

THE HOMELESS FAMILIES FOUNDATION

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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## Report on the Financial Statements

## Management's Responsibility for the Financial Statements

### Auditor's Responsibility

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HFF as of December 31, 2016 and 2015 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.

### **Report on Summarized Comparative Information**

We previously audited HFF's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2016. The 2015 financial statements were not subjected to *Government Auditing Standards* as the reporting requirements outlined by Uniform Guidance (previous OMB Circular A-133) were not met.

We previously audited HFF's 2014 statements of activities, functional expenses, and cash flows, and we expressed an unmodified audit opinion on those audited statements in our report dated June 23, 2015. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2014, is consistent, in all material respects, with the audited statements of activities, functional expenses, and cash flows from which it has been derived. The 2014 financial statements were not subjected to *Government Auditing Standards* as the reporting requirements outlined by Uniform Guidance (previous OMB Circular A-133) were not met.

### **Other Matters – Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our reported dated June 27, 2017, on our consideration of HFF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HFF's internal control over financial reporting and compliance.

 Matt Stein : Company LCP  
June 27, 2017

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Financial Position  
December 31, 2016 and 2015

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 1,317,311	\$ 989,360
Gift Cards	9,096	14,796
Accounts Receivable	170,995	225,606
Pledges Receivable (net of discounts of \$884 and \$3,702)	109,116	176,298
Prepaid Expenses	3,749	2,624
Funds Held by The Columbus Foundation	54,743	50,227
<b>Total Current Assets</b>	<b>1,665,010</b>	<b>1,458,911</b>
<b>Property and Equipment</b>		
Land	91,378	91,378
Building	1,930,049	1,888,371
Equipment	448,991	415,517
Less: Accumulated Depreciation	(1,338,537)	(1,267,054)
<b>Net Property and Equipment</b>	<b>1,131,881</b>	<b>1,128,212</b>
<b>Total Assets</b>	<b>\$ 2,796,891</b>	<b>\$ 2,587,123</b>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 40,640	\$ 33,618
Accrued Payroll	49,274	35,010
Other Accrued Expenses	11,827	13,447
Current Portion of Long-Term Liabilities	3,869	19,003
<b>Total Current Liabilities</b>	<b>105,610</b>	<b>101,078</b>
<b>Long-Term Liabilities</b>		
Capital Lease	12,971	16,430
Mortgage Payable	15,577	30,810
Less: Current Portion of Long-Term Liabilities	(3,869)	(19,003)
<b>Total Long-Term Liabilities</b>	<b>24,679</b>	<b>28,237</b>
<b>Total Liabilities</b>	<b>130,289</b>	<b>129,315</b>
<b><u>NET ASSETS</u></b>		
Unrestricted	2,204,148	2,066,477
Temporarily Restricted	462,454	391,331
<b>Total Net Assets</b>	<b>2,666,602</b>	<b>2,457,808</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,796,891</b>	<b>\$ 2,587,123</b>

# THE HOMELESS FAMILIES FOUNDATION

## Statements of Activities

For the years ended December 31, 2016 with comparative totals for 2015

	Unrestricted	Temporarily Restricted	2016	2015
Public Support and Revenue:				
Contributions	\$ 769,129	\$ 33,103	\$ 802,232	\$ 708,649
Donated services	16,800	-	16,800	23,120
Interest Income	1,922	-	1,922	2,066
Other Income	500	-	500	2,988
Change In Pledge Value	2,818	-	2,818	(219)
Restricted Operating Grants	-	1,363,957	1,363,957	1,317,469
Income from Funds Held at the Columbus Foundation	4,766	-	4,766	227
	795,935	1,397,060	2,192,995	2,054,300
Net Assets Released from Restrictions	1,325,937	(1,325,937)	-	-
Total Revenues and Support	2,121,872	71,123	2,192,995	2,054,300
Expenses:				
Program Services	1,550,579	-	1,550,579	1,501,202
Administrative and General	238,781	-	238,781	139,239
Fundraising	194,841	-	194,841	185,832
Total Expenses	1,984,201	-	1,984,201	1,826,273
Other Income and Expense				
Pass Through Grant Funding Revenue	114,749	-	114,749	27,533
Pass Through Grant Funding Expense	(114,749)	-	(114,749)	(27,533)
Total Other Income and Expense	-	-	-	-
Increase (Decrease) in Net Assets	137,671	71,123	208,794	228,027
Net Assets, Beginning of Year	2,066,477	391,331	2,457,808	2,229,781
Net Assets, End of Year	\$ 2,204,148	\$ 462,454	\$ 2,666,602	\$ 2,457,808



