



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

**MASSACHUSETTS COALITION
FOR THE HOMELESS, INC.**

Financial Statements

Years Ended June 30, 2016 and 2015

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Financial Statements

June 30, 2016 and 2015

Table of Contents

Independent Auditors' Report	1-2
<i>Financial Statements:</i>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to Financial Statements	8-16



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

Independent Auditors' Report

To the Board of Directors of
Massachusetts Coalition for the Homeless, Inc.
Lynn, Massachusetts

We have audited the accompanying financial statements of Massachusetts Coalition for the Homeless, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Massachusetts Coalition for the Homeless, Inc. as of June 30, 2016 and 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Massachusetts Coalition for the Homeless, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davis Kelly, LLC.

Boston, MA

December 6, 2016

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statements of Financial Position

As of June 30, 2016

(with comparative totals as of June 30, 2015)

<i>Assets</i>	<u>2016</u>	<u>2015</u>
<i>Current assets:</i>		
Cash and cash equivalents	\$ 1,517,422	\$ 1,577,188
Accounts and pledges receivable	372,239	182,418
Investments	724,530	730,673
Prepaid expenses	<u>33,504</u>	<u>7,254</u>
<i>Total current assets</i>	2,647,695	2,497,533
Property and equipment, net	23,288	33,059
<i>Other assets:</i>		
Deposits	200,000	-
<i>Total assets</i>	<u>\$ 2,870,983</u>	<u>\$ 2,530,592</u>
 <i>Liabilities and Net Assets</i>		
<i>Current liabilities:</i>		
Accounts payable and accrued expenses	<u>\$ 18,572</u>	<u>\$ 19,181</u>
<i>Total current liabilities</i>	<u>18,572</u>	<u>19,181</u>
 <i>Long-term liabilities:</i>		
Rent payable and deferred rent	<u>76,800</u>	<u>91,200</u>
<i>Total long - term liabilities</i>	<u>76,800</u>	<u>91,200</u>
<i>Total liabilities</i>	<u>95,372</u>	<u>110,381</u>
 <i>Net assets:</i>		
Unrestricted	2,518,411	2,308,211
Temporarily restricted	<u>257,200</u>	<u>112,000</u>
<i>Total net assets</i>	<u>2,775,611</u>	<u>2,420,211</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 2,870,983</u>	 <u>\$ 2,530,592</u>

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

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statements of Activities

For the Years Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>
<i>Revenue and support:</i>						
Individual contributions	\$ 436,234	\$ -	\$ 436,234	\$ 498,177	\$ -	\$ 498,177
Corporate and foundation contributions	466,141	145,200	611,341	375,463	-	375,463
Contributed goods and services	2,327,099	-	2,327,099	2,325,251	-	2,325,251
Special events, net	122,229	-	122,229	73,387	-	73,387
Contract revenue	515,999	-	515,999	332,400	-	332,400
Investment income, net	85,641	-	85,641	62,505	-	62,505
Rental Income	30,000	-	30,000	-	-	-
Other income	15,385	-	15,385	6,998	-	6,998
<i>Total revenue and support</i>	<u>3,998,728</u>	<u>145,200</u>	<u>4,143,928</u>	<u>3,674,181</u>	<u>-</u>	<u>3,674,181</u>
<i>Expenses:</i>						
Program services	3,475,271	-	3,475,271	3,341,337	-	3,341,337
Fundraising	62,823	-	62,823	57,310	-	57,310
General and administration	250,434	-	250,434	253,800	-	253,800
<i>Total expenses</i>	<u>3,788,528</u>	<u>-</u>	<u>3,788,528</u>	<u>3,652,447</u>	<u>-</u>	<u>3,652,447</u>
<i>Changes in net assets</i>	210,200	145,200	355,400	21,734	-	21,734
<i>Net assets, beginning of the year</i>	<u>2,308,211</u>	<u>112,000</u>	<u>2,420,211</u>	<u>2,286,477</u>	<u>112,000</u>	<u>2,398,477</u>
<i>Net assets, ending of the year</i>	<u>\$ 2,518,411</u>	<u>\$ 257,200</u>	<u>\$ 2,775,611</u>	<u>\$ 2,308,211</u>	<u>\$ 112,000</u>	<u>\$ 2,420,211</u>

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

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statements of Cash Flows

For the Years Ended June 30, 2016

(with comparative totals for the year ended June 30, 2015)

