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**MASSACHUSETTS COALITION  
FOR THE HOMELESS, INC.**

*Financial Statements*

*Years Ended June 30, 2013 and 2012*

**MASSACHUSETTS COALITION FOR THE HOMELESS, INC.**

*Financial Statements*

*June 30, 2013 and 2012*

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*Independent Auditors' Report*

To the Board of Directors of  
Massachusetts Coalition for the Homeless, Inc.  
Lynn, Massachusetts

***Report on the Financial Statements***

We have audited the accompanying financial statements of Massachusetts Coalition for the Homeless, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Massachusetts Coalition for the Homeless, Inc. as of June 30, 2013 and 2012, 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.

NE Kelly & Associates LLC

NE Kelly & Associates, LLC  
Boston, Massachusetts  
November 13, 2013

**MASSACHUSETTS COALITION FOR THE HOMELESS, INC.**

*Statements of Financial Position*

*As of June 30,*

<i>Assets</i>	<u>2013</u>	<u>2012</u>
<i>Current assets:</i>		
Cash and cash equivalents	\$ 1,605,209	\$ 760,195
Contracts receivable	52,645	72,920
Investments	602,938	522,958
Prepaid expenses	<u>16,673</u>	<u>27,230</u>
<i>Total current assets</i>	2,277,465	1,383,303
Property and equipment, net	<u>26,465</u>	<u>1,374,833</u>
<i>Total assets</i>	<u>\$ 2,303,930</u>	<u>\$ 2,758,136</u>
 <i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Accounts payable and accrued expenses	\$ 38,885	\$ 24,547
Current portion of long-term debt	<u>-</u>	<u>41,786</u>
<i>Total current liabilities</i>	<u>38,885</u>	<u>66,333</u>
 <i>Long-term liabilities:</i>		
Long-term debt, less current portion	<u>-</u>	<u>588,936</u>
<i>Total long- term liabilities</i>	<u>-</u>	<u>588,936</u>
<i>Total liabilities</i>	<u>38,885</u>	<u>655,269</u>
 <i>Net assets:</i>		
Unrestricted	2,257,845	2,102,867
Temporarily restricted	<u>7,200</u>	<u>-</u>
<i>Total net assets</i>	<u>2,265,045</u>	<u>2,102,867</u>
<i>Total liabilities and net assets</i>	<u>\$ 2,303,930</u>	<u>\$ 2,758,136</u>

**MASSACHUSETTS COALITION FOR THE HOMELESS, INC.**

*Statements of Activities*

*For the Years Ended June 30,*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>
<i>Revenue and support:</i>						
Individual contributions	\$ 492,255	\$ -	\$ 492,255	\$ 348,379	\$ -	\$ 348,379
Corporate and foundation contributions	355,401	7,200	362,601	412,749	-	412,749
Contributed goods and services	2,348,635	-	2,348,635	2,232,311	-	2,232,311
Special events, net	100,409	-	100,409	214,636	-	214,636
Contract revenue	171,295	-	171,295	72,600	-	72,600
Investment income, net	80,306	-	80,306	(27,823)	-	(27,823)
Rental income	100,472	-	100,472	116,866	-	116,866
Other income	11,446	-	11,446	7,105	-	7,105
Net assets released from restrictions	-	-	-	13,327	(13,327)	-
<i>Total revenue and support</i>	<u>3,660,219</u>	<u>7,200</u>	<u>3,667,419</u>	<u>3,390,150</u>	<u>(13,327)</u>	<u>3,376,823</u>
<i>Expenses:</i>						
Program services	3,217,447	-	3,217,447	3,181,092	-	3,181,092
Fundraising	58,841	-	58,841	43,046	-	43,046
Property	252,715	-	252,715	90,332	-	90,332
General and administration	137,051	-	137,051	62,087	-	62,087
<i>Total expenses</i>	<u>3,666,054</u>	<u>-</u>	<u>3,666,054</u>	<u>3,376,557</u>	<u>-</u>	<u>3,376,557</u>
<i>Changes in net assets before extraordinary item</i>	(5,835)	7,200	1,365	13,593	(13,327)	266
<i>Extraordinary item - gain from sale of building</i>	<u>160,813</u>	<u>-</u>	<u>160,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Changes in net assets</i>	154,978	7,200	162,178	13,593	(13,327)	266
<i>Net assets, beginning of the year</i>	2,102,867	-	2,102,867	2,092,722	13,327	2,106,049
<i>Prior period adjustments</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,448)</u>	<u>-</u>	<u>(3,448)</u>
<i>Net assets, beginning of the year, as restated</i>	<u>2,102,867</u>	<u>-</u>	<u>2,102,867</u>	<u>2,089,274</u>	<u>13,327</u>	<u>2,102,601</u>
<i>Net assets, ending of the year</i>	<u>\$ 2,257,845</u>	<u>\$ 7,200</u>	<u>\$ 2,265,045</u>	<u>\$ 2,102,867</u>	<u>\$ -</u>	<u>\$ 2,102,867</u>

