



NORTHEAST OHIO COALITION FOR THE HOMELESS

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Northeast Ohio Coalition for the Homeless

Opinion

We have audited the accompanying financial statements of Northeast Ohio Coalition for the Homeless (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Ohio Coalition for the Homeless as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeast Ohio Coalition for the Homeless and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Northeast Ohio Coalition for the Homeless as of December 31, 2021 were audited by other auditors whose report dated on May 9, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Ohio Coalition for the Homeless' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northeast Ohio Coalition for the Homeless' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Ohio Coalition for the Homeless' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



McManamon & Co., LLC
Westlake, Ohio
June 9, 2023

NORTHEAST OHIO COALITION FOR THE HOMELESS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 544,238	\$ 868,240
Accounts receivable	264,827	169,589
Deposits and prepaid expenses	6,341	843
Total current assets	<u>815,406</u>	<u>1,038,672</u>
PROPERTY AND EQUIPMENT, at cost		
Furniture and equipment	27,432	16,147
Vehicles	27,567	27,567
	<u>54,999</u>	<u>43,714</u>
Less accumulated depreciation	<u>(18,652)</u>	<u>(8,404)</u>
Total property and equipment	36,347	35,310
TOTAL ASSETS	<u>\$ 851,753</u>	<u>\$ 1,073,982</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 13,621	\$ 29,107
Total current liabilities	<u>13,621</u>	<u>29,107</u>
NET ASSETS		
Without donor restrictions	838,132	934,875
With donor restrictions	0	110,000
Total net assets	<u>838,132</u>	<u>1,044,875</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 851,753</u>	<u>\$ 1,073,982</u>

See independent auditor's report and notes to financial statements.

NORTHEAST OHIO COALITION FOR THE HOMELESS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants, gifts and bequests	\$ 364,372	\$ 207,700	\$ 572,072
Donated goods	176,410	0	176,410
Special events	33,913	0	33,913
Service fees	631,922	0	631,922
Interest income	44	0	44
Miscellaneous	340	0	340
Release from restrictions	317,700	(317,700)	0
	<u>1,524,701</u>	<u>(110,000)</u>	<u>1,414,701</u>
EXPENSES			
Program services			
Advocacy and Organizing	286,450	0	286,450
Street Outreach	1,085,359	0	1,085,359
Education	106,696	0	106,696
Support services			
Management and general	109,841	0	109,841
Fundraising	33,098	0	33,098
	<u>1,621,444</u>	<u>0</u>	<u>1,621,444</u>
DECREASE IN NET ASSETS	(96,743)	(110,000)	(206,743)
NET ASSETS AT BEGINNING OF YEAR	<u>934,875</u>	<u>110,000</u>	<u>1,044,875</u>
NET ASSETS AT END OF YEAR	<u>\$ 838,132</u>	<u>\$ 0</u>	<u>\$ 838,132</u>

See independent auditor's report and notes to financial statements.

NORTHEAST OHIO COALITION FOR THE HOMELESS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants, gifts and bequests	\$ 566,349	\$ 385,480	\$ 951,829
Donated goods	120,348	0	120,348
Special events	42,534	0	42,534
Service fees	173,178	0	173,178
Interest income	59	0	59
Miscellaneous	6,767	0	6,767
Release from restrictions	330,528	(330,528)	0
	<u>1,239,763</u>	<u>54,952</u>	<u>1,294,715</u>
EXPENSES			
Program services			
Advocacy and Organizing	176,925	0	176,925
Street Outreach	537,008	0	537,008
Education	54,408	0	54,408
Support services			
Management and general	56,681	0	56,681
Fundraising	30,595	0	30,595
	<u>855,617</u>	<u>0</u>	<u>855,617</u>
INCREASE IN NET ASSETS	384,146	54,952	439,098
NET ASSETS AT BEGINNING OF YEAR	<u>550,729</u>	<u>55,048</u>	<u>605,777</u>
NET ASSETS AT END OF YEAR	<u>\$ 934,875</u>	<u>\$ 110,000</u>	<u>\$ 1,044,875</u>

See independent auditor's report and notes to financial statements.

