

The Partnership for the Homeless, Inc.

Financial Statements

June 30, 2011



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Directors The Partnership for the Homeless, Inc.

We have audited the accompanying statement of financial position of The Partnership for the Homeless, Inc. ("The Partnership") as of June 30, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Partnership for the Homeless, Inc. as of June 30, 2011 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

Harrison, New York
October 25, 2011

The Partnership for the Homeless, Inc.

Statement of Financial Position

June 30, 2011

ASSETS

Cash	\$ 3,070,915
Due from governmental agencies, net of allowance of \$84,363	1,013,483
Pledges receivable	162,500
Prepaid expenses	21,810
Due from affiliate	91,645
Client custodial cash	143,599
Security deposits and other	74,509
Property, plant and equipment, net	<u>199,714</u>
	<u>\$ 4,778,175</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 579,881
Accrued payroll and related	191,386
Client custodial funds	143,599
Contract program advances	439,774
Due to governmental agencies	<u>7,563</u>
Total Liabilities	<u>1,362,203</u>

Net Assets

Unrestricted	
Undesignated	2,232,585
Board designated	<u>500,000</u>
Total Unrestricted	2,732,585
Temporarily restricted	<u>683,387</u>
Total Net Assets	<u>3,415,972</u>
	<u>\$ 4,778,175</u>

See notes to financial statements

The Partnership for the Homeless, Inc.

Statement of Activities

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Service fees from governmental agencies	\$ 2,769,520	\$ -	\$ 2,769,520
Service contracts with other agencies	1,661,421	-	1,661,421
DMH pass-thru	750,254	-	750,254
Contributions and grants	1,117,103	170,545	1,287,648
Fundraising events, net of direct expense of \$76,909	59,037	-	59,037
Interest	603	-	603
Net assets released from restrictions			
Distribution of furniture to clients	24,321	(24,321)	-
Satisfaction of program restrictions	620,091	(620,091)	-
Total Revenue and Support	7,002,350	(473,867)	6,528,483
EXPENSES			
Program Services			
The Family Resource Center: Services For Children and Families	1,347,741	-	1,347,741
Positive Step: Housing and Services For HIV + Individuals	942,249	-	942,249
The Senior Employment Program	878,775	-	878,775
Furnish-A-Future	412,480	-	412,480
Emergency Shelter Network and Outreach	770,090	-	770,090
Research	38,306	-	38,306
DMH pass-thru	750,254	-	750,254
Total Program Services	5,139,895	-	5,139,895
Support Services			
Management and general	1,181,674	-	1,181,674
Fundraising	564,516	-	564,516
Total Support Services	1,746,190	-	1,746,190
Total Expenses	6,886,085	-	6,886,085
Change in Net Assets	116,265	(473,867)	(357,602)
NET ASSETS			
Beginning of year	2,616,320	1,157,254	3,773,574
End of year	\$ 2,732,585	\$ 683,387	\$ 3,415,972

See notes to financial statements

The Partnership for the Homeless, Inc.

