



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

**Independent Auditors' Report**

**And Financial Statements**

**For the Years Ended**

**June 30, 2022, and 2021**

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## Independent Auditors' Report

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 nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

#### **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 Auditor's 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 opinions.

#### **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 March 10, 2023, on our consideration of 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 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 Coalition for the Homeless, Inc.'s internal control over financial reporting and compliance.

***Baldwin CPAs, PLLC***

Louisville, Kentucky

March 10, 2023

The Coalition for the Homeless, Inc.  
 Statements of Financial Position  
 June 30, 2022, and 2021

	2022	2021
<b>Assets</b>		
Cash	\$ 561,067	\$ 612,538
Grants receivable	479,758	527,221
Promises to give	-	8,610
Prepaid expenses	109,176	51,119
Investments	1,464,820	1,005,596
Property and equipment, net	78,435	89,864
<b>Total Assets</b>	<b>\$ 2,693,256</b>	<b>\$ 2,294,948</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 229,691	\$ 207,669
Accrued expenses and withholdings	28,785	72,763
<b>Total Liabilities</b>	258,476	280,432
<b>Net assets</b>		
Without donor restrictions	2,079,688	1,572,465
With donor restrictions	355,092	442,051
<b>Total Net Assets</b>	2,434,780	2,014,516
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,693,256</b>	<b>\$ 2,294,948</b>

The Coalition for the Homeless, Inc.  
Statements of Activities  
June 30, 2022, and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Grant income	\$ 4,596,563	\$ 355,092	\$ 4,951,655	\$ 3,840,189	\$ 442,051	\$ 4,282,240
Contributions	1,283,202	-	1,283,202	717,613	-	717,613
Contributions of nonfinancial assets	251,280	-	251,280	33,584	-	33,584
Charitable gaming revenue, net	126,375	-	126,375	246,805	-	246,805
Membership dues	63,010	-	63,010	58,214	-	58,214
Special events (net of related expenses of \$111,049 and \$8,837 as of June 30, 2022 and 2021, respectively)	131,505	-	131,505	18,475	-	18,475
Investment income (expense), net	(130,724)	-	(130,724)	202,079	-	202,079
Gain on extinguishment of debt	-	-	-	65,000	-	65,000
Other income	25,323	-	25,323	43,792	-	43,792
	<u>6,346,534</u>	<u>355,092</u>	<u>6,701,626</u>	<u>5,225,751</u>	<u>442,051</u>	<u>5,667,802</u>
<b>Net Assets Released from Restrictions</b>						
Restrictions satisfied by payments	442,051	(442,051)	-	554,394	(554,394)	-
<b>Total Revenue and Support</b>	<u>6,788,585</u>	<u>(86,959)</u>	<u>6,701,626</u>	<u>5,780,145</u>	<u>(112,343)</u>	<u>5,667,802</u>
<b>Expenses</b>						
Program services	5,681,519	-	5,681,519	5,033,435	-	5,033,435
Management and general	317,286	-	317,286	163,178	-	163,178
Fundraising	282,557	-	282,557	231,024	-	231,024
<b>Total Expenses</b>	<u>6,281,362</u>	<u>-</u>	<u>6,281,362</u>	<u>5,427,637</u>	<u>-</u>	<u>5,427,637</u>
<b>Change in Net Assets</b>	507,223	(86,959)	420,264	352,508	(112,343)	240,165
Net Assets at Beginning of Year	1,572,465	442,051	2,014,516	1,219,957	554,394	1,774,351
<b>Net Assets at End of Year</b>	<u>\$ 2,079,688</u>	<u>\$ 355,092</u>	<u>\$ 2,434,780</u>	<u>\$ 1,572,465</u>	<u>\$ 442,051</u>	<u>\$ 2,014,516</u>

