

**HELPING HAND HOUSE**

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

**DECEMBER 31, 2011 AND 2010**

**BRANTLEY JANSON YOST & ELLISON**  
*Certified Public Accountants*  
A Professional Service Corporation  
1617 South 325<sup>th</sup> Street  
Federal Way, Washington 98003-6009

## TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statements of financial position	2
Statements of activities and changes in net assets	3
Statements of functional expenses	4 - 5
Statements of cash flows	6
Notes to financial statements	7 - 16

**INDEPENDENT AUDITOR'S REPORT**

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, 2011 and 2010, and the related statements of activities and changes in net assets, 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, 2011 and 2010, 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.

June 7, 2012

**HELPING HAND HOUSE**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2011 AND 2010**

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 493,494	\$ 532,942
Investments	33,481	10,194
Contributions receivable, net	37,696	25,224
Grants receivable	142,436	94,886
Prepays	<u>31,890</u>	<u>28,599</u>
Total current assets	738,997	691,845
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	1,562,629	1,752,328
<b>OTHER ASSETS</b>		
Restricted investments		98,584
Contributions receivable, long-term	75,341	87,949
Loan fees, net of accumulated amortization	4,023	5,404
Deposits	3,450	4,125
Replacement and general operating reserve	<u>17,179</u>	<u>15,979</u>
	<u>99,993</u>	<u>212,041</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,401,619</u></b>	<b><u>\$ 2,656,214</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 41,559	\$ 17,873
Accrued expenses	39,004	20,768
Deferred revenue	21,000	21,000
Current portion of long-term debt	<u>5,700</u>	<u>5,400</u>
Total current liabilities	107,263	65,041
LONG-TERM DEBT	277,928	283,663
DEFERRED REVENUE	7,508	
<b>NET ASSETS</b>		
Unrestricted	1,568,154	1,729,553
Temporarily restricted	<u>440,766</u>	<u>577,957</u>
	<u>2,008,920</u>	<u>2,307,510</u>
<b>TOTAL LIABILITIES AND     NET ASSETS</b>	<b><u>\$ 2,401,619</u></b>	<b><u>\$ 2,656,214</u></b>

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

**HELPING HAND HOUSE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Public support		
Grants	\$ 1,135,850	\$ 1,502,783
Donations	69,579	87,148
Fundraising	29,209	24,920
In-kind contributions	193,956	176,044
Total public support	<u>1,428,594</u>	<u>1,790,895</u>
Revenue		
Program fees	142,860	140,987
Gain (loss) on investments	(31)	3,173
Gain on sale	8,094	
Other	10,305	6,306
Total revenue	<u>161,228</u>	<u>150,466</u>
Net assets released from restrictions	<u>325,427</u>	<u>141,818</u>
Total support and revenue	<u>1,915,249</u>	<u>2,083,179</u>
EXPENSES		
Program services	1,675,789	1,739,407
Supporting activities		
Management and general	160,130	192,836
Development & fundraising	240,729	223,125
Total expenses	<u>2,076,648</u>	<u>2,155,368</u>
Change in unrestricted net assets	<u>(161,399)</u>	<u>(72,189)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support received for future years	188,236	297,751
Net assets released from restrictions	<u>(325,427)</u>	<u>(141,818)</u>
Change in temporarily restricted net assets	<u>(137,191)</u>	<u>155,933</u>
CHANGE IN NET ASSETS	(298,590)	83,744
NET ASSETS, beginning of year	<u>2,307,510</u>	<u>2,223,766</u>
NET ASSETS, end of year	<u>\$ 2,008,920</u>	<u>\$ 2,307,510</u>

