

COALITION ON HUMAN NEEDS

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

September 30, 2020

(With Summarized Comparative Information for the Year Ended September 30, 2019)

COALITION ON HUMAN NEEDS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
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, 2020, 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 engagement 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 material 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Coalition has adopted new accounting guidance, Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our conclusion is not modified with respect to this matter.

Report on Summarized Comparative Information

We previously reviewed Coalition on Human Needs' 2019 financial statements and in our conclusion dated April 24, 2020, stated that based on our review, we were not aware of any material modifications that should be made to the 2019 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended September 30, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
May 4, 2021

COALITION ON HUMAN NEEDS
Statement of Financial Position
September 30, 2020
(With Summarized Comparative Information for 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 957,432	\$ 1,124,489
Accounts receivable	45,450	-
Grants and contributions receivable	634,974	95,090
Prepaid expenses	32,227	25,556
Property and equipment, net	25,264	38,450
Deposits	<u>16,779</u>	<u>16,779</u>
Total assets	<u>\$ 1,712,126</u>	<u>\$ 1,300,364</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 10,670	\$ 24,516
Accrued vacation	14,578	11,267
Deferred rent	<u>49,535</u>	<u>55,720</u>
Total liabilities	<u>74,783</u>	<u>91,503</u>
Net Assets		
Without donor restrictions	1,006,843	1,143,211
With donor restrictions	<u>630,500</u>	<u>65,650</u>
Total net assets	<u>1,637,343</u>	<u>1,208,861</u>
Total liabilities and net assets	<u>\$ 1,712,126</u>	<u>\$ 1,300,364</u>

COALITION ON HUMAN NEEDS

Statement of Activities

Year Ended September 30, 2020

(With Summarized Comparative Information for 2019)

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Grants and contributions	\$ 902,321	\$ 600,000	\$ 1,502,321	\$ 613,528
Membership dues	69,060	5,500	74,560	80,375
Contract income	58,820	-	58,820	30,940
Event income	23,575	-	23,575	33,100
Other income	1,464	-	1,464	1,614
Net assets released from restrictions:				
Expiration of time restrictions	40,650	(40,650)	-	-
Total revenue and support	1,095,890	564,850	1,660,740	759,557
Expenses				
Program services	835,486	-	835,486	695,794
Supporting services:				
Management and general	209,718	-	209,718	192,412
Fundraising	187,054	-	187,054	135,625
Total supporting services	396,772	-	396,772	328,037
Total expenses	1,232,258	-	1,232,258	1,023,831
Change in Net Assets	(136,368)	564,850	428,482	(264,274)
Net Assets, beginning of year	1,143,211	65,650	1,208,861	1,473,135
Net Assets, end of year	\$ 1,006,843	\$ 630,500	\$ 1,637,343	\$ 1,208,861

See accompanying notes and independent accountant's review report.

COALITION ON HUMAN NEEDS

Statement of Functional Expenses

Year Ended September 30, 2020

(With Summarized Comparative Information for 2019)

	2020				2019	
	Program Services	Supporting Services Management and General	Fundraising	Total Supporting Services	Total	Total
Salaries and related expenses	\$ 590,960	\$ 152,906	\$ 130,359	\$ 283,265	\$ 874,225	\$ 784,924
Professional services	90,893	24,345	28,576	52,921	143,814	50,153
Occupancy	69,685	17,421	15,372	32,793	102,478	84,984
Office expenses	38,795	9,699	8,558	18,257	57,052	47,709
Subscriptions	22,890	599	-	599	23,489	23,025
Depreciation and amortization	12,180	3,044	2,687	5,731	17,911	14,388
Computer, software, and tools	4,413	1,103	973	2,076	6,489	7,816
Dues	2,366	-	-	-	2,366	3,004
Insurance	1,455	364	321	685	2,140	1,541
Other expenses	1,849	237	208	445	2,294	6,287
Total Expenses	\$ 835,486	\$ 209,718	\$ 187,054	\$ 396,772	\$ 1,232,258	\$ 1,023,831

See accompanying notes and independent accountant's review report.

