



**The Coalition for the Homeless, Inc.**

**Independent Auditors' Report**

**And Financial Statements**

**For the Years Ended**

**June 30, 2020 and 2019**

## Contents

	Page
Independent Auditors' Report	1
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
Supplementary Information	
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Expenditures of Federal Awards	19
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	22
Schedule of Findings and Questioned Costs	24

## **Independent Auditors' Report**

Board of Directors  
The Coalition for the Homeless, Inc.

### **Report on the Financial Statements**

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, 2020 and 2019, 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, 2020 and 2019, 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 March 25, 2021 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  
March 25, 2021

The Coalition for the Homeless, Inc.  
 Statements of Financial Position  
 June 30, 2020 and 2019

	2020	2019
<b>Assets</b>		
Cash	\$ 1,098,573	\$ 557,485
Grants receivable	282,578	406,816
Promises to give	3,725	14,383
Inventory	57	-
Prepaid expenses	23,572	9,614
Investments	772,493	483,118
Property and equipment, net	79,772	3,792
<b>Total Assets</b>	<b>\$ 2,260,770</b>	<b>\$ 1,475,208</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 360,032	\$ 245,129
Accrued expenses and withholdings	61,387	42,940
Loan payable	65,000	-
<b>Total Liabilities</b>	486,419	288,069
<b>Net assets</b>		
Without donor restrictions	1,219,957	1,028,864
With donor restrictions	554,394	158,275
<b>Total Net Assets</b>	1,774,351	1,187,139
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,260,770</b>	<b>\$ 1,475,208</b>

The Coalition for the Homeless, Inc.  
Statements of Activities  
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Grants and contributions	\$ 4,175,076	\$ 627,582	\$ 4,802,658	\$ 4,271,850	\$ 243,778	\$ 4,515,628
Charitable gaming revenue, net	158,095	-	158,095	195,079	-	195,079
Membership dues	80,079	-	80,079	79,630	-	79,630
Special event revenue, net	30,389	-	30,389	67,727	-	67,727
Investment income, net	43,694	-	43,694	18,464	-	18,464
Other income	68,248	-	68,248	12,785	-	12,785
	<u>4,555,581</u>	<u>627,582</u>	<u>5,183,163</u>	<u>4,645,535</u>	<u>243,778</u>	<u>4,889,313</u>
<b>Net Assets Released from Restrictions</b>						
Restrictions satisfied by payments	231,463	(231,463)	-	198,957	(198,957)	-
	<u>4,787,044</u>	<u>396,119</u>	<u>5,183,163</u>	<u>4,844,492</u>	<u>44,821</u>	<u>4,889,313</u>
<b>Total Revenue and Support</b>						
<b>Expenses</b>						
Program services	4,222,792	-	4,222,792	4,305,267	-	4,305,267
Management and general	199,820	-	199,820	139,106	-	139,106
Fundraising	173,339	-	173,339	145,259	-	145,259
	<u>4,595,951</u>	<u>-</u>	<u>4,595,951</u>	<u>4,589,632</u>	<u>-</u>	<u>4,589,632</u>
<b>Total Expenses</b>						
<b>Change in Net Assets</b>	191,093	396,119	587,212	254,860	44,821	299,681
Net Assets at Beginning of Year	1,028,864	158,275	1,187,139	774,004	113,454	887,458
	<u>\$ 1,219,957</u>	<u>\$ 554,394</u>	<u>\$ 1,774,351</u>	<u>\$ 1,028,864</u>	<u>\$ 158,275</u>	<u>\$ 1,187,139</u>
<b>Net Assets at End of Year</b>						

