

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



coalition for the homeless

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)**

YEAR ENDED JUNE 30, 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

COALITION FOR THE HOMELESS, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)**

YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Coalition for the Homeless, Inc. and Affiliates (collectively, the "Agency"), which comprise the consolidated statement of financial position as of June 30, 2020 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated 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.

Auditors' 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 agency'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 financial position of Coalition for the Homeless, Inc. and Affiliates as of June 30, 2020, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Coalition for the Homeless, Inc. and Affiliates as a whole. The consolidating information (shown on pages 15-16) is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



New York, NY
January 7, 2021

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

ASSETS

Cash and cash equivalents (Notes 2D and 17)	\$ 9,387,374
Reserve fund (Note 7)	<u>901,921</u>
Total cash, cash equivalents and restricted cash	10,289,295
Contributions receivable, net (Notes 2E and 4)	1,385,413
Grants receivable (Notes 2F, 2H and 5)	1,134,309
Prepaid expenses and other	492,632
Property and equipment, net (Notes 2G and 6)	<u>17,113,800</u>

TOTAL ASSETS	\$ <u>30,415,449</u>
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LIABILITIES

Accounts payable and accrued expenses	\$ 350,513
Accrued vacation	395,233
Refundable advances	97,003
PPP loan (Note 14E)	1,205,865
Loan payable (Note 9)	3,123,904
Capital lease (Note 11)	<u>26,179</u>

TOTAL LIABILITIES	<u>5,198,697</u>
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COMMITMENTS AND CONTINGENCIES (Note 13)

NET ASSETS (Note 2C)

Net assets without donor restrictions:	
Invested in property and equipment	15,221,537
Board designated (Note 15)	3,100,000
Operations	<u>4,534,955</u>
Total controlling interest	22,856,492
Noncontrolling interest	<u>(445,784)</u>
Total net assets without donor restrictions	22,410,708
Net assets with donor restrictions (Note 13)	<u>2,806,044</u>

TOTAL NET ASSETS	<u>25,216,752</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>30,415,449</u>
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COALITION FOR THE HOMELESS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND OTHER REVENUE:			
Contributions (Note 2E)	\$ 6,330,662	\$ 4,809,637	\$ 11,140,299
Government support (Note 2H)	4,087,874	-	4,087,874
Special events (net of direct expenses of \$442,492) (Note 2M)	383,221	-	383,221
In-kind donations (Note 2J)	546,035	-	546,035
Bequests	1,031,903	-	1,031,903
Rental income (Note 10)	1,998,944	-	1,998,944
Other income	229,941	-	229,941
Net assets released from restrictions (Note 14)	<u>3,222,356</u>	<u>(3,222,356)</u>	<u>-</u>
Total Public Support and Other Revenue	<u>17,830,936</u>	<u>1,587,281</u>	<u>19,418,217</u>
EXPENSES (Note 2I)			
Program Services:			
Advocacy	1,777,924	-	1,777,924
AIDS	2,447,656	-	2,447,656
Crisis intervention	2,686,945	-	2,686,945
Housing	942,302	-	942,302
Food services	1,369,271	-	1,369,271
Job training	684,918	-	684,918
Emergency mail	115,126	-	115,126
Emergency goods	839,791	-	839,791
Children's programs	<u>1,025,079</u>	<u>-</u>	<u>1,025,079</u>
Program Services	<u>11,889,012</u>	<u>-</u>	<u>11,889,012</u>
Supporting Services:			
Management and administration	1,253,979	-	1,253,979
Fundraising	1,160,624	-	1,160,624
Business rental	<u>683,162</u>	<u>-</u>	<u>683,162</u>
Supporting Services	<u>3,097,765</u>	<u>-</u>	<u>3,097,765</u>
Total Operating Expenses	<u>14,986,777</u>	<u>-</u>	<u>14,986,777</u>
CHANGE IN NET ASSETS	<u>2,844,159</u>	<u>1,587,281</u>	<u>4,431,440</u>
Net assets - beginning of year, before change in reporting entity	19,815,821	1,218,763	21,034,584
Change in reporting entity - (Note 16)	<u>(249,272)</u>	<u>-</u>	<u>(249,272)</u>
Net assets - beginning of year, after change in reporting entity	<u>19,566,549</u>	<u>1,218,763</u>	<u>20,785,312</u>
NET ASSETS - END OF YEAR	<u>\$ 22,410,708</u>	<u>\$ 2,806,044</u>	<u>\$ 25,216,752</u>

