

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
FRANKFORT, KENTUCKY

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AUDITED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019



**CRAFT, WANINGER, NOBLE**  
& COMPANY, PLLC

CPAs & Trusted Advisors  
Post Office Box 827  
Richmond, KY 40476  
[www.craftnoble.com](http://www.craftnoble.com)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Homeless and Housing Coalition of Kentucky, Inc.  
Frankfort, Kentucky

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Homeless and Housing Coalition of Kentucky, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homeless and Housing Coalition of Kentucky, Inc., as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 3 to the financial statements, in the year ended December 31, 2020, the Organization adopted new accounting guidance, *ASU 2018-08-Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.



## ***Other Matters***

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 15, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated July 22, 2021 on our consideration of Homeless and Housing Coalition of Kentucky, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Homeless and Housing Coalition of Kentucky, Inc.'s internal control over financial reporting and compliance.

***Craft, Waninger, Noble & Company, PLLC***

Craft, Waninger, Noble & Company, PLLC  
Richmond, Kentucky  
July 22, 2021

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020

	<u>Net Assets without Donor Restriction</u>	<u>Net Assets with Donor Restriction</u>	<u>Total</u>
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 295,001	\$ -	\$ 295,001
Accounts receivable, net of allowance	21,216	108,729	129,945
Grants receivable	113,510	-	113,510
Prepaid expenses and insurance	11,204	-	11,204
Total current assets	<u>440,931</u>	<u>108,729</u>	<u>549,660</u>
Noncurrent assets			
Property and equipment, net	2,175	-	2,175
Total noncurrent assets	<u>2,175</u>	<u>-</u>	<u>2,175</u>
Total Assets	<u>\$ 443,106</u>	<u>\$ 108,729</u>	<u>\$ 551,835</u>
<u>Liabilities &amp; Net Assets</u>			
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 107,851	\$ -	\$ 107,851
Accrued expenses	10,562	-	10,562
Total current liabilities	<u>118,413</u>	<u>-</u>	<u>118,413</u>
Noncurrent liabilities			
Deferred revenues	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>118,413</u>	<u>-</u>	<u>118,413</u>
<u>Net Assets</u>			
Net assets	<u>324,693</u>	<u>108,729</u>	<u>433,422</u>
Total Net Assets	<u>324,693</u>	<u>108,729</u>	<u>433,422</u>
Total Liabilities & Net Assets	<u>\$ 443,106</u>	<u>\$ 108,729</u>	<u>\$ 551,835</u>

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

	<u>Net Assets without Donor Restriction</u>	<u>Net Assets with Donor Restriction</u>	<u>Total</u>
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 149,244	\$ -	\$ 149,244
Accounts receivable, net of allowance	23,676	47,984	71,660
Grants receivable	111,306	-	111,306
Prepaid expenses and insurance	9,615	-	9,615
Total current assets	<u>293,841</u>	<u>47,984</u>	<u>341,825</u>
Noncurrent assets			
Property and equipment, net	2,899	-	2,899
Total noncurrent assets	<u>2,899</u>	<u>-</u>	<u>2,899</u>
Total Assets	<u>\$ 296,740</u>	<u>\$ 47,984</u>	<u>\$ 344,724</u>
<u>Liabilities &amp; Net Assets</u>			
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 12,146	\$ -	\$ 12,146
Accrued expenses	10,929	-	10,929
Total current liabilities	<u>23,075</u>	<u>-</u>	<u>23,075</u>
Noncurrent liabilities			
Deferred revenues	183,821	-	183,821
Total noncurrent liabilities	<u>183,821</u>	<u>-</u>	<u>183,821</u>
Total Liabilities	<u>206,896</u>	<u>-</u>	<u>206,896</u>
<u>Net Assets</u>			
Net assets	<u>89,844</u>	<u>47,984</u>	<u>137,828</u>
Total Net Assets	<u>89,844</u>	<u>47,984</u>	<u>137,828</u>
Total Liabilities & Net Assets	<u>\$ 296,740</u>	<u>\$ 47,984</u>	<u>\$ 344,724</u>

