	<u>-</u>	<u>4,589,632</u>	<u>4,248,794</u>	<u>-</u>	<u>4,248,794</u>
Total Expenses						
	<u>4,589,632</u>	<u>-</u>	<u>4,589,632</u>	<u>4,248,794</u>	<u>-</u>	<u>4,248,794</u>
Change in Net Assets	254,860	44,821	299,681	76,883	45,532	122,415
Net Assets at Beginning of Year	774,004	113,454	887,458	697,121	67,922	765,043
	<u>774,004</u>	<u>113,454</u>	<u>887,458</u>	<u>697,121</u>	<u>67,922</u>	<u>765,043</u>
Net Assets at End of Year	<u>\$ 1,028,864</u>	<u>\$ 158,275</u>	<u>\$ 1,187,139</u>	<u>\$ 774,004</u>	<u>\$ 113,454</u>	<u>\$ 887,458</u>

The accompanying notes are an integral part of these financial statements.

The Coalition for the Homeless, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 649,936	\$ 40,508	\$ 112,062	\$ 802,506	\$ 534,937	\$ 34,736	\$ 125,050	\$ 694,723
Employee benefits	88,854	5,538	15,320	109,712	102,127	15,502	23,872	141,501
Federal awards - subrecipients	2,851,128	-	-	2,851,128	2,700,266	-	-	2,700,266
Stand down program	6,833	-	-	6,833	14,075	-	-	14,075
Shelter assistance	65,313	-	-	65,313	96,179	-	-	96,179
Special project expenses	146,877	-	-	146,877	104,851	-	-	104,851
Other assistance	264,396	-	-	264,396	196,112	-	-	196,112
Supplies	15,036	937	2,593	18,566	10,254	666	2,397	13,317
Printing and postage	14,983	934	2,583	18,500	14,830	963	3,467	19,260
Rent	65,495	4,082	11,293	80,870	55,147	35,258	-	90,405
Repairs and maintenance	-	3,370	-	3,370	-	9,284	-	9,284
Telephone and internet	7,832	488	1,350	9,670	6,603	429	1,543	8,575
Travel and conferences	56,763	2,987	-	59,750	26,619	1,401	-	28,020
Dues and subscriptions	-	2,563	-	2,563	-	2,131	-	2,131
Depreciation	337	21	58	416	1,418	709	237	2,364
Professional fees	69,502	70,666	-	140,168	72,820	48,548	-	121,368
Miscellaneous	-	4,870	-	4,870	-	1,000	-	1,000
Board and committees	1,982	2,142	-	4,124	858	4,505	-	5,363
Direct special event expenses	-	-	87,176	87,176	-	-	50,392	50,392
Total expenses	4,305,267	139,106	232,435	4,676,808	3,937,096	155,132	206,958	4,299,186
Less: Direct special event expenses	-	-	(87,176)	(87,176)	-	-	(50,392)	(50,392)
Total expenses on statement of activities	\$ 4,305,267	\$ 139,106	\$ 145,259	\$ 4,589,632	\$ 3,937,096	\$ 155,132	\$ 156,566	\$ 4,248,794

The accompanying notes are an integral part of these financial statements.

The Coalition for the Homeless, Inc.
 Statements of Cash Flows
 For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 299,681	\$ 122,415
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	416	2,364
Realized and unrealized gain on investments	(13,850)	(19,638)
(Increase) decrease in operating assets:		
Grants receivable	40,540	(394,521)
Promises to give	4,844	(1,522)
Inventory	38	2,592
Prepaid expenses	(5,285)	(813)
Increase (decrease) in operating liabilities:		
Accounts payable	(21,413)	227,971
Accrued expenses and withholdings	14,363	10,392
	319,334	(50,760)
Cash Flows from Investing Activities		
Purchase of investments	(81,228)	(101,584)
	(81,228)	(101,584)
Net Cash Used by Investing Activities		
	238,106	(152,344)
Net Increase (Decrease) in Cash		
Cash, Beginning of Year	319,379	471,723
Cash, End of Year	\$ 557,485	\$ 319,379

The Coalition for the Homeless, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2019 and 2018

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 people who are 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 government entities.

