

**HUMAN SOLUTIONS, INC.  
AND OTHER ENTITIES**

**CONSOLIDATED AND COMBINED  
FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**



**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**  
**CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS**

**Year Ended June 30, 2019**

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## Management Discussion & Analysis

Human Solutions has been an essential part of the housing and economic safety net in East Portland / East Multnomah County, Oregon since 1988. Our programs have evolved since then to meet the changing needs of our community - and continue to do so today. More than ever, we are seeing the need intensify as a result of Oregon's statewide housing crisis and concentrated poverty and residential displacement in our service area.

Human Solutions is a locally unique organization in that we are both a Community Development Corporation (CDC) and a social services provider – we straddle multiple delivery systems and sectors. This combination enables us to deliver a broad spectrum of services – emergency shelter, rehousing assistance, affordable housing development and operations, employment training and supports, rent and utility assistance, after-school programming, and more - that positively impacts the housing and economic security and justice of the diverse people and communities who call our service area home.

### **Our Mission:**

Human Solutions counters the forces that keep people and communities in poverty by building relationships and assets that create opportunity – today and for future generations.

- **We partner** with people and communities impacted by poverty so they can achieve long-term housing and economic security.
- **We invest** in affordable housing and community assets that contribute to strong, inclusive neighborhoods.
- **We advocate** with our community for policies and investments that expand housing and economic opportunity, eliminate wealth inequality and end poverty.

Highlighted below are some of our key accomplishments from the fiscal year.

### **Strategic Priorities**

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In August 2018 Human Solutions' Board of Directors adopted a five-year Strategic & Equity Plan that is actively guiding our work and intentionally expanding our focus to include racial equity and systems change work. This important effort draws on our three decades of experience helping people navigate the many broken systems – historic and ongoing - that make and keep people poor in Oregon and across the United States. Human Solutions will continue to play a key role in shoring up the safety net in East Portland / East Multnomah County, but we are also working upstream to prevent poverty and homelessness before they take root.



Our Strategic & Equity Plan has four top-line goals:

1. **Thriving individuals, families and communities.** The people and communities who partner with Human Solutions will experience long-term housing stability and economic security so they can seize opportunities to thrive.
2. **An inclusive, anti-racist organization delivering equitable results.** Human Solutions will recognize and counter the impacts of racism and other forms of systemic oppression by modeling and championing diversity, equity and inclusivity in our leadership, programs, outcomes, investments and operations.
3. **Public policies and systems that reduce poverty and help more people thrive.** Human Solutions will advocate with our community for policies and investments that expand housing and economic opportunity, eliminate wealth inequality and end poverty.
4. **A strong, capable and nimble organization.** Human Solutions will develop the resources, internal systems, staffing and capacity to achieve our mission.

The full plan is available here: [humansolutions.org/plan](https://humansolutions.org/plan)

### Meeting Our Strategic and Equity Plan Goals

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Because our work at Human Solutions is guided by our Strategic and Equity Plan, we are sharing some highlights for each goal that we achieved during the fiscal year:

**Goal 1. Thriving individuals, families and communities.** This is where our program teams are working to continually improve and effectively integrate our many programs to best meet the community's needs. Some steps we took this year are:

- We applied for and received a grant from KeyBank to **create a new program delivering our employment support and expertise to residents in our shelters and affordable housing.** The *Skills2Work* program will launch in FY 19-20 and represents an important shift for Human Solutions as we strategically identify needs and create and fund programming to meet them.
- We contracted with an expert program evaluator to **assess our Permanent Supportive Housing (PSH) units** so that we can identify areas for improvement for current residents and in future housing we are developing with PSH units. Some of the improvements suggested in the assessment are already being funded by a new \$150,000 grant that will enhance our ability to focus on the social determinants of health, like stable housing. With PSH being so under-provided and highly-needed in our community, we are pleased to have this information to move ahead strategically with resident input guiding our way. A key goal from our plan is to make more decisions with input from those most impacted.



**Goal 2. An inclusive, anti-racist organization delivering equitable results.** Becoming an anti-racist organization means building intentionally on our past equity efforts in deep and meaningful ways. This year, we set the wheels in motion for work we will continue over the long-term:

- We are working with a racial equity consulting firm **to educate our entire team and board towards fluency in our society's past and ongoing structural racism and personal biases** as we begin to understand what it is to be anti-racist – as people and as a non-profit organization. A base-year all-staff survey this year will enable us to track progress in this key area. We also began to track and analyze program results by race so we can know whether our outcomes or enhance racial equity or replicate existing disparities.
- Year after year, Human Solutions sees **high rates of success in our housing stability programs**. We confirm with past participants after six and 12 months to assess long-term stability. In this year we found that 88% were still housed one year after moving in to permanent housing. When disaggregated by race, we see equitable results: 94% of Black/African Americans, 92% of Whites and 80% of Native Americans achieved the 12-month milestone. We will be assessing more programs with this racial equity lens going forward.

**Goal 3. Public policies and systems that reduce poverty and help more people thrive.** This work reflects our plan to focus not only on day-to-day solutions for people living in poverty and homelessness, but to apply our 30+ years of direct service experience to upstream for solutions to the systems that are putting and keeping people in poverty.

- We have applied for and received several grants to expand our capacity in this area, most notably to hire a **grassroots organizer** who is working collaboratively with the Oregon Housing Alliance, a statewide housing policy coalition, to bring the voices of those most impacted to the table to shape and advocate for effective solutions to our failed housing policies.
- We also proudly and **actively participate in grassroots housing advocacy efforts**, including passing local bonds and statewide renter protections.

**Goal 4. A strong, capable and nimble organization.** We seeded our first reserve fund which, while small, is an important step towards long-term financial viability. Our housing portfolio is in constant need of investment, so setting aside reserve funds is never an easy decision. Organizational strength is not just financial, however. Attracting and keeping top talent is another way Human Solutions can meet this goal; especially in social services, relationships with participants and knowledge of safety net programs is essential - and both take time to build. We have taken some important steps this year:

- **Our Board of Directors adopted a matching retirement plan in FY 17-18 that went into effect this year.** We established a system with equity in mind. To this end, we set a 2% match because research showed that lower-paid staff will most likely take advantage of the full amount at that rate. We aim to increase savings opportunities equitably going forward.



- **Our Board of Directors adopted a new system of merit pay** effective FY 19-20 to reward high performers and encourage retention, a change driven by our staff. We also added a 360 degree review system to ensure that our system considers a breadth of feedback (not focused solely on hierarchical supervisory assessment) and that we approach professional development through a holistic methodology.

### Emergency Shelter Operations

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Human Solutions operates two emergency shelters for people experiencing homelessness, one for women and one for families with dependent children. Our family shelter experienced some operational changes this year. We worked with our partners at Multnomah County to ensure shelter continuity for families after we closed our shelter in February 2018. This transition appears financially **as a significant fluctuation in government contract funding from FY 17-18 to FY 18-19**. Funding increased sharply in FY17-18 when we significantly increased the number of families served because we were testing a “no turn-away” model to accommodate the growing need. In FY 18-19, funding dropped by approximately \$2.7M back to previous levels when we returned to the more common “capped-admission” model, where we limit the number of families per night to create a better experience for them and a more manageable caseload for our team.

Throughout the fiscal year, our emergency services team worked with Multnomah County to identify a more sustainable and trauma-informed model and new location for our family shelter. At the same time, our housing development team began to plan the redevelopment of our former shelter site at 161st and SE Stark in Portland. This redevelopment into affordable housing was contemplated by the County and Human Solutions when we purchased the property. **A positive step to move our vision forward was the County’s forgiveness of its \$199,689 purchase loan** to facilitate redevelopment into deeply affordable housing once the temporary shelter at the site ceased operations.

### Affordable Housing Portfolio

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Human Solutions’ housing portfolio includes 720 affordable rental apartments in 17 housing communities. Approximately 165 new apartments are in the development pipeline, with openings at two properties planned in 2021 and 2022. Eleven of our properties are wholly owned and consolidated into the primary financial statements of Human Solutions’ core nonprofit. The six others are accounted for on the equity method and are displayed on supplementary schedules at the end of the audited financial statements.

Several important accomplishments to share in this area:

- **We completed redevelopment and refinancing of Fairview Arms, a 45-unit affordable housing community** in Fairview, Oregon that Human Solutions has operated since the mid 1990s. Fairview Arms is an Oregon limited partnership among Fairview GP, LLC and USB LIHTC Fund



2017-9. We recognized \$1,197,678 of developer fee revenue from this extensive rehab project that will ensure residents have stable and safe affordable housing for decades to come. We received a highly competitive allocation of 9% Low Income Housing Tax Credits, which allowed us to do such extensive renovation. Because of the HUD contract associated with the property, residents pay no more than 30% of their income towards rent, meaning that no residents are rent burdened.

