



Financial Statements
and
Independent Auditors' Report

June 30, 2015 and 2014

Horizons for Homeless Children

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Daniel Dennis & Company LLP

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Horizons for Homeless Children

We have audited the accompanying financial statements of Horizons for Homeless Children (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and cash flows for the year 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horizons for Homeless Children as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Horizons for Homeless Children as of June 30, 2014 were audited by other auditors whose report dated October 29, 2014, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 18 and 19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Daniel Dennis & Company LLP

December 9, 2015

Horizons for Homeless Children
Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
<i>Assets</i>		
Cash	\$ 981,885	\$ 2,162,284
Investments	13,324,892	13,386,326
Contracts and grants receivable	324,003	219,833
Pledges receivable, net of allowance	1,108,624	544,846
Prepaid expenses and other	139,080	332,636
Deposits	27,317	27,217
Property and equipment, net	<u>236,843</u>	<u>191,191</u>
Total assets	<u>\$ 16,142,644</u>	<u>\$ 16,864,333</u>
<i>Liabilities and Net Assets</i>		
<i>Liabilities</i>		
Accounts payable	\$ 72,052	\$ 82,202
Accrued expenses	641,427	493,936
Deferred revenue	<u>38,000</u>	<u>-</u>
Total liabilities	<u>751,479</u>	<u>576,138</u>
<i>Net Assets:</i>		
<i>Unrestricted:</i>		
Operating	2,250,580	1,552,485
Property and equipment	236,843	191,191
Board designated	<u>12,272,452</u>	<u>14,272,452</u>
Total unrestricted	<u>14,759,875</u>	<u>16,016,128</u>
Temporarily restricted	<u>631,290</u>	<u>272,067</u>
Total net assets	<u>15,391,165</u>	<u>16,288,195</u>
Total liabilities and net assets	<u>\$ 16,142,644</u>	<u>\$ 16,864,333</u>

See accompanying notes to the financial statements.

Horizons for Homeless Children
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2015 and 2014

	<u>2015</u>			<u>2014</u>		
	TEMPORARILY			TEMPORARILY		
	UNRESTRICTED	RESTRICTED	TOTAL	UNRESTRICTED	RESTRICTED	TOTAL
Revenues						
<i>Program revenues:</i>						
Contracts, grants and vouchers	\$ 2,449,277	\$ -	\$ 2,449,277	\$ 2,242,820	\$ -	\$ 2,242,820
Donated goods	110,669	-	110,669	-	-	-
Donated professional services	64,186	-	64,186	138,700	-	138,700
Training, conferences and other	28,014	-	28,014	35,881	-	35,881
Total program revenues	<u>2,652,146</u>	<u>-</u>	<u>2,652,146</u>	<u>2,417,401</u>	<u>-</u>	<u>2,417,401</u>
<i>Fundraising revenues</i>						
Contributions	3,381,054	1,112,069	4,493,123	2,989,822	758,332	3,748,154
Special events	1,605,387	-	1,605,387	1,766,957	-	1,766,957
<i>Net assets released from restrictions:</i>						
Satisfaction of purpose restrictions	732,046	(732,046)	-	476,060	(476,060)	-
Satisfaction of time restrictions	20,800	(20,800)	-	193,500	(193,500)	-
Total income	<u>5,739,287</u>	<u>359,223</u>	<u>6,098,510</u>	<u>5,426,339</u>	<u>88,772</u>	<u>5,515,111</u>
<i>Interest and dividends</i>						
	<u>135,944</u>	<u>-</u>	<u>135,944</u>	<u>516,457</u>	<u>-</u>	<u>516,457</u>
Total revenues	<u>8,527,377</u>	<u>359,223</u>	<u>8,886,600</u>	<u>8,360,197</u>	<u>88,772</u>	<u>8,448,969</u>
Expenses						
<i>Program services:</i>						
Community children's centers	5,073,789	-	5,073,789	5,138,864	-	5,138,864
Playspace programs	1,116,560	-	1,116,560	1,019,083	-	1,019,083
Family partnership program	-	-	-	311,558	-	311,558
Training and technical assistance	327,217	-	327,217	261,524	-	261,524
Evaluation	165,218	-	165,218	57,317	-	57,317
Policy and advocacy	175,805	-	175,805	171,890	-	171,890
Total program services	<u>6,858,589</u>	<u>-</u>	<u>6,858,589</u>	<u>6,960,236</u>	<u>-</u>	<u>6,960,236</u>
<i>Supporting services:</i>						
Fundraising	1,222,772	-	1,222,772	1,220,545	-	1,220,545
Marketing/communications	338,811	-	338,811	364,953	-	364,953
General and administrative	1,185,407	-	1,185,407	1,145,346	-	1,145,346
Total supporting services	<u>2,746,990</u>	<u>-</u>	<u>2,746,990</u>	<u>2,730,844</u>	<u>-</u>	<u>2,730,844</u>
Total expenses	<u>9,605,579</u>	<u>-</u>	<u>9,605,579</u>	<u>9,691,080</u>	<u>-</u>	<u>9,691,080</u>
Changes in net assets from operations	<u>(1,078,202)</u>	<u>359,223</u>	<u>(718,979)</u>	<u>(1,330,883)</u>	<u>88,772</u>	<u>(1,242,111)</u>
Non-operating revenues						
Net realized and unrealized (loss)/gain on investments	(178,051)	-	(178,051)	622,886	-	622,886
Gain on sale of property and equipment	-	-	-	22,000	-	22,000
Total non-operating revenues	<u>(178,051)</u>	<u>-</u>	<u>(178,051)</u>	<u>644,886</u>	<u>-</u>	<u>644,886</u>
Changes in net assets	<u>(1,256,253)</u>	<u>359,223</u>	<u>(897,030)</u>	<u>(685,997)</u>	<u>88,772</u>	<u>(597,225)</u>
Net assets, beginning of year	<u>16,016,128</u>	<u>272,067</u>	<u>16,288,195</u>	<u>16,702,125</u>	<u>183,295</u>	<u>16,885,420</u>
Net assets, end of year	<u>\$ 14,759,875</u>	<u>\$ 631,290</u>	<u>\$ 15,391,165</u>	<u>\$ 16,016,128</u>	<u>\$ 272,067</u>	<u>\$ 16,288,195</u>