NORTHEAST OHIO COALITION FOR THE HOMELESS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program services			Support services		Total
	Advocacy and Organizing	Street Outreach	Education	Management and general	Fundraising	
EXPENSES						
Salaries and related costs						
Salaries	\$ 177,786	\$ 297,157	\$ 47,097	\$ 50,492	\$ 17,264	\$ 589,796
Payroll taxes	15,687	26,149	4,143	4,437	1,515	51,931
Employee benefits	29,177	45,988	15,865	13,394	3,860	108,284
Total salaries and related costs	222,650	369,294	67,105	68,323	22,639	750,011
Other expenses						
Accounting	6,879	5,099	3,912	1,105	0	16,995
Bank fees	0	0	0	1,951	0	1,951
Consulting	7,063	1,541	2,452	15,045	0	26,101
Depreciation	0	5,514	0	4,734	0	10,248
Dues, publications and memberships	2,493	5,007	2,183	2,072	919	12,674
Fundraising	0	0	0	588	7,857	8,445
Insurance	1,289	1,289	1,289	482	0	4,349
Meetings and conferences	4,332	688	3,235	6,348	18	14,621
Occupancy	9,869	9,222	8,791	2,859	0	30,741
Office	7,259	5,339	4,787	3,926	0	21,311
Postage	0	0	0	378	784	1,162
Printing and copying	577	2,262	511	215	881	4,446
Program supplies, operations	6,475	466,104	7,157	0	0	479,736
Program supplies, donated	0	176,410	0	0	0	176,410
Staff training	1,724	149	774	49	0	2,696
Telephone and internet	4,903	8,239	3,773	1,194	0	18,109
Travel	10,937	29,202	727	572	0	41,438
	<u>\$ 286,450</u>	<u>\$ 1,085,359</u>	<u>\$ 106,696</u>	<u>\$ 109,841</u>	<u>\$ 33,098</u>	<u>\$ 1,621,444</u>

See independent auditor's report and notes to financial statements.

NORTHEAST OHIO COALITION FOR THE HOMELESS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program services			Support services		Total
	Advocacy and Organizing	Street Outreach	Education	Management and general	Fundraising	
EXPENSES						
Salaries and related costs						
Salaries	\$ 98,532	\$ 248,060	\$ 33,910	\$ 24,399	\$ 9,225	\$ 414,126
Payroll taxes	7,825	18,780	2,594	1,519	706	31,424
Employee benefits	17,355	36,249	3,859	5,789	2,452	65,704
Total salaries and related costs	123,712	303,089	40,363	31,707	12,383	511,254
Other expenses						
Accounting	3,480	1,875	625	270	0	6,250
Bank fees	457	0	0	144	0	601
Consulting	1,333	277	92	4,029	0	5,731
Depreciation	0	4,989	0	2,272	0	7,261
Dues, publications and memberships	3,318	1,699	552	2,995	216	8,780
Fundraising	0			0	14,757	14,757
Insurance	1,328	725	242	121	0	2,416
Meetings and conferences	2,190	241	1,788	4,353	0	8,572
Occupancy	8,555	4,666	1,555	778	0	15,554
Office	8,556	4,706	1,532	7,311	0	22,105
Postage	214	80	0	433	695	1,422
Printing and copying	2,965	963	2,348	0	2,544	8,820
Program supplies, operations	4,744	67,622	2,862	0	0	75,228
Program supplies, donated	0	120,348	0	0	0	120,348
Staff training	3,286	18	1,306	1,082	0	5,692
Telephone and internet	6,287	6,179	1,143	572	0	14,181
Travel	6,500	19,531	0	614	0	26,645
	<u>\$ 176,925</u>	<u>\$ 537,008</u>	<u>\$ 54,408</u>	<u>\$ 56,681</u>	<u>\$ 30,595</u>	<u>\$ 855,617</u>

See independent auditor's report and notes to financial statements.

