

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

FINANCIAL STATEMENTS

JUNE 30, 2017

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
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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 statements of Volusia/Flagler County Coalition for the Homeless, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, 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.

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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, 2017, 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
February 20, 2018

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current assets	
Cash and cash equivalents	\$ 124,350
Accounts receivable	226,349
Prepaid expenses	7,785
Total current assets	<u>358,484</u>
Property and equipment, net	2,494,993
Other assets	
Deposits	5,378
Total Assets	<u><u>\$ 2,858,855</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 148,707
Current portion of long-term debt	31,835
Total current liabilities	<u>180,542</u>
Long-term debt, less current portion	317,354
Total liabilities	<u>497,896</u>
Net assets	
Unrestricted net assets	2,360,959
Total Liabilities and Net Assets	<u><u>\$ 2,858,855</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Grants	\$ 1,170,295	\$ -	\$ 1,170,295
Contributions	6,161	-	6,161
Rent revenue	160,721	-	160,721
Other income	61,741	-	61,741
Total support and revenue	<u>1,398,918</u>	<u>-</u>	<u>1,398,918</u>
Other revenues and gains			
Net assets released from restrictions for satisfaction of purpose and/or time restrictions	1,685	(1,685)	-
Total support and revenue	<u>1,685</u>	<u>(1,685)</u>	<u>-</u>
Program service expenses			
Program	1,019,702	-	1,019,702
Supporting	350,682	-	350,682
Total expenses	<u>1,370,384</u>	<u>-</u>	<u>1,370,384</u>
Change in net assets	<u>30,219</u>	<u>(1,685)</u>	<u>28,534</u>
Net assets, beginning of year	2,330,740	1,685	2,332,425
Net assets, end of year	<u>\$ 2,360,959</u>	<u>\$ -</u>	<u>\$ 2,360,959</u>

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, 2017

	Supporting Services				
	Program Services	General & Administrative	Fundraising	Total Supporting Services	Total Expenses
Wages	\$ 128,509	\$ 136,114	\$ 3,135	\$ 139,249	\$ 267,758
Payroll taxes and benefits	12,137	12,856	296	13,152	25,289
Total personnel expenses	<u>140,646</u>	<u>148,970</u>	<u>3,431</u>	<u>152,401</u>	<u>293,047</u>
Building occupancy	50,639	25,179	16,692	41,871	92,510
Professional fees	28,081	562	-	562	28,643
Insurance	9,524	11,241	12,255	23,496	33,020
Office expenses	13,472	8,610	390	9,000	22,472
Conferences and travel	26,016	7,752	-	7,752	33,768
Depreciation and Amortization	15,385	-	85,813	85,813	101,198
Client services	62,290	525	89	614	62,904
Program grants	640,644	2,005	-	2,005	642,649
Program software and training	32,809	1,261	-	1,261	34,070
Dues and memberships	-	2,825	240	3,065	3,065
Licenses and taxes	196	262	-	262	458
Interest	-	-	22,580	22,580	22,580
Total non-personnel expenses	<u>879,056</u>	<u>60,222</u>	<u>138,059</u>	<u>198,281</u>	<u>1,077,337</u>
Total functional expenses	<u>\$ 1,019,702</u>	<u>\$ 209,192</u>	<u>\$ 141,490</u>	<u>\$ 350,682</u>	<u>\$ 1,370,384</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, 2017

Cash flows from operating activities	
Change in net assets	\$ 28,534
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	101,198
Receivables	(173,447)
Prepaid expenses	316
Deposits	(872)
Accounts payable and accrued expenses	57,811
Deferred revenue	(16,735)
Total adjustments	<u>(31,729)</u>
Net cash provided by (used in) operating activities	<u>(3,195)</u>
Cash flows from financing activities	
Principal payments on long-term debt	(30,381)
Net increase (decrease) in cash and cash equivalents	<u>(33,576)</u>
Cash and cash equivalents, beginning of year	157,926
Cash and cash equivalents, end of year	<u><u>\$ 124,350</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 22,580</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, 2017

(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.

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, 2017.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(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, 2017.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(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, 2017. 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 February 20, 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.

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.

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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.

(2) **Property and Equipment:**

Property and equipment at June 30, 2017, consists of the following:

Land and land development	\$ 329,757
Buildings and improvements	2,997,048
Office furniture and equipment	<u>71,594</u>
	3,398,399
Less: Accumulated depreciation	<u>(903,406)</u>
Property and equipment, net	<u>\$ 2,494,993</u>

Depreciation expense for the year ended June 30, 2017 was \$100,833.

(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, 2017, is as follows:

Note payable	\$ 352,340
Less: Current portion	31,835
Less: Unamortized closing costs	<u>3,151</u>
Total long term debt, net of current portion and unamortized closing costs	<u>\$ 317,354</u>

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(3) **Long Term Debt:** (Continued)

Maturities of long term debt are as follows for the years ending June 30, 2017:

For Year Ending June 30,	Amount
2018	\$ 32,200
2019	34,129
2020	36,130
2021	38,336
2022	40,631
Thereafter	170,914
Total	<u>\$ 352,340</u>

For the fiscal year ended June 30, 2017, the interest expense incurred was \$22,580.

(4) **Temporarily Restricted Net Assets:**

The Organization received contributions in prior years that were stipulated by the donor to be used solely in establishing a homeless shelter in West Volusia. The homeless shelter project was finished and the remaining funds were unspent. The unexpended balance of these temporarily restricted contributions as of June 30, 2016 was \$1,685. The Organization was unable to return the funds to the donor as the donor company went out of business. Given the circumstances, during the current year the Board voted to release funds from restriction in accordance with the Florida Uniform Prudent Management of Institutional Funds Act, Section 617.2104, Florida Statute.

(5) **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.

(6) **Receivables:**

Accounts receivable as of June 30, 2017 was composed of:

Grants	\$ 223,719
Rent receivable	1,260
Other receivable	1,370
Total accounts receivable	<u>\$ 226,349</u>

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(7) 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, 2017 the Organization remitted funds to the following entities:

Catholic Charities of Central Florida	\$	40,626
Family Life Center		55,984
Halifax Urban Ministries (Star Family Center)		181,428
Neighborhood Center West Volusia		153,069
New Hope Human Services		24,501
Salvation Army		115,194
Total Subrecipient and Grant-in-Aid Funds	<u>\$</u>	<u>570,802</u>

(8) 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:

	<u>Monthly Lease Amount</u>	<u>Lease Income Received</u>
Tenant 1, expires 10/31/2018	\$ 1,636	\$ 19,445
Tenant 2, expires 6/30/2018	6,171	74,056
Tenant 3, terminated 6/1/2017	2,877	31,647
Other rent receipts, commercial and HUD tenants	various	35,573
Total rent revenue		<u>\$ 160,721</u>

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 \$586,646 through the current year, for a carrying value of \$1,993,737, that are included in buildings and improvements at June 30, 2017. The future minimal annual rental income payments due to the Organization are as follows:

<u>For Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 93,691
2019	6,545
Total	<u>\$ 100,236</u>

VOLUSIA/FLAGLER COUNTY COALITION FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(9) **Lease Commitment:**

The Organization leases and administrative office in Deland, Florida. The lease through November 30, 2016 was on a month-to-month basis with monthly lease payments of \$1,200. Effective December 1, 2016, a six-month lease was entered into, expiring May 31, 2017, with monthly lease payments of \$1,200. Upon expiration of the six-month lease agreement, the occupancy again changed to a month-to-month basis with current lease payments of \$1,200.

(10) **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 84% 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, 2017, 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.