- **In June 2019, we refinanced the Cedars, a 40 unit property in Gresham, Oregon.** This refinancing allowed us to reduce the property's debt service payments and create stronger financial sustainability for this important asset. This refinancing made it possible for us to **seed an asset management reserve** with an initial contribution of \$301,760. This new strategic reserve will allow Human Solutions to better meet emerging needs within our portfolio, which include maintenance demands outside of project budgets and the procurement of capital needs assessments to prepare for preservation funding cycles. We contributed an additional \$100,000 to the reserve from excess cash at the Rockwood Multiservice Center. While not yet funded at levels needed or planned for, this is an important first step towards the type of fiscal stability in our organization and housing portfolio that our Strategic and Equity Plan calls for.
- We raised **\$451,500 in capital campaign funding, shown as deferred revenue** for Parkside 106, our newest development that will bring online 75 units of mixed-income housing, an anchor office/service center and neighborhood-serving retail space. While we received this revenue from our capital campaign this fiscal year, we will recognize it as revenue when the conditions are met.
- **We secured a \$1M predevelopment loan** from the Portland Housing Bureau to complete predevelopment work on Parkside 106. We completed the development plans and lined up construction financing from multiple lenders. This complex project is an excellent example of the community development work that we do and is a true public/private partnership using Low Income Housing Tax Credits, New Markets Tax Credits and local Tax Increment Financing.
- **We secured \$1.65M in tax-exempt financing** (a state "SNAP" bond) and completed the rehabilitation of Carolyn Gardens, a 12-unit townhome community in East Portland where all units have federal Housing Choice Vouchers, meaning residents pay no more than 30% of their income in rent, the federal standard for affordability. This community includes units with three and four bedrooms, a scarce resource for larger families in the Portland area.

As we look to the future here at Human Solutions, we expect the need for both our services and our affordable housing to grow as housing costs remain unaffordable and earned income stagnates - with no sign of a real solution to narrow or close the gap in the near term. We are planning ahead to meet this growing need by focusing on our team, our financial foundation, racial equity, the effectiveness and integration of our programs, and advocacy for funding and systems that work better for the people and



communities we are fortunate to partner with. In the near term, we continue to do the most with the resources we can access today to move closer to our vision of vibrant, healthy neighborhoods where all people can share in the security, hopes and advantages of a thriving, supportive community.

Thank you for your interest in Human Solutions and the community we call home,

A handwritten signature in black ink, appearing to read "Andy Miller".

Andy Miller  
Executive Director

A handwritten signature in black ink, appearing to read "Bruce Whiting".

Bruce Whiting  
Board Chair

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Human Solutions, Inc. and Other Entities  
Portland, Oregon

***Report on the Financial Statements***

We have audited the accompanying consolidated and combined financial statements of Human Solutions, Inc. and Other Entities (nonprofit organizations), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The Pines Housing, Inc., a combined entity, whose statements reflect total assets of \$4,003,468 as of June 30, 2019, and total support and revenues of \$649,874 for the year then ended. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for The Pines Housing, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 Human Solutions, Inc. and Other Entities as of June 30, 2019, 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.

To the Board of Directors  
Human Solutions, Inc. and Other Entities

**Other Matters**

**Other Reporting Requirement by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020, on our consideration of Human Solutions, Inc. and Other Entities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Human Solutions, Inc. and Other Entities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Human Solutions, Inc. and Other Entities' internal control over financial reporting and compliance.

***Report on Summarized Comparative Information***

We have previously audited the Human Solutions, Inc. and Other Entities' 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The other information listed on pages 26-29 in table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

***Emphasis of Matter***

As discussed in Note B, the Organization adopted the provisions of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958)*, for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.



Portland, Oregon  
January 27, 2020

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**  
**CONSOLIDATED AND COMBINED STATEMENT OF FINANCIAL POSITION**

**June 30, 2019**  
(With Comparative Totals as of June 30, 2018)

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 820,257	\$ 627,610
Accounts receivable	3,524,949	2,436,766
Contributions receivable	300,000	-
Prepaid expenses and other assets	275,792	215,372
Restricted deposits and funded reserves	2,294,715	2,064,231
Interest receivable from affiliated organizations	146,231	76,302
Receivables from affiliated organizations	4,615,814	4,562,126
Investments in affiliated organizations	253,593	253,759
Land, buildings and equipment, net	26,180,279	25,538,707
<b>Total assets</b>	<b>\$ 38,411,630</b>	<b>\$ 35,774,873</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 1,129,446	\$ 1,010,153
Line of credit	555,961	-
Accrued payroll and related expenses	371,266	352,629
Deferred revenue	463,621	143,580
Tenant security deposits	167,075	169,277
Long-term debt	17,257,769	15,638,743
<b>Total liabilities</b>	<b>19,945,138</b>	<b>17,314,382</b>
<b>Net assets</b>		
Without donor restrictions		
Available for general operations and programs	6,146,712	5,705,481
Designated by Board for asset management	334,241	-
Designated by Board for housing predevelopment	81,994	85,896
Designated by Board for operating reserves	57,610	206,751
Restricted deposits and funded reserves	1,820,870	1,771,584
Net investment in capital assets and affiliated organizations	9,176,103	10,153,723
<b>Total without donor restrictions</b>	<b>17,617,530</b>	<b>17,923,435</b>
With donor restrictions	848,962	537,056
<b>Total net assets</b>	<b>18,466,492</b>	<b>18,460,491</b>
<b>Total liabilities and net assets</b>	<b>\$ 38,411,630</b>	<b>\$ 35,774,873</b>

See notes to consolidated and combined financial statements.

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**  
**CONSOLIDATED AND COMBINED STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2019**  
(With Comparative Totals for the Year Ended June 30, 2018)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
<b>Operating revenues, gains and other support:</b>				
Government grants and contracts	\$ 11,763,726	\$ -	\$ 11,763,726	\$ 14,716,406
Private grants and contributions	538,986	624,618	1,163,604	623,722
Rental income	3,772,111	-	3,772,111	3,816,886
Development fees	1,197,678	-	1,197,678	350,000
Asset management and resident services fees	214,221	-	214,221	166,542
Investment income	88,727	-	88,727	25,137
Other income	563,593	-	563,593	534,620
	<u>18,139,042</u>	<u>624,618</u>	<u>18,763,660</u>	<u>20,233,313</u>
Less pass-through revenue	-	-	-	(1,074,514)
Net operating revenues, gains and other support	<u>18,139,042</u>	<u>624,618</u>	<u>18,763,660</u>	<u>19,158,799</u>
Net assets released from restrictions	327,656	(327,656)	-	-
<b>Total operating revenues, gains, and other support</b>	<b><u>18,466,698</u></b>	<b><u>296,962</u></b>	<b><u>18,763,660</u></b>	<b><u>19,158,799</u></b>
<b>Expenses</b>				
Program services				
Properties	4,493,315	-	4,493,315	4,499,646
Social services	10,053,361	-	10,053,361	11,756,194
Housing	1,510,290	-	1,510,290	1,279,015
Employment	989,341	-	989,341	824,608
<b>Total program services</b>	<b><u>17,046,307</u></b>	<b><u>-</u></b>	<b><u>17,046,307</u></b>	<b><u>18,359,463</u></b>
Supporting services				
Management and general	1,591,524	-	1,591,524	1,467,573
Fundraising	465,911	-	465,911	386,574
<b>Total expenses</b>	<b><u>19,103,742</u></b>	<b><u>-</u></b>	<b><u>19,103,742</u></b>	<b><u>20,213,610</u></b>
<b>Increase (decrease) in net assets before non-operating activities</b>	<b><u>(637,044)</u></b>	<b><u>296,962</u></b>	<b><u>(340,082)</u></b>	<b><u>(1,054,811)</u></b>
<b>Non-operating activities:</b>				
Grants for long-term investment in capital assets	-	146,394	146,394	73,191
Gain on forgiveness of debt	199,689	-	199,689	1,369,918
Transfer of assets to/from partnership	-	-	-	1,059,239
Net assets released from restrictions for capital purposes	131,450	(131,450)	-	-
<b>Total non-operating activities</b>	<b><u>331,139</u></b>	<b><u>14,944</u></b>	<b><u>346,083</u></b>	<b><u>2,502,348</u></b>
<b>Increase in net assets</b>	<b><u>(305,905)</u></b>	<b><u>311,906</u></b>	<b><u>6,001</u></b>	<b><u>1,447,537</u></b>
<b>Net assets</b>				
Beginning of year	<u>17,923,435</u>	<u>537,056</u>	<u>18,460,491</u>	<u>17,012,954</u>
<b>End of year</b>	<b><u>\$ 17,617,530</u></b>	<b><u>\$ 848,962</u></b>	<b><u>\$ 18,466,492</u></b>	<b><u>\$ 18,460,491</u></b>

See notes to consolidated and combined financial statements.

