

PORTLAND HOMELESS FAMILY SOLUTIONS

FINANCIAL STATEMENTS

Year Ended June 30, 2019



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

PORTLAND HOMELESS FAMILY SOLUTIONS

FINANCIAL STATEMENTS

Year Ended June 30, 2019

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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, 2019, 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, 2019, 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 Portland Homeless Family Solutions' 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated February 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note B, the Organization adopted the provisions of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958)*, for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Kern & Thompson, LLC
Portland, Oregon
August 5, 2020

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With Comparative Totals as of June 30, 2018)

ASSETS

	2019	2018
Cash and cash equivalents	\$ 403,539	\$ 437,446
Grants and contracts receivable	123,827	151,935
Pledges receivable	234,400	199,449
Prepaid expenses	21,349	21,724
Property and equipment, net	4,644,629	3,317,940
Total assets	\$ 5,427,744	\$ 4,128,494

LIABILITIES AND NET ASSETS

Accounts payable	\$ 39,079	\$ 17,017
Accrued payroll and related expenses	80,377	58,096
Deferred revenue	18,025	2,715
Line of credit	50,311	290,616
Notes payable	1,949,914	1,974,603
Total liabilities	2,137,706	2,343,047
Net assets		
Without donor restrictions		
Available for general operations	303,377	467,305
Reserve for rent assistance	50,000	50,000
Reserve for operating	75,000	75,000
Net investment in property and equipment	2,644,404	1,052,720
Total without donor restrictions	3,072,781	1,645,025
With donor restrictions	217,257	140,422
Total net assets	3,290,038	1,785,447
Total liabilities and net assets	\$ 5,427,744	\$ 4,128,494

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

(With Comparative Totals as of June 30, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019</u>	<u>2018</u>
Operating revenues and other support				
Government grants and contracts	\$ 2,155,611	\$ -	\$ 2,155,611	\$ 1,811,111
Grants and contributions	658,202	138,800	797,002	658,643
Auction, net of expense of \$51,351 and \$49,922 in 2019 and 2018, respectively.	140,495	-	140,495	107,360
Interest and dividends	2,930	-	2,930	563
In-kind volunteer staffing	131,375	-	131,375	37,335
In-kind meals	50,040	-	50,040	57,464
In-kind donated services	386,066	-	386,066	-
	<u>3,524,719</u>	<u>138,800</u>	<u>3,663,519</u>	<u>2,672,476</u>
Net assets released from restriction	<u>1,133,019</u>	<u>(1,133,019)</u>	<u>-</u>	<u>-</u>
Total operating revenues and other support	<u>4,657,738</u>	<u>(994,219)</u>	<u>3,663,519</u>	<u>2,672,476</u>
Expenses				
Program services	3,012,502	-	3,012,502	2,332,672
Supporting services				
Management and operations	111,953	-	111,953	128,135
Fundraising	105,527	-	105,527	129,177
Total expenses	<u>3,229,982</u>	<u>-</u>	<u>3,229,982</u>	<u>2,589,984</u>
Increase (decrease) in net assets before non-operating activities	<u>1,427,756</u>	<u>(994,219)</u>	<u>433,537</u>	<u>82,492</u>
Non-operating activities				
Government grant for development of property	-	300,000	300,000	-
Grants and contributions received for the development of property	<u>-</u>	<u>771,054</u>	<u>771,054</u>	<u>1,250,718</u>
Change in net assets	<u>1,427,756</u>	<u>76,835</u>	<u>1,504,591</u>	<u>1,333,210</u>
Net assets, beginning of year	<u>1,645,025</u>	<u>140,422</u>	<u>1,785,447</u>	<u>452,237</u>
Net assets, end of year	<u>\$ 3,072,781</u>	<u>\$ 217,257</u>	<u>\$ 3,290,038</u>	<u>\$ 1,785,447</u>

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

(With Comparative Totals as of June 30, 2018)