	2016	2015
<i>Cash flows from operating activities:</i>		
Changes in net assets	\$ 355,400	\$ 21,734
Adjustments to reconcile changes in net assets provided by / (used in) operating activities:		
Depreciation and amortization	9,771	10,701
Change in:		
Accounts and pledges receivable	(189,821)	46,554
Prepaid expenses	(26,250)	14,293
Pledges receivable- non-current	-	24,703
Other asset	(200,000)	-
Accounts payable and accrued expenses	(609)	2,381
Rent payable and deferred rent	(14,400)	45,600
<i>Net cash provided by (used in) operating activities</i>	<i>(65,909)</i>	<i>165,966</i>
<i>Cash flows from investing activities:</i>		
Purchase of property and equipment	-	(10,718)
Purchase of investments	-	(13,834)
Proceeds from sales of investments	6,143	-
<i>Net cash provided by (used in) investing activities</i>	<i>6,143</i>	<i>(24,552)</i>
<i>Net change in cash and cash equivalents</i>	(59,766)	141,414
<i>Cash and cash equivalents, beginning</i>	1,577,188	1,435,774
<i>Cash and cash equivalents, ending</i>	\$ 1,517,422	\$ 1,577,188

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2016

	<i>Program Services</i>				<i>General and Administration</i>		
	<i>Education</i>	<i>Furniture Bank</i>	<i>HomeLink Initiative</i>	<i>Total Program Services</i>	<i>Fundraising</i>	<i>Administration</i>	<i>Total</i>
Salaries	\$ 204,010	\$ 253,254	\$ 246,218	\$ 703,482	\$ 21,984	\$ 7,328	\$ 732,794
Payroll taxes	16,924	20,426	21,009	58,359	1,824	608	60,791
Employee benefits	46,756	22,331	698	69,785	-	37,576	107,361
Subtotal	267,690	296,011	267,925	831,626	23,808	45,512	900,946
Contributed goods and services	-	2,327,099	-	2,327,099	-	-	2,327,099
Depreciation and amortization	567	4,590	510	5,667	-	4,104	9,771
Equipment rental and maintenance	938	4,908	1,372	7,218	-	1,175	8,393
Insurance	392	392	404	1,188	-	28,516	29,704
Miscellaneous	-	2,278	-	2,278	-	43,292	45,570
Occupancy	4,176	33,827	3,759	41,762	-	30,242	72,004
Postage	958	1,317	1,716	3,991	399	3,592	7,982
Printing and publication	4,267	6,327	4,120	14,714	4,754	3,169	22,637
Professional fees	19,916	58,751	20,911	99,578	31,865	67,713	199,156
Supplies	7,129	104,554	7,128	118,811	1,431	22,903	143,145
Telephone	2,010	6,665	1,905	10,580	-	216	10,796
Travel	2,905	7,531	323	10,759	566	-	11,325
Total expenses	\$ 310,948	\$ 2,854,250	\$ 310,073	\$ 3,475,271	\$ 62,823	\$ 250,434	\$ 3,788,528

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2015

	<i>Program Services</i>				<i>Fundraising</i>	<i>General and Administration</i>	<i>Total</i>
	<i>Education</i>	<i>Furniture Bank</i>	<i>Homelink Initiative</i>	<i>Total Program Services</i>			
Salaries	\$ 173,052	\$ 278,212	\$ 194,380	\$ 645,644	\$ -	\$ 103,834	\$ 749,478
Payroll taxes	14,255	29,144	15,020	58,419	-	9,397	67,816
Employee benefits	27,982	44,987	31,413	104,382	-	16,790	121,172
Subtotal	<u>215,289</u>	<u>352,343</u>	<u>240,813</u>	<u>808,445</u>	<u>-</u>	<u>130,021</u>	<u>938,466</u>
Contributed goods and services	-	2,304,228	-	2,304,228	-	21,023	2,325,251
Depreciation and amortization	-	-	-	-	-	10,701	10,701
Equipment rental and maintenance	410	6,941	1,008	8,359	-	-	8,359
Insurance	9,816	8,173	5,710	23,699	1,541	6,331	31,571
Occupancy	6,249	12,866	5,418	24,533	753	47,019	72,305
Postage	3,378	3,667	2,330	9,375	449	2,045	11,869
Printing and publication	14,144	1,082	3,058	18,284	2,174	-	20,458
Professional fees	13,531	24,633	14,913	53,077	50,000	32,541	135,618
Supplies	15,745	37,319	11,305	64,369	1,573	3,393	69,335
Telephone	2,180	1,965	3,770	7,915	820	726	9,461
Travel	2,582	13,402	3,069	19,053	-	-	19,053
<i>Total expenses</i>	<u>\$ 283,324</u>	<u>\$ 2,766,619</u>	<u>\$ 291,394</u>	<u>\$ 3,341,337</u>	<u>\$ 57,310</u>	<u>\$ 253,800</u>	<u>\$ 3,652,447</u>

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

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 1 - Organization

Massachusetts Coalition for the Homeless, Inc. (“Organization”) was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on February 9, 1983. Truly a coalition, the Organization works with organizations and individuals that are united in their commitment to end homelessness. The following is a brief description of each of the major programs of the Organization.

