



Homeless Coalition

PALM BEACH COUNTY

Financial Statements
September 30, 2019

Mari Huff C.P.A., P.A.
Certified Public Accountants
Stuart, Florida

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT..... 1

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



Mari Huff C.P.A., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
American Institute of Certified
Public Accountants

Florida Institute of Certified
Public Accountants

National Association of Certified
Valuators and Analysts

INDEPENDENT AUDITORS' REPORT

Board of Directors and Executive Director
The Homeless Coalition of Palm Beach County, Inc.
West Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Homeless Coalition of Palm Beach County, Inc. (the "Coalition") (a nonprofit Florida corporation), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, cash flows, and the statement of functional expenses 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 auditor's 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 The Homeless Coalition of Palm Beach County, Inc., as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read 'Mari Huff C.P.A., P.A.', written in a cursive style.

Mari Huff C.P.A., P.A.

September 28, 2020

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Statement of Financial Position

As of September 30, 2019

	Without donor restrictions	With donor restrictions	Total
ASSETS:			
Cash and cash equivalents	\$ 682,817	\$ -	\$ 682,817
Cash and cash equivalents (restricted)	-	112,000	112,000
Grants receivable	77,255	-	77,255
Prepaid expenses	50,473	-	50,473
Property and equipment, net	5,849	-	5,849
Intangibles, net	16,089	-	16,089
Total assets	\$ 832,483	\$ 112,000	\$ 944,483
LIABILITIES AND NET ASSETS:			
Liabilities:			
Accounts payable	\$ 82,645	\$ -	\$ 82,645
Accrued expenses	32,726	-	32,726
Deferred revenue	-	112,000	112,000
Total liabilities	115,371	112,000	227,371
Net assets:			
With donor restrictions	-	-	-
Without donor restrictions	717,112	-	717,112
Total net assets	717,112	-	717,112
Total liabilities and net assets	\$ 832,483	\$ 112,000	\$ 944,483

See independent auditor's report and notes to financial statements

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Statement of Activities

For the Year Ended September 30, 2019

	Without donor restrictions	With donor restrictions	Totals
Support and Revenues:			
Government grants	\$ 224,965	\$ -	\$ 224,965
Foundation and private grants	94,677	-	94,677
Contributions and sponsorships	31,600	-	31,600
Other contributions	78,741	-	78,741
In-kind contributions	1,161,128	-	1,161,128
Fundraising events	391,223	172,681	563,904
Investment income	2,710	-	2,710
Total support and revenues	1,985,044	172,681	2,157,725
Net assets released from restrictions:			
Restrictions satisfied by events	172,681	(172,681)	-
Total net assets released from restrictions	172,681	(172,681)	-
Functional Expenses:			
Program services	763,272	-	763,272
Support services	298,964	-	298,964
Total functional expenses	1,062,236	-	1,062,236
In-kind expenses	1,161,128	-	1,161,128
Total expenses	2,223,364	-	2,223,364
Change in net assets	(65,639)	-	(65,639)
Net assets, beginning of year	782,751	-	782,751
Net assets, end of year	\$ 717,112	\$ -	\$ 717,112

See independent auditor's report and notes to financial statements

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Statement of Functional Expenses

For the Year Ended September 30, 2019

	PROGRAM SERVICES						SUPPORT SERVICES			TOTALS	
	Creating Housing Opportunities	Project Homeless Connect	Homeless Resource Center	Community Outreach & Public Awareness	Breaking Bread, Breaking Barriers	Real Change Movement	Total Program Services	Management and General	Fund Raising	Total Support Services	
Personnel costs	\$ 8,933	\$ 42,566	\$ 47,761	\$ 65,240	\$ 13,004	\$ 10,132	\$ 187,636	\$ 6,314	\$ 5,419	\$ 11,733	\$ 199,369
Professional fees	7,607	8,074	8,074	8,074	-	8,074	39,903	94,664	2,690	97,354	137,257
Conferences	-	-	-	13,545	-	-	13,545	418	-	418	13,963
Special events	-	-	5,037	1,831	-	-	6,868	-	160,098	160,098	166,966
Program	331,997	16,093	31,773	94,640	25,462	4,036	504,001	995	9,171	10,166	514,167
Office	453	522	1,673	5,616	202	962	9,428	9,986	818	10,804	20,232
Insurance	379	378	378	378	-	378	1,891	3,577	109	3,686	5,577
Amortization	-	-	-	-	-	-	-	2,578	-	2,578	2,578
Depreciation	-	-	-	-	-	-	-	2,127	-	2,127	2,127
Total expenses	\$ 349,369	\$ 67,633	\$ 94,696	\$ 189,324	\$ 38,668	\$ 23,582	\$ 763,272	\$ 120,659	\$ 178,305	\$ 298,964	\$ 1,062,236

