Housing First Community Coalition

Financial Statements

December 31, 2019

Schriver Carmona
Certified Public Accountants

Housing First Community Coalition

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Independent Auditor's Report

To the Board of Directors of
Housing First Community Coalition

We have audited the accompanying financial statements of Housing First Community Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 Housing First Community Coalition as of December 31, 2019, 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.

Schriver Carmona

Schriver, Carmona & Company, PLLC

San Antonio, Texas

December 17, 2020

Financial Statements

Housing First Community Coalition

Statement of Financial Position
December 31, 2019

Assets		
Current Assets:		
Cash and Cash Equivalents	$	227,069
Current Portion of Pledges Receivable		335,600
Prepaid Insurance		593
Total Current Assets		563,262
Long-term Portion of Pledges Receivable, Net of Discount		414,839
Property and Equipment, Net of Accumulated Depreciation		934,545
Total Assets	$	1,912,646
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	$	8,440
Payroll Liabilities		1,320
Other Liabilities		18
Total Current Liabilities		9,778
Total Liabilities		9,778
Net Assets:		
Without Donor Restrictions		1,852,868
With Donor Restrictions		50,000
Total Net Assets		1,902,868
Total Liabilities and Net Assets	$	1,912,646

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

Housing First Community Coalition

Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
Contributions	$ 1,841,492	$ 50,000	$ 1,891,492
In-Kind Contributions	9,630	-	9,630
Other Income	25	-	25
Total Support and Revenues	1,851,147	50,000	1,901,147
Expenses			
Program Services	36,083	-	36,083
Support Services:			
Management and General	8,051	-	8,051
Fundraising	6,527	-	6,527
Total Expenses	50,661	-	50,661
Change in Net Assets	1,800,486	50,000	1,850,486
Net Assets at Beginning of Year	52,382	-	52,382
Net Assets at End of Year	$ 1,852,868	$ 50,000	$ 1,902,868

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

Housing First Community Coalition

Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Support Services: Management and General	Support Services: Fundraising	Totals
Salaries and Wages	$ 10,266	$ 1,467	$ 2,933	$ 14,666
Payroll Taxes	2,487	355	711	3,553
Total Salaries and Related Expenses	12,753	1,822	3,644	18,219
Bank and Other Charges	-	1,098	-	1,098
Contract Services	13,240	-	-	13,240
In-Kind Expenses	4,221	4,203	1,206	9,630
Insurance	-	90	-	90
Supplies	5,869	838	1,677	8,384
Total Expenses before Depreciation	36,083	8,051	6,527	50,661
Depreciation	-	-	-	-
Total Expenses	$ 36,083	$ 8,051	$ 6,527	$ 50,661

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

Housing First Community Coalition

Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows From Operating Activities:		
Change in Net Assets	$	1,850,486
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided (Used) by Operating Activities:		
Discount on Pledges Receivable		40,161
Increase in:		
Pledges Receivable		(790,600)
Prepaid Expenses		(593)
Accounts Payable		8,440
Payroll Liabilities		1,320
Other Liabilities		18
Net Cash Provided by Operating Activities		1,109,232
Cash Flows From Investing Activities:		
Purchase of Property and Equipment		(934,545)
Net Cash Used by Investing Activities		(934,545)
Net Increase in Cash and Cash Equivalents		174,687
Cash and Cash Equivalents, Beginning of Year		52,382
Cash and Cash Equivalents, End of Year	$	227,069

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

Note A: Nature of Organization

Housing First Community Coalition (the Organization) is a non-profit corporation whose mission is to initiate and sustain a permanent supportive housing community using Housing First principles for the most marginalized and vulnerable individuals in the San Antonio region. The Organization targets chronically homeless individuals as they outnumber chronically homeless families by 36 to 1. In November 2019, the Organization purchased 17.3 acres of land on San Antonio's east side, which will be the future home of the Towne Twin Village. It will be a place where each person is valued, knowing they too are deserving of dignity and inclusion. The Organization believes that through serving each other, we may begin to more-deeply connect with our humanity.

Note B: Summary of Accounting Principles

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of the Organization generally are not considered "restricted" under GAAP, though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.
- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Methods Used for Allocation of Expenses among Program and Support Services

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited. Direct costs are allocated based upon the usage by each program. The allocation of all other expenses is calculated on the basis of a percentage of the total time spent in each functional program.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent 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.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2019, there were no cash equivalents.

Note B: Summary of Accounting Principles (Continued)

Promises to Give

Unconditional promises to give are recognized as contributions in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment is stated at cost if purchased or at fair value at the date of gift, if donated, less accumulated depreciation. The Organization does not have a capitalization policy or a policy for estimated useful lives for depreciable assets in place as the only asset owned is land.

