

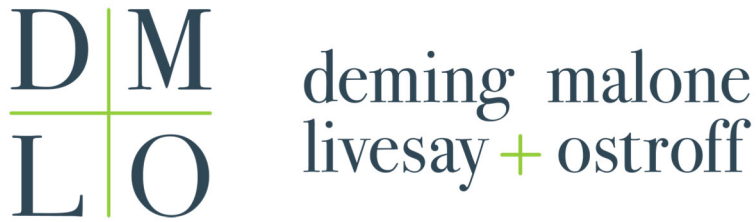
THE COALITION FOR THE HOMELESS, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2023

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Coalition for the Homeless, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Coalition for the Homeless, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Coalition for the Homeless, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Coalition for the Homeless, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Coalition for the Homeless, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Coalition for the Homeless, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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* 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 schedule of expenditures of federal awards 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 18, 2024, 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 solely 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.

Deming, Malone, Leisner & Petroff

Louisville, Kentucky
January 18, 2024

THE COALITION FOR THE HOMELESS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2023

Assets	
Current Assets	
Cash and cash equivalents	\$ 524,517
Accounts receivable	35,607
Grants receivable	312,833
Prepaid expenses	49,270
Total current assets	<u>922,227</u>
Property and Equipment	
Furniture and equipments	22,369
Leasehold improvements	97,437
	<u>119,806</u>
Less accumulated depreciation	52,651
	<u>67,155</u>
Other Assets	
Investments	1,704,638
Operating lease right-of-use asset	527,354
Total other assets	<u>2,231,992</u>
Total assets	<u>\$ 3,221,374</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 28,222
Accrued payroll	53,169
Accrued expenses	216,155
Current maturities of operating lease liability	202,495
Deferred revenue	22,633
Total current liabilities	<u>522,674</u>
Other Liabilities	
Operating lease liability, less current maturities	<u>324,859</u>
Total liabilities	<u>847,533</u>
Net Assets	
Without donor restrictions:	
Undesignated	2,306,006
With donor restrictions:	
Restricted by purpose or time	<u>67,835</u>
Total net assets	<u>2,373,841</u>
Total liabilities and net assets	<u>\$ 3,221,374</u>

See Notes to Financial Statements.

THE COALITION FOR THE HOMELESS, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Grants	\$ 4,600,990	\$ 231,080	\$ 4,832,070
Cash contributions	122,655		122,655
In-kind contributions	71,843		71,843
Membership dues	61,695		61,695
Charitable gaming, net	179,693		179,693
Special events	176,496	17,676	194,172
Net investment return	99,256		99,256
TARC fees	62,856		62,856
Miscellaneous income	1,213		1,213
	<u>5,376,697</u>	<u>248,756</u>	<u>5,625,453</u>
Total operating revenue			
Net assets released from restrictions	<u>233,696</u>	<u>(233,696)</u>	<u> </u>
	<u>5,610,393</u>	<u>15,060</u>	<u>5,625,453</u>
Total revenues, gains and other support			
Expenses			
Program services	5,025,571		5,025,571
General and administrative	388,114		388,114
Fundraising	272,707		272,707
	<u>5,686,392</u>	<u> </u>	<u>5,686,392</u>
Total expenses			
Net change in total net assets	(75,999)	15,060	(60,939)
Net assets, beginning of year, as restated	<u>2,382,005</u>	<u>52,775</u>	<u>2,434,780</u>
Net assets, end of year	<u>\$ 2,306,006</u>	<u>\$ 67,835</u>	<u>\$ 2,373,841</u>

See Notes to Financial Statements.

