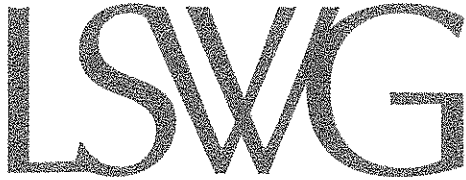

**Religious Coalition for Emergency
Human Needs, Inc.**

**Financial Statements and
Independent Auditor's Report**

December 31, 2018 and 2017

LSWG

**CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS**



Certified Public Accountants & Business Consultants

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Independent Auditor's Report

To the Board of Directors of
Religious Coalition for Emergency Human Needs, Inc.

We have audited the accompanying financial statements of Religious Coalition for Emergency Human Needs, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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 audits. We conducted our audits 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 Religious Coalition for Emergency Human Needs, Inc. as of December 31, 2018 and 2017, 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.

Linton Shafer Warfield & Garrett, P.A.

July 25, 2019
Rockville, Maryland

Religious Coalition for Emergency Human Needs, Inc.
Statements of Financial Position
December 31,

	<u>Assets</u>	
	<u>2018</u>	<u>2017</u> <u>Restated</u>
Current Assets		
Cash and cash equivalents	\$ 237,763	\$ 315,967
Grants receivable	195,875	95,118
Prepaid expenses	<u>19,071</u>	<u>5,681</u>
Total Current Assets	<u>452,709</u>	<u>416,766</u>
Property and Equipment, at cost		
Land	31,200	31,200
Buildings and improvements	1,627,280	1,585,183
Leasehold improvements	108,458	108,458
Furniture and equipment	66,730	74,646
Cemetery plot	<u>3,000</u>	<u>3,000</u>
	1,836,668	1,802,487
Less accumulated depreciation	<u>(717,363)</u>	<u>(638,709)</u>
Total Property and Equipment, net	<u>1,119,305</u>	<u>1,163,778</u>
Other Assets		
Deposits	13,956	13,110
Investments - endowment fund	61,384	63,872
Certificates of deposit	10,489	80,097
Cloud computing costs	<u>46,570</u>	<u>45,579</u>
Total Other Assets	<u>132,399</u>	<u>202,658</u>
Total Assets	<u>\$ 1,704,413</u>	<u>\$ 1,783,202</u>

Liabilities and Net Assets

	<u>2018</u>	<u>2017</u> <u>Restated</u>
Current Liabilities		
Line of credit	\$ 50,000	\$ 50,000
Finance agreements- current portion	30,035	7,597
Accounts payable	55,077	41,776
Accrued liabilities	<u>11,162</u>	<u>9,757</u>
Total Current Liabilities	<u>146,274</u>	<u>109,130</u>
Long-Term Liabilities		
Note payable	90,000	90,000
Finance agreements- net of current portion	<u>27,267</u>	<u>37,982</u>
Total Long-Term Liabilities	<u>117,267</u>	<u>127,982</u>
Total Liabilities	<u>263,541</u>	<u>237,112</u>
Net Assets		
Without donor restrictions		
Undesignated	1,322,816	1,379,390
Board designated	22,774	91,273
With donor restrictions	<u>95,282</u>	<u>75,427</u>
Total Net Assets	<u>1,440,872</u>	<u>1,546,090</u>
Total Liabilities and Net Assets	<u>\$ 1,704,413</u>	<u>\$ 1,783,202</u>

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

Religious Coalition for Emergency Human Needs, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and contracts	\$ 174,776	\$ 800,021	\$ 974,797
Contributions	397,908	176,578	574,486
In-kind contributions	116,082	-	116,082
Special event income	72,771	-	72,771
Less: direct special event costs	(23,063)	-	(23,063)
Investment income	5,768	-	5,768
Other income	5,319	-	5,319
Unrealized gain (loss) on investments	(6,955)	-	(6,955)
	742,606	976,599	1,719,205
Net assets released from restriction	956,744	(956,744)	-
Total Support and Revenue	1,699,350	19,855	1,719,205
Expenses:			
Program Services:			
Housing	395,519	-	395,519
Year round shelter	481,737	-	481,737
Family shelter	266,323	-	266,323
Health care services	163,772	-	163,772
Other client services	265,039	-	265,039
Total Program Services	1,572,390	-	1,572,390
Support Services:			
Fundraising	69,449	-	69,449
Management and general	182,584	-	182,584
Total Support Services	252,033	-	252,033
Total Expenses	1,824,423	-	1,824,423
Changes in Net Assets	(125,073)	19,855	(105,218)
Net Assets, Beginning of Year	1,470,663	75,427	1,546,090
Net Assets, End of Year	\$ 1,345,590	\$ 95,282	\$ 1,440,872

