

**COALITION FOR THE HOMELESS
OF HOUSTON/HARRIS COUNTY**

Audits of Financial Statements

June 30, 2016 and 2015



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Independent Auditor's Report

Board of Directors
Coalition for the Homeless of Houston/Harris County
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Coalition for the Homeless of Houston/Harris County (a non-profit organization) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 and the *State of Texas Single Audit Circular*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition for the Homeless of Houston/Harris County as of June 30, 2016 and 2015, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and the *State of Texas Single Audit Circular*, we have also issued our report dated November 3, 2016 on our consideration of the Coalition for the Homeless of Houston/Harris County'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *State of Texas Single Audit Circular* in considering the Coalition for the Homeless of Houston/Harris County's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Houston, Texas
November 3, 2016

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash and Cash Equivalents	\$ 990,252	\$ 324,239
Government Grants and Accounts Receivable	368,799	808,943
Pledges Receivable	240,000	11,250
Prepaid Expenses	45,567	9,441
Property and Equipment, Net of Accumulated Depreciation	4,357	-
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Total Assets	\$ 1,648,975	\$ 1,153,873
Liabilities and Net Assets		
Accounts Payable and Accrued Liabilities	\$ 893,434	\$ 635,481
Deferred Revenue	14,761	15,325
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Total Liabilities	908,195	650,806
Net Assets		
Unrestricted	164,025	229,544
Temporarily Restricted	576,755	273,523
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Total Net Assets	740,780	503,067
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Total Liabilities and Net Assets	\$ 1,648,975	\$ 1,153,873

The accompanying notes are an integral part of these financial statements.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
Statement of Activities
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues			
Government Grants	\$ 3,653,134	\$ -	\$ 3,653,134
Contributions	549,709	506,837	1,056,546
Program Service Fees	107,622	-	107,622
Special Event	56,430	-	56,430
Other Income	5,179	-	5,179
Net Assets Released from Restrictions	203,605	(203,605)	-
Total Revenues	4,575,679	303,232	4,878,911
Program Expenses	4,223,474	-	4,223,474
Management and General	348,315	-	348,315
Fundraising	69,409	-	69,409
Total Expenses	4,641,198	-	4,641,198
Change in Net Assets	(65,519)	303,232	237,713
Net Assets, Beginning of Year	229,544	273,523	503,067
Net Assets, End of Year	\$ 164,025	\$ 576,755	\$ 740,780

The accompanying notes are an integral part of these financial statements.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
Statement of Activities
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues			
Government Grants	\$ 6,693,483	\$ -	\$ 6,693,483
Contributions	313,263	79,290	392,553
Program Service Fees	61,604	-	61,604
Other Income	61	-	61
Net Assets Released from Restrictions	536,355	(536,355)	-
Total Revenues	7,604,766	(457,065)	7,147,701
Program Expenses	7,207,023	-	7,207,023
Management and General	284,914	-	284,914
Fundraising	91,305	-	91,305
Total Expenses	7,583,242	-	7,583,242
Change in Net Assets	21,524	(457,065)	(435,541)
Net Assets, Beginning of Year	208,020	730,588	938,608
Net Assets, End of Year	\$ 229,544	\$ 273,523	\$ 503,067

The accompanying notes are an integral part of these financial statements.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
Statements of Cash Flows
For the Year Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 237,713	\$ (435,541)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	1,847	1,667
Decrease (Increase) in Government Grants and Accounts Receivable	440,144	(467,307)
(Increase) Decrease in Pledges Receivable	(228,750)	113,750
(Increase) Decrease in Prepaid Expenses	(36,126)	1,952
Increase in Accounts Payable and Accrued Liabilities	257,953	445,684
(Decrease) Increase in Deferred Revenue	(564)	185
Net Cash Provided by (Used in) by Operating Activities	672,217	(339,610)
Cash Flows from Investing Activities		
Property and Equipment Purchases	(6,204)	-
Net Cash Used in Investing Activities	(6,204)	-
Net Increase (Decrease) in Cash and Cash Equivalents	666,013	(339,610)
Cash and Cash Equivalents, Beginning of Year	324,239	663,849
Cash and Cash Equivalents, End of Year	\$ 990,252	\$ 324,239

The accompanying notes are an integral part of these financial statements.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Organization

The Coalition for the Homeless of Houston/Harris County (Coalition) is a private, non-profit organization whose mission is to provide leadership in the development and implementation of community strategies to prevent and end homelessness.

