

HELPING HAND HOUSE

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITOR'S REPORT

June 26, 2008

To the Board of Directors
Helping Hand House
PO Box 710
Puyallup, WA 98371

We have audited the accompanying statements of financial position of Helping Hand House (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helping Hand House as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Brantley Janson Yost & Ellison

HELPING HAND HOUSE

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006**

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash	\$ 211,341	\$ 1,519
Investments in equities	7,979	1,033
Contributions receivable, net	56,740	46,091
Grants receivable	126,035	63,568
Prepays	<u>6,735</u>	<u>6,187</u>
Total current assets	408,830	118,398
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	1,956,816	2,016,227
OTHER ASSETS		
Restricted cash	360,000	
Contributions receivable, long-term	53,971	68,511
Loan fees, net of accumulated amortization	12,426	10,927
Deposits	4,775	4,275
Replacement and general operating reserve	<u>12,379</u>	<u>11,179</u>
	<u>443,551</u>	<u>94,892</u>
TOTAL ASSETS	<u>\$ 2,809,197</u>	<u>\$ 2,229,517</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 55,000	\$ 55,000
Accounts payable	50,411	21,359
Accrued expenses	26,424	15,364
Deferred revenue	23,800	21,000
Current portion of long-term debt	<u>9,300</u>	<u>8,900</u>
Total current liabilities	164,935	121,623
LONG-TERM DEBT	321,070	329,817
NET ASSETS		
Unrestricted	1,668,826	1,641,882
Temporarily restricted	<u>654,366</u>	<u>136,195</u>
	<u>2,323,192</u>	<u>1,778,077</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,809,197</u>	<u>\$ 2,229,517</u>

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

HELPING HANDS HOUSE

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Public support		
Grants	\$ 903,992	\$ 787,205
Donations	99,236	137,724
Fund raising	17,067	3,303
In-kind contributions	31,020	36,528
Total public support	<u>1,051,315</u>	<u>964,760</u>
Revenue		
Program fees	96,412	94,406
Interest income	95	778
Other	161	
Gain (loss) on sale of assets	(2,944)	2,822
Total revenue	<u>93,724</u>	<u>98,006</u>
Net assets released from restrictions	<u>53,592</u>	<u>107,230</u>
Total support and revenue	<u>1,198,631</u>	<u>1,169,996</u>
EXPENSES		
Program services	960,770	1,013,575
Supporting activities		
Management and general	107,519	81,052
Development & fundraising	103,398	138,554
Total expenses	<u>1,171,687</u>	<u>1,233,181</u>
Change in unrestricted net assets	<u>26,944</u>	<u>(63,185)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support received for future years	571,763	48,119
Net assets released from restrictions	(53,592)	(107,230)
Change in temporarily restricted net assets	<u>518,171</u>	<u>(59,111)</u>
INCREASE (DECREASE) IN NET ASSETS	545,115	(122,296)
NET ASSETS, beginning of year	<u>1,778,077</u>	<u>1,900,373</u>
NET ASSETS, end of year	<u>\$ 2,323,192</u>	<u>\$ 1,778,077</u>

