THE HOMELESS FAMILIES FOUNDATION

FINANCIAL STATEMENTS

December 31, 2014 and 2013

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Winkel Green & Van Horn LLP
certified public accountants

Robert Winkel, CPA Stephen Green, CPA Richard Van Horn, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Homeless Families Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of The Homeless Families Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows and of functional expenses for the years then ended, and the related notes to the financial statements. The 2013 summarized comparative information has been derived from The Homeless Families Foundation December 31, 2013 financial statements, and in our report dated June 9, 2014, we expressed an unqualified opinion on the financial statements. The 2012 summarized comparative information has been derived from The Homeless Families Foundation December 31, 2012 financial statements, and in our report dated June 17, 2013, we expressed an unqualified opinion on 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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Auditor's Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 principles 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 The Homeless Families Foundation as of December 31, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

June 23, 2015

THE HOMELESS FAMILIES FOUNDATION

Statements of Financial Position
December 31, 2014 and 2013

ASSETS

	2014	2013
Cash	$ 896,738	$ 863,943
Gift Cards	21,241	46,535
Accounts Receivable	188,320	154,940
Pledges Receivable (net of discounts of $3,483 and $6,258, respectively)	176,517	193,742
Prepaid Expenses	2,403	29,926
Deposits	3,700	-
Land	91,378	91,378
Building	1,882,721	1,873,221
Equipment	305,245	309,931
Less: Accumulated Depreciation	(1,158,730)	(1,052,026)
Net Land, Building and Equipment	1,120,614	1,222,504
Total Assets	$ 2,409,533	$ 2,511,590

LIABILITIES

Accounts Payable	$ 20,328	$ 19,723
Accrued Payroll	27,914	19,139
Other Accrued Expenses	23,031	26,193
Capital Lease	2,204	5,510
Line of Credit	60,980	129,516
Mortgage Payable	45,295	59,046
Total Liabilities	179,752	259,127

NET ASSETS

Unrestricted	1,887,647	1,907,537
Temporarily Restricted	342,134	344,926
Total Net Assets	2,229,781	2,252,463
Total Liabilities and Net Assets	$ 2,409,533	$ 2,511,590

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statements of Activities
For the years ended December 31, 2014 with comparative totals for 2013

	Unrestricted	Temporarily Restricted	2014	2013
Public Support and Revenue:				
Contributions	$ 681,159	$ -	$ 681,159	$ 762,721
Donated services	10,378	-	10,378	130,982
Interest Income	1,871	-	1,871	2,093
Other Income	536	-	536	1,214
Change In Pledge Value	-	2,775	2,775	(6,258)
Restricted Operating Grants	-	1,272,440	1,272,440	1,266,554
	693,944	1,275,215	1,969,159	2,157,306
Net Assets Released from Restrictions	1,278,007	(1,278,007)	-	-
Total Revenues and Support	1,971,951	(2,792)	1,969,159	2,157,306
Expenses:				
Program Services	1,672,118	-	1,672,118	1,403,360
Administrative and General	105,598	-	105,598	103,100
Fundraising	214,125	-	214,125	148,503
Total Expenses	1,991,841	-	1,991,841	1,654,963
Increase (Decrease) in Net Assets	(19,890)	(2,792)	(22,682)	502,343
Net Assets, Beginning of Year	1,907,537	344,926	2,252,463	1,750,120
Net Assets, End of Year	$ 1,887,647	$ 342,134	$ 2,229,781	$ 2,252,463

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statements of Activities
For the years ended December 31, 2013 with comparative totals for 2012