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services										Supporting Services				
	Advocacy	AIDS	Crisis Intervention	Housing	Food Services	Job Training	Children's Programs	Emergency Mail	Emergency Goods	Total Program Services	Management and Administration	Fundraising	Business Rental Property	Total Supporting Services	Total 2020
Salaries	\$ 849,496	\$ 645,687	\$ 1,054,718	\$ 234,559	\$ 417,769	\$ 412,208	\$ 574,424	\$ 44,843	\$ 29,736	\$ 4,263,440	\$ 743,466	\$ 423,242	\$ 127,522	\$ 1,294,230	\$ 5,557,670
Payroll taxes and other benefits (Note 12)	239,100	373,781	517,819	90,687	171,324	166,388	113,886	50,054	12,024	1,735,063	267,799	129,254	52,194	449,247	2,184,310
Total salaries and related expenses	1,088,596	1,019,468	1,572,537	325,246	589,093	578,596	688,310	94,897	41,760	5,998,503	1,011,265	552,496	179,716	1,743,477	7,741,980
Professional fees	507,122	39,882	33,462	87,421	43,729	8,895	60,668	1,791	13,737	796,707	36,800	77,458	16,103	130,361	927,068
Commercial insurance	10,021	25,305	26,258	39,371	7,140	4,376	43,881	1,200	959	158,511	30,618	5,174	1,799	37,591	196,102
Transportation	4,690	22,013	831	278	46,382	-	35,399	-	417	110,010	363	399	-	762	110,772
Supplies	12,727	2,451	7,721	25,041	59,451	2,415	52,250	1,396	23,560	187,012	6,868	7,853	293	15,014	202,026
Telephone	18,552	21,538	28,901	8,666	8,277	6,388	13,330	1,601	1,772	109,025	11,959	9,061	2,385	23,405	132,430
Bank charges and fees	2,096	2,523	4,274	32,755	832	1,343	1,301	224	179	45,527	2,955	77,458	291	80,704	126,231
Occupancy (Note 13)	52,480	41,143	73,187	142,312	22,822	19,393	40,864	10,826	3,455	406,482	86,811	16,446	82,045	185,302	591,784
Direct assistance to clients (Note 2N)	23,005	1,242,267	877,884	37,081	67,957	28,220	571	-	750,904	3,027,889	-	-	-	-	3,027,889
Advertising	476	-	176	159	975	4,270	-	-	-	6,056	5,904	159	-	6,063	12,119
Printing/duplication & list rental management	754	234	396	37	77	124	121	21	17	1,781	113	217,747	27	217,887	219,668
Conferences	27,187	3,112	5,624	328	1,007	4,979	8,133	509	626	51,505	1,096	935	758	2,789	54,294
Equipment maintenance	11,241	9,917	21,689	35,299	8,987	4,617	10,367	1,093	818	104,028	13,961	8,195	2,065	24,221	128,249
Food	-	-	3,750	-	473,119	4,000	44,838	-	-	525,707	-	-	-	-	525,707
Postage, shipping and messenger	582	894	2,928	694	213	263	1,370	36	281	7,261	3,367	159,712	376	163,455	170,716
Dues and subscriptions	1,460	34	130	-	182	624	3,420	-	-	5,850	4,506	13,612	-	18,118	23,968
Catering, entertainment and venue costs	-	-	-	-	-	-	-	-	-	-	-	226,824	-	226,824	226,824
Real estate taxes	-	-	-	6,552	-	-	-	-	-	6,552	-	-	88,630	88,630	95,182
Unrelated business income taxes	797	1,133	1,684	440	335	993	416	152	88	6,038	518	479	130	1,127	7,165
Bad debt (Note 2F)	-	-	-	-	-	-	-	-	-	-	16,212	7,000	-	23,212	23,212
Miscellaneous	6,227	8,405	12,826	1,298	5,481	2,933	4,256	772	733	42,931	11,392	5,864	2,745	20,001	62,932
Total other than personnel	679,417	1,420,851	1,101,721	417,732	746,966	93,833	321,185	19,621	797,546	5,598,872	233,443	834,376	197,647	1,265,466	6,864,338
Total expenses before depreciation and amortization	1,768,013	2,440,319	2,674,258	742,978	1,336,059	672,429	1,009,495	114,518	839,306	11,597,375	1,244,708	1,386,872	377,363	3,008,943	14,606,318
Depreciation and amortization (Note 6)	9,911	7,337	12,687	199,324	33,212	12,489	15,584	608	485	291,637	9,271	5,471	305,799	320,541	612,178
Sub-total	1,777,924	2,447,656	2,686,945	942,302	1,369,271	684,918	1,025,079	115,126	839,791	11,889,012	1,253,979	1,392,343	683,162	3,329,484	15,218,496
Less: cost of direct benefits to donors	-	-	-	-	-	-	-	-	-	-	-	(231,719)	-	(231,719)	(231,719)
TOTAL EXPENSES	\$ 1,777,924	\$ 2,447,656	\$ 2,686,945	\$ 942,302	\$ 1,369,271	\$ 684,918	\$ 1,025,079	\$ 115,126	\$ 839,791	\$ 11,889,012	\$ 1,253,979	\$ 1,160,624	\$ 683,162	\$ 3,097,765	\$ 14,986,777

