

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2018**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Capital Area Alliance for the Homeless
153 N. 17th Street
Baton Rouge, Louisiana 70802

I have reviewed the accompanying financial statements of the Capital Area Alliance for the Homeless (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedure to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



John L. McKowen, CPA
Baton Rouge, Louisiana
June 25, 2019

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Current Assets	
Cash	\$ 366,891
Accounts Receivable	<u>93,659</u>
Total Current Assets	460,550
Property and Equipment, Net	<u>26,726</u>
Total Assets	<u><u>\$ 487,276</u></u>

LIABILITIES AND NET ASSETS

Net Assets	
Without Restriction	<u>\$ 487,276</u>
Total Net Assets	<u>487,276</u>
Total Liabilities and Net Assets	<u><u>\$ 487,276</u></u>

See accompanying notes and independent accountant's review report.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDING DECEMBER 31, 2018**

REVENUES

Government Grants and Contracts	\$ 372,473
Private Grants and Contributions	203,764
Passthrough Income	135,344
Earned and Other Income	<u>56,990</u>
Total Revenues	<u>\$ 768,571</u>

EXPENSES

Management and General	\$ 116,823
Program Services	<u>588,318</u>
Total Expenses	<u>705,141</u>

CHANGE IN NET ASSETS

	63,430
Net Assets - Beginning of Year	<u>423,846</u>
Net Assets - End of Year	<u><u>\$ 487,276</u></u>

See accompanying notes and independent accountant's review report.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2018**

	<u>Management & General</u>	<u>Program Service</u>	<u>Total</u>
Salaries	\$ 61,772	\$ 196,707	\$ 258,479
Computer Expenses	-	163,929	163,929
Occupancy	28,819	96,481	125,300
One Stop Expenses	-	72,555	72,555
Training and Conferences	-	28,040	28,040
Payroll Taxes	4,726	15,048	19,774
Professional Services	9,628	6,173	15,801
Depreciation	8,064	-	8,064
Travel	150	6,132	6,282
Supplies and Other	1,928	3,253	5,181
Bad Debt	1,736	-	1,736
	<u>\$ 116,823</u>	<u>\$ 588,318</u>	<u>\$ 705,141</u>

See accompanying notes and independent accountant's review report.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 63,430
Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:	
Depreciation	8,064
Decrease in accounts receivable	107,959
Decrease in accounts payable	<u>(17,038)</u>
Net cash provided by operating activities	<u>162,415</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on loan payable	<u>(3,324)</u>
Net cash used by financing activities	<u>(3,324)</u>

INCREASE IN CASH 159,091

CASH, BEGINNING OF YEAR 207,800

CASH, END OF YEAR \$ 366,891

Capital Area Alliance for the Homeless had no income tax expense and \$6 in interest expense for the year ended December 31, 2018

See accompanying notes and independent accountant's review report.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2018**

1. Summary of Significant Accounting Policies

Organization

The mission of the Capital Area Alliance for the Homeless (CAAH) is to provide a continuum of care network for the homeless population in the Capital Area comprised of the civil parishes of Ascension, East Baton Rouge, East Feliciana, Iberville, Pointe Coupee, West Baton Rouge, and West Feliciana through a coordinated body of diverse organizations and individuals.

CAAH administers the Homeless Management Information System (HMIS) for the Louisiana Balance of State and contracts with nonprofits to provide these services to other regions. HMIS is a local Information technology system used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness. CAAH also provides training to users of the HMIS system on how to enter data and generate the required reports.

Basis of Accounting

The financial statements of CAAH have been prepared on the accrual basis of accounting according to accounting principles generally accepted in the United States of America. Accordingly, all significant receivables, payables and other liabilities are reflected in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of deposits held with a bank in a checking and savings account.

Accounts Receivable

Accounts receivable arising from grants are recorded at their net realizable value while accounts receivable from contracts are recognized to the extent of services provided plus an admin fee. Management has not recorded an allowance for doubtful accounts as it considers all amounts to be collectible. Receivables are written off when deemed uncollectible by management and recoveries, if any, are recorded when received.

Net Assets

CAAH reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met by either actions of the organization or the passage of time. Once the restrictions are met they are reclassified to net assets without donor restrictions.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2018**

1. Summary of Significant Accounting Policies - Continued

Revenue Recognition

Revenue from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant award while revenues from cost reimbursement contracts are recognized to the extent of services provided plus an admin fee.

Contributions are recorded when made. All contributions are available for unrestricted use unless there is a donor-imposed restriction.

Functional Expenses

CAAH allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

Donated services

Unpaid board members and volunteers conduct a significant portion of CAAH's functions. The value of this contributed time is not reflected in the accompanying financial statements since the service performed does not meet the criteria necessary for recognition.

Income Taxes

CAAH accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

CAAH is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

CAAH files Form 990 in the U.S. federal jurisdiction. The organizations open audit periods are 2015 through 2018.

Recently Issued Accounting Standards

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires the disclosure of of both quantitative and qualitative information about the availability of and how the organization manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

Subsequent Events

Management of CAAH has evaluated subsequent events through June 25, 2019, the date that these financial statements were available to be issued and has determined that there are no significant subsequent events that require recognition or disclosure through that date.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDING DECEMBER 31, 2018**

2. Property and Equipment

Property and equipment is presented in the financial statements at cost less allowances for depreciation. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of assets which ranges from 5 to 15 years.

Property and equipment, related services lives, and accumulated depreciation as of December 31, 2018 are as follows:

	Service Lives	Amount
Furniture and fixtures	5	\$ 55,258
Leashold improvements	15	25,405
		<u>80,663</u>
Accumulated depreciation		(53,937)
		<u><u>\$ 26,726</u></u>

Depreciation expense was \$8,064 for the year ended December 31, 2018.

3. Concentrations

From time to time the CAAH maintains cash balances in banks that are insured by FDIC insurable limits of \$250,000. At December 31, 2018, CAAH had a total balance per bank of \$385,655 concentrated in one institution, exposing CAAH to credit risk in the amount of \$135,655. Management periodically evaluates the integrity of the entities that hold the organization's cash.

CAAH derives the majority of its revenues from governmental sources as earned revenue or grants, the loss of which would have a material adverse effect on the organization. The organization also relies on various grants and donataions from local foundations, churches, and individuals for a significant portion of its support.

For the year ended December 31, 2018 the organization had one contract that exceeded 10% of total revenue and accounts receivable.

	Revenue	A/R
Contract 1	<u>42%</u>	<u>96%</u>

4. Commitments and Contingencies

CAAH receives contracts and donations for specific purposes from various entities that are subject to examination. Such examinations could lead to requests for reimbursement to the entity for expenditures disallowed under the terms of the agreement. It is the opinion of management that any potential examinations will not result in any disallowed expenditures.

5. Passthrough Income

CAAH has an agreement to pay for the software fees related to the HMIS database and then be reimbursed by the Louisiana Balance of State Continuum of Care and other state regions. These reimbursements are recorded as passthrough income with the corresponding expenses recorded as computer expenses.

**CAPITAL AREA ALLIANCE FOR THE HOMELESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2018**

6. Liquidity and Availability of Financial Assets

CAAH has \$460,550 of financial assets available within one year of the statement of financial position date to meet cash needs for general and operating expenditures, consisting of cash of \$366,819 and accounts receivable of \$93,659. There are no amounts unavailable for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date.

As part of the organization's liquidity management plan, excess cash is placed in a savings account that can be accessed to meet unexpected liquidity needs or in the event of financial distress.

7. Board of Directors Compensation

The Board of Directors is a voluntary board, therefore, no compensation as been paid to any member due to their board service.