

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
Council for the Homeless
Vancouver, WA

Report on Financial Statements

We have audited the accompanying financial statements of Council for the Homeless (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2015, and 2014, and the related statements of activities, functional expenses, and cash flows 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 from material misstatement.

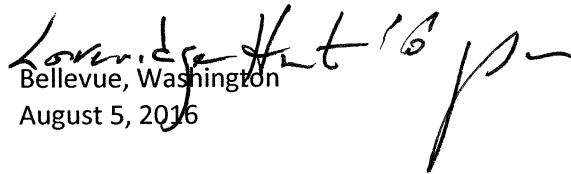
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies 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.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council for the Homeless (a not-for-profit corporation), as of December 31, 2015, and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Bellevue, Washington
August 5, 2016

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 331,853	\$ 285,273
Accounts receivable	12,953	33,500
Grants receivable	132,129	71,236
Prepaid expenses	3,858	16,126
	480,793	406,135
Property and equipment, at cost:		
Leasehold Improvements	75,000	75,000
Furniture	13,860	13,860
Office Equipment	8,973	8,973
	97,833	97,833
Accumulated depreciation	(49,309)	(32,113)
	48,524	65,720
	\$ 529,317	\$ 471,855
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 16,487	\$ 17,911
Accounts payable - Vancouver Housing Authority	79,874	57,081
Refundable contributions	10,000	-
	106,361	74,992
Long-term debt:		
Lease payable - Leasehold Improvements	25,000	37,500
Lease payable - Telephone Equipment	4,488	6,230
	29,488	43,730
Total liabilities	135,849	118,722
Net assets:		
Unrestricted net assets	264,953	236,350
Temporarily restricted net assets	128,515	116,783
Total net assets	393,468	353,133
	\$ 529,317	\$ 471,855

The accompanying notes are an integral part of these financial statements.

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

STATEMENTS OF ACTIVITIES

	Years ended December 31,	
	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS:		
Support:		
Contributions	\$ 188,826	\$ 193,858
Grants	900,195	722,008
Special Events	27,083	31,195
Foundations	-	35,900
Interest income	19	22
Other Income	-	2,500
Total unrestricted support	1,116,123	985,483
Net assets released from restrictions:		
Restrictions satisfied by payments	334,580	50,293
Total unrestricted supports and Reclassifications	1,450,703	1,035,776
Expenses:		
Program services:		
Planning/Education/Outreach	136,606	112,376
Clearinghouse/HMIS/Community Voice Mail	1,081,862	733,187
Supporting services:		
Management & General	117,229	97,671
Fund-Raising	86,403	77,592
Total expenses	1,422,100	1,020,826
Increase in unrestricted net assets	28,603	14,950
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	346,312	112,813
Net assets released from restriction	(334,580)	(50,293)
Net Increase in temporarily restricted net assets	11,732	62,520
Increase in net assets	40,335	77,470
NET ASSETS AT BEGINNING OF YEAR	353,133	275,663
NET ASSETS AT END OF YEAR	\$ 393,468	\$ 353,133

The accompanying notes are an integral part of these financial statements.

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenses
	Planning/ Education/ Outreach	Coordinated Assessment/ Com. Voice Mail	Total Program Services	Management and General	Fundraising	Total Support Services	
Accounting	\$ -	\$ -	\$ -	\$ 19,123	\$ -	\$ 19,123	\$ 19,123
Advertising	-	-	-	305	1,392	1,697	1,697
Bank & credit card fees	-	29	29	1,119	329	1,448	1,477
Client assistance	839	286,574	287,413	-	-	-	287,413
Data hosting	-	38,006	38,006	-	-	-	38,006
Depreciation	-	-	-	17,196	-	17,196	17,196
Dues/subscriptions	350	226	576	1,489	-	1,489	2,065
Insurance	-	-	-	5,234	-	5,234	5,234
Interest	-	-	-	577	-	577	577
Legal & professional	19,400	85,290	104,690	10,846	5,000	15,846	120,536
Office expense	2,001	12,525	14,526	11,587	6,041	17,628	32,154
Payroll taxes and fringe benefits	23,157	172,212	195,369	15,029	18,647	33,676	229,045
Postage	-	59	59	372	711	1,083	1,142
Printing	-	591	591	3,271	2,955	6,226	6,817
Recognition luncheon	-	-	-	-	8,028	8,028	8,028
Rent/occupancy	2,262	23,297	25,559	-	2,108	2,108	27,667
Salaries & wages	88,583	405,850	494,433	29,726	41,155	70,881	565,314
Shelter support	-	42,357	42,357	-	-	-	42,357
Telephone/internet	-	6,854	6,854	1,050	-	1,050	7,904
Travel & lodging	14	7,992	8,006	305	37	342	8,348
	-	-	-	-	-	-	-
Total	\$ <u>136,606</u>	\$ <u>1,081,862</u>	\$ <u>1,218,468</u>	\$ <u>117,229</u>	\$ <u>86,403</u>	\$ <u>203,632</u>	\$ <u>1,422,100</u>

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COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

STATEMENTS OF FUNCTIONAL EXPENSES - (CONTINUED)