	Unrestricted	Temporarily Restricted	2013	2012
Public Support and Revenue:				
Contributions	$ 762,721	$ -	$ 762,721	$ 562,137
Donated services	130,982	-	130,982	15,845
Interest Income	2,093	-	2,093	2,734
Other Income	1,214	-	1,214	2,028
Change In Pledge Value	-	(6,258)	(6,258)	472
Restricted Operating Grants	-	1,266,554	1,266,554	1,220,193
	897,010	1,260,296	2,157,306	1,803,409
Net Assets Released from Restrictions	1,451,902	(1,451,902)	-	-
Total Revenues and Support	2,348,912	(191,606)	2,157,306	1,803,409
Expenses:				
Program Services	1,403,360	-	1,403,360	1,418,986
Administrative and General	103,100	-	103,100	129,051
Fundraising	148,503	-	148,503	149,964
Total Expenses	1,654,963	-	1,654,963	1,698,001
Increase (Decrease) in Net Assets Before Leasehold Improvements Disposal	693,949	(191,606)	502,343	105,408
Loss On Leasehold Improvements	-	-	-	-
Increase (Decrease) in Net Assets	693,949	(191,606)	502,343	105,408
Net Assets, Beginning of Year	1,213,588	536,532	1,750,120	1,644,712
Net Assets, End of Year	$ 1,907,537	$ 344,926	$ 2,252,463	$ 1,750,120

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statements of Functional Expenses
For the year ended December 31, 2014 with comparative totals for 2013

	Program Services	Supporting Services			Total Expenses	
	Community Service	Management and General	Fund Raising	Total Supporting Services	2014	2013
Salaries and Related Expenses	$ 855,681	$ 88,228	$ 98,543	$ 186,771	$ 1,042,452	$ 915,175
Rent	-	-	-	-	-	8,580
Supplies	5,994	786	1,154	1,940	7,934	11,125
Postage	2,571	224	917	1,141	3,712	3,816
Utilities	49,633	3,006	1,817	4,823	54,456	65,996
Repairs and Maintenance	69,717	739	463	1,202	70,919	60,688
Direct Assistance	316,910	-	-	-	316,910	239,305
Education Center	134,499	-	-	-	134,499	43,908
Audit Fees	6,500	-	-	-	6,500	6,000
Consultant Fees	40,775	4,047	4,010	8,057	48,832	59,714
Travel and Transportation	23,315	-	189	189	23,504	19,299
Mortgage and Line of Credit Interest	6,451	-	-	-	6,451	7,638
Insurance	24,360	569	665	1,234	25,594	26,167
Fundraising	-	-	89,555	89,555	89,555	24,503
Miscellaneous	15,993	4,031	3,267	7,298	23,291	20,706
Total Before Depreciation and Donated Services	1,552,399	101,630	200,580	302,210	1,854,609	1,512,620
Depreciation	109,968	3,968	3,594	7,562	117,530	95,675
Donated services	427	-	9,951	9,951	10,378	46,668
(Gain)/Loss on Disposal of Assets	9,324	-	-	-	9,324	-
Total	$ 1,672,118	$ 105,598	$ 214,125	$ 319,723	$ 1,991,841	$ 1,654,963

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statements of Functional Expenses
For the year ended December 31, 2013 with comparative totals for 2012

	Program Services	Supporting Services			Total Expenses	
	Community Service	Management and General	Fund Raising	Total Supporting Services	2013	2012
Salaries and Related Expenses	$ 750,395	$ 81,092	$ 83,688	$ 164,780	$ 915,175	$ 886,744
Rent	5,720	2,860	-	2,860	8,580	27,901
Office Supplies	8,988	1,413	724	2,137	11,125	8,255
Postage	2,307	188	1,321	1,509	3,816	3,593
Utilities	59,234	5,442	1,320	6,762	65,996	62,454
Repairs and Maintenance	58,911	1,473	304	1,777	60,688	74,614
Direct Assistance	239,305	-	-	-	239,305	302,187
Education Center	43,908	-	-	-	43,908	33,954
Audit Fees	6,000	-	-	-	6,000	6,400
Consultant Fees	47,947	4,369	7,398	11,767	59,714	56,164
Travel and Transportation	19,054	-	245	245	19,299	24,625
Interest - Mortgage	7,638	-	-	-	7,638	4,824
Insurance	24,982	810	375	1,185	26,167	22,019
Fundraising	-	-	24,503	24,503	24,503	37,532
Miscellaneous	16,634	1,782	2,290	4,072	20,706	13,725
Total Before Depreciation and Donated Services	1,291,023	99,429	122,168	221,597	1,512,620	1,564,991
Depreciation	90,174	3,035	2,466	5,501	95,675	117,165
Donated services	22,163	636	23,869	24,505	46,668	15,845
Total	$ 1,403,360	$ 103,100	$ 148,503	$ 251,603	$ 1,654,963	$ 1,698,001