See accompanying notes to the financial statements.

Horizons for Homeless Children
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
<i>Cash Flows from Operating Activities</i>		
Changes in net assets	\$ (897,030)	\$ (597,225)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	68,637	93,320
Net unrealized and realized (gains)/loss on investments	178,051	(622,886)
Gain on sale of property and equipment	-	(22,000)
Donated stock	(22,715)	-
Donated fixed assets	(110,669)	-
Changes in operating assets and liabilities		
Contracts and grants receivable	(104,170)	10,063
Pledges receivable, net of allowance	(563,778)	(68,653)
Prepaid expenses and other	193,556	(158,093)
Deposits	(100)	-
Accounts payable	(10,150)	57,701
Accrued expenses	147,491	(37,276)
Deferred revenue	38,000	-
Net cash used in operating activities	<u>(1,082,877)</u>	<u>(1,345,049)</u>
<i>Cash Flows from Investing Activities</i>		
Proceeds on sales and maturities of investments	1,471,354	4,848,175
Acquisition of property and equipment	(3,621)	(34,022)
Proceeds from sale of property and equipment	-	22,000
Purchase of investments	<u>(1,565,255)</u>	<u>(1,954,517)</u>
Net cash (used in)/provided by investing activities	<u>(97,522)</u>	<u>2,881,636</u>
Net (decrease)/increase in cash	(1,180,399)	1,536,587
Cash , beginning of year	<u>2,162,284</u>	<u>625,697</u>
Cash , end of year	<u>\$ 981,885</u>	<u>\$ 2,162,284</u>
<i>Supplemental Disclosure of Cash Flow Information</i>		
Unrealized loss on investments	<u>\$ 325,257</u>	<u>\$ 505,878</u>
Cost basis of fully depreciated property and equipment disposed of	<u>\$ -</u>	<u>\$ 163,463</u>

See accompanying notes to the financial statements.

Horizons for Homeless Children
Notes to the Financial Statements
June 30, 2015
With Comparative Totals for 2014

1. *Nature of Operations*

Horizons for Homeless Children (the Agency) works to improve the lives of young homeless children and to help their families succeed by providing high quality early education, opportunities for play, and comprehensive family support services. The Agency provides customized play and education that children who have experienced the traumas of homelessness need in order to overcome the effects of trauma and to be ready for school.