Statement of Functional Expense

Year Ended June 30, 2011

	Program Services						Support Services					Total Expenses
	The Family Resource Center: Services for Children and Families	Positive Step: Housing and Services For HIV+ Individuals	The Senior Employment Program	Furnish - A - Future	Emergency Shelter Network and Outreach	Research	DMH Pass-thru	Total Program Services	Management and General	Fundraising	Total Support Services	
PERSONNEL												
Salaries	\$ 755,296	\$ 478,741	\$ 69,725	\$ 162,044	\$ 111,749	\$ 6,731	\$ -	\$ 1,584,286	\$ 578,836	\$ 269,697	\$ 848,533	\$ 2,432,819
Fringe benefits	219,255	137,946	31,293	67,272	35,174	1,599	-	492,539	310,465	75,506	385,971	878,510
Total Personnel Costs	974,551	616,687	101,018	229,316	146,923	8,330	-	2,076,825	889,301	345,203	1,234,504	3,311,329
OTHER THAN PERSONNEL COSTS												
Professional fees	19,623	4,092	-	572	9,837	23,014	-	57,138	38,256	91,489	129,745	186,883
Senior aides	-	-	759,564	-	-	-	-	759,564	-	-	-	759,564
Office supplies and expense	25,362	15,268	1,834	2,115	1,671	845	-	47,095	33,115	6,026	39,141	86,236
Postage	1,750	4,071	510	137	545	147	-	7,160	5,688	12,888	18,576	25,736
Printing and production	295	-	-	-	374	-	-	669	4,619	41,422	46,041	46,710
Telephone and communications	22,874	15,609	1,400	10,520	2,264	549	-	53,216	16,736	5,189	21,925	75,141
Rent	139,375	51,144	5,191	113,520	10,849	1,125	-	321,204	58,288	19,899	78,187	399,391
Utilities	11,250	50,779	5,540	11,596	14,659	905	-	94,729	38,138	19,895	58,033	152,762
Repairs and maintenance	21,778	21,827	2,141	2,802	2,573	474	-	51,595	21,442	6,353	27,795	79,390
Equipment purchase and rental	6,334	11,392	-	-	-	-	-	17,726	34	8,358	8,392	26,118
Travel and conference	5,889	15,673	536	481	577	994	-	24,150	1,466	42	1,508	25,658
Food	181	9,671	-	1,759	458,392	-	-	470,003	200	78	278	470,281
Client travel	1,020	34,613	-	11	-	-	-	35,644	-	-	-	35,644
Distribution of household furnishings	-	-	-	24,321	-	-	-	24,321	-	-	-	24,321
Client household assistance	97,996	-	-	-	-	-	-	97,996	-	-	-	97,996
Fuel reimbursement	-	-	-	-	65,781	-	-	65,781	-	-	-	65,781
Relief and other program expenses	2,812	79,060	175	12,238	53,305	745	-	148,335	4,361	4,998	9,359	157,694
Dues and subscriptions	50	135	93	-	21	792	-	1,091	2,221	357	2,578	3,669
Insurance	16,601	12,228	773	3,092	2,319	386	-	35,399	18,687	2,319	21,006	56,405
Depreciation	-	-	-	-	-	-	-	-	49,122	-	49,122	49,122
DMH Pass-thru payments	-	-	-	-	-	-	750,254	750,254	-	-	-	750,254
Total Expenses	\$ 1,347,741	\$ 942,249	\$ 878,775	\$ 412,480	\$ 770,090	\$ 38,306	\$ 750,254	\$ 5,139,895	\$ 1,181,674	\$ 564,516	\$ 1,746,190	\$ 6,886,085

See notes to financial statements

The Partnership for the Homeless, Inc.

Statement of Cash Flows

Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (357,602)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	49,122
Distributions of household furnishings to clients	24,321
Change in operating assets and liabilities	
Due from governmental agencies	485,093
Pledge receivable	200,000
Prepaid expenses	3,654
Security deposit	501
Accounts payable and accrued expenses	(205,758)
Accrued payroll and related liabilities	(13,659)
Contract program advances	<u>(238,322)</u>
Net Cash from Operating Activities and Change in Cash	(52,650)

CASH

Beginning of year	<u>3,123,565</u>
End of year	<u>\$ 3,070,915</u>

The Partnership for the Homeless, Inc.

Notes to Financial Statements

1. Organization

The Partnership for the Homeless, Inc. (“The Partnership”) is committed to building a just and equitable society and creating lasting community change through the development of solution-oriented programs and policy initiatives that eliminate the root causes of homelessness.

The Partnership is qualified as tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and, accordingly, is not subject to Federal income taxes. The Internal Revenue Service has classified The Partnership as an organization that is not a private foundation as defined in Section 509(a)(2) of the Internal Revenue Code

The Partnership receives support from individuals, corporations, foundations and revenue through contracts with various governmental agencies to provide the services it offers. The Partnership addresses the underlying causes of homelessness through the following initiatives:

Direct Service programs enable The Partnership to provide rapid housing to individuals and families who are currently homeless, and outreach, prevention, and support to those at risk for homelessness, including those who are rebuilding their lives after leaving shelters. Through various programs – the **Family Resource Center**, **Furnish a Future, Positive Step**, and **Older Adult Services** – The Partnership for the Homeless offers help with housing, assistance accessing medical & mental health care, job development & skill-building workshops, financial clinics, nutrition assistance, community events, and more to approximately 6,500 individuals and families each year.

