

**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2016

**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

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Independent Auditor's Report

**Board of Directors
Coalition for the Homeless, Inc. and Affiliates**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Coalition for the Homeless, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2016 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

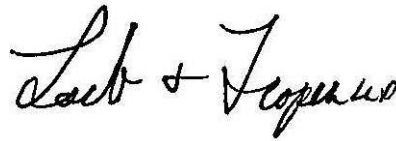
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coalition for the Homeless, Inc. and Affiliates as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Coalition for the Homeless, Inc. and Affiliates' June 30, 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 12, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



October 31, 2016

**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 198,328	\$ 601,349
Investments	209	5,199
Contributions receivable	700,562	451,328
Grants receivable	572,767	350,818
Other receivables	20,957	42,481
Due from affiliates	37,095	23,147
Prepaid expenses	114,387	111,417
Reserve fund	202,937	202,937
Security deposits	24,301	24,301
Deferred rent receivable	545,183	663,668
Fixed assets - net	<u>16,151,104</u>	<u>15,750,118</u>
Total assets	<u>\$ 18,567,830</u>	<u>\$ 18,226,763</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 333,884	\$ 295,248
Refundable advances	27,361	49,218
Obligations under capital lease	<u>67,432</u>	<u>105,833</u>
Total liabilities	<u>428,677</u>	<u>450,299</u>
Net assets (Exhibit B)		
Unrestricted		
Net investment in property and equipment	16,083,672	15,644,285
Operating	<u>1,524,127</u>	<u>1,650,734</u>
Total unrestricted	17,607,799	17,295,019
Temporarily restricted	<u>531,354</u>	<u>481,445</u>
Total net assets	<u>18,139,153</u>	<u>17,776,464</u>
Total liabilities and net assets	<u>\$ 18,567,830</u>	<u>\$ 18,226,763</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

CONSOLIDATED STATEMENT OF ACTIVITIES

**YEAR ENDED JUNE 30, 2016
(With Summarized Financial Information
for the Year Ended June 30, 2015)**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue				
Contributions	\$ 4,506,005	\$ 981,010	\$ 5,487,015	\$ 5,220,517
Government grants	4,709,257		4,709,257	3,616,295
Special events (net of direct costs of \$511,784 and \$510,634 in 2016 and 2015, respectively)	496,083		496,083	701,682
Bequests	354,932		354,932	146,744
Rental income (net of rental expenses of \$673,775 and \$618,140 in 2016 and 2015, respectively)	335,850		335,850	391,481
Investment income (loss)	(1,003)		(1,003)	3,295
Other income	258,080		258,080	180,374
Net assets released from restrictions	931,101	(931,101)		
Total public support and revenue	<u>11,590,305</u>	<u>49,909</u>	<u>11,640,214</u>	<u>10,260,388</u>
Expenses (Exhibit C)				
Program services				
Advocacy	1,189,805		1,189,805	1,293,756
AIDS	2,441,972		2,441,972	2,377,655
Crisis intervention	2,649,669		2,649,669	2,231,599
Housing	731,842		731,842	802,186
Food services	1,079,766		1,079,766	1,165,501
Job training	789,986		789,986	742,119
Children's programs	1,149,175		1,149,175	1,132,546
Total program services	<u>10,032,215</u>		<u>10,032,215</u>	<u>9,745,362</u>
Supporting services				
Management and general	231,331		231,331	296,150
Fund raising	1,013,979		1,013,979	990,703
Total supporting services	<u>1,245,310</u>		<u>1,245,310</u>	<u>1,286,853</u>
Total expenses	<u>11,277,525</u>		<u>11,277,525</u>	<u>11,032,215</u>
Change in net assets (Exhibit D)	312,780	49,909	362,689	(771,827)
Net assets - beginning of year	<u>17,295,019</u>	<u>481,445</u>	<u>17,776,464</u>	<u>18,548,291</u>
Net assets - end of year (Exhibit A)	<u>\$ 17,607,799</u>	<u>\$ 531,354</u>	<u>\$ 18,139,153</u>	<u>\$ 17,776,464</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016
(With Summarized Financial Information
for the Year Ended June 30, 2015)

