

PORTLAND HOMELESS FAMILY SOLUTIONS

FINANCIAL STATEMENTS

Year Ended June 30, 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
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, 2017, 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, 2017, 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' 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson LLC
Portland, Oregon
October 27, 2017

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FINANCIAL POSITION

June 30, 2017

(With Comparative Totals as of June 30, 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 220,209	\$ 158,100
Grants and contracts receivable	246,332	203,751
Pledges receivable	1,255	9,947
Prepaid expenses	13,270	9,860
Property and equipment, net	<u>23,262</u>	<u>30,208</u>
Total assets	<u>\$ 504,328</u>	<u>\$ 411,866</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 947	\$ 14,341
Accrued payroll and related expenses	45,144	36,945
Deferred revenue	<u>6,000</u>	<u>2,350</u>
Total liabilities	<u>52,091</u>	<u>53,636</u>
Net assets		
Unrestricted		
Available for general operations	258,657	264,022
Reserve for rent assistance	50,000	50,000
Reserve for operating	75,000	-
Net investment in property and equipment	<u>23,262</u>	<u>30,208</u>
Total unrestricted	406,919	344,230
Temporarily restricted	<u>45,318</u>	<u>14,000</u>
Total net assets	<u>452,237</u>	<u>358,230</u>
Total liabilities and net assets	<u>\$ 504,328</u>	<u>\$ 411,866</u>

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

(With Comparative Totals as of June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017</u>	<u>2016</u>
Revenues and other support				
Government grants and contracts	\$ 1,248,593	\$ -	\$ 1,248,593	\$ 935,340
Grants and contributions	319,121	248,295	567,416	427,799
Auction, net of expense of \$47,020 and \$31,195 in 2017 and 2016, respectively.	79,479	-	79,479	60,762
Interest and dividends	-	-	-	-
In-kind overnight staffing	83,220	-	83,220	87,600
In-kind meals	31,500	-	31,500	31,500
	<u>1,761,913</u>	<u>248,295</u>	<u>2,010,208</u>	<u>1,543,001</u>
Net assets released from restriction	<u>216,977</u>	<u>(216,977)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,978,890</u>	<u>31,318</u>	<u>2,010,208</u>	<u>1,543,001</u>
Expenses				
Program services				
Housing and Rent Assistance	803,764	-	803,764	536,399
Day Shelter	311,423	-	311,423	244,900
Night Shelter	444,096	-	444,096	420,453
Diversion	114,086	-	114,086	-
Total program services	<u>1,673,369</u>	<u>-</u>	<u>1,673,369</u>	<u>1,201,752</u>
Supporting services				
Management and operations	115,211	-	115,211	127,678
Fund-raising	127,621	-	127,621	145,744
Total expenses	<u>1,916,201</u>	<u>-</u>	<u>1,916,201</u>	<u>1,475,174</u>
Change in net assets	62,689	31,318	94,007	67,827
Net assets, beginning of year	<u>344,230</u>	<u>14,000</u>	<u>358,230</u>	<u>290,403</u>
Net assets, end of year	<u>\$ 406,919</u>	<u>\$ 45,318</u>	<u>\$ 452,237</u>	<u>\$ 358,230</u>

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

(With Comparative Totals as of June 30, 2016)

