

COALITION ON HUMAN NEEDS

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

September 30, 2019

COALITION ON HUMAN NEEDS

Table of Contents

September 30, 2019

Table of Contents

Independent Accountant's Review Report.....	1
<i>Financial Statements</i>	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 – 11

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of
Coalition on Human Needs

We have reviewed the accompanying financial statements of Coalition on Human Needs (the Coalition), which comprise the statement of financial position as of September 30, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Coalition's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



HAN GROUP LLC
Washington, DC
April 24, 2020

COALITION ON HUMAN NEEDS

Statement of Financial Position

September 30, 2019

Assets	
Cash	\$ 1,124,489
Grants and contributions receivable	95,090
Prepaid expenses	25,556
Property and equipment, net	38,450
Deposits	<u>16,779</u>
Total assets	<u>\$ 1,300,364</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	\$ 24,516
Accrued vacation	11,267
Deferred rent	<u>55,720</u>
Total liabilities	<u>91,503</u>
Net Assets	
Without donor restrictions	1,143,211
With donor restrictions	<u>65,650</u>
Total net assets	<u>1,208,861</u>
Total liabilities and net assets	<u>\$ 1,300,364</u>

See accompanying notes.

COALITION ON HUMAN NEEDS

Statement of Activities

Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 548,528	\$ 65,000	\$ 613,528
Membership dues	79,725	650	80,375
Event income	33,100	-	33,100
Contract Income	30,940	-	30,940
Other income	1,614	-	1,614
Net assets released from restrictions:			
Satisfaction of purpose restrictions	15,000	(15,000)	-
Total revenue and support	<u>708,907</u>	<u>50,650</u>	<u>759,557</u>
Expenses			
Program services	695,794	-	695,794
Supporting services:			
Management and general	192,412	-	192,412
Fundraising	135,625	-	135,625
Total supporting services	<u>328,037</u>	<u>-</u>	<u>328,037</u>
Total expenses	<u>1,023,831</u>	<u>-</u>	<u>1,023,831</u>
Changes in Net Assets	(314,924)	50,650	(264,274)
Net Assets, beginning of year	<u>1,458,135</u>	<u>15,000</u>	<u>1,473,135</u>
Net Assets, end of year	<u>\$ 1,143,211</u>	<u>\$ 65,650</u>	<u>\$ 1,208,861</u>

See accompanying notes.

COALITION ON HUMAN NEEDS
Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Salaries and related expenses	\$ 537,779	\$ 138,030	\$ 109,115	\$ 247,145	\$ 784,924
Rent	58,639	14,447	11,898	26,345	84,984
Office expenses	32,920	8,109	6,680	14,789	47,709
Consultants	20,109	17,804	4,080	21,884	41,993
Subscriptions	22,081	944	-	944	23,025
Depreciation and amortization	9,928	2,446	2,014	4,460	14,388
Computer, software and tools	5,393	1,329	1,094	2,423	7,816
Dues	3,004	-	-	-	3,004
Accounting fees	-	8,160	-	8,160	8,160
Travel	1,353	332	275	607	1,960
Fees and licenses	1,248	307	253	560	1,808
Insurance	1,063	262	216	478	1,541
Event expense	1,406	-	-	-	1,406
Conferences and meetings	871	-	-	-	871
Bank fees	-	242	-	242	242
Total Expenses	\$ 695,794	\$ 192,412	\$ 135,625	\$ 328,037	\$ 1,023,831

See accompanying notes.

COALITION ON HUMAN NEEDS

Statement of Cash Flows

Year Ended September 30, 2019

Cash Flows from Operating Activities	
Changes in net assets	\$ (264,274)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	14,388
Changes in operating assets and liabilities:	
Grants and contributions receivable	(79,590)
Prepaid expenses	9,553
Deposits	3,972
Accounts payable and accrued expenses	17,588
Accrued vacation	2,405
Deferred rent	55,720
	<hr/>
Net cash used in operating activities	(240,238)
	<hr/>
Cash Flows from Investing Activities	
Purchases of property and equipment	(21,038)
	<hr/>
Net cash used in investing activities	(21,038)
	<hr/>
Net Decrease in Cash	(261,276)
	<hr/>
Cash, beginning of year	1,385,765
	<hr/>
Cash, end of year	\$ 1,124,489

See accompanying notes.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2019

1. Nature of Operations

Coalition on Human Needs (the Coalition) is a 501(c)(3) organization incorporated in the District of Columbia. The Coalition is an alliance of national organizations working together to promote public policies which address the needs of low-income and other vulnerable populations. The Coalition's mission includes but is not limited to a) analyzing and adopting positions relating to federal, state, and local responsibilities for meeting the needs of low-income people, b) advocating for those positions at the federal level, and c) working with and assisting national, state, and local groups with interests similar to those of the Coalition. The Coalition funds its program and supporting services primarily through grants and contributions from individuals, organizations, and foundations.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Coalition have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from the Coalition's various grantors and contributors. There was no allowance recorded at September 30, 2019 as the entire balances have been deemed by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

Property and Equipment

Property and equipment over \$1,000 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the related assets. Direct costs incurred during the application stage of the development of the Coalition's website are capitalized and amortized over an estimated useful life. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Coalition's operations.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2019

2. Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

- *Net Assets With Donor Restrictions* represent funds subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Coalition does not have any donor-imposed restrictions which are perpetual in nature at September 30, 2019.

