

**COALITION FOR THE HOMELESS
OF CENTRAL FLORIDA, INC.**

Orlando, Florida

FINANCIAL STATEMENTS

Year Ended June 30, 2013



**AVERETT
WARMUS
DURKEE**

Certified Public Accountants and Business Advisors

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

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Certified Public Accountants and Business Advisors

Independent Auditors' Report

To the Board of Directors
Coalition for the Homeless of Central Florida, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Coalition for the Homeless of Central Florida, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, 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

The Coalition's 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 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 auditors' 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 auditors consider 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.

To the Board of Directors
Coalition for the Homeless of Central Florida, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of June 30, 2013, 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 Coalition's June 30, 2012, financial statements, and our report dated October 25, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented in the statement of functional expenses for the year ended June 30, 2012, 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 December ____, 2013, on our consideration of the Coalition'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* in considering the Coalition's internal control over financial reporting and compliance.

Aurett Warmus Durkee

Orlando, Florida
November 19, 2013

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

Statement of Financial Position

June 30, 2013

Assets

Cash and Cash Equivalents	\$	977,685
Grants and Contributions Receivable		737,714
Pledges Receivable		372,862
Property and Equipment, net		8,504,633
Beneficial Interest in Net Assets of Community Foundation of Central Florida, Inc.		775,596
Other Assets		<u>117,242</u>
Total assets	\$	<u><u>11,485,732</u></u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$	242,138
Residents' accounts		66,750
Deferred support under conditional promises to give		<u>1,625,689</u>
Total liabilities		<u><u>1,934,577</u></u>

Net Assets:

Unrestricted		1,558,101
Temporarily restricted		6,911,839
Permanently restricted		<u>1,081,215</u>
Total net assets		<u><u>9,551,155</u></u>

Total liabilities and net assets	\$	<u><u>11,485,732</u></u>
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See accompanying notes.

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

**Statement of Activities
Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Support:				
Government grants	\$ 888,839	\$ 2,254,163	\$ -	\$ 3,143,002
Private support	1,319,780	952,357	-	2,272,137
In-kind contributions	1,485,751	-	-	1,485,751
	<u>3,694,370</u>	<u>3,206,520</u>	<u>-</u>	<u>6,900,890</u>
Revenue:				
Fundraising events, net of expenses of \$92,332	477,930	-	-	477,930
Resident services	217,647	-	-	217,647
Interest	9,960	-	-	9,960
	<u>705,537</u>	<u>-</u>	<u>-</u>	<u>705,537</u>
Net assets released from restrictions:				
Satisfaction of purpose restrictions	39,548	(39,548)	-	-
Expiration of time restrictions	973,510	(973,510)	-	-
	<u>1,013,058</u>	<u>(1,013,058)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>5,412,965</u>	<u>2,193,462</u>	<u>-</u>	<u>7,606,427</u>
Expenses:				
Program services:				
Transitional housing	529,690	-	-	529,690
Shelter operations	3,239,167	-	-	3,239,167
Women's Residential Counseling Center	736,324	-	-	736,324
Depreciation	185,579	-	-	185,579
	<u>4,690,760</u>	<u>-</u>	<u>-</u>	<u>4,690,760</u>
Supporting services:				
Management and general	334,306	-	-	334,306
Fundraising	380,021	-	-	380,021
Depreciation	18,178	-	-	18,178
Total expenses	<u>5,423,265</u>	<u>-</u>	<u>-</u>	<u>5,423,265</u>
Increase (Decrease) in Net Assets	(10,300)	2,193,462	-	2,183,162
Net Assets, beginning of year	<u>1,568,401</u>	<u>4,718,377</u>	<u>1,081,215</u>	<u>7,367,993</u>
Net Assets, end of year	<u>\$ 1,558,101</u>	<u>\$ 6,911,839</u>	<u>\$ 1,081,215</u>	<u>\$ 9,551,155</u>

See accompanying notes.

