

PORTLAND HOMELESS FAMILY SOLUTIONS

FINANCIAL STATEMENTS

Year Ended June 30, 2015



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FINANCIAL STATEMENTS

Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Portland Homeless Family Solutions
Portland, Oregon

We have audited the accompanying financial statements of Portland Homeless Family Solutions (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' 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 auditors' 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 Portland Homeless Family Solutions as of June 30, 2015, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Portland Homeless Family Solutions' June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
November 24, 2015

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

	2015	2014
Cash and cash equivalents	\$ 170,506	\$ 75,916
Grants and contracts receivable	136,338	102,067
Prepaid expenses	13,847	10,914
Property and equipment, net	7,176	2,983
Total assets	\$ 327,867	\$ 191,880

LIABILITIES AND NET ASSETS

Accounts payable	\$ 9,625	\$ -
Accrued payroll and related expenses	23,839	19,275
Deferred revenue	4,000	-
Total liabilities	37,464	19,275

Net assets

Unrestricted		
Available for general operations	244,227	162,122
Net investment in property and equipment	7,176	2,983
Total unrestricted	251,403	165,105
Temporarily restricted	39,000	7,500
Total net assets	290,403	172,605

Total liabilities and net assets	\$ 327,867	\$ 191,880
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See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014</u>
Revenues and other support				
Government grants and contracts	\$ 745,015	\$ -	\$ 745,015	\$ 784,513
Grants and contributions	247,983	124,000	371,983	288,395
Auction, net of expense of \$37,726 and \$33,231 in 2015 and 2014, respectively.	35,991	-	35,991	34,209
Interest and dividends	251	-	251	3,704
In-kind overnight staffing	87,600	-	87,600	87,600
In-kind meals	31,500	-	31,500	31,500
In-kind occupancy	-	-	-	84,000
	1,148,340	124,000	1,272,340	1,313,921
Net assets released from restriction	92,500	(92,500)	-	-
Total revenues and other support	1,240,840	31,500	1,272,340	1,313,921
Expenses				
Program services				
Housing and Rent Assistance	451,646	-	451,646	557,033
Day Shelter	242,534	-	242,534	219,939
Night Shelter	276,769	-	276,769	315,110
Total program services	970,949	-	970,949	1,092,082
Supporting services				
Management and operations	93,794	-	93,794	68,339
Fund-raising	89,799	-	89,799	86,257
Total expenses	1,154,542	-	1,154,542	1,246,678
Change in net assets	86,298	31,500	117,798	67,243
Net assets, beginning of year	165,105	7,500	172,605	105,362
Net assets, end of year	\$ 251,403	\$ 39,000	\$ 290,403	\$ 172,605

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015

	PROGRAM SERVICES				SUPPORTING SERVICES		2015	2014
	Housing and Rent Assistance	Day Shelter	Night Shelter	Total Program	Management and Operations	Fund- Raising		
Salaries	\$ 82,542	\$ 151,658	\$ 71,582	\$ 305,782	\$ 55,865	\$ 34,401	\$ 396,048	\$ 374,425
Payroll taxes and benefits	20,268	23,689	12,310	56,267	15,171	8,120	79,558	83,043
Rent & Client Assistance	332,891	-	-	332,891	-	-	332,891	437,195
Custodial and maintenance	-	6,914	15,083	21,997	130	-	22,127	16,671
Client-related travel	5,863	394	72	6,329	1,586	-	7,915	6,598
Professional fees	3,393	3,393	3,393	10,179	10,126	26,393	46,698	40,990
Postage	333	333	333	999	-	2,383	3,382	2,552
Insurance	1,381	1,380	1,380	4,141	1,381	1,381	6,903	4,135
Office supplies and expense	697	697	697	2,091	698	697	3,486	5,639
Printing and copying	-	-	105	105	879	5,563	6,547	5,114
Computer expense	-	643	683	1,326	1,471	2,400	5,197	5,432
Bank charges	-	-	-	-	584	4,299	4,883	837
Advertising	1,040	1,040	1,040	3,120	1,040	1,040	5,200	4,809
Dues and subscriptions	244	244	244	732	485	244	1,461	597
Meetings and meals	696	8,642	5,359	14,697	1,734	1,360	17,791	9,068
Taxes, licenses and fees	-	127	-	127	317	-	444	185
Telephone	1,560	780	780	3,120	1,589	780	5,489	5,259
Volunteer expense	-	2,071	2,072	4,143	-	-	4,143	1,965
Depreciation	738	738	738	2,214	738	738	3,690	4,178
In-kind overnight staffing	-	-	87,600	87,600	-	-	87,600	87,600
In-kind meals	-	-	31,500	31,500	-	-	31,500	31,500
Program facility rent	-	25,949	29,941	55,890	-	-	55,890	84,000
Other client assistance	-	13,842	11,857	25,699	-	-	25,699	34,886
	\$ 451,646	\$ 242,534	\$ 276,769	\$ 970,949	\$ 93,794	\$ 89,799	\$ 1,154,542	\$ 1,246,678

