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

Financial Statements

Years Ended June 30, 2017

A Certified Women-Owned Business Enterprise in the Commonwealth of Massachusetts

4238 Washington Street, Suite 307 • Boston, MA 02131 • T: 617.390.5734

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MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Financial Statements

June 30, 2017

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DAVISKELLY CERTIFIED
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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, 2017, 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.

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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, 2017 and 2016, 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.

Report on Summarized Comparative Information

We have previously audited the Massachusetts Coalition for the Homeless, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davis Kelly, LLC

Boston, MA
March 4, 2018

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statements of Financial Position

As of June 30, 2017

(with comparative totals as of June 30, 2016)

<i>Assets</i>	<u>2017</u>	<u>2016</u>
<i>Current assets:</i>		
Cash and cash equivalents	\$ 682,350	\$ 1,517,422
Cash escrow	30,000	-
Accounts and pledges receivable	485,042	372,239
Investments	180,796	724,530
Investment in a Corporation	1,100,000	-
Prepaid expenses	<u>57,067</u>	<u>33,504</u>
<i>Total current assets</i>	2,535,255	2,647,695
Property and equipment, net	13,517	23,288
Construction in progress	2,238,122	-
Deposits	-	200,000
<i>Total assets</i>	<u>\$ 4,786,894</u>	<u>\$ 2,870,983</u>
<i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Other liability	30,000	-
Accounts payable and accrued expenses	<u>\$ 30,803</u>	<u>\$ 18,572</u>
<i>Total current liabilities</i>	<u>60,803</u>	<u>18,572</u>
<i>Long-term liabilities:</i>		
Loans payable	1,500,000	-
Rent payable and deferred rent	<u>-</u>	<u>76,800</u>
<i>Total long - term liabilities</i>	<u>1,500,000</u>	<u>76,800</u>
<i>Total liabilities</i>	<u>1,560,803</u>	<u>95,372</u>
<i>Net assets:</i>		
Unrestricted	2,998,091	2,518,411
Temporarily restricted	<u>228,000</u>	<u>257,200</u>
<i>Total net assets</i>	<u>3,226,091</u>	<u>2,775,611</u>
<i>Total liabilities and net assets</i>	<u>\$ 4,786,894</u>	<u>\$ 2,870,983</u>

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statements of Activities

For the Years Ended June 30, 2017

(with summarized comparative totals for the year ended June 30, 2016)

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>2017 Total</i>	<i>2016 Total</i>
<i>Revenue and support:</i>				
Individual contributions	\$ 886,002	\$ -	\$ 886,002	\$ 436,234
Corporate and foundation contributions	406,520	28,000	434,520	524,986
Contributed goods and services	2,073,906	-	2,073,906	2,327,099
Special events, net	94,629	-	94,629	122,229
Investment in a Corporation	49,020	-	49,020	86,355
Contract revenue	381,409	-	381,409	515,999
Investment income, net	56,735	-	56,735	85,641
Rental Income	11,631	-	11,631	30,000
Other income	110,888	-	110,888	15,385
Net assets released from restrictions	57,200	(57,200)	-	-
	4,127,940	(29,200)	4,098,740	4,143,928
 <i>Expenses:</i>				
Program services	3,240,129	-	3,240,129	3,475,271
Fundraising	87,711	-	87,711	62,823
General and administration	320,420	-	320,420	250,434
	3,648,260	-	3,648,260	3,788,528
 <i>Changes in net assets</i>	 479,680	 (29,200)	 450,480	 355,400
 <i>Net assets, beginning of the year</i>	 2,518,411	 257,200	 2,775,611	 2,420,211
 <i>Net assets, ending of the year</i>	 \$ 2,998,091	 \$ 228,000	 \$ 3,226,091	 \$ 2,775,611

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, 2017

(with comparative totals for the year ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
<i>Cash flows from operating activities:</i>		
Changes in net assets	\$ 450,480	\$ 355,400
Adjustments to reconcile changes in net assets provided by / (used in) operating activities:		
Depreciation and amortization	9,771	9,771
Change in:		
Accounts and pledges receivable	(112,803)	(189,821)
Cash escrow	(30,000)	
Prepaid expenses	(23,563)	(26,250)
Other liability	30,000	
Other asset	200,000	(200,000)
Accounts payable and accrued expenses	12,231	(609)
Rent payable and deferred rent	<u>(76,800)</u>	<u>(14,400)</u>
<i>Net cash used in operating activities</i>	<u>459,316</u>	<u>(65,909)</u>
<i>Cash flows from investing activities:</i>		
Proceeds from sales of investments	543,734	6,143
Investment in a Corporation	(1,100,000)	-
Investment in construction in progress	<u>(2,238,122)</u>	<u>-</u>
<i>Net cash provided by (used in) investing activities</i>	<u>(2,794,388)</u>	<u>6,143</u>
<i>Cash flows from financing activities:</i>		
Proceeds from long-term borrowings	<u>1,500,000</u>	<u>-</u>
<i>Net cash provided by financing activities</i>	<u>1,500,000</u>	<u>-</u>
<i>Net change in cash and cash equivalents</i>	(835,072)	(59,766)
<i>Cash and cash equivalents, beginning</i>	<u>1,517,422</u>	<u>1,577,188</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 682,350</u>	<u>\$ 1,517,422</u>

