

PORTLAND HOMELESS FAMILY SOLUTIONS

FINANCIAL STATEMENTS

Year Ended June 30, 2020



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

PORTLAND HOMELESS FAMILY SOLUTIONS

FINANCIAL STATEMENTS

Year Ended June 30, 2020

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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, 2020, 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, 2020, 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' 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated August 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
May 13, 2021

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(With Comparative Totals as of June 30, 2019)

ASSETS

	2020	2019
Cash and cash equivalents	\$ 387,011	\$ 403,539
Grants and contracts receivable	718,192	123,827
Pledges receivable	77,137	234,400
Prepaid expenses	19,192	21,349
Property and equipment, net	6,077,445	4,644,629
Total assets	\$ 7,278,977	\$ 5,427,744

LIABILITIES AND NET ASSETS

Accounts payable	\$ 25,941	\$ 39,079
Accrued payroll and related expenses	145,581	80,377
Deferred revenue	7,000	18,025
Line of credit	-	50,311
Refundable advance - Paycheck Protection Program	281,700	-
Notes payable	2,420,168	1,949,914
Total liabilities	2,880,390	2,137,706
Net assets		
Without donor restrictions		
Available for general operations	325,272	303,377
Reserve for rent assistance	50,000	50,000
Reserve for operating	75,000	75,000
Net investment in property and equipment	3,657,277	2,644,404
Total without donor restrictions	4,107,549	3,072,781
With donor restrictions	291,038	217,257
Total net assets	4,398,587	3,290,038
Total liabilities and net assets	\$ 7,278,977	\$ 5,427,744

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

(With Comparative Totals as of June 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
Operating revenues and other support				
Government grants	\$ 2,229,150	\$ -	\$ 2,229,150	\$ 2,155,611
Contributions	988,325	576,247	1,564,572	797,002
Auction, net of expense of \$62,282 and \$51,351 in 2020 and 2019, respectively.	202,685	-	202,685	140,495
Interest and dividends	3,075	-	3,075	2,930
In-kind volunteer staffing	74,755	-	74,755	131,375
In-kind meals	31,320	-	31,320	50,040
In-kind donated services and building materials	396,041	-	396,041	386,066
	<u>3,925,351</u>	<u>576,247</u>	<u>4,501,598</u>	<u>3,663,519</u>
Net assets released from restriction	<u>776,495</u>	<u>(776,495)</u>	<u>-</u>	<u>-</u>
Total operating revenues and other support	<u>4,701,846</u>	<u>(200,248)</u>	<u>4,501,598</u>	<u>3,663,519</u>
Expenses				
Program services	3,382,001	-	3,382,001	3,012,502
Supporting services				
Management and operations	155,515	-	155,515	111,953
Fundraising	129,562	-	129,562	105,527
Total expenses	<u>3,667,078</u>	<u>-</u>	<u>3,667,078</u>	<u>3,229,982</u>
Increase (decrease) in net assets before non-operating activities	<u>1,034,768</u>	<u>(200,248)</u>	<u>834,520</u>	<u>433,537</u>
Non-operating activities				
Government grant for development of property	-	-	-	300,000
Grants and contributions received for the development of property	-	274,029	274,029	771,054
Change in net assets	<u>1,034,768</u>	<u>73,781</u>	<u>1,108,549</u>	<u>1,504,591</u>
Net assets, beginning of year	<u>3,072,781</u>	<u>217,257</u>	<u>3,290,038</u>	<u>1,785,447</u>
Net assets, end of year	<u>\$ 4,107,549</u>	<u>\$ 291,038</u>	<u>\$ 4,398,587</u>	<u>\$ 3,290,038</u>

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

(With Comparative Totals as of June 30, 2019)

	PROGRAM SERVICES				SUPPORTING SERVICES		2020	2019
	Housing and Rent Assistance	Family Village	Prevention	Total Program	Management and Operations	Fundraising		
Salaries & Benefits	\$ 570,161	\$ 733,078	\$ 44,495	\$ 1,347,734	\$ 101,957	\$ 63,188	\$ 1,512,879	\$ 1,423,616
Insurance	11,301	14,325	892	26,518	2,082	1,190	29,790	22,516
Office Expense	13,402	16,871	1,739	32,012	2,727	6,239	40,978	52,631
Utilities	21,532	43,466	1,700	66,698	3,966	2,267	72,931	50,097
Professional Fees	3,247	4,102	256	7,605	9,598	38,438	55,641	43,196
Facilities Expense	42,214	66,469	2,667	111,350	6,222	3,555	121,127	95,677
Taxes, Licenses & Fees	5,303	6,699	419	12,421	977	558	13,956	18,344
Advertising	-	-	-	-	-	9,882	9,882	3,231
Interest Expense	27,925	48,799	2,205	78,929	5,144	2,939	87,012	89,157
Interest Expense-Loan Fees	-	-	-	-	25,396	-	25,396	-
Computer Expense	12,492	19,481	980	32,953	4,759	1,306	39,018	18,422
Rent & Client Assistance	1,201,299	82,468	99,168	1,382,935	-	-	1,382,935	1,065,704
Volunteer Expense	-	5,327	-	5,327	-	-	5,327	6,058
Program Facility Rent	805	1,017	296	2,118	-	-	2,118	49,042
Depreciation	-	140,567	-	140,567	-	-	140,567	74,833
Miscellaneous	-	1,021	-	1,021	(7,313)	-	(6,292)	-
In-kind Volunteer Services	-	102,493	-	102,493	-	-	102,493	167,418
In-kind Meals	-	31,320	-	31,320	-	-	31,320	50,040
	\$ 1,909,681	\$ 1,317,503	\$ 154,817	\$ 3,382,001	\$ 155,515	\$ 129,562	\$ 3,667,078	\$ 3,229,982