THE COALITION FOR THE HOMELESS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services	General and Administrative	Fund- raising	Total
Federal awards - subrecipients	\$ 3,405,011			\$ 3,405,011
Salaries and wages	830,522	\$ 197,541	\$ 146,571	1,174,634
Employee benefits	169,408	40,562	28,632	238,602
Professional fees	87,736	51,444		139,180
Rent	112,850	20,643	4,129	137,622
Travel and conferences	66,054	24,054	696	90,804
Payroll taxes	61,967	14,837	10,473	87,277
Shelter assistance	86,593			86,593
Special events			80,849	80,849
HMIS equipment and licensing	79,001			79,001
Other assistance	57,049			57,049
Repairs and maintenance		30,282		30,282
Supplies	17,156	2,212	397	19,765
Special project expenses	17,585			17,585
Printing	12,573	1,445	289	14,307
Depreciation	9,250	1,692	338	11,280
Telephone and internet	9,113	1,667	333	11,113
Dues and subscriptions	2,925			2,925
Miscellaneous		1,735		1,735
Stand down program	778			778
	\$ 5,025,571	\$ 388,114	\$ 272,707	\$ 5,686,392

See Notes to Financial Statements.

THE COALITION FOR THE HOMELESS, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

Cash Flows from Operating Activities	
Net change in total net assets	\$ (60,939)
Adjustments to reconcile net change in total net assets to net cash provided by operating activities:	
Depreciation	11,280
Unrealized gain on investments	(79,452)
Realized loss on investments	9,667
Stock donations received	(41,830)
Reinvested interest and dividends	(40,759)
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	36,833
Grants receivable	94,485
Prepaid expenses	59,906
Increase (decrease) in:	
Accounts payable	(9,011)
Accrued payroll	24,384
Accrued expenses	23,697
Deferred revenue	<u>22,633</u>
Net cash provided by operating activities	<u>50,894</u>
Cash Flows from Investing Activities	
Purchase of investments	(258,450)
Proceeds from sale of investments	<u>171,006</u>
Net cash used in investing activities	<u>(87,444)</u>
Net change in cash and cash equivalents	(36,550)
Cash and cash equivalents, beginning of year	<u>561,067</u>
Cash and cash equivalents, end of year	<u>\$ 524,517</u>

See Notes to Financial Statements.

THE COALITION FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities:

The Coalition for the Homeless, Inc. (Coalition) is a not-for-profit corporation in Louisville, Kentucky that advocates for people who are homeless and for the prevention and elimination of homelessness.

Summary of significant accounting policies:

This summary of significant accounting policies of The Coalition for the Homeless, Inc. is presented to assist in understanding the Coalition's financial statements. The financial statements are representations of the Coalition's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

The accompanying financial statements of the Coalition have been prepared on the accrual basis of accounting. The Coalition records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board can designate, from net assets without donor restrictions, net assets for specific operational purposes.

Net assets with donor restrictions – Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of estimates:

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

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents:

For purposes of the statement of cash flows, the Coalition considers cash and investments with original maturities of three months or less to be cash and cash equivalents, excluding those amounts held as part of the investment portfolio.

Accounts and grants receivable:

Accounts and grants receivable consists primarily of government cost reimbursement grants that have been billed but not yet received. The Coalition considers all accounts and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and equipment:

The Coalition's policy is to capitalize asset purchases in excess of \$5,000 with a useful life of five years or more. Property and equipment are recorded at cost if purchased, or at fair value as of the date of donation, if donated, and are being depreciated on the straight-line method over their estimated useful lives. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in operations.

Investments:

Investments are recorded at fair value. Donated investments are recorded at their fair value as of the date received. Net investment return is reported on the statement of activities and consists of interest and dividends, realized and unrealized capital gains and losses, less investment expenses. See Note 3 for discussion of fair value measurements.

Donated services and in-kind contributions:

The Coalition records donated services that require specific expertise and would normally have been purchased, and donated services that create or enhance non-financial assets, at fair value as of the date of donation. Those donated services that do not meet these specific criteria are not reflected in the financial statements. Donations other than cash are recorded at their fair value as of the date of donation. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTES TO FINANCIAL STATEMENTS

In-kind contributions included in the statements of activities for the years ended June 30, 2023 consisted of the following:

	<u>Amount</u>	<u>Valuation Method</u>
Auction items	\$30,013	Estimated fair value
Stock	<u>41,830</u>	Fair value
	<u>\$71,843</u>	

Revenue and revenue recognition:

Revenue for contributions is recognized when cash, securities or other assets are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction. 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.