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statement of Functional Expenses

***For the Year Ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)***

	<i>Program Services</i>						<i>General</i>	<i>2017</i>	<i>2016</i>
	<i>Education</i>	<i>Furniture Bank</i>	<i>HomeLink Initiative</i>	<i>Total Program Services</i>	<i>Fundraising</i>	<i>and Administration</i>	<i>Total</i>	<i>Total</i>	
Salaries	\$ 195,033	\$ 242,110	\$ 235,384	\$ 672,527	\$ 21,016	\$ 7,004	\$ 700,549	\$ 732,794	
Payroll taxes	15,788	19,054	19,598	54,440	1,701	567	56,708	60,791	
Employee benefits	40,456	19,322	604	60,382	-	32,513	92,895	107,361	
Subtotal	<u>251,277</u>	<u>280,486</u>	<u>255,586</u>	<u>787,349</u>	<u>22,717</u>	<u>40,084</u>	<u>850,152</u>	<u>900,946</u>	
Investment in a Corporation								-	
Bank fees	-	-	-	-	-	6,686	6,686	-	
Contributed goods and services	-	2,073,906	-	2,073,906	-	-	2,073,906	2,327,099	
Contracted services	-	-	-	-	-	86,252	86,252	-	
Depreciation and amortization	-	-	-	-	-	9,771	9,771	9,771	
Equipment rental and maintenance	893	4,672	1,305	6,870	-	1,118	7,988	8,393	
Insurance	399	387	387	1,174	-	28,188	29,362	29,704	
Program supplies	50,479	119,869	50,479	220,827	34,425	16,312	271,563	188,715	
Interest expense	-	-	-	-	-	32,154	32,154	-	
Occupancy - rent	3,248	25,984	3,248	32,480	-	23,520	56,000	72,004	
Utilities	9,132	9,132	9,132	27,396	9,132	9,131	45,659	-	
Postage	759	1,043	1,360	3,162	316	2,845	6,323	7,982	
Printing and publication	1,326	1,921	1,326	4,573	1,478	985	7,036	22,637	
Professional fees	11,899	35,101	12,494	59,494	19,038	40,456	118,989	199,156	
Property taxes						22,685	22,685	-	
Telephone	2,165	7,066	2,165	11,396	-	233	11,629	10,796	
Travel	3,106	8,051	345	11,502	605	-	12,107	11,325	
<i>Total expenses</i>	<u>\$ 334,683</u>	<u>\$ 2,567,618</u>	<u>\$ 337,827</u>	<u>\$ 3,240,129</u>	<u>\$ 87,711</u>	<u>\$ 320,420</u>	<u>\$ 3,648,262</u>	<u>\$ 3,788,528</u>	

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

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2017

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.

Teen Closet Initiative – The Organization partnered with various high schools 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 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

For the Years Ended June 30, 2017 and 2016

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.

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.

Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized as support when the conditions which they depend are substantially met. Grants and contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Grants and Contributions (Continued)

The Organization operates some of its programs under various contracts and third-party agreements with the Commonwealth of Massachusetts and other City agencies. Revenue is recognized as services are provided and is recorded at the estimated net realizable amounts. On cost reimbursement contracts, income equals expenses incurred; therefore, the excess (deficit) is carried as a liability or as an assets (accounts receivable up to the contract limit).

Rental income is from the parking lot and is recorded as revenue when earned.

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.

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.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2017 and 2016.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Planned Major Maintenance Activities

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 years
Equipment	3-5 years
Motor vehicles	5 years

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and a comparable State of Massachusetts statute. In addition, the Organization has been determined by the Internal Revenue Service (IRS) to be qualified 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).

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.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted and Unrestricted Revenue and Support (Continued)

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.

Accounts Receivable

Accounts receivable are presented net of allowance for doubtful accounts. The Organization's periodic evaluation of the adequacy of the allowance is based on past experience and an assessment of current economic conditions. Accounts receivable are charged off when deemed uncollectible. Allowance for doubtful accounts was zero for the years ended June 30, 2017 and 2016.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net assets class or functional areas. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Note 3 - Property and Equipment

At June 30, 2017 and 2016 property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Land		
Equipment	\$ 113,714	\$ 113,714
Website development	10,300	10,300
Motor vehicles	29,350	29,350
Land	<u>10,718</u>	<u>10,718</u>
	164,082	164,082
Less accumulated depreciation and amortization	<u>(150,565)</u>	<u>(140,794)</u>
Property and equipment, net	<u>\$ 13,517</u>	<u>\$ 23,288</u>

Depreciation and amortization expense for the years ended June 30, 2017 and 2016 was \$9,771, for both years.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2017 and 2016

Note 4 - 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, 2017 and 2016, the Organization received donated household necessities totaling \$2,073,906 and \$2,327,099, respectively. The 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.

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.

