

THE HOMELESS FAMILIES FOUNDATION

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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Winkel Green & Van Horn LLP
certified public accountants

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

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Homeless Families Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of The Homeless Families Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, 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.

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, 2015 and 2014 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 The Homeless Families Foundation's 2014 financial statements, and we expressed an unqualified audit opinion on those audited financial statements in our report dated June 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

We previously audited The Homeless Families Foundation's 2013 financial statements, and we expressed an unqualified audit opinion on those audited financial statements in our report dated June 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.


June 28, 2016

THE HOMELESS FAMILIES FOUNDATION

Statements of Financial Position
December 31, 2015 and 2014

ASSETS

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Current Assets | | |
| Cash | \$ 989,360 | \$ 896,738 |
| Gift Cards | 14,796 | 21,241 |
| Accounts Receivable | 225,606 | 188,320 |
| Pledges Receivable (net of discounts of \$3,702 and \$3,483) | 176,298 | 176,517 |
| Prepaid Expenses | 2,624 | 2,403 |
| Deposits | - | 3,700 |
| Funds Held by The Columbus Foundation | 50,227 | - |
| Total Current Assets | 1,458,911 | 1,288,919 |
| Property and Equipment | | |
| Land | 91,378 | 91,378 |
| Building | 1,888,371 | 1,882,721 |
| Equipment | 415,517 | 305,245 |
| Less: Accumulated Depreciation | (1,267,054) | (1,158,730) |
| Net Property and Equipment | 1,128,212 | 1,120,614 |
| Total Assets | \$ 2,587,123 | \$ 2,409,533 |

LIABILITIES

| | | |
|--|----------------|----------------|
| Current Liabilities | | |
| Accounts Payable | \$ 33,618 | \$ 20,328 |
| Accrued Payroll | 35,010 | 27,914 |
| Other Accrued Expenses | 13,447 | 23,031 |
| Current Portion of Long-Term Liabilities | 19,003 | 77,632 |
| Total Current Liabilities | 101,078 | 148,905 |
| Long-Term Liabilities | | |
| Capital Lease | 16,430 | 2,204 |
| Line of Credit | - | 60,980 |
| Mortgage Payable | 30,810 | 45,295 |
| Less: Current Portion of Long-Term Liabilities | (19,003) | (77,632) |
| Total Long-Term Liabilities | 28,237 | 30,847 |
| Total Liabilities | 129,315 | 179,752 |

NET ASSETS

| | | |
|---|---------------------|---------------------|
| Unrestricted | 2,066,477 | 1,887,647 |
| Temporarily Restricted | 391,331 | 342,134 |
| Total Net Assets | 2,457,808 | 2,229,781 |
| Total Liabilities and Net Assets | \$ 2,587,123 | \$ 2,409,533 |

THE HOMELESS FAMILIES FOUNDATION

Statements of Activities

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

| | Unrestricted | Temporarily Restricted | 2015 | 2014 |
|---|--------------|---------------------------|--------------|--------------|
| 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 | - |
| Net Assets Released from Restrictions | 727,448 | 1,326,852 | 2,054,300 | 1,969,159 |
| | 1,277,655 | (1,277,655) | - | - |
| 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 | 1,826,273 | - | 1,826,273 | 1,991,841 |
| Other Income and Expense | | | | |
| Pass Through Grant Funding Revenue | 27,533 | - | 27,533 | - |
| Pass Through Grant Funding Expense | (27,533) | - | (27,533) | - |
| Total Other Income and Expense | - | - | - | - |
| Increase (Decrease) in Net Assets | 178,830 | 49,197 | 228,027 | (22,682) |
| Net Assets, Beginning of Year | 1,887,647 | 342,134 | 2,229,781 | 2,252,463 |
| Net Assets, End of Year | \$ 2,066,477 | \$ 391,331 | \$ 2,457,808 | \$ 2,229,781 |

THE HOMELESS FAMILIES FOUNDATION

Statements of Activities

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

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

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

Statements of Functional Expenses

For the year ended December 31, 2014 with comparative totals for 2013

| | Program Services | Supporting Services | | | Total Expenses | |
|---|---------------------|------------------------------|-----------------|---------------------------------|----------------|--------------|
| | | Management and General | Fund Raising | Total Supporting Services | 2014 | 2013 |
| Salaries and Related Expenses | \$ 855,681 | \$ 88,228 | \$ 98,543 | \$ 186,771 | \$ 1,042,452 | \$ 915,175 |
| Rent | - | - | - | - | - | 8,580 |
| Office Supplies | 5,994 | 786 | 1,154 | 1,940 | 7,934 | 11,125 |
| Postage | 2,571 | 224 | 917 | 1,141 | 3,712 | 3,816 |
| Utilities | 49,633 | 3,006 | 1,817 | 4,823 | 54,456 | 65,996 |
| Repairs and Maintenance | 69,717 | 739 | 463 | 1,202 | 70,919 | 60,688 |
| Direct Assistance | 316,910 | - | - | - | 316,910 | 239,305 |
| Education Center | 134,499 | - | - | - | 134,499 | 43,908 |
| Audit Fees | - | 6,500 | - | 6,500 | 6,500 | 6,000 |
| Consultant Fees | 40,775 | 4,047 | 4,010 | 8,057 | 48,832 | 59,714 |
| Travel and Transportation | 23,315 | - | 189 | 189 | 23,504 | 19,299 |
| Interest - Mortgage | 6,451 | - | - | - | 6,451 | 7,638 |
| Insurance | 24,360 | 569 | 665 | 1,234 | 25,594 | 26,167 |
| Fundraising | - | - | 89,555 | 89,555 | 89,555 | 24,503 |
| Miscellaneous | 15,993 | 4,031 | 3,267 | 7,298 | 23,291 | 20,706 |
| Total Before Depreciation and Donated Services | 1,545,899 | 108,130 | 200,580 | 308,710 | 1,854,609 | 1,512,620 |
| Depreciation | 109,968 | 3,968 | 3,594 | 7,562 | 117,530 | 95,675 |
| Donated services | 427 | - | 9,951 | 9,951 | 10,378 | 46,668 |
| (Gain)/Loss on Disposal of Assets | 9,324 | - | - | - | 9,324 | - |
| Total | \$ 1,665,618 | \$ 112,098 | \$ 214,125 | \$ 326,223 | \$ 1,991,841 | \$ 1,654,963 |