COALITION ON HUMAN NEEDS
Statement of Cash Flows
Year Ended September 30, 2020
(With Summarized Comparative Information for 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 428,482	\$ (264,274)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	17,911	14,388
Change in operating assets and liabilities:		
Accounts receivable	(45,450)	-
Grants and contributions receivable	(539,884)	(79,590)
Prepaid expenses	(6,671)	9,553
Deposits	-	3,972
Accounts payable and accrued expenses	(13,846)	17,588
Accrued vacation	3,311	2,405
Deferred rent	(6,185)	55,720
Net cash used in operating activities	<u>(162,332)</u>	<u>(240,238)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(4,725)</u>	<u>(21,038)</u>
Net cash used in investing activities	<u>(4,725)</u>	<u>(21,038)</u>
Net Decrease in Cash	(167,057)	(261,276)
Cash, beginning of year	<u>1,124,489</u>	<u>1,385,765</u>
Cash, end of year	<u><u>\$ 957,432</u></u>	<u><u>\$ 1,124,489</u></u>

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2020

1. Nature of Operations

Coalition on Human Needs (the Coalition) was incorporated in the District of Columbia on April 14, 2009. 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

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.

Accounts Receivable

Accounts receivable represent amounts due from the Coalition's various sources including its members. There was no allowance recorded at September 30, 2020 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 general operations.
- *Net Assets With Donor Restrictions* represent funds that are 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 did not have any donor-imposed restrictions which are perpetual in nature on September 30, 2020.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Grants and Contributions

Grants and contributions without conditions are recognized upon notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Grants and contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when those restrictions are met, only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and for the expiration of donor-imposed time restrictions. These reclassifications are reported on the accompanying statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized in revenue once the conditions on which they depend have been met. Amounts received in advance of the conditions being met are recorded as refundable advances. There were no unrecognized conditional awards at September 30, 2020.

Paycheck Protection Program Forgiven Loan

The Coalition received a Small Business Administration, Paycheck Protection Program (PPP) loan in June 2020 in the amount of \$148,500. The loan carried an interest rate of 1% per annum, had a two-year repayment period and was unsecured. In addition, there was a deferral of the repayment of the loan for up to ten months.

The Coalition's policy is to account for the PPP loan as a conditional contribution. The Coalition fully met the conditions prior to September 30, 2020 and applied for and expects to receive full forgiveness under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Accordingly, this amount is included in grants and contributions on the accompanying statement of activities.

Contract Income

Contract income is recognized once the service is rendered. Revenue received in advance for contracts is included in deferred revenue on the accompanying statement of financial position. The Coalition did not have any deferred contract income at September 30, 2020. Contract receivable at September 30, 2020 was \$39,950 and was included in accounts receivable on the statement of financial position.

Membership Dues

Membership dues are treated as contributions as there is no significant value received in return for the membership dues. At September 30, 2020, there were \$1,500 of membership dues receivable included in the accounts receivable on the accompanying statement of financial position. There were no deferred membership dues at September 30, 2020.

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on 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 the distribution of labor. Expenses allocated include salaries and related expenses, professional services, occupancy, office expenses, depreciation and amortization, computer, software and tools, insurance, and other expenses.

Changes in Accounting Principles

Effective January 1, 2019, the Coalition adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. The Coalition adopted ASU 2018-08 using a modified prospective approach. The implementation of ASU 2018-08 did not have a material effect on the Coalition's financial positions, results of operations, or cash flows. There was no cumulative effect of a change in accounting principle recorded related to the adoption of ASU 2018-08 on January 1, 2019. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

Effective January 1, 2019, the Coalition adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. The core principle of ASU 2014-09 requires the recognition of revenue for exchange and partial exchange transactions when, or as goods or services are delivered, in the amount that reflects the consideration to which the organization is entitled in exchange for what has been delivered. The ASU requires that the Coalition use the following five step process: 1) Identify exchange agreements or partial exchange agreements that create a contract; 2) Identify their performance obligations; 3) Determine the transaction price; 4) Allocate the transaction price among the performance obligations; 5) Recognize revenue at the point in time when, or over the time period during which, a performance obligation is recognized. The adoption of the ASU did not impact the change in net assets.

