

**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2011

**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

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Independent Auditor's Report

Board of Directors Coalition for the Homeless, Inc. and Affiliates

We have audited the accompanying consolidated statement of financial position of Coalition for the Homeless, Inc. and Affiliates as of June 30, 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Coalition for the Homeless, Inc. and Affiliates' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior-year summarized comparative information has been derived from Coalition for the Homeless, Inc. and Affiliates' June 30, 2010 financial statements, and, in our report dated November 8, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coalition for the Homeless, Inc. and Affiliates' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Coalition for the Homeless, Inc. and Affiliates as of June 30, 2011, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Loeb & Troper LLP

November 28, 2011

COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

(With Summarized Financial Information for June 30, 2010)

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 1,208,483	\$ 581,376
Investments	200,284	2,171,354
Contributions receivable - net	1,069,071	3,023,476
Government grants receivable	575,125	594,140
Other receivables	6,187	7,458
Due from affiliates	126,792	199,335
Prepaid expenses	110,808	76,789
Reserve fund	202,794	202,342
Security deposits	22,301	30,757
Deferred rent receivable	872,000	864,173
Deferred financing costs		125,883
Fixed assets - net	16,595,142	17,050,726
Total assets	\$ 20,988,987	\$ 24,927,809
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 203,894	\$ 244,660
Income tax payable		25,017
Bank note payable		249,959
Refundable advances	512,311	307,334
Retainage payable	6,402	6,402
Obligations under capital lease	96,532	178,466
Mortgage loan payable		3,674,601
Total liabilities	819,139	4,686,439
Net assets		
Unrestricted		
Net investment in property and equipment	16,498,610	13,197,659
Operating	2,770,203	1,834,225
Total unrestricted	19,268,813	15,031,884
Temporarily restricted	901,035	5,209,486
Total net assets	20,169,848	20,241,370
Total liabilities and net assets	\$ 20,988,987	\$ 24,927,809

See independent auditor's report.

The accompanying notes are an integral part of these statements.

COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

(With Summarized Financial Information for the Year Ended June 30, 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	
Public support, revenue and other support				
Contributions	\$ 3,493,958	\$ 1,091,103	\$ 4,585,061	\$ 4,080,455
Contributions - capital campaign				6,102,550
Government grants	3,776,299		3,776,299	4,357,974
Special events (net of direct costs of \$411,575 and \$460,715 in 2011 and 2010, respectively)	660,990		660,990	568,623
Bequests	162,678		162,678	78,194
Rental income (net of rental expenses of \$570,583 and \$585,971 in 2011 and 2010, respectively)	418,358		418,358	403,739
Interest income	1,694		1,694	8,830
Other income	184,268		184,268	202,869
Net assets released from restrictions	<u>5,399,554</u>	<u>(5,399,554)</u>		
Total public supports revenue and other support	<u>14,097,799</u>	<u>(4,308,451)</u>	<u>9,789,348</u>	<u>15,803,234</u>
Expenses				
Program services				
Advocacy	1,170,581		1,170,581	1,248,991
AIDS	2,101,201		2,101,201	2,029,084
Crisis intervention	1,663,571		1,663,571	1,845,862
Housing	732,107		732,107	723,235
Food services	979,538		979,538	937,951
Job training	695,702		695,702	692,741
Children's programs	<u>948,980</u>		<u>948,980</u>	<u>892,405</u>
Total program services	<u>8,291,680</u>		<u>8,291,680</u>	<u>8,370,269</u>
Supporting services				
Management and general	646,957		646,957	1,019,211
Fundraising	922,233		922,233	724,215
Capital campaign				<u>58,458</u>
Total supporting services	<u>1,569,190</u>		<u>1,569,190</u>	<u>1,801,884</u>
Total expenses	<u>9,860,870</u>		<u>9,860,870</u>	<u>10,172,153</u>
Change in net assets	4,236,929	(4,308,451)	(71,522)	5,631,081
Net assets at beginning of year	<u>15,031,884</u>	<u>5,209,486</u>	<u>20,241,370</u>	<u>14,610,289</u>
Net assets at end of year	<u>\$ 19,268,813</u>	<u>\$ 901,035</u>	<u>\$ 20,169,848</u>	<u>\$ 20,241,370</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011
(With Summarized Financial Information
for the Year Ended June 30, 2010)