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 4,431,440
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	612,178
Bad debt	23,212
Changes in operating assets and liabilities	
Decrease (increase) in assets	
Contributions receivable	(413,525)
Grants receivable	(596,252)
Prepaid expenses and other	(250,252)
Deferred rent receivable	19,674
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(348,026)
Accrued vacation	(1,289)
Refundable advances	69,326
Net Cash Provided by Operating Activities	<u>3,546,486</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(257,462)</u>
Net Cash Used in Investing Activities	<u>(257,462)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payment of obligations under capital lease	(36,219)
Proceeds from loan payable	394,868
Proceeds from PPP loan	1,205,865
Net Cash Provided by Financing Activities	<u>1,564,514</u>

NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH

	4,853,538
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>5,435,757</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 10,289,295</u></u>

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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, children’s programs, emergency mail and emergency goods. The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accompanying consolidated financial statements include (“the Coalition”) and the following entities:

Bridge Homes, Inc. (“BHI”) is a not-for-profit entity engaged in the preparation of nutritious meals distributed by the Coalition’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. The Coalition is the sole corporate member of BHI.

Bridge Building Management Company (“BBMC”) was formed pursuant to the Private-Housing Finance law and the Not-for-Profit Corporation Law, both of the State of New York, which operates a 15-unit rental housing project for homeless persons and persons of low income. The Coalition is the sole corporate member of BBMC.

West Seventy Seventh, Inc. (“WSS”) was formed pursuant to the Private-Housing Finance law and the Not-for-Profit Corporation Law, both of the State of New York, which was created to develop and renovate the 166, 168 and 170 West 77th Street properties as low-income housing. The Coalition is a 79% corporate member of WSS.

WSS entered into an agreement with Coalition Houses L.P. (“CHLP”) to renovate the 166, 168 and 170 West 77th Street properties as low-income housing. The agreement was financed by to the City of New York Department of Housing Preservation and Development (“HPD”). CHLP has one general partner, WSS (“WSS G.P.”). WSS G.P. has a .01% interest in CHLP.

170 West 77th Street Housing Development Fund Corporation (“HDFC”) was formed pursuant to the Private-Housing Finance Law and the Not-for-Profit Corporation Law, both of the State of New York, for the purpose of developing a housing project for persons with low income. The Coalition is the sole corporate member of the HDFC and the member designates the board of directors of the HDFC.