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

**Statement of Functional Expenses
Year Ended June 30, 2013**

	Program Services				Supporting Services			2013 Total	Comparative Totals for 2012
	Transitional Housing	Shelter Operations	Women's Residential Counseling Center	Total	Management and General	Fundraising	Total		
Advertising	\$ -	\$ -	\$ -	\$ -	\$ 596	\$ 25	\$ 621	\$ 621	\$ 542
Audit	-	-	-	-	18,375	-	18,375	18,375	16,200
Client Supportive Services	210,203	-	-	210,203	-	-	-	210,203	532,367
Computer	-	-	-	-	15,634	-	15,634	15,634	17,399
Conferences and Training	-	7,693	2,472	10,165	1,104	1,921	3,025	13,190	12,725
Food (including in-kind contributions for 2013 and 2012 of \$1,188,914 and \$1,289,171)	-	1,210,560	9,711	1,220,271	-	-	-	1,220,271	1,323,633
Insurance	4,455	49,891	23,164	77,510	11,582	-	11,582	89,092	96,714
Interest	-	-	-	-	495	-	495	495	95
Maintenance	21,005	86,642	43,515	151,162	12,896	240	13,136	164,298	121,060
Miscellaneous	3,851	868	80	4,799	16,527	19,011	35,538	40,337	33,379
Personnel	187,002	1,147,372	460,484	1,794,858	546,842	328,825	875,667	2,670,525	2,634,075
Postage	7	32	32	71	6,235	5,853	12,088	12,159	13,864
Printing	93	558	67	718	8,931	18,187	27,118	27,836	27,271
Professional Fees	-	-	-	-	-	-	-	-	-
Publications	-	-	-	-	607	-	607	607	605
Rent	26,741	9,191	3,424	39,356	3,180	-	3,180	42,536	40,481
Supplies	11,085	247,065	49,743	307,893	16,047	2,907	18,954	326,847	418,927
Telephone	1,859	25,594	8,058	35,511	3,658	1,105	4,763	40,274	40,194
Transportation	4,975	10,166	347	15,488	3,597	1,947	5,544	21,032	23,700
Utilities	19,414	204,535	81,227	305,176	-	-	-	305,176	295,964
	<u>490,690</u>	<u>3,000,167</u>	<u>682,324</u>	<u>4,173,181</u>	<u>666,306</u>	<u>380,021</u>	<u>1,046,327</u>	<u>5,219,508</u>	<u>5,649,195</u>
Allocation of Supporting Services to Programs	39,000	239,000	54,000	332,000	(332,000)	-	(332,000)	-	-
	<u>529,690</u>	<u>3,239,167</u>	<u>736,324</u>	<u>4,505,181</u>	<u>334,306</u>	<u>380,021</u>	<u>714,327</u>	<u>5,219,508</u>	<u>5,649,195</u>
Depreciation	7,773	132,994	44,812	185,579	17,988	190	18,178	203,757	205,612
	<u>\$ 537,463</u>	<u>\$ 3,372,161</u>	<u>\$ 781,136</u>	<u>\$ 4,690,760</u>	<u>\$ 352,294</u>	<u>\$ 380,211</u>	<u>\$ 732,505</u>	<u>\$ 5,423,265</u>	<u>\$ 5,854,807</u>

See accompanying notes.

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

**Statement of Cash Flows
Year Ended June 30, 2013**

Cash Flows From Operating Activities:	
Cash received from contributors and service recipients	\$ 4,302,179
Cash paid to suppliers and employees	(3,925,665)
Interest received	9,960
Interest paid	(495)
Net cash provided by operating activities	<u>385,979</u>
Cash Flows From Investing Activities:	
Purchases of property and equipment	<u>(62,595)</u>
Net cash used in investing activities	<u>(62,595)</u>
Increase in Cash and Cash Equivalents	323,384
Cash and Cash Equivalents, beginning of year	<u>654,301</u>
Cash and Cash Equivalents, end of year	<u>\$ 977,685</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities:	
Increase in net assets	\$ <u>2,183,162</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	203,757
Noncash contributions of property and equipment	(29,400)
Noncash grant revenue for construction of Men's Service Center	(1,808,390)
Noncash increase in beneficial interest in net assets of Community Foundation of Central Florida, Inc.	(29,089)
Changes in assets and liabilities:	
Grants and contributions receivable	52,170
Pledges receivable	(181,515)
Other assets	(51,125)
Accounts payable and accrued expenses	(15,391)
Residents accounts	(1,376)
Deferred support under conditional promises to give	<u>63,176</u>
Total adjustments	<u>(1,797,183)</u>
Net cash provided by operating activities	<u>\$ 385,979</u>

Noncash investing and financing activities:

During the year ended June 30, 2013, property and equipment acquisitions of \$687,920 were financed by deferred support under conditional promises to give.

At June 30, 2013, the Coalition had \$13,676 in accounts payable for the acquisition of property and equipment.