HomeLink Initiative - The HomeLink Initiative is designed to work with community health centers, public school districts and early intervention workers to help identify households that are having a housing crisis and then offer quick assistance to ensure that they remain stably housed.

A Bed for Every Child Initiative - The Organization raises funds to purchase a twin mattress, frame, and linens for each student referred to the Organization by its partners.

The Room to Breathe Initiative – The Program is to assist low-income families and individuals who are living with chronic respiratory diagnoses to improve their home environment to lessen environment triggers with a goal of improving their quality of life.

Furniture Bank - The Program is a unique furniture bank that collects furniture and household goods from corporations, hotels, colleges and private households and distributes them to formerly homeless people who have found housing.

Teen Closet Initiative – The Organization partnered with various high schools located in Boston to create the Teen Closet Initiative. The Teen Closet is a place for students to stop by during school hours to receive free of cost clothing and hygiene products.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under *Financial Statements of Not-for-Profit Organizations*, 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.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - include funds with donor-imposed restrictions, which stipulate that the organization expend the assets as specified and are satisfied either by the passage of time or by actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets - include resources, which have a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permit the organization to expend part or all of the income derived from the donated assets. The Organization did not have any permanently restricted net assets at June 30, 2016 and 2015.

Cash and Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated by the Board for investment.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Revenue Recognition

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Contributed Goods and Services

The Organization records various types of in kind support including contributed professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributed Goods and Services (Continued)

Contributions of tangible assets are recognized at fair market value when received.

Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the two recognition criteria as described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and/ or support service are allocated directly according to its natural expenditure classification.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or if donated, at their estimated fair market value at the date of receipt. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. The cost of maintenance, repairs, and minor renewals are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Website development	3 years
Equipment	3-5 years
Motor vehicles	5 years

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and a comparable State of Massachusetts statute. In addition, the Organization has been determined by the Internal Revenue Service (IRS) to be 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)(1).

Donors are eligible to receive the maximum charitable tax deduction available for public charities under the IRC. As of June 30, 2016, no amounts have been recognized for uncertain income tax positions. The Financial Accounting Standards Board issued guidance clarifying the accounting for uncertain income tax positions, which could require additional disclosure. Management believes there are no material uncertain tax positions that require recognition in the accompanying financial statements. The tax years ended 2016, 2015, and 2014 are still open to audit for both federal and tax purposes.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are reclassified to unrestricted net assets.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted.

Note 3 - Contributed Goods and Services

The Organization receives a substantial amount of household necessities such as beds, refrigerators, dressers, chairs, tables, blankets, infant and children's products and toys donated by individuals and corporations interested in the Furniture Bank program. These goods are re-distributed to homeless facilities directly or through shelters and human service agencies. For the years ended June 30, 2016 and 2015, the Organization received donated household necessities totaling \$2,327,099 and \$2,304,228, respectively. The contributions of household necessities that are reflected in the accompanying financial statements are based upon estimated fair values, determined by management and the applicable donors. In the fiscal years 2016 and 2015, the Organization received donated legal fees totaling \$0- and \$21,023, respectively. The Organization did not receive donated public relation service in the fiscal years June 30, 2016 and 2015. The totaled donated goods and services are \$2,327,099 and \$2,325,251 for the years ended June 30, 2016 and 2015, respectively.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 4 - Property and Equipment

At June 30, 2016 and 2015 property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 113,714	\$ 113,714
Website development	10,300	10,300
Motor vehicles	29,350	29,350
Blossum Street Property	<u>10,718</u>	<u>10,718</u>
	164,082	164,082
Less accumulated depreciation and amortization	<u>(140,794)</u>	<u>(131,023)</u>
Property and equipment, net	<u>\$ 23,288</u>	<u>\$ 33,059</u>

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was \$9,771 and \$10,701, respectively.