Program services rendered by the Agency can be summarized as follows:

Community Children's Centers

Our community children's centers began in Boston in 1994 and provide comprehensive early education services specifically focused on the needs of young homeless children, ages two months through five years, while providing parents with support services and resources to break the cycle of homelessness and become self-sufficient. We operate three such centers serving a total of 175 children each weekday. Since the program began in 1994, we have serviced more than 1,000 homeless children and their families and helped them move into self-sufficiency.

Playspace Program

The playspace program has been providing greater Boston family homeless shelters with playspaces and volunteers known as playspace activity leaders since 1990, and has expanded to provide these services to children in family shelters throughout Massachusetts. Trained volunteers engage children in educational activities, giving each child an opportunity to learn and grow from these interactions, as well as have fun. Since 1990, more than 11,000 volunteers have served for at least two hours per week for six months.

Family Partnership Program

The family partnership program began in fiscal year 2012 to provide services intended to support families recovering from the traumatic life experiences associated with homelessness and poverty, such as domestic violence, substance abuse, mental illness, childhood trauma and isolation. At the beginning of fiscal year 2014, after analyzing the Agency's vision, the Agency decided to end this program.

Training and Technical Assistance

Through the training and technical assistance program, Agency staff members present workshops and conferences for professionals who work with homeless families, including educators, social workers, shelter staff and government agencies. The goal of the program is to improve the delivery of services for young homeless children and their families in the broader community. Since its creation, the Agency has co-sponsored seven conferences in Massachusetts and delivered numerous workshops and training both locally and nationally.

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

1. *Nature of Operations – continued*

Evaluation

The evaluation program is a key program in the Agency's goal of undertaking a more formal process to design programs, evaluate those programs, and utilize information gained to improve outcomes for children and families who participate in the Agency's programs. This program will be instrumental to the Agency's focus on influencing public policy regarding early childhood education and child and family homelessness.

Policy and Advocacy

The Agency's policy and advocacy work represents a key strategy in the Agency's mission to improve the lives of homeless children and families in Massachusetts. Through the lens of early childhood development, the Agency engages with legislators at the state and federal levels, as well as with other community organizations to advocate for holistic approaches that increase access to high-quality child care, as well as stable, affordable housing opportunities for families across Massachusetts. In fiscal year 2015, the Agency filed legislation, An Act Providing Immediate Child Care Access to Homeless Families, as part of this program.

The Agency is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Agency is also exempt from state income taxes. Donors may deduct contributions made to the Agency within the IRC regulations.

2. *Significant Accounting Policies*

The Agency prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification (ASC).

Funding

The Agency receives a significant portion of its funding from the Commonwealth of Massachusetts and the Federal government under unit-rate contracts. Payments to the Agency are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Agency as of June 30, 2015 and 2014, or on the changes in its net assets for the years then ended.

Cash and Cash Equivalents

For the purposes of the statement of financial position and the statement of cash flows, the Agency considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2015 and 2014.

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

2. ***Significant Accounting Policies – continued***

Revenue Recognition

Contracts and grants are recorded over the period covered by the contract or grant as services are provided and costs are incurred. State vouchers for services are recorded as revenue as services are provided. Unrestricted grants and contributions are recorded when unconditionally pledged or received. Training, conferences and other revenues are earned as services are provided.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted support. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Gifts of non-cash assets are recorded at their fair value at the date of contribution, as determined by the donor or the Agency. Special events revenue is recognized in the year the event occurs, however revenue received in advance is deferred and are included under liabilities within deferred revenue.

Classification of Net Assets

Net assets, revenue and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - include all resources that are not subject to donor-imposed stipulations. Unrestricted net assets designated by the Board represent funds set aside by internal Board action. These funds include funds set aside to fund long-term planning and related projects and future operating deficits. Board designated net assets are included in investments (see Note 3) as of June 30, 2015 and investments and cash as of June 30, 2014. The Board voted to release \$2,000,000 and \$687,002 from designation during fiscal year 2015 and 2014, respectively. Unrestricted net assets denoted as property and equipment represent equity in such property and equipment.

Temporarily restricted net assets - subject to legal or donor-imposed stipulations that may or will be met either by actions of the Agency and/or passage of time. Temporarily restricted net assets consist of purpose restricted contributions of \$631,290 as of June 30, 2015. Temporarily restricted net assets consist of time restricted contributions of \$251,267, and purpose restricted contributions of \$20,800 as of June 30, 2014.