Note 6 - Loan Payable

In August 2016 the Organization entered into a long-term loan agreement with East Boston Savings Bank in the amount of \$1,500,000, to pay for the purchase of the Stock of Lucky Strike, Inc. located at Buffum Street, Lynn, Mass. The loan requires interest only payments at 4% per annum, payable monthly with a date of maturity of August 3, 2046. Outstanding balance at June 30, 2017 was \$1,500,000. Interest costs are expensed as incurred. The interest expense for the year ended June 30, 2017 was \$32,154. Future minimum payments are as follows:

Note 7 - Special Events

For the years ended June 30, 2017 and 2016, the Organization incurred the following special event revenue and expenses:

	<u>2017</u>	<u>2016</u>
Special event revenue	\$ 116,888	\$ 141,465
Less: direct special event expenses	<u>(22,259)</u>	<u>(19,236)</u>
Special events, net	<u>\$ 94,629</u>	<u>\$ 122,229</u>

Note 8 - Lease/Other Income

The Organization entered into a lease agreement whereby an amount of \$76,800 of deferred rent and rent payable was remaining as of June 30, 2016. During the course of the year ended June 30, 2017, the Organization vacated the space; therefore, the unamortized deferred rent was then recognized as revenue of \$76,800 for the year ended June 30, 2017.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2017 and 2016

Note 9 - Fair Value Measurements

Financial Accounting Standards Board Statement FASB 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 \$180,796 and \$724,530 as of June 30, 2017 and 2016, 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

For the Years Ended June 30, 2017 and 2016

Note 10 – 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, 2017 and 2016:

2017			
	Fair Value	Cost	Gain/(Loss)
Money market	\$ 32,147	\$ 32,147	\$ -
Common stocks	60,909	49,786	11,123
Total	\$ 93,056	\$ 81,933	\$ 11,123
2016			
	Fair Value	Cost	Unrealized Gain/(Loss)
Money market	\$ 69,871	\$ 69,871	\$ -
Common stocks	365,023	345,342	19,682
Exchange-traded and closed-end funds	289,636	278,517	11,119
Total	\$ 724,530	\$ 693,730	\$ 30,801

Investment income for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Dividends and interest	\$ 12,994	\$ 27,097
Realized gain on investments	60,351	25,167
Unrealized gain (loss) on investments	11,123	43,482
Investment expenses	(32,685)	(10,105)
Investment income, net	\$ 51,783	\$ 85,641

Note 11 – Investment in a Corporation

On August 4, 2016, the Organization purchased 100% of the stock in a C-Corporation, Lucky Strike Recreation, Inc., for \$1,100,000. The assets owned by the Corporation at the time of purchase are as follows:

- Land and Building located at 69-73 Buffum Street, Lynn, Massachusetts
- Land located at 87 Buffum Street, Lynn, Massachusetts
- Land located at 21 Oxford Street, Lynn, Massachusetts

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2017 and 2016

Note 11 – Investment in Corporation (Continued)

- A bowling alley business located on the premises of 69-73 Buffum Street, Lynn, Massachusetts
- There were no liabilities assumed in this acquisition.

The primary purpose of the acquisition was to gain office and program space for operations of the Organization.

It was this property which the Organization started a renovation to move their operations. At the closing the buyer was to retain \$30,000 in escrow until all of the terms and conditions of the agreement were satisfied. As a result, excess space was acquired, and the organization has entered into lease agreements with tenants for both land and building space. As a result, excess space was acquired, and the organization is in the process of entering into lease agreements with tenants for both land and building space as the space becomes available subsequent to year end. The Organization used revenue from the investment accounts of approximately \$500,000 as part of the financing for this project.

Note 12 - Property Taxes

In the course of the stock purchase of Lucky Strike, Inc. (Note 11) the Organization acquired land and a building. Prior to occupancy the Organization is responsible for real estate taxes on the property. The property taxes paid for the year ended June 30, 2017 was \$22,685. Once the construction is complete the Organization will apply for an abatement of real estate taxes on the property.

Note 13 - Temporarily Restricted Net Assets

At June 30, 2017 and 2016, the Organization had temporarily restricted net assets of \$228,000 and \$257,200, respectively, restricted for specific programs.

Note 14 – Contingencies Government Contracts

The Organization has contract with government agencies. The contracts are subject to audit by the respective funding source and could result in the recapture of previously reported revenue due to disallowed costs. Management does not believe that any such disallowance, if found, would be material to the Organization's financial statements. Accordingly, no provision for any liability that may result has been made in the financial statements.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2017 and 2016

Note 15 - Subsequent Events

ASC 855-10, "Subsequent events" defines further disclosure requirements for events that occur after the statement of financial position date, but before financial statements are issued. In accordance with ASC 855-10, the Organization management has evaluated events subsequent to June 30, 2017 to March 5, 2018, which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Massachusetts Coalition for the Homeless, Inc. internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Massachusetts Coalition for the Homeless, Inc.'s, internal control. Accordingly, we do not express an opinion on the effectiveness of the Massachusetts Coalition for the Homeless, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A Certified Women-Owned Business Enterprise in the Commonwealth of Massachusetts

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Massachusetts Coalition for the Homeless, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis Kelly, LLC

Boston, Massachusetts
March 4, 2018