

THE HOMELESS FAMILIES FOUNDATION

FINANCIAL STATEMENTS

December 31, 2008 and 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Homeless Families Foundation:

We have audited the accompanying statements of financial position of The Homeless Families Foundation as of December 31, 2008 and 2007, and the related statements of activities, cash flows and of functional expenses for the years then ended. These statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2006 summarized comparative information has been derived from the Homeless Families Foundation December 31, 2006 financial statements, and in our report dated May 10, 2007; we expressed an unqualified opinion on the financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Homeless Families Foundation as of December 31, 2008 and 2007 and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Breen, Winkel & Green LLP
April 14, 2009

THE HOMELESS FAMILIES FOUNDATION

Statements of Financial Position

December 31, 2008 and 2007

	<u>ASSETS</u>	
	<u>2008</u>	<u>2007</u>
Cash	\$ 336,781	\$ 449,760
Accounts Receivable	57,722	154,110
Pledges Receivable (net of valuation allowance of \$12,600 and \$1,142, respectfully)	142,400	128,858
Deposits	3,188	1,650
Prepaid Expenses	270	-
Land	91,378	91,378
Building	1,299,956	1,299,956
Leasehold Improvements	441,343	435,872
Equipment	207,196	166,812
Less: Accumulated Depreciation	(767,543)	(616,416)
Net Land, Building and Equipment	<u>1,272,330</u>	<u>1,377,602</u>
Total Assets	<u>\$ 1,812,691</u>	<u>\$ 2,111,980</u>
	<u>LIABILITIES</u>	
Accounts Payable	\$ 8,933	\$ 21,939
Accrued Payroll	9,566	38,205
Accrued Payroll Taxes	22,722	17,582
Security Deposits	1,000	1,000
Mortgage Payable	222,739	253,494
Total Liabilities	<u>264,960</u>	<u>332,220</u>
	<u>NET ASSETS</u>	
Unrestricted	1,307,932	1,429,190
Temporarily Restricted	<u>239,799</u>	<u>350,570</u>
Total Net Assets	<u>1,547,731</u>	<u>1,779,760</u>
Total Liabilities and Net Assets	<u>\$ 1,812,691</u>	<u>\$ 2,111,980</u>

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statements of Activities

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

	Unrestricted	Temporarily Restricted	2008	2007
Public Support and Revenue:				
Contributions	\$ 675,132	\$ -	\$ 675,132	\$ 726,901
Donated services	39,079	-	39,079	90,536
Interest Income	5,519	-	5,519	18,760
Other Income	13,083	-	13,083	13,379
Family Reimbursement	-	-	-	60
Change in Pledge Value	-	(12,600)	(12,600)	(1,142)
Restricted Operating Grants	-	1,182,734	1,182,734	1,414,313
	<u>732,813</u>	<u>1,170,134</u>	<u>1,902,947</u>	<u>2,262,807</u>
Net Assets Released from Restrictions	1,280,905	(1,280,905)	-	-
	<u>2,013,718</u>	<u>(110,771)</u>	<u>1,902,947</u>	<u>2,262,807</u>
Total Revenues and Support				
Expenses:				
Program Services	1,865,488	-	1,865,488	1,866,760
Administrative and General	135,584	-	135,584	137,687
Fundraising	133,904	-	133,904	91,667
Total Expenses	<u>2,134,976</u>	<u>-</u>	<u>2,134,976</u>	<u>2,096,114</u>
Increase (Decrease) in Net Assets	(121,258)	(110,771)	(232,029)	166,693
Net Assets, Beginning of Year	<u>1,429,190</u>	<u>350,570</u>	<u>1,779,760</u>	<u>1,613,067</u>
Net Assets, End of Year	<u>\$ 1,307,932</u>	<u>\$ 239,799</u>	<u>\$ 1,547,731</u>	<u>\$ 1,779,760</u>

