

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

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

JUNE 30, 2013

COALITION FOR THE HOMELESS, INC. AND AFFILIATES

TABLE OF CONTENTS

Independent Auditor's Report

Exhibit

- A - Consolidated Statement of Financial Position**
- B - Consolidated Statement of Activities**
- C - Consolidated Statement of Functional Expenses**
- D - Consolidated Statement of Cash Flows**

Notes to Consolidated Financial Statements

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Coalition for the Homeless, Inc. and Affiliates, which comprise the consolidated balance sheet as of June 30, 2013 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coalition for the Homeless, Inc. and Affiliates as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Coalition for the Homeless, Inc. and Affiliates' June 30, 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 13, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Loeb & Troper LLP

September 2, 2013

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

(With Summarized Financial Information for June 30, 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 935,268	\$ 1,154,033
Investments	1,015	1,009
Contributions receivable, net	700,947	1,263,242
Grants receivable	215,420	215,200
Other receivables	84,451	63,187
Due from affiliates	9,241	30,156
Prepaid expenses	163,027	122,989
Reserve fund	202,937	202,937
Security deposits	24,801	24,301
Deferred rent receivable	819,400	858,212
Fixed assets - net	<u>16,018,371</u>	<u>16,435,043</u>
Total assets	<u>\$ 19,174,878</u>	<u>\$ 20,370,309</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 241,781	\$ 214,009
Refundable advances	294,486	303,412
Retainage payable	6,402	6,402
Obligations under capital lease	<u>118,786</u>	<u>202,009</u>
Total liabilities	<u>661,455</u>	<u>725,832</u>
Net assets (Exhibit B)		
Unrestricted		
Net investment in property and equipment	15,894,777	16,225,293
Operating	<u>2,315,686</u>	<u>2,492,699</u>
Total unrestricted	18,210,463	18,717,992
Temporarily restricted	<u>302,960</u>	<u>926,485</u>
Total net assets	<u>18,513,423</u>	<u>19,644,477</u>
Total liabilities and net assets	<u>\$ 19,174,878</u>	<u>\$ 20,370,309</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

(With Summarized Financial Information for the Year Ended June 30, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue				
Contributions	\$ 4,067,242	\$ 908,853	\$ 4,976,095	\$ 4,235,665
Government grants	3,104,014		3,104,014	3,123,945
Special events (net of direct costs of \$456,650 and \$447,799 in 2013 and 2012, respectively)	778,896	30,000	808,896	815,083
Bequests	154,983		154,983	300,722
Rental income (net of rental expenses of \$609,627 and \$589,141 in 2013 and 2012, respectively)	381,996		381,996	402,480
Interest and investment income	2,933		2,933	7,759
Other income	313,711		313,711	221,203
Net assets released from restrictions	992,083	(992,083)		
Total public support and revenue	<u>9,795,858</u>	<u>(53,230)</u>	<u>9,742,628</u>	<u>9,106,857</u>
Expenses (Exhibit C)				
Program services				
Advocacy	1,184,399		1,184,399	1,112,097
AIDS	2,213,137		2,213,137	2,128,454
Crisis intervention	2,068,208		2,068,208	1,713,278
Housing	718,675		718,675	676,517
Food services	1,085,825		1,085,825	1,036,747
Job training	666,413		666,413	630,076
Children's programs	1,035,239		1,035,239	1,016,147
Total program services	<u>8,971,896</u>		<u>8,971,896</u>	<u>8,313,316</u>
Supporting services				
Management and general	350,224		350,224	381,474
Fund raising	981,267		981,267	937,438
Total supporting services	<u>1,331,491</u>		<u>1,331,491</u>	<u>1,318,912</u>
Total expenses	<u>10,303,387</u>		<u>10,303,387</u>	<u>9,632,228</u>
Change in net assets before write off of City Council capital grant	(507,529)	(53,230)	(560,759)	(525,371)
Write off of City Council capital grant		(570,295)	(570,295)	
Change in net assets (Exhibit D)	(507,529)	(623,525)	(1,131,054)	(525,371)
Net assets at beginning of year	<u>18,717,992</u>	<u>926,485</u>	<u>19,644,477</u>	<u>20,169,848</u>
Net assets at end of year (Exhibit A)	<u>\$ 18,210,463</u>	<u>\$ 302,960</u>	<u>\$ 18,513,423</u>	<u>\$ 19,644,477</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013
(With Summarized Financial Information
for the Year Ended June 30, 2012)

