

**THE HOMELESS FAMILIES FOUNDATION**

**FINANCIAL STATEMENTS**

**December 31, 2013 and 2012**

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Winkel Green & Van Horn LLP  
*certified public accountants*

**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, 2013 and 2012, 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 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. The 2011 summarized comparative information has been derived from the Homeless Families Foundation December 31, 2011 financial statements, and in our report dated June 11, 2012, 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. 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 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, 2013 and 2012 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 9, 2014

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Financial Position  
December 31, 2013 and 2012

	<b><u>ASSETS</u></b>		
		<b><u>2013</u></b>	<b><u>2012</u></b>
Cash	\$	863,943	\$ 1,078,562
Gift Cards		46,535	-
Accounts Receivable		154,940	121,029
Pledges Receivable (net of discounts of \$6,258 and \$0, respectively)		193,742	30,000
Prepaid Expenses		29,926	425
Construction In Process		-	23,136
Land		91,378	91,378
Building		1,873,221	1,342,174
Leasehold Improvements		-	109,287
Equipment		309,931	181,591
Less: Accumulated Depreciation		<u>(1,052,026)</u>	<u>(1,087,361)</u>
Net Land, Building and Equipment		<u>1,222,504</u>	<u>637,069</u>
Total Assets		<u><u>\$ 2,511,590</u></u>	<u><u>\$ 1,890,221</u></u>
	<b><u>LIABILITIES</u></b>		
Accounts Payable	\$	19,723	\$ 25,412
Accrued Payroll		19,139	16,133
Other Accrued Expenses		26,193	17,528
Capital Lease		5,510	8,815
Line of Credit		129,516	-
Mortgage Payable		<u>59,046</u>	<u>72,213</u>
Total Liabilities		259,127	140,101
	<b><u>NET ASSETS</u></b>		
Unrestricted		1,907,537	1,213,588
Temporarily Restricted		<u>344,926</u>	<u>536,532</u>
Total Net Assets		<u>2,252,463</u>	<u>1,750,120</u>
Total Liabilities and Net Assets		<u><u>\$ 2,511,590</u></u>	<u><u>\$ 1,890,221</u></u>

# 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	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

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Activities

For the years ended December 31, 2012 with comparative totals for 2011

	Unrestricted	Temporarily Restricted	2012	2011
Public Support and Revenue:				
Contributions	\$ 562,137	\$ -	\$ 562,137	\$ 772,165
Donated services	15,845	-	15,845	43,130
Interest Income	2,734	-	2,734	3,300
Other Income	2,028	-	2,028	12,447
Change In Pledge Value	-	472	472	3,991
Restricted Operating Grants	-	1,220,193	1,220,193	1,025,087
	582,744	1,220,665	1,803,409	1,860,120
Net Assets Released from Restrictions	1,038,263	(1,038,263)	-	-
Total Revenues and Support	1,621,007	182,402	1,803,409	1,860,120
Expenses:				
Program Services	1,418,986	-	1,418,986	1,574,361
Administrative and General	129,051	-	129,051	124,888
Fundraising	149,964	-	149,964	157,696
Total Expenses	1,698,001	-	1,698,001	1,856,945
Increase (Decrease) in Net Assets Before Leasehold Improvements Disposal	(76,994)	182,402	105,408	3,175
Loss On Leasehold Improvements	-	-	-	(152,314)
Increase (Decrease) in Net Assets	(76,994)	182,402	105,408	(149,139)
Net Assets, Beginning of Year	1,290,582	354,130	1,644,712	1,793,851
Net Assets, End of Year	\$ 1,213,588	\$ 536,532	\$ 1,750,120	\$ 1,644,712