Note 5 - Significant Concentrations of Risk

The Organization maintains its cash and cash equivalents in various financial institutions in accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Note 6 – Interest Expense

Interest costs are expensed as incurred. There was no interest expense for the years ended June 30, 2016 and 2015.

Note 7 - Investments

Investments consist of money market funds, corporate stocks, and mutual funds, are stated at fair value based on quoted prices in active markets, and are summarized as follows, at June 30, 2016 and 2015:

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 7 – Investments (Continued)

	<u>2016</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money market	\$ 69,871	\$ 69,871	\$ -
Common stocks	365,023	345,342	19,682
Exchange-traded and closed-end funds	<u>289,636</u>	<u>278,517</u>	<u>11,119</u>
Total	<u>\$ 724,530</u>	<u>\$ 693,730</u>	<u>\$ 30,801</u>
	<u>2015</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Money market	\$ 79,084	\$ 79,084	\$ -
Common stocks	486,034	475,724	10,310
Exchange-traded and closed-end funds	<u>165,555</u>	<u>168,052</u>	<u>(2,497)</u>
Total	<u>\$ 730,673</u>	<u>\$ 722,860</u>	<u>\$ 7,813</u>

Investment income for the years ended June 30, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 27,097	\$ 26,690
Realized gain on investments	25,167	96,177
Unrealized gain (loss) on investments	43,482	(49,808)
Investment expenses	<u>(10,105)</u>	<u>(10,554)</u>
Investment income, net	<u>\$ 85,641</u>	<u>\$ 62,505</u>

Note 8 - Fair Value Measurements

Financial Accounting Standards Board Statement ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 8 - Fair Value Measurements (Continued)

the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of investments appearing on the statement of financial position has the following valuation approaches as defined by FASB ASC 820 hierarchy:

- Assets utilizing Level 1 inputs include money market, mutual funds, stocks, and exchange-traded and closed-end funds which amounted to \$724,530 and \$730,673 as of June 30, 2016 and 2015, respectively. There are no liabilities utilizing Level 1 inputs.
- There are no assets and liabilities utilizing Level 2 inputs.
- There are no assets and liabilities utilizing Level 3 inputs.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 9 - Special Events

The Organization has an annual event in the fiscal years 2016 and 2015. For the years ended June 30, 2016 and 2015, the Organization incurred the following special event revenue and expenses:

	<u>2016</u>	<u>2015</u>
Special event revenue	\$ 141,465	\$ 102,024
Less: direct special event expenses	<u>19,236</u>	<u>28,637</u>
Special events, net	<u>\$ 122,229</u>	<u>\$ 73,387</u>

Note 10 – Lease

On June 24, 2013, the Organization entered into the cancellable lease for its office space for five years. The term of the lease began on July 1, 2013 and ends on June 30, 2018. The base monthly rent is \$5,000 for the fiscal year 2016 and \$7,000 for the fiscal years 2017 and 2018 with escalation clauses for operating expenses and utilities. The lease agreement provides free-rent occupancy periods from July 1, 2013 to June 30, 2015. The Organization recognizes rent expense on a straight-line basis over the lease term. Total rent expense for the years ended June 30, 2016 and 2015 was \$45,600 and \$45,600 respectively. The Organization records donated rent and related rental increases as a rent payable and deferred rent, respectively. These liabilities are being amortized over the five-year lease term. The rent payable as of June 30, 2016 and 2015 was \$48,000 and \$72,000, respectively. The deferred rent as of June 30, 2016 and 2015 was \$28,800 and \$19,200, respectively.

Note 11 - Temporarily Restricted Net Assets

At June 30, 2016 and 2015, the Organization had temporarily restricted net assets of \$257,200 and \$112,000, respectively, restricted for specific programs.

Note 12 - Reclassifications

Certain amounts in the 2015 financial statements have been reclassified in order to conform to the current year's presentation. The reclassification has no effect on the previously reported net assets.

MASSACHUSETTS COALITION FOR THE HOMELESS, INC.

Notes to Financial Statements

For the Years Ended June 30, 2016 and 2015

Note 13 – Deposits

The Organization placed a deposit on the stock of a company of which the major asset is a building in Lynn. The amount of the deposit was \$200,000. Subsequent to year end the Organization closed on that purchase. Managements plan is to renovate the building and has started a capital campaign to fund those costs.

Note 14 - Subsequent Event

ASC 855-10, “Subsequent events” defines further disclosure requirements for events that occur after the statement of financial position date, but before financial statements are issued. In accordance with ASC 855-10, the Organization management has evaluated events subsequent to June 30, 2016 to December 6, 2016, which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report.