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Net Assets without Donor Restriction</u>	<u>Net Assets with Donor Restriction</u>	<u>Total</u>
<u>Revenue</u>			
Grants and contributions	\$ 102,484	\$ 1,800,065	\$ 1,902,549
Forgiven PPP loan	204,057	-	204,057
Matching funds	30,000	589,467	619,467
Tenant rents	75,914	-	75,914
Membership dues	15,850	-	15,850
Conference revenues	-	-	-
Interest income	35	-	35
Miscellaneous income	825	-	825
Net assets released from restrictions			
Satisfaction of program restrictions	2,328,787	(2,328,787)	-
	<u>2,757,952</u>	<u>60,745</u>	<u>2,818,697</u>
Total Revenue			
	<u>2,757,952</u>	<u>60,745</u>	<u>2,818,697</u>
<u>Expenses</u>			
Program services	2,233,916	-	2,233,916
Management and general	287,379	-	287,379
Lobbying	1,808	-	1,808
	<u>2,523,103</u>	<u>-</u>	<u>2,523,103</u>
Total Expenses			
	<u>2,523,103</u>	<u>-</u>	<u>2,523,103</u>
Change in net assets	234,849	60,745	295,594
Net Assets at Beginning of Period	89,844	47,984	137,828
Net Assets at End of Period	<u>\$ 324,693</u>	<u>\$ 108,729</u>	<u>\$ 433,422</u>

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Net Assets without Donor Restriction</u>	<u>Net Assets with Donor Restriction</u>	<u>Total</u>
<u>Revenue</u>			
Grants and contributions	\$ 75,870	\$ 1,680,819	\$ 1,756,689
Reimbursed expenses	-	-	-
Matching funds	20,000	358,445	378,445
Tenant rents	92,540	136	92,676
Membership dues	15,401	-	15,401
Conference revenues	-	-	-
Interest income	73	-	73
Miscellaneous income	9,055	-	9,055
Net assets released from restrictions			
Satisfaction of program restrictions	2,071,645	(2,071,645)	-
	<u>2,284,584</u>	<u>(32,245)</u>	<u>2,252,339</u>
Total Revenue			
<u>Expenses</u>			
Program services	2,210,414	-	2,210,414
Management and general	78,131	-	78,131
Lobbying	1,326	-	1,326
	<u>2,289,871</u>	<u>-</u>	<u>2,289,871</u>
Total Expenses			
Change in net assets	(5,287)	(32,245)	(37,532)
Net Assets at Beginning of Period	<u>95,131</u>	<u>80,229</u>	<u>175,360</u>
Net Assets at End of Period	<u>\$ 89,844</u>	<u>\$ 47,984</u>	<u>\$ 137,828</u>



HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

Expenses	Program Services											
	General & Administrative	Lobbying	AmeriCorps	VISTA	Housing First	Balance of State	Home-TBRA	HUD Coordinated Entry	Emergency Solutions	Total Program Services	Total	
Member living allowance	\$ -	\$ -	\$ 474,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 474,645	\$ 474,645
Salaries	194,759	-	60,182	16,562	14,059	97,189	9,445	43,354	3,822	244,613	439,372	
Payroll taxes	11,250	-	36,620	1,204	1,187	7,235	715	3,368	292	50,621	61,871	
Employee/ member insurance	691	-	54,813	132	19,951	25,024	4,719	7,482	-	112,121	112,812	
Worker's compensation	-	-	23,485	-	-	-	-	-	-	23,485	23,485	
Retirement	3,044	-	3,929	-	1,744	185	-	1,306	-	7,164	10,208	
Total salaries and related expenses	209,744	-	653,674	17,898	36,941	129,633	14,879	55,510	4,114	912,649	1,122,393	
Property leasing	-	-	-	-	226,956	587,083	153,739	-	981	968,759	968,759	
Travel	513	-	1,220	166	269	832	37	53	-	2,577	3,090	
Bad debt expense	14,081	-	-	-	-	-	-	-	-	-	14,081	
Tenant utilities	-	-	-	-	31,772	31,854	22,887	-	-	86,513	86,513	
Member cost-share	-	-	-	18,569	-	-	-	-	-	18,569	18,569	
Supplies	2,701	-	8,940	3,372	417	2,020	434	49	123	15,355	18,056	
Rent	-	-	12,400	1,525	4,600	7,230	5,155	-	3,000	33,910	33,910	
Site match expense	-	-	-	-	-	-	-	-	-	-	-	
Training	852	-	2,784	429	410	469	-	-	-	4,092	4,944	
Professional fees	574	-	4,590	574	574	2,869	1,721	574	-	10,902	11,476	
Leasing and utility deposits	-	-	-	-	4,179	8,156	4,644	-	654	17,633	17,633	
Telephone	3,020	-	12,927	3,001	1,428	5,863	1,631	485	842	26,177	29,197	
Dues/meetings	3,327	-	-	-	-	-	-	-	-	-	3,327	
Miscellaneous expense	1,587	1,808	3,286	750	336	764	1,953	100	294	7,483	10,878	
Inspections	-	-	-	-	-	132	-	-	-	132	132	
Insurance	108	-	5,658	119	216	1,932	335	-	-	8,260	8,368	
Copier/printing	-	-	1,777	-	450	1,282	560	-	-	4,069	4,069	
Consultants	-	-	37,186	-	-	-	-	-	-	37,186	37,186	
Postage	251	-	711	85	335	925	631	-	21	2,708	2,959	
Fees	361	-	245	-	-	230	-	-	-	475	836	
Case management	50,260	-	-	-	11,714	11,781	1,464	51,508	-	76,467	126,727	
Total Expenses	\$ 287,379	\$ 1,808	\$ 745,398	\$ 46,488	\$320,597	\$793,055	\$210,070	\$ 108,279	\$ 10,029	\$ 2,233,916	\$ 2,523,103	

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

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

Expenses	Program Services										Total Program Services	Total	
	General & Administrative	Lobbying	AmeriCorps	VISTA	Housing Now	Samaritan	Balance of State	Home-TBRA	KICH	HUD Coordinated Entry			
Member living allowance	\$ -	\$ -	\$ 507,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,205	\$ 507,205
Salaries	51,294	-	107,597	26,830	34,607	29,579	32,269	9,231	806	32,953	273,872	325,166	
Payroll taxes	4,020	-	47,221	2,270	3,033	2,421	2,460	837	62	2,622	60,926	64,946	
Employee/ member insurance	196	-	49,463	4,035	7,606	3,420	5,234	2,024	-	5,232	77,014	77,210	
Worker's compensation	-	-	22,385	-	202	-	102	102	-	86	22,877	22,877	
Retirement	-	-	2,554	869	1,502	837	1,025	799	-	-	7,586	7,586	
Total salaries and related expenses	55,510	-	736,425	34,004	46,950	36,257	41,090	12,993	868	40,893	949,480	1,004,990	
Property leasing	-	-	-	-	274,607	177,850	339,813	139,710	-	-	931,980	931,980	
Travel	3,711	-	32,013	10,026	2,125	1,979	513	398	-	712	47,766	51,477	
Bad debt expense	4,567	-	-	-	-	-	-	-	-	-	-	4,567	
Tenant utilities	-	-	-	-	29,997	6,244	14,700	14,554	-	-	65,495	65,495	
Member cost-share	-	-	-	36,390	-	-	-	-	-	-	36,390	36,390	
Supplies	88	-	7,625	1,318	753	431	532	270	-	90	11,019	11,107	
Rent	-	-	8,900	2,400	4,400	2,520	4,410	1,100	-	-	23,730	23,730	
Site match expense	-	-	-	-	13,181	5,951	-	-	-	-	19,132	19,132	
Training	906	-	3,684	1,159	-	1,145	-	-	-	-	5,988	6,894	
Professional fees	-	-	7,000	750	-	3,500	-	-	-	-	11,250	11,250	
Leasing and utility deposits	-	-	-	-	6,088	3,566	1,347	11,063	-	-	22,064	22,064	
Telephone	2,400	-	24,584	5,623	1,437	437	2,489	1,296	-	1,132	36,998	39,398	
Dues/meetings	7,329	-	-	-	-	-	-	-	-	-	-	7,329	
Miscellaneous expense	3,030	1,326	5,353	282	582	(12)	539	-	-	275	7,019	11,375	
Inspections	-	-	-	-	533	775	845	-	-	-	2,153	2,153	
Insurance	-	-	4,840	109	367	1,156	-	109	-	-	6,581	6,581	
Copier/printing	-	-	2,621	288	238	219	201	312	-	-	3,879	3,879	
Consultants	-	-	25,956	-	-	-	-	-	-	-	25,956	25,956	
Postage	(89)	-	1,001	-	542	605	486	132	-	-	2,766	2,677	
Fees	144	-	219	-	21	94	-	-	-	-	334	478	
Case management	535	-	-	-	-	-	172	-	-	262	434	969	
Total Expenses	\$ 78,131	\$ 1,326	\$ 860,221	\$ 92,349	\$ 381,821	\$ 242,717	\$ 407,137	\$ 181,937	\$ 868	\$ 43,364	\$ 2,210,414	\$ 2,289,871	