	2016													2015	
	Program Services								Supporting Services					Total	Total
	Advocacy	AIDS	Crisis Intervention	Housing	Food Services	Job Training	Children's Programs	Total	Management and General	Fund Raising	Special Events	Business Rental Property	Total		
Salaries	\$ 613,694	\$ 715,438	\$ 1,018,811	\$ 284,072	\$ 358,989	\$ 434,230	\$ 618,052	\$ 4,043,286	\$ 125,223	\$ 270,837		\$ 146,664	\$ 542,724	\$ 4,586,010	\$ 4,542,077
Fringe benefits	173,773	347,665	452,846	98,908	131,232	176,258	131,460	1,512,142	44,426	86,363		46,685	177,474	1,689,616	1,614,834
Total personnel	787,467	1,063,103	1,471,657	382,980	490,221	610,488	749,512	5,555,428	169,649	357,200		193,349	720,198	6,275,626	6,156,911
Professional fees	245,425	25,192	74,928	8,928	11,402		66,800	432,675	5,348	116,622		3,052	125,022	557,697	551,103
Commercial insurance	6,476	44,441	11,246	3,923	5,205	32,449	3,500	107,240	2,430	5,742		1,441	9,613	116,853	84,084
Transportation	17,484	20,728	102	141	56,505	5,868	44,399	145,227	190	278			468	145,695	126,041
Supplies	14,288	10,694	18,168	7,462	4,538		70,115	125,265	5,215	32,294		1,336	38,845	164,110	159,226
Telephone	15,994	14,968	14,832	8,873	8,378	6,263	11,599	80,907	6,373	5,124		1,635	13,132	94,039	112,157
Bank charges and fees	1,599	3,012	3,974	1,424	2,527	7,236	1,480	21,252	2,311	50,759		471	53,541	74,793	57,187
Occupancy	39,701	41,194	54,822	19,628	25,765	1,935	56,330	239,375	9,507	13,279		117,116	139,902	379,277	328,327
Grants to clients	21,208	1,180,250	946,406	269,409	25	26,994	425	2,444,717						2,444,717	2,186,795
Advertising	56	126	379	379	1,211	50,973	2,803	55,927	2,531	407			2,938	58,865	17,746
Printing and duplication	2,321				3,470	11,101		16,892		238,729			238,729	255,621	259,690
Conferences	5,099	572	625	501	494		6,492	13,783	1,150	921		399	2,470	16,253	23,744
Equipment maintenance	13,208	18,624	29,551	8,623	6,512	7,108	15,538	99,164	6,287	7,384		3,795	17,466	116,630	197,313
Food					440,037	11,542	56,146	507,725						507,725	561,879
Postage, shipping, and messenger	821	1,130	1,991	728	139		1,611	6,420	1,283	167,223		56	168,562	174,982	190,602
Dues and subscriptions	5,229	334	444	159	117	303	2,683	9,269	277	2,583		53	2,913	12,182	28,213
Catering, entertainment and venue costs						216		216		643	\$ 511,784		512,427	512,643	512,607
Real estate taxes												83,721	83,721	83,721	81,640
Bad debts	100					900		1,000	1,524				1,524	2,524	1,721
Miscellaneous	6,088	10,363	13,303	4,944	8,081	9,369	5,478	57,626	4,537	3,776		2,194	10,507	68,133	58,248
Total other than personnel	395,097	1,371,628	1,170,771	335,122	574,406	172,257	345,399	4,364,680	48,963	645,764	511,784	215,269	1,421,780	5,786,460	5,538,323
Total expenses before depreciation and amortization	1,182,564	2,434,731	2,642,428	718,102	1,064,627	782,745	1,094,911	9,920,108	218,612	1,002,964	511,784	408,618	2,141,978	12,062,086	11,695,234
Depreciation and amortization	7,241	7,241	7,241	13,740	15,139	7,241	54,264	112,107	12,719	11,015		265,157	288,891	400,998	465,755
Total expenses	1,189,805	2,441,972	2,649,669	731,842	1,079,766	789,986	1,149,175	10,032,215	231,331	1,013,979	511,784	673,775	2,430,869	12,463,084	12,160,989
Less expenses deducted directly from revenues on the statement of activities															
Direct costs of special events											(511,784)		(511,784)	(511,784)	(510,634)
Business rental property												(673,775)	(673,775)	(673,775)	(618,140)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 1,189,805	\$ 2,441,972	\$ 2,649,669	\$ 731,842	\$ 1,079,766	\$ 789,986	\$ 1,149,175	\$ 10,032,215	\$ 231,331	\$ 1,013,979	\$ -	\$ -	\$ 1,245,310	\$ 11,277,525	\$ 11,032,215

