

HELPING HAND HOUSE

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

DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITOR'S REPORT

July 1, 2010

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, 2009 and 2008, 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, 2009 and 2008, 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, 2009 AND 2008**

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash	\$ 154,363	\$ 322,075
Investments	104,621	95,520
Contributions receivable, net	27,018	25,545
Grants receivable	150,898	175,134
Prepays	<u>17,287</u>	<u>9,886</u>
Total current assets	454,187	628,160
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	1,826,379	1,842,301
OTHER ASSETS		
Restricted investments	190,164	270,000
Contributions receivable, long-term	106,935	103,675
Loan fees, net of accumulated amortization	6,785	8,166
Deposits	4,775	4,775
Replacement and general operating reserve	<u>14,779</u>	<u>13,579</u>
	<u>323,438</u>	<u>400,195</u>
TOTAL ASSETS	<u>\$ 2,604,004</u>	<u>\$ 2,870,656</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 24,111	\$ 36,402
Accrued expenses	22,810	30,730
Deferred revenue	21,486	21,000
Current portion of long-term debt	<u>9,900</u>	<u>9,800</u>
Total current liabilities	78,307	97,932
LONG-TERM DEBT	301,931	311,241
NET ASSETS		
Unrestricted	1,801,742	1,873,362
Temporarily restricted	<u>422,024</u>	<u>588,121</u>
	<u>2,223,766</u>	<u>2,461,483</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,604,004</u>	<u>\$ 2,870,656</u>

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

HELPING HAND HOUSE

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Public support		
Grants	\$ 1,286,799	\$ 1,260,443
Donations	90,906	123,495
Fund raising	7,987	11,793
In-kind contributions	70,868	34,032
Total public support	<u>1,456,560</u>	<u>1,429,763</u>
Revenue		
Program fees	130,900	100,057
Gain (loss) on investments	2,508	(2,459)
Other	21,743	6,962
Gain on sale of assets		301,436
Total revenue	<u>155,151</u>	<u>405,996</u>
Net assets released from restrictions	<u>220,957</u>	<u>289,225</u>
Total support and revenue	<u>1,832,668</u>	<u>2,124,984</u>
EXPENSES		
Program services	1,436,195	1,544,976
Supporting activities		
Management and general	259,163	190,859
Development & fundraising	208,930	184,613
Total expenses	<u>1,904,288</u>	<u>1,920,448</u>
Change in unrestricted net assets	<u>(71,620)</u>	<u>204,536</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support received for future years	54,860	222,980
Net assets released from restrictions	<u>(220,957)</u>	<u>(289,225)</u>
Change in temporarily restricted net assets	<u>(166,097)</u>	<u>(66,245)</u>
CHANGE IN NET ASSETS	(237,717)	138,291
NET ASSETS, beginning of year	<u>2,461,483</u>	<u>2,323,192</u>
NET ASSETS, end of year	<u>\$ 2,223,766</u>	<u>\$ 2,461,483</u>

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

HELPING HAND HOUSE

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009**

	Program Services					Supporting Activities			Total
	Homeless Prevention	Emergency Housing	Transitional Housing	Permanent Housing	Total Program Services	Management and General	Development & Fundraising	Supporting Activities	
Salaries	\$ 13,963	\$ 64,332	\$ 123,484	\$ 179,396	\$ 381,175	\$ 187,504	\$ 151,486	\$ 338,990	\$ 720,165
Payroll taxes and employee benefits	2,730	15,805	32,898	56,111	107,544	24,307	23,532	47,839	155,383
Total salaries and related expenses	16,693	80,137	156,382	235,507	488,719	211,811	175,018	386,829	875,548
Bad debt							4,456	4,456	4,456
Client support services		14,725	51,443	73,239	139,407	534	1,075	534	139,941
Contract worker									1,075
In-kind		27,300	16,188		43,488	12,813	1,444	12,813	56,301
Insurance	697	2,120	4,916	5,429	13,162	1,260	2,704	2,704	15,866
Interest	511	1,556	4,255	3,985	10,307	925	1,060	1,985	12,292
Maintenance and repairs	296	16,684	22,855	6,074	45,909	3,791	224	4,015	49,924
Marketing							1,093	1,093	1,093
Miscellaneous		214	607	629	1,450	2,200	1,727	3,927	5,377
Office	675	2,238	4,455	4,157	11,525	10,324	5,107	15,431	26,956
Printing and reproduction	320	1,008	2,262	2,498	6,088	614	2,805	3,419	9,507
Professional services	1,004	3,057	7,921	8,269	20,251	2,218	2,225	4,443	24,694
Rent - Program		1,775	100,765	307,514	410,054				410,054
Rental assistance	32,157	2,250			34,407				34,407
Special events	59	306	692	824	1,881	3,837	9,126	12,963	14,844
Taxes and assessments						895		895	895
Telephone	302	7,197	5,533	6,953	19,985	1,063	952	2,015	22,000
Transportation	165	3,604	8,199	11,179	23,147	4,786	1,084	5,870	29,017
Utilities	294	19,862	56,478	3,196	79,830	672	642	1,314	81,144
Utilities assistance	10,000			3,432	13,432				13,432
Total expenses before depreciation	63,173	184,033	442,951	672,885	1,363,042	257,743	208,038	465,781	1,828,823
Depreciation and amortization	1,819	25,204	46,005	125	73,153	1,420	892	2,312	75,465
Total expenses	\$ 64,992	\$ 209,237	\$ 488,956	\$ 673,010	\$ 1,436,195	\$ 259,163	\$ 208,930	\$ 468,093	\$ 1,904,288