	PROGRAM SERVICES				SUPPORTING SERVICES			2019	2018
	Housing and Rent Assistance	Family Village	Prevention	Total Program	Management and Operations	Fund-Raising			
Salaries & Benefits	\$ 215,941	\$ 1,016,076	\$ 44,697	\$ 1,276,714	\$ 87,401	\$ 59,501	\$ 1,423,616	\$ 1,109,736	
Insurance	3,378	15,895	699	19,972	1,613	931	22,516	12,373	
Office Expense	17,131	22,011	5,110	44,252	1,690	6,689	52,631	29,173	
Utilities	1,819	46,663	377	48,859	737	501	50,097	9,499	
Professional Fees	60	283	12	355	10,074	32,767	43,196	142,280	
Facilities Expense	-	92,699	869	93,568	1,699	410	95,677	46,260	
Taxes, Licenses & fees	2,993	12,794	619	16,406	1,211	727	18,344	20,774	
Advertising	-	-	-	-	-	3,231	3,231	5,073	
Interest Expense	-	87,996	-	87,996	1,161	-	89,157	11,562	
Computer Expense	2,794	13,149	578	16,521	1,131	770	18,422	23,002	
Rent & Client Assistance	518,942	469,988	76,774	1,065,704	-	-	1,065,704	895,786	
Volunteer Expense	-	6,058	-	6,058	-	-	6,058	4,673	
Program Facility Rent	-	49,042	-	49,042	-	-	49,042	108,346	
Depreciation	-	69,597	-	69,597	5,236	-	74,833	12,271	
Miscellaneous	-	-	-	-	-	-	-	64,377	
In-kind Donations	-	217,458	-	217,458	-	-	217,458	94,799	
	\$ 763,058	\$ 2,119,709	\$ 129,735	\$ 3,012,502	\$ 111,953	\$ 105,527	\$ 3,229,982	\$ 2,589,984	

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

(With Comparative Totals as of June 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,504,591	\$ 1,333,210
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
In-kind donations	(350,023)	-
Depreciation	74,833	12,271
Proceeds from donations restricted for development	(771,054)	(1,250,718)
Government grant restricted for development	(300,000)	-
Changes in assets and liabilities:		
Grants and contracts receivable	28,108	94,397
Pledges receivable	(34,950)	(198,194)
Prepaid expenses	375	(8,454)
Accounts payable	22,062	16,070
Accrued payroll and related expenses	22,281	12,952
Deferred revenue	15,310	(3,285)
Net cash provided by (used in) operating activities	211,533	8,249
Cash flows from investing activities:		
Purchase of property and equipment	(1,050,849)	(3,306,949)
Cash flows from financing activities:		
Proceeds from donations restricted for development	771,054	1,250,718
Government grant restricted for development	300,000	-
Proceeds from issuance of debt	-	2,265,219
Principal payments on debt	(265,645)	-
Net cash provided by (used in) financing activities	805,409	3,515,937
Change in cash and cash equivalents	(33,907)	217,237
Cash and cash equivalents, beginning of year	437,446	220,209
Cash and cash equivalents, end of year	\$ 403,539	\$ 437,446
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 87,996	\$ 11,564
Property received in exchange for notes payable	\$ -	\$ 2,450,000

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – DESCRIPTION OF ORGANIZATION

Portland Homeless Family Solutions (PHFS or the Organization) 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 280 homeless families with children get back into housing every year. The main activities include a homeless prevention program, a rapid re-housing program to help homeless families move back into homes, trauma-informed emergency shelter for homeless families, and long-term support to help families keep their housing. PHFS also advocates to help alleviate family homelessness on a large scale.

Historically, PHFS has operated the Goose Hollow Family Shelter downtown Portland at the First United Methodist Church. Effective August 28, 2018, operations will relocate to PHFS' new campus in the Lents neighborhood where PHFS will triple shelter capacity and expand housing and prevention programs as well. PHFS just purchased this new campus in the Lents neighborhood to scale their operations to help more families than ever before. The new campus will be PHFS' new headquarters, will host 25 families in individual private shelter bedrooms, and is expected to be at full capacity by winter 2019.

Funding for PHFS comes from the Joint Office on Homeless Services, 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 525 people from 167 families during the 2018-2019 fiscal year.

Emergency Shelter – Family Village – PHFS relocated our shelter to Family Village in Southeast Portland, which is the first trauma-informed shelter for homeless families with children in Oregon. During FY18-19, Family Village was in transition and hosted 10 families while a large portion of the campus is being remodeled. In winter of 2019, Family Village will open to host the full 25 families in individual private bedrooms once the construction is complete. All the families in Family Village work with a housing specialist case manager to help them transition to housing. PHFS also teaches Life Lab Adult Education classes to help families learn skills and tools they can use to help them get and keep housing. Life Lab classes include Incredible Years Parenting, Rent Well Tenant Education, and ARISE general life skills curriculum including finance, health & hygiene, and time management. In this fiscal year, Family Village hosted 43 families made up of 143 kids and parents in shelter. On average, families stayed 48 days in shelter before transitioning to permanent housing.