The accompanying notes are an integral part of this financial statement.

Religious Coalition for Emergency Human Needs, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and contracts	\$ 199,404	\$ 742,210	\$ 941,614
Contributions	412,813	187,950	600,763
In-kind contributions	124,453	-	124,453
Special event income	81,863	-	81,863
Less: direct special event costs	(30,087)	-	(30,087)
Investment income	3,684	-	3,684
Other income	9,710	-	9,710
Unrealized gain (loss) on investments	6,530	-	6,530
	808,370	930,160	1,738,530
Net assets released from restriction	966,227	(966,227)	-
Total Support and Revenue	1,774,597	(36,067)	1,738,530
Expenses:			
Program Services:			
Housing	322,596	-	322,596
Year round shelter	566,356	-	566,356
Family shelter	260,334	-	260,334
Health care services	170,525	-	170,525
Other client services	245,047	-	245,047
Total Program Services	1,564,858	-	1,564,858
Support Services:			
Fundraising	90,791	-	90,791
Management and general	171,630	-	171,630
Total Support Services	262,421	-	262,421
Total Expenses	1,827,279	-	1,827,279
Changes in Net Assets	(52,682)	(36,067)	(88,749)
Net Assets, Beginning of Year	1,523,345	111,494	1,634,839
Net Assets, End of Year	\$ 1,470,663	\$ 75,427	\$ 1,546,090

The accompanying notes are an integral part of this financial statement.

Religious Coalition for Emergency Human Needs, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services						Support Services		
	Housing	Year Round Shelter	Family Shelter	Health Care Services	Other Client Services	Total	Fundraising	Management & General	Total Expenses
Salaries	\$ 105,918	\$ 235,918	\$ 194,673	\$ 45,239	\$ 58,691	\$ 640,439	\$ 22,354	\$ 68,899	\$ 731,692
Payroll taxes	7,903	18,190	14,916	3,357	4,262	48,628	1,866	5,376	55,870
Fringe benefits	16,828	9,296	7,797	6,502	13,500	53,923	1,333	3,468	58,724
Temporary help	-	26,881	-	-	-	26,881	-	-	26,881
Interest	-	-	-	-	-	-	-	2,977	2,977
Repairs and maintenance	3,162	34,301	3,700	1,154	1,525	43,842	-	11,757	55,599
Supplies	4,119	35,033	11,280	1,367	66,419	118,218	1,452	3,803	123,473
Rent assistance	243,396	-	-	-	-	243,396	-	-	243,396
Utilities	2,555	20,429	10,397	989	1,195	35,565	-	2,036	37,601
Fuel pass through	-	-	-	-	42,563	42,563	-	-	42,563
Assistance	-	46,870	-	96,531	59,278	202,679	-	-	202,679
Other client services	-	3,904	-	-	-	3,904	-	-	3,904
Volunteer expenses	1,551	-	-	912	748	3,211	144	1,198	4,553
Insurance	-	-	-	-	-	-	-	14,563	14,563
Advertising	-	-	30	-	-	30	-	263	293
Depreciation	4,480	44,801	16,128	5,376	7,168	77,953	2,688	8,961	89,602
Printing	2,717	43	243	1,103	1,310	5,416	3,042	2,659	11,117
Dues and subscriptions	-	-	-	-	-	-	-	2,231	2,231
Telephone	1,337	2,754	2,449	524	731	7,795	425	734	8,954
Travel	-	144	1,617	-	121	1,882	355	1,542	3,779
Professional services	-	150	198	-	6,792	7,140	23,145	30,619	60,904
Staff development	-	2,855	-	-	-	2,855	-	9,812	12,667
Cloud computing	-	-	-	-	-	-	10,372	10,372	20,744
Office expense	1,553	168	2,895	718	736	6,070	2,273	1,314	9,657
Total Expenses	\$ 395,519	\$ 481,737	\$ 266,323	\$ 163,772	\$ 265,039	\$ 1,572,390	\$ 69,449	\$ 182,584	\$ 1,824,423

The accompanying notes are an integral part of this financial statement.

