

**THE HOMELESS FAMILIES FOUNDATION**

**FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

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Winkel Green & Van Horn LLP  
*certified public accountants*

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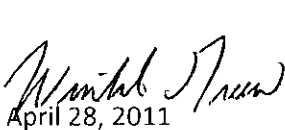
### INDEPENDENT AUDITORS' REPORT

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, 2010 and 2009, 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 2008 summarized comparative information has been derived from the Homeless Families Foundation December 31, 2008 financial statements, and in our report dated April 14, 2009, 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, 2010 and 2009 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.

 & Van Horn LLP  
April 28, 2011

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Financial Position  
December 31, 2010 and 2009

	<b><u>ASSETS</u></b>	
	<b><u>2010</u></b>	<b><u>2009</u></b>
Cash	\$ 810,536	\$ 632,084
Accounts Receivable	16,305	27,657
Pledges Receivable (net of discounts of \$4,463 and \$9,345, respectively)	135,537	186,655
Deposits	-	3,188
Prepaid Expenses	50	-
Land	91,378	91,378
Building	1,337,948	1,318,677
Leasehold Improvements	438,291	437,337
Equipment	193,446	173,351
Less: Accumulated Depreciation	<u>(1,020,614)</u>	<u>(879,697)</u>
Net Land, Building and Equipment	<u>1,040,449</u>	<u>1,141,046</u>
Total Assets	<u><u>\$ 2,002,877</u></u>	<u><u>\$ 1,990,630</u></u>
	<b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 10,856	\$ 32,662
Accrued Payroll	11,673	9,211
Accrued Payroll Taxes	9,253	9,048
Capital Lease	15,427	-
Prepaid Rent and Security Deposits	2,000	1,000
Mortgage Payable	<u>159,817</u>	<u>190,123</u>
Total Liabilities	209,026	242,044
	<b><u>NET ASSETS</u></b>	
Unrestricted	1,357,167	1,294,533
Temporarily Restricted	<u>436,684</u>	<u>454,053</u>
Total Net Assets	<u>1,793,851</u>	<u>1,748,586</u>
Total Liabilities and Net Assets	<u><u>\$ 2,002,877</u></u>	<u><u>\$ 1,990,630</u></u>

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Activities

For the years ended December 31, 2010 with comparative totals for 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010</u>	<u>2009</u>
Public Support and Revenue:				
Contributions	\$ 615,107	\$ -	\$ 615,107	\$ 622,486
Donated services	22,839	-	22,839	28,578
Interest Income	2,319	-	2,319	2,534
Other Income	13,164	-	13,164	26,620
Change In Pledge Value	-	4,882	4,882	3,255
Restricted Operating Grants	-	1,103,865	1,103,865	1,267,872
	<u>653,429</u>	<u>1,108,747</u>	<u>1,762,176</u>	<u>1,951,345</u>
Net Assets Released from Restrictions	<u>1,126,116</u>	<u>(1,126,116)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	1,779,545	(17,369)	1,762,176	1,951,345
Expenses:				
Program Services	1,449,456	-	1,449,456	1,494,248
Administrative and General	131,630	-	131,630	131,110
Fundraising	135,825	-	135,825	125,132
Total Expenses	<u>1,716,911</u>	<u>-</u>	<u>1,716,911</u>	<u>1,750,490</u>
Increase (Decrease) in Net Assets	62,634	(17,369)	45,265	200,855
Net Assets, Beginning of Year	<u>1,294,533</u>	<u>454,053</u>	<u>1,748,586</u>	<u>1,547,731</u>
Net Assets, End of Year	<u>\$ 1,357,167</u>	<u>\$ 436,684</u>	<u>\$ 1,793,851</u>	<u>\$ 1,748,586</u>