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

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDING DECEMBER 31, 2020 AND 2019

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2020</u>	<u>2019</u>
Changes in Net Assets	\$ 295,594	\$ (37,532)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation and amortization	725	725
(Increase) decrease in operating assets		
Accounts receivable	(58,285)	27,472
Grants receivable	(2,204)	21,251
Prepaid expenses	(1,589)	3,266
Increase (decrease) in operating liabilities		
Accounts payable	95,705	(14,117)
Accrued expenses	(367)	3,106
Deferred revenue	(183,822)	(4,888)
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	145,757	(717)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt borrowings	204,057	-
Forgiveness of PPP loan included in income	(204,057)	-
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH	145,757	(717)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	<hr/>	<hr/>
	149,244	149,961
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<hr/>	<hr/>
	\$ 295,001	\$ 149,244
	<hr/>	<hr/>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<hr/>	<hr/>
	\$ -	\$ -
	<hr/>	<hr/>

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 1 – Organization**

Homeless and Housing Coalition of Kentucky, Inc. (HHCK or the Organization) is a nonprofit organization that advocates for more opportunities for affordable housing for low-income Kentuckians throughout the Commonwealth, and whose members organizations provide shelter, services, and permanent housing to Kentucky’s homeless and low-income households. Funding is provided mainly by grants from the Corporation for National and Community Services AmeriCorps program and the U.S. Department of Housing and Urban Development.

The Organization operates multiple programs, the major programs are described below.

- AmeriCorps – This program assists, motivates, and empowers homeless and very low-income Kentucky families and individuals to find and keep housing that is safe, decent, and affordable to them, and to further strive to empower Kentucky communities with an ethic of service that will sustain them.
- VISTA – This program provides housing services, construction and rehabilitation throughout Kentucky. The agencies serve those who are experiencing or at risk of homelessness, are low-income, and may be disabled or survivors of domestic violence.
- Housing Now, Samaritan, TSSI, Home-TBRA- These programs all provide rental assistance to the homeless and provide costs for administering the grants.

**Note 2 – Summary of Significant Accounting Policies**

Financial Statement Presentation

Under FASB ASU 2016-14, Homeless and Housing Coalition of Kentucky, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. In addition, Homeless and Housing Coalition of Kentucky, Inc. is required to present a statement of cash flows and statements of functional expenses.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restriction – Net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restriction – Net assets subject to donor-imposed stipulations on the original and/or revolving proceeds that may or will be met, either by actions of the Organization and/or the passage of time as well as assets that must be maintained permanently by the Organization. When a restriction expires, net assets with donor restriction are reclassified as net assets without donor restriction and reported in the Statement of Activities as net assets released from restriction.