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statement of Cash Flows
For the year ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	$ (22,682)	$ 502,343
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
In-Kind Fixed Asset and Construction in Process Additions	-	(84,207)
(Gain) Loss on Disposal of Fixed Assets	9,324	-
Depreciation	117,530	95,675
Change in Pledge Value	(2,775)	6,258
(Increase) Decrease in Gift Cards	25,294	(46,535)
(Increase) in Accounts Receivable	(33,380)	(33,911)
(Increase) Decrease in Pledges Receivable	20,000	(170,000)
(Increase) Decrease in Deposits	(3,700)	-
(Increase) Decrease in Prepaid Expenses	27,523	(29,501)
Increase (Decrease) in Accounts Payable	605	(5,689)
Increase in Accrued Liabilities	5,613	11,671
Net Cash Provided by Operating Activities	143,352	246,104
Cash Flows Used by Investing Activities		
Fixed Asset and Construction in Process Expenditures	(24,964)	(573,767)
Net Cash Used by Investing Activities	(24,964)	(573,767)
Cash Flows Used by Financing Activities		
Net Proceeds From (Payments on) Line of Credit	(68,536)	129,516
Capital Lease Payments	(3,306)	(3,305)
Mortgage Reduction	(13,751)	(13,167)
Net Cash Provided (Used) by Financing Activities	(85,593)	113,044
Net Increase (Decrease) in Cash and Cash Equivalents	32,795	(214,619)
Cash and Cash Equivalents Beginning of Year	863,943	1,078,562
Cash and Cash Equivalents End of Year	$ 896,738	$ 863,943
Additional Disclosures		
Total Interest Expense Incurred During the Year	$ 6,829	$ 7,764
Fixed Asset Additions Through Non-Cash Donations	$ -	$ 84,207

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statement of Cash Flows
For the year ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Increase in Net Assets	$ 502,343	$ 105,408
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
In-Kind Fixed Asset and Construction in Process Additions	(84,207)	-
Depreciation	95,675	117,165
Change in Pledge Value	6,258	(472)
Increase (Decrease) in Gift Cards	(46,535)	-
(Increase) in Accounts Receivable	(33,911)	(10,443)
(Increase) Decrease in Pledges Receivable	(170,000)	55,000
(Increase) Decrease in Prepaid Expenses	(29,501)	2,131
Increase (Decrease) in Accounts Payable	(5,689)	8,013
Increase in Accrued Liabilities	11,671	9,316
Increase (Decrease) in Prepaid Rent and Security Deposits	-	(1,000)
Increase (Decrease) in Accrued Lease Termaination Expenses	-	(2,667)
Net Cash Provided by Operating Activities	246,104	282,451
Cash Flows Used by Investing Activities		
Fixed Asset and Construction in Process Expenditures	(573,767)	(25,558)
Net Cash Used by Investing Activities	(573,767)	(25,558)
Cash Flows Used by Financing Activities		
Net Proceeds from (Payments on) Line of Credit	129,516	-
Capital Lease Payments	(3,305)	(3,306)
Debt Reduction Payments	(13,167)	(28,176)
Net Cash Provided (Used) by Financing Activities	113,044	(31,482)
Net Increase (Decrease) in Cash and Cash Equivalents	(214,619)	225,411
Cash and Cash Equivalents Beginning of Year	1,078,562	853,151
Cash and Cash Equivalents End of Year	$ 863,943	$ 1,078,562
Additional Disclosures		
Total Interest Expense Incurred During the Year	$ 7,764	$ 4,950
Fixed Asset Additions through Non-Cash Donations	$ 84,207	$ -

See accompanying notes to financial statements

Note 1 - Summary of Significant Accounting Policies

Nature of Organization

The Homeless Families Foundation, the Foundation, is a nonprofit organization working with homeless families. The Foundation provides housing assistance, stability and support to homeless families, with the ultimate goal being to help families make the changes necessary to improve their situations so that they can maintain permanent housing and independence. In addition, the Foundation has a strong focus on helping children succeed in school and life by providing an after-school and all-day summer camp for school-age children.

Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ending December 31, 2014.

The Foundation files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Ohio. The Foundation is generally no longer subject to examination by the Internal Revenue Service for years ending before December 31, 2011.

Basis of Presentation

In accordance with Accounting Standards Codification (ASC) 958-310 "Not-For-Profit Entities – Receivables" contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

The Foundation also adopted Accounting Standards Codification (ASC) 958-205 "Not-For-Profit Entities – Presentation of Financial Statements". Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation had no permanently restricted net assets for the years ending December 31, 2014 and 2013.

Note 1 - **Summary of Significant Accounting Policies (Continued)**

Accrual Basis

The financial statements of the Foundation have been prepared on the accrual basis. The statement of activities is a statement of financial activities related to the current reporting period.

Depreciation

Expenditures for equipment and furnishings are capitalized at cost or fair market value at the date of donation in the case of gifts.

For buildings, furniture, fixtures and autos, depreciation is charged on a straight-line basis over the estimated useful lives of the assets.

Donations

Donations received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2 - **Mortgage Payable**

Following is the maturity of the debt for each of the next five years:

Year	Amount
2015	$14,448
2016	15,134
2017	15,713
	$45,295

The mortgage carries an interest rate of 4.65%, is due on December 1, 2017 and payable in monthly installments of $1,354. The note does not allow for prepayments without penalty. The note is secured by a mortgage on land and building located at 33 N. Grubb St., Columbus, Ohio.

The book value of the property as of December 31, 2014 was $993,446 (net).

Note 3 – **Defined Contribution Plan**

The Foundation established a qualified 401(k) Defined Contribution Plan beginning January 1, 2006. All employees are eligible to participate the first day of the month following the date they become 21 years of age and obtain 6 months of employment. Employees may elect to defer a portion of their compensation for contribution to the plan. The Foundation as the employer will contribute 50% for every dollar of employee elective deferrals up to a total employer contribution totaling 2% of the employee's annual compensation. The plan includes the following vesting schedule:

Less than 1 year of service:	0% vested
1 year of service:	25% vested
2 years of service:	50% vested
3 years of service:	75% vested
4+ years of service:	100% vested

The Foundation's total contributions to the 401(k) Defined Contribution Plan totaled $8,220 and $6,739 for the years ended December 31, 2014 and 2013, respectively.

Note 4 - **Net Assets**

Unrestricted Net Assets

Unrestricted net assets may be used by the Foundation to achieve any of the Foundation's purposes.

Note 4 - **Net Assets (Continued)**

Temporarily Restricted Net Assets

Temporarily restricted net assets for December 31, 2014 are comprised of the following:

Purpose	Balance 12/31/13	Donations	Restrictions Satisfied	Balance 12/31/14
21st Century Grant	$ ---	$ 223,868	$ (223,868)	$ ---
ABB – Appliances	---	15,000	(4,486)	10,514
AEP – 2015 & 2016 CHFH Sponsorships	---	30,000	(---)	30,000
Anderson Foundation – Partition System	---	8,400	(3,700)	4,700
Bonner Family Foundation	49,551	50,000	(35,387)	64,164
Cardinal Health – Recreation Program	8,757	---	(8,757)	---
CDL Driver	1,371	16,736	(---)	18,107
Columbus Foundation – CAN School Success	---	24,049	(17,227)	6,822
Columbus Foundation – Christmas Trees	---	2,500	(2,500)	---
Community Shelter Board – ESG Funds	26,483	461,922	(488,405)	---
Community Shelter Board – Rapid Rehousing	---	208,353	(208,353)	---
Education Center Food	---	35,197	(35,197)	---
First Community Emergency Assistance	---	3,000	(605)	2,395
First Community Warehouse Renovations	---	7,000	(7,000)	---
Hazelbaker Foundation	2,000	---	(2,000)	---
Ingram-White Castle – 2013-2015 Pledge	57,207	---	(32,220)	24,987
L Brands – Life Skill Classes	1,899	---	(1,394)	505
L Brands – Operations	---	25,000	(8,044)	16,956
Math Talk	409	1,500	(1,210)	699
Mercator	7,500	---	(4,600)	2,900
Midtown Realty – Playground	---	855	(855)	---
Paul Duke – Dowd Enrichment	123	---	(123)	---
Points of Light Playground	---	2,636	(2,636)	---
Reading Specialist	19,859	25,000	(28,517)	16,342
Rutherford Foundation – Multi-Year Pledge	144,231	---	(31,133)	113,098
Spark	25,536	50,000	(45,591)	29,945
TANF – Summer Program	---	81,424	(81,424)	---
	$344,926	$1,272,440	$(1,275,232)	$342,134

Changes in pledge value of $2,775 on restricted grants (Ingram-White Castle and Rutherford grants) included on the statement of activities are included as a reduction of Restrictions Satisfied above.

Note 4 - **Net Assets (Continued)**

Temporarily Restricted Net Assets

Temporarily restricted net assets for December 31, 2013 are comprised of the following:

Purpose	Balance 12/31/12	Donations	Restrictions Satisfied	Balance 12/31/13
21st Century Grant	$ ---	$ 35,217	$ (35,217)	$ ---
ABB Foundation	128	---	(128)	---
Battelle – Education	25,000	---	(25,000)	---
Bonner Family Foundation	50,340	50,000	(50,789)	49,551
Cardinal Health – Recreation Program	---	15,000	(6,243)	8,757
CDL Driver	2,000	---	(629)	1,371
City of Columbus – Dowd Operations	---	20,000	(20,000)	---
Community Shelter Board – ESG Funds	19,780	361,160	(354,457)	26,483
Community Shelter Board – Rapid Rehousing	---	196,554	(196,554)	---
Discount Tire – Art	1,174	---	(1,174)	---
Discount Tire – Dowd Center	19,810	---	(19,810)	---
Education Center Food	1,793	31,352	(33,145)	---
Harry C Moores – Dowd Teachers	15,000	---	(15,000)	---
Harry C Moores – Multi-Function Vehicle	---	18,348	(18,348)	---
Hazelbaker Foundation	---	2,000	---	2,000
Ingram-White Castle – 2013-2015 Pledge	---	74,510	(17,303)	57,207
L Brands – Life Skill Classes	4,762	---	(2,863)	1,899
L Brands – 2013 General Operations	---	25,000	(25,000)	---
Math Talk	90	1,500	(1,181)	409
Mercator	3,500	4,000	(---)	7,500
Montei Foundation – Multi-Function Vehicle	870	15,000	(15,870)	---
Montei Foundation – Database	10,397	---	(10,397)	---
Moritz/Ransom Housing Locator	9,784	---	(9,784)	---
Nationwide – 2013 Benefit Dinner	15,000	---	(15,000)	---
Ohio Department of Development	---	121,762	(121,762)	---
Paul G. Duke – Dowd Enrichment	4,075	---	(3,952)	123
Reading Specialist	22,099	12,000	(14,240)	19,859
Rutherford Foundation – Multi-Year Pledge	30,000	144,231	(30,000)	144,231
Sandefur Family Trust and Foundation	---	5,000	(5,000)	---
Spark	---	35,000	(9,464)	25,536
TANF – Summer Program	---	67,642	(67,642)	---
Upper Arlington Rotary	2,032	---	(2,032)	---
Warehouse Renovation	298,898	25,020	(323,918)	---
	$536,532	$1,260,296	$(1,451,902)	$344,926

Changes in pledge value of ($6,258) on restricted grants (Ingram-White Castle and Rutherford grants) included on the statement of activities are included as additional Restrictions Satisfied above.

