

CHARLOTTE COUNTY
HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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Fred B. Dees, C.P.A.
Fred B. Dees, Jr., C.P.A.

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Charlotte County Homeless Coalition, Inc.**

We have audited the accompanying financial statements of **Charlotte County Homeless Coalition, Inc.** (a nonprofit organization), which comprise the statement of financial position as of **September 30, 2012**, 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 the 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 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 risk or material misstatement of the financial statement, 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 Organization'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 statement.

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 presents fairly, in all material respects, the financial position of **Charlotte County Homeless Coalition, Inc.** as of **September 30, 2012**, 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.

Charlotte County Homeless Coalition, Inc.

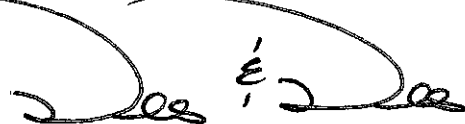
February 15, 2013

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2013, on our consideration of **Charlotte County Homeless Coalition, Inc.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **Charlotte County Homeless Coalition, Inc.**'s internal control over financial reporting and compliance and should be considered in assessing the results of our audit.

Very truly yours,



DEES & DEES, C.P.A.'s, P.A.

Port Charlotte, Florida

February 15, 2013

Fred B. Dees, C.P.A.
Fred B. Dees, Jr., C.P.A.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors
Charlotte County Homeless Coalition, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of **Charlotte County Homeless Coalition, Inc.** (a nonprofit organization), which comprise the statement of financial position as of **September 30, 2012**, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Charlotte County Homeless Coalition, Inc.

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February 15, 2013

Purpose of this Report

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



DEES & DEES, C.P.A.'s, P.A.

Port Charlotte, Florida

February 15, 2013

FINANCIAL STATEMENTS

CHARLOTTE COUNTY HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

ASSETS

Current Assets:

Cash and cash equivalent	\$ 87,620
Contracts receivable	20,355
Prepaid expenses	<u>12,528</u>

Total Current Assets \$ 120,503

Property and Equipment at Cost:

Land	773,591
Furniture, fixtures and equipment	250,881
Vehicles	38,471
Buildings	<u>4,776,998</u>
	5,839,941
Less accumulated depreciation	<u>1,225,249</u>

Net Property and Equipment 4,614,692

Other Assets:

Loan costs	550
Utility deposits	<u>4,070</u>

Total Other Assets 4,620

TOTAL ASSETS \$4,739,815

Read Independent Auditors' Report
The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	\$ 21,715
Accounts payable	22,350
Current portion - Long-term debt	<u>43,309</u>

Total Current Liabilities \$ 87,374

Other Liabilities:

Rent deposit	<u>2,000</u>
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Total Other Liabilities 2,000

Long-Term Debt: (Note 3)

Charlotte County - SHIP	100,000
Charlotte County - SHIP	240,000
Mortgage Note Payable	<u>892,330</u>
	1,232,330
Less: Current portion	<u>(43,309)</u>

Total Long-Term Debt 1,189,021

Total Liabilities 1,278,395

Net Assets:

Unrestricted	3,371,344
Temporarily restricted	<u>90,076</u>

Total Net Assets 3,461,420

TOTAL LIABILITIES AND FUND BALANCES \$4,739,815

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

CHARLOTTE COUNTY HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Unrestricted Net Assets:

Revenue and Support:

Contributions	\$ 211,659	
Rental Income	17,552	
Special event proceeds	92,178	
Donated goods and services	1,020,246	
Interest income	105	
Other revenue	<u>750</u>	
Total Revenue and Support		\$ 1,342,490

Net Assets Released from Restrictions:

United Way	40,977	
Charlotte County Board of Commissioners	126,167	
State and Federal Contracts	294,386	
Grants	<u>144,253</u>	
Total Net Assets Released From Restrictions		<u>605,783</u>
Total Revenue, Support and Releases		<u>1,948,273</u>

Expenses:

Program services	2,093,058	
General and administrative	102,320	
Fundraising	<u>42,478</u>	
Total Expenses		<u>2,237,856</u>

(Decrease) in Unrestricted Net Assets (289,583)

Temporarily Restricted Net Assets:

United Way	40,977	
Charlotte County Board of Commissioners	147,500	
State and Federal Contracts	290,710	
Grants	190,848	
Net assets released from restrictions	<u>(605,783)</u>	
Increase in Temporarily Restricted Net Assets		<u>64,252</u>

(Decrease) in Net Assets (225,331)

Net assets at beginning of year 3,686,751

NET ASSETS AT END OF YEAR \$3,461,420

CHARLOTTE COUNTY HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Personnel and benefits	\$ 437,543	\$ 23,780	\$ 14,268	\$ 475,591
Fundraising	-0-	-0-	14,099	14,099
Office supplies	5,424	409	-0-	5,833
Staff development and meetings	26,844	4,890	9,015	40,749
Insurance	35,357	1,473	-0-	36,830
Depreciation	150,944	45,087	-0-	196,031
Dues	1,811	320	-0-	2,131
Interest	47,221	15,808	-0-	63,029
Taxes	11,192	45	-0-	11,237
Utilities	54,316	3,467	-0-	57,783
Repairs and maintenance	54,033	2,251	-0-	56,284
Telephone and internet	9,738	1,855	-0-	11,593
Legal and professional	5,886	120	-0-	6,006
Advertising	1,298	-0-	-0-	1,298
Equipment rental	8,242	916	-0-	9,158
Volunteer recognition	1,948	-0-	-0-	1,948
Grant expenses	90,015	-0-	-0-	90,015
Homeless prevention	61,222	-0-	-0-	61,222
License and fees	2,356	24	-0-	2,380
Support services	1,544	-0-	-0-	1,544
Travel	4,002	495	-0-	4,497
Donated goods and services	1,020,246	-0-	-0-	1,020,246
Postage and printing	4,777	743	5,096	10,616
Loss on asset disposal	51,419	-0-	-0-	51,419
Supplies	5,118	327	-0-	5,445
Miscellaneous expense	228	25	-0-	253
Bank service charge	334	285	-0-	619
Total Functional Expenses	<u>\$2,093,058</u>	<u>\$ 102,320</u>	<u>\$ 42,478</u>	<u>\$2,237,856</u>

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

CHARLOTTE COUNTY HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Cash Flows from Operating Activities:</u>	
(Decrease) in net assets	\$ (225,331)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	196,031
(Increase) Decrease In:	
Contracts receivable	(18,763)
Prepaid expenses	(1,942)
Deposits	522
Increase (Decrease) In:	
Accrued expenses	3,525
Accounts payable	<u>9,308</u>
Net Cash Provided (Used) by Operating Activities	<u>(36,650)</u>
<u>Cash Flows from Investing Activities:</u>	
Proceeds from sale of property	136,815
Payments for property and equipment	<u>(65,673)</u>
Net Cash Provided (Used) by Investing Activities	<u>71,142</u>
<u>Cash Flows from Financing Activities:</u>	
Repayment of long-term debt	<u>(14,860)</u>
Net Cash Provided (Used) by Financing Activities	<u>(14,860)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,632
Cash and cash equivalents at beginning of year	<u>67,988</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 87,620</u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for interest	<u>\$ 63,029</u>

Read Independent Auditors' Report
The accompanying notes are an integral part of this statement.

CHARLOTTE COUNTY HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Note 1 - Nature of Activities and Summary of Significant Accounting Policies:

Nature of Activities

Charlotte County Homeless Coalition, Inc. (the Organization) provides shelter, food and assistance toward self-sufficiency to persons in an emergency situation and all other legal purposes. The Organization was incorporated as a Florida corporation not-for-profit and without capital stock on June 15, 1989.

Basis of Accounting

The financial statements of **Charlotte County Homeless Coalition, Inc.** have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board FASB ASC 958-205. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Contributions

In accordance with FASB ASC 958-605 contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Tax Status

The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Contracts Receivable

Contracts receivable include amounts due from contractual services performed during the year. The contracts receivable are considered by management to be fully collectable.

CHARLOTTE COUNTY HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Cont.):

Cash and Cash Equivalents

Cash and cash equivalents include bank accounts, petty cash and short term investments with a maturity of three months or less, excluding amounts whose use is limited by Board designation.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. Depreciation is computed on the straight-line method based on the estimated useful life of each class of assets. Depreciation expense charged to operations at September 30, 2012 is \$196,031.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized. All property and equipment utilized in operations is recorded on the Organization's books.