Year Ended December 31, 2014

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Expenses
	Planning/ Education/ Outreach	Coordinated Assessment/ Com. Voice Mail	Total Program Services	Management and General	Fundraising	Total Support Services	
Accounting	\$ -	\$ -	\$ -	\$ 11,440	\$ -	\$ 11,440	\$ 11,440
Advertising	22	-	22	405	1,392	1,797	1,819
Bank & credit card fees	-	-	-	261	398	659	659
Client assistance	127	19,212	19,339	-	-	-	19,339
Data hosting	-	46,841	46,841	-	-	-	46,841
Depreciation	-	-	-	17,196	-	17,196	17,196
Donations	199	-	199	-	-	-	199
Dues/subscriptions	-	312	312	1,038	-	1,038	1,350
Insurance	-	-	-	4,678	-	4,678	4,678
Interest	-	-	-	772	-	772	772
Legal & professional	15,126	65,611	80,737	8,292	5,000	13,292	94,029
Office expense	6,190	7,825	14,015	11,535	5,200	16,735	30,750
Payroll taxes and fringe benefits	21,357	152,142	173,499	9,623	14,077	23,700	197,199
Postage	-	51	51	242	595	837	888
Printing	-	325	325	4,391	2,460	6,851	7,176
Recognition luncheon	-	-	-	-	8,821	8,821	8,821
Rent/occupancy	2,263	24,452	26,715	-	2,509	2,509	29,224
Salaries & wages	67,080	381,079	448,159	24,989	37,140	62,129	510,288
Shelter support	-	23,451	23,451	-	-	-	23,451
Telephone/internet	-	7,303	7,303	1,724	-	1,724	9,027
Travel/lodging	12	4,583	4,595	1,085	-	1,085	5,680
Total	\$ 112,376	\$ 733,187	\$ 845,563	\$ 97,671	\$ 77,592	\$ 175,263	\$ 1,020,826

The accompanying notes are an integral part of these financial statements.

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash

	Years ended December 31,	
	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 40,335	\$ 77,470
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,196	17,196
Changes in certain assets and liabilities:		
Accounts receivable	20,547	(33,500)
Grants receivable	(60,893)	31,905
Prepaid expenses	12,268	(12,289)
Accounts payable	(1,424)	12,927
Accounts payable - Vancouver Housing Authority	22,793	1,560
Refundable contributions	10,000	-
Net cash provided by operating activities	60,822	95,269
Cash flows from financing activities:		
Payments on lease payable	(14,242)	(14,064)
Net increase in cash	46,580	81,205
Cash, beginning of year	285,273	204,068
Cash, end of year	\$ 331,853	\$ 285,273
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 577	\$ 722

The accompanying notes are an integral part of these financial statements.

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

The Council for the Homeless (the Council) is a Washington not-for-profit corporation that was established in 1989 through an intergovernmental agreement between the City of Vancouver, Clark County, and the Vancouver Housing Authority. The Council provides leadership, advocacy and coordination to create long-term solutions to homelessness, resulting in housing stability and a more livable community.

The Council operates various programs to accomplish their vision and mission:

Inspiring Community Conversations and Action

The Council acts as the lead for the Clark County 10-Year Homeless Plan, and facilitates and coordinates the Coalition of Service Providers for the Homeless comprised of leaders from over 70 community programs. The Coalition acts as the County Homeless Task Force, and the Continuum of Care. The Council also leads local policy efforts to prevent and end homelessness and increase affordable housing.

Bridging Short-Term Needs and Systemic Change through Effective Coordination

The Council works to ensure that responses to people without homes are well coordinated and driven by community needs. The Council operates the following Programs to support this direction:

Housing Solutions Center (HSC): The HSC is a one-stop access point for all publicly funded emergency shelter, homelessness prevention and housing programs for people who are homeless in Clark County. At the HSC, we determine the best-fit program for someone's needs and connect them to that partnering agency's program. We also help connect people to other forms of assistance they might need such as employment training or health insurance.

Winter Hospitality Overflow Shelter (WHO): WHO provides safe shelter during the winter months to families and individuals experiencing homelessness. WHO guests are offered a warm place to sleep, a hot shower, a meal, and the welcome and warmth of a caring community working to address the most basic of human needs.

Community Voice Mail (CVM): CVM provides up to 600 voice mailboxes to individuals and families with no telephone accessibility to assist them in finding jobs and/or housing. The voice mailboxes are used by over 40 social service agencies, averaging over 800 clients per year.

Community Housing: To respond to the need for housing opportunities for people with traditional barriers to accessing rental housing such as evictions, felony arrests, or lack of credit, the Council builds housing partnerships. Landlords and service providers with housing subsidies are brought together so that housing opportunities are expanded.

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES - (CONTINUED)

Homeless Management Information System (HMIS): The Council takes the lead in data collection through a web-enabled Homeless Management Information System which links homeless programs and gathers long-term unduplicated information. To supplement this data, the Council directs a biennial "point-in-time" survey of people who are homeless or at-risk.