The Coalition is the sole member of BBMC, which entered into an operating agreement with Bridge Coalition Limited Partnership (“BCLP”) to operate a 15-unit rental housing project for homeless persons and persons of low income. The agreement was financed by HPD and New York State Division of Housing and Community Renewal (“DHCR”). BCLP has one general partner, BBMC (“BBMC G.P.”). BBMC G.P. has a 1% interest in BCLP.

BHI, BBMC, WSS, HDFC, CHLP and BCLP are collectively referred to as the “Affiliates”. The Coalition and the Affiliates are collectively referred to as the “Agency”.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting and Use of Estimates*** - The Agency’s consolidated financial statements have been prepared using the accrual basis of accounting. The Agency adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”) which 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- B. ***Basis of Consolidation*** - The Coalition consolidates the activities of BHI, BBMC, CHLP, BCLP, HDFC and WSS since it is the sole member. Upon consolidation, all significant intercompany transactions have been eliminated.

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- C. **Net Assets** - The Agency's resources are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

- Without donor restrictions:

Operations – represents expendable resources not subject to donor-imposed restrictions.

Board Designated Fund – consists of funds designated by the Board of Directors which represent a portion of the Agency's net assets without donor restrictions as quasi-endowment funds, operating reserve for extraordinary events and amounts designated for capital and other needs.

- With donor restrictions – Includes resources subject to donor-imposed stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. In addition, net assets with donor restrictions include resources subject to donor-imposed stipulations, requiring that the principal be maintained in perpetuity.

- D. **Cash and Cash Equivalents** - Cash equivalents include all highly liquid instruments purchased with original maturities of 90 days or less.

- E. **Contributions and Government Grants** – Contributions and pledges are recognized when the donor makes a promise to give to Coalition that is, in substance, unconditional. Conditional contributions and promises to give (pledges), those with a measurable performance or other barrier and a right of return, are not recognized as support until the conditions on which they depend are substantially met. Contributions and grants receivable due in more than one year are discounted to net present value using the risk-adjusted discount rate in effect on the date of the gifts, unless the value is immaterial. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, the Agency establishes refundable advances from governmental sources.

As of June 30, 2020, Coalition expects to received conditional grants and contracts from foundations and government agencies in the aggregate amount of approximately \$4 million, that have not been recorded in the accompanying consolidated financial statements, as they have not yet been earned. These grants and contracts require Coalition to provide certain services for future specified periods. If such services are not provided, Coalition and governmental entities are not obligated to expend the funds allotted under the grants and contracts and Coalition may be required to return the funds already remitted

- F. **Allowance for Uncollectible Receivables** - The Agency determines whether an allowance for uncollectible receivables should be provided for grants receivable and contributions receivable. Such estimate is based on management's assessment of the aged basis of its receivables, current economic conditions, credit worthiness of its donors, historical experience and collections subsequent to year end. As of June 30, 2020, the Agency determined that no allowance was necessary for accounts receivable.

- G. **Property and Equipment** - Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Donated assets are valued at market at the time of donation. The Agency capitalizes property and equipment with a cost of \$1,000 and a useful life greater than one year. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lease term or the useful life of the asset, whichever is less.

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- H. **Functional Expenses** - The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management. The expenses that are allocated include salaries and payroll taxes and employee benefits, which are allocated based on estimates of time and effort. Other allocated expenses include professional fees, transportation, direct assistance to clients, printing, conferences, food and catering, and are directly charged based on specific identification to program activities. All remaining expenses are allocated based on full-time equivalent per program.
- I. **Donated Goods and Services** - Donated services are recognized in the consolidated financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods are recognized in the consolidated financial statements at their fair values at the date of receipt. For the year ended June 30, 2020, donated goods and services amounted to \$546,035.
- J. **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. Rental income is recorded based on operating leases and revenue is recognized on the straight-line basis over the terms of the leases.
- K. **Rental Income** - Rental income is recognized in accordance with the contract terms of the lease to which it relates.
- L. **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 liability is recorded when material.
- M. **Special Events** - The direct cost of special events includes expenses for the benefit of the donor. For example, meals and facilities rental are considered to be direct cost of special events.
- N. **Direct Assistance to Clients** - Direct assistance to clients are the core expenditure for the clients served at the Agency and consists of rent, food, transportation, furniture and other expenses. The funds to cover such assistance are primarily from government grants and contributions.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Agency regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing activities of providing direct services and advocacy for men, women and children experiencing homelessness, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Agency operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statements of cash flows which identifies the sources and uses of the Agency's cash and shows positive cash generated by operations for fiscal years 2020. At the discretion of the Board, the Agency could utilize its board designated funds to cover general expenditures (see Note 15). In the event of an unanticipated liquidity need, the Agency could also draw upon \$1.5 million of its available line of credit.