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**CONSOLIDATED AND COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2019**

(With Comparative Totals for the Year Ended June 30, 2018)

	PROGRAM SERVICES					SUPPORTING SERVICES		Total	
	Properties	Social Services	Housing	Employment	Total	Management and General	Fund-Raising	2019	2018
	Salaries and benefits	\$ 154,643	3,203,180	848,644	776,557	\$ 4,983,024	\$ 1,047,272	279,915	\$ 6,310,211
Client assistance	1,014	1,517,098	19,576	119,004	1,656,692	-	50	1,656,742	3,180,510
Phone and internet	28,281	63,334	11,527	16,381	119,523	18,538	4,246	142,307	118,718
Dues, subscriptions and other	44,708	3,742	2,950	2,350	53,750	25,389	19,085	98,224	149,195
Event expense	-	2,271	640	197	3,108	124	48,287	51,519	40,755
Gas and mileage	-	30,698	4,311	8,921	43,930	958	168	45,056	41,921
Grants awarded	1,080	-	109,500	650	111,230	-	-	111,230	2,850
In-kind services and supplies	-	304,581	-	-	304,581	-	45,896	350,477	339,415
Insurance	203,566	28,295	4,815	4,441	241,117	5,013	1,129	247,259	227,983
Interest expense	599,665	20,958	42,002	-	662,625	18,770	-	681,395	784,738
Occupancy	593,218	282,855	27,354	37,556	940,983	59,706	14,082	1,014,771	1,012,341
Office supplies	-	76,506	11,960	21,758	110,224	26,313	6,762	143,299	154,741
Permits, licenses and fees	139,937	782	6,588	87	147,394	6,344	4,553	158,291	63,633
Professional assistance	36,512	36,093	379,125	6	451,736	287,651	15,950	755,337	643,449
Program expense	-	199,851	34,962	25	234,838	-	-	234,838	179,988
Property maintenance	1,033,802	-	-	-	1,033,802	455	-	1,034,257	936,173
Property management fees	404,896	-	-	-	404,896	-	-	404,896	444,334
Rent assistance	-	3,399,135	-	-	3,399,135	-	-	3,399,135	3,661,960
Staff recruitment and training	6,505	26,387	6,336	1,408	40,636	24,023	3,703	68,362	52,115
Subcontractors	-	617,485	-	-	617,485	-	-	617,485	849,692
Software support	-	-	-	-	-	57,956	22,085	80,041	72,194
Total operating expenses	<u>3,247,827</u>	<u>9,813,251</u>	<u>1,510,290</u>	<u>989,341</u>	<u>15,560,709</u>	<u>1,578,512</u>	<u>465,911</u>	<u>17,605,132</u>	<u>18,767,318</u>
Depreciation and amortization	<u>1,245,488</u>	<u>240,110</u>	<u>-</u>	<u>-</u>	<u>1,485,598</u>	<u>13,012</u>	<u>-</u>	<u>1,498,610</u>	<u>1,446,292</u>
<b>Total expenses</b>	<b><u>\$ 4,493,315</u></b>	<b><u>\$ 10,053,361</u></b>	<b><u>\$ 1,510,290</u></b>	<b><u>\$ 989,341</u></b>	<b><u>\$ 17,046,307</u></b>	<b><u>\$ 1,591,524</u></b>	<b><u>\$ 465,911</u></b>	<b><u>\$ 19,103,742</u></b>	<b><u>\$ 20,213,610</u></b>

See notes to consolidated and combined financial statements.

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**  
**CONSOLIDATED AND COMBINED STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2019**  
(With Comparative Totals for the Year Ended June 30, 2018)

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Cash received from tenants, contractors, grantors and donors	\$ 17,476,442	\$ 18,892,152
Cash paid to employees and suppliers	(16,785,807)	(17,965,426)
Interest income received	88,727	25,137
Interest paid	(681,395)	(786,239)
<b>Net cash provided by (used in) operating activities</b>	<b>97,967</b>	<b>165,624</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(2,140,182)	(663,168)
Loans made to affiliated organizations	(53,522)	619,233
Net (increase) decrease in restricted deposits and funded reserves	(232,686)	31,666
<b>Net cash provided (used) in investing activities</b>	<b>(2,426,390)</b>	<b>(12,269)</b>
<b>Cash flows from financing activities:</b>		
Grants restricted to long-term investment in capital assets	146,394	73,191
Proceeds from line of credit	555,961	-
Proceeds on the issuance of long-term debt	4,097,864	402,136
Repayment of long-term debt principal	(2,279,149)	(495,129)
<b>Net cash provided by (used in) financing activities</b>	<b>2,521,070</b>	<b>(19,802)</b>
<b>Net increase in cash and cash equivalents</b>	<b>192,647</b>	<b>133,553</b>
Cash and cash equivalents at beginning of year	627,610	494,057
<b>Cash and cash equivalents at end of year</b>	<b>\$ 820,257</b>	<b>\$ 627,610</b>

See notes to consolidated and combined financial statements.

## HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

June 30, 2019

#### NOTE A – DESCRIPTION OF ORGANIZATION

Human Solutions, Inc. (the Organization) has been working for over 30 years in East Portland and East Multnomah County, Oregon to help families experiencing poverty and homelessness have the housing and economic security we believe everyone deserves. In addition to helping people navigate to stable housing today, we are also focusing on upstream solutions to inequitable housing and economic policies that will prevent poverty and homelessness tomorrow.

##### **Our Community Vision:**

Human Solutions envisions vibrant, healthy neighborhoods where all people can share in the security, hopes and advantages of a thriving, supportive community.

##### **Our Organizational Vision:**

Human Solutions operates as a nimble, financially strong organization driven by our passion, strategic goals and guiding principles.

##### **Our Mission:**

Human Solutions counters the forces that keep people and communities in poverty by building relationships and assets that create opportunity – today and for future generations.

- **We partner** with people and communities impacted by poverty so they can achieve long-term housing and economic security.
- **We invest** in affordable housing and community assets that contribute to strong, inclusive neighborhoods.
- **We advocate** with their community for policies and investments that expand housing and economic opportunity, eliminate wealth inequality and end poverty.

East Portland/East Multnomah County, Oregon is our home and the heart of our investments, advocacy and programs.

##### **THEORY OF CHANGE: The reason they do what they do.**

**The problem they tackle: intergenerational poverty:** Human Solutions defines poverty as a lack of power, choice and control over circumstances, typically caused by a lack of income, assets and resources at a personal and community level. People and communities who experience poverty typically inherit it as a product of deep structural inequality caused by adverse systemic forces like racism, misogyny, ableism, and mass incarceration. As a result of historic, ongoing and intentional policies that concentrate wealth and power, far too many people – especially people of color - continue to experience intergenerational poverty.

In their home of East Portland and East Multnomah County, people and communities experiencing poverty typically reside in neighborhoods that have experienced years of disinvestment and lack basic amenities like healthy food, safe streets and welcoming places to gather and play. Entrenched, intergenerational poverty and a landscape of disinvestment leave people and whole communities vulnerable to poverty's compounding conditions: powerlessness, residential displacement, lack of educational and economic opportunity, and the recurring trauma of hopelessness and homelessness.

## HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

#### NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

**Our approach: invest in transformation and long-term success:** Human Solutions works to counter the forces that keep people and communities in poverty. We partner with individuals, families and communities to support their long-term success and transcendence from the conditions of poverty. Here's how

- We provide trauma-informed programs that offer hope, support and a pathway to stability and opportunity to our community's most vulnerable families and individuals.
- We develop and maintain healthy, high-quality affordable and supportive housing that responds to the needs and desires of people experiencing housing insecurity and homelessness.
- We offer employment training and career coaching to help people build skills that lead to higher incomes and greater economic opportunity.
- We partner to strengthen poverty-concentrated neighborhoods by developing housing, resources and community amenities that support the success of future generations.
- We advocate for public policies and investments that expand housing and economic opportunity, eliminate wealth inequality, and end poverty.

We believe we can counter structural causes of poverty by sharing and aligning our influence, resources, programs, investments and expertise with individuals and communities so they can build wealth, power, security and influence.

#### PROGRAM AREAS

During the year ended June 30, 2019, the organization provided services in three core program areas: affordable housing, social services and employment.

**AFFORDABLE HOUSING** – Human Solutions develops and operates affordable communities for low-income and unhoused families throughout outer East Portland and East Multnomah County. Human Solutions owns and operates 720 units of affordable rental housing in 17 apartment communities, with 170 more in the pipeline. The three components of the Housing Department are:

1. **Asset Management** managers oversee the maintenance, resident policies and property management companies charged with day-to-day oversight of the 720 permanent, affordable housing units and one commercial unit.
2. **Real Estate Development** staff plan and oversee new real estate investments, including housing development, purchase and rehabilitation projects. In spring 2019, Human Solutions celebrated the completion of two affordable housing rehabilitation projects with a total of 45 apartments and 12 townhomes, one in East Portland the other in Fairview, Oregon. They are also working actively on two new development projects, one of which – with 75 units - is projected to start construction in FY 19-20.
3. **Resident Services** coordinators provide information and referral, eviction prevention services, client assistance funds, as well as support classes, community building and children's activities for the residents in our 720 affordable apartments.

## HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

#### NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

**SOCIAL SERVICES** – The organization’s direct service team provides anti-poverty services to families with who are unhoused and/or have low/no incomes who entered a wide variety of shelter, housing and skill building programs that Human Solutions operates.

**1. Emergency Shelter & Rehousing**

On any given night, Human Solutions provided shelter and/or housing to an average of 1,215 unhoused or formerly unhoused people from 440 households. The emergency shelters for women and families received donated clothing, blankets, household goods, and food from the community that the organization distributed to participants at no charge. The organization raised funds to provide food and after-school homework club and field trips for children staying at Lilac Meadows, our newly opened emergency shelter for unhoused families.

**2. Preventing Homelessness**

The organization also prevented homelessness with short-term rent assistance programs so that 403 families (with 587 adults and 673 children) could remain in their housing. It is the organization’s goal to support people who are unhoused and very low-income families as they work to get back on their feet and into stable housing.

**3. Energy Assistance**

The organization also provided energy bill assistance to 4,970 households, keeping the lights and heat on for 12,844 individuals. This program also helps families stay housed, as utility shutoffs often lead to eviction.

**4. Life Skills Classes**

The organization offers families and individuals life-skill classes such as Rent Well to remove barriers to rental housing, trauma recovery empowerment groups (TREM), Incredible Years parenting classes, and other relevant learning opportunities.

**5. Information & Referral**

During the year ended June 30, 2019, the organization responded with information and referrals to 20,495 calls and walk-ins from people seeking assistance.

#### **EMPLOYMENT SERVICES**

The organization provided employment, job search and training services to 1,010 people. Of those, 30% were either unhoused or at risk of becoming unhoused when they enrolled. 55% obtained jobs with an average starting wage of \$16.18/hour, \$4.93 more than the state’s minimum wage. Partnerships with the City of Gresham, the City of Portland/Prosper Portland, WorkSystems, Inc., and Oregon Department of Human Services/Immigrant and Refugee Community Organization (“IRCO”) made these services possible.

One of Human Solutions’ employment programs, Living Solutions, focused on participants who have very limited employment skills and lack the training and skills needed to find living wage jobs. One of the organization’s employment programs was designed to help people leave Temporary Assistance to Needy Families (“TANF”) support by obtaining jobs with wages sufficient to support their families. We sought and were awarded funding to begin a new program in our next fiscal year to support people with multiple barriers living in our emergency shelters and affordable housing as they begin the process of finding work.

## HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

#### NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

##### **VOLUNTEERING ACROSS PROGRAMS**

Community members are an essential part of our work in the community. This year, volunteers invested more than 15,600 hours to help our programs reach more people in different ways, from our annual Holiday Toy Drive & Store to our LearnLinks after-school and summer programming and emergency shelters for unhoused women and families – cooking and serving food, teaching classes (sewing, yoga) and assisting residents in other ways. We couldn't do what we do without them!

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Adoption of New Accounting Pronouncement**

During the fiscal year ended June 30, 2019, the Organization implemented *Accounting Standards Update No. 2016-14, Not-for-Profit Entities Topic 958 ("ASU 2016-14")*. This standard revised the net asset classification requirements and information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. As a result of the implementation of ASU 2016-14, net assets and transactions are now presented in two categories (with donor restrictions and without donor restrictions) instead of three (unrestricted, temporary, and permanent). Additionally, disclosures regarding liquidity have been added and the expansion of disclosures regarding the nature of donor restrictions have been made. Other matters impacted include additional information about the methodology used for allocating functional expenses and information about board designated funds. The implementation of ASU 2016-14 had no impact on total beginning net assets.

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by grantors.

##### **Basis of Consolidation**

The consolidated and combined financial statements include all accounts and activities of the Organization, including all joint ventures and partnerships, and all nonprofit organizations in which the Organization has a controlling financial and economic interest. The other entities are comprised of the consolidated and combined entities listed below.

The Organization's share of affiliate earnings is included in the statement of activities. All significant interorganizational investments, accounts and transactions have been eliminated.

Unless otherwise noted, the Organization wholly owns and controls the consolidated entity.

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

<u>Property</u>	<u>Consolidated Entities</u>	<u>Notes</u>
Ankeny Woods	HS Ankeny Woods, LLC	
Ankeny Woods	Ankeny Arms, LP	
Cascade Crossing	Cascade Crossing Development, LLC	
The Cedars	HS Cedars, LLC	
Fairview Arms	Fairview GP, LLC	
Glisan Commons	HSI Glisan Commons, LLC	
Park Vista	Park Vista Stark Development, LLC	
Park Vista	Park Vista Stark, LP	
Parkside 106	Gateway QALICB, Inc.	501(c)(3) with economic interest and control
Rockwood	Rockwood Building, LLC	
Rockwood	Rockwood MSC QALICB, Inc.	501(c)(3) with economic interest and control
Rosewood	Rosewood Commercial Condo, LLC	
Rosewood	18155 NE Couch Street Associates, LLC	
Whispering Winds	Arbor Glen GP, LLC	

**Combined Entity:**

The Pines Housing, Inc. is a single purpose nonprofit organization formed to own and operate a Department of Housing and Urban Development funded project. The entity is under common management with Human Solutions, Inc. however, Human Solutions, Inc. does not have a controlling financial and economic interest.

**Affiliated Entities – Equity Method:**

Accounting Standards Codification (ASC) 810 is based on the fundamental principle that a general partner in a limited partnership is presumed to control the limited partnership, regardless of the extent of its ownership interest. Consequently, unless this presumption is overcome, a sole general partner is required to consolidate its limited partnership interests. Management has concluded that consolidation of these limited partnership entities is not required at this time as the presumption of control had been overcome in all cases.

Investments in affiliate organizations in which the Organization has significant ownership interests (generally ranging from 20% to 50%), and where the Organization exercises significant influence over the operating and financial policies of the affiliate, are accounted for using the equity method of accounting. The equity method of accounting is also followed for other investments in limited partnerships for which the Organization serves as sponsor and general partner, and in which it generally holds a 1.0% or .01% equity interest, as follows:

<u>Organization</u>	<u>Held Through</u>	<u>Year Formed</u>
Fairview Arms, LP	Fairview GP, LLC	2017
Gateway Halsey, LP	Gateway GP, LLC	2019
Glisan Commons Phase I, LP	HSI-Glisan Commons, LLC	2012
Lincoln Woods Housing, LP		2003
Lincoln Woods Developer, LLC		2005
Rockwood Housing, LP	Rockwood Building, LLC	2010
Rosewood Plaza, LP	18155 NE Couch Street Associates, LLC	2015
Whispering Winds Housing, LP	Arbor Glen GP, LLC	2009

## HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

##### Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Conditional contributions received are recorded as deferred revenue until the conditions have been met.

##### Contributions of Long-Lived Assets

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of being placed in service of such long-lived assets.

##### In-Kind Contributions

A number of unpaid volunteers have made significant contributions of their time to develop and implement the Organization's programs. In accordance with GAAP, significant services received which create or enhance a nonfinancial asset or require specialized skills that the Organization would have purchased if not donated are recognized in the statement of activities.

In-kind contributions of equipment and other materials are also recorded at their estimated fair value.

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Capital Assets and Depreciation**

Land, buildings, and equipment are carried at cost, and at market value when acquired by gift. The Organization capitalizes assets individually greater than \$5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets as follows

Buildings	30 years
Improvements	10 years
Furniture and equipment	3-5 years

**Development Properties**

Properties acquired and held for development are recorded at acquisition cost, plus all costs associated with repair and rehabilitation of the property and other amounts incurred to make the properties ready for their intended use. In addition, certain indirect costs associated with the acquisition of properties are capitalized and allocated to the properties to which the costs relate, including interest expense which is capitalized in accordance with GAAP. (As of June 30, 2019, capitalized interest costs were immaterial.) Costs incurred for such items after the property has been substantially completed and made ready for its intended use, and indirect costs that do not relate to the property acquired, including general and administrative expenses, are charged to expense as incurred. Depreciation is recorded on all completed and occupied properties.

**Debt Issuance Costs**

Loan costs are capitalized and netted with the related debt and are being amortized over the term of the related debt using the effective yield method.

**Service Revenue Recognition**

Revenues for services are recognized at the time the services are provided and the revenues are earned.

**Limitation on Certain Unrestricted Net Assets**

A certain portion of the Organization's unrestricted net assets is limited by contract to use within the program from which it was generated. In these cases, surplus funds are not refundable or payable to the contractor, but are generally limited to providing an extension or continuation of specific program services. The net assets of consolidated and combined entities totaling \$2,436,137 as of June 30, 2019 are generally not available to the parent organization due to limitations that have been imposed by external grantors and contractors.

## HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Concentration of Credit Risk

- **Cash and Cash Equivalents**

Cash and cash equivalents include bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurable limits. The Organization makes such deposits with high credit quality entities and has not incurred any credit related losses.