As a complement to its direct services, The Partnership has established a **Research Department** to identify avenues for expanding its impact beyond individualized services and to develop replicable, evidence-based *best practice* models; and the organization’s research initiative forms the foundation for The Partnership’s **Advocacy** efforts, which uses what it learns through research and programs to support policy changes at the local, state and national levels.

Emergency Food Program: Under the supervision of The Partnership’s nutritionist churches and synagogues providing shelter to homeless adults around the city serve over 500,000 meals each year.

DMH Pass-thru: Distributes emergency client fund reimbursements to intensive case managers under a contract with the New York City Department of Mental Health.

The Partnership for the Homeless, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies

Use of Estimates

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

Basis of Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes. Temporarily restricted net assets are released from donor restrictions by incurring expenses related to the general operations of The Partnership.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions are recorded as temporarily restricted net assets and revenue if they are received with donor imposed stipulations that limit their use. Donor restrictions expire by either the passage of stipulated time or the accomplishment of a stated purpose. When a 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. The Partnership's policy is to report as unrestricted support contributions with donor-imposed restrictions when these restrictions are met in the same year that the contributions are received.

Contributions of donated services that require specialized skills, provided by individual possessing those skills, and that would typically need to be purchased if not provided by donation, and donated goods, are recorded at their fair values in the period received.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. Management has concluded that an allowance of \$84,363 is sufficient to cover possible non collection of receivables at June 30, 2011.

The Partnership for the Homeless, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Pledges Receivable

The Partnership discounts pledges that are expected to be collected beyond one year using a risk adjusted rate to estimate present value. The discounted value is amortized over the term of the pledge and is recorded within contribution revenue in the statement of activities.

Property, Plant and Equipment

The Partnership follows the practice of capitalizing all expenditures for property, plant and equipment with a cost in excess of \$1,000 and a useful life of at least five years. Property, plant and equipment are recorded at cost and depreciation is recognized using the straight-line method over the estimated useful lives of such assets using a half-year convention in the year of acquisition. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease, including renewal periods which are considered to be reasonably assured. The estimated useful lives are as follows:

Leasehold improvements	10 years
Furniture and equipment	5 years

The Partnership's governmental contracts generally provide that title to depreciable assets remain with the government agency and, accordingly, such equipment purchases are charged to expense currently.

Revenue

Contract program revenue is accrued when earned to the extent that expenses related to that contract program have been incurred. Any unexpended funds are considered refundable advances and reported as contract program advances payable. Revenue earned on these contracts for expenses incurred is subject to audit by the contract agency.

Household Furnishings Inventory

The household furnishings received as donations from corporations, retail businesses and individuals are recorded based on values of similar items published by Goodwill Industries and the Salvation Army. Items that are similar in nature are grouped for valuation purposes and are recorded on a common unit basis. Items distributed from inventory are charged to program expense at the same unit value as established at the time of the donation.

The Partnership for the Homeless, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management either in accordance with grant provisions or by use of another equitable basis.

Client Funds

Funds are held by The Partnership on behalf of clients. Such funds represent amounts received by clients and other clients' funds deposited with The Partnership for safekeeping. These funds are disbursed by The Partnership at the request of, or on behalf of, clients for their personal use.

Accounting for Uncertainty in Income Taxes

The Partnership recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management of The Partnership has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Partnership is no longer subject to audits by the applicable taxing jurisdictions for periods prior to June 30, 2008.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 25, 2011.

3. Pledges Receivable

The pledge receivable of \$162,500 at June 30, 2011 was due in 2011 and is therefore past due with no present value discount. This amount is due from a former board member and management expects this amount to be paid in full. Therefore, no allowance was deemed necessary.