**THE HOMELESS FAMILIES FOUNDATION**

Statements of Activities

For the years ended December 31, 2015 with comparative totals for 2014

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>2015</b>	<b>2014</b>
Public Support and Revenue:				
Contributions	\$ 699,047	\$ 9,602	\$ 708,649	\$ 681,159
Donated services	23,120	-	23,120	10,378
Interest Income	2,066	-	2,066	1,871
Other Income	2,988	-	2,988	536
Change In Pledge Value	-	(219)	(219)	2,775
Restricted Operating Grants	-	1,317,469	1,317,469	1,272,440
Income from Funds Held at the Columbus Foundation	227	-	227	-
	<u>727,448</u>	<u>1,326,852</u>	<u>2,054,300</u>	<u>1,969,159</u>
Net Assets Released from Restrictions	<u>1,277,655</u>	<u>(1,277,655)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	2,005,103	49,197	2,054,300	1,969,159
Expenses:				
Program Services	1,501,202	-	1,501,202	1,672,118
Administrative and General	139,239	-	139,239	105,598
Fundraising	185,832	-	185,832	214,125
Total Expenses	<u>1,826,273</u>	<u>-</u>	<u>1,826,273</u>	<u>1,991,841</u>
Other Income and Expense				
Pass Through Grant Funding Revenue	27,533	-	27,533	-
Pass Through Grant Funding Expense	<u>(27,533)</u>	<u>-</u>	<u>(27,533)</u>	<u>-</u>
Total Other Income and Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	178,830	49,197	228,027	(22,682)
Net Assets, Beginning of Year	<u>1,887,647</u>	<u>342,134</u>	<u>2,229,781</u>	<u>2,252,463</u>
Net Assets, End of Year	<u>\$ 2,066,477</u>	<u>\$ 391,331</u>	<u>\$ 2,457,808</u>	<u>\$ 2,229,781</u>

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Functional Expenses

For the year ended December 31, 2016 with comparative totals for 2015

	Program Services	Supporting Services			Total Expenses	
		Management and General	Fund Raising	Total Supporting Services	2016	2015
Salaries and Related Expenses	\$ 848,619	\$ 141,842	\$ 104,723	\$ 246,565	\$ 1,095,184	\$ 1,045,128
Supplies	4,043	606	745	1,351	5,394	5,789
Postage	1,459	257	503	760	2,219	3,119
Utilities	37,305	1,764	1,269	3,033	40,338	42,458
Repairs and Maintenance	80,592	1,765	933	2,698	83,290	61,547
Direct Assistance	279,151	-	-	-	279,151	275,992
Education Center	94,887	-	-	-	94,887	82,714
Audit Fees	-	7,000	-	7,000	7,000	9,500
Consultant Fees	32,620	9,861	3,823	13,684	46,304	37,790
Travel and Transportation	12,731	-	81	81	12,812	16,787
Mortgage and Line of Credit Interest	1,014	-	-	-	1,014	3,154
Insurance	20,362	2,361	574	2,935	23,297	25,287
Fundraising	-	-	57,412	57,412	57,412	46,862
Executive Director Search Fees	-	34,500	-	34,500	34,500	-
Strategic Planning Costs	-	29,600	-	29,600	29,600	-
Miscellaneous	23,858	5,198	4,393	9,591	33,449	22,173
Total Before Depreciation and Donated Services	1,436,641	234,754	174,456	409,210	1,845,851	1,678,300
Depreciation	107,185	4,027	3,663	7,690	114,875	124,853
Donated services	78	-	16,722	16,722	16,800	23,120
(Gain)/Loss on Disposal of Assets	6,675	-	-	-	6,675	-
Total	\$ 1,550,579	\$ 238,781	\$ 194,841	\$ 433,622	\$ 1,984,201	\$ 1,826,273

