

PORTLAND HOMELESS FAMILY SOLUTIONS

FINANCIAL STATEMENTS

Year Ended June 30, 2016



PORTLAND HOMELESS FAMILY SOLUTIONS

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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, 2016, 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, 2016, 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' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 24, 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.

Kern & Thompson, LLC

Portland, Oregon
December 12, 2016

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FINANCIAL POSITION

June 30, 2016

(With Comparative Totals as of June 30, 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 158,100	\$ 170,506
Grants and contracts receivable	203,751	136,338
Pledges receivable	9,947	-
Prepaid expenses	9,860	13,847
Property and equipment, net	<u>30,208</u>	<u>7,176</u>
Total assets	<u>\$ 411,866</u>	<u>\$ 327,867</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 14,341	\$ 9,625
Accrued payroll and related expenses	36,945	23,839
Deferred revenue	<u>2,350</u>	<u>4,000</u>
Total liabilities	<u>53,636</u>	<u>37,464</u>
Net assets		
Unrestricted		
Available for general operations	264,022	244,227
Reserve for rent assistance	50,000	-
Net investment in property and equipment	<u>30,208</u>	<u>7,176</u>
Total unrestricted	<u>344,230</u>	<u>251,403</u>
Temporarily restricted	<u>14,000</u>	<u>39,000</u>
Total net assets	<u>358,230</u>	<u>290,403</u>
Total liabilities and net assets	<u>\$ 411,866</u>	<u>\$ 327,867</u>

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

(With Comparative Totals as of June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
Revenues and other support				
Government grants and contracts	\$ 935,340	\$ -	\$ 935,340	\$ 745,015
Grants and contributions	337,799	90,000	427,799	371,983
Auction, net of expense of \$31,195 and \$37,726 in 2016 and 2015, respectively.	60,762	-	60,762	35,991
Interest and dividends	-	-	-	251
In-kind overnight staffing	87,600	-	87,600	87,600
In-kind meals	31,500	-	31,500	31,500
	<u>1,453,001</u>	<u>90,000</u>	<u>1,543,001</u>	<u>1,272,340</u>
Net assets released from restriction	<u>115,000</u>	<u>(115,000)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,568,001</u>	<u>(25,000)</u>	<u>1,543,001</u>	<u>1,272,340</u>
Expenses				
Program services				
Housing and Rent Assistance	536,399	-	536,399	451,646
Day Shelter	244,900	-	244,900	242,534
Night Shelter	420,453	-	420,453	276,769
Total program services	<u>1,201,752</u>	<u>-</u>	<u>1,201,752</u>	<u>970,949</u>
Supporting services				
Management and operations	127,678	-	127,678	93,794
Fund-raising	145,744	-	145,744	89,799
Total expenses	<u>1,475,174</u>	<u>-</u>	<u>1,475,174</u>	<u>1,154,542</u>
Change in net assets	92,827	(25,000)	67,827	117,798
Net assets, beginning of year	<u>251,403</u>	<u>39,000</u>	<u>290,403</u>	<u>172,605</u>
Net assets, end of year	<u>\$ 344,230</u>	<u>\$ 14,000</u>	<u>\$ 358,230</u>	<u>\$ 290,403</u>

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

(With Comparative Totals as of June 30, 2015)

	PROGRAM SERVICES				SUPPORTING SERVICES		2016	2015
	Housing and Rent Assistance	Day Shelter	Night Shelter	Total Program	Management and Operations	Fund- Raising		
Salaries	\$ 95,369	\$ 147,570	\$ 158,773	\$ 401,712	\$ 71,124	\$ 60,999	\$ 533,835	\$ 396,048
Payroll taxes and benefits	19,679	28,724	34,515	82,918	13,688	17,054	113,660	79,558
Rent & Client Assistance	394,107	-	-	394,107	-	-	394,107	332,891
Custodial and maintenance	2,028	7,052	20,098	29,178	46	69	29,293	22,127
Client-related travel	10,915	1,674	1,699	14,288	4,366	743	19,397	7,915
Professional fees	-	-	-	-	8,070	26,990	35,060	46,698
Postage	276	276	276	828	1,217	1,797	3,842	3,382
Insurance	476	476	476	1,428	2,867	1,429	5,724	6,903
Office supplies and expense	545	545	545	1,635	1,635	1,635	4,905	3,486
Printing and copying	275	275	275	825	-	8,624	9,449	6,547
Computer expense	1,806	1,906	1,843	5,555	6,562	9,834	21,951	5,197
Bank charges	318	298	298	914	1,331	894	3,139	4,883
Advertising	-	-	-	-	-	1,878	1,878	5,200
Dues and subscriptions	117	117	117	351	430	610	1,391	1,461
Meetings and meals	506	506	506	1,518	1,520	1,520	4,558	17,791
Moving expense	396	396	396	1,188	1,187	1,187	3,562	-
Taxes, licenses and fees	-	-	320	320	278	-	598	444
Telephone and internet	2,053	1,048	1,221	4,322	1,324	1,564	7,210	5,489
Volunteer expense	-	2,053	2,014	4,067	-	-	4,067	4,143
Depreciation	-	386	2,146	2,532	617	-	3,149	3,690
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	2,742	27,835	41,442	72,019	8,227	8,227	88,473	55,890
Other client assistance	2,259	23,549	34,179	59,987	-	-	59,987	25,699
Miscellaneous	2,532	214	214	2,960	3,189	690	6,839	-
	\$ 536,399	\$ 244,900	\$ 420,453	\$ 1,201,752	\$ 127,678	\$ 145,744	\$ 1,475,174	\$ 1,154,542

