

**VOLUSIA/FLAGLER COUNTY COALITION FOR THE
HOMELESS, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2018

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
TABLE OF CONTENTS
JUNE 30, 2018

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 13

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Volusia/Flagler County Coalition for the Homeless, Inc.:

Report on Financial Statements

We have audited the accompanying financial position of Volusia/Flagler County Coalition for the Homeless, Inc. (the Organization), as of June 30, 2018, and the related 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 Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volusia/Flagler County Coalition for the Homeless, Inc. as of June 30, 2018, 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.

James Moore & Co., P.L.

Daytona Beach, Florida
December 21, 2018

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current assets	
Cash and cash equivalents	\$ 205,032
Accounts receivable	216,822
Prepaid expenses	9,215
Total current assets	<u>431,069</u>
Property and equipment, net	2,423,841
Other assets	
Deposits	4,993
Total Assets	<u><u>\$ 2,859,903</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 121,637
Current portion of long-term debt	33,764
Total current liabilities	<u>155,401</u>
Long-term debt, less current portion	283,590
Total liabilities	<u>438,991</u>
Net assets	
Unrestricted net assets	314,425
Invested in property and equipment, net of related debt	2,106,487
Total Liabilities and Net Assets	<u><u>\$ 2,859,903</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

UNRESTRICTED NET ASSETS

Support and revenue

Government grants	\$ 1,249,177
United Way	100,008
Contributions	78,095
Rent revenue	143,892
Other income	67,845
Total support and revenue	1,639,017

Program service expenses

Program	1,186,578
Supporting	392,486
Total expenses	1,579,064

Change in net assets

59,953

Net assets, beginning of year

2,360,959

Net assets, end of year

\$ 2,420,912

The accompanying notes to financial statements
are an integral part of this statement.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>		
Wages	\$ 215,203	\$ 165,447	\$ 1,559	\$ 167,006	\$ 382,209
Payroll taxes and benefits	18,990	16,446	208	16,654	35,644
Total personnel expenses	<u>234,193</u>	<u>181,893</u>	<u>1,767</u>	<u>183,660</u>	<u>417,853</u>
Building occupancy	65,614	17,978	13,460	31,438	97,052
Professional fees	4,379	22,249	82	22,331	26,710
Insurance	12,961	1,644	20,959	22,603	35,564
Office expenses	26,710	16,353	5,602	21,955	48,665
Conferences and travel	25,087	3,121	26	3,147	28,234
Depreciation and Amortization	3,717	4,041	82,297	86,338	90,055
Client services	104,765	-	146	146	104,911
Program grants	674,193	-	-	-	674,193
Program software and training	30,770	456	-	456	31,226
Dues and memberships	160	3,250	-	3,250	3,410
Licenses and taxes	58	-	3	3	61
Interest	3,971	3,846	13,313	17,159	21,130
Total non-personnel expenses	<u>952,385</u>	<u>72,938</u>	<u>135,888</u>	<u>208,826</u>	<u>1,161,211</u>
Total functional expenses	<u>\$ 1,186,578</u>	<u>\$ 254,831</u>	<u>\$ 137,655</u>	<u>\$ 392,486</u>	<u>\$ 1,579,064</u>

The accompanying notes to financial statements are an integral part of this statement.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash flows from operating activities	
Change in net assets	\$ 59,953
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	90,055
Receivables	9,527
Prepaid expenses	(1,430)
Deposits	385
Accounts payable and accrued expenses	(27,070)
Total adjustments	<u>71,467</u>
Net cash provided by (used in) operating activities	<u>131,420</u>
Cash flows used in investing activities	
Purchases of property and equipment	(18,538)
Cash flows from financing activities	
Principal payments on long-term debt	(32,200)
Net increase (decrease) in cash and cash equivalents	<u>80,682</u>
Cash and cash equivalents, beginning of year	124,350
Cash and cash equivalents, end of year	<u><u>\$ 205,032</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 21,130</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Volusia/Flagler County Coalition for the Homeless, Inc. (the Organization), which affect significant elements of the accompanying financial statements:

(a) **Organization and purpose**—The Organization is a not-for-profit corporation incorporated under the laws of the State of Florida. It is designated as the official Continuum of Care (Lead Agency) by both the U.S. Department of Housing and Urban Development (HUD) and by the State of Florida.