The Coalition for the Homeless, Inc.  
Statements of Functional Expenses  
June 30, 2022, and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 930,840	\$ 154,236	\$ 213,093	\$ 1,298,169	\$ 1,014,696	\$ 77,806	\$ 180,850	\$ 1,273,352
Employee benefits	158,730	26,300	36,351	221,381	141,470	10,847	25,208	177,525
Federal awards - subrecipients	3,131,388	-	-	3,131,388	2,996,059	-	-	2,996,059
Stand down program	7,449	-	-	7,449	4,322	-	-	4,322
Shelter assistance	79,104	-	-	79,104	116,788	-	-	116,788
Special project expenses	141,550	-	-	141,550	60,462	-	-	60,462
Other assistance	949,562	-	-	949,562	418,669	-	-	418,669
Supplies	13,769	2,281	3,153	19,203	6,642	509	1,184	8,335
Printing and postage	12,662	2,098	2,899	17,659	8,336	639	1,485	10,460
Rent	98,675	16,349	22,598	137,622	109,671	8,409	19,542	137,622
Repairs and maintenance	-	25,732	-	25,732	-	19,147	-	19,147
Telephone and internet	11,298	1,872	2,587	15,757	6,811	522	1,214	8,547
Travel and conferences	35,096	1,847	-	36,943	35,859	1,888	-	37,747
Dues and subscriptions	-	3,455	-	3,455	-	3,639	-	3,639
Depreciation	8,195	1,358	1,876	11,429	8,649	663	1,541	10,853
Professional fees	102,503	63,849	-	166,352	105,001	20,883	-	125,884
Miscellaneous	698	17,909	-	18,607	-	18,226	-	18,226
Direct special event expenses	-	-	111,049	111,049	-	-	8,837	8,837
Total expenses	5,681,519	317,286	393,606	6,392,411	5,033,435	163,178	239,861	5,436,474
Special event expenses netted against special event revenue	-	-	(111,049)	(111,049)	-	-	(8,837)	(8,837)
Total expenses on statement of activities	<u>\$ 5,681,519</u>	<u>\$ 317,286</u>	<u>\$ 282,557</u>	<u>\$ 6,281,362</u>	<u>\$ 5,033,435</u>	<u>\$ 163,178</u>	<u>\$ 231,024</u>	<u>\$ 5,427,637</u>

The accompanying notes are an integral part of these financial statements

The Coalition for the Homeless, Inc.  
Statements of Cash Flows  
June 30, 2022, and 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 420,264	\$ 240,165
to net cash provided (used) by operating activities:		
Depreciation	11,429	10,853
Gain on extinguishment of debt	-	(65,000)
Realized and unrealized loss (gain) on investments	159,636	(185,487)
(Increase) decrease in operating assets:		
Grants receivable	47,463	(244,643)
Promises to give	8,610	(4,885)
Inventory	-	57
Prepaid expenses	(58,057)	(27,547)
Increase (decrease) in operating liabilities:		
Accounts payable	22,022	(152,363)
Accrued expenses and withholdings	(43,978)	11,376
	<b>567,389</b>	<b>(417,474)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(618,860)	(47,617)
Purchase of property and equipment	-	(20,944)
	<b>(618,860)</b>	<b>(68,561)</b>
<b>Net Cash Used by Investing Activities</b>		
	<b>(618,860)</b>	<b>(68,561)</b>
<b>Net (Decrease) in Cash</b>	<b>(51,471)</b>	<b>(486,035)</b>
Cash, Beginning of Year	612,538	1,098,573
<b>Cash, End of Year</b>	<b>\$ 561,067</b>	<b>\$ 612,538</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Other non-cash transactions:		
Donated materials and services	<b>\$ 251,280</b>	<b>\$ 33,584</b>



The Coalition for the Homeless, Inc.  
Notes to Financial Statements  
June 30 2022 and 2021

**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 receivables 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, 2022 and 2021

**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.

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 Financial Accounting Standards Board Accounting Standards Codification provides a framework for measuring fair values. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as described below:

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. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

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, 2022 and 2021

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

Revenue Recognition - Continued

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.

Contributions of Non-financial Assets and In-kind Donations

The Coalition may receive various types of in-kind donations including tangible assets. FASB ASC 958-605-25 requires recognition at their fair market value when received and presented on the statement of activities as contributions of non-financial assets and in-kind donations, as required by ASU 2020-07.