NORTHEAST OHIO COALITION FOR THE HOMELESS

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (206,743)	\$ 439,098
Adjustments to reconcile change net assets to net cash (used in) provided by operating activities:		
Depreciation	10,248	7,261
Decrease (Increase) in operating assets:		
Grants and contributions receivable	(95,238)	(126,316)
Prepaid expenses	(5,498)	261
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(15,486)	4,949
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(312,717)</u>	<u>325,253</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(11,285)</u>	<u>(39,894)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(11,285)</u>	<u>(39,894)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Net activity on short-term borrowings	<u>0</u>	<u>(26,919)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>0</u>	<u>(26,919)</u>
NET (DECREASE) INCREASE IN CASH	(324,002)	258,440
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>868,240</u>	<u>609,800</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 544,238</u>	<u>\$ 868,240</u>
Supplemental information:		
Interest	<u>\$ 0</u>	<u>\$ 5,014</u>

See independent auditor's report and notes to financial statements.

NORTHEAST OHIO COALITION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northeast Ohio Coalition for the Homeless (NEOCH or the Organization) is a nonprofit corporation established to eliminate the root causes of homelessness while loving their diverse community through organizing, advocacy, education, and street outreach. The Organization is supported by individuals, corporations, foundations, and government grants. NEOCH conducts the following program services:

- **Advocacy** – NEOCH’s work to achieve systemic change leads service providers, government officials, and the Northeast Ohio community to address policies and conditions that cause homelessness while also changing their response to people experiencing a housing crisis.
- **Education** – NEOCH’s educational work in the community results in increased community awareness of the oppression and inequity in homelessness and housing systems and leads to those working and living in these contexts to organize and advocate for change.
- **Organizing** – NEOCH’s organizing work will mobilize a grassroots constituency to share ideas and build power to ignite public support, political will, and initiatives to eliminate the root causes of homelessness.
- **Street Outreach** – NEOCH reduces the total number of unsheltered homeless in the community through relationally-based, trauma-informed street outreach services and collaboration with other service providers and volunteer groups.

General Methods

The accompanying financial statements have been prepared as prescribed in the American Institute of Certified Public Accountants' Guide for Not-For-Profit Organizations.

Accrual Basis

NEOCH records transactions on an accrual basis. Revenue (if any) is recognized when earned, support is recognized when receivable, and expenses are recognized when incurred.

Statements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC)

NEOCH complies with ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which requires a not-for-profit (NFP) to present on the face of the statement of financial position amounts for two classes of net assets (without donor restrictions and with donor restrictions) rather than the previously required three classes. The amendments also enhance disclosures about the amount and purposes of board designations, appropriations, and similar actions and qualitative and quantitative information that communicates how an NFP manages its liquid resources available to meet cash needs within one year of the statement of financial position date. Additional disclosures are required surrounding the amounts of expenses by both their natural classification and the method(s) used to allocate costs among program and support functions.

See accompanying independent auditor’s report.

NORTHEAST OHIO COALITION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

DECEMBER 31, 2022 AND 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Statements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) – Continued

As required by ASU No. 2016-14, contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. As of December 31, 2022 and 2021 NEOCH had \$0 and \$110,000 net assets with donor restrictions, respectively. Net assets released from restrictions in fiscal years ended December 31, 2022 were \$317,700, all of which were released by expenditure. Net assets released from restrictions during fiscal year ending December 31, 2021 were \$330,528, of which \$125,019 was released due to expiration of time restrictions and \$205,509 due to expenditures.

NEOCH also complies with FASB ASC 958-605-25, which affects the timing of revenue recognition with regard to donor restricted net assets. For service contracts, if any, NEOCH complies with Topic 606, Revenue from Contracts with Customers.

Allocation of Expenses

Expenses are generally charged to the specific programs for which they are incurred. In some cases, however, common expenses are incurred which support the work performed under program services as well as supporting services. Such expenses are allocated among the various program services and support services based on the relationship of functionalized payroll costs to total payroll costs.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributions and Grants

Nonrestricted contributions, if any, are recorded as support when received or receivable. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grants with donor restrictions are recorded as donor restricted grants when awarded. Some grants awarded to NEOCH require the fulfillment of certain specific conditions. Failure to fulfill these conditions could result in either the return of funds to the grantor or the refusal by the grantor to release additional funds pursuant to the grant.

FASB ASC 958-605

NEOCH complies with FASB ASC 958-605, Revenue Recognition for Donated Services and Materials. Accordingly, only those services which require a specialized skill (if any) are recorded as an in-kind donation and corresponding expense. No donated specialized services have been recorded during fiscal years ended December 31, 2022 or 2021.