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

(With Comparative Totals as of June 30, 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 1,108,549	\$ 1,504,591
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
In-kind donations	(368,303)	(350,023)
Depreciation	140,567	74,833
Loan fees	25,396	-
Proceeds from donations restricted for development	(274,029)	(771,054)
Government grant restricted for development	-	(300,000)
Changes in assets and liabilities:		
Grants and contracts receivable	(594,365)	28,108
Pledges receivable	157,263	(34,950)
Prepaid expenses	2,157	375
Accounts payable	(13,138)	22,062
Accrued payroll and related expenses	65,204	22,281
Deferred revenue	(11,025)	15,310
Refundable advance - PPP	281,700	-
Net cash provided by (used in) operating activities	519,976	211,533
Cash flows from investing activities:		
Purchase of property and equipment	(1,205,080)	(1,050,849)
Cash flows from financing activities:		
Proceeds from donations restricted for development	274,029	771,054
Government grant restricted for development	-	300,000
Net payments on line of credit	(50,311)	-
Proceeds from issuance of debt	1,975,000	-
Principal payments on debt	(1,530,142)	(265,645)
Net cash provided by (used in) financing activities	668,576	805,409
Change in cash and cash equivalents	(16,528)	(33,907)
Cash and cash equivalents, beginning of year	403,539	437,446
Cash and cash equivalents, end of year	\$ 387,011	\$ 403,539
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 25,396	\$ 87,996

See notes to financial statements.

PORTLAND HOMELESS FAMILY SOLUTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 350+ 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.

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 main 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. When the covid-19 pandemic began, our housing program was able to quickly move to being fully remote and continued to support families in finding permanent housing despite the pandemic. This program served 637 people from 199 families during the 2018-2019 fiscal year.

Emergency Shelter – Family Village – On December 17, 2019, PHFS opened the fully remodeled Family Village Shelter in the SE Portland neighborhood of Lents to increase shelter capacity from 8 to 25 homeless families with children each night of the year. Families staying at Family Village each have their own, private bedroom with real beds, plus they have access to a full service kitchen and dining room, a library, computer lab, classroom, laundry room, kids playground, basketball court, vegetable garden, and dog walk area. Family Village is the first and only shelter in Oregon featuring trauma informed design and architecture, which is shown to help families heal from the crisis and stress of homelessness so they can actually make the kind of change they want to see in their lives. Trauma informed design focuses on building dignity, restoring power, and promoting autonomy. The elements of trauma informed design include the color palette of the ocean, natural materials, natural light, a sense of abundance and connection to nature through real plants, flexible spaces that can be used in multiple different ways, and a sense of spaciousness. When the covid-19 pandemic began, PHFS worked closely with Multnomah County Public Health to create protocols for Family Village that would prevent the spread of the virus, including mandatory mask wearing, social distancing, hand washing, monitoring symptoms for both staff and families, and altered shelter procedures including meal service, laundry, daily professional cleaning, restricted traffic flow, and more. Because of our intensive covid-19 protocol, PHFS was able to keep the shelter free from covid-19. In this fiscal year, Family Village hosted 51 families made up of 173 kids and parents in shelter. On average, families stayed 48 days in shelter before transitioning to permanent housing.

Emergency Winter Outreach & Engagement – In the past, PHFS has opened a winter shelter for homeless families with children. This year, PHFS piloted a new kind of winter engagement focusing on finding families literally outside on the streets, camping, or in their car and help them move directly into housing, thus diverting them from shelter all together. In this fiscal year, 66 families (244 kids and parents) were served.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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 \$1,209. The Prevention program served 78 families (159 kids and parents) in the 2019-20 fiscal year. PHFS' Prevention Program also quickly pivoted to entirely remote service during the covid-10 pandemic and actually expanded to provide \$500 cash assistance to an additional 175 families who had lost income due to the pandemic.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement

During the fiscal year ended June 30, 2020, the Organization adopted *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") and *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08").

ASU 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts with customers. Revenue streams applicable to the Organization that may qualify as exchange transactions may include program fees.

Management of the Organization has analyzed the provisions of ASU 2014-09, and has concluded that no changes to its revenue recognition policies are necessary to conform with the new standard.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This guidance clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis during the year ending June 30, 2020. There was no resulting cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of June 30, 2019.

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, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

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

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.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Promises to Give

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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 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 guidance requires presenting such unamortized costs as a direct deduction from the face amount of the debt (see Note H). 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.

