



Financial Statements
September 30, 2017

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

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.
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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 AUDITOR'S REPORT

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

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, 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 presentations of 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Coalition'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 Coalition'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, 2017, 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.

Report on Summarized Comparative Information

Mari Huff, C.P.A., P.A. audited The Homeless Coalition of Palm Beach County, Inc.'s September 30, 2016, financial statements, and we expressed an unmodified opinion on those financial statements in our report dated January 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018, on our consideration of The Homeless Coalition of Palm Beach County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Homeless Coalition of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

Mari Huff, C.P.A., P.A.
June 5, 2018

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Statement of Financial Position

as of September 30, 2017

(with Comparative Totals as of September 30, 2016)

	Totals	
	2017	2016
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 683,623	\$ 833,671
Accounts receivable	29,607	38,661
Prepaid expenses	-	37,010
Total current assets	713,230	909,342
Property and equipment, net	10,102	-
Total assets	\$ 723,332	\$ 909,342
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other accrued expenses	\$ 25,797	\$ 6,703
Total liabilities	25,797	6,703
Net assets:		
Unrestricted	697,535	902,639
Total net assets	697,535	902,639
Total liabilities and net assets	\$ 723,332	\$ 909,342

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, 2017

(with Comparative Totals for the Year Ended September 30, 2016)

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016
Support and Revenues:				
Government grants	\$ 162,420	\$ -	\$ 162,420	\$ 128,207
Foundations and private grants	184,833	-	184,833	154,501
Contributions - Homeless Resource Center	8,194	-	8,194	1,900
Other contributions	100,766	-	100,766	61,741
In-kind contributions	1,165,209	-	1,165,209	1,184,461
Fundraising events, net	201,386	-	201,386	301,820
Investment income	1,439	-	1,439	1,492
Total support and revenues	1,824,247	-	1,824,247	1,834,122
Functional Expenses:				
Program services	824,335	-	824,335	524,091
Support services	39,806	-	39,806	41,626
Total functional expenses	864,142	-	864,142	565,717
In-kind expenses	1,165,209	-	1,165,209	1,184,461
Total expenses	2,029,351	-	2,029,351	1,750,178
Change in net assets	(205,104)	-	(205,104)	83,944
Net assets, beginning of year	902,639	-	902,639	818,695
Net assets, end of year	\$ 697,535	\$ -	\$ 697,535	\$ 902,639

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 Septemeber 30, 2017

(with Comparative Totals for the Year Ended September 30, 2016)

	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	2017	2016
Personnel costs	\$ 6,593	\$ 31,420	\$ 35,254	\$ 48,156	\$ 9,599	\$ 7,479	\$ 138,500	\$ 4,661	\$ 4,000	\$ 8,661	147,161	\$ 110,992
Professional fees	476	506	506	506	-	506	2,500	5,931	170	6,101	8,600	24,717
Conferences	-	-	-	3,756	-	-	3,756	116	-	116	3,872	3,004
Special events	-	-	-	-	-	-	-	-	-	-	-	225
Program	442,013	21,426	42,301	126,002	33,899	5,373	671,014	1,324	12,210	13,535	684,549	406,546
Office	379	436	1,398	4,694	-	805	7,712	8,347	854	9,201	16,912	17,574
Insurance	171	171	171	171	-	171	853	1,613	48	1,661	2,515	2,654
Depreciation	-	-	-	-	-	-	-	532	-	532	532	4
Total expenses	\$ 449,633	\$ 53,958	79,630	\$ 183,284	\$ 43,497	\$ 14,333	\$ 824,335	\$ 22,524	\$ 17,282	\$ 39,806	\$ 864,142	\$ 565,717

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, 2017

(with Comparative Totals for the Year Ended September 30, 2016)

	Totals	
	2017	2016
Cash flows provided by (used in)		
operating activities:		
Cash received from:		
Public support and revenues	\$ 666,653	\$ 632,365
Interest income	1,439	1,492
Cash paid to employees and suppliers	(807,506)	(626,991)
Net cash provided by (used in) operating activities	(139,414)	6,866
Cash flows used in		
investing activities:		
Purchases of property and equipment	(10,634)	-
Net cash used in investing activities	(10,634)	-
Net change in cash and cash equivalents	(150,048)	6,866
Cash and cash equivalents, beginning of year	833,671	826,805
Cash and cash equivalents, end of year	\$ 683,623	\$ 833,671
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ (205,104)	\$ 83,944
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	532	-
Change in:		
Accounts receivable	9,054	(15,804)
Prepaid expenses	37,010	(26,414)
Accounts payable	19,094	(34,860)
Net cash provided by (used in) operating activities	\$ (139,414)	\$ 6,866

See independent auditor's report and notes to financial statements

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2017

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 to transition out of homelessness and 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.