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 117,798	\$ 67,243
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,690	4,178
Changes in assets and liabilities:		
Grants and contracts receivable	(34,271)	(48,938)
Pledges receivable	-	3,110
Prepaid expenses	(2,933)	5
Accounts payable	9,625	(5,736)
Accrued payroll and related expenses	4,564	9,223
Deferred revenue	4,000	-
Net cash provided by (used in) operating activities	102,473	29,085
Cash flows from investing activities:		
Purchase of property and equipment	(7,883)	(1,848)
Proceeds from sale of property and equipment	-	319
Change in cash and cash equivalents	94,590	27,556
Cash and cash equivalents, beginning of year	75,916	48,360
Cash and cash equivalents, end of year	\$ 170,506	\$ 75,916

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A – DESCRIPTION OF ORGANIZATION

Portland Homeless Family Solutions (PHFS) is a not-for-profit organization which provides temporary emergency shelter in the Portland area to homeless families with children. It also provides access to transitional resources to help families achieve self-sufficiency, and it advocates to help alleviate family homelessness on a large scale.

PHFS was founded as a separate not-for-profit organization in 2008. Prior to 2009, the Goose Hollow Family Shelter, an overnight shelter for families, was operated by the First United Methodist Church. The Goose Hollow Shelter became part of PHFS in 2009, and PHFS also opened a Day Center for homeless families at the First Unitarian Church.

These two shelters, plus a mobile housing assistance program, comprise the main activities of PHFS.

Funding for PHFS comes from Multnomah County, from the churches where the programs are housed, and from many generous individual donors and foundations.

The three main programs of PHFS are described as follows:

Housing and Rent Assistance – Two full-time housing retention specialists work for families to help them move to permanent housing and then to support them for six to twelve months after their move. The specialists work to ensure the families are stable by providing case management and life skills training. This program served 265 people during the 2014-2015 fiscal year.

Day Shelter – 13 Salmon is the day shelter for the eight families that sleep at Goose Hollow at night plus 6-8 families from partner shelter organizations. Families receive snacks, lunch, showers, computer access, and work with a housing specialist to try to find permanent housing. They also participate in classes on life skills including budgeting, parenting, tenant education and employment. In this fiscal year, 304 people from 87 families were served. Eighty nine percent of the families found permanent housing before they left the shelter.

Night Shelter – Goose Hollow is a night shelter that is open from 6:30 p.m. to 7:30 a.m. every day of the year. Families receive dinner, showers, laundry, computer access, storage for their belongings, sleeping space, and educational activities for children and their parents in the evening.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

PHFS prepares its financial statements on the accrual basis of accounting; consequently, certain revenues are reflected in the accounts in the period in which they are considered earned, rather than received, and expenses are recorded when incurred, rather than when paid. Assets and liabilities are presented on the basis of historical cost rather than estimated current values and amounts.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenue when they are received or unconditionally pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, the type of contribution, and the nature of the fund-raising activity.

