

Alachua County Coalition for the Homeless and Hungry, Inc.

Financial Statements
and
Independent Auditors' Report

June 30, 2019

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Kattell and Company, P.L.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alachua County Coalition for the Homeless and Hungry, Inc.
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Alachua County Coalition for the Homeless and Hungry, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditors' Responsibility.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Organization as of June 30, 2019, 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.

Report on Summarized Comparative Information. We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kattell and Company, P.L.

December 11, 2019

"Not everything that counts can be counted, and not everything that can be counted counts."

- Albert Einstein

Statement of Financial Position
June 30, 2019
(with summarized information for 2018)
Alachua County Coalition for the Homeless and Hungry, Inc.

	<u>2019</u>	<u>2018</u>
Assets		
Cash – Checking	\$ 157,647	\$ 345,804
Grants Receivable	194,916	170,138
Prepaid Expenses	6,142	24,457
Due From ACHA	<u>25,500</u>	<u>29,700</u>
Total Assets	<u>\$ 384,205</u>	<u>\$ 570,099</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 62,715	\$ 175,238
Payroll Liabilities	30,824	20,080
Accrued Leave	37,224	21,156
Due to ACHA	<u>9,960</u>	<u>14,159</u>
Total Liabilities	140,723	230,633
Net Assets:		
Without Restrictions	225,443	269,387
With Restrictions	<u>18,039</u>	<u>70,079</u>
Total Net Assets	<u>243,482</u>	<u>339,466</u>
Total Liabilities and Net Assets	<u>\$ 384,205</u>	<u>\$ 570,099</u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2019
(with summarized information for 2018)
Alachua County Coalition for the Homeless and Hungry, Inc.

	2019			2018
	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>	<u>Total</u>
<u>Support and Revenue</u>				
Government Grants:				
Federal	\$ 568,664	\$ --	\$ 568,664	\$ 599,835
State	--	--	--	331,040
Local	1,600,602	--	1,600,602	1,167,370
Cash Donations	175,542	6,000	181,542	172,996
In-Kind Donations	555,400	--	555,400	373,902
United Way	--	--	--	15,000
Dues and Fees	--	--	--	12,330
Interest Income	488	--	488	1,640
Other	11,826	--	11,826	6,282
Net Assets Released from Restrictions	58,040	(58,040)	--	--
Total Support and Revenues	2,970,562	(52,040)	2,918,522	2,680,395
<u>Expenses</u>				
Program Service Expense:				
Campus & Shelter Services	2,321,751	--	2,321,751	1,565,379
Permanent Housing Programs	388,355	--	388,355	--
Continuum of Care	--	--	--	728,987
Management and General	258,586	--	258,586	120,852
Fundraising	99,925	--	99,925	62,304
Total Expenses	3,068,617	--	3,068,617	2,477,522
Excess (Deficit) of Support and Revenue over Expenses	(98,055)	(52,040)	(150,095)	202,873
Adjustment of Contingent Liability	54,111	--	54,111	--
Change in Net Assets	(43,944)	(52,040)	(95,984)	202,873
Net Assets, Beginning	269,387	70,079	339,466	136,593
Net Assets, Ending	\$ 225,443	\$ 18,039	\$ 243,482	\$ 339,466

See accompanying notes.

Statement of Cash Flows
For the Year Ended June 30, 2019
(with summarized information for 2018)
Alachua County Coalition for the Homeless and Hungry, Inc.

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (95,984)	\$ 202,873
Adjustments to Reconcile Change in Net Assets to		
Cash Provided by Operating Activities:		
Changes in:		
Receivables	(20,578)	342,059
Prepaid Expenses	18,315	(14,130)
Payables	<u>(89,910)</u>	<u>(195,914)</u>
Net Cash Provided by (Used In) Operating Activities	(188,157)	334,888
Cash Flows From Financing Activities:		
Proceeds from Short-Term Loans	--	50,000
Payments on Short-Term Loans	<u>--</u>	<u>(50,000)</u>
Net Cash Flow from Financing Activities	<u>--</u>	<u>--</u>
Net Increase/(Decrease) in Cash	(188,157)	334,888
Cash, Beginning of Year	<u>345,804</u>	<u>10,916</u>
Cash, End of Year	<u>\$ 157,647</u>	<u>\$ 345,804</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended June 30, 2019
(with summarized information for 2018)
Alachua County Coalition for the Homeless and Hungry, Inc.