See accompanying independent auditor's report.

NORTHEAST OHIO COALITION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

DECEMBER 31, 2022 AND 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advertising Costs

NEOCH expenses advertising cost when incurred. NEOCH did not incur any advertising costs as of December 31, 2022 and 2021.

FASB ASC 740

NEOCH complies with FASB ASC 740 - Accounting for Uncertainty in Income Taxes. FASB ASC 740 details how companies should recognize, measure, present and disclose uncertain tax positions that have been or are expected to be taken. As such, the financial statements would reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts, if they existed. The management of NEOCH believes that there are no uncertain tax positions. NEOCH's tax years that remain subject to examination by the Internal Revenue Service are fiscal years ended December 31, 2019 and forward.

Recently issued pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) and are adopted by the organization as of the specified effective date. Unless otherwise discussed, the organization believes that the impact of other recently issued accounting pronouncements will not have a material impact on its financial position, statements of activities, changes in net assets, and cash flows, or do not apply to the organization's operations.

Cash and cash equivalents

NEOCH considers all short-term, highly liquid investments to be cash equivalents. These investments are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Concentrations of credit risk

The Organization maintains its cash balances in one bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation. At times, the balance may exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NEOCH receives substantial support from governmental agencies and local foundations. In both 2022 and 2021, the top three donors (including governmental agencies) to the Organization provided approximately 38% of total revenues, not including donated goods revenue.

Grants and contributions receivable

Based upon management's review of specific receivables, NEOCH considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

See accompanying independent auditor's report.

NORTHEAST OHIO COALITION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

DECEMBER 31, 2022 AND 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Liquidity

The Organization’s policy is to structure its financial assets to be available as its general expenses, liabilities and other obligations become due. All current assets shown on the Statements of Financial Position are available for general expenditures within one year of the date of the financial statements, with the exception of current assets restricted or designated for specific purposes. Accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

Property and equipment and depreciation

NEOCH records individual expenditures for property and equipment totaling over \$500 or more as assets subject to depreciation. Office equipment and furniture are depreciated using the straight-line method over five years, which represents the estimated useful life of the assets.

Fully depreciated items are periodically eliminated from the asset and related accumulated depreciation accounts. Such eliminations totaled \$0 and \$905 during years ending December 31, 2022 and 2021, respectively.

Impairment of long-lived assets

As required by the Property, Plant and Equipment topic of FASB ASC, the Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss was recognized during the years ended December 31, 2022 and 2021.

Date of Management’s Review

NEOCH has evaluated subsequent events through June 9, 2023, the date the financial statements were available to be issued.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include promises to give that continue to be subject to donor-imposed restrictions as of the end of the year. These donor restrictions relate to the time period during which the revenues can be utilized and/or the specific purpose for which the funds may be expended. All donor restricted net assets are available for use during the following year and relate to the conduct of advocacy and the completion of strategic planning.

See accompanying independent auditor’s report.

NORTHEAST OHIO COALITION FOR THE HOMELESS

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

DECEMBER 31, 2022 AND 2021

NOTE 3 – DONATED GOODS

As a component of its program activities, NEOCH provides direct assistance to individuals who are homeless or at risk of becoming homeless. The Organization receives donations of clothing and personal care items that are distributed to those in need. Such donations totaled \$176,410 and \$120,348 during the years ending December 31, 2022 and 2021, respectively.

NOTE 4 – COMMITMENTS

NEOCH leases its office space pursuant to a month-to-month tenancy. Occupancy expense totaled \$30,741 and \$15,555 for the years ending December 31, 2022 and 2021, respectively.

NOTE 5 – RESPONSE TO COVID-19

The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. Thus far, certain responses to the outbreak have included mandates from Federal, state and/or local authorities that require temporary closure of or imposed limitations on the operation of certain non-essential businesses. Further, the outbreak and associated responses could impact NEOCH and present uncertainty with respect to potential changes in future operations and funding sources.

The “Coronavirus Aid Relief and Economic Security (CARES) Act” was signed into law in March 2020. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits and deferment of the employer portion of Social Security payments. NEOCH continues to examine the impacts that the CARES Act may have on its operations.