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See accompanying notes to financial statements



**THE HOMELESS FAMILIES FOUNDATION**

Statements of Functional Expenses

For the year ended December 31, 2015 with comparative totals for 2014

	Program Services	Supporting Services			Total Expenses	
		Management and General	Fund Raising	Total Supporting Services	2015	2014
Salaries and Related Expenses	\$ 833,432	\$ 108,899	\$ 102,797	\$ 211,696	\$ 1,045,128	\$ 1,042,452
Supplies	4,529	389	871	1,260	5,789	7,934
Postage	2,222	303	594	897	3,119	3,712
Utilities	39,320	1,786	1,352	3,138	42,458	54,456
Repairs and Maintenance	59,466	1,624	457	2,081	61,547	70,919
Direct Assistance	275,992	-	-	-	275,992	316,910
Education Center	82,714	-	-	-	82,714	134,499
Audit Fees	-	9,500	-	9,500	9,500	6,500
Consultant Fees	26,772	8,271	2,747	11,018	37,790	48,832
Travel and Transportation	16,618	-	169	169	16,787	23,504
Mortgage and Line of Credit Interest	3,154	-	-	-	3,154	6,451
Insurance	22,337	2,354	596	2,950	25,287	25,594
Fundraising	-	-	46,862	46,862	46,862	89,555
Miscellaneous	17,430	1,977	2,766	4,743	22,173	23,291
Total Before Depreciation and Donated Services	1,383,986	135,103	159,211	294,314	1,678,300	1,854,609
Depreciation	117,011	4,095	3,747	7,842	124,853	117,530
Donated services	205	41	22,874	22,915	23,120	10,378
(Gain)/Loss on Disposal of Assets	-	-	-	-	-	9,324
Total	\$ 1,501,202	\$ 139,239	\$ 185,832	\$ 325,071	\$ 1,826,273	\$ 1,991,841

**THE HOMELESS FAMILIES FOUNDATION**

Statement of Cash Flows  
For the year ended December 31, 2016 and 2015

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase (Decrease) in Net Assets	\$ 208,794	\$ 228,027
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Income from Funds Held by The Columbus Foundation	(4,516)	(227)
(Gain) Loss on Disposal of Fixed Assets	6,675	-
Depreciation	114,875	124,853
Change in Pledge Value	(2,818)	219
Decrease in Gift Cards	5,700	6,445
Decrease (Increase) in Accounts Receivable	54,611	(37,286)
Decrease in Pledges Receivable	70,000	-
Decrease in Deposits	-	3,700
(Increase) in Prepaid Expenses	(1,125)	(221)
Increase in Accounts Payable	7,022	13,290
Increase (Decrease) in Accrued Liabilities	<u>12,644</u>	<u>(2,488)</u>
Net Cash Provided by Operating Activities	471,862	336,312
<b><u>Cash Flows Used by Investing Activities</u></b>		
Cash Transfers to Funds Held by The Columbus Foundation	-	(50,000)
Fixed Asset and Construction in Process Expenditures	<u>(125,219)</u>	<u>(115,156)</u>
Net Cash Used by Investing Activities	(125,219)	(165,156)
<b><u>Cash Flows Used by Financing Activities</u></b>		
Net (Payments on) Line of Credit	-	(60,980)
Capital Lease Payments	(3,459)	(3,069)
Mortgage Reduction	<u>(15,233)</u>	<u>(14,485)</u>
Net Cash Used by Financing Activities	<u>(18,692)</u>	<u>(78,534)</u>
Net Increase in Cash and Cash Equivalents	327,951	92,622
Cash and Cash Equivalents Beginning of Year	<u>989,360</u>	<u>896,738</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 1,317,311</u></u>	<u><u>\$ 989,360</u></u>
<b><u>Additional Disclosures</u></b>		
Total Interest Expense Incurred During the Year	<u>\$ 1,392</u>	<u>\$ 3,532</u>
Fixed Asset Additions Through Capital Lease	<u><u>\$ -</u></u>	<u><u>\$ 17,295</u></u>