Revenue Recognition

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Membership dues, which are essentially contributions, are received annually from the Coalition's internal members. No substantial benefits were provided in exchange for the annual dues received. Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Coalition incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Coalition also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on either financial or nonfinancial data, such as labor distribution or estimates of time and effort incurred by personnel. The expenses that are allocated include salaries and related expenses, rent, office expenses, consultants, depreciation and amortization, computer, software and tools, travel, fees and licenses, and insurance.

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 certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2019

2. Summary of Significant Accounting Policies (continued)

Pending Accounting Pronouncements

In May 2014, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of ASU 2014-09 requires the recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2014-09 on the Coalition's financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for the Coalition for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2018-08 on the Coalition's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of ASU 2016-02 on the Coalition's financial statements.

3. Property and Equipment

The Coalition held the following property and equipment at September 30, 2019:

Website	\$	37,264
Furniture and equipment		<u>15,575</u>
Total property and equipment		52,839
Less: accumulated depreciation and amortization		<u>(14,389)</u>
Property and equipment, net	\$	<u>38,450</u>

4. Concentrations

The Coalition's cash is held in accounts at certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limit per depositor, per institution. The Coalition monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents. In addition, the Coalition had 99% of grants receivable due from three donors at September 30, 2019.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2019

5. Liquidity and Availability of Resources

The following schedule reflects the Coalition's financial assets as of September 2019, reduced by amounts not available for general use within one year. All financial assets listed below are considered to be convertible to cash within one year.

Cash	\$ 1,124,489
Grants and contributions receivable	<u>95,090</u>
Total financial assets	1,219,579
Less those unavailable for general expenditures within one year due to: Donor-imposed restrictions on the financial assets	<u>(65,650)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,153,929</u></u>

As part of the Coalition's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition to the financial assets available to meet general expenditures over the next 12 months, the Coalition operates with a balanced budget. The Coalition does not have any short or long-term non-operating debt.

6. Net Assets with Donor Restrictions

At September 30, 2019, net assets with donor restrictions were restricted for the following:

Subject to the passage of time	<u>\$ 65,650</u>
Total net assets with donor restrictions	<u><u>\$ 65,650</u></u>

The Coalition released \$15,000 which was subject to the passage of time during the year ended September 30, 2019.

7. Operating Leases

In June 2013, the Coalition entered into an office lease agreement commencing in October 2013 and expiring in December 2018. The lease agreement calls for a base monthly rent payment of \$4,199 with a four percent annual escalation clause. In addition, the landlord provided rent abatement for the first three months.

In September 2018, the Coalition entered into another office lease agreement commencing in February 2019 and expiring in June 2024. The lease agreement calls for a base monthly rent payment of \$8,389 with a two and a half percent annual escalation clause. Additionally, the lease agreement provides the Coalition with seven months of rent abatement. Rent expense under these office leases was \$84,984 for the year ended September 30, 2019.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2019

7. Operating Lease (continued)

The Coalition records monthly rent expense on a straight-line basis equal to the total rent due over the lease term. The difference between rent expense recorded and the amount paid is included in deferred rent in the accompanying statement of financial position. Deferred rent was \$55,720 at September 30, 2019.

At September 30, 2019, future minimum lease payments required under these leases are as follows for the years ending September 30:

2020	\$	102,350
2021		104,912
2022		107,544
2023		110,228
2024		<u>103,482</u>
Total future minimum lease payments	\$	<u>528,516</u>

8. Pension Plan

The Coalition maintains a 401(k) plan (the Plan) that covers all eligible employees. Under the terms of the Plan, eligible employees may elect to make deferrals up to Federal limits. After six months of participant's employment, the Coalition makes discretionary contributions no less than 3% of each participant's compensation. Employees are immediately vested in all deferrals and employer contributions. The Coalition contributed \$20,041 to the Plan during the year ended September 30, 2019.

9. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Coalition is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended September 30, 2019, as the Coalition had no material taxable net unrelated business income.

The Coalition follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Coalition performed an evaluation of uncertain tax positions for the year ended September 30, 2019, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. At September 30, 2019, the statute of limitations for tax years ended September 30, 2016 through 2018 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Coalition files tax returns. It is the Coalition's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2019

10. Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through April 24, 2020, the date the financial statements were available to be issued. Except as disclosed in the next paragraph, there were no other subsequent events identified that require recognition of, or disclosure in, these financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and cancellations of events and meetings. While the disruption is currently expected to be temporary, there is considerable uncertainty. Therefore, the Coalition expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.