See independent auditor's report and notes to financial statements

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Statement of Cash Flows

For the Year Ended September 30, 2019

Cash flows used in operating activities:

Cash received from:	
Public support and revenues	\$ 915,339
Interest income	2,710
Cash paid to employees and suppliers	(933,912)
Net cash used in operating activities	(15,863)

Cash flows provided by investing activities:

Purchases of property and equipment	(16,088)
Proceeds of certificates of deposits	249,735
Net cash provided by investing activities	233,647

Net change in cash and cash equivalents	217,784
Cash and cash equivalents, beginning of year	577,033
Cash and cash equivalents, end of year	\$ 794,817

Reconciliation of change in net assets to net cash used in operating activities:

Change in net assets	\$ (65,639)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation expense	2,127
Change in:	
Accounts receivable	(17,867)
Prepaid expenses	10,970
Accounts payable	82,645
Accrued expenses	32,582
Deferred revenue	(60,681)
Net cash used in operating activities	\$ (15,863)

See independent auditor's report and notes to financial statements

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2019

NOTE 1: NATURE OF THE ORGANIZATION

The Homeless Coalition of Palm Beach County, Inc., (the “Coalition”) was incorporated in September 1988 as a not-for-profit Florida corporation under the provisions of Chapter 617 of the Florida Statutes. The mission of the Coalition is to end homelessness in Palm Beach County, Florida. In September 2008, the Palm Beach County Board of County Commissioners adopted a comprehensive strategic plan known as the Ten-Year Plan. Along with this plan was the creation of the Homeless Advisory Board. The Coalition accomplishes its mission through activities associated with advocacy, education, community outreach, and fundraising to sustain the *Ten-Year Plan*. The Coalition concentrates on raising community awareness concerning homeless issues, increasing collaboration among service providers, and obtaining resources for programs aimed at helping Palm Beach County’s homeless population transition out of homelessness into self-sufficiency. Currently, services are provided through six main programs: Creating Housing Opportunities, Project Homeless Connect, Homeless Resource Center, Community Outreach and Public Awareness Program, Breaking Bread, Breaking Barriers, and the Real Change Movement. The Coalition’s vision is to ensure that no one remains homeless in Palm Beach County. Through prevention, intervention, and advocacy services, it acts as the voice of the homeless. The Coalition is an essential stakeholder in Palm Beach County’s plan to address homelessness and provides fundraising for and operations of the programs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and reporting policies of the Coalition conform to accounting principles generally accepted in the United States of America and are in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 Not-for Profit Entities Presentation of Financial Statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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

For purposes of the statement of cash flows, the Coalition considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as with donor restrictions or without donor restriction depending on the existence or nature of any donor restrictions.

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Coalition that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

Property and Equipment

The Coalition capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Coalition reclassifies donor restricted net assets to net assets without donor restrictions at that time. Property and equipment currently consist of computer equipment which is being depreciated using the straight-line method over an estimated useful life of five years.

Contributed Services

In order to operate various programs, the Coalition relies on the donated time and services of volunteers. The Coalition generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of services that assist the Coalition, but these services do not meet the criteria for recognition as contributed services in the financial statements. It is estimated that the Coalition received approximately 9,100 in volunteer hours not recognized as revenue for the year ended September 30, 2019. Other services that can be identified with certain amounts have been reflected in the financial statements as in-kind contributions.