See accompanying notes.

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

Notes to Financial Statements June 30, 2013

1. Summary of Significant Accounting Policies:

Nature of Operations

The Coalition for the Homeless of Central Florida, Inc. (the "Coalition") (a nonprofit organization) provides homeless men, women, and children with shelter, meals, and rehabilitative counseling services in order to restore them to the mainstream of society. These services are provided at two primary facilities: the Coalition's main campus and the facilities of the Women's Residential Counseling Center ("WRCC"). Client supportive services are also rendered in locations away from the primary facilities. Support for providing these services is obtained from both government grants and private sector contributions. The Coalition serves clients in the Central Florida area.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Coalition and changes therein are classified and reported as follows:

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

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Coalition and/or the passage of time. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Coalition.

Allocation of Supporting Services Expenses

The Coalition's policy is to allocate that part of the supporting services expenses associated with programs to the individual programs, based on each program's direct program cost to total program costs.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Coalition considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

Notes to Financial Statements – Continued June 30, 2013

1. Summary of Significant Accounting Policies – Continued:

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as an increase in unrestricted net assets unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due within one year are recorded at their net realizable value. Unconditional promises to give due after one year are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

In-Kind Contributions

In-kind contributions of facilities and materials used in the Coalition's programs are recorded as support and expense at the estimated fair value of those items. In addition, in-kind contributions of property and equipment are recorded as support and increases of property and equipment.

A substantial number of volunteers have contributed significant amounts of their time to the Coalition's programs and management. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Grants and Contributions Receivable

Grants and contributions receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account.

Pledges Receivable

Pledges receivable due within one year are stated at their net realizable value. Pledges receivable due after one year are stated at the present value of their net realizable value using risk-free interest rates applicable to the years in which the pledges are to be received. An allowance for doubtful accounts is recorded using set percentages that approximate expected bad debts.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is calculated by the straight-line method over estimated useful lives of 3 to 40 years. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Repairs and maintenance are expensed as incurred.

Summarized Financial Information for 2012

The financial information for the year ended June 30, 2012, presented for comparative purposes, is not intended to be a complete financial statement presentation.

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

Notes to Financial Statements – Continued
June 30, 2013

1. Summary of Significant Accounting Policies – Continued:

Income Taxes

The Coalition is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Coalition in its tax returns. The Coalition's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Coalition in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Coalition has any material uncertain tax positions at June 30, 2013.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

The Coalition's federal income tax returns are subject to examination by the Internal Revenue Service. At June 30, 2013, the fiscal years 2010 through 2013 federal income tax returns are subject to examination.

Subsequent Events

The Coalition's management has evaluated subsequent events through November 19, 2013, the date which the financial statements were available to be issued.

2. Cash and Cash Equivalents:

As of June 30, 2013, the Coalition had demand and time deposits in a high credit quality financial institution. The Coalition's accounts are federally insured up to \$250,000 per institution under FDIC protection. Approximately \$726,000 of the Coalition's deposits is in excess of FDIC protection at June 30, 2013.

3. Grants and Contributions Receivable:

Grants and contributions receivable at June 30, 2013, consists of the following:

Government grants	\$	255,619
United Way		421,841
Other		<u>60,254</u>
	\$	<u>737,714</u>

These amounts are due within one year.

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

Notes to Financial Statements – Continued
June 30, 2013

3. Grants and Contributions Receivable – Continued:

In addition to grants and contributions receivable, the Coalition received the following conditional promises to give as of June 30, 2013:

Incurring future expenses	\$ 78,455
Construction of the Men’s Service Center	<u>2,913,284</u>
	<u>\$ 2,991,739</u>

The Coalition has entered into contractual agreements with the City of Orlando and Orange County for the construction of a Men’s Service Center for the purpose of addressing the continuing needs of homeless men in Central Florida. The amounts of these agreements total \$6,600,000. Orange County is managing the construction of this project along with retaining responsibility for compliance with most grant requirements.

The timing of fulfillment of the conditions and, consequently, of recognizing the contributions is estimated to be less than one year.