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

# MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

## *Statements of Cash Flows*

*For the Years Ended June 30,*

	<i>2013</i>	<i>2012</i>
<i>Cash flows from operating activities:</i>		
Changes in net assets	\$ 162,178	\$ 266
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	42,047	43,638
Realized and unrealized (gain)/loss on investments	(78,357)	28,677
Prior period adjustments	-	(3,448)
Change in:		
Contracts receivable	20,275	18,200
Prepaid expenses	10,557	(12,695)
Accounts payable and accrued expenses	14,338	9,547
<i>Net cash provided by operating activities</i>	<u>171,038</u>	<u>84,185</u>
<i>Cash flows from investing activities:</i>		
Purchase of property and equipment	(22,968)	(7,025)
Sales of property and equipment	1,329,289	-
Purchase of investments	(12,679)	(7,865)
Proceeds from sales of investments	11,056	7,477
<i>Net cash provided by (used in) investing activities</i>	<u>1,304,698</u>	<u>(7,413)</u>
<i>Cash flows from financing activities:</i>		
Proceeds from long-term debt	-	-
Payments on long-term debt	(630,722)	(26,788)
<i>Net cash used in financing activities</i>	<u>(630,722)</u>	<u>(26,788)</u>
<i>Net change in cash and cash equivalents</i>	845,014	49,984
<i>Cash and cash equivalents, beginning</i>	<u>760,195</u>	<u>710,211</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 1,605,209</u>	<u>\$ 760,195</u>
<i>Supplementary information:</i>		
Cash paid for interest	<u>\$ 37,500</u>	<u>\$ 39,283</u>