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 362,689	\$ (771,827)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	400,998	465,755
Donated investments		(4,366)
Decrease (increase) in assets		
Contributions receivable	(249,234)	76,747
Grants receivable	(221,949)	(127,205)
Other receivables	21,524	3,843
Due from affiliates	(13,948)	17,132
Prepaid expenses	(2,970)	43,002
Security deposits		(1,075)
Deferred rent receivable	118,485	91,143
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	38,636	11,134
Refundable advances	(21,857)	26,493
Net cash provided (used) by operating activities	<u>432,374</u>	<u>(169,224)</u>
Cash flows from investing activities		
Purchases of property and equipment	(801,984)	(199,711)
Proceeds from sale of investments	4,990	
Net cash used by investing activities	<u>(796,994)</u>	<u>(199,711)</u>
Cash flows from financing activities		
Principal payment of obligations under capital lease	(38,401)	(56,370)
Net change in cash and cash equivalents	(403,021)	(425,305)
Cash and cash equivalents - beginning of year	<u>601,349</u>	<u>1,026,654</u>
Cash and cash equivalents - end of year	<u>\$ 198,328</u>	<u>\$ 601,349</u>
Supplemental disclosure of noncash flow activities		
Fixed assets acquisitions directly financed through a capital lease	<u>\$ -</u>	<u>\$ 120,164</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - NATURE AND PURPOSE OF ORGANIZATION

The accompanying consolidated financial statements of Coalition for the Homeless, Inc. and Affiliates (“Coalition and Affiliates”) reflect the financial position, activities, and cash flows of the following entities:

Coalition for the Homeless, Inc. (the “Coalition”) is a not-for-profit entity that provides advocacy, housing and direct services to over 3,500 people each day. The Coalition is dedicated to the principle that affordable housing, sufficient food and the chance for a living wage job are fundamental rights in a civilized society. The Coalition’s operations are categorized under advocacy, AIDS, crisis intervention, housing, food services, job training and children’s programs. The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Bridge Homes, Inc. (“BHI”) is a not-for-profit entity engaged in the preparation of nutritious meals distributed by Coalition for the Homeless, Inc.’s mobile feeding program to homeless individuals in the boroughs of Manhattan and the Bronx. BHI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Bridge Building Management Company (“BBMC”) is the 1% General Partner of Bridge Coalition Limited Partnership (“BCLP”), an organization that operates a 15-unit rental housing project for homeless persons and persons of low income. The accompanying consolidated financial statements include the operations of BBMC and not those of BCLP. BBMC is subject to state, city, and federal corporate taxes.

West Seventy Seventh, Inc. is the .01% General Partner of Coalition Houses Limited Partnership (“CHLP”), a partnership that was created to develop and renovate the 166, 168 and 170 West 77th Street properties as low-income housing. The accompanying consolidated financial statements include the operations of West Seventy Seventh, Inc. and not those of CHLP.

Coalition for the Homeless, Inc. and Affiliates’ primary sources of revenues are contributions and government grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Basis of consolidation - All material intercompany balances and activities have been eliminated.

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**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 disclosure 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.

Reclassification - The presentation of donated investments and the proceeds from their liquidation have been reclassified to conform to Accounting Standards Update 2012-05, Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows.

Cash and cash equivalents - Cash and cash equivalents are comprised of highly liquid investments that mature in three months or less from date of acquisition.

Investments - Investments are recorded at fair value. Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on market fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

Contributions receivable - Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Government grant revenues and receivables - The Coalition records revenue and receivables for grants from contracting agencies based on claims for expense reimbursements and program utilization at contracted rates. Such revenues are subject to audit by the agencies. Management does not anticipate any material adjustments which would result from any audits.

Allowance for doubtful accounts - The Coalition determines whether an allowance for uncollectibles should be provided for contributions and grants receivable. Such estimates are based on management's assessment of the aged basis of its contributions and grants receivable, current economic conditions, subsequent receipts and historical information. Contributions and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Coalition does not charge interest on outstanding receivables. There was no allowance for doubtful accounts at June 30, 2016.

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**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred rent receivable - Deferred rent receivable is recorded for the difference between the rental income based on the operating leases and the straight-line basis.

Prepaid expenses - Payments made to vendors for contracts that cover future periods are recorded as prepaid expenses.

Fixed assets - Fixed assets are recorded at cost. Donated assets are valued at market at the date of the donation. For BHI, acquisitions of \$200 or more with an estimated useful life of greater than one year are capitalized. For other entities, acquisitions of \$1,000 or more with an estimated useful life of greater than one year are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized over the shorter of the term of the lease or the useful life of the leasehold improvement.