	2011													2010	
	Program Services							Supporting Services							
	Advocacy	AIDS	Crisis Intervention	Housing	Food Services	Job Training	Children's Programs	Total	Management and General	Fund Raising	Special Events	Business Rental Property	Total		Total
Salaries	\$ 524,117	\$ 588,848	\$ 674,873	\$ 303,295	\$ 278,452	\$ 410,637	\$ 385,872	\$ 3,166,094	\$ 205,569	\$ 192,138		\$ 139,144	\$ 536,851	\$ 3,702,945	\$ 3,593,978
Fringe benefits	148,220	218,340	228,199	100,968	119,622	123,356	81,981	1,020,686	50,589	51,754		41,307	143,650	1,164,336	1,090,554
Total personnel	672,337	807,188	903,072	404,263	398,074	533,993	467,853	4,186,780	256,158	243,892		180,451	680,501	4,867,281	4,684,532
Professional fees	276,818	17,709	70,898	8,116	12,292	11,576	162,736	560,145	7,614	114,106		6,510	128,230	688,375	764,687
Insurance	3,086	30,792	6,025	2,899	2,703	3,869	10,590	59,964	5,831	7,522		940	14,293	74,257	63,775
Transportation	11,011	16,664		14	40,403	126	42,550	110,768	113	3,187			3,300	114,068	131,619
Supplies	5,034	5,797	12,771	4,737	40,812	5,096	58,599	132,846	13,164	26,349		800	40,313	173,159	146,865
Telephone	16,404	18,711	16,132	11,136	8,177	9,278	9,773	89,611	9,856	5,058		1,715	16,629	106,240	92,009
Bank charges and fees	1,262	2,631	3,261	1,262	1,138	1,805	1,828	13,187	2,997	32,019		620	35,636	48,823	46,136
Interest	2,047	3,617	4,747	2,079	1,563	2,467	2,005	18,525	1,006	1,060		19,203	21,269	39,794	438,037
Occupancy	36,592	43,007	52,959	23,015	30,812	29,421	58,445	274,251	17,820	13,597		27,948	59,365	333,616	283,656
Grants to clients	12,303	1,110,343	536,215	257,586		50,274	27	1,966,748						1,966,748	2,133,223
Advertising	754		604		285	11,065	3,450	16,158	857	151			1,008	17,166	51,535
Printing and duplication	48,154							48,154		271,567			271,567	319,721	250,705
Conferences	2,477	795	984	1,153	79	2,866	5,322	13,676	5,591	520		150	6,261	19,937	21,885
Equipment maintenance	21,003	27,323	33,779	12,837	11,718	18,187	24,958	149,805	10,595	16,257		3,876	30,728	180,533	194,659
Food				26	399,407	57	69,236	468,726		48			48	468,774	424,304
Postage, shipping, and messenger	19,427	1,746	2,915	742	594	1,384	2,390	29,198	2,013	168,036		313	170,362	199,560	184,012
Dues and subscriptions	22,544		86	60		190	2,873	25,753	2,093	2,225			4,318	30,071	27,932
Catering, entertainment and venue costs											\$ 411,575		411,575	411,575	460,715
Real estate taxes												51,484	51,484	51,484	49,633
Bad debts									4,166	1,000			5,166	5,166	599
Miscellaneous	5,809	2,828	2,567	1,996	5,217	2,123	1,865	22,405	18,458	3,762		4,729	26,949	49,354	48,359
Total other than personnel	484,725	1,281,963	743,943	327,658	555,200	149,784	456,647	3,999,920	102,222	666,416	411,575	118,288	1,298,501	5,298,421	5,814,345
Total expenses before depreciation and amortization and provision for income tax	1,157,062	2,089,151	1,647,015	731,921	953,274	683,777	924,500	8,186,700	358,380	910,308	411,575	298,739	1,979,002	10,165,702	10,498,877
Depreciation and amortization	13,519	12,050	16,556	186	26,264	11,925	24,480	104,980	288,577	11,925		205,004	505,506	610,486	629,956
Provision for income tax												66,840	66,840	66,840	90,006
Total expenses	1,170,581	2,101,201	1,663,571	732,107	979,538	695,702	948,980	8,291,680	646,957	922,233	411,575	570,583	2,551,348	10,843,028	11,218,839
Direct costs of special events											(411,575)		(411,575)	(411,575)	(460,715)
Business rental property												(570,583)	(570,583)	(570,583)	(585,971)
Total expenses reported by function on the statement of activities	\$ 1,170,581	\$ 2,101,201	\$ 1,663,571	\$ 732,107	\$ 979,538	\$ 695,702	\$ 948,980	\$ 8,291,680	\$ 646,957	\$ 922,233	\$ -	\$ -	\$ 1,569,190	\$ 9,860,870	\$ 10,172,153