Accrued Compensated Absences

Employees of the Organization are entitled to paid time off (PTO) based on completed years of employment. PTO is earned on a monthly basis and is credited to an employee's PTO account on the first day of the month following the month that the PTO was earned. Upon resignation, termination, or retirement, employees are paid a lump sum PTO payment in the pay period following their last day worked.

Functional Expenses

The Coalition allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that cannot be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification.

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Coalition is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation.

The Coalition's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Grants Receivable

The Organization recognizes income from reimbursement grants as of the date on which the contracted reimbursable expenses have been incurred. Any amounts not received by that date are reported as grants receivable and recognized as grant income. An allowance of doubtful account may be recorded based upon the history of collections. No allowance was deemed necessary at September 30, 2019.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and related changes are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets that are board-designated for specific purposes.

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature., where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has be fulfilled, or both.

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Principles

Effective October 1, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. Any net assets previously reported as permanently restricted or temporarily restricted are now reported as net assets with donor restrictions. Net assets previously reported as unrestricted are now reported as net assets without donor restrictions

NOTE 3: SIGNIFICANT ESTIMATE

The allocation of expenses in the Statement of Functional Expenses is a significant estimate based upon management’s analysis of relevant factors such as time spent, space utilized, and natural expense. It is at least reasonably possible that the estimate will change within one year, and the effect of that change may be material.

NOTE 4: CONCENTRATION OF CREDIT RISK

The Coalition maintains deposits at local financial institutions located in Palm Beach County, Florida. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 per client, per financial institution. At September 30, 2019 the Coalition had approximately \$82,000 in uninsured deposits.

NOTE 5: GRANTS RECEIVABLE

Grant receivable at September 30, 2019 were as follows:

Board of county commissioners	\$ 77,255
Total	<u>\$ 77,255</u>

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2019

NOTE 6: PREPAID EXPENSES

The Organization prepays certain expenses and recognizes the expenses as time expires. Prepaid expenses as of September 30, 2019 consisted of the following:

Lewis Luncheon	\$ 38,473
Mayor's Ball	12,000
Total	<u>\$ 50,473</u>

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2019, consisted of the following:

Furniture and equipment	\$ 10,634
Less: accumulated depreciation	4,785
Total	<u>\$ 5,849</u>

Depreciation expense for the year ended September 30, 2019 was \$2,127.

NOTE 8: INTANGIBLE ASSETS

Intangible assets consisted of the following at September 30, 2019:

Computer software	\$ 18,667
Less: accumulated amortization	(2,578)
Total	<u>\$ 16,089</u>

Amortization expense of \$2,578 was recorded for the year ended September 30, 2019.

NOTE 9: DEFERRED REVEUNE

The Organization receives certain sponsorships, contributions, and ticket sales for events. Revenues are recognized as events occur. Deferred revenue as of September 30, 2019 consisted of the following:

Lewis Luncheon	\$ 112,000
Total	<u>\$ 112,000</u>

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2019

NOTE 10: IN-KIND CONTRIBUTIONS AND EXPENSES

The Coalition receives in-kind contributions in the form of donated staff, office space, storage space, donation center inventory, silent auction items for fundraisers, and services provided by professionals, local businesses, and volunteers. Revenue is recognized when the services are provided, and a corresponding expense is recognized for the services that would otherwise have to be paid for by the Coalition. The Coalition recognized the following in-kind contributions and expenses at September 30, 2019:

General inventory and volunteers	\$ 1,115,428
Administrative office space	36,200
Client servicing space at the Senator Phillip D. Lewis Center	9,500
	<u>\$ 1,161,128</u>

NOTE 11: FINANCIAL ASSISTANCE

Palm Beach County Board of County Commissioners Agreement

In August 2011, the Coalition entered into an agreement with Palm Beach County (the “County”) through its Board of Commissioners to cooperatively manage the implementation of the *Ten-Year Plan to End Homelessness in Palm Beach County*. Under the terms of this contract, the County provides the Coalition with office space in the Department of Community Services building, without charge. Within this office space, the County provides office furniture, telephones, computers, copier, faxes, utilities and janitorial services. The County also provides a qualified individual, as Executive Director of the Coalition and liaison to the County, who is an employee of the Board of County Commissioners and compensated by the County. The Coalition assists in providing fundraising for the *Ten-Year Plan* and the operations of the Homeless Resource Center. Expenses paid by the County on behalf of the Coalition are included as part of in-kind revenues and expenses. With these provisions and any future amendments, it is the intention of both parties to successfully implement the *Ten-Year Plan*.