THE HOMELESS FAMILIES FOUNDATION

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

| | <u>2015</u> | <u>2014</u> |
|--|--------------------------|--------------------------|
| <u>Cash Flows from Operating Activities</u> | | |
| 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 |
| <u>Cash Flows Used by Investing Activities</u> | | |
| 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) |
| <u>Cash Flows Used by Financing Activities</u> | | |
| 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> |
| <u>Additional Disclosures</u> | | |
| 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

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

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

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements December 31, 2015 and 2014

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, 2015.

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, 2012.

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, 2015 and 2014.

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)

December 31, 2015 and 2014

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, 2015 and 2014

Note 2 - Mortgage Payable

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

| <u>Year</u> | <u>Amount</u> |
|-------------|-----------------|
| 2016 | \$15,134 |
| 2017 | <u>15,676</u> |
| | <u>\$30,810</u> |

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, 2015 was \$922,633 (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 \$9,031 and \$8,220 for the years ended December 31, 2015 and 2014, 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, 2015 and 2014

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 12/31/14</u> | <u>Donations</u> | <u>Restrictions Satisfied</u> | <u>Balance 12/31/15</u> |
|---|------------------------------------|-------------------------|--|------------------------------------|
| 21 st 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 – CNA 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, 2015 and 2014

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

Temporarily Restricted Net Assets

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

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

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

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2015 and 2014

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:

| | <u>2015</u> | <u>2014</u> |
|-------------------------------------|-----------------|-----------------|
| Professional services and materials | <u>\$23,120</u> | <u>\$10,378</u> |

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 5,047 for 2015 and 3,932 for 2014.

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 2015 and 2014, HFF's cash accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per banking institution. During 2015, HFF had total cash deposits of \$989,360, of which \$61,128 was not covered by insurance provided by the FDIC. During 2014, HFF had total cash deposits of \$896,738, of which \$130,018 was not covered by insurance provided by the FDIC.

HFF donors are located primarily in the Central Ohio area.

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 21st Century grant, and another \$186,715 (approximately 9% of its revenues) from special events held throughout the year.

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

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued) December 31, 2015 and 2014

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, 2015 as follows:

| | <u>2015</u> | <u>2014</u> |
|--------------------------|-------------------|-----------------|
| Equipment | \$17,295 | \$16,529 |
| Accumulated Depreciation | (1,730) | (9,366) |
| Net | <u>\$15,565</u> | <u>\$ 7,163</u> |
| Depreciation Expense | <u>\$ (7,636)</u> | <u>\$ 1,653</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> | |
|--|-----------------|
| 2016 | \$ 3,869 |
| 2017 | 3,869 |
| 2018 | 3,869 |
| 2019 | 3,869 |
| 2020 | <u>2,902</u> |
| | \$18,378 |
| Imputed interest | (1,948) |
| Present value of future minimum lease payments | <u>\$16,430</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, 2015 and 2014

Note 8 – Related Party Transactions

During 2015 and 2014, HFF received \$1,822 and \$963, respectively, of donated printing services from a company affiliated with a board member. HFF also received \$7,500 and \$0 of donated marketing services from a company owned by a board member during 2015 and 2014, respectively.

No amounts were due to or from a related party at December 31, 2015 or 2014.

Note 9 - Pledges Receivable

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 over the next three years. Another grant stipulates that an amount of \$20,000 be paid over the next three years. The third grant is payable over the next three years in installments of \$20,000, \$20,000 and \$10,000. These grants are expected to be fully collectible.

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

| | <u>2015</u> | <u>2014</u> |
|-------------------------------------|-------------------------|-------------------------|
| Grants | \$180,000 | \$180,000 |
| Less: Discount to net present value | <u>3,702</u> | <u>3,483</u> |
| Net Pledges as of December 31 | <u>\$176,298</u> | <u>\$176,517</u> |

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 2015 and 2014, 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, 2015 and 2014, the line had an outstanding balance of \$0 and \$60,980, respectively.

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued) December 31, 2015 and 2014

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, 2015 are as follows:

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

No such assets were held by HFF as of December 31, 2014.

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2015 and 2014

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 \$50,227 at December 31, 2015. The fund was not establish as and no value is reported as of December 31, 2014. Activity in this fund is as follows for the years ended December 31:

| | <u>2015</u> |
|--------------------------------------|------------------------|
| Beginning Balance at January 1: | \$ --- |
| Contributions | 50,000 |
| Withdrawals | --- |
| Interest and Dividends | 193 |
| Unrealized/Realized Gains and Losses | <u>34</u> |
| Ending Balance at December 31: | <u>\$50,227</u> |

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

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.

Note 14 – Subsequent Events

Subsequent events were evaluated through June 28, 2016, which is the date the financial statement were available to be issued.