Emergency Shelter – Family Winter Shelter – PHFS also opened a 5-month Family Winter Shelter during this fiscal year to host 75 kids and parents during the cold winter months. Families receive a warm place to sleep, meals and snacks, showers, computer access, and they can bring their pets. In this fiscal year, 66 families (244 kids and parents) were served.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

Prevention Program – Helps families with children prevent their homelessness in the first place by helping them keep in their housing. That way, kids can stay in school, parents can be near their jobs, and families can remain in their communities. PHFS pays back rent and utilities for families during times of emergency, with an average investment per family of only \$1,473. This program served 102 families (326 kids and parents) in the 2018-19 fiscal year.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement

During the fiscal year ended June 30, 2019, the Organization implemented *Accounting Standards Update No. 2016-14, Not-for-Profit Entities Topic 958 (“ASU 2016-14”)*. This standard revised the net asset classification requirements and information presented in financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. As a result of the implementation of ASU 2016-14, net assets and transactions are now presented in two categories (with donor restrictions and without donor restrictions) instead of three (unrestricted, temporary, and permanent). Additionally, disclosures regarding liquidity allocation of expenses, and board designated net assets have been added. The implementation of ASU 2016-14 had no impact on total beginning net assets.

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.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (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.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor 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, 2019. There were no grants or contracts receivable older than 90 days as of June 30, 2019.

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.

Loan Fees

PHFS has adopted new FASB guidance regarding the presentation on the statement of financial position of the costs of issuance of debt and related amortization expense in the statement of functional expenses. The new guidance requires presenting such unamortized costs as a direct deduction from the face amount of the debt (see Note F). Amortization is required to be included with interest expense.

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.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

NOTE C – PROPERTY AND EQUIPMENT

At June 30, 2019, property and equipment consists of the following:

Land	\$ 1,212,848
Building	2,097,695
Office furniture and equipment	24,277
Laundry equipment	6,300
Sleep mats	15,564
Vehicles	26,181
Construction in progress	<u>1,388,222</u>
	4,771,087
Less accumulated depreciation	<u>(126,458)</u>
 Net property and equipment	 <u><u>\$ 4,644,629</u></u>

In May, 2018, PHFS purchased a property containing a former church building, eight 2-bedroom apartments, and an acre of land, located in southeast PHFS entered into a \$1,786,000 construction contract on November 28, 2018 with Clear Water Construction Services to remodel the campus grounds and church building to be a day and night shelter as well as PHFS' headquarters and offices. Construction began in April 2019 and Certificates of Occupancy were issued November 15, 2019. The construction project is being financed with a combination of donations and a loan. The new campus includes trauma informed design and architecture - the first shelter of its kind in Oregon featuring this innovative design that helps people heal from the crisis and trauma of homelessness.

In August of 2018, PHFS closed its leased Goose Hollow Family Shelter location and opened up a shelter for 10 homeless families with children in the existing apartments on the SE Portland campus that was not under construction. When complete, the campus will contain shelter for 25 homeless families with children in individual private bedrooms, plus community spaces such as a library, computer lab, kids play area, recreation room, basketball court, playground, and garden areas. After PHFS finishes the first phase of remodeling construction, additional units of affordable housing will be built on the back parking lot of the campus. When complete, the PHFS campus will be a centralized location where families experiencing homelessness where they can access emergency shelter, transitional housing, permanent housing, and wrap around services like domestic violence advocacy and mental health support.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE D – IN-KIND CONTRIBUTIONS

PHFS has recorded \$131,375 of in-kind volunteer services based on 5,172 hours of service to PHFS including volunteer childcare and kid's enrichment activities, food prep and meal service, sorting donations and doing laundry, and helping with general shelter operation. \$50,040 was recorded to reflect the fair market value of donated meals.

Donors also contribute almost all 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.