Deferred support under conditional promises to give at June 30, 2013, consists of the following:

Grant contract for facility upgrades and improvements to the Center for Women and Families’ residential shelter requiring the facility to be used for specified purposes for a period of five years; condition expected to be fulfilled in November 2013; contract creates a collateral interest in the facility to the grantor for the duration of the condition.	\$ 205,647
Grant contracts for the design, planning, and construction of the Men’s Service Center requiring the facility to be used for specified purposes for a period of five years or until September 30, 2020; contract creates a collateral interest in the facility to the grantor for the duration of the condition.	<u>1,420,042</u>
	<u>\$ 1,625,689</u>

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements – Continued
June 30, 2013**

4. Pledges Receivable:

Pledges receivable at June 30, 2013, consists of the following:

	Due in 1 Year	Due in 2 – 5 Years	Total
	<u> </u>	<u> </u>	<u> </u>
Journey Home pledges receivable	\$ 153,263	\$ 278,484	\$ 431,747
Less:			
Allowance for uncollectible pledges	15,326	27,470	42,796
Discount to present value of net realizable value	<u>2,705</u>	<u>13,384</u>	<u>16,089</u>
Net pledges receivable	<u>\$ 135,232</u>	<u>\$ 237,630</u>	<u>\$ 372,862</u>

Pledges have been discounted at a 2% annual rate of interest.

5. Property and Equipment, Net:

A summary of property and equipment at June 30, 2013, is as follows:

Land and land improvements	\$ 2,942,002
Buildings and building improvements	2,779,510
Leasehold improvements	695,004
Machinery and equipment	490,520
Furniture and fixtures	290,260
Office equipment	457,209
Vehicles	94,708
Construction in process	<u>4,065,394</u>
	11,814,607
Less accumulated depreciation	<u>(3,309,974)</u>
	<u>\$ 8,504,633</u>

Certain land and buildings, with a cost of \$2,412,484, were acquired with funds received under a grant contract with the City of Orlando, Florida (the “City”). Under the terms of this contract, title to the property reverts to the City if it ceases to be used as a facility to assist the homeless.

Certain land and buildings, with a cost of \$1,899,000, were acquired under a grant contract with the Women’s Residential and Counseling Center, Inc. Under the terms of the contract, the facility must be used for services for women and children through the year 2021. After that time, if sale occurs, any proceeds from such sale will be used to build another residential facility for women and children or create a foundation to support women and children’s services.

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

Notes to Financial Statements – Continued
June 30, 2013

5. Property and Equipment, Net – Continued:

Certain construction in process for the Men’s Service Center, with an accumulated cost of \$4,065,394, were acquired with funds received under a grant contract with Orange County, Florida (the “County”) and the City of Orlando, Florida (the “City”). Under the terms of this contract, the facility must be used as a homeless shelter for homeless men through the year 2026. If it ceases to be used as a homeless shelter for homeless men before that time then the County or City have certain options to enforce the restrictions.

6. Beneficial Interest in Net Assets of Community Foundation of Central Florida, Inc.:

Beneficial interest in net assets of Community Foundation of Central Florida, Inc. (the “Foundation”) at June 30, 2013, consists of the estimated fair value of assets transferred by the Coalition to the Foundation, for which the Coalition designated itself as beneficiary. The Coalition granted the Foundation a variance power to modify or eliminate any restriction, limitation, or condition on the distribution of funds. The Coalition can receive distributions representing a portion of the investment income on these funds. During the year ended June 30, 2013, no amounts were received as distributions. The Coalition may also instruct the Foundation to distribute principal of these funds not designated by the Coalition as endowment funds.

A summary of the beneficial interest in net assets of the Foundation at June 30, 2013, is as follows:

Coalition for the Homeless of Central Florida Fund (Endowment)	\$ 354,379
Coalition for the Homeless (Coyle Estate) Fund (Endowment)	56,733
Coalition for the Homeless Non-Endowed Capital Reserve Fund	<u>364,484</u>
	<u>\$ 775,596</u>

7. Retirement Plan:

The Coalition maintains a tax-deferred annuity program which is available to all employees. Voluntary contributions to the plan are based on a deferral of employee salaries. The Coalition also maintains a simplified employee pension plan (“SEP”) which is currently dormant. There were no contributions to the plans during the year ended June 30, 2013.

8. In-Kind Contributions:

In-kind contributions received during the year ended June 30, 2013, consists of the following:

Value of meals contributed by various organizations	\$ 1,188,914
Value of improvement to property and equipment	29,400
Value of personal items contributed by various organizations and individuals	<u>267,437</u>
	<u>\$ 1,485,751</u>

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

**Notes to Financial Statements – Continued
June 30, 2013**

9. Lease:

The Coalition leases an apartment building which is used for transitional housing. The lease, which expires in March 2017, is classified as an operating lease. Future minimum lease payments under this lease at June 30, 2013, are as follows:

Year Ending June 30,	
2014	\$ 26,741
2015	26,741
2016	26,741
2017	<u>20,056</u>
	\$ <u><u>100,279</u></u>

Rental expense under this lease amounted to \$26,741 for the year ended June 30, 2013.