Project Homeless Connect: The annual Project Homeless Connect event offers people without homes services provided on one day in a centralized location. The purpose is to engage the community in the effort to provide services, link service providers together, and to give people without homes an opportunity to access important resources like medical, dental, vision, legal, housing, etc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accrual method of accounting is used for financial statement purposes.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Council 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. Restrictions on assets are determined by the donors of funds or other property. The Council has temporarily restricted net assets in addition to unrestricted net assets.

Federal Income Taxes

The Council is exempt from federal income taxes as an entity described in Section 501 (c) (3) of the Internal Revenue Code. As a result, there is no provision for federal income taxes in these financial statements and no federal income taxes were paid. In addition, the Council has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income earned.

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Tax Positions

Accounting principles generally accepted in the United States of America require an entity's management to evaluate tax positions taken by the entity and to recognize a tax liability if the entity has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. For non-profit organizations this would result from engaging in activities that are not exempt from income taxation under the Internal Revenue Code.

Management does not believe the Council has engaged in any transaction or activity that is not exempt from income taxation and/or that would result in income taxation and has therefore concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of an income tax liability or other disclosure in the financial statements or the accompanying notes.

The Council files information and income tax returns in the United States and various state and local jurisdictions. Generally, the Council's tax returns remain open for three years for federal tax examination. There are currently no examinations in progress.

Property and Equipment

Property and equipment costing more than \$5,000 with an expected useful life greater than one year is capitalized at cost when purchased or at estimated fair value at the time of donation. Depreciation is calculated on the straight-line basis over the estimated useful lives that range from five to seven years for furniture, machinery and equipment, and three years for software. Leasehold improvements are depreciated over the life of the lease.

Should an asset be donated to the Council, it is reported as unrestricted support unless the donor has restricted the asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Concentration of Revenue

A major portion of the Council's annual operating budget comes from annual grants and contributions received from the City of Vancouver Washington, Clark County Washington, and the Vancouver Housing Authority. The contributions are received through intergovernmental agreements to assist the Council in carrying out its' mission.

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Advertising

Advertising costs are expensed as they are incurred. For the years ended December 31, 2015 and 2014, advertising expenses were \$1,697 and \$1,819, respectively.

Functional Allocation of Expenses

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

Accounts and Grants Receivable

Accounts receivable are stated at an amount management expects to collect from outstanding balances for fees and grant amounts earned but not yet received as of the financial statement date. The Organization writes off individual accounts receivable when they are determined to be uncollectible. At December 31, 2015 and 2014, the Organization considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Subsequent Event

Management of the Council has evaluated events and transactions occurring after December 31, 2015 through August 5, 2016, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosure in the financial statements, except disclosed in Note 6.

Concentration of Credit Risk

Council for the Homeless maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Council has not experienced any losses in such accounts. Management believes that the Council is not exposed to any significant credit risk on cash and cash equivalents.

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LEASE PAYABLES

Commercial Lease

The Council has a month to month lease agreement with Vancouver Housing Authority, located at 2500 Main Street, Vancouver, and the rent is \$377 per month.

The Council has a commercial lease agreement with Share, Inc., of the City of Vancouver, Washington (a non-profit organization). The term of the lease is upon completion of the renovations estimated to be February 1, 2013 through December 31, 2017 unless terminated earlier as provided in the lease agreement. The rent is \$1,000 per month the first year and increase each year by 3%.

In addition to the rent, the Council (Lessee) shall reimburse the Share Inc. (Lessor) for \$75,000, which represents approximately half of the cost incurred by the lessor to finish tenant improvements on the premises to be occupied by the Lessee.

Commercial Lease - (Continued)

During 2013, a payment of \$25,000 was made representing the first installment for a \$75,000 tenant improvement project on new space for the Housing Solutions Center in Vancouver, Washington. The office project was completed and occupied in 2013. As of December 31, 2015 and 2014, lease improvement payable totaled \$25,000 and \$37,500, respectively.

Equipment Lease

In February 2013, the Council entered into the equipment lease contract for a Panasonic Phone System with a 60 months lease term and a Purchase Option at the end of the lease term for a \$1. As of December 31, 2015 and 2014, equipment lease payable totaled \$4,488 and \$6,230, respectively.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2015 and 2014, the following net assets had temporary restrictions on them:

	<u>2015</u>	<u>2014</u>
Winter Hospitality Overflow	\$ 22,324	\$ 35,440
Ending Homelessness	-	23,454
United Way	-	8,256
Courtyard Village	-	49,633
Rapid Rehousing	6,861	-
Housing Relief Fund	25,775	-
VPS Families Fund	4,498	-
Affordable Housing	45,920	-
Temp Emergency Housing	<u>23,137</u>	<u>-</u>
Total	<u>\$ 128,515</u>	<u>\$ 116,783</u>

COUNCIL FOR THE HOMELESS
A NOT-FOR-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENT

The Council's financial instruments consist of cash, accounts receivable and accounts payable. The recorded values of these instruments approximate their fair values based on their short-term nature.

NOTE 6 - FORMATION OF A NEW LLC (SUBSEQUENT EVENT)

On March 23, 2016, Council entered into an agreement to form Housing Initiative LLC (the "Company"), as the sole member of the Company and the initial contribution was \$10,000.