Basis of Accounting and Presentation

The financial statements of the Coalition have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

The financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Coalition reports information regarding its financial position and activities according to following classes of net assets.

Unrestricted Net Assets - net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - net assets whose use by the Coalition has been limited by donors to a specific time period or purpose.

Permanently Restricted Net Assets - net assets that have been restricted by donors to be maintained by the Coalition in perpetuity. There were no permanently restricted net assets as of June 30, 2016 and 2015.

Cash and Cash Equivalents

Cash and cash equivalents consist of non-interest bearing cash accounts and money market accounts.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are reported at the present value of future cash flows, if material. Pledges receivable at June 30, 2016 are expected to be collected within one year. At June 30, 2016, approximately 100% of pledges receivable are due from two foundations. At June 30, 2015, approximately 100% of pledges receivable are due from one foundation.

Allowance for Uncollectible Accounts

An allowance for government contracts and pledges receivable is provided when it is believed balances may not be collected in full. The amount of bad debt expense or loss on pledges receivable recognized and the resulting adequacy of the allowances are determined using a combination of historical loss experience and analysis of individual balances. It is possible that management's estimate regarding the collectability of the balances will change in the near term resulting in a change in the carrying value of these receivables. Management considers all receivables to be collectible; therefore, no allowance for uncollectible accounts has been recorded.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value at the date of gift if donated for individual items costing more than \$5,000 with an economic life of more than one year. Depreciation is computed on a straight-line basis over estimated useful lives of 3 to 5 years.

Government Grants

Government grants are recognized when the related services are provided. Amounts received but unearned are included in the financial statements as deferred revenue.

Contributions

Contributions are recognized when the donor makes a promise to give to the Coalition that is, in substance, unconditional. 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 and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions

Contributions of materials and use of facilities are recorded at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has recognized in the financial statements because donated services did not meet the criteria for recognition under generally accepted accounting principles.

Income Tax

The Coalition is a not-for-profit corporation and has been recognized as tax exempt pursuant to Section 501(c) (3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Coalition believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

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 and disclosures. Accordingly, actual results could differ from those estimates.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

Notes to Financial Statements

Note 2. Government Grants and Accounts Receivable

Government grants and accounts receivable are comprised of the following:

	2016	2015
U.S. Department of Health and Human Services	\$ 57,231	\$ 70,641
U.S. Department of Housing and Urban Development	231,647	262,146
DSHS Healthy Community Collaborative	-	474,671
Other	79,921	1,485
Total Government Grants and Accounts Receivable	\$ 368,799	\$ 808,943

Note 3. Property and Equipment

Property is comprised of the following at December 31:

	2016	2015
Office Equipment	\$ 75,351	\$ 69,147
Software and Licenses	246,049	246,049
Total Property and Equipment, at Cost	321,400	315,196
Accumulated Depreciation	(317,043)	(315,196)
Property and Equipment, Net	\$ 4,357	\$ -

Note 4. Commitments and Contingencies

The Coalition leases office space, data software, and office equipment under non-cancelable operating lease agreements. Future minimum lease payments at June 30, 2016 are due as follows:

Year Ending June 30,	Amount
2017	\$ 254,886
2018	315,197
2019	295,711
2020	165,853
2021	169,609
Thereafter	928,212
Total	\$ 2,129,468