Cash and Cash Equivalents

Due to the adoption of *ASU 2016-18- Statement of Cash Flows (Topic 230): Restricted Cash* all cash held is now reported in the Statements of Financial Position and the Statements of Cash Flows.

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2020 AND 2019

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Accounts Receivable

Accounts receivable primarily includes the amounts due for site matching funds under the AmeriCorps program and tenant rents under the Continuum of Care programs. The Organization records accounts receivable at the net realizable value by recording an allowance for uncollectible accounts. At December 31, 2020 and 2019, an allowance was estimated in the amount of \$17,365 and \$11,327, respectively, related to tenant rent receivables.

Grants Receivable

Grants receivable includes the reimbursement requests made under various grants for expenditures incurred. The Organization estimates that 100% of the grants receivable are collectible; accordingly, no provision for uncollectible funds is included in the financial statements.

Fixed Assets and Intangible Assets

The Organization capitalizes all expenditures for fixed asset acquisitions in excess of \$500. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and improvements	39 years
Computers and data handling equipment	3 years
Vehicles and equipment	5 years

During the years ended December 30, 2020 and 2019, depreciation expenses of \$725 was recorded.

A summary of property and equipment and intangible assets at December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 5,074	\$ 5,074
Subtotal	5,074	5,074
Accumulated Depreciation	(2,899)	(2,175)
Property and Equipment, net	<u>\$ 2,175</u>	<u>\$ 2,899</u>

Revenue Recognition

Contributions received are recorded as increases in net assets without donor restriction or net assets with donor restriction, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

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.

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Income Tax Status

The organization is recognized as a tax-exempt organization under code Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made. In addition, the Organization has been classified as an Organization that is not a private foundation under Section 509(a).

The Organization is not aware of any unrelated business income as of July 22, 2021. In Accounting Standards Codification (ASC) 740-10-50, Income Taxes, (formerly FIN 48, Accounting for Uncertainty in Income Taxes) the Financial Accounting Standards Board (FASB) requires entities to disclose known or anticipated positions of income tax uncertainty. The Organization is not aware of any uncertain tax positions that would require adjustment to the financial statements. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is no longer subject to income tax examination by the U.S. federal, state or local tax authorities for years before 2017.

Advertising Costs

The Organization expenses advertising costs as incurred.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 3 – Change in Accounting Principle**

The Organization adopted *ASU 2018-08- Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended December 31, 2020. This guidance changes how not-for-profit entities recognize their contributions received and made. It is designed to improve the information provided by not-for-profit entities for better comparison across entities relating to contribution activity.

**Note 4 – Grant Funds Receivable**

The Organization had grants receivable of \$113,510 and \$111,306 as of December 30, 2020 and 2019, respectively. All grants receivable at December 31, 2019 were received during year ended December 31, 2020. The balance of the grants receivable as of December 31, 2020 will be received during the year ended December 31, 2021.

**Note 5 – Deferred Revenue**

As a result of the change in accounting principle noted above, the Organization no longer records the site match revenue from AmeriCorps during the year ended December 31, 2020. The AmeriCorps site match program covers services provided on a 12-month rolling basis which begins on September 1<sup>st</sup> and ends on August 31<sup>st</sup> each year. The deferred revenue from AmeriCorps as of December 31, 2019, was \$149,263. In addition, the Organization had deferred revenue relating to the VISTA program of \$34,558 for the year ended December 31, 2019. This program runs operates on a 12-month rolling basis which begins on May 1<sup>st</sup> and ends on April 30<sup>th</sup> each year.

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**Note 6 – Notes Payable**

During years ended December 31, 2020, the Organization applied for and obtained a Payroll Protection Program loan from the Small Business Administration in the amount of \$204,057. This loan was used to help cover payroll costs, rent, and utilities that were impacted by the COVID pandemic. The Organization spent the funds in the manner required and was able to get the loan fully forgiven. The amount of the forgiveness has been reported as income on the Statement of Activities.

