

THE HOMELESS FAMILIES FOUNDATION

FINANCIAL STATEMENTS

December 31, 2009 and 2008

Table of Contents

	<u>Pages</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities 2009	3
Statements of Activities 2008	4
Statements of Functional Expense 2009	5
Statements of Functional Expense 2008	6
Statements of Cash Flow 2009	7
Statements of Cash Flow 2008	8
Notes to the Financial Statement	9-14

ROBERT A. WINKEL, CPA
STEPHEN A. GREEN, CPA
RICHARD R. VAN HORN, CPA

ROBERT P. BREEN, CPA

BREEN WINKEL & GREEN LLP
CERTIFIED PUBLIC ACCOUNTANTS

3752 NORTH HIGH STREET
COLUMBUS, OHIO 43214
TEL: 614-261-1494 • FAX: 614-261-7666

MEMBER
AMERICAN INSTITUTE OF CPA'S
OHIO SOCIETY OF CPA'S

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Homeless Families Foundation:

We have audited the accompanying statements of financial position of The Homeless Families Foundation as of December 31, 2009 and 2008, and the related statements of activities, cash flows and of functional expenses for the years then ended. These statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2007 summarized comparative information has been derived from the Homeless Families Foundation December 31, 2007 financial statements, and in our report dated May 6, 2008; we expressed an unqualified opinion on the financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009 and 2008 and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Breen, Winkel & Green LLP
March 26, 2010

THE HOMELESS FAMILIES FOUNDATION

Statements of Financial Position
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash	\$ 632,084	\$ 336,781
Accounts Receivable	27,657	57,722
Pledges Receivable (net of valuation allowance of \$9,345 and \$12,600, respectfully)	186,655	142,400
Deposits	3,188	3,188
Prepaid Expenses	-	270
Land	91,378	91,378
Building	1,318,677	1,299,956
Leasehold Improvements	437,337	441,343
Equipment	173,351	207,196
Less: Accumulated Depreciation	<u>(879,697)</u>	<u>(767,543)</u>
Net Land, Building and Equipment	<u>1,141,046</u>	<u>1,272,330</u>
Total Assets	<u><u>\$ 1,990,630</u></u>	<u><u>\$ 1,812,691</u></u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 32,662	\$ 8,933
Accrued Payroll	9,211	9,566
Accrued Payroll Taxes	9,048	22,722
Security Deposits	1,000	1,000
Mortgage Payable	<u>190,123</u>	<u>222,739</u>
Total Liabilities	242,044	264,960
<u>NET ASSETS</u>		
Unrestricted	1,294,533	1,307,932
Temporarily Restricted	<u>454,053</u>	<u>239,799</u>
Total Net Assets	<u>1,748,586</u>	<u>1,547,731</u>
Total Liabilities and Net Assets	<u><u>\$ 1,990,630</u></u>	<u><u>\$ 1,812,691</u></u>

THE HOMELESS FAMILIES FOUNDATION

Statements of Activities

For the years ended December 31, 2009 with comparative totals for 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009</u>	<u>2008</u>
Public Support and Revenue:				
Contributions	\$ 622,486	\$ -	\$ 622,486	\$ 675,132
Donated services	28,578	-	28,578	39,079
Interest Income	2,534	-	2,534	5,519
Other Income	26,620	-	26,620	13,083
Change in Pledge Value	-	3,255	3,255	(12,600)
Restricted Operating Grants	-	1,267,872	1,267,872	1,182,734
Net Assets Released from Restrictions	680,218	1,271,127	1,951,345	1,902,947
	<u>1,056,873</u>	<u>(1,056,873)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	1,737,091	214,254	1,951,345	1,902,947
Expenses:				
Program Services	1,494,248	-	1,494,248	1,865,488
Administrative and General	131,110	-	131,110	135,584
Fundraising	125,132	-	125,132	133,904
Total Expenses	1,750,490	-	1,750,490	2,134,976
Increase (Decrease) in Net Assets	(13,399)	214,254	200,855	(232,029)
Net Assets, Beginning of Year	1,307,932	239,799	1,547,731	1,779,760
Net Assets, End of Year	<u>\$ 1,294,533</u>	<u>\$ 454,053</u>	<u>\$ 1,748,586</u>	<u>\$ 1,547,731</u>