As part of PHFS' Family Village Capital Campaign to expand and improve shelter services, PHFS has recorded \$386,066 of in-kind building and construction donations including pro bono design services as well as donated materials such as wood floor, lighting fixtures, permeable pavers, lumber, gravel, concrete, appliance hardware, door frames and door handles, and more.

NOTE E – PLEDGE LINE OF CREDIT

PHFS maintains a line of credit at a bank for up to \$450,000 bearing interest at the Wall Street Journal Prime Rate (4.75% at June 30, 2019). The amount that may be borrowed is limited to 80% of the sum of the balance of Capital Campaign Pledges outstanding less the amount of the Capital Campaign Pledges greater than 90 days past due, along with any pledges collected and set aside to pay loan principal.

The line of credit is collateralized by real property. At June 30, 2019, \$50,311 was outstanding. The line of credit is expected to be repaid by June 1, 2021.

The pledge line of credit contains certain restrictive financial and other covenants. PHFS was in compliance with all covenants as of June 30, 2019.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE F – NOTES PAYABLE

The Organization has long-term debt issued to the Organization. The balances at June 30, 2019 were as follows:

Note payable to Heritage Bank in monthly installments of \$9,528, including interest at 5.750% through May 2023. After that date, the interest rate indexes to the Five Year Federal Home Loan Bank of Des Moines Fixed Advance Rate, but under no circumstances less than 5.75%. Matures in June 2028 with the requirement of a balloon payment or refinancing and is secured by real property.	\$ 1,474,659
Loan payable to Portland Housing Bureau, at 0% interest; due in May 2078 or earlier, if the property is transferred or sold the loan is in default. In the event that no repayment event has occurred, the Equity Gap Contribution will convert into a grant upon Maturity Date.	<u>500,000</u> 1,974,659
Loan fees	<u>(24,745)</u> \$ <u><u>1,949,914</u></u>

The loan agreements contain certain restrictive financial and other covenants. PHFS was in compliance with all covenants as of June 30, 2019.

Annual maturities of the notes payable as of June 30 are as follows:

Year Ending June 30,		
2020	\$	30,398
2021		32,193
2022		34,094
2023		36,106
2024		38,238
Thereafter		<u>1,778,885</u>
	\$	<u><u>1,949,914</u></u>

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE G – RETIREMENT PLAN

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 \$18,782 for the year ended June 30, 2019. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code.

NOTE H – RESTRICTIONS ON NET ASSETS

Donor-restricted net assets consist of the following at June 30, 2019:

Subject to purpose restrictions:	
Prevention	\$ 3,000
Remodel	<u>214,257</u>
	<u>\$ 217,257</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 the Joint Office of Homeless Services 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, 2019, these contracts provided about 65% of PHFS' operations funding.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE K – LIQUIDITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2019:

Financial assets at year-end		
Cash and cash equivalents	\$	403,539
Grants and contracts receivable		123,827
Pledges receivable		<u>234,400</u>
Total financial assets		<u>761,766</u>
Less amounts unavailable for use within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restriction		217,257
Board designations:		
Board-designated rent assistance fund		50,000
Operating reserve		<u>75,000</u>
Total unavailable financial assets		<u>342,257</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>419,509</u></u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 5, 2020, which is the date the financial statements were available to be issued.

Subsequent to year-end, the COVID-19 outbreak in the United States was declared a national emergency. The COVID-19 outbreak has caused disruption through mandated and voluntary closings of various businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The outbreak could have a negative impact to the Organization's operating results and investment returns due to the volatility of the market. The related financial impact and duration cannot be reasonably estimated at this time. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of donors, sponsors, volunteers and members to fully participate in programs.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE L – SUBSEQUENT EVENTS (CONTINUED)

In April 2020, the Company applied for and received a loan through the Small Business Administration in the amount of \$281,700 under the criteria outlined in the Paycheck Protection Program (PPP) of the CARES Act of 2020. Under the terms of the agreement, payments of principal and interest are due starting November of 2020 and the loan accrues interest at a rate of 1.00% per annum. The loan matures in April 2022. The Company intends to utilize the loan forgiveness opportunity within the PPP. Burdened payroll (as defined by the PPP) and rent expense incurred in a span of 24 weeks after the loan date are subject to forgiveness and will be evaluated by the lending institution. At the present time, the ultimate future effects of these issues are unknown.