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2017

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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

The Coalition capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 restricted contributions. 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 temporarily restricted net assets to unrestricted net assets at that time. Property and equipment currently consist of computer equipment which is being depreciated using the straight-line method over the estimated useful life of five years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

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 11,221 in volunteer hours not recognized as revenue for the year ended September 30, 2017. Other services that can be identified with certain amounts have been reflected in the financial statements as in-kind contributions.

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, the pay period following their last day worked. As of September 30, 2017, the Organization has recorded it potential contingent liability with respect to PTO in the amount of \$648.

Functional Expenses

The Coalition allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification.

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 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Summarized Financial Information for 2016

The financial statements include information for the year ended September 30, 2016, presented for comparative purposes, and are not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

NOTE 3: RECLASSIFICATIONS

Certain 2016 expenses have been reclassified for a better comparison with 2017. Personnel costs were increased in the amount of \$48,853, with a corresponding decrease in program expense.

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, 2017 the Coalition had no uninsured deposits.

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2017

NOTE 5: 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. At September 30, 2017, the Coalition recognized the following in-kind contributions and expenses:

General inventory	\$ 1,017,009
Executive Director salary	73,000
Administrative Assistant salary	32,000
Administrative office space	34,200
Client servicing space at the Senator Philip D. Lewis Center	9,000
	<u>\$ 1,165,209</u>

NOTE 6: FINANCIAL ASSISTANCE

Florida Department of Children and Families

In July 2013, the Coalition executed a three-year grant contract with the Florida Department of Children and Families. The term of the contract began July 1, 2013 and ended June 30, 2016. In July of 2016, the Coalition executed a contract extension. The term of the contract began July 1, 2016 and ends June 30, 2019. For the year ended September 30, 2017, the Coalition received \$81,357 to supplement personnel salaries and operating expenses under this contract.

The remaining grant receivable at September 30, 2017 was \$29,607, which was received in December 2017.

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 operations of 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.

THE HOMELESS COALITION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

September 30, 2017

NOTE 6: FINANCIAL ASSISTANCE (continued)

Expenses paid by the County on behalf of the Coalition are included in in-kind revenues and expenses as reported herein. With these provisions and any future amendments, it is the intention of both parties to successfully implement the *Ten-Year Plan*.

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at year end:

Furniture and equipment \$ 10,634

Depreciation expense for the year ended December 31, 2017 is \$532.

NOTE 8: 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 9: FUNDRAISING EVENTS

The Organization's fundraising events revenue and direct expenses consisted of the following for the year ended September 30, 2017:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Mayor's Ball	\$ 232,856	\$ 105,403	\$ 127,453
Lewis Lunch	114,245	45,076	69,169
Safari	13,865	4,539	9,326
Miscellaneous events	-	4,562	(4,562)
Total	<u>\$ 360,966</u>	<u>\$ 159,580</u>	<u>\$ 201,386</u>

NOTE 10: EVALUATION OF SUBSEQUENT EVENTS

The Coalition has evaluated subsequent events through June 5, 2018, the date which the financial statements were available to be released.

REQUIRED REPORT



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

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
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Public Accountants
Florida Institute of Certified
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National Association of Certified
Valuators and Analysts

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Homeless Coalition of Palm Beach County, Inc. (a non-profit organization), which comprise the statement of financial position as of September 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, and have issued our report thereon dated June 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Homeless Coalition of Palm Beach County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Homeless Coalition of Palm Beach County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Internal Control Over Financial Reporting (continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of The Homeless Coalition of Palm Beach County, Inc. are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mari Huff, C.P.A., P.A.
June 5, 2018