	2013												2012		
	Program Services							Supporting Services					Total	Total	
	Advocacy	AIDS	Crisis Intervention	Housing	Food Services	Job Training	Children's Programs	Total	Management and General	Fund Raising	Special Event	Business Rental Property			Total
Salaries	\$ 570,845	\$ 654,411	\$ 831,039	\$ 306,389	\$ 339,892	\$ 393,413	\$ 422,355	\$ 3,518,344	\$ 150,362	\$ 213,748		\$ 164,774	\$ 528,884	\$ 4,047,228	\$ 3,761,672
Fringe benefits	177,670	263,290	310,248	87,903	140,996	120,522	100,898	1,201,527	46,121	56,591		55,485	158,197	1,359,724	1,222,600
Total personnel	748,515	917,701	1,141,287	394,292	480,888	513,935	523,253	4,719,871	196,483	270,339		220,259	687,081	5,406,952	4,984,272
Professional fees	230,088	24,504	75,190	9,492	12,830	12,429	168,022	532,555	34,847	129,466		24,937	189,250	721,805	695,393
Commercial insurance	3,066	37,468	7,463	3,679	1,887	2,987	11,988	68,538	2,754	6,363		845	9,962	78,500	78,858
Transportation	20,857	19,200	196	112	51,322		30,310	121,997	230	2,606			2,836	124,833	129,685
Supplies	9,669	7,462	13,705	5,011	5,030	5,546	80,788	127,211	13,374	32,832		2,031	48,237	175,448	187,899
Telephone	15,563	19,395	19,445	10,476	8,137	8,524	9,757	91,297	12,940	6,657		2,091	21,688	112,985	99,085
Bank charges and fees	568	1,156	1,466	548	520	705	568	5,531	1,520	45,490		185	47,195	52,726	48,717
Occupancy	37,608	43,325	54,874	20,879	28,682	26,962	55,772	268,102	17,261	16,437		21,749	55,447	323,549	307,767
Grants to clients	16,183	1,078,540	693,530	243,849	841	42,983		2,075,926						2,075,926	1,870,385
Advertising	7,578	121	1,047	242	678	10,932	3,765	24,363	1,368	3,330			4,698	29,061	18,224
Printing and duplication	17,396				1,096		111	18,603		280,151			280,151	298,754	281,759
Conferences	9,047	908	718	413	476	5,276	4,664	21,502	4,436	1,273			5,709	27,211	31,017
Equipment maintenance	21,521	30,384	39,260	14,741	12,028	18,439	24,275	160,648	17,370	17,461		9,569	44,400	205,048	210,557
Food					447,666		85,606	533,272						533,272	482,983
Postage, shipping, and messenger	10,731	599	1,702	248	25	307	1,908	15,520	1,765	146,399		32	148,196	163,716	208,336
Dues and subscriptions	20,973	1,419			27		2,332	24,751	4,843	4,428			9,271	34,022	30,318
Catering, entertainment and venue costs												\$ 456,650	456,650	456,650	447,779
Real estate taxes												61,645	61,645	61,645	55,251
Bad debts		13,796		100		336		14,232		250			250	14,482	28,796
Miscellaneous	3,831	5,954	7,120	3,379	5,393	5,847	2,998	34,522	2,669	2,310		2,741	7,720	42,242	46,943
Total other than personnel	424,679	1,284,231	915,716	313,169	576,638	141,273	482,864	4,138,570	115,377	695,453	456,650	125,825	1,393,305	5,531,875	5,259,752
Total expenses before depreciation and amortization	1,173,194	2,201,932	2,057,003	707,461	1,057,526	655,208	1,006,117	8,858,441	311,860	965,792	456,650	346,084	2,080,386	10,938,827	10,244,024
Depreciation and amortization	11,205	11,205	11,205	11,214	28,299	11,205	29,122	113,455	38,364	15,475		263,543	317,382	430,837	425,124
Total expenses	1,184,399	2,213,137	2,068,208	718,675	1,085,825	666,413	1,035,239	8,971,896	350,224	981,267	456,650	609,627	2,397,768	11,369,664	10,669,148
Less expenses deducted directly from revenues on the statement of activities															
Direct costs of special events												(456,650)	(456,650)	(456,650)	(447,779)
Business rental property												(609,627)	(609,627)	(609,627)	(589,141)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 1,184,399	\$ 2,213,137	\$ 2,068,208	\$ 718,675	\$ 1,085,825	\$ 666,413	\$ 1,035,239	\$ 8,971,896	\$ 350,224	\$ 981,267	\$ -	\$ -	\$ 1,331,491	\$ 10,303,387	\$ 9,632,228