See independent auditor's report.

The accompanying notes are an integral part of these statements.

COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2011

Cash flows from operating activities	
Change in net assets	\$ (71,522)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	484,603
Amortization of deferred financing cost	125,883
Donated investments	(2,289,417)
Decrease (increase) in assets	
Contributions receivable	1,954,405
Grants receivable	19,015
Other receivables	1,271
Due from affiliates	72,543
Prepaid expenses	(34,019)
Security deposits	8,456
Deferred rent receivable	(7,827)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(40,766)
Income tax payable	(25,017)
Refundable advances	204,977
Net cash provided by operating activities	<u>402,585</u>
Cash flows from investing activities	
Purchases of property and equipment	(29,019)
Proceeds from sale of investments	4,260,487
Deposit to reserve fund	(452)
Net cash provided by investing activities	<u>4,231,016</u>
Cash flows from financing activities	
Repayment of mortgage loan	(3,674,601)
Principal payment of obligations under capital lease	(81,934)
Borrowing under line-of-credit agreement	500,000
Repayment on line of credit	(749,959)
Net cash used by financing activities	<u>(4,006,494)</u>
Net change in cash and cash equivalents	627,107
Cash and cash equivalents at beginning of year	<u>581,376</u>
Cash and cash equivalents at end of year	<u>\$ 1,208,483</u>
Supplemental disclosure of cash flow information	
Interest paid	<u>\$ 39,794</u>
Income taxes paid	<u>\$ 91,857</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - NATURE AND PURPOSE OF ORGANIZATION

The accompanying consolidated financial statements of Coalition for the Homeless, Inc. and Affiliates ("Coalition and Affiliates") reflect the financial position, activities, and cash flows of the following entities:

Coalition for the Homeless, Inc. (the "Coalition") is a not-for-profit entity that assists homeless people through its programs for feeding, permanent housing, crisis services, job training and specialized programs for children, while advocating for government implementation in housing based solutions to homelessness. Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Bridge Homes, Inc. ("BHI") is a not-for-profit entity engaged in the preparation of meals under a food for the homeless program. BHI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Bridge Building Management Company ("BBMC") is the 1% General Partner of Bridge Coalition Limited Partnership ("BCLP"), an organization that operates a 15-unit rental housing project for homeless persons and persons of low income. The accompanying consolidated financial statements include the operations of BBMC and not that of BCLP. BBMC is subject to state, city, and federal corporate taxes.

West Seventy Seventh, Inc. is the .01% General Partner of Coalition Houses Limited Partnership ("CHLP"), a partnership that was created to develop and renovate the 166, 168 and 170 West 77th Street properties as low income housing. The accompanying consolidated financial statements include the operations of West Seventy Seventh, Inc. and not that of CHLP.

