



COALITION FOR THE HOMELESS OF CENTRAL FLORIDA, INC.
Financial Statements
June 30, 2016
With Independent Auditors' Report

Coalition for the Homeless of Central Florida, Inc.
June 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

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, 2016, 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 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.

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, 2016, 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

The financial statements of the Coalition for the year ended June 30, 2015, were audited by other auditors whose report dated October 21, 2015, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Withum Smith + Brown, PC

October 28, 2016

Coalition for the Homeless of Central Florida, Inc.
Statement of Financial Position
June 30, 2016

Assets

Cash and cash equivalents	\$ 1,544,577
Grants and contributions receivable	728,536
Pledges receivable	266,653
Investments	107,162
Property and equipment, net	11,046,602
Beneficial interest in net assets of Central Florida Foundation, Inc.	763,217
Other assets	86,216
	<hr/>
Total assets	<u>\$ 14,542,963</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 185,008
Residents' accounts	61,782
Deferred support under conditional promises to give	1,624,224
Total liabilities	<hr/> <u>1,871,014</u>

Net assets

Unrestricted	3,038,151
Temporarily restricted	8,552,583
Permanently restricted	1,081,215
Total net assets	<hr/> <u>12,671,949</u>

Total liabilities and net assets	<u>\$ 14,542,963</u>
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The Notes to Financial Statements are an integral part of this statement.

Coalition for the Homeless of Central Florida, Inc.
Statement of Activities
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Support				
Government grants	\$ 1,135,982	\$ 482,580	\$ -	\$ 1,618,562
Private support	1,720,451	521,611	-	2,242,062
In-kind contributions	1,636,397	-	-	1,636,397
	<u>4,492,830</u>	<u>1,004,191</u>	<u>-</u>	<u>5,497,021</u>
Revenue				
Fundraising events, net of expenses of \$101,866	597,751	-	-	597,751
Resident services	294,780	-	-	294,780
Investment income	54,449	-	-	54,449
	<u>946,980</u>	<u>-</u>	<u>-</u>	<u>946,980</u>
Net assets released from restrictions				
Donor release of a permanent restriction	500,000	-	(500,000)	-
Satisfaction of purpose restrictions	222,673	(222,673)	-	-
Expiration of time restrictions	968,063	(968,063)	-	-
	<u>1,690,736</u>	<u>(1,190,736)</u>	<u>(500,000)</u>	<u>-</u>
Total support and revenue	<u>7,130,546</u>	<u>(186,545)</u>	<u>(500,000)</u>	<u>6,444,001</u>
Expenses				
Program services				
Transitional housing	296,028	-	-	296,028
Men's Service Center	2,021,778	-	-	2,021,778
Center for Women and Families	1,721,103	-	-	1,721,103
Women's Residential Counseling Center	884,192	-	-	884,192
Depreciation	347,975	-	-	347,975
	<u>5,271,076</u>	<u>-</u>	<u>-</u>	<u>5,271,076</u>
Supporting services				
Management and general	383,782	-	-	383,782
Fundraising	479,895	-	-	479,895
Depreciation	2,657	-	-	2,657
Total expenses	<u>6,137,410</u>	<u>-</u>	<u>-</u>	<u>6,137,410</u>
Increase (decrease) in net assets	993,136	(186,545)	(500,000)	306,591
Net assets				
Beginning of year	<u>2,045,015</u>	<u>8,739,128</u>	<u>1,581,215</u>	<u>12,365,358</u>
End of year	<u>\$ 3,038,151</u>	<u>\$ 8,552,583</u>	<u>\$ 1,081,215</u>	<u>\$ 12,671,949</u>

The Notes to Financial Statements are an integral part of this statement.

Coalition for the Homeless of Central Florida, Inc.
Statement of Functional Expenses
Year Ended June 30, 2016 (with Comparative Totals for 2015)