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, 2020 and 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 703,200	\$ 108,958	\$ 127,324	\$ 939,482	\$ 649,936	\$ 40,508	\$ 112,062	\$ 802,506
Employee benefits	123,556	19,148	22,367	165,071	88,854	5,538	15,320	109,712
Federal awards - subrecipients	2,829,036	-	-	2,829,036	2,851,128	-	-	2,851,128
Stand down program	6,201	-	-	6,201	6,833	-	-	6,833
Shelter assistance	65,314	-	-	65,314	65,313	-	-	65,313
Special project expenses	107,048	-	-	107,048	146,877	-	-	146,877
Other assistance	151,401	-	-	151,401	264,396	-	-	264,396
Supplies	13,380	2,074	2,422	17,876	15,036	937	2,593	18,566
Printing and postage	7,882	1,222	1,427	10,531	14,983	934	2,583	18,500
Rent	96,511	14,957	17,471	128,939	65,495	4,082	11,293	80,870
Repairs and maintenance	-	18,664	-	18,664	-	3,370	-	3,370
Telephone and internet	9,412	1,459	1,704	12,575	7,832	488	1,350	9,670
Travel and conferences	35,081	1,847	-	36,928	58,745	5,129	-	63,874
Dues and subscriptions	-	2,729	-	2,729	-	2,563	-	2,563
Depreciation	3,448	534	624	4,606	337	21	58	416
Professional fees	71,322	21,439	-	92,761	69,502	70,666	-	140,168
Miscellaneous	-	6,789	-	6,789	-	4,870	-	4,870
Direct special event expenses	-	-	82,120	82,120	-	-	87,176	87,176
<b>Total expenses</b>	<b>4,222,792</b>	<b>199,820</b>	<b>255,459</b>	<b>4,678,071</b>	<b>4,305,267</b>	<b>139,106</b>	<b>232,435</b>	<b>4,676,808</b>
Less: Direct special event expenses	-	-	(82,120)	(82,120)	-	-	(87,176)	(87,176)
<b>Total expenses on statement of activities</b>	<b>\$ 4,222,792</b>	<b>\$ 199,820</b>	<b>\$ 173,339</b>	<b>\$ 4,595,951</b>	<b>\$ 4,305,267</b>	<b>\$ 139,106</b>	<b>\$ 145,259</b>	<b>\$ 4,589,632</b>

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, 2020 and 2019

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 587,212	\$ 299,681
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,606	416
Realized and unrealized gain on investments	(36,997)	(13,850)
(Increase) decrease in operating assets:		
Grants receivable	124,238	40,540
Promises to give	10,658	4,844
Inventory	(57)	38
Prepaid expenses	(13,958)	(5,285)
Increase (decrease) in operating liabilities:		
Accounts payable	114,903	(21,413)
Accrued expenses and withholdings	18,447	14,363
	<b>809,052</b>	<b>319,334</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(252,378)	(81,228)
Purchase of property and equipment	(80,586)	-
	<b>(332,964)</b>	<b>(81,228)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from loan payable	65,000	-
	<b>65,000</b>	<b>-</b>
<b>Net Increase in Cash</b>	541,088	238,106
Cash, Beginning of Year	557,485	319,379
<b>Cash, End of Year</b>	<b>\$ 1,098,573</b>	<b>\$ 557,485</b>



The Coalition for the Homeless, Inc.  
Notes to Financial Statements  
June 30, 2020 and 2019

**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  
June 30, 2020 and 2019

**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.

Public Support

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or grants, is received and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, 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 restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Special event and charitable gaming revenue are recognized when the events take place.

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2020 and 2019

**Note 1 - Significant Accounting Policies - Continued**

Revenue Recognition

Membership dues consist of dues collected from member agencies in exchange for access to database licenses, reduce priced Transit Authority of River City (“TARC”) passes and other benefits. Revenue from dues is recognized ratably over the period for which it covers. Additionally, the Coalition collects Homeless Management Information System (“HMIS”) fees from other organizations receiving federal funds related to homelessness. The Coalition purchases HMIS licenses from the state and sells them to other agencies at cost. Revenue from HMIS fees is recognized at the time of sale.

Other income consists primarily of revenue from the sale of TARC passes. The Coalition purchases TARC passes each month at a discount and resells the passes to other agencies at a reduced rate. Revenue from the sale of TARC passes is recognized when the sale takes place.

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, 2020 and 2019 were \$22,113 and \$166,044, 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.