Pending Accounting Pronouncements

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, 2021.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The core principles of ASU 2020-07 address the measurement of nonfinancial contributions and increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendments in the update are to be applied on a retrospective basis. ASU 2020-07 is effective for non-public entities for fiscal years beginning after June 15, 2021.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2020

2. Summary of Significant Accounting Policies (continued)

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 on the financial statements and accompanying notes. Actual results could differ from those estimates.

Summarized Comparative Information

The accompanying financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended September 30, 2019 from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2020 financial statement presentation.

3. Concentrations

The Coalition maintains demand deposits with financial institutions that may, from time to time, exceed the Federal Deposit Insurance Corporation (FDIC) limits. The Coalition has not experienced any losses to date as it relates to FDIC insurance limits, monitors the credit worthiness of these institutions, and believes that the risk of any loss is minimal.

At September 30, 2020, the Coalition had 89% of grants and contributions receivable due from one donor. In addition, revenue and support from three sources composed 82% of total revenue and support during the year ended September 30, 2020.

4. Grants and Contributions Receivable

Grants and contributions receivable are comprised of unconditional promises to give and are receivable as follows at September 30, 2020:

Receivable in less than one year	\$	334,974
Receivable in one to five years		<u>300,000</u>
Total contributions receivable	\$	<u><u>634,974</u></u>

The Coalition has not recorded an allowance for uncollectible amounts, as management believes all amounts are fully collectible. Additionally, a discount for pledges due in over one year has not been recorded due to immateriality.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2020

5. Property and Equipment

The Coalition held the following property and equipment on September 30, 2020:

Website	\$	37,264
Furniture and equipment		<u>20,300</u>
		57,564
Less: accumulated depreciation and amortization		<u>(32,300)</u>
Property and equipment, net	\$	<u><u>25,264</u></u>

6. Liquidity and Availability of Resources

The following schedule reflects the Coalition's financial assets as of September 30, 2020, 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.

Financial Assets:		
Cash	\$	957,432
Accounts receivable		45,450
Grants and contributions receivable		<u>334,974</u>
Total financial assets		1,337,856
Less: Donor-imposed restrictions on the financial assets		<u>(330,500)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>1,007,356</u></u>

The Coalition's policy is to structure its financial assets to become available as general expenditures, liabilities and other obligations become due, operating within a prudent range of financial soundness and stability while maintaining and monitoring reserves to provide reasonable assurance that long-term program goals with donor restrictions will continue to be met.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following on September 30, 2020:

Subject to passage of time	\$	<u>630,500</u>
Total net assets with donor restrictions	\$	<u><u>630,500</u></u>

The coalition released \$40,650 which was subject to the passage of time during the year ended September 30, 2020.

COALITION ON HUMAN NEEDS

Notes to Financial Statements

September 30, 2020

8. Commitments and Contingencies

Leases

In September 2018, the Coalition entered into an 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 \$102,478 for the year ended September 30, 2020.

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 on the accompanying statement of financial position. Deferred rent was \$49,535 on September 30, 2020.

On September 30, 2020, future minimum lease payments required under this lease are as follows for the years ending September 30:

2021	\$	104,912
2022		107,544
2023		110,228
2024		<u>103,482</u>
Total future minimum lease payments	\$	<u>426,166</u>

9. Retirement 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 approximately \$51,000 to the Plan during the year ended September 30, 2020.

10. 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, 2020, as the Coalition had no 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 on 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. 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, 2020

10. Income Taxes (continued)

The Coalition performed an evaluation of uncertain tax positions for the year ended September 30, 2020 and determined that there were no matters that would require recognition on the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Coalition files tax returns.

11. Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through May 4, 2021, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure on the financial statements.