	Program Services				Supporting Services			Comparative Totals	
	Transitional Housing	Men's Service Center	Center for Women and Families	Women's Residential Counseling Center	Management and General	Fundraising	2016 Total	2015 Total	
Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Client supportive services	75,994	-	-	530	5,383	4,139	9,522	6,014	
Computer	-	1,237	1,558	-	275	3,041	3,316	6,641	
Conferences and training	-	-	-	-	-	-	-	-	
Food (including in-kind contributions of \$1,094,479 for 2016 and \$1,063,561 for 2015)	-	716,978	263,323	148,349	-	-	14,424	1,128,650	
Insurance	5,548	22,191	39,944	28,848	2,325	-	2,325	97,555	
Maintenance	8,964	14,466	40,230	31,570	63,634	15,015	78,649	91,612	
Miscellaneous	2,570	2,548	5,405	2,440	613,850	396,329	1,010,179	3,328,325	
Personnel	123,720	806,541	950,802	437,083	3,258	14,819	39,981	18,077	
Postage	-	-	362	70	1,457	38,524	9,019	40,956	
Printing	55	488	2,500	2,800	9,019	-	9,019	1,500	
Professional fees	-	-	2,523	3,105	3,919	-	3,919	48,225	
Rent	26,741	10,398	140,107	67,717	14,013	6,521	20,534	369,336	
Supplies	6,958	130,885	27,875	9,702	2,784	745	3,529	59,664	
Telephone	161	17,089	4,149	75	12,941	762	13,703	22,586	
Transportation	1,482	453	-	-	-	-	-	366,754	
Utilities	20,835	141,504	108,325	82,903	766,782	479,895	1,246,677	5,786,778	
Allocation of supporting services to programs	273,028	1,864,778	1,587,103	815,192	(383,000)	-	863,677	5,764,616	
	23,000	157,000	134,000	69,000	383,792	479,895	2,657	350,632	
	296,028	2,021,778	1,721,103	884,192	2,657	-	2,657	344,008	
	6,828	196,629	109,000	35,518	-	-	-	-	
Depreciation	\$ 302,856	\$ 2,218,407	\$ 1,830,103	\$ 919,710	\$ 386,439	\$ 479,895	\$ 866,334	\$ 6,137,410	
								\$ 6,108,624	

The Notes to Financial Statements are an integral part of this statement.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

Coalition for the Homeless of Central Florida, Inc. (the "Coalition") (a nonprofit organization) provides homeless men, women, and children with shelter, meals, and supportive services in order to restore them to self-sufficiency. These services are provided at two primary locations: the Coalition's main campus and the Women's Residential and Counseling Center ("WRCC"). Client supportive services are also rendered in residences within the community. 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 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 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.

Contributions and Pledges Receivable

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.

Coalition for the Homeless of Central Florida, Inc.
Notes to Financial Statements
June 30, 2016

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.

Investments

The Coalition accounts for investments in accordance with FASB ASC 958, *Not-for-Profit Entities*. Therefore, investments in equity securities with readily determinable values are reported at fair market value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 13 for discussion of fair value measurements.

Realized and unrealized gains and losses are reflected in the statements of activities. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated by the straight-line method over estimated useful lives as follow:

Land improvements	5 years
Building and building improvements	5 – 40 years
Leasehold improvements	7 – 10 years
Machinery and equipment	5 – 10 years
Furniture and equipment	3 – 10 years
Office equipment	3 – 10 years
Vehicles	5 – 10 years

Contributed assets are recorded at their estimated fair values 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 2015

The financial information for the year ended June 30, 2015, 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
June 30, 2016

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, 2016.

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.

Reclassifications

Certain amounts in the year ended June 30, 2015, financial statements have been reclassified to conform to the year ended June 30, 2016, presentation. These reclassifications had no effect on net assets, or changes in net assets.

Subsequent Events

The Coalition's management has evaluated subsequent events through October 28, 2016, the date which the financial statements were available to be issued.

2. **CASH AND CASH EQUIVALENTS**

As of June 30, 2016, 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 Federal Deposit Insurance Corporation ("FDIC") protection. Approximately \$1,300,000 of the Coalition's deposits is in excess of FDIC protection at June 30, 2016.

3. **GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable at June 30, 2016, consists of the following:

Government grants	\$	264,213
United Way		422,123
Other		42,200
		<hr/>
	\$	728,536
		<hr/>

These amounts are due within one year.

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Deferred support under conditional promises to give at June 30, 2016, consists of the following:

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.	\$ 1,485,724
Grant contract to support the purchase and installation of an HVAC system at the WRCC property to be used for a period of six years; condition expected to be fulfilled in May 2021.	<u>138,500</u>
	<u>\$ 1,624,224</u>

4. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2016, consists of the following:

	<u>Due in 1 Year</u>	<u>Due in 2 – 5 Years</u>	<u>Total</u>
Pledges receivable	\$ 217,970	\$ 105,822	\$ 323,792
Less			
Allowance for uncollectible pledges	(34,875)	(16,931)	(51,806)
Discount to present value of net realizable value	<u>(3,590)</u>	<u>(1,743)</u>	<u>(5,333)</u>
Net pledges receivable	<u>\$ 179,505</u>	<u>\$ 87,148</u>	<u>\$ 266,653</u>

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

5. INVESTMENTS

Investments consist of the following at June 30, 2016:

	<u>Historical Cost</u>	<u>Unrealized Gains</u>	<u>Market Value</u>
National Retail Properties, Inc.	\$ 76,380	\$ 27,060	\$ 103,440
American Growth Fund of America CL F2	<u>1,946</u>	<u>1,776</u>	<u>3,722</u>
Total investments	<u>\$ 78,326</u>	<u>\$ 28,836</u>	<u>\$ 107,162</u>