Coalition for the Homeless, Inc. and Affiliates primary sources of revenues are contributions and government grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

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COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents - Cash and cash equivalents are comprised of highly liquid investments that mature in three months or less from date of purchase.

Investments - Investments are recorded at fair value. Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Coalition's financial statements.

Contributions receivable - Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Government grants revenues and receivables - The Coalition records revenue and receivables for grants from contracting agencies based on claims for expense reimbursements and program utilization at contracted rates. Such revenues are subject to audit by the contracting agencies. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year-end.

Allowance for doubtful accounts - The Coalition determines whether an allowance for uncollectibles should be provided for contributions and grants receivable. Such estimates are based on management's assessment of the aged basis of its contributions and grants receivables, current economic conditions, subsequent receipts and historical information. Contributions and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Coalition does not charge interest on outstanding receivables. There was no allowance for doubtful accounts at June 30, 2011.

Deferred financing costs - Deferred financing costs are amortized using the straight-line method over the term of the related financing agreement.

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COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets - Fixed assets are recorded at cost. Donated assets are valued at market at the date of the donation. Acquisitions of \$1,000 or more with an estimated useful life of more than one year are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized over the shorter of the term of the lease or the useful life of the leasehold improvement.

Unrestricted net assets - Unrestricted net assets include funds having no restrictions as to use or purpose imposed by the donors.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use has been restricted by donors to a specific time period or purpose.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions and grants whose restrictions are met within the same year as received are reflected as unrestricted grants and contributions in the accompanying financial statements.

Rental income - Rental income is recorded based on operating leases and revenue is recognized on the straight-line basis over the terms of the leases.

Rent expense - The Coalition leases office space and equipment at various locations. Rent is recorded on the straight-line basis over the term of the lease. Deferred rent expense is recorded when material.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior-year summarized financial information - The financial statements include certain prior-year comparative information. Such information does not include sufficient disclosures or 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, 2010, from which the summarized information was derived.

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COALITION FOR THE HOMELESS, INC.
AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements and Disclosures

Fair Value Measurements and Disclosures establishes a framework for measuring fair value. The 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 are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Coalition 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 asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset 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 following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 as compared to those used in 2010.

Money market funds - Valued at the closing price reported on the active market on which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Coalition believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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COALITION FOR THE HOMELESS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements and Disclosures (continued)

See Note 3 for the table that sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2011.

Uncertainty in income taxes - The Coalition has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2008 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through November 28, 2011, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS AND FAIR VALUE HIERARCHY

The following table sets forth by level, within the fair value hierarchy, the assets at fair value:

	<u>Level 1</u>
Investments	
Money market funds	\$ 200,184
Investment in affiliate, at cost	<u>100</u>
	<u>\$ 200,284</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable, including multi-year commitments, were discounted to net present value using a discount rate of 1.66%. The contributions receivable as of June 30, 2011 consisted of the following:

Less than one year	\$ 682,296
One to five years	<u>410,542</u>
Total	1,092,838
Less: Present value discount	<u>(23,767)</u>
Net contributions receivable	<u>\$ 1,069,071</u>

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COALITION FOR THE HOMELESS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 5 - GRANTS RECEIVABLE

As of June 30, grants receivable consisted of the following:

	<u>2011</u>	<u>2010</u>
New York City		
Human Resources Administration	\$ 328,372	\$ 197,802
Department of Homeless Services	19,060	4,826
Department of Homeless Services - Pass Through		
Catholic Charities		22,760
Department of Youth and Community Services	28,128	50,531
Consortium for Worker Education	60,020	2,081
New York State		
Office of Temporary and Disability Assistance	21,066	75,636
Department of Health	47,822	68,804
Office of Children and Family Services		28,717
Division of Housing and Community Renewal		140,000
Federal		
United Way - FEMA	36,119	
Department of Housing and Urban Development	<u>34,538</u>	<u>2,983</u>
Total grants receivable	<u>\$ 575,125</u>	<u>\$ 594,140</u>