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of PHFS and changes therein are classified and reported as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of PHFS and/or the passage of time.

Expenses are reported as a decrease in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

PHFS classifies as cash and cash equivalents all checking, savings, money market accounts and all investments maturing within 90 days from the date of purchase.

Grants and Contracts Receivable

Contracts receivable are recorded monthly as the related projects are completed and billed. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Management has determined that no allowance for doubtful accounts was necessary as of June 30, 2015.

Estimates

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

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is recorded at cost when purchased or fair market value when donated. Depreciation is computed on the estimated useful lives of the assets using the straight-line method over an estimated useful life ranging from three to seven years. Expenditures exceeding \$1,000 for additions, and betterments are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

Advertising

Advertising costs are charged to expense as they are incurred.

Income Taxes

PHFS has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. PHFS does not believe it has unrelated trade or business income in excess of \$1,000.

PHFS' federal exempt organization information returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Allocation of Functional Expenses

The cost of providing the various programs and other activities has been summarized in the Statement of Activities. Certain costs, including salaries and administrative operating expenses, have been allocated among the programs and supporting services benefited.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 consist of the following:

	2015	2014
Office furniture and equipment	\$ 15,222	\$ 14,223
Laundry equipment	6,300	6,300
Sleep mats	15,564	8,680
Less accumulated depreciation	(29,910)	(26,220)
	\$ 7,176	\$ 2,983

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE D – IN-KIND CONTRIBUTIONS

PHFS has recorded \$87,600 of in kind volunteer services based on 6,000 hours of staffing of overnight shelter. Each night of the year, donors provide a meal to the shelter guests, usually 25 or more people. The approximate value, estimated at \$4 per meal, is \$31,500.

In addition to contributions recorded on the financial statements, Portland Homeless Family Solutions receives in-kind support from the community to help support program activities. Volunteers contributed 16,740 hours over the course of the year. These projects range from being a shelter host, kids activity hosts, life lab instructors, and other activities.

Donors also contribute almost all of the shelter supplies used by PHFS including sheets, towels, blankets, pillows, toiletries, diapers, baby supplies, and other personal care items. The value of contributed shelter supplies has not been estimated.

NOTE E – LINE OF CREDIT

PHFS maintains a line of credit at Pacific Continental Bank for up to \$60,000 bearing interest at prime plus 3.75% (5.25% at June 30, 2015). The line of credit is unsecured. At June 30, 2015, no balance on the line was outstanding.

NOTE F – OPERATING LEASE COMMITMENTS

The Organization leases office and shelter space under non-cancelable operating leases, which expire in various years through June 2018.

At June 30, 2015, approximate minimum rental commitments are as follows:

Year Ending June 30,	Office	Goose Hollow	13 Salmon	Total
2016	\$ 8,492	\$ 52,680	\$ 34,296	\$ 95,468
2017	26,748	18,001	34,296	79,045
2018	13,374	-	34,296	47,670
	<u>\$ 48,614</u>	<u>\$ 70,681</u>	<u>\$ 102,888</u>	<u>\$ 222,183</u>

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2015:

For purpose	
Database grant	\$ 15,000
Summer Activities	<u>4,000</u>
	19,000
Grant restricted for timing	<u>20,000</u>
	<u>\$ 39,000</u>

NOTE H – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject PHFS to concentrations of credit risk consist principally of cash and contracts receivable. Cash maintained with financial institutions is insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured.

Contracts receivable are unsecured and generally due in 30 days. PHFS has not experienced any losses on those amounts.

NOTE I – CONCENTRATION OF REVENUE

The primary sources of revenue are derived from a family shelter contract administered by Human Solutions and a rental assistance contract administered by Home Forward. Funding under both contracts originates with Multnomah County. Together these contracts will share funding and case management and provide shelter for homeless families. In the year ended June 30, 2015, these contracts provided about 60% of PHFS' revenues.

NOTE J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 24, 2015 which is the date the financial statements were available to be issued.