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

Financial Statements

Years Ended June 30, 2014 and 2013

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Financial Statements

June 30, 2014 and 2013

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Independent Auditors' Report

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

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, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years 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 6, 2014

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statements of Financial Position

As of June 30,

<i>Assets</i>	<u>2014</u>	<u>2013</u>
<i>Current assets:</i>		
Cash and cash equivalents	\$ 1,435,774	\$ 1,605,209
Accounts and pledges receivable	228,972	52,645
Investments	716,839	602,938
Prepaid expenses	<u>21,547</u>	<u>16,673</u>
<i>Total current assets</i>	2,403,132	2,277,465
Property and equipment, net	33,042	26,465
<i>Other assets:</i>		
Pledges receivable- non-current, net	<u>24,703</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 2,460,877</u>	<u>\$ 2,303,930</u>
<i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Accounts payable and accrued expenses	<u>\$ 16,800</u>	<u>\$ 38,885</u>
<i>Total current liabilities</i>	<u>16,800</u>	<u>38,885</u>
<i>Long-term liabilities:</i>		
Rent payable and deferred rent	<u>45,600</u>	<u>-</u>
<i>Total long- term liabilities</i>	<u>45,600</u>	<u>-</u>
<i>Total liabilities</i>	<u>62,400</u>	<u>38,885</u>
<i>Net assets:</i>		
Unrestricted	2,286,477	2,257,845
Temporarily restricted	<u>112,000</u>	<u>7,200</u>
<i>Total net assets</i>	<u>2,398,477</u>	<u>2,265,045</u>
<i>Total liabilities and net assets</i>	<u>\$ 2,460,877</u>	<u>\$ 2,303,930</u>

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

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statements of Activities

For the Years Ended June 30,

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>
<i>Revenue and support:</i>						
Individual contributions	\$ 464,717	\$ -	\$ 464,717	\$ 492,255	\$ -	\$ 492,255
Corporate and foundation contributions	185,235	368,500	553,735	355,401	7,200	362,601
Contributed goods and services	2,288,864	-	2,288,864	2,348,635	-	2,348,635
Special events, net	101,040	-	101,040	100,409	-	100,409
Contract revenue	300,210	-	300,210	171,295	-	171,295
Investment income, net	119,147	-	119,147	80,306	-	80,306
Rental income	-	-	-	100,472	-	100,472
Other income	4,157	-	4,157	11,446	-	11,446
Amortization of discount on pledges	(297)	-	(297)	-	-	-
Net assets released from restrictions	263,700	(263,700)	-	-	-	-
<i>Total revenue and support</i>	<u>3,726,773</u>	<u>104,800</u>	<u>3,831,573</u>	<u>3,660,219</u>	<u>7,200</u>	<u>3,667,419</u>
<i>Expenses:</i>						
Program services	3,378,469	-	3,378,469	3,217,447	-	3,217,447
Fundraising	71,347	-	71,347	58,841	-	58,841
Property	-	-	-	252,715	-	252,715
General and administration	248,325	-	248,325	137,051	-	137,051
<i>Total expenses</i>	<u>3,698,141</u>	<u>-</u>	<u>3,698,141</u>	<u>3,666,054</u>	<u>-</u>	<u>3,666,054</u>
<i>Changes in net assets before extraordinary item</i>	28,632	104,800	133,432	(5,835)	7,200	1,365
<i>Extraordinary item - gain from sale of building</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,813</u>	<u>-</u>	<u>160,813</u>
<i>Changes in net assets</i>	28,632	104,800	133,432	154,978	7,200	162,178
<i>Net assets, beginning 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>
<i>Net assets, ending of the year</i>	<u>\$ 2,286,477</u>	<u>\$ 112,000</u>	<u>\$ 2,398,477</u>	<u>\$ 2,257,845</u>	<u>\$ 7,200</u>	<u>\$ 2,265,045</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>2014</i>	<i>2013</i>
<i>Cash flows from operating activities:</i>		
Changes in net assets	\$ 133,432	\$ 162,178
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,818	42,047
Realized and unrealized gain on investments	(103,867)	(78,357)
Change in:		
Accounts and pledges receivable	(176,327)	20,275
Prepaid expenses	(4,874)	10,557
Pledges receivable- non-current	(24,703)	-
Accounts payable and accrued expenses	(22,085)	14,338
Rent payable and deferred rent	45,600	-
	<u>(144,006)</u>	<u>171,038</u>
<i>Net cash provided by (used in) operating activities</i>		
<i>Cash flows from investing activities:</i>		
Purchase of property and equipment	(15,395)	(22,968)
Sales of property and equipment	-	1,329,289
Purchase of investments	(743,231)	(12,679)
Proceeds from sales of investments	733,197	11,056
	<u>(25,429)</u>	<u>1,304,698</u>
<i>Net cash provided by (used in) investing activities</i>		
<i>Cash flows from financing activities:</i>		
Payments on long-term debt	-	(630,722)
	<u>-</u>	<u>(630,722)</u>
<i>Net cash used in financing activities</i>		
<i>Net change in cash and cash equivalents</i>	(169,435)	845,014
<i>Cash and cash equivalents, beginning</i>	<u>1,605,209</u>	<u>760,195</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 1,435,774</u>	<u>\$ 1,605,209</u>
<i>Supplementary information:</i>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 37,500</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, 2014