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.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE C – RECEIVABLES

Grants, contributions, and pledges receivable consists of unconditional promises to give and are expected to be collected as follows:

Year Ending June 30,	Grants and Contracts	Individual Pledge
2021	\$ 653,192	\$ 57,138
2022	65,000	19,999
	\$ 718,192	\$ 77,137

In addition, the Organization has a conditional grant of \$1,021,000 awarded from a government agency. This revenue has not been included in the accompanying financial statements because associated conditions were not met as of June 30, 2020.

NOTE D – PROPERTY AND EQUIPMENT

At June 30, 2020, property and equipment consists of the following:

Land	\$ 1,212,848
Building	4,992,575
Office furniture and equipment	86,503
Laundry equipment	10,799
Sleep mats	15,564
Vehicles	26,181
	6,344,470
Less accumulated depreciation	(267,025)
Net property and equipment	\$ 6,077,445

NOTE E – IN-KIND CONTRIBUTIONS

PHFS has recorded \$74,755 of in-kind volunteer services based on 5,172 hours of service including volunteer childcare and kid's enrichment activities, food prep and meal service, sorting donations and doing laundry, and helping with general shelter operation. \$31,320 was recorded to reflect the fair market value of donated meals.

As part of PHFS' Family Village Capital Campaign to expand and improve shelter services, PHFS has recorded \$396,041 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.

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.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE F – LINE OF CREDIT

PHFS maintained a pledge line of credit that was repaid and not renewed when an overall refinance of long-term debt occurred during the year ending June 30, 2020.

PHFS maintains an operating line of credit of up to \$75,000 bearing interest at the Wall Street Journal Prime Rate (3.75% as of June 30, 2020). This line of credit is secured by all assets of PHFS. A covenant of this line of credit requires an annual “rest period” where the loan outstanding balance must be zero for at least 30 days. This covenant was met during the year ending June 30, 2020. This line of credit must be renewed or repaid by February 28, 2022.

NOTE G – REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM LOAN)

In response to the global economic impact caused by the coronavirus pandemic, the U.S. Small Business Administration (SBA) created the Paycheck Protection Program (PPP) “forgivable loan” to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. The loans are funded by the SBA through participating banks and are subject to specific conditions, which if met, will result in forgiveness of all or part of the loan. The Organization qualified for and received a PPP loan for \$281,700 in April 2020.

PHFS has concluded that although the legal form of the PPP was a loan, the criteria for forgiveness was met. On December 4, 2020, the SBA approved the forgiveness application and forgave the loan. Accordingly, the PPP loan represents, in substance, a conditional grant and has therefore been recorded as a refundable advance under the accounting guidance of ASC 958-605 as of June 30, 2020.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE H – NOTES PAYABLE

The Organization has long-term debt issued to the Organization. The balances at June 30, 2020 were as follows:

Note payable to Heritage Bank in monthly installments of \$10,898, including interest at 4.375% 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.	\$ 1,935,994
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> 2,435,994
Unamortized loan fees	<u>(15,826)</u>
	<u><u>\$ 2,420,168</u></u>

The Heritage loan agreement contains certain restrictive financial and other covenants. PHFS was in compliance with all covenants as of June 30, 2020.

Annual maturities of the notes payable are as follows:

Year Ending June 30,		
2021	\$	48,033
2022		50,176
2023		52,418
2024		54,756
2025		57,200
Thereafter		<u>2,173,411</u>
	\$	<u><u>2,435,994</u></u>

NOTE I – 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 \$19,878 for the year ended June 30, 2020. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE J – RESTRICTIONS ON NET ASSETS

Donor-restricted net assets consist of the following at June 30, 2020:

Subject to purpose restrictions:	
Rapid Intervention	\$ 130,000
Adult education	15,500
Contributions and pledges - timing restricted	<u>145,538</u>
	<u>\$ 291,038</u>

NOTE K – 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. At June 30, 2020, PHFS held \$211,817 of cash in excess of FDIC insurance.

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

NOTE L – 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, 2020, these contracts provided about 47% of PHFS' operations funding.

PORTLAND HOMELESS FAMILY SOLUTIONS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE M – LIQUIDITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2020:

Financial assets at year-end		
Cash and cash equivalents	\$	387,011
Grants and contracts receivable		718,192
Pledges receivable		<u>77,137</u>
Total financial assets		<u>1,182,340</u>
Less amounts unavailable for use within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donor with timing restriction		(84,999)
Board designations:		
Board-designated rent assistance fund		(50,000)
Operating reserve		<u>(75,000)</u>
Total unavailable financial assets		<u>(209,999)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>972,341</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 N – UNCERTAINTY

A COVID-19 outbreak in the United States has mandated social distancing measures. While the disruption is currently expected to be temporary, the effects of COVID-19 may continue for some time, causing disruptions to or restrictions on employees' ability to work on site, and on the ability of donors, sponsors, volunteers to fully participate in programs. The financial impact on PHFS is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 13, 2021, which is the date the financial statements were available to be issued.