Revenue from special events and charitable gaming are recognized at a point in time when the event occurs. Payment for the ticketed events is due at the time of purchase.

Revenue from membership dues consist of dues collected from member agencies in exchange for access to database licenses, reduced priced Transit Authority of River City (TARC) passes and other benefits. Revenue from dues is recognized ratably over the period 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. The opening balance of all accounts receivable for the year ended June 30, 2023 was \$72,440. There was no opening balance for deferred revenue for the year ended June 30, 2023.

TARC fee income consists of revenue from the sale of TARC passes. The Coalition receives a transaction fee for acting as an agent for TARC by purchasing passes each month at a discount and reselling the passes to other agencies at a reduced rate. Revenue from the sale of TARC passes is recognized when the sale takes place.

Functional expenses:

The statement of functional expenses reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses are charged directly to program or general and administrative categories based on specific identification, while other expenses are allocated on the basis of estimates of time and effort.

NOTES TO FINANCIAL STATEMENTS

Income taxes:

The Coalition is exempt from federal, Kentucky and local income taxes as a not-for-profit corporation as described under Internal Revenue Code Section 501(c)(3). The Coalition files an informational tax return in the U.S. federal jurisdiction and with the Kentucky Office of the Attorney General. However, income from certain activities not directly related to the Coalition's tax-exempt purpose may be subject to taxation as unrelated business income. Management does not believe that the Coalition has unrelated business income for the year ended June 30, 2023.

As of June 30, 2023, the Coalition did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the year then ended.

Accounting pronouncements adopted:

Effective July 1, 2022, the Coalition adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for most leases and to provide enhanced disclosures. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

The Coalition adopted FASB ASC 842, with a date of initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional and optional transition method provided by ASU No. 2018-11, *Leases (Topic 842) Targeted Improvements*. The Coalition did not restate prior periods and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022 was necessary. The most significant effects of adopting FASB ASC 842 was the recognition of \$724,225 of operating lease ROU asset and operating lease liability on the statement of financial position as of July 1, 2022. No cumulative effect adjustment to net assets as of July 1, 2022 was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2023. See Note 4.

The Coalition elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Coalition also elected other practical expedients. For lease agreements with lease and non-lease components, the Coalition elected to account for lease and non-lease components as a single lease component. For lease agreements with terms of 12 months or less, the Coalition elected not to record a ROU asset or liability.

NOTES TO FINANCIAL STATEMENTS

Leases:

The Coalition evaluates contracts at inception and when terms of an existing contract are changed to determine if an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the statement of financial position. The Coalition has no finance leases. Lease cost for lease payments are recognized on a straight-line basis over the lease term.

ROU assets represent the right to use an underlying asset for the lease term. The ROU asset also includes initial direct costs and prepaid lease payments made, if any, less lease incentives, if any. Lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of the future lease payments over the lease term.

The Coalition's leases do not provide an implicit rate, so the Coalition utilizes the risk free rate based on the information available at the commencement date for each lease in determining the present value of lease payments. The risk free rate is reevaluated upon lease modification.

The Coalition's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Coalition will exercise the option.

Short-term leases (leases with an initial term of twelve months or less that do not contain a purchase option that is likely to be exercised) are not recorded on the statement of financial position.

Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Newly issued standard not yet effective:

FASB has issued accounting standard No. 2016-13, *Financial Instruments – Credit Losses*, effective for years beginning after December 15, 2022. The Organization is evaluating the impact that adoption of this standard will have on future financial position and results of operations.

Subsequent events:

Subsequent events have been evaluated through January 18, 2024, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the June 30, 2023 statement of financial position date, consist of the following:

Cash and cash equivalents	\$ 524,517
Accounts receivable	35,607
Grants receivable	312,833
Investments	<u>1,704,638</u>
	2,577,595
Donor restricted assets	<u>(67,835)</u>
	<u>\$2,509,760</u>

As part of the Coalition's liquidity management plan, management invests cash in excess of daily requirements in exchange traded funds, government bonds, and money market funds.