	<i>Program Services</i>				<i>Fundraising</i>	<i>General and Administration</i>	
	<i>Education</i>	<i>Furniture Bank</i>	<i>HomeLink Initiative</i>	<i>Total Program Services</i>		<i>Administration</i>	<i>Total</i>
Salaries	\$ 177,433	\$ 222,825	\$ 222,087	\$ 622,345	\$ 18,826	\$ 7,367	\$ 648,538
Payroll taxes	15,655	18,763	19,593	54,011	1,689	638	56,338
Employee benefits	59,586	28,832	1,028	89,446	-	47,250	136,696
Subtotal	<u>252,674</u>	<u>270,420</u>	<u>242,708</u>	<u>765,802</u>	<u>20,515</u>	<u>55,255</u>	<u>841,572</u>
In-kind furniture	-	2,255,364	-	2,255,364	-	-	2,255,364
Contract labor	660	20,759	8,788	30,207	28,837	40,971	100,015
Depreciation and amortization	489	4,126	489	5,104	-	3,714	8,818
Equipment rental and maintenance	1,500	7,856	2,185	11,541	-	1,810	13,351
Insurance	390	390	390	1,170	-	30,929	32,099
Miscellaneous	-	464	-	464	-	9,370	9,834
Occupancy	4,476	37,765	4,476	46,717	-	33,993	80,710
Postage	1,608	2,239	2,914	6,761	721	6,140	13,622
Printing and publication	11,538	17,139	11,538	40,215	12,998	8,344	61,557
Professional fees	21,070	45,420	14,703	81,193	6,056	35,838	123,087
Program purchase	2,720	43,752	4,196	50,668	740	4,090	55,498
Other program expenses	-	27,180	-	27,180	-	-	27,180
Supplies	3,500	25,387	2,453	31,340	676	17,632	49,648
Telephone	1,772	5,910	1,772	9,454	-	239	9,693
Travel	4,145	10,659	485	15,289	804	-	16,093
<i>Total expenses</i>	<u>\$ 306,542</u>	<u>\$ 2,774,830</u>	<u>\$ 297,097</u>	<u>\$ 3,378,469</u>	<u>\$ 71,347</u>	<u>\$ 248,325</u>	<u>\$ 3,698,141</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	65,850	66,330
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	22,999	185,326
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.

Notes to Financial Statements

June 30, 2014 and 2013

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.

Teen Closet Initiative – The Organization partnered with the Jeremiah Burke High School located in Boston to create the Teen Closet Initiative. The Teen Closet is a place for students to stop by during school hours to receive free of cost clothing and hygiene products.

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

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

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, 2014 and 2013.

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, 2014 and 2013

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:

Website development	3
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 in fiscal year 2013. The Organization was, 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 2014 and 2013, the unrelated business income tax was \$-0- and \$5,567, 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, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions (Continued)

At June 30, 2014 and 2013, the Organization recorded a tax liability of \$-0- and \$5,567 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted.

Pledges Receivable

Pledges receivable represent amounts which are due from organizational donors which are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value as summarized on the note 14. Management believes that all pledges receivable are collectible, and therefore, no allowance for doubtful pledges has been established. If pledges are determined to be uncollectible in subsequent periods, they will be charged to activities at that time. During the fiscal years 2014 and 2013, bad debts from uncollected pledges were \$-0-.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

June 30, 2014 and 2013

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, 2014 and 2013, the Organization received donated household necessities totaling \$2,255,364 and \$2,201,763, 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 2014 and 2013, the Organization received donated legal fees totaling \$-0- and \$146,872, respectively. Also, in the fiscal years 2014 and 2013, the Organization received donated public relation service totaling \$33,500 and \$-0-, respectively for A Bed for Every Child Initiative program.