Note 5 - **Donated Services and Materials**

The Foundation receives donated services consisting of professional and general volunteer hours and donated materials. In accordance with Accounting Standards Codification (ASC) 958-605, the contribution of services are recognized in the financial statements if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Rates used in the calculations of the professional volunteer services are based on the average rate charged by the respective professions in the Columbus area.

A summary of donated services follows:

	2014	2013
Professional services and materials	$10,378	$130,982

For the years ended December 31, 2014 and 2013, $0 and $84,314, respectively, of the donated services were capitalized and included in Land, Building, and Equipment on the statement of financial position.

The Foundation has general volunteer hours for various operations. General volunteer hours have not been recognized in the financial statements because they do not meet the criteria of Accounting Standards Codification (ASC) 958-605 "Not-For-Profit Entities – Revenue Recognition". Estimated hours of general volunteer service received were 2,932 for 2014 and 3,634 for 2013.

The Foundation receives donations of furniture, clothing and household items. The value of these items is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Note 6 - **Concentration of Business Risk**

The Foundation has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region. During 2014, the Foundation's cash accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per banking institution. During 2013, all interest-bearing accounts were insured up to $250,000 and all non-interest bearing accounts were fully insured by the FDIC. During 2014, the Foundation had total cash deposits of $896,738, of which 129,718 was not covered by insurance provided by the FDIC. During 2013, the Foundation maintained funds in various interest bearing accounts. The total in these accounts were $863,943, of which $172,566 was not covered by insurance provided by the FDIC.

The Foundation donors are located primarily in the Central Ohio area.

During 2014, the Foundation received $670,275 (approximately 34% of its revenues) from an arrangement with The Community Shelter Board, $223,868 (approximately 11% of its revenues) from a 21st Century grant, and another $267,473 (approximately 14% of its revenues) from special events held throughout the year.

During 2013, the Foundation received $557,714 (approximately 26% of its revenues) from an arrangement with The Community Shelter Board and another $254,475 (approximately 12% of its revenues) from special events held throughout the year.

Note 7 - **Operating Lease**

Beginning January 1, 2012, the Foundation entered into a one-year non-cancelable lease for the premises at West Broad Street for office space with an option to extend for another year at the same rental terms. The annual rent was $25,740 ($2,145 per month). The Foundation agreed with the landlord to extend the lease on a month-to-month basis after the lease was set to expire on December 31, 2012. The lease was maintained on a month-to-month basis until the lease was terminated on April 30, 2013. Total rents paid under this lease were $8,580 during 2013. No such operating leases were in effect during 2014.

Note 8 - **Capital Lease**

During 2010, the Foundation entered into an agreement to lease two copiers under a capital lease. The economic substance of the lease is that the Foundation is financing the acquisition of the assets through the lease. Accordingly, the copiers contained in the capital lease are recorded in the Foundation's assets and liabilities. In accordance with ASC 840, the amount capitalized was the present value of future cash flows at an imputed discount rate of 6% ($16,529), which is less than the fair market value of the copier ($18,420).

The leased assets are included in the financial statements at December 31, 2014 as follows:

Equipment	$16,529
Accumulated Depreciation	(9,366)
Net	$ 7,163
Depreciation Expense	$ 1,653

The lease agreement contains a bargain purchase option at the end of the lease term. The following is a schedule by years of future minimum payments required under the lease obligation:

Year Ending:	
2015	2,456
	$2,456
Imputed interest	(252)
Present value of future minimum lease payments	$2,204

The Foundation has elected to recognize imputed interest using a straight line method which does not materially differ from the GAAP-prescribed Interest Method (ASC 835-30-20).

Note 9 – **Related Party Transactions**

During 2014 and 2013, the Foundation received $963 and $1,298, respectively, of donated printing services from a company affiliated with a board member.

During 2013, the Foundation also received $30,000 of donated services pertaining to the renovation of the building from a company affiliated with a board member. These services were included in the amounts capitalized to building during 2013.

No amounts were due to or from a related party at December 31, 2014 or 2013.