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Activities

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

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

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Functional Expenses

For the year ended December 31, 2010 with comparative totals for 2009

	Program Services	Supporting Services			Total Expenses
		Management and General	Fund Raising	Total Supporting Services	
Salaries and related expenses	\$ 689,600	\$ 86,180	\$ 68,305	\$ 154,485	\$ 844,085
Rent	175,819	5,363	-	5,363	181,182
Office Supplies	7,378	1,405	710	2,115	9,493
Postage	1,034	125	466	591	1,625
Utilities	136,395	7,377	764	8,141	144,536
Repairs and maintenance	79,708	1,224	-	1,224	80,932
Family Expenses	1,129	-	-	-	1,129
Direct Assistance	39,713	-	-	-	39,713
Education Center	59,616	-	-	-	59,616
Audit Fees	6,200	-	-	-	6,200
Consultant Fees	41,053	7,878	14,868	22,746	63,799
Auto and Truck	16,711	-	318	318	17,029
Interest - mortgage	10,695	-	-	-	10,695
Insurance	33,420	3,517	54	3,571	36,991
Miscellaneous	11,840	2,127	1,761	3,888	15,728
Fundraising	-	-	31,346	31,346	31,346
<b>Total before Depreciation, Loss, and Donated Services</b>	<b>1,310,311</b>	<b>115,196</b>	<b>118,592</b>	<b>233,788</b>	<b>1,544,099</b>
Depreciation	133,984	14,114	-	14,114	148,098
(Gain)/Loss on Disposal of Assets	188	1,687	-	1,687	1,875
Donated services	4,973	633	17,233	17,866	22,839
<b>Total</b>	<b>\$ 1,449,456</b>	<b>\$ 131,630</b>	<b>\$ 135,825</b>	<b>\$ 267,455</b>	<b>\$ 1,716,911</b>
					<b>\$ 1,750,490</b>

**THE HOMELESS FAMILIES FOUNDATION**

Statements of Functional Expenses  
For the year ended December 31, 2009 with comparative totals for 2008

	Program Services	Supporting Services			Total Supporting Services	Total Expenses	
		Management and General	Fund Raising			2009	2008
Salaries and related expenses	\$ 736,661	\$ 87,326	\$ 75,335	\$ 162,661	\$ 899,322	\$ 1,117,647	
Rent	197,257	5,364	-	5,364	202,621	216,666	
Office Supplies	8,463	1,342	696	2,038	10,501	18,417	
Postage	2,209	310	2,309	2,619	4,828	3,955	
Utilities	137,091	5,676	551	6,227	143,318	150,224	
Repairs and maintenance	62,893	787	122	909	63,802	105,751	
Family Expenses	1,284	-	-	-	1,284	1,794	
Overflow	-	-	-	-	-	51,165	
Direct Assistance	38,170	-	-	-	38,170	39,713	
Education Center	30,975	-	-	-	30,975	28,706	
Audit Fees	7,800	-	-	-	7,800	4,800	
Consultant Fees	52,600	6,581	4,435	11,016	63,616	83,766	
Auto and Truck	12,094	42	173	215	12,309	33,107	
Interest - mortgage	11,634	-	-	-	11,634	15,245	
Insurance	34,573	4,330	59	4,389	38,962	39,104	
Miscellaneous	9,903	2,874	1,919	4,793	14,696	15,589	
Fundraising	-	-	23,961	23,961	23,961	34,058	
Total before Depreciation, Loss, and Donated Services	1,343,607	114,632	109,560	224,192	1,567,799	1,959,707	
Depreciation	132,419	14,337	-	14,337	146,756	164,655	
(Gain)/Loss on Disposal of Assets	7,357	-	-	-	7,357	(7,780)	
Donated services	10,865	2,141	15,572	17,713	28,578	18,394	
Total	\$ 1,494,248	\$ 131,110	\$ 125,132	\$ 256,242	\$ 1,750,490	\$ 2,134,976	