Note 4- Property and Equipment

At June 30, 2014 and 2013 property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 113,714	\$ 103,470
Website development	10,300	5,150
Motor vehicles	<u>29,350</u>	<u>29,350</u>
	153,364	137,970
Less accumulated depreciation and amortization	<u>(120,322)</u>	<u>(111,505)</u>
Property and equipment, net	<u>\$ 33,042</u>	<u>\$ 26,465</u>

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$8,818 and \$42,047, respectively.

Note 5 - 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, 2014 and 2013 that comprises 29% and 26%, respectively of total assets.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Note 6 - Interest Expense

Interest costs are expensed as incurred. For the years ended June 30, 2014 and 2013, the Organization incurred \$-0- and \$37,500, respectively for interest.

Note 7 - 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, 2014 and 2013:

	2014		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money market	\$ 143,758	\$ 143,758	\$ -
Common stocks	457,693	290,969	166,724
Exchange-traded and closed-end funds	115,388	105,453	9,935
Total	<u>\$ 716,839</u>	<u>\$ 540,180</u>	<u>\$ 176,659</u>
	2013		
	<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	383,276	271,586	111,690
Total	<u>\$ 602,938</u>	<u>\$ 491,875</u>	<u>\$ 111,063</u>

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

	<u>2014</u>	<u>2013</u>
Dividends and interest	\$ 22,431	\$ 13,005
Realized gain on investments	38,271	15,215
Unrealized gain on investments	65,596	63,142
Investment expenses	<u>(7,151)</u>	<u>(11,056)</u>
Investment income, net	<u>\$ 119,147</u>	<u>\$ 80,306</u>

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Note 8 - 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 money market, mutual funds, stocks, and exchange-traded and closed-end funds which amounted to \$716,839 and \$602,938 as of June 30, 2014 and 2013, 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.

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Note 9 - 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.

Note 10 - Special Events

The Organization has an annual event in the fiscal years 2014 and 2013. For the years ended June 30, 2014 and 2013, the Organization incurred the following special event revenue and expenses:

	<u>2014</u>	<u>2013</u>
Special event revenue	\$ 129,161	\$ 147,855
Less: direct special event expenses	<u>28,121</u>	<u>47,446</u>
Special events, net	<u>\$ 101,040</u>	<u>\$ 100,409</u>

Note 11 – 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>

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Note 12 – Lease

On June 24, 2013, the Organization entered into the cancellable lease for its office space for five years. The term of the lease began on July 1, 2013 and ends on June 30, 2018. The base monthly rent is \$5,000 for the fiscal year 2016 and \$7,000 for the fiscal years 2017 and 2018 with escalation clauses for operating expenses and utilities. The lease agreement provides free-rent occupancy periods from July 1, 2013 to June 30, 2015. The Organization recognizes rent expense on a straight-line basis over the lease term. Total rent expenses for the years ended June 30, 2014 and 2013 were \$45,600 and \$-0-. The Organization records free rent and increase in rent as a rent payable and deferred rent, respectively. These liabilities are being amortized over the five-year lease term. The rent payable as of June 30, 2014 and 2013 was \$36,000 and \$-0-, respectively. The deferred rent as of June 30, 2014 and 2013 was \$9,600 and \$-0-, respectively.

Note 13 - Rental Income

The Organization leased a portion of its building space under the terms of a three year lease. This lease ended in fiscal year 2013 due to the sale of building. Gross rental income received during the years ended June 30, 2014 and 2013 totaled \$-0- and \$100,472, respectively. Net rent income received during the years ended June 30, 2014 and 2013 totaled \$-0- and \$45,943, respectively.

Note 14- Pledges- Non- Current

Pledges receivable are recorded after being discounted to the anticipated net present value of the future cash flows. The pledges have been discounted using risk- free interest rate 0.6%. Pledges are expected to be realized in the following periods:

	<i>As of June 30, 2014</i>		
	<u><i>Pledge Balances</i></u>	<u><i>Discount</i></u>	<u><i>Present Value of Pledge Balances</i></u>
2016	\$ <u>25,000</u>	\$ <u>(297)</u>	\$ <u>24,703</u>
Total	<u>25,000</u>	<u>(297)</u>	<u>24,703</u>

Note 15 - Temporarily Restricted Net Assets

At June 30, 2014 and 2013, the Organization had temporarily restricted net assets of \$112,000 and \$7,200, respectively, which are restricted for specific programs.

Note 16- Subsequent Event

Subsequent events have been evaluated through November 6, 2014 which is the date the financial statements were available to be issued.

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Note 17- Reclassifications

Certain amounts in the 2013 financial statements have been reclassified in order to conform to the current year's presentation. The reclassification has no effect on the previously reported net assets.