# 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	
		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

# THE HOMELESS FAMILIES FOUNDATION

## Statements of Functional Expenses

For the year ended December 31, 2012 with comparative totals for 2011

	Program Services	Supporting Services			Total Expenses	
		Management and General	Fund Raising	Total Supporting Services	2012	2011
Salaries and Related Expenses	\$ 724,724	\$ 73,091	\$ 88,929	\$ 162,020	\$ 886,744	\$ 903,505
Rent	19,299	8,602	-	8,602	27,901	150,120
Office Supplies	6,579	1,148	528	1,676	8,255	10,571
Postage	2,707	258	628	886	3,593	2,790
Utilities	54,952	6,786	716	7,502	62,454	146,338
Repairs and Maintenance	73,732	882	-	882	74,614	93,364
Direct Assistance	302,187	-	-	-	302,187	106,850
Education Center	33,954	-	-	-	33,954	49,122
Audit Fees	6,400	-	-	-	6,400	6,000
Consultant Fees	44,217	4,326	7,621	11,947	56,164	60,104
Travel and Transportation	24,458	40	127	167	24,625	25,764
Interest - Mortgage	4,824	-	-	-	4,824	7,572
Insurance	21,235	784	-	784	22,019	41,117
Fundraising	-	-	37,532	37,532	37,532	35,497
Miscellaneous	10,371	1,764	1,590	3,354	13,725	22,714
Total Before Depreciation and Donated Services	1,329,639	97,681	137,671	235,352	1,564,991	1,661,428
Depreciation	86,387	30,778	-	30,778	117,165	152,387
Donated services	2,960	592	12,293	12,885	15,845	43,130
Total	\$ 1,418,986	\$ 129,051	\$ 149,964	\$ 279,015	\$ 1,698,001	\$ 1,856,945

**THE HOMELESS FAMILIES FOUNDATION**

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

	<u>2013</u>	<u>2012</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase (Decrease) 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) 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
(Decrease) in Prepaid Rent and Security Deposits	-	(1,000)
(Decrease) in Accrued Lease Termination Expenses	-	(2,667)
Net Cash Provided by Operating Activities	246,104	282,451
<b><u>Cash Flows Used by Investing Activities</u></b>		
Fixed Asset and Construction in Process Expenditures	(573,767)	(25,558)
Net Cash Used by Investing Activities	(573,767)	(25,558)
<b><u>Cash Flows Used by Financing Activities</u></b>		
Net Proceeds From Line of Credit	129,516	-
Capital Lease Payments	(3,305)	(3,306)
Mortgage Reduction	(13,167)	(28,176)
Net Cash 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	<u>\$ 863,943</u>	<u>\$ 1,078,562</u>
<b><u>Additional Disclosures</u></b>		
Total Interest Expense Incurred During the Year	<u>\$ 7,764</u>	<u>\$ 4,950</u>
Fixed Asset Additions Through Non-Cash Donations	<u>\$ 84,207</u>	<u>\$ -</u>

**THE HOMELESS FAMILIES FOUNDATION**

Statement of Cash Flows  
For the year ended December 31, 2012 and 2011

	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase (Decrease) in Net Assets	\$ 105,408	\$ (149,139)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	117,165	152,387
Change in Pledge Value	(472)	(3,991)
Loss on Disposal of Assets	-	152,314
(Increase) in Accounts Receivable	(10,443)	(94,281)
Decrease in Pledges Receivable	55,000	55,000
(Increase) Decrease in Prepaid Expenses	2,131	(2,506)
Increase in Accounts Payable	8,013	6,543
Increase in Accrued Liabilities	9,316	3,419
(Decrease) in Prepaid Rent and Security Deposits	(1,000)	(1,000)
Increase (Decrease) in Accrued Lease Termination Expenses	(2,667)	2,667
	<u>282,451</u>	<u>121,413</u>
Net Cash Provided by Operating Activities	282,451	121,413
<b><u>Cash Flows Used by Investing Activities</u></b>		
Fixed Asset and Construction in Process Expenditures	<u>(25,558)</u>	<u>(16,064)</u>
Net Cash Used by Investing Activities	(25,558)	(16,064)
<b><u>Cash Flows Used by Financing Activities</u></b>		
Capital Lease Payments	(3,306)	(3,306)
Debt Reduction Payments	<u>(28,176)</u>	<u>(59,428)</u>
Net Cash Used by Financing Activities	<u>(31,482)</u>	<u>(62,734)</u>
Net Increase in Cash and Cash Equivalents	225,411	42,615
Cash and Cash Equivalents Beginning of Year	<u>853,151</u>	<u>810,536</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 1,078,562</u></u>	<u><u>\$ 853,151</u></u>
<b><u>Additional Disclosures</u></b>		
Total Interest Expense Incurred During the Year	<u><u>\$ 4,950</u></u>	<u><u>\$ 7,698</u></u>

## **THE HOMELESS FAMILIES FOUNDATION**

### **Notes to the Financial Statements December 31, 2013 and 2012**

#### **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.

During the last quarter of 2011, the Foundation transitioned from a shelter model of housing to a scattered site model. The scattered site, or rapid re-housing, model is a nationally endorsed best practice for quickly housing families. The families are housed throughout the community. The breadth and intensity of services has not changed.