**THE HOMELESS FAMILIES FOUNDATION**

Statement of Cash Flows  
For the year ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase in net assets	\$ 45,265	\$ 200,855
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	148,098	146,756
Change in Pledge Value	(4,882)	(3,255)
Loss on disposal of assets	1,875	7,357
Decrease in accounts receivable	11,352	30,065
(Increase) Decrease in pledges receivable	56,000	(41,000)
(Increase) Decrease in prepaid expenses	(50)	270
Increase in deposits	3,188	-
Increase (Decrease) in accounts payable	(21,806)	23,729
Increase (Decrease) in accrued liabilities	2,667	(14,029)
Increase in prepaid rent and security deposits	1,000	-
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	242,707	350,748
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of property and equipment	(32,847)	(22,829)
Capital lease payments	(1,102)	-
Debt reduction payments	(30,306)	(32,616)
	<hr/>	<hr/>
Net Cash Used by Investing Activities	(64,255)	(55,445)
Net Increase in Cash and Cash Equivalents	178,452	295,303
Cash and Cash Equivalents Beginning of Year	632,084	336,781
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Cash and Cash Equivalents End of Year	\$ 810,536	\$ 632,084
	<hr/> <hr/>	<hr/> <hr/>
<b><u>Non-Cash Investing Activities</u></b>		
Property acquired with capital lease	16,529	-
	<hr/> <hr/>	<hr/> <hr/>
<b><u>Additional Disclosures</u></b>		
Total interest expense incurred during the year	\$ 10,821	\$ 11,634
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**THE HOMELESS FAMILIES FOUNDATION**

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

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

## **THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements  
December 31, 2010 and 2009

### **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 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, 2010 and 2009.

#### **Depreciation**

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

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

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2010 and 2009

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.

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2010 and 2009

Note 2 - **Mortgage Payable**

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

<b><u>Year</u></b>	<b><u>Amount</u></b>
2011	\$ 27,150
2012	28,824
2013	30,602
2014	32,489
2015	34,493
Thereafter	<u>6,259</u>
	<b><u>\$159,817</u></b>

The note carries an interest rate of 6%, is due on August 1, 2017 and payable in monthly installments of \$3,000. The note allows for prepayment for which there is no penalty. The Foundation has chosen to take advantage of this option and has prepaid \$28,250 on the note as of December 31, 2010. 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, 2010 was \$736,449 (net).

Note 3 - **Net Assets**

**Unrestricted Net Assets**

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

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2010 and 2009

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

**Temporarily Restricted Net Assets**

Temporarily restricted net assets for December 31, 2010 are comprised of the following:

<u>Purpose</u>	<u>Balance</u> <u>12/31/09</u>	<u>Donations</u>	<u>Restrictions</u> <u>Satisfied</u>	<u>Balance</u> <u>12/31/10</u>
ABB Foundation	\$ 4,411	\$ 11,000	\$ (14,890)	\$ 521
AEP – 2 years for teachers at Dowd	152,000	---	(39,552)	112,448
Bonner Family Foundation	55,128	50,000	(38,254)	66,874
Columbus Foundation – Development Audit	---	8,700	(8,700)	---
Columbus Kiwanis – Math Program	---	1,000	(349)	651
Columbus Rotary – Recreation Equipment	826	---	(432)	394
Columbus Shelter Board	---	545,253	(545,253)	---
Critical Needs Alert	27,433	---	(27,433)	---
Discount Tire – Pre-K	---	10,000	---	10,000
Dowd Center	1,920	---	(1,920)	---
Dowd Teachers (5 <sup>th</sup> Day)	3,817	---	(3,817)	---
Education Center Food	423	33,516	(33,022)	917
Emergency Energy Assistance	---	10,906	(10,906)	---
Harry C Moores	20,006	15,000	(22,146)	12,860
Hazelbacker Foundation	2,000	2,000	(2,000)	2,000
Honda – Classroom Aid	5,693	---	(5,693)	---
Ingram-White Castle Foundation	13,995	98,682	(41,604)	71,073
JP Morgan Chase	---	13,000	(6,175)	6,825
Math Talk	143	1,500	(1,336)	307
Mercator	---	3,000	(565)	2,435
Messer Grant	---	25,000	(16,702)	8,298
Montei Foundation	---	10,000	---	10,000
Moritz Family Foundation	6,904	---	(6,904)	---
Nationwide	---	25,000	(22,336)	2,664
OAG Life Skills	---	10,000	---	10,000
ODOD	---	118,453	(118,453)	---
Paul and Kathy Miller	5,931	---	(4,110)	1,821
Project Connect	---	4,900	(4,900)	---
Reading Specialist	20,000	10,000	(14,065)	15,935
Reinberger Foundation	574	20,000	(12,000)	8,574
Rutherford Foundation	110,655	6,200	(30,000)	86,855
Siemer/Moritz for Behavior Therapist	8,544	---	(5,358)	3,186
Siemer/Moritz for Part-time Clinician	10,650	---	(10,650)	---
TANF – Summer Program	---	72,637	(72,637)	---
Target	3,000	---	(3,000)	---
Upper Arlington Rotary	---	3,000	(954)	2,046
	<u>\$454,053</u>	<u>\$1,108,747</u>	<u>\$(1,126,116)</u>	<u>\$436,684</u>