- **Receivables**

Accounts and contributions receivable are uncollateralized and stated at the amount management expects to collect from outstanding balances. Receivables from affiliated organizations are substantially secured by real estate. When necessary, receivables are reported net of an allowance for uncollectible accounts.

##### Income Taxes

The Organization has been approved as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

HS Ankeny Woods, LLC, Arbor Glen GP, LLC, Cascade Crossing Development, LLC, Fairview GP, LLC, Gateway GP LLC, HSI Glisan Commons, LLC, HS Cedars, LLC, Park Vista Stark Development, LLC, Rockwood Building, LLC, Rosewood Commercial Condo, LLC, and 18155 NE Couch Street Associates, LLC are single member limited liability corporations controlled by Human Solutions, Inc., and considered disregarded entities for tax purposes.

##### Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

##### Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE C – RELATED PARTIES**

The Organization's investments in affiliates' share of residential profits and losses is in accordance with its ownership percentage, and they generally guarantee operating deficits and certain loans and obligations of the affiliates.

**Summarized Information**

Summarized financial information of substantially all the limited liability companies and limited partnerships at December 31, 2018, the date of the most recent financial statements, consists of the following:

	Fairview Arms, LP	Glisan Commons Phase I, LP	Lincoln Woods Housing, LP
Property, net	\$ 11,283,139	\$ 10,722,335	\$ 6,193,186
Required reserves	81,203	394,010	179,286
Other assets	283,045	192,849	50,476
Total assets	<u>\$ 11,647,387</u>	<u>\$ 11,309,194</u>	<u>\$ 6,422,948</u>
Long-term debt	\$ 8,188,714	\$ 4,241,465	\$ 2,879,795
Other liabilities	2,059,236	62,643	546,246
Partners' equity (deficit)	1,399,437	7,005,086	2,996,907
Total liabilities and partners' equity	<u>\$ 11,647,387</u>	<u>\$ 11,309,194</u>	<u>\$ 6,422,948</u>
Revenues	\$ 597,510	\$ 493,500	\$ 611,022
Expenses	594,262	760,956	964,275
Net income (loss)	<u>\$ 3,248</u>	<u>\$ (267,456)</u>	<u>\$ (353,253)</u>

	Rockwood Housing, LP	Rosewood Plaza, LP	Whispering Winds Housing, LP
Property, net	\$ 8,742,466	\$ 10,083,756	\$ 8,217,783
Required reserves	308,588	261,682	140,906
Other assets	57,514	112,269	132,858
Total assets	<u>\$ 9,108,568</u>	<u>\$ 10,457,707</u>	<u>\$ 8,491,547</u>
Long-term debt	\$ 6,196,242	\$ 1,883,905	\$ 5,305,757
Other liabilities	121,102	217,306	1,917,655
Partners' equity (deficit)	2,791,224	8,356,496	1,268,135
Total liabilities and partners' equity	<u>\$ 9,108,568</u>	<u>\$ 10,457,707</u>	<u>\$ 8,491,547</u>
Revenues	\$ 420,920	\$ 432,142	\$ 995,765
Expenses	679,631	627,039	1,600,593
Net income (loss)	<u>\$ (258,711)</u>	<u>\$ (194,897)</u>	<u>\$ (604,828)</u>

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE D – ACCOUNTS RECEIVABLE**

At June 30, 2019, the following accounts receivable were outstanding:

Government grants and contract payments receivable	\$ 1,415,823
Developer fee	1,197,678
Other receivables	<u>911,438</u>
	<u>\$ 3,524,939</u>

**NOTE E – RESTRICTED DEPOSITS AND FUNDED RESERVES**

In accordance with the requirements of various agreements with funders, at June 30, 2019, the Organization maintains \$2,294,715 in total restricted deposits, including security deposits of \$165,464 and mortgage escrows of \$73,079, and funded reserves for the renewal and replacement of specific property and related capital improvements.

**NOTE F – RECEIVABLES FROM AFFILIATED ORGANIZATIONS**

Receivables from affiliates at June 30, 2019 consist of the following:

Fairview Arms, LP - Long-term note receivable; interest at 2.6%; principal payable from gross cash receipts; balance due December 2072.	\$ 1,984,172
Fairview Arms, LP - Long-term note receivable; interest at 0%; balance due December 2072.	33,867
Glisan Commons Phase I LP - Long-term note receivable, non-interest bearing, principal payable from gross cash receipts, due December 2067.	5,766
Lincoln Woods Housing, LP - Long-term note receivable; interest at 1.5%; developer fee; due December 2048.	271,862
Rockwood Housing, LP - Long-term note receivable; interest at 0%; principal payable from gross cash receipts; balance due October 2065.	1,429,944
Rosewood Plaza, LP - Long-term note receivable; interest at 0%; principal payable from gross cash receipts; balance due January 2076.	694,192
Rosewood Plaza, LP - note receivable; interest at 0%, remaining principal payable from gross cash receipts, due 2030.	155,138
Whispering Winds Housing, LP - Guarantee fees totaling \$206,546; assets assigned to the Organization totaling \$817,465, less an allowance for uncollectible amounts of \$983,138.	<u>40,873</u>
	<u>\$ 4,615,814</u>

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE F – RECEIVABLES FROM AFFILIATED ORGANIZATIONS (CONTINUED)**

Interest receivable from the affiliates at June 30, 2019 consists of the following:

Fairview Arms, LP	\$	81,815
Lincoln Woods Housing, LP		36,146
Whispering Winds Housing, LP		<u>28,270</u>
	\$	<u><u>146,231</u></u>

**NOTE G – INVESTMENTS IN AFFILIATED ORGANIZATIONS**

The Organization is the sponsor and general partner of the following limited partnerships and limited liability corporations:

	Ownership Interest	Investment	Equity in Earnings (Losses) of Affiliates
Fairview Arms, LP	\$ 0.01%	\$ 100	\$ 1
Gateway Halsey, LP	0.01%	-	-
Glisan Commons Phase I, LP	0.01%	(58,510)	(27)
Lincoln Woods Developer, LLC	25%	50,370	(35)
Lincoln Woods Housing, LP	0.01%	-	-
Rockwood Housing, LP	0.01%	(156)	(26)
Rosewood Plaza, LP	0.01%	8	(19)
Whispering Winds Housing, LP	0.01%	<u>261,781</u>	<u>(60)</u>
		\$ <u><u>253,593</u></u>	\$ <u><u>(166)</u></u>

Each of the entities listed above was formed under the laws of the State of Oregon for the purpose of rehabilitating, constructing, operating, and/or investing in LIHTC projects.

**NOTE H – LAND, BUILDING, AND EQUIPMENT**

A summary of the land, buildings and equipment at June 30, 2019 is as follows:

Land and improvements	\$	4,396,748
Buildings and building improvements		36,364,796
Furnishings and equipment		1,274,645
Construction in progress		<u>1,587,847</u>
		43,624,036
Less accumulated depreciation		<u>(17,443,757)</u>
	\$	<u><u>26,180,279</u></u>

## HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

#### NOTE H – LAND, BUILDING, AND EQUIPMENT (CONTINUED)

Included in Buildings and building improvements is the Family Center on Stark Street at a net book value of \$569,725. The structure is damaged and in need of repair, and the Organization has committed to a plan to pursue a redevelopment of the property in exchange for receiving debt forgiveness on the property of \$199,689 from one of two lenders. The Organization has received a bond award after the year ended June 30, 2019 that requires all project financing to be secured by June 30, 2020 or it will expire (see footnote P). Accordingly, the useful life of the property has been shortened, and depreciation accelerated to the estimated remaining useful life ending June 30, 2020.

Several housing projects funded by restricted grants and contracts are represented in the above categories of land and buildings. In accordance with contract stipulations, these properties must remain available to eligible low-income households in accordance with the Low Income Housing Preservation and Resident Homeownership Act and other standards. Failure to retain this housing exclusively for eligible low-income families and individuals could result in revocation of the grants and the return of all funds received plus interest since the date of the first advance.

As of June 30, 2019, the Organization has complied with all asset restrictions referred to above, and has the intention and ability to continue to comply with those restrictions. Accordingly, no restricted net assets or liability have been recorded on the accompanying financial statements as the Organization considers it remote the restrictions will not be met.

#### NOTE I – LINE OF CREDIT AND OTHER AVAILABLE CREDIT

The Organization has a secured revolving line of credit with Columbia State Bank for borrowings of up to \$1,500,000. The line matures in June 2020, and provides interest at the greater of the Columbia Bank Base Rate Index plus 0.75% or a floor rate of 4.5%. The Index is the Prime Rate set by the Bank. The interest rate at June 30, 2019 was 7%. \$555,961 was outstanding at June 30, 2019.