Revenue Recognition

Contributions received and unconditional promises to give are reported as an increase in net assets. 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, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restrictions are reclassified to Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

Fair Value of Financial Instruments

The Organization's financial instruments include cash, receivables, and payables. The carrying amount of these financial instruments, except for pledges receivable (see **Note D**), as reflected in the Statements of Financial Position, approximates fair value.

Federal Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statements. There was no unrelated business income for the year ended December 31, 2019. The Organization is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

Fair Value Measurements

The Fair Value Measurements and Disclosures, ASC 820, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, established a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

In-Kind Contributions

Donated goods and services are valued based on their estimated market value on the date of contribution. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. For in-kind contributions during 2019, refer to **Note H**.

Note B: Summary of Accounting Principles (Continued)

Recently Issued Accounting Pronouncements

Adopted During 2019

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 is effective for periods beginning after December 15, 2018, with early adoption permitted. The pronouncement clarifies the definition of an exchange transaction and contributions made and received. The Organization adopted the new provisions of this standard during the year ended December 31, 2019. There were no significant effects on the financial statements and related disclosures.

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases, effective for reporting periods beginning after December 15, 2020. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, Topic 606. For not-for-profit organizations that have issued, or are conduit bond obligors for, securities traded, listed, or quoted on an exchange or an over-the-counter market, the standard is currently in effect. For all other not-for-profit organizations, the standard takes effect in annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. On June 3, 2020, the FASB issued a one year delay for the effective date of this standard for entities that have not yet issued financial statements or made financial statements available for issuance as of June 3, 2020 reflecting adoption of ASC 606. As of June 3, 3030, the Organization had not yet issued such financial statements or made such financial statements available for issuance. Therefore, ASC 6060 takes effect for the Organization in annual reporting periods beginning after December 31, 2020. The core principle of this pronouncement focuses on the contract between the organization and its customers for goods and services, and ultimately, the rights and obligations between the organization and the customer. Management is currently evaluating the effect this pronouncement will have on the consolidated financial statements and related disclosures.

Note C: Liquidity and Availability

The following represents the Organization's financial assets at December 31, 2019 available to meet general expenditures over the next twelve months:

Financial assets at year end:		
Cash and Cash Equivalents	$	227,069
Pledges Receivable Due Within One Year		335,600
Total Financial Assets		562,669
Less those unavailable for general expenditures over the next twelve months due to:		
Net Assets with Donor Restrictions	$	50,000
Less net assets with timing restrictions to be met over the next twelve months		-
		50,000
Financial assets available to meet general expenditures over the next twelve months	$	512,669

Note D: Pledges Receivable

Pledges receivable consist of unconditional promises to give from various contributors totaling **$790,600** at December 31, 2019. The outstanding amounts pledged range from $100 to $300,000 and are to be received over a range of one to four years. The pledges have been discounted using Moody's Baa corporate bond rate of 3.9%, offered at the date of pledge, to account for the present value of future cash flows at December 31, 2019.

Pledges Receivable at December 31, 2019 is summarized as follows:

2020	$	335,600
2021		345,000
2022		45,000
2023		45,000
2024		20,000
Total Pledges Receivable		790,600
Less: Net Present Value Discount		(40,161)
Total Pledges Receivable, Net of Discount		750,439
Less: Current Portion of Pledges Receivable		(335,600)
Long-Term Portion of Capital Campaign Pledges Receivable, Net of Discount	$	414,839

Note E: Concentrations of Credit Risk of Financial Instruments

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of its cash balance held at its financial institution if such balance exceeds the amount insured by the Federal Deposit Insurance Corporation (FDIC). The account at the institution is insured by the FDIC up to $250,000. The Organization maintains one account at one institution in San Antonio. At December 31, 2019, the Organization's cash balance at its respective institution did not exceed the insured FDIC limit. The Organization has not experienced any losses in such accounts and management believes it is not exposed to a significant risk on its cash on deposit with the financial institution.

Note F: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation at December 31, 2019 is summarized as follows:

Land	$	934,545
Less: Accumulated Depreciation		-
	$	934,545

Depreciation expense for the year ended December 31, 2019 was **$0**.

Note G: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions at December 31, 2019 is summarized as follows:

Arts Center	$	50,000
Total Net Assets With Donor Restrictions	$	50,000

Note H: In-Kind Contributions

Professional Services

The Organization received donated professional services with an estimated fair value of **$3,600** for the year ended December 31, 2019.

Office Space

The Organization received donated office space with an estimated fair value of **$6,030** for the year ended December 31, 2019.

Note I: Subsequent Events

Subsequent events have been evaluated through December 17, 2020, which is the date the financial statements were available to be issued.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "global health emergency" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which The Organization operates.

In light of the uncertain and rapidly evolving coronavirus situation, The Organization has taken precautionary measures intended to minimize the risk of the virus to The Organization's employees and the communities in which The Organization operates. At the current time, The Organization is unable to quantify the potential effects of this pandemic on The Organization's future financial statements.