4. Property, Plant and Equipment

Property, plant and equipment consists of the following at June 30, 2011:

Leasehold improvements	\$ 419,429
Furniture and equipment	<u>45,716</u>
	465,145
Accumulated depreciation	<u>(265,431)</u>
	<u>\$ 199,714</u>

The Partnership for the Homeless, Inc.

Notes to Financial Statements

5. Line of Credit

The Partnership has a working capital line of credit in the amount of \$150,000 with interest at the prime rate plus one half percent that expires in May 2012. Borrowings are secured by all personal property and fixtures of The Partnership. The Partnership did not draw against this line of credit and has no outstanding balance at June 30, 2011.

6. Temporarily Restricted Net Assets

Temporarily restricted net asset transactions are as follows for the year ended June 30, 2011:

<u>Program/Purpose</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>Balance June 30, 2011</u>
Research and Website				
Development	\$ 498,852	\$ -	\$ 46,223	\$ 452,629
Positive Step	41,556		41,556	-
Family Resource Center	592,525	170,545	532,312	230,758
Furnish-A-Future	<u>24,321</u>	<u>-</u>	<u>24,321</u>	<u>-</u>
	<u>\$ 1,157,254</u>	<u>\$ 170,545</u>	<u>\$ 644,412</u>	<u>\$ 683,387</u>

The balance in Furnish-A-Future represents the value of furnishings received and not contributions of cash.

7. Commitments and Contingencies

The Partnership leases administrative office space and space for programs at various locations. Future minimum lease payments for the years ending June 30 are payable as follows at June 30, 2011:

2012	\$ 368,274
2013	<u>371,850</u>
	<u>\$ 740,124</u>

The Partnership has a security deposit for leased space of \$54,109 at June 30, 2011. Starting July 1, 2010, Furnish-A-Future lease was renegotiated due to a reduction in the contract with New York City Department of Homeless Services.

The Partnership for the Homeless, Inc.

Notes to Financial Statements

8. Concentration of Credit Risk

Financial instruments that potentially subject The Partnership to concentrations of credit risk consist principally of cash and receivables. At June 30, 2011, The Partnership maintained balances with banking institutions that exceeded the Federal Deposit Insurance Corporation's insurable limit. The Partnership's pledges receivable are primarily from its Board members. Collection of these pledges receivable is expected in full.

The Partnership receives funding from various governmental sources to operate its programs. Receivables from these governmental agencies totaled \$1,013,483 at June 30, 2011. Collection of these receivables is expected in the normal course of business.

The percentage of receivables from governmental agencies at June 30, 2011 is as follows:

Federal	36%
State	31%
Local	33%

9. Economic Dependency

The Partnership receives a substantial portion of its revenue from contracts negotiated with various governmental agencies. The Partnership is economically dependent on these revenues to provide service and continue operations.

The percentage of revenue from governmental agencies for the year ended June 30, 2011 is as follows:

Federal	8%
State	31%
Local	61%

10. Contributed Services

A substantial number of volunteers have donated significant amounts of time to The Partnership in various capacities. However, these services have not been recognized, inasmuch as such services do not require specialized skills or would not typically be purchased had they not been provided by donation.

11. Retirement Benefit

The Partnership participates in a tax sheltered annuity defined contribution plan for all employees who have completed one year of service. The Partnership contributes two percent (2%) of annual salary for eligible participants. Expense for the year ended June 30, 2011 was \$36,451.

The Partnership for the Homeless, Inc.

Notes to Financial Statements

12. Transactions with Affiliate

The Partnership leases space from the Partnership Homeless Facilities Corporation under a lease which expires on June 30, 2013. Rent charged for the year ended June 30, 2011 was \$146,280. The Partnership's credit line is collateralized by the property located at 305 Seventh Avenue owned by the Partnership Homeless Facilities Corporation.

13. Board Designated Fund

A board designated fund has been established to provide ongoing financing for initiatives set forth in The Partnership's strategic plan, but can be used for operating expenses as needed.