Basis of Accounting

The Coalition prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of Not-for-Profit Organizations. Under this guidance, the Coalition is required to report information regarding its consolidated financial position and activities according to two classes of net assets. A description of the net assets categories follows:

Net assets without donor restrictions: expendable funds that are not subject to donor-imposed stipulations or invested in land, building and equipment.

Net assets with donor restrictions: stipulated by donors for specific operating purposes or are restricted by time. These include donor restrictions requiring that the corpus to be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

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 revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of cash on deposit. Cash held temporarily by a custodian for investment purposes is included in investments and is not considered to be cash for the statements of cash flows.

Grants Receivable

Grants receivable consist primarily of government cost reimbursement contracts billed but not received. All are considered collectible, so no allowance for doubtful accounts is necessary.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2019 and 2018

Note 1 - Significant Accounting Policies - Continued

Promises to Give

Promises to give are recognized when the donor makes a promise to give to the Coalition that is, in substance, unconditional. Promises to give becoming due in the next year are recorded at net realizable value. Promises to give in subsequent years are reported at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are recognized. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventory

Inventory consist of bus tickets on hand, at cost.

Investments

Investments consist of money market accounts and mutual funds and are reported at fair value. Fair value is 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. See Note 4 for further discussion of fair value measurements. Receipts of donated investments are recorded at the quoted market value of the investments at the time of receipt.

The ASC establishes a framework for measuring fair value based upon a hierarchy that prioritizes observable and unobservable inputs used to measure fair value as follows:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Coalition's own assumptions.

Property and Equipment

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.

Contributions and Grants

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the same period in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2019 and 2018

Note 1 - Significant Accounting Policies - Continued

Contributions and Grants - Continued

In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

Donated Goods and Services

Contributions of tangible assets are recognized at their fair market value at date of donation. The amounts are reflected in the accompanying financial statements as unrestricted support and are offset by like amounts included in expenses. In-kind donations for the years ended June 30, 2019 and 2018 were \$166,044 and \$24,144, respectively and were for special events. 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.

Expense Allocation

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, costs have been allocated among the program and supporting services benefited. Directly identifiable expenses are charged to program and supporting services. The expenses that are allocated are compensation and benefits, occupancy, supplies, printing, postage, telephone, and depreciation, which are allocated on the basis of estimates of time and effort.

Income Tax Status

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 have 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.

Recently Issued Accounting Standards

For the year ended June 30, 2019, the Coalition adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-profits (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A new disclosure was added to provide clarity about the liquidity and availability of resources for the upcoming fiscal year (see Note 11). The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2019 and 2018

Note 1 - Significant Accounting Policies - Continued

Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 2 - Concentrations of Credit Risk

Cash - The Coalition maintains its cash balances in several financial institutions in Louisville, Kentucky. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The risk is managed by maintaining all deposits in high quality financial institutions. The amounts in excess of the insured limit as of June 30, 2019 and 2018 was approximately \$129,300 and \$54,000, respectively.

Investments - Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Coalition. To address the risk, the Coalition maintains a formal investment policy that sets out investment guidelines, asset allocation guidelines and requires review of the investment manager's performance. The finance committee oversees the entire process.

Concentration of Revenue - The Coalition is dependent on cost reimbursement contracts with the Department of Housing and Urban Development to carry out its program activities. The majority of these contracts have been currently renewed through third-party payers' fiscal years ending during 2019. However, any significant future changes in the level of government funding of these programs could have a favorable or unfavorable impact on the operating results of the Coalition. During the years ended June 30, 2019 and 2018, 74% and 79%, respectively, of total revenue and support was derived from federal, state, and local government grants.