On July 2, 2019, the Coalition entered into an agreement with Palm Beach County (the “County”) through its Board of Commissioners to receive financial assistance for its Parks to Work program for the period April 8, 2019 through September 30, 2019. On September 10, 2019, the contract was amended to extend the contract dated from September 30, 2019 to March 31, 2020 and increase the funding by \$71,200. During the year ended September 30, 2019, a total of \$60,400 was received from the County.

On July 2, 2019, the Coalition entered into an agreement with Palm Beach County (the “County”) through its Board of Commissioners to receive financial assistance for the support and implementation of the Community Plan to End Homelessness in Palm Beach County (Community Plan) for the period July 2, 2019 through September 30, 2019. The agreement allows for \$1,537,500 to be collected, of which \$37,500 was received for year ended September 30, 2019 and anticipated annual allocation of \$150,000 to be received in each subsequent fiscal year contingent upon budgetary appropriations by the County.

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2019

NOTE 11: FINANCIAL ASSISTANCE (continued)

On November 1, 2017, the Coalition entered into an agreement with Palm Beach County (the "County") through its Board of Commissioners to receive financial assistance for Staffing. In February 2018, the County amended the contract by increasing the total funding to \$307,875. The term of the contract began October 1, 2017 and ended June 30, 2019. For the year ended September 30, 2019, the Coalition received, \$127,066 to supplement personnel salaries and operating expenses under this contract.

NOTE 12: ECONOMIC DEPENDENCE

The Coalition's operations are substantially dependent on the receipt of support and revenue from grants and county donations. Loss of these funds or large decreases in this type of funding would have a material effect on the financial position and operations of the Coalition.

NOTE 13: FUNDRAISING EVENTS

The Organization's fundraising events revenue and direct expenses consisted of the following for the year ended September 30, 2019:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Mayor's Ball	\$ 366,073	\$ 133,485	\$ 232,588
Lewis Lunch	197,831	44,820	153,011
Total	<u>\$ 563,904</u>	<u>\$ 178,305</u>	<u>\$ 385,599</u>

NOTE 14: LIQUIDITY AND AVAILABILITY

The schedule below reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the Statement of Financial Position date. Other amounts that are not available also include Board designated amounts that could be utilized if the Board approves the use. The balance represents financial assets that are liquid and available within one year:

Financial assets:	
Cash and cash equivalents	\$ 794,817
Less donor restricted cash	<u>(112,000)</u>
Total financial assets available within one year	<u>\$ 682,817</u>

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2019

NOTE 15: UNCERTAINTIES, CONTINGENCIES, AND RISKS

COVID-19 Related Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple entities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Coalition expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 16: PAYROLL PROTECTION PLAN FUNDS

The Organization was awarded funds in the amount of \$39,683 from the Small Business Administration (SBA) pursuant to the Payroll Protection Program (PPP) as enacted by the CARES Act of 2020. The loan origination date was May 11, 2020 and, under the possible terms of the PPP, the Organization may receive forgiveness of this loan if it spends the funds in accordance with the SBA forgiveness provisions.

One of the forgiveness provisions provides that at least 60% of the PPP funds must be spent on allowable payroll related costs during the eight week period following the loan origination date and no more than 40% of the PPP funds may be spent on allowable overhead costs as provided for by the CARES Act and the SBA PPP provisions. It is uncertain at this time if this loan will be fully or partially forgiven. If not forgiven, payments are deferred for six months following the loan origination date and the interest rate is stated at 1% per annum and will be accrued during the deferred payment period.

NOTE 17: EVALUATION OF SUBSEQUENT EVENTS

The Coalition has evaluated subsequent events through September 28, 2020, the date which the financial statements were available to be issued.