Date of Management Review

The Organization has evaluated subsequent events and transactions after September 30, 2012 through February 15, 2013, the date the financial statements were available to be issued.

Note 2 - Long-Term Debt:

Mortgage Note Payable

A summary of long-term debt at September 30, 2012 follows:

6.50% mortgage note to Centennial Bank, Due October 5, 2013, collateralized by real estate located in Charlotte County, Florida. Repayment will be in 36 monthly payments starting at \$6,280.00 including principal and interest.

	\$ 892,330
Current maturities	(43,309)
Total	<u>\$ 849,021</u>

Scheduled principal payments on long-term mortgage debt are as follows:

		\$ 43,309
Years ending September 30,	2013	825,673
	October 5, 2013	<u>\$ 868,982</u>

CHARLOTTE COUNTY HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Note 2 – Long-Term Debt:

Charlotte County – SHIP

The Organization a received \$100,000 SHIP (State Housing Initiative Partnership) award dated March 1, 2007 and a \$240,000 SHIP (State Housing Initiative Partnership) award dated October 25, 2006 through Charlotte County. The promissory notes are secured by mortgages on the real property. No interest or principal payments are required. The notes shall be deemed forgiven at the end of 15 years provided that there has not been a default under the notes. The funds were to assist in the construction cost of the “Genesis Chara House” and the “Genesis Bishop House”. Among other requirements, the agreements require the constructed facilities to comply with the affordable housing criteria of Chapter 420, Florida Statutes, and HUD Section 8. The restrictions will remain in effect for a period of 15 years.

Note 3 – Donated Goods and Services:

The Organization receives contributions of food, clothing, supplies, equipment and volunteer services for use in its programs. These contributions are recognized as revenue and expenses at their estimated fair value at the date of receipt

Note 4 – Endowment Fund:

Southwest Florida Community Foundation

The Charlotte County Homeless Coalition Agency Endowment Fund (Endowment Fund) was created in 2001 to support the Charlotte County Homeless Coalition. The investments in the Endowment Fund are held by the Southwest Florida Community Foundation (the “Foundation”). The Foundation has permanent ownership of the principal portion of the Endowment Fund and in the event of dissolution of the Organization it will control the distribution of the funds. The income from the Endowment Fund is to be used to support the Organization’s general activities. The principal portion of the Endowment Fund is held by the Foundation and not currently available for use by the Organization. At September 30, 2012, the fair value of the Endowment Fund was \$19,457.

Charlotte Community Foundation

The Charlotte County Homeless Coalition Fund (Fund) was created on July 16, 2010 to support the programs and services of the Charlotte County Homeless Coalition. The investments in the Fund are held by the Charlotte Community Foundation. The Community Foundation has permanent ownership of the principal portion of the Fund and in the event of dissolution of the Organization it will control the distribution of the funds. The income from the Fund is to be used to support the Organization’s general activities. The principal portion of the Fund is held by the Community Foundation and not currently available for use by the Organization. At September 30, 2012, the fair value of the Fund was \$3,278.

Note 5 – Temporary Restricted Net Assets:

Temporary restricted net assets are available for the following uses as of September 30, 2012:

Staff salaries	\$ 25,000
Safe House Shelter	49,611
Homeless prevention	<u>15,465</u>
	<u>\$ 90,076</u>

Read Independent Auditors’ Report

CHARLOTTE COUNTY HOMELESS COALITION, INC.
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Note 6 – Income Taxes

Provisions of FASB Accounting Standards Codification (ASC) 740 requires all organizations, including not-for-profit organizations, to recognize the tax benefit from an uncertain position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Judgment is required in assessing the future tax consequences of events that have not been recognized in the Organization's financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact the Organization's financial position, results of operations, or cash flows. Management believes that appropriate support exist for the positions taken on the Organization's tax return, with the U.S. Internal Revenue Service and the Florida Department of Revenue. The Organization's tax returns for 2009 through 2011 are open to examination by the U.S. Internal Revenue Service and the Florida Department of Revenue. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.