Unrestricted net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use has been restricted by donors to a specific time period or purpose.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Rental income - Rental income is recorded based on operating leases and revenue is recognized on the straight-line basis over the terms of the leases.

Rent expense - The Coalition leases office space and equipment at various locations. Rent is recorded on the straight-line basis over the term of the lease. Deferred rent expense is recorded when material.

Advertising - Advertising costs are expensed as incurred.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior-year summarized financial information - The financial statements include certain prior-year comparative information. Such information does not include sufficient disclosures or detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Uncertainty in income taxes - The Coalition has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Periods ending June 30, 2013 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through October 31, 2016, which is the date the consolidated financial statements were available to be issued.

NOTE 3 - INVESTMENTS AND FAIR VALUE HIERARCHY

The following table sets forth by level, within the fair value hierarchy, the assets at fair value:

	<u>2016</u>	<u>2015</u>
Investments		
Money market funds	\$ <u>209</u>	\$ <u>5,199</u>

The following is a summary of interest and investment income (loss):

Loss on investments	\$ (1,312)
Interest income	<u>309</u>
Net investment loss	\$ <u>(1,003)</u>

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**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, including multi-year commitments, were discounted to net present value using a discount rate of 1.66%. The contributions receivable as of June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 632,000	\$ 376,999
One to five years	75,542	34,816
More than five years	<u> </u>	<u>47,727</u>
Total	707,542	459,542
Less: Discount to present value	<u>(6,980)</u>	<u>(8,214)</u>
Total contributions receivable - net	<u>\$ 700,562</u>	<u>\$ 451,328</u>

NOTE 5 - GRANTS RECEIVABLE

As of June 30, grants receivable consisted of the following:

	<u>2016</u>	<u>2015</u>
New York City		
Human Resources Administration	\$ 76,861	
Department of Homeless Services	209,258	\$ 96,671
Department of Youth and Community Services		188
Consortium for Worker Education	56,085	37,257
New York State		
Office of Temporary and Disability Assistance	117,347	47,143
Department of Health	5,855	6,015
Office of Children and Family Services		42,513
Federal		
United Way - FEMA	86,000	87,299
Department of Housing and Urban Development	<u>21,361</u>	<u>33,732</u>
Total grants receivable	<u>\$ 572,767</u>	<u>\$ 350,818</u>

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**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 6 - DUE FROM AFFILIATES

During the year, Coalition and Affiliates paid for operating expenses on behalf of certain affiliates. As of June 30, 2016 and 2015, the following amounts were outstanding:

	<u>2016</u>	<u>2015</u>
Due to/from affiliates		
Bridge Coalition Limited Partnership	\$ 55,784	\$ 19,653
Coalition Houses Limited Partnership	<u>(18,689)</u>	<u>3,494</u>
Total due from affiliates	<u>\$ 37,095</u>	<u>\$ 23,147</u>

NOTE 7 - RESERVE FUND

The partnership agreement between West Seventy Seventh, Inc., the general partner of Coalition Housing Limited Partnership, of which Coalition for the Homeless, Inc. is the "Sponsor", provides for the establishment of a social services reserve, the purpose of which is to be available to provide supportive social services for the tenants. The reserve is funded from the Sponsor's developer fees and is being held by the New York City Housing Development Corporation.

NOTE 8 - FIXED ASSETS

As of June 30, fixed assets consisted of the following:

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Land	\$ 7,966,789	\$ 7,966,789	
Building and building improvements	11,146,083	10,363,241	40 years
Leasehold improvement	253,170	238,170	10 years
Equipment	1,552,428	1,548,285	3-10 years
Vehicles	112,709	112,709	5 years
Furniture and fixtures	<u>359,460</u>	<u>359,461</u>	7-10 years
	21,390,639	20,588,655	
Less: Accumulated depreciation and amortization	<u>(5,239,535)</u>	<u>(4,838,537)</u>	
	<u>\$ 16,151,104</u>	<u>\$ 15,750,118</u>	

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**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 9 - REFUNDABLE ADVANCES

Refundable advances consisted of the following at June 30, 2016 and 2015:

	2016	2015
Contract advance	\$ <u>27,361</u>	\$ <u>49,218</u>

NOTE 10 - OBLIGATIONS UNDER CAPITAL LEASE

In February 2015, the Coalition entered into a three-year lease agreement with Leaf Capital for the acquisition of certain equipment with interest at 1.838%. The carrying amount of the leased equipment is \$120,164 with current-year amortization of \$38,401 and accumulated amortization of \$52,732. The Coalition has the option to purchase the leased equipment at the end of the lease period at fair value. The lease expires in February 2018.