The Agency receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Agency manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Financial assets available for general expenditures within one year of the consolidated statement of financial position date are as follows:

Cash and cash equivalents	\$ 9,387,374
Contributions receivable, net	1,385,413
Grants receivable	<u>1,134,309</u>
Total financial assets	11,907,096
 Less: Board designated	 (3,100,000)
Net assets with donor restrictions	<u>(2,806,044)</u>
	<u>\$ 6,001,052</u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following as of June 30, 2020:

Due within one year	<u>\$ 1,385,413</u>
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NOTE 5 – GRANTS RECEIVABLE

Grants receivable consists of the following as of June 30, 2020:

New York City Human Resources Administration	\$ 554,778
New York City Department of Homeless Services	275,201
Consortium for Workers Education	66,106
New York State Office of Temporary and Disability Assistance	172,752
NYC Department of Youth and Community Development	15,846
New York State Department of Health	<u>49,626</u>
	<u>\$ 1,134,309</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2020:

		<u>Estimated Useful Lives</u>
Land	\$ 8,089,841	
Buildings and improvements	15,817,350	40 Years
Leasehold improvements	926,295	10 Years
Equipment	717,659	3-10 Years
Vehicles	127,812	3-10 Years
Furniture and fixtures	<u>59,714</u>	7-10 Years
	25,738,671	
Less: accumulated depreciation and amortization	<u>(8,624,871)</u>	
	<u>\$ 17,113,800</u>	

For the year ended June 30, 2020, depreciation and amortization expenses amounted to \$612,178. For the year ended June 30, 2020, there were no write offs of fully depreciated fixed assets.

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – RESERVE FUND

The partnership agreement between WSS, the general partner of Coalition Houses L/P., of which Coalition 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 – BANK LINE OF CREDIT

The Coalition has a \$1.5 million unsecured, revolving line of credit with a bank, of which \$0 was outstanding as of June 30, 2020 and 2019. Interest on any outstanding balance is payable at the 30-day London interbank offered rate (“LIBOR”) plus 3.00%, which was 0% as of June 30, 2020. The line of credit will expire January 28, 2021.

NOTE 9 – LOAN PAYABLE

CHLP has a mortgage payable to the HPD that bears interest at 1% per annum with the principal balance and accrued interest payable due at maturity in July 2033. The outstanding principal as of June 30, 2020 was \$2,816,275 and accrued interest payable was \$394,868.

CHLP has a second mortgage with HPD that is secured by the first HPD mortgage that bears interest at 1.00% per annum. The principal and accrued interest are payable upon maturity on April 1, 2025. The outstanding principal as of June 30, 2020 was \$307,629 and accrued interest payable was \$46,143.

NOTE 10 – RENTAL INCOME

The Coalition leases a portion of its building to two tenants: CVS, Inc. (CVS) and Hamilton-Madison House, Inc. (HMH). The CVS lease is a non-cancelable operating lease agreement, which expired July 31, 2019 with the option for a five-year extension at \$1,182,696 per annum. CVS exercised the option which commenced August 1, 2019 and extends through July 31, 2024. The HMH lease is a non-cancelable lease agreement that expired June 30, 2019 and was renewed with an expiration date of June 30, 2024.