Permanently restricted net assets - subject to donor-imposed stipulations that they be maintained permanently by the Agency. Generally, the donor of these assets permits the Agency to use all or part of the income earned on related investments for general or specific purposes. There are no permanently restricted net assets as of June 30, 2015 and 2014.

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

2. *Significant Accounting Policies – continued*

Classification of Net Assets – continued

When a donor restriction expires (when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Investment income is reported as an increase or decrease in unrestricted net assets unless its use is restricted by explicit donor stipulation or by law.

Investments

Investments are recorded at fair value. Investment income includes interest and dividends and is recorded when earned. Realized gains and losses from investment transactions and changes in fair value (unrealized gains and losses) of investments are recorded as incurred. Investments are not insured and are subject to ongoing market fluctuations.

Contracts and Grants Receivable

Contracts and grants receivable are stated as unpaid balances, less an allowance for doubtful accounts. The allowance is based on collection experience and other circumstances that may affect the ability of agencies and donors to meet their obligations. It is the Agency's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2015 and 2014, management deemed that no allowance for doubtful accounts was necessary on contracts and grants receivable.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Additions with a cost or fair value of less than \$1,000 are expensed. Donated property and equipment are recorded at fair value at the time of donation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Leasehold Improvements	Lesser of Lease Term or useful life
Computer and office equipment	3 – 5 years

Functional Allocation of Expenses

The statements of activities and changes in net assets reflect expenses on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services functions. Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

2. *Significant Accounting Policies – continued*

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

Fair Value Measurement

ASC Topic, *Fair Value Measurements*, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. Instruments which are generally included in this category include equity and debt securities publicly traded on an exchange.
- Level 2 – Inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs that are unobservable and which require significant judgment or estimation.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Tax Positions

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. Unrelated business income, of which there was none for the fiscal years ended June 30, 2015 and 2014, would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2015 and 2014. The Agency's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years (fiscal years 2012 - 2014).

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

3. Investments

The investment portfolio at fair value as of June 30, 2015 and 2014, is as follows:

Investment Type	2015			
	Level 1	Level 2	Level 3	Total
Government bond funds	\$ 4,148,517	\$ -	\$ -	\$ 4,148,517
Multi-asset funds	4,234,773	-	-	4,234,773
Various exchange traded funds	3,636,397	-	-	3,636,397
Investment in multi-asset limited partnership	-	-	1,154,978	1,154,978
Common stock	22,715	-	-	22,715
Cash and cash equivalents	<u>127,512</u>	<u>-</u>	<u>-</u>	<u>127,512</u>
Total	<u>\$ 12,169,914</u>	<u>\$ -</u>	<u>\$ 1,154,978</u>	<u>\$ 13,324,892</u>
2014				
Investment Type	Level 1	Level 2	Level 3	Total
Government bond funds	\$ 4,049,310	\$ -	\$ -	\$ 4,049,310
Multi-asset funds	4,264,572	-	-	4,264,572
Various exchange traded funds	3,746,090	-	-	3,746,090
Investment in multi-asset limited partnership	-	-	1,181,279	1,181,279
Cash and cash equivalents	<u>145,075</u>	<u>-</u>	<u>-</u>	<u>145,075</u>
Total	<u>\$ 12,205,047</u>	<u>\$ -</u>	<u>\$ 1,181,279</u>	<u>\$ 13,386,326</u>

The changes in the investment for which the Agency has used Level 3 inputs to determine fair value were as follows for fiscal years 2015 and 2014:

Investment balance at July 1, 2013	\$ 1,939,833
Transfer to multi-asset funds (Level 1)	(930,000)
Unrealized gain on investment in non- marketable security	<u>171,446</u>
Investment balance at June 30, 2014	1,181,279
Unrealized loss on investment in non- marketable security	<u>(26,301)</u>
Investment balance at June 30, 2015	<u>\$ 1,154,978</u>

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

3. *Investments – continued*

All investments are managed by outside investment managers. All investment fair values have been provided by investment managers. The valuation of the Agency's investment in the limited partnership is subject to audit. The most recent audit available is for the year ended December 31, 2014, and was dated June 22, 2015. The value provided on page 11 contains no adjustment for potential changes arising from such audit results. The investment in the limited partnership was subject to a two-year lockup period which expired at various dates through April 1, 2015. During the year ended June 30, 2014, the Agency transferred \$930,000 from the investment in multi-asset limited partnership (Level 3) to the multi-asset funds (Level 1).