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2016, were as follows:

2017	\$ 40,055
2018	<u>28,372</u>
	68,427
Less: Amount representing interest	<u>(995)</u>
Obligations under capital lease	<u>\$ 67,432</u>

NOTE 11 - LINE OF CREDIT

The Coalition has a \$1 million unsecured, revolving line of credit with JPMorgan Chase Bank, of which no amounts were outstanding as of June 30, 2016 and 2015. Interest on any outstanding balance is payable at 30-day LIBOR plus 3.00%, which was approximately 3.346% at June 30, 2016 and 3.19% at June 30, 2015. The line of credit expires on November 20, 2016.

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**COALITION FOR THE HOMELESS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 12 - CONTRIBUTIONS

Contributions received during the year were derived from the following sources:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Individual donations	\$ 3,429,193	\$ 65,055	\$ 3,494,248
Corporate donations	6,000	37,080	43,080
Foundation donations	613,400	872,850	1,486,250
Board donations	333,000		333,000
Matching gifts	33,545	5,000	38,545
Corporate employees	83,904	1,025	84,929
List rental/exchange	<u>6,963</u>	<u> </u>	<u>6,963</u>
	<u>\$ 4,506,005</u>	<u>\$ 981,010</u>	<u>\$ 5,487,015</u>

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016, temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Client services	\$ 521,354	\$ 468,601
AIDS services	<u>10,000</u>	<u>12,844</u>
	<u>\$ 531,354</u>	<u>\$ 481,445</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or passage of time specified by the donors.

Children's services	\$ 191,524
Food services	44,486
Client services	637,248
Job training	40,000
Advocacy	3,000
AIDS services	12,843
Housing	<u>2,000</u>
Total	<u>\$ 931,101</u>

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**COALITION FOR THE HOMELESS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 14 - RENTAL PROPERTY

The Coalition presently leases a portion of its building to two tenants: CVS, Inc. (CVS) and Hamilton-Madison House, Inc. (HMH). The CVS lease is a noncancelable operating lease agreement, which expires July 31, 2019 with the option for a five-year extension at \$1,182,696 per annum. The HMH lease is a noncancelable lease agreement that expires June 30, 2019. The future minimum lease payments to be received for each of the next four years are as follows:

	<u>CVS</u>	<u>HMH</u>	<u>Total</u>
2017	\$ 954,254	\$ 202,023	\$ 1,156,277
2018	983,265	202,023	1,185,288
2019	1,013,146	202,023	1,215,169
2020	<u>84,636</u>	<u> </u>	<u>84,636</u>
	<u>\$ 3,035,301</u>	<u>\$ 606,069</u>	<u>\$ 3,641,370</u>

NOTE 15 - CONCENTRATIONS OF CREDIT AND MARKET RISKS

Financial instruments that potentially expose the Coalition to concentrations of credit and market risks consist primarily of cash and cash equivalents with major financial institutions, which from time to time exceed the amount insured by the FDIC. These institutions have strong credit ratings, and management believes that the risk related to these accounts is minimal. The Coalition's management monitors the balances with those institutions to limit the exposure to risk.

NOTE 16 - OPERATING LEASES

The Coalition leases 66 scattered site apartments throughout the five boroughs for clients of the program. These leases are between \$800 and \$1,800 depending on the size of the apartment and are directly funded by the Human Resources Administration, a government agency. The leases are one to two years and are noncancelable. The Coalition also signed 10-year leases in March 2008 for two campsites within Harriman State Park which expire December 31, 2017 which are used for summer sleep-away camp. The two leases are for \$9,173 and \$3,610 annually. In addition, the Coalition has a five-year lease for office space in Albany which expires August 31, 2016 in the amount of \$13,944 a year.

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**COALITION FOR THE HOMELESS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 16 - OPERATING LEASES (continued)

The future minimum rental payments under noncancelable operating leases with terms in excess of one year are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 789,300
2018	223,413
2019	<u>30,844</u>
Total	<u>\$ 1,043,557</u>

Total rent expense for the fiscal year ended June 30, 2016 was \$1,105,382, of which \$1,078,688 is included in the grants to client expense.