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

**HELPING HAND HOUSE**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2011**

	Program Services					Supporting Activities			Total
	Homeless Prevention	Emergency Housing and Rapid Rehousing	Transitional Housing	Permanent Housing	Total Program Services	Management and General	Development & Fundraising	Total Supporting Activities	
Salaries	\$ 33,943	\$ 157,289	\$ 90,642	\$ 239,386	\$ 521,260	\$ 103,308	\$ 148,674	\$ 251,982	\$ 773,242
Payroll taxes and employee benefits	8,774	39,279	24,336	49,268	121,657	28,784	29,406	58,190	179,847
Total salaries and related expenses	42,717	196,568	114,978	288,654	642,917	132,092	178,080	310,172	953,089
Bad debts							28,213	28,213	28,213
Client support services		12,336	14,379	24,579	51,294				51,294
In-kind		76,503	28,242	89,211	193,956				193,956
Insurance	867	5,901	1,898	9,521	18,187	1,756	2,691	4,447	22,634
Interest	864	2,557	1,379	3,168	7,968	1,778	1,757	3,535	11,503
Maintenance and repairs	328	9,396	1,095	38,862	49,681	6,843	565	7,408	57,089
Marketing							939	939	939
Miscellaneous	54	413	1,009	530	2,006	3,603	617	4,220	6,226
Office	1,047	3,790	3,021	5,133	12,991	3,137	5,940	9,077	22,068
Printing and reproduction	717	2,541	1,333	3,202	7,793	1,372	1,784	3,156	10,949
Professional services	1,652	4,987	3,439	7,039	17,117	2,762	3,340	6,102	23,219
Rent - Program	700	187,121	109,579	96,630	394,030				394,030
Rental assistance	81,884	4,043			85,927				85,927
Special events	173	1,349	660	1,565	3,747	642	11,796	12,438	16,185
Telephone	786	7,916	1,966	4,288	14,956	1,506	2,100	3,606	18,562
Transportation	408	5,988	2,702	12,133	21,231	2,467	1,188	3,655	24,886
Utilities	496	18,974	1,469	51,827	72,766	842	1,082	1,924	74,690
Utilities assistance	12,348	657			13,005				13,005
Total expenses before depreciation	145,041	541,040	287,149	636,342	1,609,572	158,800	240,092	398,892	2,008,464
Depreciation and amortization	1,851	24,474	376	39,516	66,217	1,330	637	1,967	68,184
Total expenses	\$ 146,892	\$ 565,514	\$ 287,525	\$ 675,858	\$ 1,675,789	\$ 160,130	\$ 240,729	\$ 400,859	\$ 2,076,648

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

**HELPING HAND HOUSE**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2010**

	Program Services					Supporting Activities			Total
	Homeless Prevention	Emergency Housing and Rapid Rehousing	Transitional Housing	Permanent Housing	Total Program Services	Management and General	Development & Fundraising	Total Supporting Activities	
Salaries	\$ 20,949	\$ 107,121	\$ 160,863	\$ 196,189	\$ 485,122	\$ 131,138	\$ 157,099	\$ 288,237	\$ 773,359
Payroll taxes and employee benefits	3,930	25,158	50,900	40,934	120,922	32,585	27,592	60,177	181,099
Total salaries and related expenses	24,879	132,279	211,763	237,123	606,044	163,723	184,691	348,414	954,458
Bad debt							10,198	10,198	10,198
Capacity development							1,744	1,744	1,744
Client support services		21,558	59,025	45,951	126,534	55		55	126,589
In-kind		75,360	29,552	71,132	176,044				176,044
Insurance	1,045	3,363	8,082	7,538	20,028	1,862	2,192	4,054	24,082
Interest	237	2,211	2,919	2,678	8,045	1,820	1,645	3,465	11,510
Maintenance and repairs	90	8,565	2,572	33,362	44,589	547	483	1,030	45,619
Miscellaneous	10	695	2,826	2,250	5,781	4,105	1,603	5,708	11,489
Office	214	4,503	3,742	5,566	14,025	6,465	4,615	11,080	25,105
Printing and reproduction	229	2,229	2,646	2,836	7,940	1,502	2,545	4,047	11,987
Professional services	361	4,160	7,629	7,489	19,639	3,160	3,185	6,345	25,984
Rent - Program		72,240	210,259	86,523	369,022	782		782	369,804
Rental assistance	109,117	6,011			115,128				115,128
Special events	78	1,359	1,443	1,977	4,857	1,233	6,315	7,548	12,405
Telephone	153	8,940	6,276	4,293	19,662	1,788	1,206	2,994	22,656
Transportation	81	5,965	8,199	11,077	25,322	3,054	1,092	4,146	29,468
Utilities	144	20,594	2,305	54,233	77,276	794	982	1,776	79,052
Utilities assistance	24,094	2,521			26,615				26,615
Total expenses before depreciation	160,732	372,553	559,238	574,028	1,666,551	190,890	222,496	413,386	2,079,937
Depreciation and amortization	1,847	24,462	344	46,203	72,856	1,946	629	2,575	75,431
Total expenses	\$ 162,579	\$ 397,015	\$ 559,582	\$ 620,231	\$ 1,739,407	\$ 192,836	\$ 223,125	\$ 415,961	\$ 2,155,368