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2020 and 2019

**Note 1 - Significant Accounting Policies - Continued**

Recently Issued Accounting Standards

For the fiscal year ended June 30, 2020, the Coalition adopted the following FASB's Accounting Standards Updates (ASU):

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Coalition implemented Topic 606 and adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08)*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Coalition implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

**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, 2020 and 2019 was approximately \$678,000 and \$248,000, 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 2020. 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, 2020 and 2019, 71% and 74%, respectively, of total revenue and support was derived from federal, state, and local government grants.

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2020 and 2019

**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, 2020 and 2019:

	2020	2019
Metro United Way	\$ 3,725	\$ 14,383

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

Conditional promises to give consist of the following:

	2020	2019
Metro United Way	\$ 7,250	\$ -

**Note 4 - Investments**

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

	Level 1	Level 2	Level 3	Total Fair Value
June 30, 2020				
Money market	\$ 16,288	\$ -	\$ -	\$ 16,288
US equity ETFs	388,977	-	-	388,977
Fixed income ETFs	279,209	-	-	279,209
International Equity ETFs	88,019	-	-	88,019
	\$ 772,493	\$ -	\$ -	\$ 772,493
June 30, 2019				
Money market	\$ 21,451	\$ -	\$ -	\$ 21,451
US equity ETFs	414,304	-	-	414,304
Fixed income ETFs	29,001	-	-	29,001
International Equity ETFs	18,362	-	-	18,362
	\$ 483,118	\$ -	\$ -	\$ 483,118

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, 2020 and 2019.

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 Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2020 and 2019

**Note 4 - Investments - Continued**

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.

Investment income consists of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 11,915	\$ 8,721
Realized gains	24,756	9,682
Unrealized gains	12,241	4,168
Investment fees	<u>(5,218)</u>	<u>(4,107)</u>
	<u>\$ 43,694</u>	<u>\$ 18,464</u>

**Note 5 - Property and Equipment**

Property and equipment and total accumulated depreciation are as follows:

	<u>2020</u>	<u>2019</u>
Property and equipment	\$ 98,862	\$ 18,276
Less accumulated depreciation	<u>(19,090)</u>	<u>(14,484)</u>
Property and equipment, net	<u>\$ 79,772</u>	<u>\$ 3,792</u>

**Note 6 - Loan Payable**

On April 15, 2020, the Coalition qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$65,000 (the "PPP Loan"). In addition, President Trump signed into law the Paycheck Protection Program and Health Care Enhancement Act on April 24, 2020, which increased funding provided by the CARES Act. Terms and conditions associated with the PPP have been subsequently revised by both the Paycheck Protection Program Flexibility Act of 2020 and the Consolidated Appropriations Act, 2021 which were enacted on June 5, 2020 and December 27, 2020, respectively. The PPP has been extended until March 31, 2021 and enables certain eligible borrowers to apply for and potentially receive a second PPP loan if certain eligibility criteria are met.

The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Coalition's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Coalition. The Coalition intends to apply for forgiveness of the PPP

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2020 and 2019

**Note 6 - Loan Payable - Continued**

Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Coalition will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in July 2021 principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. Until forgiven or paid, the PPP loan is recorded as a loan payable on the statement of financial position as of June 30, 2020.

Future principal payments on the loan payable are as follows:

Due Fiscal Year Ending June 30,	Amount
2021	\$ -
2022	65,000
	<u>\$ 65,000</u>

**Note 7 - 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>2020</u>	<u>2019</u>
Continuum of Care Program, Metro United Way	\$ 3,725	\$ 14,383
Community Foundation	-	25,000
Event sponsors	-	4,500
Prevention and advocacy	451,132	-
Expanded services grant	-	50,000
Rx: Housing Grant	10,494	18,000
Program Income from Tenants	<u>89,043</u>	<u>46,392</u>
	<u>\$ 554,394</u>	<u>\$ 158,275</u>

**Note 8 - 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, 2020 and 2019 were \$63,431 and \$40,630, respectively.