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, 2022 and 2021 were \$251,280 and \$33,584, 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. Description of donor-imposed restrictions, and valuation techniques used are disclosed in Note 13.

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, 2022 and 2021

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

Recently Adopted Accounting Standards

For the year ended June 30, 2022, the Coalition adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2020-07 – *Not-for-Profit Entities (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 required to be adopted on a retrospective basis. Adoption of the standard did not have any significant change for the Coalition.

**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, 2022 and 2021 was \$328,753 and \$198,000, 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.

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 renewed through third-party payers' fiscal years ending during 2022. 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, 2022 and 2021, 60% and 71% 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, 2022 and 2021

**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, 2022 and 2021:

	2022	2021
Metro United Way	\$ -	\$ 8,610

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

Conditional promises to give consist of the following:

	2022	2021
Metro United Way	\$ -	\$ 5,656

**Note 4 - Investments**

Investments consist of cash 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
<u>June 30, 2022</u>				
Money market	\$ 77,162	\$ -	\$ -	\$ 77,162
US equity ETFs	593,058	-	-	593,058
Fixed income ETFs	399,886	-	-	399,886
International Equity ETFs	394,714	-	-	394,714
	\$ 1,464,820	\$ -	\$ -	\$ 1,464,820
<u>June 30, 2021</u>				
Money market	\$ 20,582	\$ -	\$ -	\$ 20,582
US equity ETFs	473,049	-	-	473,049
Fixed income ETFs	394,323	-	-	394,323
International Equity ETFs	117,642	-	-	117,642
	\$ 1,005,596	\$ -	\$ -	\$ 1,005,596

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2022 and 2021

**Note 4 – Investments - Continued**

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, 2022 and 2021.

The carrying amount of money market accounts approximate fair value due to the short-term nature of these instruments.

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

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

Investment income consists of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 28,912	\$ 16,592
Unrealized gains (losses)	(147,916)	194,263
Investment fees	<u>(11,720)</u>	<u>(8,776)</u>
	<u>\$ (130,724)</u>	<u>\$ 202,079</u>

**Note 5 - Property and Equipment**

Property and equipment and total accumulated depreciation are as follows:

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 119,806	\$ 119,806
Less accumulated depreciation	<u>(41,371)</u>	<u>(29,942)</u>
Property and equipment, net	<u>\$ 78,435</u>	<u>\$ 89,864</u>

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2022 and 2021

**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”). 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. Coalition elected to present the loan as debt on the statement of financial position

The Coalition applied for forgiveness of the loan and was approved for forgiveness on May 18, 2021. The proceeds from the forgiveness of the loan are recognized as gain on extinguishment of debt on the statement of activities.

**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>2022</u>	<u>2021</u>
Continuum of Care Program,		
Metro United Way	\$ -	\$ 8,610
Event sponsors	203,680	26,162
Prevention and advocacy	4,043	180,949
Expanded services grant	-	28,567
Rx: Housing Grant	98,637	107,247
Program Income from Tenants	<u>48,732</u>	<u>90,516</u>
	<u>\$ 355,092</u>	<u>\$ 442,051</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, 2022 and 2021 were \$73,500 and \$86,993, respectively.

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2022 and 2021

**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, 2022, are as follows:

Due Fiscal Year Ending June 30,	Amount
2023	\$ 137,622
2024	137,622
2025	34,406
	\$ 309,650

Rent expense for the years ended June 30, 2022 and 2021 was \$137,622, 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, 2022 and 2021:

	2022	2021
Ticket revenue	\$ 554,693	\$ 422,485
Ticket expense	(503,956)	(405,701)
Net ticket income	\$ 50,737	\$ 16,784

**Note 11 - Federal Awards**

During the years ended June 30, 2022 and 2021, 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, 2022 and 2021 totaling \$3,157,583 and \$3,302,329, respectively, to sub-recipients who provide programs that assist the homeless.