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

HELPING HAND HOUSE

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008**

	Program Services					Supporting Activities			Total
	Homeless Prevention	Emergency Housing	Transitional Housing	Permanent Housing	Program Services	Management and General	Development & Fundraising	Supporting Activities	
Salaries	\$ 18,005	\$ 63,942	\$ 183,718	\$ 150,320	\$ 415,985	\$ 129,640	\$ 78,993	\$ 208,633	\$ 624,618
Payroll taxes and employee benefits	4,300	15,429	46,683	37,096	103,508	18,929	14,261	33,190	136,698
Total salaries and related expenses	22,305	79,371	230,401	187,416	519,493	148,569	93,254	241,823	761,316
Bad debt									
Capacity development							44,789	44,789	44,789
Client support services							14,669	14,669	14,669
Contract worker	35	15,418	93,768	72,514	181,735	362	8,812	362	182,097
In-kind		23,232	10,800		34,032			8,812	8,812
Insurance	1,341	3,165	12,206	5,526	22,238	9,742	1,192	10,934	33,172
Interest	653	1,543	6,564	2,461	11,221	1,659	811	2,470	13,691
Maintenance and repairs	106	10,191	24,026	3,507	37,830	2,291	602	2,893	40,723
Marketing	16		49		65	71	956	1,027	1,092
Miscellaneous			1,114	1,407	2,521	3,794	1,974	5,768	8,289
Office	549	2,311	8,400	5,968	17,228	9,612	4,725	14,337	31,565
Printing and reproduction	390	953	3,545	1,605	6,493	934	483	1,417	7,910
Professional services	745	2,658	8,394	6,118	17,915	2,823	923	3,746	21,661
Rent - Bright Futures			100,650	319,364	420,014	272		272	420,286
Rental assistance	42,219	2,900			45,119				45,119
Special events		492	978	173	1,643	2,197	6,931	9,128	10,771
Taxes and assessments	36	357	892		1,285				1,285
Telephone	257	7,433	7,392	5,301	20,383	1,635	416	2,051	22,434
Transportation	15	2,987	11,422	10,767	25,191	4,950	3,247	8,197	33,388
Utilities	252	27,405	52,253	1,785	81,695	765	292	1,057	82,752
Utilities assistance	18,208		60	7,258	25,526				25,526
Total expenses before depreciation	87,127	180,416	572,914	631,170	1,471,627	189,676	184,076	373,752	1,845,379
Depreciation and amortization	1,803	25,446	46,100		73,349	1,183	537	1,720	75,069
Total expenses	\$ 88,930	\$ 205,862	\$ 619,014	\$ 631,170	\$ 1,544,976	\$ 190,859	\$ 184,613	\$ 375,472	\$ 1,920,448