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statements of Activities

For the years ended December 31, 2007 with comparative totals for 2006

	Unrestricted	Temporarily Restricted	2007	2006
Public Support and Revenue:				
Contributions	\$ 679,805	\$ 48,238	\$ 728,043	\$ 761,683
Donated services	90,536	-	90,536	49,998
Family Reimbursement	60	-	60	1,630
Interest Income	17,618	-	17,618	15,895
Change in Pledge Value	-	(1,142)	(1,142)	-
Other Income	13,379	-	13,379	25,388
Restricted Operating Grants	-	1,414,313	1,414,313	1,127,859
	<u>801,398</u>	<u>1,461,409</u>	<u>2,262,807</u>	<u>1,982,453</u>
Net Assets Released from Restrictions	1,314,976	(1,314,976)	-	-
	<u>2,116,374</u>	<u>146,433</u>	<u>2,262,807</u>	<u>1,982,453</u>
Total Revenues and Support				
Expenses:				
Program Services	1,866,760	-	1,866,760	1,542,296
Administrative and General	137,687	-	137,687	102,432
Fundraising	91,667	-	91,667	96,897
Total Expenses	<u>2,096,114</u>	<u>-</u>	<u>2,096,114</u>	<u>1,741,625</u>
Increase in Net Assets	20,260	146,433	166,693	240,828
Net Assets, Beginning of Year	1,408,930	204,137	1,613,067	1,372,239
Net Assets, End of Year	<u>\$ 1,429,190</u>	<u>\$ 350,570</u>	<u>\$ 1,779,760</u>	<u>\$ 1,613,067</u>

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

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

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

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Statements of Functional Expenses
For the year ended December 31, 2007 with comparative totals for 2006

	Program Services	Supporting Services			Total Expenses	
		Management and General	Fund Raising	Total Supporting Services	2007	2006
Salaries and related expenses	\$ 861,146	\$ 98,533	\$ 52,420	\$ 150,953	\$ 1,012,099	\$ 863,685
Rent	215,343	5,364	-	5,364	220,707	190,863
Office Supplies	14,424	2,366	636	3,002	17,426	13,821
Postage	2,129	937	2,161	3,098	5,227	5,975
Utilities	145,664	5,826	133	5,959	151,623	123,780
Repairs and maintenance	89,890	3,017	35	3,052	92,942	122,699
Family Expenses	4,770	-	-	-	4,770	12,680
Overflow	138,695	-	-	-	138,695	-
Direct Assistance	48,516	-	-	-	48,516	38,773
Education Center	34,249	-	-	-	34,249	38,878
Audit Fees	-	4,600	-	4,600	4,600	3,800
Consultant Fees	48,008	9,103	1,068	10,171	58,179	8,710
Auto and Truck	31,664	702	269	971	32,635	17,900
Interest - mortgage	16,451	-	-	-	16,451	17,586
Insurance	34,284	1,498	-	1,498	35,782	34,291
Miscellaneous	9,970	5,623	3,282	8,905	18,875	32,034
Fundraising	-	118	31,663	31,781	31,781	28,374
Total before Depreciation, Loss, and Donated Services	1,695,203	137,687	91,667	229,354	1,924,557	1,553,849
Depreciation	153,137	-	-	-	153,137	137,778
Loss on Disposal of Assets	494	-	-	-	494	-
Donated services	17,926	-	-	-	17,926	49,998
Total	\$ 1,866,760	\$ 137,687	\$ 91,667	\$ 229,354	\$ 2,096,114	\$ 1,741,625

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

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

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

See accompanying notes to financial statements

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements
December 31, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies

Nature of Organization

The Homeless Families Foundation, the Foundation, is a nonprofit organization working with homeless families. The Foundation provides shelter, stability and support to homeless families, with the ultimate goal being to help families make the changes necessary to improve their situations so that they can move on to permanent housing and independence.

Tax Status

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

Accrual Basis

The financial statements of the Foundation have been prepared on the accrual basis. The statement of activities is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income.

Basis of Presentation

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made" contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

The Foundation also adopted SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Depreciation

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

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

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Donations

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

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

Cash Equivalents

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

Use of Estimates

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

Note 2 - Mortgage Payable

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

<u>Year</u>	<u>Amount</u>
2009	\$ 22,035
2010	23,394
2011	24,837
2012	26,369
2013	27,995
Thereafter	<u>98,109</u>
	<u>\$222,739</u>

The note carries an interest rate of 6%, is due on August 1, 2017 and payable in monthly installments of \$3,000. The note is secured by a mortgage on land and building located at 33 N. Grubb St., Columbus, Ohio.