See independent auditor's report.

The accompanying notes are an integral part of these statements.

COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2013
(With Summarized Financial Information
for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (1,131,054)	\$ (525,371)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	430,837	425,124
Gain on investments - net	(2,878)	(7,150)
Donated investments	(138,532)	(65,255)
Decrease (increase) in assets		
Contributions receivable	562,295	(194,171)
Grants receivable	(220)	359,925
Other receivables	(21,264)	(57,000)
Due from affiliates	20,915	96,636
Prepaid expenses	(40,038)	(12,181)
Security deposits	(500)	(2,000)
Deferred rent receivable	38,812	13,788
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	27,772	10,115
Refundable advances	(8,926)	(208,899)
Net cash used by operating activities	<u>(262,781)</u>	<u>(166,439)</u>
Cash flows from investing activities		
Purchases of property and equipment	(14,165)	(86,596)
Proceeds from sale of investments	141,404	271,680
Interest on Sponsorship Reserve		(143)
Net cash provided by investing activities	<u>127,239</u>	<u>184,941</u>
Cash flows from financing activities		
Principal payment of obligations under capital lease	<u>(83,223)</u>	<u>(72,952)</u>
Net change in cash and cash equivalents	(218,765)	(54,450)
Cash and cash equivalents - beginning of year	<u>1,154,033</u>	<u>1,208,483</u>
Cash and cash equivalents - end of year	\$ <u><u>935,268</u></u>	\$ <u><u>1,154,033</u></u>
Supplemental disclosure of cash flow information		
Interest paid	\$ <u><u>2,134</u></u>	\$ <u><u>2,750</u></u>
Capital lease obligations incurred		\$ <u><u>234,000</u></u>
Capital lease obligations disposed		\$ <u><u>55,571</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 - NATURE AND PURPOSE OF ORGANIZATION

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

Coalition for the Homeless, Inc. (the "Coalition") is a not-for-profit entity that provides advocacy, housing and direct services to over 3,500 people each day. The Coalition is dedicated to the principle that affordable housing, sufficient food and the chance for a living wage job are fundamental rights in a civilized society. The Coalition's operations are categorized under advocacy, AIDS, crisis intervention, housing, food services, job training and children's programs.

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Investments - Investments are recorded at fair value.

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

Government grants revenues and receivables - The Coalition records revenue and receivables for grants from contracting agencies based on claims for expense reimbursements and program utilization at contracted rates. Such revenues are subject to audit by the agencies.