Note 3 - Promises to Give

Promises to give are receivable in less than one year. The promises to give balance consists of the following as of June 30, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Metro United Way	<u>\$ 14,383</u>	<u>\$ 19,227</u>

No allowance for doubtful accounts is considered necessary, as management believes that all amounts are collectible.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2019 and 2018

Note 4 - Investments

Investments consist of cash, stocks, and mutual funds that are stated at fair value based on quoted prices in active markets (all level 1 measurements) and are summarized as follows:

	Fair Value	Cost Basis	Unrealized Gains/(Losses)
<u>June 30, 2019</u>			
Money market	\$ 21,451	\$ 21,451	\$ -
Mutual funds - ETF	18,362	17,978	384
Mutual funds - equities	414,304	378,179	36,125
Mutual funds - fixed income	29,001	29,000	1
	<u>\$ 483,118</u>	<u>\$ 446,608</u>	<u>\$ 36,510</u>
<u>June 30, 2018</u>			
Money market	\$ 4,452	\$ 4,452	\$ -
Mutual funds - ETF	17,946	17,978	(32)
Mutual funds - equities	365,642	313,646	51,996
	<u>\$ 388,040</u>	<u>\$ 336,076</u>	<u>\$ 51,964</u>

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used to determine fair value at June 30, 2019 and 2018.

The carrying amount of money market accounts 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.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Coalition believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5 - Property and Equipment

Property and equipment and total accumulated depreciation are as follows:

	2019	2018
Property and equipment	\$ 18,276	\$ 18,276
Less accumulated depreciation	(14,484)	(14,068)
	<u>\$ 3,792</u>	<u>\$ 4,208</u>

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2019 and 2018

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted to certain programs or by the passage of time and consist of the following:

	<u>2019</u>	<u>2018</u>
Continuum of Care Program,		
Metro United Way	\$ 14,383	\$ 19,227
Community Foundation	25,000	-
Event sponsors	4,500	16,500
Expanded services grant	50,000	50,000
Rx: Housing Grant	18,000	5,811
Program Income from Tenants	<u>46,392</u>	<u>21,916</u>
	<u>\$ 158,275</u>	<u>\$ 113,454</u>

Note 7 - 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 7.0% of each eligible employee's salary. Employer contributions for the years ended June 30, 2019 and 2018 were \$40,630 and \$54,115, respectively.

Note 8 - Operating Leases

The Coalition leases office space under operating leases expiring in various years through 2023. Several of these leases have renewal options that are renewed in the normal course of business. Future minimum lease payments under non-cancelable operating leases at June 30, 2019, are as follows:

<u>Due Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 144,223
2021	72,199
2022	43,094
2023	<u>11,000</u>
	<u>\$ 270,516</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$167,422 and \$175,630, respectively.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2019 and 2018

Note 9 - 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 net ticket income is included in other income in the statements of activities and is presented as follows:

	2019	2018
Ticket revenue	\$ 406,636	\$ 401,007
Ticket expense	(394,314)	(392,847)
Net ticket income	\$ 12,322	\$ 8,160

Note 10 - Federal Awards

During the years ended June 30, 2019 and 2018, the Coalition received federal awards under programs administered by the U.S Department of Housing and Urban Development. As required under the programs the Coalition passed through awards during the years ended June 30, 2019 and 2018 totaling \$2,883,228 and \$2,750,935, respectively, to sub-recipients who provide programs that assist the homeless.

Note 11 - Liquidity and Availability

The following table reflects the Coalition's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or funds donors set aside for a specific purpose.

Financial assets	
Cash	\$ 557,485
Grants receivable	406,816
Promises to give	14,383
Investments	483,118
Total financial assets	1,461,802
Less those unavailable for general expenditure within one year:	
Restricted for specified programs	(158,275)
Total financial assets available for general expenditure within one year	\$ 1,303,527

In addition to financial assets available to meet general expenditures over the year, the Coalition operates with a balanced budget and anticipates covering its general expenditures by: collecting sufficient program and other revenues, utilizing resources from current and prior year's gifts, and appropriating the return on its investments, as needed.