Religious Coalition for Emergency Human Needs, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services						Support Services			Total Expenses
	Housing	Year Round Shelter	Family Shelter	Health Care Services	Other Client Services	Total	Fundraising	Management & General	Total	
Salaries	\$ 70,337	\$ 266,626	\$ 188,518	\$ 45,030	\$ 62,780	\$ 633,291	\$ 26,891	\$ 69,738	\$ 729,920	
Payroll taxes	5,372	20,495	14,364	3,462	4,782	48,475	2,011	5,263	55,749	
Fringe benefits	6,402	26,040	4,307	3,638	8,551	48,938	3,052	4,200	56,190	
Temporary help	-	24,045	-	-	-	24,045	-	-	24,045	
Interest	-	-	-	-	-	-	-	1,860	1,860	
Repairs and maintenance	4,300	56,484	9,618	3,022	3,914	77,338	-	6,607	83,945	
Supplies	4,626	31,201	16,407	2,901	60,445	115,580	2,875	5,929	124,384	
Rent assistance	216,847	-	10	-	-	216,857	-	-	216,857	
Utilities	1,575	18,040	8,087	955	1,249	29,906	-	1,718	31,624	
Fuel pass through	-	-	-	-	40,374	40,374	-	-	40,374	
Assistance	-	71,773	-	101,615	25,935	199,323	-	-	199,323	
Other client services	-	5,443	-	-	-	5,443	-	-	5,443	
Volunteer expenses	3,282	-	-	2,172	2,717	8,171	1,634	6,537	16,342	
Insurance	-	-	-	-	-	-	-	13,839	13,839	
Advertising	-	20	40	-	-	60	-	332	392	
Depreciation	4,126	41,264	14,857	4,952	6,601	71,800	2,475	8,253	82,528	
Printing	3,597	210	-	1,639	2,397	7,843	3,360	4,191	15,394	
Dues and subscriptions	-	1,868	-	-	60	1,928	280	686	2,894	
Telephone	755	2,425	2,164	478	678	6,500	387	560	7,447	
Travel and conferences	-	16	1,164	-	197	1,377	1,009	5,013	7,399	
Professional services	-	230	298	-	23,397	23,925	44,382	34,394	102,701	
Office expense	1,377	176	500	661	970	3,684	2,435	1,510	7,629	
Bad debt expense	-	-	-	-	-	-	-	1,000	1,000	
Total Expenses	\$ 322,596	\$ 566,356	\$ 260,334	\$ 170,525	\$ 245,047	\$ 1,564,858	\$ 90,791	\$ 171,630	\$ 1,827,279	

The accompanying notes are an integral part of this financial statement.

Religious Coalition for Emergency Human Needs, Inc.
Statements of Cash Flows
For the Years Ended December 31,

	2018	2017 Restated
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Changes in net assets	\$ (105,218)	\$ (88,749)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	89,602	82,528
Unrealized (gain) loss on investments	6,955	(6,530)
Net change in operating assets and liabilities		
Grants receivable	(100,757)	45,652
Prepaid expenses	(13,390)	9,433
Deposits	(846)	(129)
Cloud computing costs	20,744	-
Accounts payable	13,301	(5,116)
Accrued liabilities	1,405	1,518
Net cash provided by (used in) operating activities	(88,204)	38,607
Cash flows from investing activities:		
Purchase of property and equipment	(45,129)	(85,876)
Proceeds from sale of certificates of deposit	69,608	88,218
Purchase of investments	(8,588)	(6,020)
Proceeds from sale of investments	4,121	2,112
Net cash provided by (used in) investing activities	20,012	(1,566)
Cash flows from financing activities:		
Payments of long-term debt	(10,012)	-
Net cash (used in) financing activities	(10,012)	-
Net increase (decrease) in cash and cash equivalents	(78,204)	37,041
Cash and cash equivalents, beginning of year	315,967	278,926
Cash and Cash Equivalents at End of Year	\$ 237,763	\$ 315,967
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 2,977	\$ 1,860
Cash paid for income taxes	\$ -	\$ -
Supplemental Disclosure of Non Cash Operating and Financing Transactions:		
Cloud computing subscriptions purchased with financing	\$ 21,735	\$ 45,579