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

(With Comparative Totals as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 67,827	\$ 117,798
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,149	3,690
Changes in assets and liabilities:		
Grants and contracts receivable	(67,413)	(34,271)
Pledges receivable	(9,947)	-
Prepaid expenses	3,987	(2,933)
Accounts payable	4,716	9,625
Accrued payroll and related expenses	13,106	4,564
Deferred revenue	(1,650)	4,000
Net cash provided by (used in) operating activities	<u>13,775</u>	<u>102,473</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(26,181)</u>	<u>(7,883)</u>
Change in cash and cash equivalents	(12,406)	94,590
Cash and cash equivalents, beginning of year	<u>170,506</u>	<u>75,916</u>
Cash and cash equivalents, end of year	<u>\$ 158,100</u>	<u>\$ 170,506</u>

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE A – DESCRIPTION OF ORGANIZATION

Portland Homeless Family Solutions (PHFS) is a not-for-profit organization whose mission is to empower homeless families with children to get back into housing - and stay there. PHFS helps over 150 homeless families with children get back into housing every year. The main activities include two emergency shelter programs and a housing program with access to transitional resources like rent assistance, case management, and life skills training to help families achieve self-sufficiency. PHFS also advocates to help alleviate family homelessness on a large scale.

PHFS was founded as a separate not-for-profit organization in 2008. Prior to 2008, 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 2008, and PHFS also opened a Day Center for homeless families at the First Unitarian Church in 2009.

Funding for PHFS comes from Multnomah County, from the churches where the shelters are housed, and from hundreds of generous individual donors and foundations.

The three main programs of PHFS are described as follows:

Housing and Rent Assistance – Three 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 507 people during the 2015-2016 fiscal year.

Day Shelter – Thirteen Salmon Family Center 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, 159 people from 45 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, 2016

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, 2016.

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, 2016

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, 2016 consists of the following:

Office furniture and equipment	\$	15,222
Laundry equipment		6,300
Sleep mats		15,564
Vehicles		26,181
Less accumulated depreciation		<u>(33,059)</u>
	\$	<u><u>30,208</u></u>

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

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 10,897 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% (5.5% at June 30, 2016). The line of credit is unsecured. At June 30, 2016, no balance on the line was outstanding.

NOTE F – RETIREMENT PLAN

Beginning during the year ended June 30, 2016, the Organization sponsors a SIMPLE IRA retirement plan. The plan covers substantially all employees. The Organization contributes 2% of salaries to the plan. Retirement plan expense amounted to \$5,404 for the year ended June 30, 2016. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code.

NOTE G – 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, 2016, approximate minimum rental commitments are as follows:

Year Ending June 30,	Office	Goose Hollow	13 Salmon	Total
2017	\$ 26,748	\$ 18,000	\$ 34,296	\$ 79,044
2018	-	-	34,296	34,296
	<u>\$ 26,748</u>	<u>\$ 18,000</u>	<u>\$ 68,592</u>	<u>\$ 113,340</u>

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2016:

For purpose	
Retirement plan support	\$ 9,000
Summer Activities	<u>5,000</u>
	<u>\$ 14,000</u>

NOTE I – 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 J – 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, 2016, these contracts provided about 60% of PHFS' revenues.

NOTE K – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 12, 2016 which is the date the financial statements were available to be issued.