**THE HOMELESS FAMILIES FOUNDATION**

Statement of Cash Flows  
For the year ended December 31, 2015 and 2014

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase (Decrease) in Net Assets	\$ 228,027	\$ (22,682)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Income from Funds Held by The Columbus Foundation	(227)	-
(Gain) Loss on Disposal of Fixed Assets	-	9,324
Depreciation	124,853	117,530
Change in Pledge Value	219	(2,775)
(Increase) Decrease in Gift Cards	6,445	25,294
(Increase) in Accounts Receivable	(37,286)	(33,380)
(Increase) Decrease in Pledges Receivable	-	20,000
(Increase) Decrease in Deposits	3,700	(3,700)
(Increase) Decrease in Prepaid Expenses	(221)	27,523
Increase (Decrease) in Accounts Payable	13,290	605
Increase in Accrued Liabilities	<u>(2,488)</u>	<u>5,613</u>
Net Cash Provided by Operating Activities	336,312	143,352
<b><u>Cash Flows Used by Investing Activities</u></b>		
Cash Transfers to Funds Held by The Columbus Foundation	(50,000)	-
Fixed Asset and Construction in Process Expenditures	<u>(115,156)</u>	<u>(24,964)</u>
Net Cash Used by Investing Activities	(165,156)	(24,964)
<b><u>Cash Flows Used by Financing Activities</u></b>		
Net Proceeds From (Payments on) Line of Credit	(60,980)	(68,536)
Capital Lease Payments	(3,069)	(3,306)
Mortgage Reduction	<u>(14,485)</u>	<u>(13,751)</u>
Net Cash Provided (Used) by Financing Activities	<u>(78,534)</u>	<u>(85,593)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	92,622	32,795
Cash and Cash Equivalents Beginning of Year	<u>896,738</u>	<u>863,943</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 989,360</u></u>	<u><u>\$ 896,738</u></u>
<b><u>Additional Disclosures</u></b>		
Total Interest Expense Incurred During the Year	<u>\$ 3,532</u>	<u>\$ 6,829</u>
Fixed Asset Additions Through Capital Lease	<u><u>\$ 17,295</u></u>	<u><u>\$ -</u></u>

## **THE HOMELESS FAMILIES FOUNDATION**

### **Notes to the Financial Statements December 31, 2016 and 2015**

#### **Note 1 – Summary of Significant Accounting Policies**

##### **Nature of Organization**

The Homeless Families Foundation (hereafter HFF), is a nonprofit organization working with homeless families. HFF 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, HFF 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**

HFF 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, HFF 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 HFF 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, 2016.

HFF files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Ohio. HFF is generally no longer subject to examination by the Internal Revenue Service for years ending before December 31, 2013.

##### **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.

HFF also adopted Accounting Standards Codification (ASC) 958-205 "Not-For-Profit Entities – Presentation of Financial Statements". Under ASC 958-205, HFF 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. HFF had no permanently restricted net assets for the years ending December 31, 2016 and 2015.

## **THE HOMELESS FAMILIES FOUNDATION**

### **Notes to the Financial Statements (Continued)** **December 31, 2016 and 2015**

#### **Note 1 – Summary of Significant Accounting Policies (Continued)**

##### **Accrual Basis**

The financial statements of HFF 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.

##### **Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## **THE HOMELESS FAMILIES FOUNDATION**

### **Notes to the Financial Statements (Continued)** **December 31, 2016 and 2015**

#### **Note 2 – Mortgage Payable**

The outstanding debt at December 31, 2016 (\$15,577) is all payable in the next year and is reported in the current portion of long term debt on the statement of financial position.

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, 2016 was \$938,743 (net).

#### **Note 3 – Defined Contribution Plan**

HFF 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. HFF 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

HFF's total contributions to the 401(k) Defined Contribution Plan totaled \$9,433 and \$9,031 for the years ended December 31, 2016 and 2015, respectively.