#### NOTE J – LONG-TERM DEBT

The acquisition and rehabilitation of the Organization's properties include costs financed through loans received from various parties. The following obligations, all secured by property and associated trust deeds unless noted otherwise, were outstanding at June 30, 2019:

##### Ankeny Woods

Note payable to the City of Portland (through the Portland Housing Bureau); interest at 3.0%; all unpaid principal and interest due in June 2027; debt service payments due in monthly installments of \$1,989 only if, and to the extent of, 50% of the positive net cash flows generated.	\$ 68,846
Note payable to the City of Portland (through the Portland Housing Bureau); interest at 1%; all unpaid principal and interest due on December 31, 2027; debt service payments due in monthly installments only if, and to the extent of, 50% of the positive net cash flows generated.	353,474
Note payable to The Community Development Trust, LP; interest at 7.67%; principal and interest due in monthly installments of \$6,764 through January 2028.	509,245

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE J – LONG-TERM DEBT (CONTINUED)**

**Briarwood East**

Note payable to the City of Portland (through the Portland Housing Bureau); interest at 4.25%; principal and interest due in monthly installments of \$8,911 through October 2031. 1,022,870

Note payable to the City of Portland (through the Portland Housing Bureau); interest 0%; payable from excess cash flow; unpaid principal due September 2041. 733,044

**Carolyn Gardens**

Loan payable to Heritage Bank of \$1,650,000 (financed with bonds through the Oregon Facilities Authority SNAP Revenue Note, 2019 Series A, issued by the Authority.) Principal and interest payments of \$9,378 are due monthly beginning August 2019 through reset date, reamortized thereafter. Current interest rate is 4.65% until 2 reset dates, July 1, 2029 and July 1, 2039. Reset rates will adjust to FHLB rate at that date plus 2.75% margin multiplied by 0.8088. The loan matures July 2044, and is callable by both lender and borrower at each reset date. 1,650,000

Less unamortized debt issuance costs (58,958)

1,591,042

Note payable to the City of Portland (through the Portland Housing Bureau); interest 0%; debt service payments are due annually only if, and to the extent of, 50% of excess cash flows; unpaid principal due September 2079. 150,000

**Cascade Crossing**

Note payable to Walker & Dunlop, LLC; interest 3.81% per annum; principal and interest due in monthly installments of \$17,961; unpaid principal and interest due at the earlier of maturity date of 'October 1, 2023; structured as a defeased loan with prepayment 'premiums under certain conditions. 3,662,518

**Cedars**

Notes payable to Beneficial State Bank; interest at floor rate of 4.55%; due in monthly amortizing installments of \$8,715 for 60 months. Beginning July 2024, the interest rate will be calculated at LIBOR plus a margin of 2.25%; maturity July 2049. 1,700,000

**Douglas Meadows**

Note payable to Clackamas County Bank; interest at 7.75%; due in monthly amortizing installments of \$610 through July 2023 with a balloon payment for the outstanding balance as of July 2023. 62,691

Note payable to Clackamas County Bank; interest at 2.87%; due in amortizing monthly installments of \$1,626 through July 2023, with a balloon payment for the outstanding balance as of July 2023. 222,491

HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE J – LONG-TERM DEBT (CONTINUED)

**Greentree Court**

Note payable to Clackamas County Bank; Fixed At 5.99% until June 2023, then variable interest at Federal Home Loan Bank of Des Moines Five Year Advance Rate index plus 3.0%, due on demand, or if no demand is made, in monthly amortizing installments of \$2,517 through June 2028, with a balloon payment for the outstanding balance as of June 2028. 236,757

**Park Vista**

Note payable to the Key Bank; interest at 4.89%; due on September 1, 2021 and payable in monthly installments of \$6,680; the interest rate on the note is 8.69%, however the interest rate has been reduced by 3.8% provided the Project qualifies for the Oregon Affordable Housing Tax Credit Program and maintains such qualification. 733,914

Note payable to the Key Bank; interest at 8.69%; due on September 1, 2021 and payable in monthly installments of \$4,660. 419,063

Note payable to The City of Portland through the Portland Housing Bureau; interest at 1% per annum; all unpaid principal and interest due on August 1, 2051; debt service payments due in annual installments only if, and to the extent of, 50% of the excess cash flow; security subject to prior liens. 805,508

Notes payable to City of Portland through the Portland Housing Bureau; interest at 3% per annum; due on August 1, 2031 and is payable in monthly installments of \$577; additional annual payments are due to the extent of 50% of the excess cash flow after priority distributions as defined in the loan agreement with PHB; security subject to prior liens. 58,225

**The Pines Housing, Inc.**

Note payable to Huntoon Hastings, Inc.; interest at 6.25%; provides for borrowings up to \$1,955,000; interest only payments through April 2013; thereafter monthly principal and interest payments of \$11,099; maturity April 2053. 1,872,596

Less unamortized debt issuance costs (200,102) 1,672,494

**Rockwood MSC**

Note payable to the City of Gresham; principal and interest at 2.81% due quarterly beginning August 2018; maturity date August 2030. 1,068,898

**Rosewood Commercial Condo LLC**

Note payable to Columbia Bank; interest at 5.26% until December 2021, than at the greater of the Federal Home Loan Bank of Des Moines Five Year Advance Rate index plus 3.0% or 5.26% floor; principal and interest due in monthly installments of \$3,660; unpaid principal and interest due at maturity December 2031. 573,380

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE J – LONG-TERM DEBT (CONTINUED)**

**Family Center on Stark Street**

Note payable to HDC Community Fund LLC; interest at 4.5% per annum; principal principal and interest due in monthly installments of \$5,000; unpaid principal and interest due at the earlier of maturity date of November 1, 2020 or two years after the end of the approved operation contract for the property with Multnomah County. The Family Center stopped operations in February 2018. 600,272

**Gateway**

Notes payable to City of Portland through the Portland Housing Bureau; interest 0%; unpaid principal balance due at the earlier of maturity date of May 2019 or upon disbursement of funds under a construction loan, paid in full August 2019. 1,000,000

**SE 133rd**

Note payable to Multnomah County; interest 0%; note forgiveness of principal at maturity date of March 2064 unless an event of default occurs. 13,037

\$ 17,257,769

Future maturities of notes payable consist of the following:

Year Ending June 30,		
2020	\$	2,053,615
2021		476,350
2022		500,437
2023		502,304
2024		527,371
2025 and thereafter		<u>13,197,692</u>
	\$	<u><u>17,257,769</u></u>

**NOTE K – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES**

At June 30, 2019, net assets with donor restrictions are available for the following purposes:

For timing and specific purpose:		
Capital projects	\$	400,000
For specific purposes:		
Capital projects		35,000
Other programs		<u>413,962</u>
	\$	<u><u>848,962</u></u>

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE K – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES (CONTINUED)**

Board designated asset management reserve - used to make unanticipated investments in the maintenance and operation of the Organization housing portfolio.	\$ 334,241
Board designated operating reserve - consists of funds in excess of the current anticipated cashflow needs	57,610
Board designated predevelopment reserve - to fund due diligence activities to determine project feasibility	<u>81,994</u>
	<u>\$ 473,845</u>

**NOTE L – NET ASSETS RELEASED FROM RESTRICTIONS**

During the year ended June 30, 2019, net assets as follows were released from restrictions by incurring expenses in satisfaction of the restricted purposes specified by the Organization's donors, or by the occurrence of other events specified by donors:

Net assets released from restrictions:	
For operating purposes	\$ 327,656
For capital purposes	<u>131,450</u>
	<u>\$ 459,106</u>

**NOTE M – CONTINGENT LIABILITIES**

Human Solutions, Inc. has entered into several "cash flow" financing agreements with the Portland Housing Bureau ("PHB") for the financing of certain property, whereby if the properties are sold, transferred, refinanced or changed as to use, the outstanding balance of the financing must be reported immediately to PHB and be subject to potential repayment. In addition, if the operation of any of the properties demonstrates surplus revenue in excess of 1.15 times annual debt service in any single year of its operation, the excess must be shared equally with PHB. No material amounts were received under such "cash flow" financing agreements and were payable to PHB during the year ending June 30, 2019.

Human Solutions, Inc. also has entered into a \$75,000 forgivable 0% loan with Multnomah County. The agreement has no payment due and will be forgiven in 2027 as long as the terms of the loan are complied with.

## HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

### NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

#### NOTE N – CONTINGENCIES

Human Solutions, Inc. is the general partner in several LIHTC partnerships established for the purpose of developing and managing various LIHTC projects. The partnership agreements provide for various obligations of the general partner including, in certain cases, a requirement to provide funds for any operating deficits. Human Solutions, Inc. also guarantees the payment of outstanding loans incurred for these projects in the event of default by the partnerships. The financial statements do not include any adjustment for potential losses if these partnerships are unable to continue as going concerns or require other infusions of cash.

Other claims arising in the normal course of operations have been filed against the Organization. Certain claims are covered by insurance and have been tendered to the Organization's public liability insurer. In management's opinion, these claims will not result in material losses to the Organization.