Coalition for the Homeless of Central Florida, Inc.
Notes to Financial Statements
June 30, 2016

Investment income shown on the accompanying statement of activities includes the following for the year ended June 30, 2016:

Interest and dividends	\$ 17,591
Realized losses	(957)
Unrealized gains	<u>37,815</u>
 Total investment income	 <u><u>\$ 54,449</u></u>

6. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment at June 30, 2016, is as follows:

Land and land improvements	\$ 3,168,002
Buildings and building improvements	9,821,610
Leasehold improvements	674,890
Machinery and equipment	533,109
Furniture and fixtures	396,689
Office equipment	485,568
Vehicles	<u>94,708</u>
	15,174,576
Less accumulated depreciation	<u>(4,127,974)</u>
	<u><u>\$ 11,046,602</u></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 (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 subject to certain exceptions. 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.

Certain buildings for the Men's Service Center, with an accumulated cost of \$6,905,977, were acquired with funds received under a grant contract with Orange County (the "County") and 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, the County or City has certain options to enforce the restrictions.

7. BENEFICIAL INTEREST IN NET ASSETS OF CENTRAL FLORIDA FOUNDATION, INC.

Beneficial interest in net assets of Central Florida Foundation, Inc. (the "Foundation") at June 30, 2016, 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,

Coalition for the Homeless of Central Florida, Inc.
Notes to Financial Statements
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2016, distributions amounted to \$16,062. 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, 2016, is as follows:

Coalition for the Homeless of Central Florida Fund (Endowment)	\$ 356,172
Coalition for the Homeless (Coyle Estate) Fund (Endowment)	56,295
Coalition for the Homeless Non-Endowed Capital Reserve Fund	<u>350,750</u>
	<u>\$ 763,217</u>

8. 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, 2016.

9. IN-KIND CONTRIBUTIONS

In-kind contributions received during the year ended June 30, 2016, consist of the following:

Value of meals contributed by various organizations	\$ 1,094,479
Value of improvement to property and equipment	251,000
Value of personal items contributed by various organizations and individuals	<u>290,918</u>
	<u>\$ 1,636,397</u>

10. LEASE

The Coalition leases an apartment building which is available for supportive housing. The lease, which expires in March 2017, is classified as an operating lease. Future minimum lease payments under this lease at June 30, 2016, are \$20,056 for the year ending June 30, 2017. Rental expense under this lease amounted to \$26,741 for the year ended June 30, 2016.

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016, consist of the following:

Land and building restricted for use as a facility to provide services for women and children	\$ 1,856,750
Buildings restricted for use as a facility to assist the homeless	5,498,245
Grants and contributions receivable which are time restricted for use in future periods	580,768
Beneficial interest in net assets of the Foundation	483,217
Cash held until purpose restrictions are satisfied	<u>133,603</u>
	<u>\$ 8,552,583</u>

Coalition for the Homeless of Central Florida, Inc.
Notes to Financial Statements
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12. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2016, consist 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>\$ 1,081,215</u>

13. 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.

If the asset or liability has a specified (contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016:

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.

Common stocks: Valued at the closing price reported on the active market on which the individual securities traded.

The following table sets forth by level, within the fair value hierarchy, the Coalition's fair value measurements at June 30, 2016:

Level 1 – Investments	\$ 107,162
Level 2	-
Level 3 – Beneficial interest in net assets of the Foundation	<u>763,217</u>
	<u>\$ 870,379</u>

Coalition for the Homeless of Central Florida, Inc.
Notes to Financial Statements
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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, 2016:

Balance, beginning of year	\$ 794,198
Interest and dividends	7,128
Net realized and unrealized gains (losses) on investments	(10,703)
Grants	(15,806)
Investment expenses	(11,600)
	<u>\$ 763,217</u>

14. COMMITMENTS AND CONTINGENCIES

Economic Dependency

The Coalition receives a substantial portion of its support from the City, County, and the Heart of Florida United Way, Inc. (the "United Way"). For the year ended June 30, 2016, approximately 24% and 59% of the Coalition's support and receivables, respectively, were from these entities. 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 publicly-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 receivables primarily from governmental agencies and the United Way.

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 6 for deed or other restrictions on the use of real estate.

15. LINE OF CREDIT

At June 30, 2016, 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, and is due upon demand.

16. SUBSEQUENT EVENTS

On October 28, 2016, the President/Chief Executive Officer retired from the Coalition. The Board of Directors is following its emergency succession plan policy that was adopted in 2010 to appoint a transition and search committee for a new president/chief executive officer in accordance with that plan.