**Note 7 – Retirement Plan**

During the fall of 2009, the Organization adopted a Simple Individual Retirement Account Plan. All full-time employees may contribute to the plan from the first month of employment. After 12 months of employment, the Organization contributed a match limited to 3% of the employee's total salary (as authorized annually by the board of directors). Contributions made by the Organization for the years ended December 31, 2020 and 2019 were \$10,208 and \$7,586, respectively.

**Note 8 – Operating Lease**

The Organization entered into a 12-month lease agreement for office space in October 2012. This lease has been renewed several times and specified that following annual rates are payable in equal monthly installments. The rates applicable for the years ended December 31, 2020 and 2019 were \$21,600 for March 2018 through February 2019, \$21,960 for March 2019 through February 2020, and \$22,560 from March 2020 through February 2021. In 2020, the Organization added rental space on the fourth floor of the same building for \$700 per month. Rent expense of \$33,910 and \$23,730 was paid for the years ending December 31, 2020 and 2019, respectively. Total minimum future rental payments under the operating lease are follows.

Year ending December 31,	<u>Total</u>
2021	\$ 30,960
2022	5,160
	<u>\$ 30,960</u>

**Note 9 – Concentrations of Credit Risk**

AmeriCorps program revenues provided 35% and 40% of the Organization's total support for the years ended December 31, 2020 and 2019, respectively. Housing program revenues provided 48% and 54% of the Organization's total support for the years ended December 31, 2020 and 2019, respectively.

Financial instruments that potentially subject the Organization to a concentration of credit risk consist principally of cash held in a limited number of financial institutions. The cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor, per insured bank, for each ownership category.

**Note 10 – AmeriCorps Revenue and Expenses**

As part of the AmeriCorps program the Organization receives funding for member salaries and supplies through the Corporation for National & Community Service. Funding through the program is received via a fixed-amount grant. The Organization pays all program costs over the grant period. Total AmeriCorps expenses for the years ended December 31, 2020 and 2019 were \$745,398 and \$860,221, respectively.

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2020 AND 2019

**Note 11 – Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2020 and 2019 consisted of the following items:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
	Accounts Receivable	Accounts Receivable
Cost Sharing Receivables	\$ 108,729	\$ 47,984
Total Net Assets with Donor Restriction	\$ 108,729	\$ 47,984

**Note 12 – Liquidity and Availability**

The Organization’s financial assets are available within one year of the balance sheet date for general expenditures as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 295,001	\$ 149,244
Accounts receivable, net of allowance	129,945	71,660
Grants receivable	113,510	111,306
Financial assets available to meet cash needs for general expenditures within one year	\$ 538,456	\$ 332,210

**Note 13 – Subsequent Events**

Management of the Organization has considered subsequent events through July 22, 2021, the date this report became available for issuance.

During the year ended December 31, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future. The extent to which COVID-19 impact the Organization will depend on future developments and government regulations, which are highly uncertain and cannot be predicted. As a result, the Organization has not yet determined the impact this disruption may have on its financial statements for the year ending December 31, 2021.



HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CDFA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Corporation for National &amp; Community Service</u>			
2019-2020 AmeriCorps	94.006*	PON27301900004853	\$ 290,019
2020-2021 AmeriCorps	94.006*	PON27302000002403	240,004
2019-2020 Volunteers in Service to America (VISTA)	94.013	16VSSKY001	8,039
2020-2021 Volunteers in Service to America (VISTA)	94.013	16VSSKY001	36,208
Total Corporation for National & Community Service			<u>574,270</u>
<u>Department of Housing &amp; Urban Development</u>			
Passed through Kentucky Housing Corporation (KHC)			
2018 Coordinated Entry	14.267	KY0188L4I001801	50,978
2018 Balance of State Permanent Supportive Housing	14.267	KY0106L4I001807	364,915
2019 Balance of State Permanent Supportive Housing	14.267	KY0106L4I001908	370,722
2019 Housing First	14.267	KY0157L4I001904	295,931
2018 Tenant Based Rental Assistance (TBRA)	14.239	TB18-0058-01	99,797
2020 Tenant Based Rental Assistance (TBRA)	14.239	TB20-0058-01	105,060
2020 Emergency Solutions Grant- BGADD	14.231	CVES20-0058-03	4,889
2020 Emergency Solutions Grant- LCADD	14.231	CVES20-0058-04	4,206
2020 Emergency Solutions Grant- PADD	14.231	CVES20-0058-05	934
Subtotal passed through KHC			<u>1,297,432</u>
Total Department of Housing & Urban Development			<u>1,297,432</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,871,702</u>

\* Audited as a Major Program under Uniform Guidance

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Homeless and Housing Coalition of Kentucky, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Homeless and Housing Coalition of Kentucky, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Homeless and Housing Coalition of Kentucky, Inc.

The Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE B – INSURANCE

The Organization carried insurance coverage during the entire year in amounts sufficient to or in excess of required levels, including coverage for general and professional liability, real and personal property, workers' compensation and fidelity bonding of employees who have access to funds.

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*

To the Board of Directors  
Homeless and Housing Coalition of Kentucky, Inc.  
Frankfort, Kentucky

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 Homeless and Housing Coalition of Kentucky, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 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, and have issued our report thereon dated July 22, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Homeless and Housing Coalition of Kentucky, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Homeless and Housing Coalition of Kentucky, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Homeless and Housing Coalition of Kentucky, 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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Homeless and Housing Coalition of Kentucky, 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 financial statements. 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 that are required to be reported under *Government Auditing Standards*.



## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Craft, Waininger, Noble & Company, PLLC*

Craft, Noble & Company, PLLC  
Richmond, Kentucky  
July 22, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Homeless and Housing Coalition of Kentucky, Inc.  
Frankfort, Kentucky

***Report on Compliance for Each Major Federal Program***

We have audited Homeless and Housing Coalition of Kentucky, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Homeless and Housing Coalition of Kentucky, Inc.'s major federal programs for the year ended December 31, 2020. Homeless and Housing Coalition of Kentucky, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Homeless and Housing Coalition of Kentucky, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Homeless and Housing Coalition of Kentucky, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Homeless and Housing Coalition of Kentucky, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Homeless and Housing Coalition of Kentucky, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.



## ***Report on Internal Control Over Compliance***

Management of Homeless and Housing Coalition of Kentucky, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Homeless and Housing Coalition of Kentucky, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Homeless and Housing Coalition of Kentucky, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Craft, Waininger, Noble & Company, PLLC***

Craft, Noble & Company, PLLC  
Richmond, Kentucky  
July 22, 2021

HOMELESS AND HOUSING COALITION OF KENTUCKY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Homeless and Housing Coalition of Kentucky, Inc.
2. Our report on the financial statements disclosed no material weaknesses or significant deficiencies in the internal control structure.
3. No instances of noncompliance material to the financial statements of Homeless and Housing Coalition of Kentucky, Inc. were disclosed during our audit.
4. The auditor's report on compliance for the major federal awards programs for Homeless and Housing Coalition of Kentucky, Inc. expresses an unmodified opinion on all major federal programs.
5. Our audit report disclosed no audit finding required to be reported in accordance with 2 CFR 200.516(a).
6. The programs tested as major programs included:  
  
AmeriCorps, CFDA #94.006 Type B
7. The threshold to determine Type A: \$750,000.
8. Homeless and Housing Coalition of Kentucky, Inc. was determined to be a low-risk auditee.
9. In connection with tests of internal control and compliance with laws and regulations, no material weaknesses were noted in internal control, and the Organization was in substantial compliance with laws and regulations.
10. There were no questioned costs with respect to major programs selected for compliance tests.