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

HELPING HAND HOUSE

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

	Program Services				Total Program Services	Supporting Activities			Total
	Homeless Prevention	Emergency Housing	Transitional Housing	Permanent Housing		Management and General	Development & Fundraising	Total Supporting Activities	
Salaries	\$ 29,028	\$ 73,360	\$ 184,360	\$ 21,257	\$ 308,005	\$ 72,846	\$ 56,783	\$ 129,629	\$ 437,634
Payroll taxes and employee benefits	5,989	13,009	38,690	2,753	60,441	8,540	10,381	18,921	79,362
Total salaries and related expenses	35,017	86,369	223,050	24,010	368,446	81,386	67,164	148,550	516,996
Bad debt							13,830	13,830	13,830
Capacity development			30		30		2,941	2,941	2,971
Client support services		11,690	97,071	1,592	110,353				110,353
Contract worker							875	875	875
In-kind		30,120	900		31,020				31,020
Insurance	3,787	5,962	13,600	55	23,404	2,186	1,634	3,820	27,224
Interest	2,347	3,636	9,073	700	15,756	1,379	1,069	2,448	18,204
Maintenance and repairs	47	10,113	11,950		22,110	422	24	446	22,556
Marketing	221	378	855	67	1,521	230	1,953	2,183	3,704
Miscellaneous		245	683	141	1,069	10,305	272	10,577	11,646
Office	1,294	2,428	5,818	789	10,329	3,754	5,243	8,997	19,326
Printing and reproduction	587	904	2,078	195	3,764	467	268	735	4,499
Professional services	1,725	2,711	6,162	14,487	25,085	986	740	1,726	26,811
Rent - Bright Futures			104,456	14,283	118,739				118,739
Rental assistance	20,906	5,930	1,500		28,336				28,336
Special events		407	1,010		1,417	233	5,568	5,801	7,218
Taxes and assessments	109	215	965	1,000	2,289	71	47	118	2,407
Telephone	634	8,164	7,214	1,486	17,498	1,535	369	1,904	19,402
Transportation	14	2,786	9,433	581	12,814	2,864	559	3,423	16,237
Utilities	583	26,006	47,530	319	74,438	518	305	823	75,261
Utilities assistance	17,420				17,420				17,420
Total expenses before depreciation	84,691	198,064	543,378	59,705	885,838	106,336	102,861	209,197	1,095,035
Depreciation and amortization	1,802	27,030	46,100		74,932	1,183	537	1,720	76,652
Total expenses	\$ 86,493	\$ 225,094	\$ 589,478	\$ 59,705	\$ 960,770	\$ 107,519	\$ 103,398	\$ 210,917	\$ 1,171,687

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

HELPING HAND HOUSE

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2006**

	Program Services				Supporting Activities			
	Homeless Prevention	Emergency Housing	Transitional Housing	Total Program Services	Management and General	Development & Fundraising	Total Supporting Activities	Total
Salaries	\$ 34,290	\$ 74,519	\$ 178,267	\$ 287,076	\$ 57,903	\$ 66,405	\$ 124,308	\$ 411,384
Payroll taxes and employee benefits	6,911	16,826	41,780	65,517	6,788	12,680	19,468	84,985
Total salaries and related expenses	41,201	91,345	220,047	352,593	64,691	79,085	143,776	496,369
Bad debts						11,018	11,018	11,018
Capacity development	432	307	1,819	2,558	94	17,731	17,825	20,383
Client support services		11,919	106,462	118,381				118,381
Contract worker		3,000		3,000		6,500	6,500	9,500
In-kind		36,528		36,528				36,528
Insurance	3,807	5,983	13,597	23,387	2,176	1,632	3,808	27,195
Interest	2,261	3,553	9,191	15,005	1,292	969	2,261	17,266
Late fee expense			80	80	1,031	78	1,109	1,189
Maintenance and repairs	115	14,903	20,960	35,978	809	49	858	36,836
Marketing	268	421	957	1,646	183	1,870	2,053	3,699
Miscellaneous	101	259	933	1,293	975	782	1,757	3,050
Office	1,689	3,693	6,522	11,904	2,996	6,562	9,558	21,462
Printing and reproduction	600	944	2,144	3,688	363	257	620	4,308
Professional services	1,505	2,365	8,785	12,655	2,120	645	2,765	15,420
Rent - Bright Futures			105,501	105,501				105,501
Rental assistance	67,019	3,300	1,705	72,024				72,024
Special events		745	1,413	2,158	94	9,397	9,491	11,649
Taxes and assessments	88	182	785	1,055	99	38	137	1,192
Telephone	651	7,568	4,588	12,807	529	279	808	13,615
Transportation	76	2,470	10,220	12,766	1,832	793	2,625	15,391
Utilities	754	27,847	44,388	72,989	565	323	888	73,877
Utilities assistance	42,155			42,155				42,155
Total expenses before depreciation	162,722	217,332	560,097	940,151	79,849	138,008	217,857	1,158,008
Depreciation and amortization	1,833	24,730	46,861	73,424	1,203	546	1,749	75,173
Total expenses	\$ 164,555	\$ 242,062	\$ 606,958	\$ 1,013,575	\$ 81,052	\$ 138,554	\$ 219,606	\$ 1,233,181