The future minimum lease payments to be received by the Coalition for the following years are:

	CVS	HMH	Total
2021	\$ 1,182,696	\$ 260,900	\$ 1,443,596
2022	1,182,696	260,900	1,443,596
2023	1,182,696	260,900	1,443,596
2024	<u>1,182,696</u>	<u>260,900</u>	<u>1,443,596</u>
	<u>\$ 4,730,784</u>	<u>\$ 1,043,600</u>	<u>\$ 5,774,384</u>

For the year ended June 30, 2020, rental income included in the accompanying consolidated statements of activities from the leases amounted to approximately \$2,000,000.

NOTE 11 – CAPITAL LEASE

Effective March 10, 2018, the Coalition entered into a three-year lease agreement with Canon Financial Services for the acquisition of certain equipment with monthly payments of \$3,174 and an interest rate of 1.9725%.

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2020, were as follows.

2021	\$ 26,365
Less: Unamortized interest	<u>186</u>
	<u>\$ 26,179</u>

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 – PENSION PLAN

The Agency has a 403(b) Thrift Plan covering all eligible full-time employees. The Agency is required by the plan to match employee contributions in accordance with the pension plan agreements. Each plan year, the Agency will make an employer based contribution on the employee's behalf based on their years of service and a percentage of their compensation for that plan year, provided they are employed with the Agency on the last day of the plan year. Pension expense for the year ended June 30, 2020 amounted to approximately \$303,000.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

- A. Pursuant to the Agency's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Agency involving transactions relating to these contracts. The accompanying consolidated financial statements make no provision for possible disallowances.
- B. 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 New York City Human Resources Administration, a government agency. The leases are one to two years and are non-cancelable. The Coalition also signed ten-year leases in March 2018 for two campsites within Harriman State Park which expire December 31, 2027, which are used for summer sleep-away camp.

The two leases are for \$10,307 and \$4,056, annually.

- C. Coalition leases office space in Albany, New York which expires in September 2021 with annual rent of \$17,000.

Future minimum rental payments under non-cancelable operating leases with terms in excess of one year are as follows:

2021	\$ 864,947
2022	534,712
2023	14,363
2024	14,363
2025	14,363
Thereafter	<u>35,908</u>
	<u>\$ 1,478,656</u>

Rent expense for the years ended June 30, 2020 amounted to \$1,648,775 and is included in occupancy expense and direct assistance to clients in the accompanying statement of functional expenses.

- D. The Agency believes it has no uncertain tax positions as of June 30, 2020 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- E. **PPP Loan** - On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the twenty-four week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Agency's employees. The Agency applied for this loan and received \$1,205,865 in April 2020. Management has opted to account for the proceeds as a loan under FASB ASC 470 until the loan is, in part or wholly, forgiven and the Agency has been "legally released".

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

F. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Agency's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Agency is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Agency's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Agency continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2020:

Crisis intervention	\$ 366,432
Children's programs	415,841
Advocacy	358,901
Job training	24,160
Food services	220,957
COVID-19	1,373,554
Time restricted	<u>46,199</u>
	<u>\$ 2,806,044</u>

Net assets were released from restrictions by incurring expenses or the passage of time thus satisfying the restricted purposes as follows for the year ended June 30, 2020:

Children's programs	\$ 408,726
Food services	385,305
Crisis intervention	989,980
Job training	135,399
AIDS Services	274
Advocacy	339,795
Emergency goods distribution	697,623
COVID-19	<u>265,254</u>
	<u>\$ 3,222,356</u>

NOTE 15 – BOARD DESIGNATED

On June 28, 2019, the Agency's governing board has designated a portion of its net assets without donor restrictions resources for quasi-endowment, operating reserve and other purposes. U.S. GAAP provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The guidance requires disclosure about an organization's endowment funds, whether or not the organization is subject to UPMIFA. The quasi-endowment funds will be invested for long-term appreciation, but remain available and may be spent at the discretion of the board with a board resolution. The operating reserve funds will be invested for a shorter term and can be drawn down at the discretion of management to meet cash needs. The remaining funds will be used for known capital and other needs within the next 12 months.