#### **Note 4 – Net Assets**

##### **Unrestricted Net Assets**

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

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2016 and 2015

**Note 4 – Net Assets (Continued)**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets for December 31, 2016 are comprised of the following:

<u>Purpose</u>	<u>Balance 12/31/15</u>	<u>Current Donations</u>	<u>Restrictions Satisfied</u>	<u>Balance 12/31/16</u>
21 <sup>st</sup> Century Grant	\$ ---	\$ 217,843	\$ (217,843)	\$ ---
ABB – Appliances	3,133	---	(3,133)	---
AEP – 2015 & 2016 CHFH Sponsorships	15,000	15,000	(15,000)	15,000
Anderson Foundation – Partition System	1,000	---	(1,000)	---
Battelle – Project Based Learning	5,097	---	(4,351)	746
Battelle & Buck – STEAM	---	52,641	(14,593)	38,048
Bonner Family Foundation	68,237	---	(27,018)	41,219
Bonner – Beyond Housing & Rapid Rehousing	---	50,000	---	50,000
Buck	---	10,000	(10,000)	---
CDL Driver	24,062	---	(15,862)	8,200
Columbus Board of Realtors – Book Shelves	---	3,200	(3,200)	---
Columbus Foundation – Christmas Trees	---	1,500	(1,500)	---
Columbus Foundation – School Success	---	31,582	(31,582)	---
Columbus Realtors – Laundry Facility	2,572	---	---	2,572
Community Shelter Board – Reimbursement	---	608,555	(608,555)	---
Dowd – Believe In Me Program	3,927	3,759	(6,366)	1,320
First Community Emergency Assistance	2,025	---	(909)	1,116
Ingram-White Castle – 2016 – 2018 Pledge	58,831	---	(19,627)	39,204
L Brands	---	30,000	(26,442)	3,558
Mercator	980	---	(980)	---
Montei Foundation – Bus	---	30,000	(30,000)	---
Montei Foundation – Reading Program	15,000	---	(3,750)	11,250
Osteopathic Heritage Foundation – Roof	---	35,000	---	35,000
Promedica – Sporting Events	---	1,000	(1,000)	---
Reading Specialist	17,229	---	(11,033)	6,196
Reinberger Foundation	---	10,000	---	10,000
Rock City Church – Coats	---	6,356	(5,479)	877
Rutherford Foundation – Multi-Year Pledge	87,175	---	(3,600)	83,575
Shortfall at Dowd	49,220	---	(10,606)	38,614
Siemer & First Community – Beyond Housing	---	18,000	(1,539)	16,461
Spark	37,843	42,988	(21,333)	59,498
State of Ohio Food Program – Reimbursement	---	44,381	(44,381)	---
TANF – Summer Program	---	96,500	(96,500)	---
TANF Spark Grant – Reimbursement	---	88,755	(88,755)	---
	<u>\$391,331</u>	<u>\$1,397,060</u>	<u>\$(1,325,937)</u>	<u>\$462,454</u>

Changes in pledge value of \$(2,818) on restricted grants (Ingram-White Castle, Rutherford, and the Dowd Shortfall grants) included on the statement of activities are included as a reduction of Restrictions Satisfied above.



**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2016 and 2015

**Note 4 – Net Assets (Continued)**

**Temporarily Restricted Net Assets**

Temporarily restricted net assets for December 31, 2015 are comprised of the following:

<u>Purpose</u>	<u>Balance</u> <u>12/31/14</u>	<u>Donations</u>	<u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>12/31/15</u>
21 <sup>st</sup> Century Grant	\$ ---	\$ 156,547	\$ (156,547)	\$ ---
ABB – Appliances	10,514	---	(7,381)	3,133
AEP – 2015 & 2016 CHFH Sponsorships	30,000	---	(15,000)	15,000
Anderson Foundation – Partition System	4,700	---	(3,700)	1,000
Batelle—Project Based Learning	---	25,000	(19,903)	5,097
Bonner Family Foundation	64,164	50,000	(45,927)	68,237
CDL Driver	18,107	16,870	(10,915)	24,062
Columbus Foundation – CAN School Success	6,822	34,049	(40,871)	---
Columbus Foundation—Christmas Trees	---	2,500	(2,500)	---
Columbus Realtors—Laundry Facility	---	3,500	(928)	2,572
Community Shelter Board—Reimbursement	---	581,118	(581,118)	---
Dowd—Believe in Me Program	---	9,602	(5,675)	3,927
First Community Emergency Assistance	2,395	---	(370)	2,025
First Community Warehouse Renovations	---	6,000	(6,000)	---
Hazelbaker Foundation	---	2,500	(2,500)	---
Ingram-White Castle – 2013-2015 Pledge	24,987	---	(24,987)	---
Ingram-White Castle—2016-2018 Pledge	---	58,831	---	58,831
L Brands – Life Skill Classes	505	---	(505)	---
L Brands – Operations	16,956	25,000	(41,956)	---
Math Talk	699	---	(699)	---
Mercator	2,900	---	(1,920)	980
Montei Foundation—Reading Program	---	15,000	---	15,000
Osteopathic Heritage Foundation—Gym	---	105,000	(105,000)	---
Reading Specialist	16,342	15,000	(14,113)	17,229
Rutherford Foundation – Multi-Year Pledge	113,098	1,730	(27,653)	87,175
Shortfall at Dowd—Anonymous	---	49,220	---	49,220
Spark	29,945	35,000	(27,102)	37,843
State of Ohio Food Program—Reimbursement	---	39,586	(39,586)	---
TANF Spark Grant—Reimbursement	---	12,799	(12,799)	---
TANF – Summer Program	---	81,500	(81,500)	---
United Way of Central Ohio	---	500	(500)	---
	<u>\$342,134</u>	<u>\$1,326,852</u>	<u>\$(1,277,655)</u>	<u>\$391,331</u>

Changes in pledge value of \$219 on restricted grants (Ingram-White Castle, Rutherford, and the Dowd Shortfall grants) included on the statement of activities are included as a reduction of Restrictions Satisfied above.

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2016 and 2015

**Note 5 – Donated Services and Materials**

HFF 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:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Professional services and materials	\$16,800	\$23,120

HFF 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 3,936 for 2016 and 5,047 for 2015.

HFF receives donations of food, 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**

HFF has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region. During 2016 and 2015, HFF's cash accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per banking institution. HFF has amounts on deposit in excess of the insured limits. HFF does not deem there to be a significant risk associated with the deposits in excess of insured limits given the reputation and financial stability of the banking institutions. HFF continuously reviews and manages their banking relationships to mitigate any risks associated with deposits in excess of insured limits.

HFF donors are located primarily in the Central Ohio area.

During 2016, HFF received \$608,555 (approximately 28% of its revenues) from an arrangement with The Community Shelter Board, \$217,843 (approximately 10% of its revenues) from a 21<sup>st</sup> Century grant, and another \$240,182 (approximately 11% of its revenues) from special events held throughout the year.

During 2015, HFF received \$581,118 (approximately 29% of its revenues) from an arrangement with The Community Shelter Board, \$156,547 (approximately 8% of its revenues) from a 21<sup>st</sup> Century grant, and another \$186,715 (approximately 9% of its revenues) from special events held throughout the year.

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2016 and 2015

**Note 7 – Capital Lease**

During 2010, HFF entered into an agreement to lease two copiers under a capital lease. The economic substance of the lease is that HFF is financing the acquisition of the assets through the lease. Accordingly, the copiers contained in the capital lease are recorded in HFF'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). In August 2015, the terms of this lease were satisfied.

In October 2015, HFF entered a new capital lease for two copiers. In accordance with ASC 840, the amount capitalized was the present value of future cash flows at an imputed discount rate of 4.5% (\$17,295), which approximates the fair market value of the copiers.

The aforementioned leased assets are included in the financial statements at December 31, 2016 as follows:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Equipment	\$17,295	\$17,295
Accumulated Depreciation	(5,189)	(1,730)
Net	<u>\$12,106</u>	<u>\$ 15,565</u>
Depreciation Expense	<u>\$ (3,459)</u>	<u>\$ (7,636)</u>

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:

<u>Year Ending:</u>	
2017	\$ 3,869
2018	3,869
2019	3,869
2020	<u>2,902</u>
	\$14,509
Imputed interest	(1,538)
Present value of future minimum lease payments	<u>\$12,971</u>

HFF 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).