The book value of the property as of December 31, 2008 was \$793,807

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

Note 3 - **Net Assets**

Unrestricted Net Assets

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

Temporarily Restricted Net Assets

Temporarily restricted net assets for are comprised of the following:

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

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

Note 3 - Net Assets (Continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets for are comprised of the following:

<u>Purpose</u>	<u>Balance 12/31/06</u>	<u>Donations</u>	<u>Restrictions Satisfied</u>	<u>Balance 12/31/07</u>
Bonner Family Foundation	\$ 53,000	\$ 50,000	\$ (40,129)	\$ 62,871
Cardinal Health	---	37,096	---	37,096
City of Columbus	---	40,655	(40,655)	---
COHHIO-YEP	1,148	---	---	1,148
Columbus Foundation – Literacy	---	10,000	(4,309)	5,691
Columbus Rotary	1,000	---	---	1,000
Columbus Youth Foundation	1,626	8,500	(10,126)	---
Community Shelter Board	---	816,788	(816,788)	---
Education Center	7,408	99,215	(106,623)	---
Education Center Food	3,082	28,830	(27,364)	4,548
Education Center Programs	2,800	3,000	(200)	5,600
Harry C Moores	---	28,000	(3,740)	24,260
Honda Grant	5,437	---	(5,437)	---
Moritz Family Foundation	---	50,000	---	50,000
Ohio Department of Development	---	126,108	(126,108)	---
Paul and Kathy Miller	25,000	---	(13,810)	11,190
Prepayment for Fundraising Event	22,500	20,000	(22,500)	20,000
Project Connect	---	4,999	(4,381)	618
Rutherford Grant	55,782	34,218	(30,000)	60,000
Siemer/Moritz for Behavior Therapist	25,354	---	(16,810)	8,544
Siemer/Moritz for Part-time Clinician	---	44,000	(2,668)	41,332
Southeast	---	50,000	(33,328)	16,672
Wood Foundation	---	10,000	(10,000)	---
	<u>\$204,137</u>	<u>\$1,461,409</u>	<u>\$(1,314,976)</u>	<u>\$350,570</u>

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

Note 4 - Donated Services and Materials

The Foundation receives donated services consisting of professional and general volunteer hours and donated materials. In accordance with SFAS No. 116, the contribution of services are recognized in the financial statements if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Rates used in the calculations of the professional volunteer services are based on the average rate charged by the respective professions in the Columbus area.

A summary of donated services follows:

	<u>2008</u>	<u>2007</u>
Professional services and materials	\$39,079	\$90,536
Donated services capitalized	<u>20,685</u>	<u>72,610</u>
Services recognized as expenses	<u>\$18,394</u>	<u>\$17,926</u>

The Foundation has general volunteer hours for various operations. General volunteer hours have not been recognized in the financial statements because they do not meet the criteria of SFAS No. 116. Hours of general volunteer service received were 9,026 for 2008 and 2,800 for 2007.

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

Note 5 - Concentration of Credit Risk

The Foundation has concentrated its credit risk for cash by maintaining deposits in a bank located within the same geographic region. The account is insured up to \$100,000 by the Federal Deposit Insurance Corporation.

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

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

During 2007, the Foundation received \$816,788 (approximately 36% of its revenues) from an arrangement with The Community Shelter Board and another \$293,973 (approximately 13% of its revenues) from special events held throughout the year.

THE HOMELESS FAMILIES FOUNDATION

Notes to the Financial Statements (Continued)
December 31, 2008 and 2007

Note 6 - Operating Lease

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

2009	\$150,120
2010	150,120
2011	<u>150,120</u>
	<u>\$450,360</u>

In 2008, the Foundation also entered into a one year leases for apartments on Kent Street in Columbus, OH. The monthly total due is \$4,250. Future minimum rent payments for 2009 is \$34,000.

Note 7 - Pledges Receivable

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

Included in the 2007 grants and accounts receivable balance on the statements of financial position are four grants. The first grant is to be paid \$19,000 per year over the next two years, the second grant is \$5,000 per year over the next two years, the third grant is \$60,000 in 2008, and the fourth grant is \$22,000 in 2008. The grants that are to be received after one year are discounted at 5%. These grants are expected to be fully collectible.

	<u>2008</u>	<u>2007</u>
Grants	\$155,000	\$130,000
Less: Discount to net present value	<u>12,600</u>	<u>1,142</u>
Net pledges as of December 31	<u>\$142,400</u>	<u>\$128,858</u>

Note 8 - Related Party Transactions

During 2008 and 2007, the Organization received \$9,792 and \$8,884, respectively, of donated printing services from a company affiliated with a board member.