In addition, certain amounts received or receivable under the Organization's contracts with the City of Portland, the City of Gresham, Multnomah County, the U.S. Department of Housing and Urban Development, the U.S. Department of Health and Human Services, the State of Oregon, and others are subject to audit and adjustment by those contracting agencies and others. Any expenditures or claims disallowed as a result of such audits would become a liability of the Organization's unrestricted fund. In the opinion of the Organization's management, any adjustments that might result from such audits would not be material to the Organization's overall financial statements.

HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE O – LIQUIDITY

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2019:

Financial assets at year-end	
Cash and cash equivalents	\$ 820,257
Accounts receivable	3,524,939
Contributions receivable	300,000
Restricted deposits and funded reserves	2,294,715
Notes and interest receivables from affiliated organizations	<u>4,762,045</u>
Total financial assets	<u>11,701,956</u>
Less amounts unavailable for general expenditure within one year:	
Contractual or donor-imposed restrictions:	
Restricted by donor	848,962
Restricted deposits and funded reserves	1,820,870
Notes and interest receivables from affiliated organizations	<u>4,762,045</u>
Board designations:	
Board-designated asset management reserve	334,241
Board-designated operating reserve	57,610
Board-designated predevelopment reserve	<u>81,994</u>
Total unavailable financial assets	<u>7,905,722</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>3,796,234</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2019**

**NOTE P – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 27, 2020, which is the date the financial statements were available to be issued.

In October 2019, the Organization received a Bond Opportunity Solicitation Award of \$13,950,000 to redevelop the Family Center on Stark Street into 93 units of affordable housing. The Award is pending negotiations and underwriting of the project and does not constitute a reservation of funds. The award expires on June 30, 2020.

In August 2019, the Organization closed on Parkside 106, a mixed-use development in the Gateway neighborhood with Low Income Tax Credits and New Market Tax Credits. The development will include 75 mixed-income rental apartments and 11,000 square feet of retail and 11,000 square feet of office. Total project budget is \$32,391,710 and there are multiple planned sources of funds. Total available financing secured for the development is \$21,730,111, with \$11,680,111 available for the Gateway QALICB, Inc. and \$10,050,000 available for the Gateway Halsey, LP. Total borrowed as of the report date is \$5,636,800 by the Organization (who then loaned it to the QALICB), \$937,621 by the QALICB and \$2,533,990 by the Gateway Halsey, LP and guaranteed by the Organization.

In August 2019, the Fairview Arms, LP converted the construction loan financing to permanent financing on its Fairview Arms rehabilitation project. Total value of the permanent loan is \$2,965,000. The Organization is the General Partner of the LP and guarantor of this debt. The Organization also received the outstanding developer fee receivable, see Note D.

## **OTHER INFORMATION**

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**

**PROPERTIES OWNERSHIP SCHEDULE**

**Year Ended June 30, 2019**

**Properties Owned Directly by  
Human Solutions, Inc.:**

Briarwood East  
Carolyn Gardens  
Columbia View  
Douglas Meadows  
Greentree Court  
Ivon Court

**Combined Entities: Low Income Housing  
Preservation and Resident Homeownership  
Act Projects:**

The Pines Housing, Inc.

**Equity Investments and Consolidated Subsidiaries:**

<b>Property</b>	<b>Ownership Entity (OE)</b>	<b>OE Owners</b>	<b>%</b>	<b>HSI Accounting Method for OE Owners</b>
Ankeny Arms	Ankeny Arms, LP	● GP-HSI	1%	In consolidation
		● LP-HS Ankeny Woods, LLC	99%	In consolidation
Cascade Crossing	Cascade Crossing Development, LLC	● HSI	100%	In consolidation
The Cedars	HS Cedars, LLC	● HSI	100%	In consolidation
Fairview Arms	Fairview Arms, LP	● GP-HSI through Fairview GP, LLC	0.01%	In consolidation
		● LP-external investors	99.99%	Equity
Glisan Commons	Glisan Commons Phase I, LP	● GP-HSI through HSI Glisan Commons, LLC	0.01%	In consolidation
		● LP-external investors	99.99%	Equity
Lincoln Woods	Lincoln Woods Housing, LP	● GP-HSI	0.01%	In consolidation
		● LP-external investors	99.99%	Equity
Park Vista	Park Vista Stark, LP	● GP-HSI	0.01%	In consolidation
		● GP-HSI through Park Vista Stark Development, LLC	99.99%	In consolidation
Parkside 106-residential	Gateway Halsey, LP	● GP-HSI through Gateway GP, LLC ● LP - external investors	0.01% 99.99%	In consolidation Equity
Parkside 106-commercial	Gateway QALICB, Inc.	● HSI controls this 501(c)(3)	NA	In consolidation
Rockwood - residential	Rockwood Housing, LP	● GP-HSI through Rockwood Building, LLC	0.01%	In consolidation
		● LP-external investors	99.99%	Equity
Rockwood - commercial	Rockwood MSC QALICB, Inc.	● HSI controls this 501(c)(3)	NA	In consolidation
Rosewood - residential	Rosewood Plaza, LP	● GP-HSI through 18155 NE Couch Street Associates, LLC	0.01%	In consolidation
		● LP-external investors	99.99%	Equity
Rosewood - commercial	Rosewood Commercial Condo, LLC	● HSI	100%	In consolidation
Whispering Winds	Whispering Winds Housing, LP	● GP-HSI through Arbor Glen GP, LLC	0.01%	In consolidation
		LP-external investors	99.99%	Equity

**NOTE:** All LLCs above are 100% owned by HSI.

**HUMAN SOLUTIONS, INC. AND OTHER ENTITIES**  
**PROPERTIES AND AFFILIATED ENTITIES SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS (UNAUDITED)**

June 30, 2019

**ASSETS**

	Affiliated Entities at December 31, 2018							Total Affiliated Entities	Total
	HSI and Combined Entities	Fairview Arms, LP	Glisan Commons, LP	Lincoln Woods Housing, LP	Rockwood Housing, LP	Rosewood Plaza, LP	Whispering Winds Housing, LP		
Cash and cash equivalents	\$ 820,257	\$ 173,887	\$ 129,353	\$ 32,948	\$ 1,160	\$ 14,322	\$ 94,008	\$ 445,678	\$ 1,265,935
Accounts receivable	3,524,949	38,948	20,120	4,129	13,546	30,737	26,308	133,788	3,658,737
Contributions receivable	300,000	-	-	-	-	-	-	-	300,000
Prepaid expenses and other assets	275,792	15,136	3,735	5,819	18,593	20,638	5,995	69,916	345,708
Restricted deposits and funded reserves									
Tenant security deposits	165,464	11,331	27,365	29,392	17,480	20,398	46,904	152,870	318,334
Tax, insurance, and mortgage escrow	73,080	-	-	-	23,068	39,741	33,338	96,147	169,227
Replacement reserve	1,020,407	69,872	33,907	102,539	98,352	52,752	60,664	418,086	1,438,493
Operating reserve	1,035,764	-	139,347	47,355	117,409	148,791	-	452,902	1,488,666
Section 8 transition reserve	-	-	193,391	-	52,279	-	-	245,670	245,670
Total restricted deposits and funded reserves	2,294,715	81,203	394,010	179,286	308,588	261,682	140,906	1,365,675	3,660,390
Interest receivable from affiliated organizations	146,231	-	-	-	-	-	-	-	146,231
Receivables from affiliated organizations	4,615,814	-	-	-	-	-	-	-	4,615,814
Investments in affiliated organizations	253,593	-	-	-	-	-	-	-	253,593
Land, buildings and equipment									
Land and improvements, net of accumulated depreciation	4,396,748	392,378	349,629	1,163,074	1,429,101	853,394	2,050,856	6,238,432	10,635,180
Depreciable assets, net of accumulated depreciation	21,783,531	10,890,761	9,982,269	5,030,112	7,313,365	9,230,392	6,166,927	48,613,826	70,397,357
Lease acquisition costs, net of accumulated amortization	-	-	390,437	-	-	-	-	390,437	390,437
Land, buildings and equipment, net	26,180,279	11,283,139	10,722,335	6,193,186	8,742,466	10,083,786	8,217,783	55,242,695	81,422,974
Deferred charges, net of accumulated amortization	-	55,074	39,641	7,580	24,215	46,542	6,547	179,599	179,599
<b>Total assets</b>	<b>\$ 38,411,630</b>	<b>\$ 11,647,387</b>	<b>\$ 11,309,194</b>	<b>\$ 6,422,948</b>	<b>\$ 9,108,568</b>	<b>\$ 10,457,707</b>	<b>\$ 8,491,547</b>	<b>\$ 57,437,351</b>	<b>\$ 95,848,981</b>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses									
Accounts payable	\$ 1,123,390	\$ 758,631	\$ 1,431	\$ 56,638	\$ 8,705	\$ 1,864	\$ 74,747	\$ 902,016	\$ 2,025,406
Resident services fee payable	-	-	3,166	23,045	3,027	394	-	29,632	29,632
Asset management fee payable	6,056	5,000	10,000	-	20,000	12,083	-	47,083	53,139
Partnership management fee payable	-	-	15,259	-	-	-	64,443	79,702	79,702
Total accounts payable and accrued expenses	1,129,446	763,631	29,856	79,683	31,732	14,341	139,190	1,058,433	2,187,879
Line of credit	555,961	-	-	-	-	-	-	-	555,961
Accrued payroll and related expenses	371,266	-	-	-	-	-	-	-	371,266
Deferred revenue	463,621	6,918	1,769	6,575	10,253	9,280	18,556	53,351	516,972
Payables to affiliated organizations	-	-	-	60,534	27,448	16,052	275,701	379,735	379,735
Tenant security deposits	167,075	11,331	27,365	29,392	18,450	20,398	46,854	153,790	320,865
Development fee payable	-	1,197,678	-	169,572	27,878	155,139	817,465	2,367,732	2,367,732
Accrued interest	-	79,678	3,653	200,490	5,341	2,096	619,889	911,147	911,147
Long-term debt	17,257,769	8,188,714	4,241,465	2,879,795	6,196,242	1,883,905	5,305,757	28,695,878	45,953,647
<b>Total liabilities</b>	<b>19,945,138</b>	<b>10,247,950</b>	<b>4,304,108</b>	<b>3,426,041</b>	<b>6,317,344</b>	<b>2,101,211</b>	<b>7,223,412</b>	<b>33,620,066</b>	<b>53,565,204</b>
<b>Net assets</b>									
Without donor restrictions	17,617,530	1,399,437	7,005,086	2,996,907	2,791,224	8,356,496	1,268,135	23,817,285	41,434,815
With donor restrictions	848,962	-	-	-	-	-	-	-	848,962
<b>Total net assets</b>	<b>18,466,492</b>	<b>1,399,437</b>	<b>7,005,086</b>	<b>2,996,907</b>	<b>2,791,224</b>	<b>8,356,496</b>	<b>1,268,135</b>	<b>23,817,285</b>	<b>42,283,777</b>
<b>Total liabilities and net assets</b>	<b>\$ 38,411,630</b>	<b>\$ 11,647,387</b>	<b>\$ 11,309,194</b>	<b>\$ 6,422,948</b>	<b>\$ 9,108,568</b>	<b>\$ 10,457,707</b>	<b>\$ 8,491,547</b>	<b>\$ 57,437,351</b>	<b>\$ 95,848,981</b>