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2016 and 2015

**Note 8 – Related Party Transactions**

During 2016, HFF received \$1,103 of donated printing services from a company affiliated with a board member and another \$4,500 of donated marketing services from a company owned by a board member.

During 2015, HFF received \$1,822 of donated printing services from two companies affiliated with board members and another \$7,500 of donated marketing services from a company owned by a board member.

No amounts were due to or from a related party at December 31, 2016 or 2015.

**Note 9 – Pledges Receivable**

Included in the 2016 grants and accounts receivable balance on the statements of financial position are three grants. One stipulates that an amount of \$30,000 be paid in each of the next two years. Another grant stipulates that an amount of \$20,000 be paid in each of the next two years. The third grant is payable in the next year in the amount of \$10,000. These grants are expected to be fully collectible.

Included in the 2015 grants and accounts receivable balance on the statements of financial position are three grants. One stipulates that an amount of \$30,000 be paid in each of the next three years. Another grant stipulates that an amount of \$20,000 be paid in each of the next three years. The third grant is payable over the next two years in installments of \$20,000 and \$10,000. These grants are expected to be fully collectible.

	<b><u>2016</u></b>	<b><u>2015</u></b>
Grants	\$110,000	\$180,000
Less: Discount to net present value	<u>884</u>	<u>3,702</u>
Net Pledges as of December 31	<b><u>\$109,116</u></b>	<b><u>\$176,298</u></b>

**Note 10 – Revolving Line of Credit**

In November 2012, HFF established a \$225,000 revolving line of credit to fund the remodeling of the warehouse portion of the Grubb Street building. The line had a stated interest rate of 1% over the Prime Rate and there was no penalty for paying off part or all of the balance at any date prior to the maturity date. The line was secured by substantially all of the assets of HFF. All bank advances on the credit line were due upon maturity of the loan on November 29, 2014. HFF held options to extend the maturity date up to a maximum of 10 years from origination through November 29, 2022. In 2014, HFF exercised one of these options and extended the maturity date to November 29, 2015. During 2016 and 2015, HFF did not make any draws on the line. The line was paid off in 2015 and the line was not renewed and allowed to expire on November 29, 2015. At December 31, 2016 and 2015, the line had no outstanding balance.

# **THE HOMELESS FAMILIES FOUNDATION**

## Notes to the Financial Statements (Continued) December 31, 2016 and 2015

### **Note 11 – Fair Value of Assets**

HFF adopted Accounting Standards Codification 825 “Financial Instruments” (ASC 825). ASC 825 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 825 are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility, statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by management. Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the manager’s perceived risk of that instrument.

In making the aforementioned valuations, management will consult with their brokers, investment managers and various other entities in analyzing data which determines fair market values.

Fair values of assets measured on a recurring basis at December 31, 2016 are as follows:

		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Funds held by	<u>Fair Value</u>			
The Columbus Foundation	\$54,743	---	\$54,743	\$---

Fair values of assets measured on a recurring basis at December 31, 2015 are as follows:

		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Funds held by	<u>Fair Value</u>			
The Columbus Foundation	\$50,227	---	\$50,227	\$---

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2016 and 2015

**Note 12 – Funds Held by The Columbus Foundation**

In December 2015, HFF transferred assets to The Columbus Foundation, a federated fundraising organization, to establish a fund for HFF's own benefit. It is the hope of HFF that other individuals, organizations and corporations will also add to the fund. The fund shall be administered subject to all the terms and conditions as provided for in the Articles of Incorporation and Code of Regulations establishing the Columbus Foundation. As a component fund of The Columbus Foundation it is subject to the variance power of the board of The Columbus Foundation but because HFF established the fund naming itself as the sole beneficiary the funds belong solely to HFF and, accordingly, are reflected as an asset in the financial statements. The entire fund may be distributed to HFF with the approval of at least a two-thirds majority vote of the board of HFF. The fund is carried at its fair market value of \$54,743 at December 31, 2016. The fund is carried at its fair market value of \$50,227 at December 31, 2015. Activity in this fund is as follows for the years ended December 31:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Beginning Balance at January 1:	\$50,227	\$ ---
Contributions	---	50,000
Withdrawals	---	---
Interest and Dividends	1,495	193
Transfers	---	---
Administration Fees	(250)	---
Unrealized/Realized Gains and Losses	<u>3,271</u>	<u>34</u>
Ending Balance at December 31:	<u>\$54,743</u>	<u>\$50,227</u>