Allowance for doubtful accounts - The Coalition determines whether an allowance for uncollectibles should be provided for contributions and grants receivable. Such estimates are based on management's assessment of the aged basis of its contributions and grants receivable, current economic conditions, subsequent receipts and historical information. Contributions, and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Coalition does not charge interest on outstanding receivables. There was no allowance for doubtful accounts at June 30, 2013.

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

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

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COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Advertising - Advertising costs are expensed as incurred.

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

Prior-year summarized financial information - The financial statements include certain prior-year comparative information. Such information does not include sufficient disclosures or detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertainty in income taxes - The Coalition has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2010 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through September 2, 2013, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS AND FAIR VALUE HIERARCHY

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

	<u>Level 1</u>
Investments	
Money market funds	\$ <u>1,015</u>

The following is a summary of interest and investment income:

Realized gain on investment	\$ 2,903
Unrealized loss on investment	(25)
Interest income	<u>55</u>
Net investment income	\$ <u>2,933</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, including multi-year commitments, were discounted to net present value using a discount rate of 1.66%. The contributions receivable as of June 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 517,000	\$ 977,046
One to five years	135,000	235,000
More than five years	<u>61,542</u>	<u>68,542</u>
Total	713,542	1,280,588
Less: Present value discount	<u>(12,595)</u>	<u>(17,346)</u>
Total contributions receivable - net	<u>\$ 700,947</u>	<u>\$ 1,263,242</u>

As a result of the New York City Council rescinding all unspent capital grants citywide in August 2013, the Coalition was forced to write-off \$570,295 of New York City Council funding the Coalition intended to use in the 2014 fiscal year, but that had not yet been expended at the time of the rescission.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 5 - GRANTS RECEIVABLE

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

	<u>2013</u>	<u>2012</u>
New York City		
Human Resources Administration	\$ 55,281	\$ 117,589
Department of Homeless Services	18,514	3,635
Department of Youth and Community Services	2,946	1,269
Consortium for Worker Education	21,766	27,277
New York State		
Office of Temporary and Disability Assistance	70,257	5,352
Department of Health	9,634	22,761
Federal		
Department of Housing and Urban Development	<u>37,022</u>	<u>37,317</u>
Total grants receivable	<u>\$ 215,420</u>	<u>\$ 215,200</u>

NOTE 6 - DUE FROM AFFILIATES

During the year, Coalition and Affiliates paid for operating expenses on behalf of certain affiliates. As of June 30, 2013 and 2012, the following amounts were outstanding:

Due from affiliates	
Bridge Coalition Limited Partnership	\$ 13,938
Coalition Houses Limited Partnership	<u>(4,697)</u>
Total due from affiliates	<u>\$ 9,241</u>

NOTE 7 - RESERVE FUND

The partnership agreement between West Seventy Seventh, Inc., the general partner of Coalition Houses Limited Partnership, of which the Coalition is the "Sponsor", provides for the establishment of a social services reserve, the purpose of which is 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 8 - PROPERTY AND EQUIPMENT

As of June 30, property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>	<u>Estimated Useful Lives</u>
Land	\$ 7,966,789	\$ 7,966,789	
Building and building improvements	10,343,417	10,337,945	40 years
Leasehold improvement	141,080	141,080	10 years
Equipment	1,324,294	1,315,601	3-10 years
Vehicles	110,517	110,517	5 years
Furniture and fixtures	<u>359,460</u>	<u>359,460</u>	7-10 years
	20,245,557	20,231,392	
Less accumulated depreciation and amortization	<u>(4,227,186)</u>	<u>(3,796,349)</u>	
	<u>\$ 16,018,371</u>	<u>\$ 16,435,043</u>	

Depreciation expense for the years ended June 30, 2013 and 2012 was \$430,837 and \$425,124, respectively.