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

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

1. NATURE OF ORGANIZATION

Religious Coalition for Emergency Human Needs, Inc. (the Coalition) is an ecumenical organization which coordinates donations of time, talent, money, food and other resources to meet the urgent needs of people in Frederick County. The Coalition is funded primarily by contributions and grants. The services provided by the Coalition include, but are not limited to: homelessness prevention, prescription assistance and the operation of a year round shelter and family shelter for the homeless.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements of the Coalition have been prepared on the accrual basis of accounting. The Coalition reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other asset or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Board Designated Net Assets - As of December 31, 2018 and 2017, the Board of Directors has designated \$6,359 and \$74,898, respectively of net assets without donor restrictions as a general endowment fund to support the mission of the Coalition and \$16,415 and \$16,375, respectively for the year round shelter.

All board designated funds are maintained in separate money market accounts and certificates of deposit. Since these amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions

Advertising - The Coalition expenses advertising costs as they are incurred. Total advertising expense for the years ended December 31, 2018 and 2017 was \$293 and \$392, respectively.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - Cash and cash equivalents includes checking and money market accounts. For purposes of the statement of cash flows, the Coalition considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Functional Expenses - The Coalition's operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenses that are allocated include compensation and benefits of the Executive Director and office staff, volunteer expenses, office supplies, postage, printing, repairs, maintenance and utilities, all of which are allocated based on estimates of time and effort and the number of clients served; telephone expense, which is allocated based on physical handsets and the number of clients served; occupancy costs and depreciation, which are allocated on a weighted-average square footage basis.

Grants Receivable - Grants receivable are stated at the amount management expects to collect from outstanding balances. The Coalition considers grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible they will be charged to operations when that determination is made.

In-kind Donations - Contributions of noncash assets are recorded at their fair value in the period received. Contributions of services that would create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Estimates - The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Issued Accounting Standards - In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The Coalition adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 14), and disclosures related to functional allocation of expenses were expanded (Note 2).

Reclassifications - Certain prior year financial statement amounts have been reclassified to conform to current year presentation.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

3. INCOME TAXES

The Coalition has been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c) (3) and is not a private foundation. Therefore, the Coalition is exempt from income taxes with the exception of taxes on any unrelated business income (UBIT). The Coalition has not received any notice from the Internal Revenue Service that would jeopardize its tax exempt status. There was no UBIT, and thus, no income taxes paid in the years ending December 31, 2018 and 2017.

The Coalition adopted the recognition requirements for uncertain income tax provisions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Coalition believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Coalition's financial condition, results of operations, or cash flows. Accordingly, the Coalition has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at December 31, 2018 and 2017.

The Coalition is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Coalition believes it is no longer subject to income tax examinations for years prior to 2015.

4. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or, if donated, at the estimated fair value. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 – 40 years
Furniture and equipment	5 – 7 years
Leasehold improvements	3 – 4 years

The Coalition capitalizes property and equipment purchases greater than \$1,000. Purchases less than this threshold are expensed in the year of acquisition. Depreciation expense was \$89,602 and \$82,528 for the years ended December 31, 2018 and 2017, respectively.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

5. COMMUNITY FOUNDATION FUNDS

The Coalition established the endowment fund at the Community Foundation of Frederick County (Community Foundation). Since this fund resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets. The endowment fund was established to provide support for the programs, client services and operations of the Coalition as determined by the Board of Directors. The Community Foundation manages the fund's investments and controls the fund's disbursements. A portion of the endowment fund is disbursed annually. The Coalition may choose to keep the disbursement or send it back to the fund as a contribution.