10. Temporarily Restricted Net Assets:

Temporarily restricted net assets at June 30, 2013, consists of the following:

Land and building restricted for use as a facility to provide services for women and children	\$ 1,865,750
Buildings restricted for use as a facility to assist the homeless	3,325,492
Grants and contributions receivable which are time restricted for use in future periods	588,667
Beneficial interest in net assets of the Foundation	495,596
Cash held until purpose restrictions are satisfied	<u>636,334</u>
	\$ <u><u>6,911,839</u></u>

11. Permanently Restricted Net Assets:

Permanently restricted net assets at June 30, 2013, consists of the following:

Land restricted for use as a facility to assist the homeless	\$ 801,215
Beneficial interest in net assets of the Foundation	<u>280,000</u>
	\$ <u><u>1,081,215</u></u>

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

Notes to Financial Statements – Continued
June 30, 2013

12. Fair Value Measurements:

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this framework are described as follows:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Coalition has the ability to access.
- Level 2 – Quoted prices for similar assets in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Unobservable inputs such as assumptions by the Coalition about how market participants would price an asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013.

Beneficial Interest in Net Assets of the Foundation: Valued at fair value provided by the Foundation and adjusted for the Coalition's percentage in that value.

The following table sets forth by level, within the fair value hierarchy, the Coalition's assets measured at fair value at June 30, 2013:

Level 1	\$	-
Level 2		-
Level 3 – beneficial interest in net assets of the Foundation		<u>775,596</u>
	\$	<u><u>775,596</u></u>

The following table sets forth a summary of changes in the fair value of the Coalition's Level 3 assets for the year ended June 30, 2013:

Balance, beginning of year	\$	746,507
Contributions		503
Interest and dividends		7,718
Net realized and unrealized gains (losses) on investments		40,955
Grants		(9,372)
Investment expenses		<u>(10,715)</u>
	\$	<u><u>775,596</u></u>

COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.

Notes to Financial Statements – Continued

June 30, 2013

13. Commitments and Contingencies:

Economic Dependency

The Coalition receives a substantial portion of its support from the City of Orlando, Florida; Orange County, Florida; and Heart of Florida United Way, Inc. A significant reduction in the level of this support, if this were to occur, may have an effect on the Coalition's programs and activities.

Costs reflected in the financial statements relating to government and public-funded programs are subject to audit by the funding agency. The possible disallowance of any item charged to the program has not been determined, if any. No provision for any liability that may result has been made in the financial statements.

Concentration of Credit Risk

The Coalition has a potential concentration of credit risk in grants and contributions receivable, which are receivable primarily from governmental agencies and the Heart of Florida United Way, Inc.

Environmental Issues

The Coalition has discovered that there is petroleum contamination on its property associated with former on-site petroleum storage maintained by the prior owner. A Phase 1 environmental site assessment was completed, and this report was unable to estimate the costs of clean up, if any, that may be required. Management does not believe that the environmental issue will have a significant financial impact on the Coalition.

Title to Assets

See note 5 for deed restrictions on the title to real estate.

14. Line of Credit:

At June 30, 2013, the Coalition has available \$125,000 on an unused line of credit with a bank to be drawn upon as needed. Interest is charged at the bank's prime rate. The line of credit is collateralized by all the Coalition's assets.

15. Subsequent Events

Subsequent to June 30, 2013, the Coalition was awarded a grant for \$3,000,000 over five years to provide operational funds for the Men's Service Center. In addition, the Coalition was awarded an additional grant for \$1,000,000 for use in funding both operations and an endowment.



AVERETT
WARMUS
DURKEE

Certified Public Accountants and Business Advisors

November 19, 2013

Ms. Allison Krall
Coalition for the Homeless of
Central Florida, Inc.
639 West Central Boulevard
Orlando, Florida 32801

Dear Allison:

Our firm did not issue a management letter to the Coalition for the Homeless of Central Florida, Inc. for the year ended June 30, 2013.

Very truly yours,

Averett Warmus Durkee

Averett Warmus Durkee

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