The Coalition manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

Note 3. Investments and Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Coalition has the ability to access.
- Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active or inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTES TO FINANCIAL STATEMENTS

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

All assets have been valued using a market approach. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2023.

Cash equivalent funds – valued at the face value of the account at year end.

Exchange traded funds – valued at the closing price reported in the active market in which the security is traded.

U.S. treasury bonds and brokered certificates of deposit – valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions.

The preceding method described 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 method is 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.

Fair value of investments as of June 30, 2023 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. treasury bonds		\$ 29,567	\$ 29,567
Exchange traded funds:			
Equity funds	\$ 815,149		815,149
Fixed income funds	607,850		607,850
Money market funds	152,340		152,340
Brokered certificates of deposit	_____	<u>99,732</u>	<u>99,732</u>
	<u>\$1,575,339</u>	<u>\$129,299</u>	<u>\$1,704,638</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Lease Commitments

The Coalition leases space under operating leases with a 1-5 year initial lease term. Certain leases include renewal options which can extend the lease term. The exercise of any renewal options is at the sole discretion of the Coalition, and only lease options that the Coalition believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. The lease agreements do not include any variable lease payments, material residual value guarantees, or restrictive covenants.

The following summarizes lease costs for the year ended June 30, 2023:

Lease costs:	
Operating lease expense	\$214,422
 Supplemental cash flow information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$214,422
Right of use assets obtained in exchange for new operating lease liabilities	\$724,225
 Other information:	
Weighted-average remaining lease term (years)	3.80
Weighted-average discount rate	2.85%

The maturities of operating lease liabilities as of June 30, 2023, were as follows:

	2024	\$214,422
	2025	111,206
	2026	76,800
	2027	76,800
	2028	<u>76,800</u>
		556,028
Less present value discount		<u>(28,674)</u>
		 <u>\$527,354</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2023, consisted of the following:

Restricted by purpose or time:	
Training - Amerifunds	\$25,000
Program Income from tenants	<u>42,835</u>
 Total net assets with donor restrictions	 <u>\$67,835</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of events specified by the donors as follows for the year ended June 30, 2023:

Training - Amerifunds	\$ 25,000
Prevention and advocacy	4,043
Event sponsors	17,677
Rx: Housing Grant	30,073
Program Income from tenants	<u>156,903</u>
	 <u>\$233,696</u>

Note 6. Concentration of Revenues

The Coalition is dependent on cost reimbursement grants with the Department of Housing and Urban Development to carry out its program activities. The majority of these grants have been renewed through third-party payers' fiscal years ending during 2023. Changes in the future allocation of grant funding by these agencies could have a significant impact on the Coalition's operations. Approximately 66% of revenues for the year ended June 30, 2023 were from the Department of Housing and Urban Development.

Note 7. Retirement Plan

The Coalition has a simplified employee pension plan which covers all eligible employees. Eligible employees are those employees who have attained 21 years of age and earn in excess of \$500. The Coalition contributes 7% of each eligible employee's salary. Employer contributions for the year ended June 30, 2023 were approximately \$82,500.

NOTES TO FINANCIAL STATEMENTS

Note 8. Concentration of Credit Risk

The Coalition maintains its cash accounts at various financial institutions in Louisville, Kentucky. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023, uninsured cash balances were approximately \$183,000.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. It is reasonably possible that changes in the values of investments could occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. 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.

Note 9. 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 transaction fee for this service which is included in the statement of activities for the year ended June 30, 2023.

Note 10. Charitable Gaming

The Coalition regularly participates in charitable gaming consisting of bingo to raise funds. Following are the results of these activities for the year ended June 30, 2023:

Gross revenue	\$453,841
Less: expenses	<u>274,148</u>
Net revenues from charitable gaming	<u>\$179,693</u>

NOTES TO FINANCIAL STATEMENTS

Note 11. Restatement

During the year ended June 30, 2023, it was determined that some net assets without donor restrictions had previously been reported as net assets with donor restrictions. Accordingly, net assets as of June 30, 2022 are being restated with no effect on previously reported total net assets or changes in total net assets.