The endowment fund is recorded at fair market value. The following is a summary of the fund's activity for the years ended December 31:

	2018	2017
Balance, beginning of year	\$ 63,872	\$ 53,435
Contributions	3,700	3,700
Reinvestments and earnings	4,888	2,319
Fund disbursements	(3,438)	(1,517)
Management fees	(683)	(595)
Unrealized gain (loss)	(6,955)	6,530
Balance, end of year	<u>\$ 61,384</u>	<u>\$ 63,872</u>

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC 820 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 the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB 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.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

- 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 asset 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.

Following is a description of the valuation methodologies used for assets measured at fair value:

Community Foundation endowment fund – funds held by the Community Foundation, invested in publicly traded securities.

Certificates of deposit – valued at cost plus accrued interest, which approximates fair value.

During the years ended December 31, 2018 and 2017, the Coalition held several certificates of deposit with local financial institutions. Interest rates ranged from 0.349% to 0.995%. As of December 31, 2018 the Coalition held one certificate of deposit maturing in February 2019.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Coalition believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Coalition's assets (investments) at fair value as of December 31:

	2018			
	Level 1	Level 2	Level 3	Total
Community Foundation				
Endowment fund	\$ -	\$ 61,384	\$ -	\$ 61,384
Certificates of deposit	-	10,489	-	10,489
	\$ -	\$ 71,873	\$ -	\$ 71,873

	2017			
	Level 1	Level 2	Level 3	Total
Community Foundation				
Endowment fund	\$ -	\$ 63,872	\$ -	\$ 63,872
Certificates of deposit	-	80,097	-	80,097
	\$ -	\$ 143,969	\$ -	\$ 143,969

7. LINE OF CREDIT

On August 18, 2015, the Coalition obtained a \$50,000 line of credit with a local bank. The interest rate is calculated as 1% over the prime rate. The line of credit is collateralized by inventory, chattel paper, accounts, equipment and general intangibles. The balance on the line of credit as of December 31, 2018 and 2017 was \$50,000.

8. LONG-TERM LIABILITIES

Note Payable – The Coalition is party to a \$90,000 non-interest bearing note payable to Frederick County, Maryland. The note represents funds received to construct the Alan P. Linton, Jr. Emergency Shelter. Repayment is not required as long as the Coalition owns the property and continues to utilize it for affordable housing. As long as these conditions are satisfied, payments of principal are deferred and the note will remain outstanding in perpetuity. Upon default, the entire principal becomes due and payable, interest free. As of December 31, 2018 and 2017, the Coalition is not in default.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

8. LONG-TERM LIABILITIES (continued)

Finance Agreements – The Coalition is party to the following non-interest bearing financing agreements:

	<u>2018</u>	<u>2017</u>
Finance agreement for Blackbaud Raiser's Edge and Financial Edge three-year cloud-computing subscriptions in the amount of \$45,579. The agreement matures in August 2020 and requires monthly payments of \$1,899.	\$ 37,982	\$ 45,579
Finance agreement for Blackbaud Wealth Analytics Solutions three-year cloud-computing subscriptions in the amount of \$21,735. The agreement matures in August 2021 and requires monthly payments of \$604.	<u>19,320</u>	<u>-</u>
Total outstanding finance agreements	57,302	45,579
Less: current maturities	<u>(30,035)</u>	<u>(7,597)</u>
Total long-term finance agreements	<u>\$ 27,267</u>	<u>\$ 37,982</u>

Aggregate maturities of finance agreements as of December 31, 2018 are as follows:

<u>Years Ending December 31,</u>	
2019	\$ 30,035
2020	22,437
2021	4,830

9. OPERATING LEASES

The Coalition had an operating lease for an apartment to house volunteers which expired in August 2017. Rent expense for the year ended December 31, 2017 was \$5,565. The Coalition was responsible for utilities and insurance. This lease was not renewed.