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

HELPING HAND HOUSE

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 545,115	\$ (122,296)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	76,653	75,173
Contributions of stock shares	(6,946)	
Gain on sale of investments		(8,472)
Replacement and general operating reserves	(1,200)	(5,208)
(Gain) loss on disposal of assets	2,944	(2,822)
Contributions restricted for future programs	(360,000)	
Changes in assets and liabilities:		
Contributions receivable	3,891	15,412
Grants receivable	(62,467)	(8,318)
Prepays	(548)	837
Deposits	(500)	75
Accounts payable and accrued expenses	40,112	14,202
Deferred revenue	2,800	21,000
Net cash provided (used) by operating activities	<u>239,854</u>	<u>(20,417)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash deposits	(360,000)	
Purchase of property and equipment	(21,685)	(11,481)
Proceeds from sale of assets		2,822
Proceeds from investments		8,620
Net cash used by investing activities	<u>(381,685)</u>	<u>(39)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term restricted contributions	360,000	
Change in line of credit		21,000
Repayment of long-term debt	(8,347)	(8,423)
Net cash provided by financing activities	<u>351,653</u>	<u>12,577</u>
NET CHANGE IN CASH	209,822	(7,879)
CASH, beginning of year	<u>1,519</u>	<u>9,398</u>
CASH, end of year	<u>\$ 211,341</u>	<u>\$ 1,519</u>

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

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

NOTE 1 - ORGANIZATION PURPOSE

Helping Hand House is a non-profit organization dedicated to preventing and ending family homelessness in Pierce County. The Organization provides services in Pierce County of Washington State. The Organization's ability to solicit public support is dependent upon the region's economy.

Helping Hand House has the following major program areas:

Homeless Prevention

The Helping Hand House *Homeless Prevention Program* provides:

1. Rental assistance to families with dependent children who have received a three-day pay or vacate notice.
2. Utility assistance to families with dependent children who have received a utility shut-off notice.

Emergency Housing

The Helping Hand House *Emergency Housing Program* consists of agency owned and donated homes. Furnished housing is provided to homeless families with dependent children for a period up to three months. During their stay in these homes the family is not required to pay rent or utilities.

Transitional Housing

The Helping Hand House *Transitional Housing Program* consists of agency owned homes and leased units. Homeless families who have been in emergency housing but are found to need additional time and support to become self-sufficient are referred to this program. Families may live in this housing for a period of up to two years. During their stay they pay 30% of their monthly income.

Permanent Supportive Housing

The Helping Hand House *Permanent Supportive Housing Program* consists of client leased homes and apartments. Families are supported in locating permanent housing within the identified school catchment area. The family pays 30% of their income for rent as they work to increase earning potential through career assessment, training and education. As their income increases so does the rent they pay until, at the end of their time in this longer term program, they are paying the full rent and meeting their family's needs to a point of self-sufficiency. During their stay extensive support is also provided to the children in the program, helping them improve school attendance, performance and behavior.

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may be met, either by actions of the Organization and/or the passage of time. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. No permanently restricted assets were held during 2007 and 2006 and, accordingly, these financial statements do not reflect any activity related to this class of net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The fair values of financial instruments approximate their carrying values at December 31, 2007 and 2006.