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

HELPING HAND HOUSE

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (237,717)	\$ 138,291
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	75,465	75,069
Donated property	(14,567)	
Contributions of stock shares	(9,101)	(87,541)
Replacement and general operating reserves	(1,200)	(1,200)
Gain on disposal of assets		(301,436)
Contributions restricted for future programs	79,836	90,000
Changes in assets and liabilities:		
Contributions receivable	(4,733)	(18,509)
Grants receivable	24,236	(49,099)
Prepays	(7,401)	(3,151)
Accounts payable and accrued expenses	(20,211)	(9,703)
Deferred revenue	486	(2,800)
Net cash used by operating activities	<u>(114,907)</u>	<u>(170,079)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash deposits	(90,000)	(90,000)
Purchase of property and equipment	(43,595)	(33,184)
Proceeds from sale of assets		378,326
Net cash provided (used) by investing activities	<u>(133,595)</u>	<u>255,142</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term restricted contributions	90,000	90,000
Change in line of credit		(55,000)
Repayment of long-term debt	(9,210)	(9,329)
Net cash provided by financing activities	<u>80,790</u>	<u>25,671</u>
NET CHANGE IN CASH	(167,712)	110,734
CASH, beginning of year	<u>322,075</u>	<u>211,341</u>
CASH, end of year	<u>\$ 154,363</u>	<u>\$ 322,075</u>

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

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

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, 2009 AND 2008

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 2009 and 2008 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 Company's financial instruments are cash and cash equivalents, investments, accounts receivable, accounts payable, and long-term debt. The recorded values of cash and cash equivalents, accounts receivable, accounts payable approximate their fair values based on their short-term nature. The recorded values of long-term debt approximate their fair values, as interest approximates market rates. The Organization's investments in certificates of deposit and marketable equity securities are recorded at fair value.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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.

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. 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

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan fees

Loan fees are being amortized over ten years. Amortization expense for both 2009 and 2008 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 2009 and 2008, the Organization received in-kind rent with an estimated value of \$43,488 and \$34,032. In 2009 the Organization received donated windows including installation which was valued at \$14,567. The Organization also receives donated legal services from time to time.

The Organization also receives significant amounts of donated volunteer services. These donated 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." However, the income from certain activities not directly related to the Organization's tax-exempt purpose can be subjected to taxation as unrelated business income. Currently, all activities are directly related to the Organization's exempt purpose.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax (Continued)

The Organization has adopted FASB ASC 740-10-25, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FASB ASC 740-10-25, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. FASB ASC 740-10-25 also provides guidance on derecognition, classification, interest and penalties on income taxes, and requires increased disclosures. The Organization had no material adjustments to its assets or liabilities for unrecognized income tax benefits according to the provisions of FASB ASC 740-10-25.

Maintenance Activities

It is the policy of the Organization to use the direct expense method for planned major maintenance activities.

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 \$250,000. As of December 31, 2009, the Organization's cash exceeded insured amounts by approximately \$206,900.

NOTE 3 - CASH

In 2007, the Organization obtained a grant that requires unspent temporarily restricted funds to be invested in a highly liquid investment account. At December 31, 2009, these funds were maintained in a separate checking account in the amount of \$17,703 and certificates of deposit in the amount of \$190,164.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 4 - INVESTMENTS

Gains and losses on dispositions are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included in the statements of activities.

In accordance with generally accepted accounting principles, the following table represents the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of:

December 31, 2009:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 9,539	\$ 9,539	\$ -	\$ -
Certificates of deposit	<u>285,246</u>	<u>-</u>	<u>285,246</u>	<u>-</u>
	<u>\$ 294,785</u>	<u>\$ 9,539</u>	<u>\$ 285,246</u>	<u>\$ -</u>
Percent of total	100%	3%	97%	-%

December 31, 2008:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 5,520	\$ 5,520	\$ -	\$ -
Certificates of deposit	<u>360,000</u>	<u>-</u>	<u>360,000</u>	<u>-</u>
	<u>\$ 365,520</u>	<u>\$ 5,520</u>	<u>\$ 360,000</u>	<u>\$ -</u>
Percent of total	100%	2%	98%	-%

The Organization's investments consisted of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Equity securities	\$ 9,539	\$ 5,520
Restricted certificate of deposit	<u>95,082</u>	<u>90,000</u>
Total current investments	104,621	95,520
Restricted long-term certificates of deposit	<u>190,164</u>	<u>270,000</u>
Total investments	<u>\$294,785</u>	<u>\$365,520</u>

Investment income for the years ended December 31, 2009 and 2008 was \$20,729 and \$848, respectively.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 5 - GRANTS AND CONTRIBUTIONS RECEIVABLE

At December 31, 2009 and 2008, the Organization's receivables consisted of the following:

	<u>2009</u>	<u>2008</u>
Contributions receivable - current	\$ 27,018	\$ 25,545
Contributions receivable - long term	106,935	103,675
Government grants	<u>150,898</u>	<u>175,134</u>
	<u>\$ 284,851</u>	<u>\$ 304,354</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 at December 31, 2009 and 2008 was \$3,950. There were no grant receivables past due more than 90 days.