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

**MASSACHUSETTS COALITION FOR THE HOMELESS, INC.**

*Statement of Functional Expenses*

*For the Year Ended June 30, 2013*

	<i>Program Services</i>			<i>Total Program Services</i>	<i>Fundraising</i>	<i>Property</i>	<i>General and Administration</i>	<i>Total</i>
	<i>Education</i>	<i>Furniture Bank</i>	<i>Homelink Initiative</i>					
Salaries	\$ 133,330	\$ 228,141	\$ 219,044	\$ 580,515	\$ 10,344	\$ -	\$ 12,246	\$ 603,105
Payroll taxes	12,252	19,503	20,010	51,765	945	-	1,016	53,726
Employee benefits	26,304	496	87,149	113,949	-	-	-	113,949
Subtotal	<u>171,886</u>	<u>248,140</u>	<u>326,203</u>	<u>746,229</u>	<u>11,289</u>	<u>-</u>	<u>13,262</u>	<u>770,780</u>
In-kind furniture	-	2,201,763	-	2,201,763	-	-	-	2,201,763
Contract labor	-	3,729	5,715	9,444	42,438	500	-	52,382
Depreciation and amortization	841	21,024	420	22,285	420	10,512	8,830	42,047
Equipment rental and maintenance	-	11,233	2,169	13,402	-	-	-	13,402
Insurance	6,197	6,333	7,286	19,816	255	3,350	224	23,645
Miscellaneous	-	360	49	409	-	71	60,005	60,485
Occupancy	62	5,143	9,309	14,514	-	45,877	-	60,391
Interest	-	-	-	-	-	37,500	-	37,500
Postage	980	827	3,464	5,271	908	-	-	6,179
Printing and publication	5,320	17,413	19,355	42,088	1,501	582	16,594	60,765
Professional fees	923	1,584	11,925	14,432	698	147,197	28,844	191,171
Program purchase	-	53,616	-	53,616	-	-	-	53,616
Sub-grantees	-	50	12,283	12,333	-	-	-	12,333
Supplies	2,851	19,245	11,228	33,324	1,109	1,354	8,947	44,734
Telephone	2,798	2,690	2,396	7,884	223	205	226	8,538
Travel	6,053	10,258	1,947	18,258	-	-	119	18,377
Taxes	-	-	-	-	-	5,567	-	5,567
Other program expenses	-	2,379	-	2,379	-	-	-	2,379
<i>Total expenses</i>	<u>\$ 197,911</u>	<u>\$ 2,605,787</u>	<u>\$ 413,749</u>	<u>\$ 3,217,447</u>	<u>\$ 58,841</u>	<u>\$ 252,715</u>	<u>\$ 137,051</u>	<u>\$ 3,666,054</u>

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



**MASSACHUSETTS COALITION FOR THE HOMELESS, INC.**

*Statement of Functional Expenses*

*For the Year Ended June 30, 2012*

	<i>Program Services</i>				<i>Fundraising</i>	<i>Property</i>	<i>General and Administration</i>	<i>Total</i>
	<i>Education</i>	<i>Furniture Bank</i>	<i>HomeLink Initiative</i>	<i>Total Program Services</i>				
Salaries	\$ 133,967	\$ 191,256	\$ 250,780	\$ 576,003	\$ 19,096	\$ -	\$ 7,473	\$ 602,572
Payroll taxes	11,209	16,932	22,418	50,559	1,616	-	609	52,784
Employee benefits	15,918	32,628	43,694	92,240	14	-	2,312	94,566
<b>Subtotal</b>	<b>161,094</b>	<b>240,816</b>	<b>316,892</b>	<b>718,802</b>	<b>20,726</b>	<b>-</b>	<b>10,394</b>	<b>749,922</b>
In-kind furniture	-	2,232,311	-	2,232,311	-	-	-	2,232,311
Contract labor	17,940	28,515	1,647	48,102	11,521	-	-	59,623
Depreciation and amortization	872	21,819	437	23,128	437	10,910	9,163	43,638
Equipment rental and maintenance	681	10,214	1,116	12,011	143	255	205	12,614
Insurance	9,057	10,654	7,601	27,312	267	2,534	234	30,347
Miscellaneous	-	360	181	541	-	-	8,637	9,178
Occupancy	132	3,980	11,076	15,188	-	32,220	-	47,408
Interest	-	-	-	-	-	39,283	-	39,283
Postage	550	200	4,963	5,713	2,185	54	-	7,952
Printing and publication	1,210	1,071	4,875	7,156	1,000	621	6,284	15,061
Professional fees	1,389	1,527	9,505	12,421	2,134	443	18,782	33,780
Program purchase	-	29,451	-	29,451	-	-	-	29,451
Sub-grantees	-	3,608	4,358	7,966	-	-	5,000	12,966
Supplies	218	2,356	6,591	9,165	3,570	180	2,726	15,641
Telephone	2,529	3,105	2,674	8,308	568	757	234	9,867
Travel	7,284	12,109	2,408	21,801	495	-	414	22,710
Taxes	45	1,671	-	1,716	-	3,075	14	4,805
<b>Total expenses</b>	<b>\$ 203,001</b>	<b>\$ 2,603,767</b>	<b>\$ 374,324</b>	<b>\$ 3,181,092</b>	<b>\$ 43,046</b>	<b>\$ 90,332</b>	<b>\$ 62,087</b>	<b>\$ 3,376,557</b>