NOTE 6 - DUE FROM AFFILIATES

During the year, Coalition and Affiliates paid for operating expenses on behalf of certain affiliates. As of June 30, 2011, the following amounts were outstanding:

Due from affiliates	
Bridge Coalition Limited Partnership	\$ 30,725
Coalition Houses Limited Partnership	<u>96,067</u>
Total due from affiliates	<u>\$ 126,792</u>

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**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 7 - RESERVE FUND

The partnership agreement between West Seventy Seventh, Inc., the general partner of Coalition Housing Limited Partnership, of which the Coalition is the "Sponsor", provides for the establishment of a social services reserve, the purpose of which is to provide supportive social services for the tenants. The reserve is funded from the Sponsor's developer fees and is being held by the New York City Housing Development Corporation.

NOTE 8 - FIXED ASSETS

As of June 30, 2011, fixed assets consisted of the following:

		<u>Estimated Useful Lives</u>
Land	\$ 7,966,789	
Building, building and leasehold improvements	10,418,150	40 years
Equipment	1,306,297	3-7 years
Vehicles	110,517	5 years
Furniture and fixtures	<u>359,460</u>	7 years
	20,161,213	
Less accumulated depreciation and amortization	<u>(3,566,071)</u>	
	<u>\$ 16,595,142</u>	

Depreciation and amortization expense for the year ended June 30, 2011 was \$484,603.

NOTE 9 - REFUNDABLE ADVANCES

Refundable advances consisted of the following at the end of June 30, 2011:

Due to grantor	\$ 45,848
Contract advance	119,516
Advance on Easement - MTA	<u>346,947</u>
	<u>\$ 512,311</u>

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**COALITION FOR THE HOMELESS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 10 - OBLIGATIONS UNDER CAPITAL LEASE

On July 22, 2009, the Coalition entered into a three-year lease agreement with General Electric Capital for the acquisition of certain equipment with interest at 4.88%. The carrying amount of the leased equipment is \$254,416 with accumulated amortization of \$153,032. The Coalition has the option to purchase the leased equipment at the end of the lease period. The lease expires July 2012.

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2011, were as follows:

2012	\$ 88,272
2013	<u>10,885</u>
	99,157
Less: Amount representing interest	<u>(2,625)</u>
Obligations under capital lease	<u>\$ 96,532</u>

NOTE 11 - MORTGAGE LOAN PAYABLE

On December 28, 2009, the Coalition entered into an agreement with Morgan Stanley for one year at an interest rate of 3.5% using a 15-year amortization table with fixed monthly principal payments of \$43,444. The new maturity date was December 29, 2010. The Coalition repaid the balance of \$3,674,601 from Capital Campaign funds by October 31, 2010.

NOTE 12 - BANK NOTE PAYABLE

The Coalition has a \$1 million unsecured, revolving line of credit with JPMorgan Chase Bank, of which no amounts were outstanding as of June 30, 2011. Interest on any outstanding balance is payable at 30 day LIBOR plus 3.02% which was 3.35% at June 30, 2011. Any unpaid balance under the note is due February 28, 2012.

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**COALITION FOR THE HOMELESS, INC.
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 13 - CONTRIBUTIONS

Contributions received during the year were derived from the following sources:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Individual donations	\$ 2,532,445	\$ 237,348	\$ 2,769,793
Corporate donations	62,413	81,255	143,668
Foundation donations	719,367	772,500	1,491,867
Matching gifts	39,805		39,805
Corporate employees	52,644		52,644
Government Agency Donation	27,750		27,750
Newsletters and Resource Guide	<u>59,534</u>		<u>59,534</u>
	<u>\$ 3,493,958</u>	<u>\$ 1,091,103</u>	<u>\$ 4,585,061</u>