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

Notes to Financial Statements

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30:

	2016	2015
Barrier Buster	\$ 151,141	\$ 36,352
Income NOW	89,697	-
Transition	43,303	167,543
Advocacy	25,000	-
Training	10,000	10,000
Technology Upgrade Project	9,156	22,535
Youth Program	4,925	-
Capacity Building Support	24	24
Neighborhood Lift Program	-	18,098
Communication	-	599
Pledges - Time Restricted	240,000	11,250
Other	3,509	7,122
Total Temporarily Restricted Net Assets	\$ 576,755	\$ 273,523

Note 6. Net Assets Released from Restriction

Net assets released from restriction as of June 30 for purposes are as follows:

	2016	2015
Barrier Buster	\$ 13,501	\$ 2,088
Income NOW	10,303	-
Transition	124,240	12,445
Technology Upgrade Project	13,380	14,468
Capacity Building Support	-	138,198
Neighborhood Lift Program	18,094	139,767
Communication	599	49,401
System Management	-	27,417
Coordinated Intake	-	8,118
Pledges - Time Restricted	11,250	125,000
Other	12,238	19,453
Total Net Assets Released from Restrictions	\$ 203,605	\$ 536,355

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

Notes to Financial Statements

Note 7. Government Grants

The Coalition is party to contracts with federal and local governmental agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Government contract revenue includes the following as of June 30:

	2016	2015
U.S. Department of Housing and Urban Development	\$ 1,244,808	\$ 1,187,330
U. S. Department of Health and Human Services	324,053	367,536
Texas Department of State Health Services	1,607,160	5,018,232
Other	477,113	120,385
Total Government Grants	\$ 3,653,134	\$ 6,693,483

The grants from governmental funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by the Coalition with the terms of the contracts. Management believes such disallowances, if any, would not be material to the Coalition's financial position or changes in net assets.

Note 8. Pass Through Funds

The Coalition and its partners received a Healthy Community Collaborative grant from the Texas Department of State Health Services for the period July 1, 2014 through August 31, 2015. The Coalition received \$1,591,077 and \$4,893,722 which was passed through to its partners for the years ended June 30, 2016 and 2015, respectively.

Note 9. Line of Credit

In November 2015, the Coalition renewed a \$200,000 line of credit with a financial institution. The line of credit is payable upon demand and expires on November 11, 2016. The line of credit requires variable interest based on the prime rate as published in the Wall Street Journal plus 2% with a minimum interest rate of 5% per annum. No draws have been made on the line of credit as of June 30, 2016.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY

Notes to Financial Statements

Note 10. Related Party Transaction

The Coalition awarded a sub-recipient contract for approximately \$20,000 to an organization whose CEO is on the board of directors of the Coalition. The contract amount was paid during the year ended June 30, 2015. There were no related party transactions during the year ending June 30, 2016.

Note 11. Retirement Plan

The Coalition sponsors a 401(K) defined contribution retirement plan. For full-time employees with 90 days of service, the Coalition makes a contribution equal to 100% of the employee's contribution up to 4% of the employee's salary. The Coalition contributed \$30,095 and \$25,591 to the plan for the years ended June 30, 2016 and 2015, respectively.

Note 12. Concentration of Credit Risk

The Coalition's policy is to maintain balances below the U.S. Federal Deposit Insurance Corporation limit. At times, the bank balances exceed the covered amounts. The Coalition has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Note 13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 3, 2016, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
Schedule of Functional Expenses
For the Year Ended June 30, 2016