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2020 and 2019

**Note 9 - Operating Leases**

The Coalition leases office space under operating leases expiring in various years through 2025. 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, 2020, are as follows:

Due Fiscal Year Ending June 30,	Amount
2021	\$ 137,622
2022	137,622
2023	137,622
2024	137,622
2025	34,406
	\$ 584,894

Rent expense for the years ended June 30, 2020 and 2019 was \$196,039 and \$167,422, respectively.

**Note 10 - Fiscal Agent**

The Coalition and 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 for the years ending June 30, 2020 and 2019:

	2020	2019
Ticket revenue	\$ 636,656	\$ 406,636
Ticket expense	(582,724)	(394,314)
Net ticket income	\$ 53,932	\$ 12,322

**Note 11 - Federal Awards**

During the years ended June 30, 2020 and 2019, 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, 2020 and 2019 totaling \$2,861,136 and \$2,883,228, respectively, to sub-recipients who provide programs that assist the homeless.



The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2020 and 2019

**Note 12 - Liquidity and Availability**

The following table reflects the Coalition’s financial assets as of June 30, 2020 and 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.

	2020	2019
Financial assets		
Cash	\$ 1,098,573	\$ 557,485
Grants receivable	282,578	406,816
Promises to give	3,725	14,383
Investments	772,493	483,118
 Total financial assets	 2,157,369	 1,461,802
 Less those unavailable for general expenditure within one year:		
Restricted for specified programs	(554,394)	(158,275)
 Total financial assets available for general expenditure within one year	 \$ 1,602,975	 \$ 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.

**Note 13 - Recently Issued Accounting Standards**

Accounting Standards Update 2016-02, Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), 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 the 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. Under ASU 2016-02, the Coalition will be required to recognize and measure its leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018 the FASB issued ASU 2018-11 which provides an additional, optional transition method which allows an entity to initially apply the standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. ASU 2016-02 will be effective for the Coalition for the year ending June 30, 2023, with early adoption permitted. The Coalition is currently evaluating the effect that the new standard will have on its financial statements.

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2020 and 2019

**Note 13 - Recently Issued Accounting Standards - Continued**

Accounting Standards Update 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (“ASU 2020-07”), requiring an entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. The standard will be applied on a retrospective basis and will be effective for the year ending June 30, 2022. The Coalition does not expect the new standard will impact its financial statements other than a reclassification on the statement of activities and additional disclosures.

**Note 14 - Commitment & Contingencies**

The novel coronavirus (COVID-19) was first identified in people in late 2019. COVID-19 spread rapidly throughout the world and, in March 2020, the World Health Organization characterized COVID-19 as a pandemic. It has significantly disrupted supply chains and businesses around the world. The United States and global markets experienced significant volatility in value resulting from uncertainty caused by the pandemic. The Coalition is closely monitoring its investment portfolio and its liquidity, but has no immediate plans to change its investment portfolio. The extent of the impact of COVID-19 on the Coalition’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Coalition’s members, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Coalition’s future financial condition, results of operations and cash flows is uncertain.

**Note 15 - Subsequent Events**

Management has evaluated subsequent events for recognition or disclosure in the financial statements through March 25, 2021, 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, 2020

<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>
<b>U.S. Department of Housing and Urban Development CDBG - Entitlement Grants Cluster</b>			
Community Development Block Grant	14.218	<u>\$ -</u>	<u>\$ 80,000</u>
<b>Total CDBG - Entitlement Grants Cluster</b>		-	80,000
Emergency Solutions Grant	14.231	32,100	32,100
Continuum of Care Program	14.267	<u>2,829,036</u>	<u>3,571,556</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>2,861,136</u>	<u>3,683,656</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 2,861,136</u></u>	<u><u>\$ 3,683,656</u></u>

The Coalition for the Homeless, Inc.  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

**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, 2020. 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, 2020 and 2019, 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 March 25, 2021.

**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) as a basis for designing 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 statements. 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  
March 25, 2021

**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, 2020. 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, 2020.



## 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  
March 25, 2021

The Coalition for the Homeless, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

**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	\$ 3,571,556
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