Investments by purpose consisted of the following at June 30:

	<i>2015</i>	<i>2014</i>
Board designated	\$ 12,272,452	\$ 13,386,326
Undesignated	<u>1,052,440</u>	<u>-</u>
Total investments	<u>\$ 13,324,892</u>	<u>\$ 13,386,326</u>

Investment income consisted of the following for the years ended June 30:

	<i>2015</i>	<i>2014</i>
Interest and dividends	\$ 135,944	\$ 516,457
Net unrealized (loss)/gain	(325,257)	505,878
Realized gains	<u>147,206</u>	<u>117,008</u>
Total investment (loss)/income	<u>\$ (42,107)</u>	<u>\$ 1,139,343</u>

Investments are reflected at fair value, which is subject to significant fluctuations on a daily basis. Management does not believe these losses, if any, permanently impair the value of investments as of the statement of financial position date.

4. *Pledges Receivable*

As of June 30, 2015 and 2014, the Agency has \$1,108,624 and \$550,846, respectively, in outstanding pledges. Approximately 70% of the Agency's pledges receivable at June 30, 2015, was from four donors. Approximately 58% of the Agency's pledges receivable at June 30, 2014, was from three donors.

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

4. Pledges Receivable – continued

The allowance for doubtful accounts is based on collection experience and other circumstances that may affect the ability of donors to meet their obligations. It is the Agency's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Pledges receivable are expected to be collected as follows as of June 30:

	<i>2015</i>	<i>2014</i>
Due within one year	\$ 983,213	\$ 478,846
Due in one to two years	<u>150,000</u>	<u>72,000</u>
Total pledges receivable	1,133,213	550,846
Less - discount (rates ranging from 3.25% to 5.00%)	(18,589)	-
Less - allowance	<u>(6,000)</u>	<u>(6,000)</u>
Net pledges receivable	<u>\$ 1,108,624</u>	<u>\$ 544,846</u>

5. Donated Goods and Services

Volunteers and other organizations contribute services to the Agency in support of various aspects of its programs. These services are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donating volunteers, agencies, or by management.

The value of donated services provided for the years ended June 30, 2015 and 2014, was \$64,186 and \$138,700, respectively.

The value of donated goods received for the years ended June 30, 2015 and 2014, was \$110,669 and \$0, respectively.

The Agency receives services of volunteers to fulfill various aspects of its programs. These volunteers contributed over 140,000 and 150,000 hours of service for the years ended June 30, 2015 and 2014, respectively. The hourly value for these services, which is determined by management, was approximately \$28 per hour for June 30, 2015 and \$27 per hour for June 30, 2014. In addition, the Agency receives certain goods which are used in various aspects of its programs. The value of these goods and services is not reflected in the accompanying financial statements, since these donations does not meet the criteria for recognition under standards pertaining to ASC Topic, *Accounting for Contributions Received*.

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

5. *Donated Goods and Services – continued*

Total unrecorded donated goods and services were as follows for the years ended June 30:

	<i>2015</i>	<i>2014</i>
Volunteer workers	\$ 3,920,000	\$ 4,050,000
Educational supplies	82,480	160,046
Advertising	120,000	115,000
Other	43,556	88,325
Printing and design services	<u>5,900</u>	<u>8,000</u>
Total	<u>\$ 4,171,936</u>	<u>\$ 4,421,371</u>

6. *Property and Equipment*

Property and equipment consisted of the following at June 30:

	<i>2015</i>	<i>2014</i>
Leasehold improvements	\$ 2,033,270	\$ 2,033,270
Computer and office equipment	<u>568,139</u>	<u>453,850</u>
Total property and equipment	2,601,409	2,487,120
Less - accumulated depreciation	<u>(2,364,566)</u>	<u>(2,295,929)</u>
Net property and equipment	<u>\$ 236,843</u>	<u>\$ 191,191</u>

Included in property and equipment are approximately \$2,171,358 and \$2,117,000 of fully depreciated assets which are still being utilized by the Agency as of June 30, 2015 and 2014, respectively.

Depreciation expense was \$68,637 and \$93,320 for the years ended June 30, 2015 and 2014, respectively.