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

**HELPING HAND HOUSE**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (298,590)	\$ 83,744
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	68,184	75,431
Contributions of stock shares		(655)
Replacement and general operating reserves	(1,200)	(1,200)
Gain on disposal of assets	(8,094)	
Contributions restricted for future programs	98,584	91,580
Changes in assets and liabilities:		
Contributions receivable	136	20,780
Grants receivable	(47,550)	56,013
Prepays	(3,291)	(11,312)
Deposits	675	650
Accounts payable and accrued expenses	41,922	(8,280)
Deferred revenue	7,508	(486)
Net cash provided (used) by operating activities	<u>(141,716)</u>	<u>306,265</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Restricted cash deposits		(90,000)
Sale (purchase) of investments	(23,287)	95,082
Proceeds from sale of building	130,990	
Net cash provided by investing activities	<u>107,703</u>	<u>5,082</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term restricted contributions		90,000
Repayment of long-term debt	(5,435)	(22,768)
Net cash provided (used) by financing activities	<u>(5,435)</u>	<u>67,232</u>
<b>NET CHANGE IN CASH</b>	<b>(39,448)</b>	<b>378,579</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>532,942</u></b>	<b><u>154,363</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 493,494</u></b>	<b><u>\$ 532,942</u></b>

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

## HELPING HAND HOUSE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

#### 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 rental assistance to families with dependent children who have received a three-day pay or vacate notice and utility assistance to families with dependent children who have received a utility shut-off notice.

#### Emergency Housing and Rapid Rehousing

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. The Helping Hand House *Rapid Rehousing Program* consists of leased units. Housing is provided to homeless families, with minimal case management, for a period no longer than 18 months through rental subsidies that gradually decrease as the households' income increases. The lease is in the family's name allowing them to stay in the housing at the end of the program.

#### Transitional Housing

The Helping Hand House *Transitional Housing Program* consists of agency owned homes. 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 provided to the children in the program, helping them improve school attendance, performance and behavior.

## HELPING HAND HOUSE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

#### 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 2011 and 2010 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. Material estimates that are particularly susceptible to significant changes relate to the determination of the accounts receivable allowance for doubtful accounts, amortization lives of intangible assets, and the present value calculation of long term contribution receivables. Accordingly, actual results could differ from those estimates.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value of Financial Instruments**

The Organization's financial instruments are cash and cash equivalents, investments, contributions and grants 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.

**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, 2011 AND 2010**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Loan Fees**

Loan fees are being amortized over ten years. Amortization expense for both 2011 and 2010 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 2011 and 2010, the Organization received in-kind rent with an estimated value of \$65,604 and \$75,325. In 2011 and 2010 the Organization received \$128,352 and \$100,719 in other goods and professional services. The Organization also receives donated legal services from time to time.

The Organization also receives significant amounts of donated volunteer services. During 2011, Helping Hand House received approximately 1,835 donated volunteer service hours. These donated volunteer services were not recorded as support or expense because they do not meet the criteria for recognition.

##### **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.

##### **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.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

The Organization follows generally accepted accounting principles (GAAP), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the years ended December 31, 2011 and 2010, the Organization has no material uncertain tax positions to be accounted for in the financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Typically, the U.S. federal tax returns are open to examination for a period of three years after the filing date.

**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, 2011, the Organization's cash exceeded insured amounts by approximately \$48,000.