	Program							
	Research	Project Management	System Capacity Building	Public Policy	Total Program Services	Management and General	Fundraising	Total
Payroll and Related Expenses	\$ 543,141	\$ 539,042	\$ 24,578	\$ 76,861	\$1,183,622	\$ 181,343	\$ 20,903	\$ 1,385,868
Grants to Subrecipients	-	2,395,716	-	-	2,395,716	-	-	2,395,716
Contract Services and Professional Fees	40,518	146,363	879	20,143	207,903	119,446	29,568	356,917
Information Technology	170,679	9,833	298	1,174	181,984	4,065	424	186,473
Occupancy	59,279	65,495	4,658	3,387	132,819	17,326	9,199	159,344
Supplies	4,751	15,246	127	1,244	21,368	2,640	187	24,195
Equipment Rental and Maintenance	4,271	8,741	468	537	14,017	1,047	240	15,304
Conferences and Conventions	2,602	632	-	700	3,934	1,560	-	5,494
Travel	6,932	14,379	372	3,706	25,389	19,327	163	44,879
Meetings	1,130	5,871	2,868	442	10,311	2,192	214	12,717
Professional Development	-	465	-	99	564	736	80	1,380
Printing and Postage	2,358	5,404	118	4,721	12,601	788	2,983	16,372
Advertising and Promotion	76	1,593	-	173	1,842	-	36	1,878
Dues, Fees and Subscriptions	73	177	116	1,296	1,662	734	701	3,097
Depreciation	-	-	-	-	-	1,848	-	1,848
Insurance	3,082	149	44	22	3,297	1,415	1,758	6,470
Miscellaneous	50	10,034	480	455	11,019	(6,863)	50	4,206
Bank and Credit Card Charges	-	13	-	10	23	356	2,442	2,821
Awards and Recognitions	-	-	-	1,807	1,807	355	461	2,623
Indirect Client Services	-	13,596	-	-	13,596	-	-	13,596
Total Expenses	\$ 838,942	\$ 3,232,749	\$ 35,006	\$ 116,777	\$4,223,474	\$ 348,315	\$ 69,409	\$ 4,641,198

See independent auditor's report.

COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY
Schedule of Functional Expenses
For the Year Ended June 30, 2015

	Program							Total
	Research	Project Management	System Capacity Building	Public Policy	Total Program Services	Management and General	Fundraising	
Payroll and Related Expenses	\$ 507,809	\$ 483,322	\$ 19,331	\$ 84,949	\$ 1,095,411	\$ 156,519	\$ 20,938	\$ 1,272,868
Grants to Subrecipients	4,127	5,290,609	-	-	5,294,736	-	-	5,294,736
Contract Services and Professional Fees	39,930	241,671	1,817	11,718	295,136	70,755	42,988	408,879
Information Technology	215,973	44,864	1,838	3,834	266,509	8,266	3,835	278,610
Occupancy	66,767	58,463	4,721	6,409	136,360	22,059	14,805	173,224
Supplies	2,613	16,268	1,374	242	20,497	3,449	474	24,420
Equipment Rental and Maintenance	8,870	5,563	754	997	16,184	2,027	1,501	19,712
Conferences and Conventions	5,007	6,784	-	750	12,541	315	-	12,856
Travel	11,438	21,142	463	4,878	37,921	830	68	38,819
Meetings	203	4,625	1,296	659	6,783	10,717	386	17,886
Professional Development	7,056	1,334	-	35	8,425	3,304	6	11,735
Printing and Postage	2,359	2,541	409	3,597	8,906	914	1,133	10,953
Advertising and Promotion	155	1,628	12	374	2,169	362	-	2,531
Dues, Fees and Subscriptions	-	245	100	1,090	1,435	87	1,574	3,096
Depreciation	-	-	-	-	-	1,667	-	1,667
Insurance	1,737	121	19	15	1,892	2,564	1,925	6,381
Bank and Credit Card Charges	5	-	-	14	19	382	1,672	2,073
Awards and Recognitions	-	265	-	1,834	2,099	697	-	2,796
Total Expenses	\$ 874,049	\$ 6,179,445	\$ 32,134	\$ 121,395	\$ 7,207,023	\$ 284,914	\$ 91,305	\$ 7,583,242

See independent auditor's report.