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be recorded.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

The Organization's investments in marketable equity securities are recorded at fair value.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or at estimated fair value at the date of the gift. Land, buildings and equipment acquired by the Organization are considered to be owned by the Organization. However, federal or state funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The federal or state government has a reversionary interest in those assets purchased with its funds and may reclaim the assets at the end of the specific program for which they are acquired or until their interest is released. The federal or state government has reversionary interest in substantially all of the Organization's real property. The Organization does not intend to change the use of the properties acquired by the federal and state government funds.

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Buildings and Equipment (continued)

Depreciation of buildings and equipment is computed using the straight line method over the estimated useful lives of the assets, which are:

Buildings and permanent additions	40 years
Major remodeling and improvements	25 years
Furniture	7 years
Vehicles and equipment	5 years
Computer equipment	3 years

Loan fees

Loan fees are being amortized over ten years. Amortization expense for both 2007 and 2006 was \$1,381.

In-Kind Contributions

The Organization records as support and revenue, along with a like amount under program services expense, the estimated value of goods and volunteer services received. The volunteer services are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For both 2007 and 2006, the Organization received in-kind rent with an estimated value of \$31,020 and \$36,528.

The Organization also receives significant amounts of donated materials such as food, household furnishings and clothing, and volunteer services. These donated materials and volunteer services were not recorded as support or expense because they do not meet the criteria for recognition.

Functional Allocation of Expenses

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

Income Tax

The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code and is classified as an "other than private foundation."

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

The Organization maintains certain cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As of December 31, 2007, the Organization's cash exceeded insured amounts by approximately \$393,900.

NOTE 3 - CASH

In 2007, the Organization obtained a grant that requires unspent temporary restricted funds to be invested in a highly liquid investment account. At December 31, 2007, these funds were maintained in a separate checking account in the amount of \$360,000. The board invested these funds in certificates of deposit in 2008.

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE

At December 31, 2007 and 2006, the Organization's receivables consisted of the following:

	<u>2007</u>	<u>2006</u>
Contributions receivable - current	\$ 56,740	\$ 46,091
Contributions receivable - long term	53,971	68,511
Government grants	<u>126,035</u>	<u>63,568</u>
	<u>\$ 236,746</u>	<u>\$ 178,170</u>

Accounts receivable are stated net of an allowance for doubtful accounts. The Organization analyzes individual pledge balances and records an allowance for estimated uncollectible pledge payments. Allowance for doubtful accounts during December 31, 2007 and 2006 was \$3,950 and zero. There were no grant receivables past due more than 90 days.

Estimates of the timing of fulfillment of the contributions and, consequently, of recognizing the contributions are as follows:

Due in one year or less	\$ 56,740
Due in two to five years	<u>53,971</u>
	110,711
Less current portion	<u>(56,740)</u>
	<u>\$ 53,971</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

The Organization had the following land, buildings and equipment at December 31:

	<u>2007</u>	<u>2006</u>
Property and equipment used for emergency and transitional shelter	\$ 2,182,564	\$ 2,194,178
Office building	308,570	308,570
Office equipment	26,165	14,220
Vehicles	<u>23,959</u>	<u>23,959</u>
	2,541,258	2,540,927
Less accumulated depreciation	<u>(584,442)</u>	<u>(524,700)</u>
	<u>\$ 1,956,816</u>	<u>\$ 2,016,227</u>

NOTE 6 - RESERVES

The loan agreement with Washington Community Reinvestment Association requires the Organization to deposit a set amount in operating and replacement reserves. The deposit amounts for the operating reserve total \$334 initially and \$334 each month up to a total of \$8,000. The deposit amounts for the replacement reserve total \$100 initially and \$100 each month thereafter. At December 31, 2007, the operating reserve totals \$8,676 and the replacement reserve totaled \$3,703.