	PROGRAM SERVICES					SUPPORTING SERVICES		2017	2016
	Housing and Rent Assistance	Day Shelter	Night Shelter	Diversion	Total Program	Management and Operations	Fund- Raising		
Salaries	\$ 145,659	\$ 187,516	\$ 179,550	\$ 2,093	\$ 514,818	\$ 72,793	\$ 69,423	\$ 657,034	\$ 533,835
Payroll taxes and benefits	43,918	38,360	37,960	1,342	121,580	17,167	16,843	155,590	113,660
Rent & Client Assistance	540,513	-	-	103,420	643,933	-	-	643,933	394,107
Custodial and maintenance	-	8,850	21,605	-	30,455	-	-	30,455	29,293
Client-related travel	11,781	-	235	636	12,652	1,751	1,751	16,154	19,397
Professional fees	-	18,280	18,280	-	36,560	8,593	22,887	68,040	35,060
Postage	1,650	1,171	1,118	213	4,152	586	586	5,324	3,842
Insurance	2,636	1,871	1,786	340	6,633	935	935	8,503	5,724
Office supplies and expense	1,987	1,410	1,346	256	4,999	705	705	6,409	4,905
Printing and copying	2,294	1,628	1,554	296	5,772	814	814	7,400	9,449
Computer expense	2,091	1,484	1,416	270	5,261	742	742	6,745	21,951
Bank charges	-	-	-	-	-	-	4,589	4,589	3,139
Advertising	-	-	-	-	-	-	2,554	2,554	1,878
Dues and subscriptions	795	564	538	103	2,000	282	282	2,564	1,391
Meetings and meals	2,528	1,938	1,399	1,003	6,868	969	968	8,805	4,558
Moving expense	-	-	-	-	-	-	-	-	3,562
Taxes, licenses and fees	172	122	116	22	432	61	61	554	598
Telephone and internet	2,372	1,684	1,607	306	5,969	842	842	7,653	7,210
Volunteer expense	-	847	2,177	-	3,024	405	405	3,834	4,067
Depreciation	-	-	1,709	-	1,709	5,237	-	6,946	3,149
In-kind overnight staffing	-	-	83,220	-	83,220	-	-	83,220	87,600
In-kind meals	-	-	31,500	-	31,500	-	-	31,500	31,500
Program facility rent	8,155	30,880	41,524	1,051	81,610	2,894	2,893	87,397	88,473
Other client assistance	36,250	14,135	14,784	2,611	67,780	-	-	67,780	59,987
Miscellaneous	963	683	672	124	2,442	435	341	3,218	6,839
	\$ 803,764	\$ 311,423	\$ 444,096	\$ 114,086	\$ 1,673,369	\$ 115,211	\$ 127,621	\$ 1,916,201	\$ 1,475,174

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2017

(With Comparative Totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 94,007	\$ 67,827
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,946	3,149
Changes in assets and liabilities:		
Grants and contracts receivable	(42,581)	(67,413)
Pledges receivable	8,692	(9,947)
Prepaid expenses	(3,410)	3,987
Accounts payable	(13,394)	4,716
Accrued payroll and related expenses	8,199	13,106
Deferred revenue	3,650	(1,650)
Net cash provided by (used in) operating activities	<u>62,109</u>	<u>13,775</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(26,181)</u>
Change in cash and cash equivalents	62,109	(12,406)
Cash and cash equivalents, beginning of year	<u>158,100</u>	<u>170,506</u>
Cash and cash equivalents, end of year	<u>\$ 220,209</u>	<u>\$ 158,100</u>

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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 180 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 local foundations in the form of grants, and from hundreds of generous individual donors and businesses.

The four programs of PHFS are described as follows:

Housing First Program – PHFS helps families experiencing homelessness move quickly back into homes. PHFS helps families pay security deposits and 12-24 months of rent assistance. We also provide case management for 24 months to help families create action plans, balance their budget, connect to their new community, increase their income by getting jobs and education, and learn new skills they use to keep housing. This program served 653 people from 185 families during the 2016-2017 fiscal year.

Day Shelter – Thirteen Salmon Family Center is the day shelter for the eight families that sleep at Goose Hollow. 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, 178 people from 51 families were served. Ninety-four 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.

Diversion Program – Helps families with children prevent their homelessness in the first place by diverting them from homelessness and helping them keep in their housing. These families never have to get on the Homeless Family System waitlist and are able to either prevent their homelessness or end it after just a couple of days or weeks. This program served 147 people from 44 families in the 2016-17 fiscal year.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

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.

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, 2017. There were no grants or contracts receivable older than 90 days as of June 30, 2017.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2017 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>(40,005)</u>
	<u>\$ 23,262</u>

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE D – IN-KIND CONTRIBUTIONS

PHFS has recorded \$83,220 of in kind volunteer services based on 4,380 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 10,500 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% (6.25% at June 30, 2017). The line of credit is unsecured. At June 30, 2017, no balance on the line was outstanding.

NOTE F – RETIREMENT PLAN

Beginning during the year ended June 30, 2017, 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 \$12,199 for the year ended June 30, 2017. 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 2019.

At June 30, 2017, approximate minimum rental commitments are as follows:

Year Ending June 30,	Office	Goose Hollow	13 Salmon	Total
2018	\$ 27,027	\$ 36,000	\$ 34,296	\$ 97,323
2019	<u>27,027</u>	<u>18,000</u>	<u>-</u>	<u>45,027</u>
	<u>\$ 54,054</u>	<u>\$ 54,000</u>	<u>\$ 34,296</u>	<u>\$ 142,350</u>

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2017:

For purpose	
Retention Specialist Position	\$ 32,318
Overnight Shelter Expansion	5,000
Life Lab Classes	<u>8,000</u>
	<u>\$ 45,318</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, 2017, these contracts provided about 62% of PHFS' revenues.

NOTE K – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 27, 2017, which is the date the financial statements were available to be issued.