The Organization exists to perform the administrative function of surveying needs; assessing services provided by agencies, preparation of grant applications, formulation of strategies to eliminate duplication of service, fill gaps in service, and facilitate overall, the provision of shelter and supportive services that meet the needs of homeless persons. The Organization also writes and administers subrecipient grants for State and Federal funds, which are available from State and/or Federal grantors only through the Continuum of Care and cannot be individually received by the agencies.

The Mission underlying all activities directed to meet the needs of a homeless person is to resolve the issues that drive them to homelessness, and restore them to functional independence. This task is accomplished through the coordination of all agencies in Volusia and Flagler Counties that deliver services to the homeless. The Organization develops policies and best practices which are adopted by all agencies to ensure quality of service, discharge of planning and prioritization of services for people who are homeless.

(b) **Basis of accounting**—The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting principles generally accepted in the United States of America, which recognizes revenue when earned and expenses when incurred.

(c) **Basis of presentation**—The Organization reports information regarding its financial position and activities according to the three classes of net assets as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations. Board designated net assets are unrestricted net assets subject to self-imposed limits by action of the governing board, e.g., future programs, investment, contingencies, purchases, construction of fixed assets, or other uses.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or passage of time. The Organization had no temporarily restricted net assets as of June 30, 2018.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations or by matter of law that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets as of June 30, 2018.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(1) **Summary of Significant Accounting Policies:** (Continued)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or stipulations. Expenses are reported as decreases in unrestricted net assets. Gains or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor-imposed restrictions or stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-imposed restriction or stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. It is the Organization's policy to record donor-restricted contributions on which the restriction are met in the same reporting period as unrestricted contributions.

(d) **Cash and cash equivalents**—Cash and cash equivalents include investments in highly liquid debt instruments with an initial maturity of three months or less.

(e) **Grants receivable**—Grants receivable consists of amounts due to the Organization from governmental units and cultural agencies under the terms of the various grant contracts. Due to the nature of these agencies, no allowance for uncollectible amounts had been established.

(f) **Property and equipment**—The Organization's policy requires that all property and equipment purchased or donated with a value or cost of \$5,000 or more to be capitalized. Purchased property and equipment is capitalized at cost. Donation of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 7 to 39 for buildings and major improvements to 5 to 7 years for furniture and equipment. Donated land and buildings are reported as unrestricted contributions absent an explicit donor restriction. Assets donated with explicit restrictions are reported as restricted contributions. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Buildings and improvements	7 – 39 years
Office furniture, equipment, and software	5 – 7 years
Automobiles and trucks	5 years

(g) **Donated services and facilities**—The Organization recognizes donated services and facilities that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provide by donations at their fair values in the period received. Donated services and facilities that meet the above criteria are recognized as revenues and are reported in the accompanying financial statement at their estimated fair value at the time of contribution. There were no donated services or material that met the criteria for recognition during the years ended June 30, 2018.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Impairment of long-lived assets**—The Organization periodically reviews its long-lived assets to be held and used in operations for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets.

(i) **Expense allocation**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

(j) **Income taxes**—Under Section 501(c)(3) of the Internal Revenue Code and Florida Statutes, the Organization is exempt from taxes on income other than unrelated business income. The Organization had no unrelated business income during the year ended June 30, 2018. Therefore, no provision for income taxes has been made in these financial statements.

The Organization files income tax returns in the U.S. federal jurisdiction. Tax returns for the Organization for the past three years are subject to examination by tax authorities. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(k) **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 certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(l) **Subsequent events**—Management has evaluated subsequent events through December 21, 2018, the date the financial statements were available to be issued.

(m) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of existing accounting guidance during the year. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(1) **Summary of Significant Accounting Policies:** (Continued)

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09: *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2018 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued ASU 2016-02: *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2019 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In August 2016, the FASB issued ASU 2016-14: *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, to make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities, including net asset classification requirements and the information presented about an entity's liquidity, financial performance, and cash flows. The new standard is effective for fiscal years beginning after December 15, 2017 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction and clarifies how an entity determines whether a resource provider is participating in an exchange transaction. ASU 2018-08 is effective to the Foundation for fiscal years beginning after December 15, 2018, with earlier adoption by one year permitted. The effects of this change are still being determined.