	2019				2018
	Campus & Shelter Program	Programs	Management and General	Fundraising	Totals
Labor, Wages and Related Assistance to Individuals:	\$ 1,123,030	\$ 113,361	\$ 96,074	\$ 49,514	\$ 1,381,979
Rental Assistance	--	207,576	--	--	207,576
Supplies	92,398	--	--	--	92,398
Food	78,291	--	--	--	78,291
Utility Deposits	3,923	36,258	--	--	40,181
Transportation	27,868	4,853	--	--	32,721
Culinary Job Training	18,633	--	--	--	18,633
In-kind Donations:					
Food and Meals	445,169	76	--	--	445,245
Supplies	37,231	2,324	--	--	39,555
Grants to Other Organizations	--	17,998	--	--	17,998
Facility Improvements	125,111	--	--	--	125,111
Maintenance	75,879	2,621	6,100	3,143	87,743
Insurance	17,580	1,249	1,249	644	20,722
Office Expense	34,875	2,039	4,448	13,216	54,578
Professional Fees:					
Accounting and Auditing	--	--	48,150	--	48,150
Legal	--	--	27,500	--	27,500
Legal - In-kind	--	--	70,600	--	70,600
Other	--	--	1,743	22,379	24,122
Travel	8,494	--	689	--	9,183
Utilities	199,139	--	2,033	2,032	203,204
Other	34,130	--	--	8,997	43,127
Total	\$ 2,321,751	\$ 388,355	\$ 258,586	\$ 99,925	\$ 3,068,617
					\$ 2,477,522

Notes to Financial Statements

June 30, 2019

Alachua County Coalition for the Homeless and Hungry, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Alachua County Coalition for the Homeless and Hungry, Inc. (the Organization) is a not-for-profit corporation organized in April, 2002, under the Florida Not-For-Profit Corporation Act.

The Organization was founded to assist with the development of the local homeless continuum of care plan according to Section 420.623 of the Florida Statutes and to serve as the lead agency securing grant funding and mobilizing local providers of service to the homeless and hungry. In that capacity, the Organization served four counties in District 3, and one county in District 8 of the State of Florida Department of Children and Families.

In 2014, the Organization opened Grace, a one-stop homeless assistance center. Grace provides emergency shelter, meals, storage, clothing closet, computer lab, intake, assessment, case management, skill building and mail acceptance.

Effective June 30, 2018, the Organization discontinued providing services as the lead agency for the local continuum of care.

Tax-Exempt Status

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business taxable income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Organization qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented using accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates.

Receivables

Grants receivable consist of recognized grant revenues that have not been received at year end. Amounts are deemed fully collectable and no allowance for doubtful accounts has been recorded.

Net Assets

The Organization's net assets, the excess of assets over liabilities, are reported in two classes that are based upon the existence or absence of restrictions imposed by donors:

With Donor Restrictions. Net assets with donor restrictions are restricted by a donor to be used for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions. The Corporation's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Without Donor Restrictions. Net assets without donor restrictions are available to support operations. These net assets are constrained only by the broad limits resulting for the nature of the organization.

Advertising Costs

Advertising costs are expensed when incurred.

Notes to Financial Statements

June 30, 2019

Alachua County Coalition for the Homeless and Hungry, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Revenue Recognition

Contributions. Contributions received are recognized as revenue when they are received or unconditionally pledges and are recorded at their estimated fair values.

Contributed Services. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. In addition to amounts recorded, the Organization receives donated services which are not recorded because the above criteria have not been met. See Note 8 for more information.

Government Grants. Government grants consisted of per diem and cost reimbursement contracts. Revenues for per diem contracts are recognized in accordance with allowable billings. Revenues for cost reimbursement contracts are recognized when the Organization incurs allowable costs.

Bequests – The Organization is a beneficiary under a donor's will. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the organization has an irrevocable right to the bequest.

Functional Expenses

Direct expenses are assigned to the various functional categories based on the purpose achieved by each expense. Indirect expenses are allocated to more than one functional category in accordance with an estimate of the relative benefit received by the expenses. Indirect expenses consist mainly of certain personnel and occupancy costs. Expenses are classified in the following functional categories:

Program Services:

Campus & Shelter Program – GRACE - Housing-focused programs to operate the low-barrier emergency shelter and one-stop assistance center located in Gainesville, Florida.

Permanent Housing Programs – Permanent housing placement through Rapid Re-housing and Permanent Supportive Housing Programs.

Continuum of Care – Programs to support the homeless Continuum of Care as lead agency.

Management and General – Those activities that provide governance, oversight, business and financial management, financial recordkeeping, budgeting, legal, and human resource management services.

Fundraising – Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting fundraising events, and any other activities that solicit contributions from corporations, foundations, individuals and others.

Expenses that can be identified with a specific function are charged directly to that function, whereas costs common to multiple functions have been allocated. Labor, wages and related are allocated based on employee estimates of the percentage of time spent in each function. Insurance, utilities and some office costs are allocated based on salary allocations.

Change in Accounting Standards

The Corporation implemented Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in the current year, applying the changes retrospectively. The new standards changed the following aspects of these financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted net assets have been renamed net assets with donor restrictions.
- The financial statements include a note about liquidity and availability of financial assets.
- This change had no effect on total net assets at June 30, 2018.