NOTE 9 - REFUNDABLE ADVANCES

Refundable advances consisted of the following at the end of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Contract advance	\$ 22,934	\$ 7,965
Advance on Easement - MTA	<u>271,552</u>	<u>295,447</u>
	<u>\$ 294,486</u>	<u>\$ 303,412</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 10 - OBLIGATIONS UNDER CAPITAL LEASE

In January 2012, the Coalition entered into a three-year lease agreement with General Electric Capital for the acquisition of certain equipment with interest at 4.88%. The carrying amount of the leased equipment is \$234,000 with current-year amortization of \$78,000 and accumulated amortization of \$104,000. The Coalition has the option to purchase the leased equipment at the end of the lease period at fair value. The lease expires January 2015.

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2013, were as follows:

2014	\$ 78,000
2015	<u>42,181</u>
	120,181
Less: Amount representing interest	<u>(1,395)</u>
Obligations under capital lease	<u>\$ 118,786</u>

NOTE 11 - BANK NOTE PAYABLE

The Coalition has a \$1 million unsecured, revolving line of credit with JPMorgan Chase Bank, of which no amounts were outstanding as of June 30, 2013. Interest on any outstanding balance is payable at 30-day LIBOR plus 3.02%, which was 3.16% at June 30, 2013. The note was set to expire August 28, 2013 and was subsequently extended for an additional year.

NOTE 12 - CONTRIBUTIONS

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Individual donations	\$ 2,967,042	\$ 57,353	\$ 3,024,395
Corporate donations	159,250	55,000	214,250
Foundation donations	761,900	795,500	1,557,400
Matching gifts	53,969	1,000	54,969
Corporate employees	75,725		75,725
Newsletters and Resource Guide	<u>49,356</u>		<u>49,356</u>
	<u>\$ 4,067,242</u>	<u>\$ 908,853</u>	<u>\$ 4,976,095</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2013 temporarily restricted net assets are available for the following purpose:

Children services	\$ 20,000
Client services	252,960
Special events	<u>30,000</u>
	<u>\$ 302,960</u>

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

Children services	\$ 232,150
Client services	643,230
Food services	19,203
Job training	<u>97,500</u>
Total	<u>\$ 992,083</u>

As a result of the New York City Council rescinding all unspent capital grants citywide in August 2013, the Coalition was forced to write off \$570,295 of New York City Council funding the Coalition intended to use in the 2014 fiscal year, but that had not yet been expended at the time of the rescission.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 14 - RENTAL PROPERTY

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

	<u>CVS</u>	<u>HMH</u>	<u>Total</u>
2014	\$ 872,192	\$ 184,023	\$ 1,056,215
2015	898,741	202,023	1,100,764
2016	926,087	202,023	1,128,110
2017	954,254	202,023	1,156,277
2018	983,265	202,023	1,185,288
Thereafter	<u>1,102,188</u>	<u>202,023</u>	<u>1,304,211</u>
	<u>\$ 5,736,727</u>	<u>\$ 1,194,138</u>	<u>\$ 6,930,865</u>

NOTE 15 - CONCENTRATIONS OF CREDIT AND MARKET RISK

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

NOTE 16 - OPERATING LEASES

The Coalition leases 66 scattered site apartments throughout the five boroughs for clients of the program. These leases are between \$800 and \$1,800 depending on the size of the apartment and are directly funded by the Human Resources Administration, a government agency. The leases are one to two years and are noncancelable. The Coalition also signed 10-year leases in March 2008 for two campsites within Harriman State Park which expire December 31, 2017 which is used for a summer sleep-away camp. The two leases are for \$9,173 and \$3,610. In addition, the Coalition has a five-year lease for office space in Albany which expires August 24, 2016 in the amount of \$13,944 a year.

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COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 16 - OPERATING LEASES (continued)

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

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 700,775
2015	180,351
2016	27,827
2017	15,107
2018	<u>6,391</u>
Total	\$ <u>930,451</u>

Total rent expense for the fiscal year ended June 30, 2013 was \$1,035,704, of which \$1,010,707 is included in the grants to client expense.