(2) **Property and Equipment:**

Property and equipment at June 30, 2018, consists of the following:

Land and land development	\$ 329,757
Buildings and improvements	2,997,048
Office furniture and equipment	90,131
	<hr style="width: 100%;"/>
	3,416,936
Less: Accumulated depreciation	(993,095)
	<hr style="width: 100%;"/>
Property and equipment, net	<u>\$ 2,423,841</u>

Depreciation expense for the year ended June 30, 2018 was \$90,055.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(3) Long Term Debt:

The Organization has a note payable to a financial institution, payable in monthly installments of \$4,324 including interest at 5.75%, secured by land and building, that matures in February 2026. A summary of the long-term liability transactions for the Organization for the fiscal year ended June 30, 2018, is as follows:

Note payable	\$ 320,140
Less: Current portion of long term debt	34,129
Less: Unamortized closing costs	2,786
Total long term debt, net of current portion and unamortized closing costs	\$ 283,225

Maturities of long term debt are as follows for the years ending June 30, 2018:

For Year Ending June 30,	Amount
2019	\$ 34,129
2020	36,130
2021	38,336
2022	40,631
2023	43,065
Thereafter	127,850
Total	\$ 320,141

For the fiscal year ended June 30, 2018, the interest expense incurred was \$21,130.

(4) Reclassifications:

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

(5) Receivables:

Accounts receivable as of June 30, 2018, was composed of:

Grants	\$ 210,588
Rent receivable	3,547
Other receivable	2,687
Total accounts receivable	\$ 216,822

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(6) Subrecipient and Grant-In-Aid Funds:

The Organization, through its grant contracts, remits funds to entities that are approved by the State of Florida Department of Children and Families. For the year ended June 30, 2018, the Organization remitted funds to the following entities:

Catholic Charities of Central Florida	\$ 38,113
Family Life Center	66,399
Halifax Urban Ministries (Star Family Center)	250,423
Neighborhood Center West Volusia	157,351
New Hope Human Services	29,729
Salvation Army	132,178
Total Subrecipient and Grant-in-Aid Funds	\$ 674,193

(7) Fundraising Activity:

The Organization leases several buildings to other not-for-profit, tax exempt entities for the direct conduct of programs to benefit the homeless, including temporary housing and food. These lease agreements can be cancelled at any time provided a ninety day written notice is given to the lessor. The tenant entities pay the Coalition rent for the use of the Coalition's buildings plus costs for damages to the property:

	Monthly Lease Amount	Lease Income Received
Tenant 1, expires 10/31/2021	\$ 1,685	\$ 20,028
Tenant 2, expired 6/30/2018	6,358	76,300
Other rent receipts, commercial and HUD tenants	various	47,564
Total rent revenue		\$ 143,892

Leased property includes land with a cost and carrying value of \$329,757 that is included in land and land improvements and includes buildings with a cost of \$2,580,383 and accumulated depreciation of \$652,810 through the current year, for a carrying value of \$1,927,573, that are included in buildings and improvements at June 30, 2018. The future minimal annual rental income payments due to the Organization are as follows:

For Year Ending June 30,	Amount
2019	\$ 20,629
2020	20,831
2021	20,831
2022	6,944
Total	\$ 69,235

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

(8) **Significant Concentrations:**

Revenue to support the Organization's programs is received primarily from Federal, State and local government grants and awards, and accounts for approximately 76% percent of total revenues. The Organization is subject to changes in governmental funding allocations. In the event these entities discontinue funding these programs, the impact on the Organization's ability to achieve current program goals could be substantial.

Credit risk with respect to receivables is limited due to the credit worthiness of the governmental entities and organization from which the amounts are due.

At June 30, 2018, the Organization had deposits in one commercial financial institution. The Organization's deposits did not exceed the coverage provided by the Federal Deposit Insurance Corporation (FDIC).

The Organization's geographic area of operations is in Volusia and Flagler Counties in the State of Florida.

The Organization fundraising (rental) activities are all conducted in Volusia County, Florida.