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2010 and 2009

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

**Temporarily Restricted Net Assets**

Temporarily restricted net assets for December 31, 2009 are comprised of the following:

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

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2010 and 2009

**Note 4 - 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:

	<u>2010</u>	<u>2009</u>
Professional services and materials	<u>\$22,839</u>	<u>\$28,578</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 Accounting Standards Codification (ASC) 958-605 "Not-For-Profit Entities – Revenue Recognition". Hours of general volunteer service received were 2,922 for 2010 and 2,511 for 2009.

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

**Note 5 - Concentration of Credit Risk**

The Foundation has concentrated its credit risk for cash by maintaining deposits in a bank located within the same geographic region. The account is insured up to \$250,000 by the Federal Deposit Insurance Corporation for the years of 2010 and 2009.

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

During 2010, the Foundation received \$545,253 (approximately 31% of its revenues) from an arrangement with The Community Shelter Board and another \$213,829 (approximately 12% of its revenues) from special events held throughout the year.

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

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2010 and 2009

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:

2011	<u>\$150,120</u>
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In September 2008, the Foundation also entered into one year leases for apartments on Kent Street in Columbus, OH. The monthly total due is \$4,250. The lease was not renewed but the Foundation continued to make payments until all residents left the apartments. Total rent expense related to these properties for 2010 and 2009 was \$6,078 and \$46,665, respectively.

Note 7 - **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 for 2010:

Equipment	\$16,529
Accumulated Depreciation	<u>( 1,102)</u>
Net	<u>\$15,427</u>
Depreciation Expense	<u>\$1,102</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>	
2011	\$ 3,684
2012	3,684
2013	3,684
2014	3,684
2015	<u>2,456</u>
	17,192
Imputed interest	<u>(1,765)</u>
Present value of future minimum lease payments	<u>\$15,427</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).

**THE HOMELESS FAMILIES FOUNDATION**

Notes to the Financial Statements (Continued)  
December 31, 2010 and 2009

**Note 8 - Pledges Receivable**

Included in the 2010 grants and accounts receivable balance on the statements of financial position are two grants. The first grant is to be paid \$25,000 per year over the next two years and the second grant is \$30,000 per year over the next three years. The grants that are to be received after one year are discounted at 1.8%. These grants are expected to be fully collectible.

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

	<b><u>2010</u></b>	<b><u>2009</u></b>
Grants	\$140,000	\$196,000
Less: Discount to net present value	<u>4,463</u>	<u>9,345</u>
Net pledges as of December 31	<b><u>\$135,537</u></b>	<b><u>\$186,655</u></b>

**Note 9 – Related Party Transactions**

During 2010 and 2009, the Organization received \$9,557 and \$6,306, respectively, of donated printing services from a company affiliated with a board member.

**Note 10 – Subsequent Events**

Subsequent events were evaluated through June 14, 2011, which is the date the financial statement were available to be issued.