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 – CHANGE IN REPORTING ENTITY

In accordance with Accounting Standards Update (“ASU”) 2017-02, “Not-for-Profit Entities – Consolidation,” which clarified guidance for consolidating interests in limited partnerships or similar legal entities, the Agency has included the net assets of two limited partnerships: CHLP and BCLP (See Note 1). As of July 1, 2019, CHLP had a net deficit of \$251,107 and BCLP had net assets of \$1,835. The consolidation of these limited partnerships reduced the net assets by \$249,272 as of July 1, 2019.

NOTE 17 – CONCENTRATION OF CREDIT RISK

Cash that potentially subjects the Agency to a concentration of credit risk includes cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits (\$250,000 per depositor). As of June 30, 2020, there was approximately \$2,414,000 of cash held by banks that exceeded FDIC limits.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through January 7, 2021, the date the consolidated financial statements were available to be issued.

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

	Coalition for the Homeless, Inc.	Bridge Homes, Inc.	West Seventy Seventh, Inc.	Bridge Building Management Company	HDFC	Bridge Coalition L.P.	Coalition Houses L.P.	Consolidating Eliminations	Consolidated Total
ASSETS									
Cash and cash equivalents	\$ 9,107,733	\$ -	\$ -	\$ 100	\$ -	\$ 97,714	\$ 181,827	\$ -	\$ 9,387,374
Reserve fund	226,663	-	-	-	-	724	701,603	(27,069)	901,921
Contributions receivable, net	1,385,413	-	-	-	-	-	-	-	1,385,413
Grants receivable	1,134,309	-	-	-	-	-	-	-	1,134,309
Prepaid expenses and other	198,067	-	-	-	-	156,363	138,202	-	492,632
Due from affiliates	327,419	-	-	-	3,118	-	-	(330,537)	-
Property and equipment, net	15,247,716	-	-	-	-	40,068	1,826,016	-	17,113,800
TOTAL ASSETS	\$ 27,627,320	\$ -	\$ -	\$ 100	\$ 3,118	\$ 294,869	\$ 2,847,648	\$ (357,606)	\$ 30,415,449
LIABILITIES									
Accounts payable and accrued expenses	\$ 211,145	\$ -	\$ -	\$ 8,901	\$ -	\$ 300,257	\$ 134,449	\$ (304,239)	\$ 350,513
Accrued vacation	395,233	-	-	-	-	-	-	-	395,233
Refundable advances	97,058	-	-	-	-	27,014	-	(27,069)	97,003
PPP Loan	1,205,865	-	-	-	-	-	-	-	1,205,865
Loan payable	-	-	-	-	-	-	3,123,904	-	3,123,904
Capital lease	26,179	-	-	-	-	-	-	-	26,179
Due to affiliate	-	-	19,481	3,775	-	-	3,042	(26,298)	-
TOTAL LIABILITIES	1,935,480	-	19,481	12,676	-	327,271	3,261,395	(357,606)	5,198,697
NET ASSETS									
Without donor restrictions:									
Controlling interest	22,885,796	-	(19,481)	(12,576)	3,118	(324)	(41)	-	22,856,492
Noncontrolling interest	-	-	-	-	-	(32,078)	(413,706)	-	(445,784)
Total net assets (deficit) without donor restrictions	22,885,796	-	(19,481)	(12,576)	3,118	(32,402)	(413,747)	-	22,410,708
Net assets with donor restrictions - controlling interest	2,806,044	-	-	-	-	-	-	-	2,806,044
TOTAL NET ASSETS (DEFICIT)	25,691,840	-	(19,481)	(12,576)	3,118	(32,402)	(413,747)	-	25,216,752
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 27,627,320	\$ -	\$ -	\$ 100	\$ 3,118	\$ 294,869	\$ 2,847,648	\$ (357,606)	\$ 30,415,449

See independent auditors' report.