The Coalition had an operating lease for a copier. The lease required sixty monthly payments of \$235 through May 2017, after which time ownership of the copier passed to the Coalition. Lease expense for the year ended December 31, 2017 was \$1,291. Subsequent to May 2017, the Coalition pays a per-copy premium and maintenance of the copier.

Religious Coalition for Emergency Human Needs, Inc.
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9. OPERATING LEASES (continued)

The Coalition has an operating lease for the Family Shelter. The lease is for a term of five years beginning November 1, 2014 and ending October 31, 2019. The annual lease payment is \$10. The future minimum lease payment due under the lease obligation is \$10 for the year ending December 31, 2019.

10. RETIREMENT PLAN

On January 1, 2014, the Coalition adopted the Religious Coalition for Emergency Human Needs 401(k) Profit Sharing Plan and Trust. All employees are eligible to participate in the plan after completing three consecutive months of service and having reached twenty-one years of age. Employees are eligible for employer profit sharing contributions after completing one year of service and 1,000 hours of service. Under the plan participants are permitted to defer a portion of their salary up to the maximum allowed by law.

The Coalition may make matching contributions to the plan equal to 100% of the deferral contribution up to a maximum of 3% of salary. Retirement expense for the year ended December 31, 2018 and 2017 was \$3,280 and \$6,553, respectively.

11. CONTRIBUTED MATERIALS AND SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to the establishment, development and operation of the Coalition. In accordance with FASB ASC 958-065, the value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation and therefore, does not meet the criteria of FASB ASC 958-065. Contributed services meeting the criteria are recorded in the accompanying financial statements at their fair market value.

The Coalition also receives various donations of supplies to be either used by the Coalition or distributed to clients. For the years ended December 31, 2018 and 2017, management estimates the annual value of these items at \$116,082 and \$124,453, respectively. This amount has been recorded as a contribution with an offsetting expense.

In 2009, the Coalition received a donation of a family cemetery plot valued at \$3,000. In accordance with the Coalition's accounting policies, the plot was capitalized until such time that it is used or sold.

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12. CONCENTRATION OF CREDIT RISK

Cash and cash equivalents held by the Coalition in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes the Coalition is not exposed to any significant credit risk related to cash and cash equivalents.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Family shelter fund	\$ 31,241	\$ -
Fuel fund	21,065	17,424
Prescription fund	13,164	1,235
School supplies	13,038	22,848
Leadership development	5,773	-
Designated pass- through	4,209	2,149
Building fund	2,794	2,794
Christmas fund	2,333	4,021
Food banks	1,665	20,556
Dental fund	-	4,400
	<u>\$ 95,282</u>	<u>\$ 75,427</u>

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14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Coalition's financial assets as of December 31, 2018, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long term investment as board designated endowments. The board designated net assets can be drawn upon if the board approves that action.

Financial assets:	
Cash and cash equivalents	\$ 237,763
Grants receivable	195,875
Deposits	13,956
Investments - endowment fund	61,384
Certificate of deposit	<u>10,489</u>
Financial assets, at year end	519,467
Donor-imposed restrictions:	
Donor-designated funds	(95,282)
Endowments	<u>(61,384)</u>
Net financial assets after donor-imposed restrictions	362,801
Less those unavailable for general expenditure within one year, due to:	
Deposits held for collateral requirements	(13,956)
Board designated net assets	<u>(22,774)</u>
Financial assets available to meet cash needs for general expenses within one year	<u><u>\$ 326,071</u></u>

As part of its liquidity management, the Coalition structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Coalition applies for grants to cover specific programs and other expenses and considers contributions and fundraising campaigns to cover general mission and operating expenses. The board of directors also periodically approves reducing board designated net assets to cover cash flow needs. In 2018, the board approved an approximately \$70,000 transfer from board designated funds.

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15. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2018, management determined that a finance agreement executed in 2017 had not been properly recorded as of December 31, 2017. The December 31, 2017 Statements of Financial Position and Cash Flows have been restated to correct this error. This restatement had no effect on net assets as of December 31, 2017.

16. SUBSEQUENT EVENTS

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through July 25, 2019, the date the financial statements were available to be issued. There were no subsequent events to report.

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