HUMAN SOLUTIONS, INC. AND OTHER ENTITIES

PROPERTIES AND AFFILIATED ENTITIES SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (UNAUDITED)

June 30, 2019

	Affiliated Entities at December 31, 2018							Total Affiliated Entities	Total
	HSI and Combined Entities	Fairview Arms, LP	Glisan Commons, LP	Lincoln Woods Housing, LP	Rockwood Housing, LP	Rosewood Plaza, LP	Whispering Winds Housing, LP		
<b>Operating revenues, gains, and other support</b>									
Government grants and contracts	\$ 11,763,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,763,726
Private grants and contributions	1,163,604	-	-	-	-	-	-	-	1,163,604
Rental income	3,772,111	580,439	456,900	607,838	408,126	341,371	988,757	3,383,431	7,155,542
Development fees	1,197,678	-	-	-	-	-	-	-	1,197,678
Asset management and resident services fees	214,221	-	-	-	-	-	-	-	214,221
Investment income	88,727	317	256	32	192	155	75	1,027	89,754
Other income	563,593	16,754	36,344	3,152	12,602	90,616	6,933	166,401	729,994
	<u>18,763,660</u>	<u>597,510</u>	<u>493,500</u>	<u>611,022</u>	<u>420,920</u>	<u>432,142</u>	<u>995,765</u>	<u>3,550,859</u>	<u>22,314,519</u>
Less pass-through revenue	-	-	-	-	-	-	-	-	-
<b>Total operating revenues, gains, and other support</b>	<b><u>18,763,660</u></b>	<b><u>597,510</u></b>	<b><u>493,500</u></b>	<b><u>611,022</u></b>	<b><u>420,920</u></b>	<b><u>432,142</u></b>	<b><u>995,765</u></b>	<b><u>3,550,859</u></b>	<b><u>22,314,519</u></b>
<b>Expenses</b>									
Program services		594,262	760,956	964,275	679,631	627,039	1,600,593	5,226,756	5,226,756
Properties	4,493,315	-	-	-	-	-	-	-	4,493,315
Social services	10,053,361	-	-	-	-	-	-	-	10,053,361
Housing	1,510,290	-	-	-	-	-	-	-	1,510,290
Employment	989,341	-	-	-	-	-	-	-	989,341
<b>Total program services</b>	<b><u>17,046,307</u></b>	<b><u>594,262</u></b>	<b><u>760,956</u></b>	<b><u>964,275</u></b>	<b><u>679,631</u></b>	<b><u>627,039</u></b>	<b><u>1,600,593</u></b>	<b><u>5,226,756</u></b>	<b><u>22,273,063</u></b>
Supporting services									
Management and general	1,591,524	-	-	-	-	-	-	-	1,591,524
Fundraising	465,911	-	-	-	-	-	-	-	465,911
<b>Total expenses</b>	<b><u>19,103,742</u></b>	<b><u>594,262</u></b>	<b><u>760,956</u></b>	<b><u>964,275</u></b>	<b><u>679,631</u></b>	<b><u>627,039</u></b>	<b><u>1,600,593</u></b>	<b><u>5,226,756</u></b>	<b><u>24,330,498</u></b>
<b>Increase (decrease) in net assets before non-operating transactions</b>	<b><u>(340,082)</u></b>	<b><u>3,248</u></b>	<b><u>(267,456)</u></b>	<b><u>(353,253)</u></b>	<b><u>(258,711)</u></b>	<b><u>(194,897)</u></b>	<b><u>(604,828)</u></b>	<b><u>(1,675,897)</u></b>	<b><u>(2,015,979)</u></b>
<b>Non-operating activities:</b>									
Grants for long-term investment in capital assets	146,394	-	-	-	-	-	-	-	146,394
Gain on forgiveness of debt	199,689	-	-	-	-	-	-	-	199,689
Transfer of assets to/from partnership	-	-	-	-	-	-	-	-	-
<b>Total non-operating activities</b>	<b><u>346,083</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>346,083</u></b>
<b>Increase (decrease) in net assets</b>	<b><u>6,001</u></b>	<b><u>3,248</u></b>	<b><u>(267,456)</u></b>	<b><u>(353,253)</u></b>	<b><u>(258,711)</u></b>	<b><u>(194,897)</u></b>	<b><u>(604,828)</u></b>	<b><u>(1,675,897)</u></b>	<b><u>(1,669,896)</u></b>
Net assets beginning of year	<u>18,460,491</u>	<u>1,372,519</u>	<u>7,272,542</u>	<u>3,350,160</u>	<u>3,049,935</u>	<u>8,551,393</u>	<u>1,872,963</u>	<u>25,469,512</u>	<u>43,930,003</u>
Capital contribution	-	23,670	-	-	-	-	-	23,670	23,670
<b>Net assets at end of year</b>	<b><u>\$ 18,466,492</u></b>	<b><u>\$ 1,399,437</u></b>	<b><u>7,005,086</u></b>	<b><u>\$ 2,996,907</u></b>	<b><u>\$ 2,791,224</u></b>	<b><u>\$ 8,356,496</u></b>	<b><u>\$ 1,268,135</u></b>	<b><u>\$ 23,817,285</u></b>	<b><u>\$ 42,283,777</u></b>

**HUMAN SOLUTIONS, INC.**

**GOVERNING BOARD AND MANAGEMENT**

**Year Ended June 30, 2019**

**Board of Directors:**

Bruce Whiting, **Chair**  
KeyBank

Jo Ann Hardesty, **Vice Chair**  
City Commissioner, City of Portland  
Hardesty Consulting

Chief Carla Piluso, **Secretary**  
Representative- District 50  
Oregon State Legislature  
Police Chief (Retired) Gresham

Hiram Moy, **Treasurer**  
Alamo Equity Partners, LLC  
Sexual Assault Resource Center  
Girls Inc.

Chris Brox  
Providence

Verlea Briggs  
Portland General Electric

Paul Warr-King  
Former City Councilor for  
City of Gresham

Lydia Gray-Holifield  
Community Member

Jon Stride  
Attorney  
Tonkon Torp

Amy Setzer  
Community Member

Cathy Sherick  
Administrative Analyst

**Management:**

Andy Miller  
Executive Director

Tanja Lux  
Chief Financial Officer

Hillary Houck  
Chief Program Officer

Sarah Schubert  
Director of Housing

Ricardo Lopez  
Director of Employment and Economic  
Development

Lisa Frack  
Director of Development

Marisa Messina  
Human Resource Manager

**INQUIRIES AND OTHER INFORMATION**

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(503) 548-0292 (Fax)

**Website:**

[www.humansolutions.org](http://www.humansolutions.org)