COALITION FOR THE HOMELESS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Coalition for the Homeless, Inc.			Bridge Homes, Inc.	West Seventy Seventh, Inc.	Bridge Building Management Company	HDFC	Bridge Coalition L.P.	Coalition Houses L.P.		Consolidated Total		
	Without donor restrictions	With donor restrictions	Total								Without donor restrictions	With donor restrictions	Total
				Without donor restrictions			Eliminations						
PUBLIC SUPPORT AND OTHER REVENUE:													
Contributions	\$ 6,330,662	\$ 4,809,637	\$ 11,140,299	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,330,662	\$ 4,809,637	\$ 11,140,299
Government support	4,087,874	-	4,087,874	-	-	-	-	-	-	-	4,087,874	-	4,087,874
Special events (net of direct expenses of \$442,492)	383,221	-	383,221	-	-	-	-	-	-	-	383,221	-	383,221
In-kind donations	546,035	-	546,035	-	-	-	-	-	-	-	546,035	-	546,035
Bequests	1,031,903	-	1,031,903	-	-	-	-	-	-	-	1,031,903	-	1,031,903
Rental income	1,409,530	-	1,409,530	-	-	-	-	185,444	403,970	-	1,998,944	-	1,998,944
Other income	225,664	-	225,664	730,382	-	-	-	1,983	2,294	(730,382)	229,941	-	229,941
Forgiveness of debt	-	-	-	441,152	-	-	-	-	-	(441,152)	-	-	-
Net assets released from restrictions	3,222,356	(3,222,356)	-	-	-	-	-	-	-	-	3,222,356	(3,222,356)	-
Total Public Support and Other Revenue	17,237,245	1,587,281	18,824,526	1,171,534	-	-	-	187,427	406,264	(1,171,534)	17,830,936	1,587,281	19,418,217
EXPENSES													
Program Services:													
Advocacy	1,777,924	-	1,777,924	-	-	-	-	-	-	-	1,777,924	-	1,777,924
AIDS	2,447,656	-	2,447,656	-	-	-	-	-	-	-	2,447,656	-	2,447,656
Crisis intervention	2,686,945	-	2,686,945	-	-	-	-	-	-	-	2,686,945	-	2,686,945
Housing	238,323	-	238,323	-	-	-	-	206,439	497,540	-	942,302	-	942,302
Food services	1,744,789	-	1,744,789	796,016	-	-	-	-	-	(1,171,534)	1,369,271	-	1,369,271
Job training	684,918	-	684,918	-	-	-	-	-	-	-	684,918	-	684,918
Emergency mail	115,126	-	115,126	-	-	-	-	-	-	-	115,126	-	115,126
Emergency goods	839,791	-	839,791	-	-	-	-	-	-	-	839,791	-	839,791
Children's programs	1,025,079	-	1,025,079	-	-	-	-	-	-	-	1,025,079	-	1,025,079
Program Services	11,560,551	-	11,560,551	796,016	-	-	-	206,439	497,540	(1,171,534)	11,889,012	-	11,889,012
Supporting Services:													
Management and administration	1,167,390	-	1,167,390	-	-	-	-	15,225	71,364	-	1,253,979	-	1,253,979
Fundraising	1,160,624	-	1,160,624	-	-	-	-	-	-	-	1,160,624	-	1,160,624
Business rental	683,162	-	683,162	-	-	-	-	-	-	-	683,162	-	683,162
Supporting Services	3,011,176	-	3,011,176	-	-	-	-	15,225	71,364	-	3,097,765	-	3,097,765
Total Operating Expenses	14,571,727	-	14,571,727	796,016	-	-	-	221,664	568,904	(1,171,534)	14,986,777	-	14,986,777
CHANGE IN TOTAL NET ASSETS	2,665,518	1,587,281	4,252,799	375,518	-	-	-	(34,237)	(162,640)	-	2,844,159	1,587,281	4,431,440
Net Assets (Deficit) - Beginning of Year	20,220,278	1,218,763	21,439,041	(375,518)	(19,481)	(12,576)	3,118	-	-	-	19,815,821	1,218,763	21,034,584
Change in reporting entity	-	-	-	-	-	-	-	1,835	(251,107)	-	(249,272)	-	(249,272)
NET ASSETS (DEFICIT) - END OF YEAR	\$ 22,885,796	\$ 2,806,044	\$ 25,691,840	\$ -	\$ (19,481)	\$ (12,576)	\$ 3,118	\$ (32,402)	\$ (413,747)	\$ -	\$ 22,410,708	\$ 2,806,044	\$ 25,216,752