The Coalition for the Homeless, Inc.
Notes to Financial Statements - Continued
For the Years Ended June 30, 2019 and 2018

Note 12 - Recently Issued Accounting Standards

Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The core principle of ASU 2014-09 is to recognize revenues when a customer obtains control of a good or service, in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. The standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 by one year. The updated standard will be effective for the year ending June 30, 2020. The Coalition has not yet selected a transition method and is currently evaluating the effect that the new standard will have on its financial statements.

Accounting Standards Update 2016-02, Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), requiring all leases to be recognized on the Coalition's balance sheet as a right-of-use asset and a lease liability, unless the lease is a short term lease (generally a lease with a term of twelve months or less). At the commencement date of the lease, the Coalition will recognize: 1) a lease liability for Coalition's obligation to make payments under the lease agreement, measured on a discounted basis; and 2) a right-of-use asset that represents the Coalition's right to use, or control the use of, the specified asset for the lease term. Upon adopting the ASU, the Coalition will be required to recognize and measure its leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 will be effective for the Coalition for the year ending June 30, 2022, with early adoption permitted. The Coalition is currently evaluating the effect that the new standard will have on its financial statements.

Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958)

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU will be effective for the Coalition for the year ending June 30, 2020. The Coalition is currently evaluating the effect that the new standard will have on its financial statements.

Note 13 - Subsequent Events

Management has evaluated subsequent events for recognition or disclosure in the financial statements through January 5, 2020, which was the date at which the financial statements were available to be issued.

Additional Information

The Coalition for the Homeless, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Payments to sub-recipients</u>	<u>Total Federal Expenditures by CFDA Number</u>
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant	14.218	\$ -	\$ 105,200
Total CDBG - Entitlement Grants Cluster		-	105,200
Emergency Solutions Grant	14.231	32,100	32,100
Continuum of Care Program	14.267	2,851,128	3,543,785
Total U.S. Department of Housing and Urban Development		2,883,228	3,681,085
Total Expenditures of Federal Awards		\$ 2,883,228	\$ 3,681,085

The Coalition for the Homeless, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Coalition for the Homeless, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Coalition for the Homeless, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Coalition for the Homeless, Inc.

Note 2 – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Coalition for the Homeless, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Directors
The Coalition for the Homeless, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Coalition for the Homeless, Inc. which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated January 5, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Coalition for the Homeless, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Coalition for the Homeless, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Coalition for the Homeless, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Coalition for the Homeless, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baldwin CPAs, PLLC

Louisville, Kentucky
January 5, 2020

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
The Coalition for the Homeless, Inc.

Report on Compliance for Each Major Federal Program

We have audited The Coalition for the Homeless, Inc.'s (a not-for-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Coalition for the Homeless, Inc.'s major federal programs for the year ended June 30, 2019. The Coalition for the Homeless, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Coalition for the Homeless, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Coalition for the Homeless, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on The Coalition for the Homeless, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Coalition for the Homeless, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of The Coalition for the Homeless, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Coalition for the Homeless, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Coalition for the Homeless, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baldwin CPAs, PLLC

Louisville, Kentucky
January 5, 2020

The Coalition for the Homeless, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Summary of auditors' results:

1. The auditors' report expresses an unmodified opinion on whether the financial statements of The Coalition for the Homeless, Inc. were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the internal control report. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of The Coalition for the Homeless, Inc. which would be required to be reported on *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal awards programs for The Coalition for the Homeless, Inc. expresses an unmodified opinion on all major federal programs.
6. There are no audit findings to be reported in accordance with 2 CFR 200.516(a).
7. Programs tested as major programs included:

Development of Housing and Urban Development		
Continuum of Care Program	CFDA #14.267	\$ 3,543,785
8. The dollar threshold to distinguish between Type A and Type B programs is \$750,000.
9. The Coalition for the Homeless, Inc. was determined to be a low-risk auditee.

Findings – financial statement audit: None

Findings and questioned costs – major federal award programs audit: None