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

# MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

## *Notes to Financial Statements*

*June 30, 2013 and 2012*

### ***Note 1 - Organization***

Massachusetts Coalition for the Homeless, Inc. (“Organization”) was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on February 9, 1983. Truly a coalition, the Organization works with organizations and individuals that are united in their commitment to end homelessness. The following is a brief description of each of the major programs of the Organization.

*HomeLink Initiative* - The HomeLink Initiative is designed to work with community health centers, public school districts and early intervention workers to help identify households that are having a housing crisis and then offer quick assistance to ensure that they remain stably housed.

*A Bed for Every Child Initiative* - The Organization raises funds to purchase a twin mattress, frame, and linens for each student referred to the Organization by its partners.

*The Room to Breathe Initiative* – The Program is to assist low-income families and individuals who are living with chronic respiratory diagnoses to improve their home environment to lessen environment triggers with a goal of improving their quality of life.

*Furniture Bank* - The Program is a unique furniture bank that collects furniture and household goods from corporations, hotels, colleges and private households and distributes them to formerly homeless people who have found housing.

*Highland Kids Initiative* – The Organization partnered with the Lynn Public Schools, Lynn Housing Authority and the Department of Housing and Community Development to launch the program with the goal of preventing students and their families from becoming homeless.

### ***Note 2 - Summary of Significant Accounting Policies***

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### ***Basis of Presentation***

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted Net Assets* - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

# MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

## *Notes to Financial Statements*

*June 30, 2013 and 2012*

### *Note 2 - Summary of Significant Accounting Policies (Continued)*

#### *Basis of Presentation (Continued)*

*Temporarily Restricted Net Assets* - include funds with donor-imposed restrictions, which stipulate that the organization expend the assets as specified and are satisfied either by the passage of time or by actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

*Permanently Restricted Net Assets* - include resources, which have a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permit the organization to expend part or all of the income derived from the donated assets. The Organization did not have any permanently restricted net assets at June 30, 2013 and 2012.

#### *Cash and Cash Equivalents*

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated by the Board for investment.

#### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

#### *Revenue Recognition*

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

#### *Contributed Goods and Services*

The Organization records various types of in kind support including contributed professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Contributions of tangible assets are recognized at fair market value when received.

# MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

## *Notes to Financial Statements*

*June 30, 2013 and 2012*

### *Note 2 - Summary of Significant Accounting Policies (Continued)*

#### *Contributed Goods and Services (Continued)*

Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the two recognition criteria as described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

#### *Functional Allocation of Expenses*

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and/ or support service are allocated directly according to its natural expenditure classification.

#### *Property and Equipment*

Property and equipment are recorded at cost, if purchased, or if donated, at their estimated fair market value at the date of receipt. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. The cost of maintenance, repairs, and minor renewals are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	39
Equipment	3-5
Motor vehicles	5

#### *Income Tax Status*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except on net income derived from unrelated business activities. The Organization is, however, subject to tax under IRC Section 512 on the net rental income from its debt-financed real property that is not being used for an exempt purpose. In fiscal years 2013 and 2012, the unrelated business income tax was \$5,567 and \$4,805, respectively. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1) (a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization is also exempt from Massachusetts state taxes under the provision of Department of Revenue Taxation Code.

#### *Uncertain Tax Positions*

The Organization adopted ASC Topic 740, *Income Taxes*, that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition.

# MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

## *Notes to Financial Statements*

*June 30, 2013 and 2012*

### *Note 2 - Summary of Significant Accounting Policies (Continued)*

#### *Uncertain Tax Positions (Continued)*

At June 30, 2013 and 2012, the Organization recorded a tax liability of \$5,567 and \$4,805 on this unrelated business activity. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

#### *Use of Estimates and Assumptions*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

#### *Contributions*

Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are reclassified to unrestricted net assets.