##### **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, 2013.

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, 2010.

##### **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, 2013 and 2012.

## **THE HOMELESS FAMILIES FOUNDATION**

### **Notes to the Financial Statements (Continued) December 31, 2013 and 2012**

#### **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. For leasehold improvements, depreciation is charged on a straight-line basis over the estimated life of the lease.

##### **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.

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2013 and 2012

**Note 2 - Mortgage Payable**

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

<u>Year</u>	<u>Amount</u>
2014	\$13,792
2015	14,448
2016	15,134
2017	<u>15,672</u>
	<u>\$59,046</u>

During 2012, the Foundation refinanced their mortgage loan. The refinanced note 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, 2013 was \$1,060,125 (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 \$6,739 and \$6,539 for the years ended December 31, 2013 and 2012, 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.

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2013 and 2012

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

**Temporarily Restricted Net Assets**

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

<u>Purpose</u>	<u>Balance 12/31/12</u>	<u>Donations</u>	<u>Restrictions Satisfied</u>	<u>Balance 12/31/13</u>
21 <sup>st</sup> Century Grant	\$ ---	\$ 35,217	\$ (35,217)	\$ ---
ABB Foundation	128	---	(128)	---
AEP – Spark	---	35,000	(9,464)	25,536
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
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 – CDL Driver	2,000	---	(629)	1,371
Hazelbaker Foundation	---	2,000	---	2,000
Ingram-White Castle – 2013-2015 Pledge	---	74,510	(17,303)	57,207
Limited Brands – Life Skill Classes	4,762	---	(2,863)	1,899
Limited 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)	---
TANF – Summer Program	---	67,642	(67,642)	---
Upper Arlington Rotary	2,032	---	(2,032)	---
Warehouse Renovation	<u>298,898</u>	<u>25,020</u>	<u>(323,918)</u>	<u>---</u>
	<u>\$536,532</u>	<u>\$1,260,296</u>	<u>\$(1,451,902)</u>	<u>\$344,926</u>

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2013 and 2012

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

**Temporarily Restricted Net Assets**

Temporarily restricted net assets for December 31, 2012 are comprised of the following:

<u>Purpose</u>	<u>Balance</u> <u>12/31/11</u>	<u>Donations</u>	<u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>12/31/12</u>
ABB Foundation	\$ 128	\$ ---	\$ (---)	\$ 128
AEP – 2 years for teachers at Dowd	48,671	---	(48,671)	---
Battelle – Education	---	25,000	(---)	25,000
Bonner Family Foundation	31,741	50,000	(31,401)	50,340
COPC Rapid Rehousing Supplies	5,000	---	(5,000)	---
Columbus Foundation – Intern	---	6,700	(6,700)	---
Columbus Rotary – Recreation Equipment	18	---	(18)	---
Community Shelter Board – ESG Funds	---	174,156	(154,376)	19,780
Community Shelter Board – Rapid Rehousing	80,642	292,993	(373,635)	---
Discount Tire – Art	4,366	---	(3,192)	1,174
Discount Tire – Dowd Center	---	20,500	(690)	19,810
Dowd Center Garden	133	1,190	(1,323)	---
Education Center Food	---	34,601	(32,808)	1,793
Emergency Energy Assistance	---	11,713	(11,713)	---
Harry C Moores – Housing Locator	20,000	---	(20,000)	---
Harry C Moores – Dowd Teachers	---	15,000	(---)	15,000
Hazelbacker Foundation – CDL Driver	---	2,000	(---)	2,000
Huntington – Rapid Rehousing	11,051	---	(11,051)	---
Ingram – White Castle Foundation	28,330	---	(28,330)	---
JP Morgan Chase	238	---	(238)	---
Limited Brands – Life Skill Classes	10,443	---	(5,681)	4,762
Limited Brands – Operations	---	20,000	(20,000)	---
Math Talk	355	1,500	(1,765)	90
Mercator	2,710	3,500	(2,710)	3,500
Messer Grant	1,648	---	(1,648)	---
Montei Foundation - Vehicle	917	---	(47)	870
Montei Foundation – Database	7,500	17,850	(14,953)	10,397
Moritz/Ransom Housing Locator	12,000	---	(2,216)	9,784
Nationwide – 2013 Benefit Dinner	---	15,000	(---)	15,000
OAG Life Skills	8,041	---	(8,041)	---
Ohio Department of Development	---	123,239	(123,239)	---
Paul G. Duke – Dowd Enrichment	---	5,000	(925)	4,075
Reading Specialist	11,218	22,000	(11,119)	22,099
Reinberger Foundation – Dowd Center	7,406	10,000	(17,406)	---
Rutherford Foundation	59,528	2,472	(30,000)	30,000
TANF – Summer Program	---	59,065	(59,065)	---
Upper Arlington Rotary	2,046	4,000	(4,014)	2,032
Warehouse Renovation	---	305,186	(6,288)	298,898
	<u>\$354,130</u>	<u>\$1,220,665</u>	<u>\$(1,038,263)</u>	<u>\$536,532</u>

## **THE HOMELESS FAMILIES FOUNDATION**

### **Notes to the Financial Statements (Continued)** **December 31, 2012 and 2010**

#### **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:

	<b><u>2013</u></b>	<b><u>2012</u></b>
Professional services and materials	<b><u>\$130,982</u></b>	<b><u>\$15,845</u></b>

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 3,634 for 2013 and 4,320 for 2012.

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 2013, the Foundation's cash accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per banking institution. During 2012, all interest-bearing accounts were insured up to \$250,000 and all non-interest bearing accounts were fully insured by the FDIC. During 2013, the Foundation had total cash deposits of \$863,943, of which \$172,566 was not covered by insurance provided by the FDIC. During 2012, the Foundation maintained funds in various interest bearing accounts. The total in these accounts were \$1,047,185, of which \$359,066 was not covered by insurance provided by the FDIC.

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

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.

During 2012, the Foundation received \$467,149 (approximately 26% of its revenues) from an arrangement with The Community Shelter Board and another \$228,338 (approximately 13% of its revenues) from special events held throughout the year.

## **THE HOMELESS FAMILIES FOUNDATION**

### **Notes to the Financial Statements (Continued)** **December 31, 2013 and 2012**

#### **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 and \$25,740 during 2013 and 2012, respectively.

#### **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, 2013 as follows:

Equipment	\$16,529
Accumulated Depreciation	( 7,714)
Net	\$ 8,815
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:

<u>Year Ending:</u>	
2014	\$3,684
2015	<u>2,456</u>
	6,140
Imputed interest	( 630)
Present value of future minimum lease payments	<u>\$5,510</u>

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 2013 and 2012, the Foundation received \$1,298 and \$722, 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.

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2013 and 2012

**Note 10 - Pledges Receivable**

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.

Included in the 2012 grants and accounts receivable balance on the statements of financial position is one grant that stipulates an amount of \$30,000 to be paid over the next year. These grants are expected to be fully collectible.

	<b><u>2013</u></b>	<b><u>2012</u></b>
Grants	\$200,000	\$30,000
Less: Discount to net present value	<u>6,258</u>	<u>---</u>
Net pledges as of December 31	<b><u>\$193,742</u></b>	<b><u>\$30,000</u></b>

**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 are due upon maturity of the loan on November 29, 2014, which can be extended up to a maximum of 10 years from origination through November 29, 2022. 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. No draws were made during 2012. During 2013, the Foundation drew \$170,688 on the line. At December 31, 2013 the line had an outstanding balance of \$129,516.

**Note 13 – Subsequent Events**

Subsequent events were evaluated through June 9, 2014, which is the date the financial statement were available to be issued.