Long-term contributions receivable, due in more than one year, are reflected at the present value of estimated future cash flows using a discount rate of 3%. The discount was \$6,391 for both 2009 and 2008.

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2009</u>	<u>2008</u>
Property and equipment used for emergency and transitional shelter	\$ 2,064,924	\$ 2,020,794
Office building	322,367	322,367
Office equipment	40,461	26,429
Vehicles	<u>23,959</u>	<u>23,959</u>
	2,451,711	2,393,549
Less accumulated depreciation	<u>(625,332)</u>	<u>(551,248)</u>
	<u>\$ 1,826,379</u>	<u>\$ 1,842,301</u>

Depreciation expense totaled \$74,084 and \$75,069 for 2009 and 2008.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 7 - 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. Replacement reserves totaled \$6,103 and \$4,903 in 2009 and 2008 and operating reserves totaled \$8,676 for both years.

NOTE 8 - LINE OF CREDIT

The Organization has a \$150,000 line of credit available through Pacific Continental. There are no borrowings on this line of credit at December 31, 2009 and 2008.

NOTE 9 - LONG TERM DEBT OBLIGATIONS

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

	<u>2009</u>	<u>2008</u>
Mortgage payable to Washington Community Reinvestment Association, \$1,382 per month, including interest at 4.75%, balloon payment due November 2014, secured by a deed of trust on land and building.	\$ 242,470	\$ 247,413
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

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 9 - LONG TERM DEBT OBLIGATIONS (Continued)

Note payable to Pierce County Community Development Corporation, \$1,200 per year, due July 2021, secured by deeds of trust on land and houses.	14,100	15,300
Note payable to Korum Ford, Inc., \$338 per month, interest rate at 7.84%, secured by truck, due August 2010.	<u>3,485</u>	<u>6,552</u>
	311,831	321,041
Less current portion	<u>(9,900)</u>	<u>(9,800)</u>
	 <u>\$ 301,931</u>	 <u>\$ 311,241</u>

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

<u>December 31,</u>	<u>Amount</u>
2010	\$ 9,900
2011	6,600
2012	6,900
2013	7,200
2014	221,400
Thereafter	<u>59,831</u>
	<u>\$ 311,831</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 10 - 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>2009</u>	<u>2008</u>
Restrictions accomplished:		
Program restrictions	\$ 163,662	\$ 206,845
Operating support pledges	50,628	23,085
Operating support grants	6,667	14,250
Fire escape ladders	<u> </u>	<u>256</u>
	220,957	244,436
Restrictions released for uncollectible pledges, primarily due to decline in economic conditions	<u> </u>	<u>44,789</u>
Total assets released	<u>\$ 220,957</u>	<u>\$ 289,225</u>

Temporarily restricted net assets at December 31, 2009 and 2008 were comprised of the following:

	<u>2009</u>	<u>2008</u>
Hydro seeding	\$ 500	\$ 500
Operating support grants	11,944	52,697
Operating support pledges	137,403	133,171
Program restricted grants	<u>272,177</u>	<u>401,753</u>
	<u>\$ 422,024</u>	<u>\$ 588,121</u>

Operating support pledges are expected to be realized in the following periods:

	<u>2009</u>	<u>2008</u>
In one year or less	\$ 30,468	\$ 29,496
Between one and five years	<u>106,935</u>	<u>103,675</u>
	<u>\$ 137,403</u>	<u>\$ 133,171</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
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NOTE 11 - 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 2008 – October 2009) was deferred in the amount of \$21,486 and \$21,000 for December 31, 2009 and 2008, respectively.

NOTE 12 - 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 2009 and 2008 for these units was \$104,090 and \$102,197.

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>
2010	\$ 900

NOTE 13 - SUPPLEMENTAL CASH FLOW INFORMATION

The Organization paid interest of approximately \$12,292 and \$13,692 for the years ended December 31, 2009 and 2008, respectively.

NOTE 14 - GAIN ON SALE OF ASSETS

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.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 1, 2010, the date the financial statements were available to be issued.