NOTE 7 - LINE OF CREDIT

The Organization has a line of credit with Bank of America in 2007 that provides short-term borrowings up to \$55,000 with a variable interest rate indexed at the bank's lending rate (7.25% at December 31, 2007) plus 2.5%. The line is unsecured. The balance at December 31, 2007 and 2006 was \$55,000 for both years.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 8 - LONG TERM DEBT OBLIGATIONS

The Organization had the following long-term debt obligations at December 31:

	<u>2007</u>	<u>2006</u>
Mortgage payable to Washington Community Reinvestment Association, \$1,832 per month, including interest at 4.75%, balloon payment due November 2014, secured by a deed of trust on land and building.	\$ 252,130	\$ 256,623
Note payable to Pierce County Community Development Corporation for additional construction costs for the purchase and renovation of emergency housing, no payments, due February 2051.	51,776	51,776
Note payable to Pierce County Community Development Corporation, \$1,200 per year, due July 2021, secured by deeds of trust on land and houses.	16,500	17,700
Note payable to Korum Ford, Inc., \$338 per month, interest rate at 7.84%, secured by truck, due August 2010.	<u>9,964</u>	<u>12,618</u>
	330,370	338,717
Less current portion	<u>(9,300)</u>	<u>(8,900)</u>
	<u>\$ 321,070</u>	<u>\$ 329,817</u>

Future required payments for long-term debt for the years ending are:

<u>December 31,</u>	<u>Amount</u>
2008	\$ 9,300
2009	9,800
2010	9,200
2011	6,600
2012	6,900
Thereafter	<u>288,570</u>
	<u>\$ 330,370</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 9 - RESTRICTIONS ON NET ASSETS

Net assets were released from restrictions by incurring expenses satisfying the purpose restrictions specified by the donors or time restrictions on pledges as follows:

	<u>2007</u>	<u>2006</u>
Restrictions accomplished:		
Operating support pledges	\$ 32,574	\$ 44,113
Operating support grants	409	44,582
Fire escape ladders	444	400
Van purchase	1,762	5,738
Homeless prevention	<u>4,573</u>	<u>1,379</u>
	39,762	96,212
Restrictions released due to write-off of uncollectible pledges	<u>13,830</u>	<u>11,018</u>
 Total assets released	 <u>\$ 53,592</u>	 <u>\$ 107,230</u>

Temporarily restricted net assets at December 31, 2007 and 2006 were comprised of the following:

	<u>2007</u>	<u>2006</u>
Hydro seeding	\$ 500	\$ 500
Fire escape ladders	256	700
Van purchase		1,762
Homeless prevention		4,573
Operating support grants	14,250	14,659
Operating support pledges	110,111	114,001
Program restricted grants	<u>529,249</u>	<u> </u>
	 <u>\$ 654,366</u>	 <u>\$ 136,195</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 10 - COMMITMENTS

In 2006, the Organization received a commitment for a State funded grant. The grant is for a period of 10 years at a base amount of \$28,000 per year.

The contract began in October of 2006. The unspent portion of the award for the grant fiscal year (October 2006 – October 2007) was deferred in the amount of \$23,800 and \$21,000 for December 31, 2007 and 2006, respectively.

NOTE 11 - LEASE OBLIGATIONS

The Organization leases apartment units for its *Transitional Housing Program* under annual and month-to-month terms. The total lease amount is approximately \$8,800 per month. Rent expense paid in 2007 and 2006 for these units was \$104,561 and \$105,501.

The Company also leases copier equipment under an operating lease.

Future minimum lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Equipment</u>
2008	\$ 2,700
2009	2,700
2010	<u>900</u>
	<u>\$ 6,300</u>

NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION

The Organization paid interest of approximately \$18,205 and \$17,267 for the years ended December 31, 2007 and 2006, respectively.

NOTE 13 – SUBSEQUENT EVENT

In April 2008, the Organization sold real property for approximately \$378,000. All restrictions on this property had been fulfilled and the resulting proceeds from the sale were unrestricted funds.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 13 – SUBSEQUENT EVENT (Continued)

A grant received by the Organization in 2007 included \$123,000 conditioned upon meeting certain requirements of the grant agreement. Management believes that all requirements relating to this award will be met by June 2008, at which time the grant will be recorded by the Organization.