THE HOMELESS FAMILIES FOUNDATION

Statements of Activities

For the years ended December 31, 2008 with comparative totals for 2007

	Unrestricted	Temporarily Restricted	2008	2007
Public Support and Revenue:				
Contributions	\$ 675,132	\$ -	\$ 675,132	\$ 726,901
Donated services	39,079	-	39,079	90,536
Family Reimbursement	5,519	-	5,519	18,760
Interest Income	13,083	-	13,083	13,379
Change in Pledge Value	-	(12,600)	(12,600)	(1,082)
Restricted Operating Grants	-	1,182,734	1,182,734	1,414,313
Net Assets Released From Restrictions	732,813	1,170,134	1,902,947	2,262,807
	1,280,905	(1,280,905)	-	-
Total Revenues and Support	2,013,718	(110,771)	1,902,947	2,262,807
Expenses:				
Program Services	1,865,488	-	1,865,488	1,866,760
Administrative & General	135,584	-	135,584	137,687
Fundraising	133,904	-	133,904	91,667
Total Expenses	2,134,976	-	2,134,976	2,096,114
Increase (Decrease) In Net Assets	(121,258)	(110,771)	(232,029)	166,693
Net Assets, Beginning of Year	1,429,190	350,570	1,779,760	1,613,067
Net Assets, End of Year	\$ 1,307,932	\$ 239,799	\$ 1,547,731	\$ 1,779,760

THE HOMELESS FAMILIES FOUNDATION

Statements of Functional Expenses

For the year ended December 31, 2009 with comparative totals for 2008

	Program Services	Supporting Services			Total Expenses
		Management and General	Fund Raising	Total Supporting Services	
Salaries and related expenses	\$ 736,661	\$ 87,326	\$ 75,335	\$ 162,661	\$ 899,322
Rent	197,257	5,364	-	5,364	202,621
Office Supplies	8,463	1,342	696	2,038	10,501
Postage	2,209	310	2,309	2,619	4,828
Utilities	137,091	5,676	551	6,227	143,318
Repairs and maintenance	62,893	787	122	909	63,802
Family Expenses	1,284	-	-	-	1,284
Overflow	-	-	-	-	-
Direct Assistance	38,170	-	-	-	38,170
Education Center	30,975	-	-	-	30,975
Audit Fees	7,800	-	-	-	7,800
Consultant Fees	52,600	6,581	4,435	11,016	63,616
Auto and Truck	12,094	42	173	215	12,309
Interest - mortgage	11,634	-	-	-	11,634
Insurance	34,573	4,330	59	4,389	38,962
Miscellaneous	9,903	2,874	1,919	4,793	14,696
Fundraising	-	-	23,961	23,961	23,961
Total before Depreciation, Loss, and Donated Services	1,343,607	114,632	109,560	224,192	1,567,799
Depreciation	132,419	14,337	-	14,337	146,756
(Gain)/Loss on Disposal of Assets	7,357	-	-	-	7,357
Donated services	10,865	2,141	15,572	17,713	28,578
Total	\$ 1,494,248	\$ 131,110	\$ 125,132	\$ 256,242	\$ 1,750,490
					\$ 2,134,976

THE HOMELESS FAMILIES FOUNDATION

Statements of Functional Expenses
For the year ended December 31, 2008 with comparative totals for 2007