7. *Lease Agreements*

The Agency leases equipment and space under various operating leases expiring through July, 2025. The terms of these lease agreements are from five to ten years. The facility leases require the Agency to maintain certain insurance coverage and pay for its proportionate share of real estate taxes and operating expenses. Rent expense under the facility leases was approximately \$596,000 and \$583,000 for the years ended June 30, 2015 and 2014, respectively, and is included in occupancy in the accompanying statements of functional expenses.

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

7. Lease Agreements – continued

Future minimum lease payments under these agreements are as follows:

	<i>Equipment</i>	<i>Facilities</i>
2016	\$ 5,781	\$ 425,846
2017	1,980	403,882
2018	-	407,254
2019	-	410,698
2020	-	340,444
Thereafter	-	<u>1,118,542</u>
Total	<u>\$ 7,761</u>	<u>\$ 3,106,666</u>

8. Pension Plan

The Agency has a defined contribution pension plan covering all employees. Participation in the plan is voluntary and contributions are limited by the Internal Revenue Code (IRC). The Agency made discretionary matching contributions of \$32,015 and \$32,849 to the plan for the years ended June 30, 2015 and 2014, respectively, which are included in employee benefits in the accompanying statements of functional expenses.

9. Concentration of Credit Risk

The Agency receives a significant portion of its revenues (approximately 18% and 15% in fiscal years 2015 and 2014, respectively) from the Massachusetts Department of Early Education and Care (EEC) under unit-rate contracts. Approximately 54% and 62% of the contracts and grants receivable as of June 30, 2015 and 2014, respectively, are due from EEC.

Approximately 41% of contracts and grants receivable at June 30, 2015, are due from one not-for-profit organization. Approximately 17% of contracts and grants receivable at June 30, 2014, are due from three not-for-profit organizations.

The Agency maintains its cash balances in a Massachusetts bank. The Federal Deposit Insurance Corporation (FDIC) insures balances at the bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Agency has not experienced any losses in these accounts. The Agency believes it is not exposed to any significant credit risk on its operating cash balance.

Horizons for Homeless Children
Notes to the Financial Statements - *Continued*
June 30, 2015
With Comparative Totals for 2014

10. *Related Parties*

On occasion, the Agency transacts with individuals or entities that have a family or business relationship with members of the Agency's Board of Directors or management. During the years ended June 30, 2015 and 2014, pro bono legal services received from such related parties was valued at \$64,186 and \$55,480, respectively (see Note 5).

11. *Contingencies*

In the ordinary course of the Agency's business, the Agency is, from time-to-time, involved in disputes concerning individual's employment with the Agency and/or litigation with outside parties. The Agency denies any wrongdoing in these cases and is taking the appropriate legal steps in defense of these disputes. It is the Agency's opinion that any potential settlement would not be material to the accompanying June 30, 2015 financial statements.

12. *Subsequent Events*

Subsequent events have been evaluated through December 9, 2015, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Supplementary Information

Horizons for Homeless Children
Schedule of Functional Expenses
For the Year Ended June 30, 2015

2015

	PROGRAM SERVICES						SUPPORTING SERVICES			
	<i>TRAINING</i>						<i>GENERAL</i>			
	<i>COMMUNITY CHILDREN'S CENTERS</i>	<i>PLAYSPACE PROGRAM</i>	<i>AND TECHICAL ASSISTANCE</i>	<i>EVALUATIONS</i>	<i>POLICY AND ADVOCACY</i>	<i>TOTAL PROGRAM SERVICE</i>	<i>FUND- RAISING</i>	<i>MARKETING/ COMMUNI- CATIONS</i>	<i>AND ADMINIS- TRATIVE</i>	<i>TOTAL</i>
EXPENSES:										
Salaries and related expenses:										
Salaries	\$ 3,180,499	\$ 643,202	\$ 188,313	\$ 127,895	\$ 108,434	\$ 4,248,343	\$ 676,063	\$ 199,852	\$ 638,054	\$ 5,762,312
Employee benefits	413,601	80,590	25,113	14,425	13,736	547,465	83,713	28,335	82,852	742,365
Payroll taxes	288,090	58,100	17,144	11,566	9,785	384,685	62,091	16,795	65,040	528,611
Temporary help	9,011	1,363	2,800	2,189	23,500	38,863	14,099	87	34,391	87,440
Total salaries and related expenses	3,891,201	783,255	233,370	156,075	155,455	5,219,356	835,966	245,069	820,337	7,120,728
Occupancy	674,910	27,232	3,702	6,556	10,419	722,819	52,922	22,612	71,877	870,230
Services and professional fees	82,296	99,523	4,931	-	-	186,750	23,953	54,072	158,158	422,933
Supplies	293,183	108,943	4,726	1,274	1,126	409,252	5,544	2,325	11,539	428,660
Major fundraising events	-	-	-	-	-	-	217,516	-	-	217,516
Office	27,537	29,669	2,299	562	2,042	62,109	61,482	2,781	19,182	145,554
Donated professional services	-	-	-	-	-	-	-	-	64,186	64,186
Miscellaneous	51,296	29,113	5,425	-	4,149	89,983	17,743	5,404	15,390	128,520
Depreciation	47,427	7,789	837	365	654	57,072	3,529	1,781	6,255	68,637
Transportation	2,148	29,484	10,440	366	1,884	44,322	3,644	968	2,508	51,442
Training and meetings	3,791	1,552	61,487	20	76	66,926	473	3,799	15,975	87,173
Total expenses	<u>\$ 5,073,789</u>	<u>\$ 1,116,560</u>	<u>\$ 327,217</u>	<u>\$ 165,218</u>	<u>\$ 175,805</u>	<u>\$ 6,858,589</u>	<u>\$ 1,222,772</u>	<u>\$ 338,811</u>	<u>\$ 1,185,407</u>	<u>\$ 9,605,579</u>