Notes to Financial Statements

June 30, 2019

Alachua County Coalition for the Homeless and Hungry, Inc.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization’s financial assets available within one year of the date of the statement of financial position for general expenditure are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash	\$ 157,647	\$ 345,804
Grants Receivable	194,916	170,138
Due from ACHA	25,500	29,700
Available Financial Assets	\$ 378,063	\$ 545,642

The Organization has structured its financial assets to be available as its general expenditures and liabilities come due. The Organization generally does not hold excess financial assets for extended periods of time and, therefore, has not established a policy for investment of excess cash. The Organization does not generally experience cash deficits and, therefore, has instituted no mechanism for financing them.

NOTE 3 – CASH

Cash consists of deposits in financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per institution. At June 30, 2019 and 2018, the Organization held \$0 and \$107,284 amounts in excess of this limit, respectively.

NOTE 4 – TRANSACTIONS WITH THE ALACHUA COUNTY HOUSING AUTHORITY

In a prior year, the Organization passed grant funds through to the Alachua County Housing Authority (the Authority) for reimbursement of grant expenditures. The amount due from ACHA represents funds which were not expended by the Authority.

In prior years, the Authority paid the employees of the Organization and the Organization was to reimburse the Authority. Due to ACHA represents the liability for these payroll expenses not yet reimbursed to the Authority.

NOTE 5 – NET ASSETS WITH RESTRICTIONS

Net assets with restrictions consist of the following:

	<u>2019</u>	<u>2018</u>
Contributions to be received in the subsequent year	\$ --	\$ 15,000
Unexpended purpose restricted contributions:		
Building Improvements	12,039	24,000
Client Transportation	6,000	3,508
Culinary Training	--	24,548
Housing Assistance	--	3,023
Totals	\$ 18,039	\$ 70,079

NOTE 6 – CONCENTRATION OF REVENUE SOURCES

The Organization receives substantial support under a contract with the City of Gainesville. This contract must be renegotiated at the end of each contract term. The Organization received \$1,462,639 and \$1,167,370 from this contract for the years ending June 30, 2019 and 2018, respectively. The current contract expires on December 31, 2019, but the City of Gainesville has approved a new contract which runs through December 31, 2024.

Notes to Financial Statements

June 30, 2019

Alachua County Coalition for the Homeless and Hungry, Inc.

NOTE 7 – IN-KIND DONATIONS

The Organization receives donations of meals, food, supplies and professional services. The donation of meals is calculated at \$2.50 per meal served. The value of food received from Bread of Mighty Food Bank is calculated using price averages from the Bureau of Labor Statistics. Donated legal services are valued at the same rate paid to the attorney for services not donated.

NOTE 8 – DONATED SERVICES

The Organization depends on volunteers to cook meals and provide other assistance in the daily operations of Grace Marketplace. The value of these services is not recorded in these financial statements because the services do not meet the requirements for recording as established by GAAP. The number of hours and value per hour is shown below:

For the year ending June 30,	Hours	Hourly Rate	\$ Amount
2019	25,643	\$24.04	\$616,458
2018	20,287	\$23.33	\$473,296

This hourly rate is the estimated value per hour of volunteer time for Florida as estimated by Independent Sector. See http://www.independentsector.org/volunteer_time for more information on the estimated value per hour.

NOTE 9 – FACILITIES

The Organization's administrative office is located in the City of Gainesville's Empowerment Center (The Center). The Organization is providing services for the City at the Center under the Grace program, therefore no in-kind rent donation has been recorded.

The Organization, using local government grant funds and contributions, makes improvements to the Center to make it habitable for use as a one-stop homeless center under the Grace program. Related costs are reported as Facility Improvements in the statement of functional expenses.

NOTE 10 – CONTINGENCIES

In years prior to the year ended June 30, 2019, the Organization recorded the full cost of amounts billed from the local utility service provider. During the year ended June 30, 2019, the Organization settled a dispute over the amounts billed and ultimately paid an amount that was \$54,111 less than amounts previous recorded. This adjustment is accounted for as a change in estimate and is reported as an adjustment of a contingent liability in the statement of activities.

The Organization is subject to occasional lawsuits and claims arising in the normal course of business. In the opinion of management, the ultimate disposition of these matters, if any, will not have a significant impact on the financial position of the Organization.

NOTE 11 – COMMITMENTS

The Organization entered into a contract to renovate a building on campus. The total contract price was \$207,113 of which \$61,577 was recorded as an expenditure for the year ending June 30, 2019. A commitment of \$145,536 was outstanding as of June 30, 2019. The City has promised to reimburse the Organization for amounts expended on this renovation.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through December 11, 2019, the date the financial statements were available to be issued.