**Note 13 – Temporary Assistance For Needy Family Pass-Through Funding**

Beginning in 2015, HFF agreed to facilitate a Temporary Assistance for Needy Families (TANF) grant between the Department of Jobs and Family Services and three third-party service providers. HFF obtains reimbursement submissions from the pass-through third-party service providers and subsequently submits a reimbursement request from the Department of Jobs and Family Services. Upon receipt of funds from the Department of Jobs and Family Services the funds are passed through to the third-party service providers. Revenue and expenses related to this transaction are shown as other income and expenses on the statements of activities for 2016 and 2015.

**Note 14 – Subsequent Events**

Subsequent events were evaluated through June 27, 2017, which is the date the financial statement were available to be issued.



THE HOMELESS FAMILIES FOUNDATION

REPORT ON FEDERAL AWARDS IN ACCORDANCE WITH OMB COMPLIANCE SUPPLEMENT  
FEDERAL ENTITY IDENTIFICATION NUMBER 31-1179492  
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA*</u> <u>Number</u>	<u>Passed</u> <u>Through To</u> <u>Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed Through Ohio Department of Education			
Child and Adult Care Food Program	10.558	\$ <u>0</u>	\$ <u>46,819</u>
Total U.S. Department of Agriculture		<u>0</u>	<u>46,819</u>
U.S. Department of Housing and Urban Development			
Passed Through Community Shelter Board			
Emergency Solutions Grant Programs	14.231	<u>0</u>	<u>369,473</u>
Total U.S. Department of Housing and Urban Development		<u>0</u>	<u>369,473</u>
U.S. Department of Education			
Passed Through Educational Service Center of Central Ohio			
Twenty-First Century Community Learning Centers	84.287	<u>0</u>	<u>217,843</u>
Total U.S. Department of Education		<u>0</u>	<u>217,843</u>
U.S. Department of Health and Human Services			
Passed Through Franklin County Department of Jobs and Family Services			
Temporary Assistance for Needy Families	93.558	<u>114,749</u>	<u>305,590</u>
Total U.S. Department of Health and Human Services		<u>114,749</u>	<u>305,590</u>
Total Expenditure of Federal Awards		<u>114,749</u>	<u>\$939,725</u>

\* CFDA = Catalog of Federal Domestic Assistance



THE HOMELESS FAMILIES FOUNDATION

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of HFF under programs of the federal government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Compliance Supplement. Because the schedule presents only a selected portion of the operations of HFF, it is not intended to and does not present the financial position, changes in net assets or cash flows of HFF.

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

The Schedule has been prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. HFF did not elect to use the 10% de minimis indirect cost rate.



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 HFF'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.

 June 27, 2017



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## **Report on Internal Control Over Compliance**

Management of HFF 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 HFF'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 the Uniform Guidance, 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 HFF'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of HFF as of and for the year ended December 31, 2016, and have issued our report thereon dated June 27, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

 Will Spaw & Company LLP  
June 27, 2017

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Part A:

Summary of Audit Results:

1. The auditor's report expresses an unmodified opinion on the financial statements of HFF.
2. The audit of the financial statements did not disclose any reportable conditions in the report.
3. No instance of noncompliance material to the financial statements of HFF 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 HFF expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award program for HFF to be reported in Part C of this schedule.
7. The programs tested as a major program included:  
CFDA 14.231 and CFDA 84.287
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. HFF was determined to be a low risk auditee.

Part B:

Findings at the financial statement level: None

Part C:

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

THE HOMELESS FAMILIES FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Reports

None.