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Balances at June 30, 2022, as previously reported	\$2,079,688	\$ 355,092	\$2,434,780
Reclassified	<u>302,317</u>	<u>(302,317)</u>	<u> </u>
Balances at June 30, 2022, as restated	<u>\$2,382,005</u>	<u>\$ 52,775</u>	<u>\$2,434,780</u>

THE COALITION FOR THE HOMELESS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

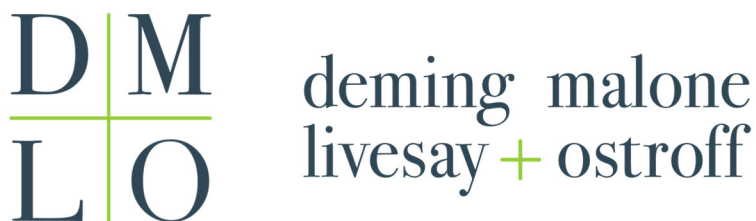
<u>Program Description</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing & Urban Development</u>				
Continuum of Care Program	14.267		\$1,712,206	\$4,024,761
Pass through from Louisville/Jefferson County Metro Government - Community Development Block Grant	14.218		<u>32,100</u>	<u>112,100</u>
			<u>\$1,744,306</u>	<u>\$4,136,861</u>

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, 2023. 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 final position, changes in net assets or cash flows of The Coalition for the Homeless, Inc.

Note 2. Summary of 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Coalition for the Homeless, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance. Pass-through entity identifying numbers are presented where available.



**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***

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

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. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated January 18, 2024.

Report on 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 the 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

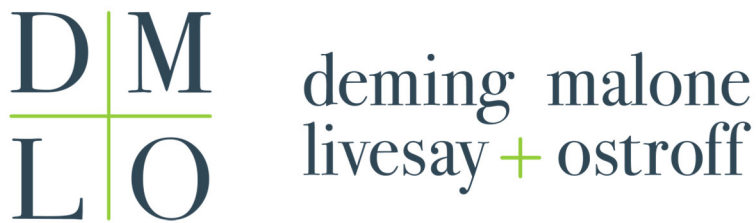
As part of obtaining reasonable assurance about whether The Coalition for the Homeless, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Louisville, Kentucky
January 18, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Coalition for the Homeless, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2023. The Coalition for the Homeless, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Coalition for the Homeless, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Coalition for the Homeless, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Coalition for the Homeless, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with requirements referred to above occurred, whether due to fraud or error, and express an opinion The Coalition for the Homeless, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood, that individually or in the aggregate, it would influence the judgement made by a reasonable user based on the report on compliance about The Coalition for the Homeless, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud, error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Coalition for the Homeless, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Coalition for the Homeless, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 The Coalition for the Homeless, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal controls over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Deming, Malone, Lussary & Petroff

Louisville, Kentucky
January 18, 2024

THE COALITION FOR THE HOMELESS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section I – 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 GAAP.
2. Internal control over financial reporting:
 - Material weakness identified? ___ Yes X No
 - Significant deficiency identified? ___ Yes X None 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 in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Internal control over major programs:
 - Material weakness identified? ___ Yes X No
 - Significant deficiency identified? ___ Yes X None reported
5. The auditors’ report on compliance for the major federal award programs of The Coalition for the Homeless, Inc. expresses an unmodified opinion on the major federal program.
6. The audit did not disclose any audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs audited as major programs were:

<u>Assistance Listing Number</u>	<u>Name of Major Federal Program</u>
14.267	U.S. Department of Housing and Urban Development: Continuum of Care Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did qualify as a low-risk auditee.

THE COALITION FOR THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section II – Financial Statement Findings

There are no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs (Under Section 2 CFR 200.516(a))

There are no findings or questioned costs required to be reported.