Note 10 - **Pledges Receivable**

Included in the 2014 grants and accounts receivable balance on the statements of financial position are three grants. One stipulates that an amount of $30,000 be paid over the next four years. Another grant stipulates that an amount of $25,000 be paid over the next year. The third grant stipulates that an amount of $35,000 be paid over the next year. These grants are expected to be fully collectible.

Included in the 2013 grants and accounts receivable balance on the statements of financial position are two grants. One stipulates that an amount of $30,000 be paid over the next five years. The other grant stipulates that an amount of $25,000 be paid over the next two years. These grants are expected to be fully collectible.

	2014	2013
Grants	$180,000	$200,000
Less: Discount to net present value	3,483	6,258
Net pledges as of December 31	$176,517	$193,742

Note 11 – **Revolving Line of Credit**

In November 2012, the Foundation established a $225,000 revolving line of credit to fund the remodeling of the warehouse portion of the Grubb Street building. All bank advances on the credit line were due upon maturity of the loan on November 29, 2014. The Foundation holds options to extend the maturity date up to a maximum of 10 years from origination through November 29, 2022. The Foundation exercised one of these options and extended the maturity date to November 29, 2015 and will reassess further extensions at that time. The line has a stated interest rate of 1% over the Prime Rate and there is no penalty for paying off part or all of the balance at any date prior to the maturity date. The line is secured by substantially all of the assets of the Foundation. During 2014 and 2013, the Foundation drew $0 and $170,688, respectively, on the line. At December 31, 2014 and 2013, the line had an outstanding balance of $ 60,980 and $129,516, respectively.

Note 13 – **Subsequent Events**

Subsequent events were evaluated through June 23, 2015, which is the date the financial statement were available to be issued.

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Homeless Families Foundation:

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of The Homeless Families Foundation for the year ended December 31, 2014, and the related notes (the financial statement).

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 made by management, as well as evaluating the overall presentation of the financial statement.

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 statement referred to above presents fairly, in all material respects, the expenditures of federal awards of The Homeless Families Foundation for the year ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

[signature] LLP

June 23, 2015

THE HOMELESS FAMILIES FOUNDATION

REPORT ON FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133
FEDERAL ENTITY IDENTIFICATION NUMBER 31-1179492
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA* Number	Expenditures
Department of Agriculture		
Child and Adult Care Food Program	10.558	$ 35,197
Total Department of Agriculture		35,197
Department of Housing and Urban Development		
Emergency Shelter Grant Programs	14.231	461,922
Total Department of Housing and Urban Development		461,922
Department of Education		
Twenty-First Century Community Learning Centers	84.287	223,868
Total Department of Education		233,868
Department of Health and Human Services		
Temporary Assistance for Needy Families	93.558	81,424
Total Department of Health and Human Services		81,424
Total Federal Awards Expended		$802,411

* CFDA = Catalog of Federal Domestic Assistance

THE HOMELESS FAMILIES FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1 – **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of The Homeless Families Foundation (the "Foundation") under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

Note 2 – **Summary of Significant Accounting Policies**

The Schedule of the Foundation has been prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
The Homeless Families Foundation
Columbus, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Homeless Families Foundation's (a nonprofit organization) (the Foundation), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wright Grove & Van Haren LLP

June 23, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
The Homeless Families Foundation
Columbus, Ohio

Report on Compliance for Each Major Federal Program

We have audited The Homeless Families Foundation's (the Foundation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2014. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

June 23, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of The Homeless Families Foundation.
2. There are no reportable conditions relating to the audit of the financial statements.
3. No instance of noncompliance material to the financial statements of The Homeless Families Foundation were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for The Homeless Families Foundation expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award program for The Homeless Families Foundation to be reported in Part C of this schedule.
7. The programs tested as a major program included:
   CFDA 14.231
8. The threshold for distinguishing Types A and B programs was $300,000.
9. In accordance with A-133 requirements of first-time auditees, The Homeless Families Foundation was required to be treated as a non-low risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Findings and Questioned Costs – Major Federal Award Program Audit: None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Reports

None.