NOTE 14 - CAPITAL CAMPAIGN

In 2002, the Coalition launched a capital campaign with the goals of raising \$22 million for the purchase, redesign, and renovation of its headquarters and multi-tenant facility at 129 Fulton Street in Lower Manhattan (the "Center") and to establish an operating reserve. In order to proceed with the purchase, redesign, and renovation of its headquarters, the Coalition entered into a mortgage loan with a financial institution to cover the balance of funds not yet raised in time for work to commence. The capital campaign came to a close in December 2009. The capital campaign funds raised after the completion of the facility was used to retire the mortgage loan, see Note 11. As of June 30, 2010, the Coalition received pledges and gifts totaling approximately \$23.8 million.

The Downtown Center, which is now completed, provides a cohesive and supportive environment from which to continue rebuilding the lives of New York City's disenfranchised and homeless residents. The Center serves the homeless and formerly homeless New York City residents and has created a home for the geographically dispersed programs of the Coalition. The Center has also enabled the Coalition to begin new partnerships with other non-profit organizations to offer day care, parenting, and children's services in the same building through the tenancy of Hamilton Madison Houses, which operates a New York City Administration for Children's Services day care center.

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**COALITION FOR THE HOMELESS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 15 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2011, temporarily restricted net assets are available for the following purpose:

Capital campaign	\$ 570,295
Client services	120,740
Future periods	<u>210,000</u>
	<u>\$ 901,035</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or passage of time specified by the donors:

Children's programs	\$ 223,073
AIDS	20,266
Capital campaign expenditures	4,524,054
Housing	1,199
Food services	56,363
Client services	469,599
Job training	<u>105,000</u>
Total	<u>\$ 5,399,554</u>

NOTE 16 - RENTAL PROPERTY

The Coalition presently leases a portion of its building to two tenants: CVS, Inc. and Hamilton-Madison House, Inc. (HMH). The CVS lease is a noncancelable operating lease agreement that expires July 31, 2019. The HMH lease is a noncancelable lease agreement that expires June 30, 2019. The future minimum lease payments to be received for each of the next five years and thereafter are as follows:

	<u>CVS</u>	<u>HMH</u>	<u>Total</u>
2012	\$ 821,390	\$ 184,023	\$ 1,005,413
2013	846,416	184,023	1,030,439
2014	872,192	184,023	1,056,215
2015	898,741	202,023	1,100,764
2016	926,087	202,023	1,128,110
Thereafter	<u>8,895,441</u>	<u>606,069</u>	<u>9,501,510</u>
	<u>\$ 13,260,267</u>	<u>\$ 1,562,184</u>	<u>\$ 14,822,451</u>

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**COALITION FOR THE HOMELESS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 17 - CONCENTRATION

Financial instruments that potentially expose the Coalition to concentrations of credit and market risks consist primarily of cash and cash equivalents with major financial institutions, which from time to time exceed the amount insured by the FDIC. These institutions have strong credit ratings, and management believes that the risk related to these accounts is minimal. The Coalition's management monitors the balances with those institutions to limit the exposure to risk.

NOTE 18 - OPERATING LEASES

The Coalition leases 66 scattered site apartments throughout the five boroughs for clients of the program. These leases are between \$800 and \$1,800 depending on the size of the apartment and are directly funded by the Human Resources Administration a government agency. The leases are one to two years and are noncancelable. The Coalition also signed a 10 year lease in March 2008 for two campsites within Harriman State Park which expire December 31, 2017 which is used for a summer sleep away camp. The two leases are for \$9,173 and \$3,610. In addition, Coalition has a five-year lease for office space in Albany which expires August 24, 2016 in the amount of \$13,944 a year.

The future minimum rental payments under noncancelable operating leases with terms in excess of one year are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 580,707
2013	57,077
2014	26,727
2015	26,727
2016	26,727
Thereafter	<u>15,107</u>
Total	<u>\$ 733,072</u>

Total rent expense for the fiscal year ended June 30, 2011 was \$1,061,480, of which \$1,034,753 is included in the grants to client expense.