The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2022 and 2021

**Note 12 - Liquidity and Availability**

The following table reflects the Coalition’s financial assets as of June 30, 2022 and 2021, 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.

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash	\$ 561,067	\$ 612,538
Grants receivable	479,758	527,221
Promises to give	-	8,610
Investments	<u>1,464,820</u>	<u>1,005,596</u>
Total financial assets	2,505,645	2,153,965
Less those unavailable for general expenditure within one year:		
Restricted for specified programs	<u>(355,092)</u>	<u>(442,051)</u>
Total financial assets available for general expenditure within one year	<u><u>\$ 2,150,553</u></u>	<u><u>\$ 1,711,914</u></u>

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 - Contributions of Nonfinancial Assets**

For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2022</u>	<u>2021</u>
Supplies-Clothing and Personal Care Items	<u>\$ 251,280</u>	<u>33,584</u>
	<u><u>\$ 251,280</u></u>	<u><u>33,584</u></u>

The Coalition recognized contributed nonfinancial assets within revenue, including contributions of supplies needed by the homeless population.

For the years ended June 30, 2022 and 2021, the Coalition received contributions such as backpacks full of supplies, hats, gloves, socks, first aid kits, socks, dental hygiene kits, blankets, ponchos, toiletry kits, personal hygiene kits, hand warmers, and cloth masks. For the years ended June 30, 2022 and 2021, the Coalition did not receive any contributions that were considered donor-restricted. Supplies were valued using estimated average U.S. prices for identical or similar products or services using pricing data of similar products or services under a “like-kind” methodology, considering the condition of the goods and services at the time of contribution.

The Coalition for the Homeless, Inc.  
Notes to Financial Statements – Continued  
June 30, 2022 and 2021

**Note 14 - Reclassification of Beginning Net Assets**

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation. Such reclassifications had no effect on the previously reported change in net assets.

**Note 15 - Recently Issued Accounting Standards**

Accounting Standards Update 2016-02, Leases

In February 2016, the FASB issued Accounting Standard Update (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.

**Note 16 - Subsequent Events**

Management has evaluated subsequent events for recognition or disclosure in the financial statements through March 10, 2023, 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, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Payments to sub-recipients</u>	<u>Total Federal Expenditures by Assistance Listing Number</u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>CDBG - Entitlement Grants Cluster</b>			
Community Development Block Grant	14.218	<u>\$ 26,195</u>	<u>106,195</u>
<b>Total CDBG - Entitlement Grants Cluster</b>		26,195	106,195
COVID-19: Emergency Solutions Grant	14.231	-	144,710
Continuum of Care Program	14.267	<u>3,131,388</u>	<u>3,959,787</u>
<b>Total U.S. Department of Housing and Urban Development</b>		3,157,583	4,210,692
<b>U.S. Department of Treasury</b>			
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	-	478,854
<b>Total U.S. Department of Treasury</b>		<u>-</u>	<u>478,854</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 3,157,583</u></u>	<u><u>\$ 4,689,546</u></u>

The Coalition for the Homeless, Inc.  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

**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, 2022. 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.

**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***

**Independent Auditors' Report**

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 nonprofit organization), which comprise the statements of financial position as of June 30, 2022, 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 March 10, 2023.

**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) 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 or significant deficiencies may exist that were not 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.

*Baldwin CPAs, PLLC*

Louisville, Kentucky  
March 10, 2023

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

**Independent Auditors' Report**

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, 2022. 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.

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, 2022.

***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 Auditor's 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 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 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 the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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 judgment made by a reasonable user of 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 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 and any 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 a 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 Auditor's 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 control 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.

***Baldwin CPAs, PLLC***  
Louisville, Kentucky

March 10, 2023

The Coalition for the Homeless, Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2022

**Section I – Summary of Auditors’ Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes   X   no

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.267	Development of Housing and Urban Development Continuum of Care Program
21.027	Department of Treasury Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Dollar threshold used to distinguish between type A and type B programs:   \$750,000  

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

The Coalition for the Homeless, Inc.  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2022

There were no prior audit findings.