#### *Restricted and Unrestricted Revenue and Support*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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 expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

### *Note 3 - Contributed Goods and Services*

The Organization receives a substantial amount of household necessities such as beds, refrigerators, dressers, chairs, tables, blankets, infant and children's products and toys donated by individuals and corporations interested in the Furniture Bank program. These goods are re-distributed to homeless facilities directly or through shelters and human service agencies. For the years ended June 30, 2013 and 2012, the Organization received donated household necessities totaling \$2,201,763 and \$2,232,311, respectively. The in-kind contributions of household necessities that are reflected in the accompanying financial statements are based upon estimated fair values, determined by management and the applicable donors. In the fiscal years 2013 and 2012, the Organization received donated legal fees totaling \$146,872 and \$-0-, respectively.

# MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

## *Notes to Financial Statements*

*June 30, 2013 and 2012*

### *Note 4 - Temporarily Restricted Net Assets*

At June 30, 2013 and 2012, the Organization had temporarily restricted net assets of \$7,200 and \$-0-, respectively, which are restricted for specific programs.

### *Note 5- Property and Equipment*

At June 30, 2013 and 2012 property and equipment consist of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ -	\$ 200,000
Building and improvements	-	1,497,985
Equipment	103,470	85,652
Website development	5,150	-
Motor vehicles	29,350	29,350
	137,970	1,812,987
Less accumulated depreciation and amortization	<u>(111,505)</u>	<u>438,154</u>
Property and equipment, net	<u>\$ 26,465</u>	<u>\$ 1,374,833</u>

Depreciation and amortization expense for the years ended June 30, 2013 and 2012 was \$42,047 and \$43,638, respectively.

### *Note 6 - Significant Concentrations of Risk*

The Organization maintains its cash and cash equivalents in various financial institutions in accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Investments have a fair value at June 30, 2013 and 2012 that comprises 26% and 19%, respectively of total assets.

### *Note 7 - Interest Expense*

Interest costs are expensed as incurred. For the years ended June 30, 2013 and 2012, the Organization incurred \$37,500 and \$39,283, respectively for interest.

**MASSACHUSETTS COALITION FOR THE HOMELESS, INC.**

*Notes to Financial Statements*

*June 30, 2013 and 2012*

**Note 8 - Rental Income**

The Organization leases a portion of its building space under the terms of a three year lease. Gross rental income received during the years ended June 30, 2013 and 2012 totaled \$100,472 and \$116,866, respectively. Net rent income received during the years ended June 30, 2013 and 2012 totaled \$45,943 and \$70,703, respectively.

**Note 9 - Investments**

Investments consist of money market funds, corporate stocks, and mutual funds, are stated at fair value based on quoted prices in active markets, and are summarized as follows, at June 30, 2013 and 2012:

	<u>2013</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money Market	\$ 86,276	\$ 86,276	\$ -
Mutual funds	133,386	134,013	(627)
Common stocks	<u>383,276</u>	<u>271,586</u>	<u>111,690</u>
Total	<u>\$ 602,938</u>	<u>\$ 491,875</u>	<u>\$ 111,063</u>
	<u>2012</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money Market	\$ 1,047	\$ 1,047	\$ -
Mutual funds	509,150	452,803	56,347
Common stocks	<u>12,761</u>	<u>21,187</u>	<u>(8,426)</u>
Total	<u>\$ 522,958</u>	<u>\$ 475,037</u>	<u>\$ 47,921</u>

Investment income for the years ended June 30, is as follows:

	<u>2013</u>	<u>2012</u>
Dividends and interest	\$ 13,005	\$ 8,332
Realized gain (loss) on investments	15,215	2,929
Unrealized gain (loss) on investments	63,142	(31,606)
Investment expenses	<u>(11,056)</u>	<u>(7,478)</u>
Investment income, net	<u>\$ 80,306</u>	<u>\$ (27,823)</u>

# MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

## *Notes to Financial Statements*

*June 30, 2013 and 2012*

### *Note 10 - Fair Value Measurements*

Financial Accounting Standards Board Statement ASC 820, *Fair Value Measurements*, establishes 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 FASB Statement ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities 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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of investments appearing on the statement of financial position has the following valuation approaches as defined by FASB ASC 820 hierarchy:

- Assets utilizing Level 1 inputs include mutual funds and stocks, which amounted to \$602,938 and \$522,958 as of June 30, 2013 and 2012, respectively. There are no liabilities utilizing Level 1 inputs.
- There are no assets and liabilities utilizing Level 2 inputs.
- There are no assets and liabilities utilizing Level 3 inputs.



# MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

## Notes to Financial Statements

June 30, 2013 and 2012

### Note 11- Long-Term Debt

At June 30, 2013 and 2012, long-term debt was comprised of:

	<u>2013</u>	<u>2012</u>
Mortgage note payable to a bank was refinanced on April 13, 2011, due in monthly installments of \$6,478, including interest at an initial 5-year fixed rate of 6%, then adjust to the FHLB five year advance rate plus 3%, and again for the remaining term, with an interest rate floor of 6% secured by real property and personal property and fixtures located on and used in connection with the secured real property, and maturing April, 2023.	\$ -	\$ 630,722
Less current portion	<u>-</u>	<u>41,786</u>
Long-term debt, net	<u>\$ -</u>	<u>\$ 588,936</u>

The mortgage agreement contains various covenants, which among other things, place restrictions on the Organization's ability to incur additional indebtedness and require the Organization to maintain certain financial ratios. At June 30, 2012, the Organization meets all the restrictive covenants. During the fiscal year 2013, the Organization sold the building located at 9-15 Bubier Street in Massachusetts for \$1,575,000 and completely paid off the Mortgage note payable.

### Note 12 - Compensated Absences

Employees of the Organization are entitled to paid vacation, sick, and personal days, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. Management's policy is to recognize the costs of compensated absences when actually paid to employees.

**MASSACHUSETTS COALITION FOR THE HOMELESS, INC.**

*Notes to Financial Statements*

*June 30, 2013 and 2012*

*Note 13 - Special Events*

The Organization has an annual event in the fiscal year 2013 and 2012. For the years ended June 30, 2013 and 2012, the Organization incurred the following special event revenue and expenses:

	<u>2013</u>	<u>2012</u>
Special event revenue	\$ 147,855	\$ 274,342
Less: direct special event expenses	<u>47,446</u>	<u>59,706</u>
Special events, net	<u>\$ 100,409</u>	<u>\$ 214,636</u>

*Note 14 - Subsequent Event*

Subsequent events have been evaluated through November 13, 2013 which is the date the financial statements were available to be issued.

*Note 15 - Prior Period Adjustment*

Prior period adjustments to adjust beginning of 2012 net assets were to reverse prior year unrelated business tax recorded in the current period.

Beginning net assets as originally reported	\$ 2,106,049
Reverse prior year unrelated business tax	<u>(3,448)</u>
Beginning net assets as restated	<u>\$ 2,102,601</u>

**MASSACHUSETTS COALITION FOR THE HOMELESS, INC.**

*Notes to Financial Statements*

*June 30, 2013 and 2012*

*Note 16 – Extraordinary Items*

On June 2013, the Organization sold the building located at 9-15 Bubier Street in Massachusetts for \$1,575,000. The table below shows the effect of the sale of building on the Organization's financial statements:

Sale price of building located at 9-15 Bubier Street	\$ 1,575,000
Less adjusted cost basis	(1,331,703)
Less selling costs	<u>(82,484)</u>
Extraordinary gain, net	<u>\$ 160,813</u>