**Subsequent Events**

Management has evaluated subsequent events through June 7, 2012, the date the financial statements were available to be issued.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 3 - 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 GAAP, 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, 2011:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 10,662	\$ 10,662		\$ -
Annuity	<u>22,819</u>	<u>                    </u>	\$ <u>22,819</u>	<u>                    </u>
	<u>\$ 33,481</u>	<u>\$ 10,662</u>	<u>\$ 22,819</u>	<u>\$ -</u>
Percent of total	100%	32%	68%	-%

December 31, 2010:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 10,194	\$ 10,194		\$ -
Certificates of deposit	<u>98,584</u>	<u>                    </u>	\$ <u>98,584</u>	<u>                    </u>
	<u>\$ 108,778</u>	<u>\$ 10,194</u>	<u>\$ 98,584</u>	<u>\$ -</u>
Percent of total	100%	9%	91%	-%

Investment income for the years ended December 31, 2011 and 2010 was \$2,105 and \$6,306, respectively.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE**

At December 31, 2011 and 2010, the Organization's receivables consisted of the following:

	<u>2011</u>	<u>2010</u>
Contributions receivable - current	\$ 37,696	\$ 25,224
Contributions receivable - long term	75,341	87,949
Grants receivable	<u>142,436</u>	<u>94,886</u>
	<u>\$ 255,473</u>	<u>\$ 208,059</u>

Grants and contributions 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, 2011 and 2010 was \$12,000 and \$7,500. 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 \$7,202 and \$5,580 for 2011 and 2010.

**NOTE 5 - LAND, BUILDINGS AND EQUIPMENT**

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

	<u>2011</u>	<u>2010</u>
Property and equipment used for emergency and transitional shelter	\$ 1,876,524	\$ 2,064,924
Office building	322,367	322,367
Office equipment	40,461	40,461
Vehicles	<u>23,959</u>	<u>23,959</u>
	2,263,311	2,451,711
Less accumulated depreciation	<u>(700,682)</u>	<u>(699,383)</u>
	<u>\$ 1,562,629</u>	<u>\$ 1,752,328</u>

Depreciation expense totaled \$66,803 and \$74,051 for 2011 and 2010.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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. Replacement reserves totaled \$8,503 and \$7,303 in 2011 and 2010, and operating reserves totaled \$8,676 for both years.

**NOTE 7 - 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, 2011 and 2010.

**NOTE 8 - LONG TERM DEBT OBLIGATIONS**

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

	<u>2011</u>	<u>2010</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.	\$ 231,852	\$ 237,287
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.	<u>51,776</u>	<u>51,776</u>
	283,628	289,063
Less current portion	<u>(5,700)</u>	<u>(5,400)</u>
	<u>\$ 277,928</u>	<u>\$ 283,663</u>

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 8 - LONG TERM DEBT OBLIGATIONS (Continued)**

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

<u>December 31,</u>	<u>Amount</u>
2012	\$ 5,700
2013	6,000
2014	220,152
Thereafter	<u>51,776</u>
	<u>\$ 283,628</u>

**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>2011</u>	<u>2010</u>
Restrictions accomplished:		
Program restrictions	\$ 263,220	\$ 90,000
Operating support pledges	56,929	45,151
Operating support grants	<u>5,278</u>	<u>6,667</u>
 Total assets released	 <u>\$ 325,427</u>	 <u>\$ 141,818</u>

Temporarily restricted net assets at December 31, 2011 and 2010 were comprised of the following:

	<u>2011</u>	<u>2010</u>
Hydro seeding	\$ 500	\$ 500
Operating support grants		5,278
Operating support pledges	113,343	114,245
Program restricted grants	<u>326,923</u>	<u>457,934</u>
	 <u>\$ 440,766</u>	 <u>\$ 577,957</u>

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 9 - RESTRICTIONS ON NET ASSETS** (Continued)

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

	<u>2011</u>	<u>2010</u>
In one year or less	\$ 30,800	\$ 20,716
Between one and five years	<u>82,543</u>	<u>93,529</u>
	<u>\$ 113,343</u>	<u>\$ 114,245</u>

**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 2008 – October 2009) was deferred in the amount of \$21,000 for December 31, 2011 and 2010.

**NOTE 11 - LEASE OBLIGATIONS**

The Organization leases apartment units for its *Transitional Housing Program* under annual and month-to-month terms. Rent expense paid in 2011 and 2010 for these units was \$240,463 and \$129,200.

**NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION**

The Organization paid interest of approximately \$11,503 and \$11,511 for the years ended December 31, 2011 and 2010, respectively.