Horizons for Homeless Children
Schedule of Functional Expenses
For the Year Ended June 30, 2014

2014

	PROGRAM SERVICES							SUPPORTING SERVICES			TOTAL
	COMMUNITY CHILDREN'S CENTERS	PLAYSPACE PROGRAM	FAMILY PARTNERSHIP PROGRAM	TRAINING		POLICY AND ADVOCACY	TOTAL PROGRAM SERVICE	FUND- RAISING	MARKETING/ COMMUNI- CATIONS	GENERAL AND ADMINIS- TRATIVE	
				AND TECHICAL ASSISTANCE	EVALUATIONS						
EXPENSES:											
Salaries and related expenses:											
Salaries	\$ 2,948,992	\$ 537,681	\$ 196,785	\$ 118,593	\$ 899	\$ 108,156	\$ 3,911,106	\$ 507,889	\$ 162,048	\$ 598,339	\$ 5,179,382
Employee benefits	433,412	83,904	27,649	18,987	1,338	13,490	578,780	73,347	20,201	111,217	783,545
Payroll taxes	270,285	49,220	15,817	10,849	251	9,288	355,710	45,793	14,555	57,068	473,126
Temporary help	149,432	24,635	-	1,894	44,630	15,480	236,071	102,931	56,174	29,581	424,757
Total salaries and related expenses	3,802,121	695,440	240,251	150,323	47,118	146,414	5,081,667	729,960	252,978	796,205	6,860,810
Occupancy	684,174	30,856	166	4,387	6,808	10,088	736,479	49,633	14,541	85,799	886,452
Services and professional fees	204,307	88,217	5,742	4,718	-	-	302,984	43,811	84,759	125,884	557,438
Supplies	275,011	102,458	209	59,207	1,997	594	439,476	3,250	2,641	1,311	446,678
Major fundraising events	-	-	-	-	-	-	-	321,121	-	-	321,121
Office	32,790	27,423	2,820	3,324	764	3,329	70,450	52,638	3,639	12,927	139,654
Donated professional services	27,740	-	55,480	-	-	-	83,220	-	-	55,480	138,700
Miscellaneous	35,729	29,926	841	4,710	29	8,479	79,714	9,992	1,908	45,877	137,491
Depreciation	66,975	10,857	-	1,226	576	1,226	80,860	4,830	1,552	6,078	93,320
Transportation	6,787	33,480	6,029	6,452	-	1,760	54,508	3,683	1,625	3,977	63,793
Training and meetings	3,230	426	20	25,479	25	-	29,180	1,627	1,310	11,808	43,925
Conference	-	-	-	1,698	-	-	1,698	-	-	-	1,698
Total expenses	<u>\$ 5,138,864</u>	<u>\$ 1,019,083</u>	<u>\$ 311,558</u>	<u>\$ 261,524</u>	<u>\$ 57,317</u>	<u>\$ 171,890</u>	<u>\$ 6,960,236</u>	<u>\$ 1,220,545</u>	<u>\$ 364,953</u>	<u>\$ 1,145,346</u>	<u>9,691,080</u>