	Program Services	Supporting Services			Total Supporting Services	Total Expenses	
		Management and General	Fund Raising			2008	2007
Salaries and related expenses	\$ 939,081	\$ 100,524	\$ 78,042	\$ 178,566	\$ 1,117,647	\$ 1,012,099	
Rent	211,302	5,364	-	5,364	216,666	220,707	
Office Supplies	15,836	1,259	1,322	2,581	18,417	17,426	
Postage	1,920	350	1,685	2,035	3,955	5,227	
Utilities	144,513	5,476	235	5,711	150,224	151,623	
Repairs and maintenance	104,692	1,032	27	1,059	105,751	92,942	
Family Expenses	1,794	-	-	-	1,794	4,770	
Overflow	51,165	-	-	-	51,165	138,695	
Direct Assistance	39,679	34	-	34	39,713	48,516	
Education Center	28,706	-	-	-	28,706	34,249	
Audit Fees	4,800	-	-	-	4,800	4,600	
Consultant Fees	77,137	3,548	3,081	6,629	83,766	58,179	
Auto and Truck	32,781	171	155	326	33,107	32,635	
Interest - mortgage	15,245	-	-	-	15,245	16,451	
Insurance	35,230	3,830	44	3,874	39,104	35,782	
Miscellaneous	10,016	3,958	1,615	5,573	15,589	18,875	
Fundraising	-	-	34,058	34,058	34,058	31,781	
Total before Depreciation, Loss, and Donated Services	1,713,897	125,546	120,264	245,810	1,959,707	1,924,557	
Depreciation	154,617	10,038	-	10,038	164,655	153,137	
Loss on Disposal of Assets	(7,780)	-	-	-	(7,780)	494	
Donated services	4,754	-	13,640	13,640	18,394	17,926	
Total	\$ 1,865,488	\$ 135,584	\$ 133,904	\$ 269,488	\$ 2,134,976	\$ 2,096,114	

THE HOMELESS FAMILIES FOUNDATION

Statement of Cash Flows
For the year ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Cash Flows from Operating Activities</u>		
Increase (Decrease) in net assets	\$ 200,855	\$ (232,029)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated goods and services capitalized	-	(20,685)
Depreciation	146,756	164,655
Change in Pledge Value	(3,255)	12,600
Loss on disposal of assets	7,357	70
Decrease in accounts receivable	30,065	96,388
Increase in pledges receivable	(41,000)	(26,142)
(Increase) Decrease in prepaid expenses	270	(270)
Increase in deposits	-	(1,538)
Increase (Decrease) in accrued liabilities	9,700	(36,505)
	<u>350,748</u>	<u>(43,456)</u>
Net Cash Provided (Used) by Operating Activities	350,748	(43,456)
 <u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	(22,829)	(38,768)
Debt reduction payments	(32,616)	(30,755)
	<u>(55,445)</u>	<u>(69,523)</u>
Net Cash Used by Investing Activities	(55,445)	(69,523)
 Net Increase (Decrease) in Cash and Cash Equivalents	295,303	(112,979)
 Cash and Cash Equivalents Beginning of Year	<u>336,781</u>	<u>449,760</u>
 Cash and Cash Equivalents End of Year	<u><u>\$ 632,084</u></u>	<u><u>\$ 336,781</u></u>

THE HOMELESS FAMILIES FOUNDATION

Statement of Cash Flows
For the year ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash Flows from Operating Activities</u>		
Increase (Decrease) in net assets	\$ (232,029)	\$ 166,693
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated goods and services capitalized	(20,685)	(72,610)
Depreciation	164,655	153,137
Change in Pledge Value	12,600	1,142
Loss on disposal of assets	70	494
(Increase) Decrease in accounts receivable	96,388	(108,916)
(Increase) in pledges receivable	(26,142)	(50,601)
(Increase) in prepaid expenses	(270)	-
(Increase) in deposits	(1,538)	-
Increase (Decrease) in accrued liabilities	(36,505)	22,013
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(43,456)	111,352
 <u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	(38,768)	(149,774)
Debt reduction payments	(30,755)	(29,549)
	<hr/>	<hr/>
Net Cash (Used) by Investing Activities	(69,523)	(179,323)
 Net (Decrease) in Cash and Cash Equivalents	(112,979)	(67,971)
 Cash and Cash Equivalents Beginning of Year	449,760	517,731
	<hr/>	<hr/>
Cash and Cash Equivalents End of Year	<u>\$ 336,781</u>	<u>\$ 449,760</u>

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements
December 31, 2009 and 2008

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 shelter, 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 move on to permanent housing and independence.

Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

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. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income.

Basis of Presentation

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made" 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 SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, 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.

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.

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

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

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:

<u>Year</u>	<u>Amount</u>
2010	\$ 25,280
2011	26,840
2012	28,495
2013	30,252
2014	32,118
Thereafter	<u>47,138</u>
	<u>\$190,123</u>

The note carries an interest rate of 6%, is due on August 1, 2017 and payable in monthly installments of \$3,000. 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, 2009 was \$814,054.

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

Note 3 - Net Assets

Unrestricted Net Assets

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

Temporarily Restricted Net Assets

Temporarily restricted net assets for are comprised of the following:

<u>Purpose</u>	<u>Balance</u> <u>12/31/08</u>	<u>Donations</u>	<u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>12/31/09</u>
ABB Foundation	\$ ---	\$ 6,200	\$ (1,789)	\$ 4,411
AEP – 2 years for teachers at Dowd	---	152,000	---	152,000
Bonner Family Foundation	9,309	50,000	(4,181)	55,128
Columbus Rotary – Recreation Equipment	1,000	---	(174)	826
Columbus Shelter Board	---	562,994	(562,994)	---
Critical Needs Alert	---	77,892	(50,459)	27,433
Dowd Center	3,000	3,000	(4,080)	1,920
Dowd Center – Renovations	---	13,000	(13,000)	---
Dowd Teachers (5 th Day)	---	19,000	(15,183)	3,817
Education Center Food	943	33,512	(34,032)	423
Emergency Energy Assistance	---	977	(977)	---
Harry C Moores	21,110	17,500	(18,604)	20,006
Hazelbacker Foundation	---	2,000	---	2,000
Honda – Classroom Aid	---	6,000	(307)	5,693
Ingram-White Castle Foundation	---	50,000	(36,005)	13,995
JP Morgan Chase	---	25,000	(25,000)	---
Math Talk	---	2,000	(1,857)	143
Moritz Family Foundation	---	33,000	(26,096)	6,904
Nationwide	---	25,000	(25,000)	---
Ohio Department of Development	---	141,547	(141,547)	---
Paul and Kathy Miller	8,644	---	(2,713)	5,931
Project Connect	---	1,000	(1,000)	---
Reading Specialist	---	20,000	---	20,000
Reinberger Foundation	---	15,000	(14,426)	574
Rutherford Foundation	137,400	3,255	(30,000)	110,655
Shelter Supplies	2,341	---	(2,341)	---
Siemer/Moritz for Behavior Therapist	8,544	---	---	8,544
Siemer/Moritz for Part-time Clinician	26,658	---	(16,008)	10,650
Southeast	20,850	---	(20,850)	---
Target	---	3,000	---	3,000
Wood Foundation	---	8,250	(8,250)	---
	<u>\$239,799</u>	<u>\$1,271,127</u>	<u>\$(1,056,873)</u>	<u>\$454,053</u>

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

Note 3 - **Net Assets (Continued)**

Temporarily Restricted Net Assets

Temporarily restricted net assets for are comprised of the following:

<u>Purpose</u>	<u>Balance</u> <u>12/31/07</u>	<u>Donations</u>	<u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>12/31/08</u>
Bonner Family Foundation	\$ 62,871	\$ ---	\$ (53,562)	\$ 9,309
Cardinal Health	37,096	---	(37,096)	---
City of Columbus	---	6,169	(6,169)	---
COHHIO-YEP	1,148	---	(1,148)	---
Columbus Foundation Literacy	5,691	---	(5,691)	---
Columbus Rotary	1,000	---	---	1,000
Columbus Shelter Board	---	775,038	(775,038)	---
Dowd Center	---	3,000	---	3,000
Education Center Food	4,548	24,792	(28,397)	943
Emergency Energy Assistance	---	15,778	(15,778)	---
Harry C Moores	24,260	22,000	(25,150)	21,110
Moritz Family Foundation	50,000	---	(50,000)	---
Ohio Department of Development	---	123,792	(123,792)	---
Paul and Kathy Miller	11,190	---	(2,546)	8,644
Prepayment for Fundraising Event	20,000	---	(20,000)	---
Project Connect	618	---	(618)	---
Rutherford Grant	60,000	137,400	(60,000)	137,400
Shelter Supplies	5,600	2,165	(5,424)	2,341
Siemer/Moritz for Behavior Therapist	8,544	---	---	8,544
Siemer/Moritz for Part-time Clinician	41,332	---	(14,674)	26,658
Southeast	16,672	50,000	(45,822)	20,850
Wood Foundation	---	10,000	(10,000)	---
	<u>\$350,570</u>	<u>\$1,170,134</u>	<u>\$(1,280,905)</u>	<u>\$239,799</u>

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

Note 4 - **Donated Services and Materials**

The Foundation receives donated services consisting of professional and general volunteer hours and donated materials. In accordance with SFAS No. 116, 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:

	<u>2009</u>	<u>2008</u>
Professional services and materials	\$28,578	\$39,079
Donated services capitalized	---	<u>20,685</u>
Services recognized as expenses	<u>\$28,578</u>	<u>\$18,394</u>

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 SFAS No. 116. Hours of general volunteer service received were 2,511 for 2009 and 9,026 for 2008.

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 5 - **Concentration of Credit Risk**

The Foundation has concentrated its credit risk for cash by maintaining deposits in a bank located within the same geographic region. The account is insured up to \$250,000 by the Federal Deposit Insurance Corporation for the years of 2009 and 2008.

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

During 2009, the Foundation received \$562,994 (approximately 29% of its revenues) from an arrangement with The Community Shelter Board and another \$220,252 (approximately 11% of its revenues) from special events held throughout the year.

During 2008, the Foundation received \$775,038 (approximately 41% of its revenues) from an arrangement with The Community Shelter Board and another \$286,127 (approximately 15% of its revenues) from special events held throughout the year.

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2009 and 2008

Note 6 - Operating Lease

Beginning January 1, 2007, the Foundation entered into a five-year non-cancelable lease for the premises at West Broad Street, Grubb Street, and Glenwood for office and shelter units. The annual rent is \$150,120. The future minimum rent payments are as follows:

2010	\$150,120
2011	<u>150,120</u>
	<u>\$300,240</u>

In September 2008, the Foundation also entered into one year leases for apartments on Kent Street in Columbus, OH. The monthly total due is \$4,250. The lease was not renewed but the Foundation continues to make payments until all residents leave the apartments. Total rent expense related to these properties for 2009 and 2008 was \$46,665 and \$13,306, respectively.

Note 7 - Pledges Receivable

Included in the 2009 grants and accounts receivable balance on the statements of financial position are two grants. The first grant is to be paid \$76,000 per year over the next year and the second grant is \$30,000 per year over the next four years. The grants that are to be received after one year are discounted at 3.2%. These grants are expected to be fully collectible.

Included in the 2008 grants and accounts receivable balance on the statements of financial position are two grants. The first grant is to be paid \$5,000 per year over the next year and the second grant is \$30,000 per year over the next five years. The grants that are to be received after one year are discounted at 3.4%. These grants are expected to be fully collectible.

	<u>2009</u>	<u>2008</u>
Grants	\$196,000	\$155,000
Less: Discount to net present value	<u>9,345</u>	<u>12,600</u>
Net pledges as of December 31	<u>\$186,655</u>	<u>\$142,400</u>

Note 8 - Related Party Transactions

During 2009 and 2008, the Organization received \$6,306 and \$9,792, respectively, of donated printing services from a company affiliated with a board member.