

**HELPING HAND HOUSE**

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

**DECEMBER 31, 2013 AND 2012**

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Helping Hand House (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such an 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 financial statement presentation.

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 Helping Hand House as of December 31, 2013 and 2012, 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 16, 2014

**HELPING HAND HOUSE**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012**

**ASSETS**

	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 149,710	\$ 253,118
Investments	40,571	35,718
Contributions receivable, net	25,483	11,077
Grants receivable	129,010	133,920
Prepays	<u>24,801</u>	<u>20,776</u>
Total current assets	369,575	454,609
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	1,468,676	1,532,278
<b>OTHER ASSETS</b>		
Contributions receivable, long-term	23,623	35,753
Loan fees, net of accumulated amortization	1,262	2,643
Replacement and general operating reserve	<u>19,579</u>	<u>18,379</u>
	<u>44,464</u>	<u>56,775</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,882,715</u></b>	<b><u>\$ 2,043,662</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 10,018	\$ 19,567
Accrued expenses	12,385	21,257
Deferred revenue	21,000	21,000
Current portion of long-term debt	<u>220,179</u>	<u>6,000</u>
Total current liabilities	263,582	67,824
LONG-TERM DEBT	51,776	271,930
COPIER LEASE		2,894
<b>NET ASSETS</b>		
Unrestricted	1,451,171	1,504,346
Temporarily restricted	<u>116,186</u>	<u>196,668</u>
	<u>1,567,357</u>	<u>1,701,014</u>
<b>TOTAL LIABILITIES AND     NET ASSETS</b>	<b><u>\$ 1,882,715</u></b>	<b><u>\$ 2,043,662</u></b>

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

**HELPING HAND HOUSE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
SUPPORT AND REVENUE			
Public support			
Grants	\$ 773,468	\$ 5,679	\$ 779,147
Donations	83,111		83,111
Fundraising	54,044	17,216	71,260
In-kind contributions	111,027		111,027
Net assets released from restriction	<u>103,377</u>	<u>(103,377)</u>	
Total public support	1,125,027	(80,482)	1,044,545
Revenue			
Program fees	111,949		111,949
Gain on investments	2,705		2,705
Other	<u>4,638</u>		<u>4,638</u>
Total revenue	119,292		119,292
Total support and revenue	<u>1,244,319</u>	<u>(80,482)</u>	<u>1,163,837</u>
EXPENSES			
Program services	957,005		957,005
Supporting activities			
Management and general	176,557		176,557
Development and fundraising	<u>163,932</u>		<u>163,932</u>
Total expenses	<u>1,297,494</u>		<u>1,297,494</u>
CHANGE IN NET ASSETS	(53,175)	(80,482)	(133,657)
NET ASSETS, beginning of year	<u>1,504,346</u>	<u>196,668</u>	<u>1,701,014</u>
NET ASSETS, end of year	<u>\$ 1,451,171</u>	<u>\$ 116,186</u>	<u>\$ 1,567,357</u>

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

**HELPING HAND HOUSE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
SUPPORT AND REVENUE			
Public support			
Grants	\$ 859,205	\$ 50,950	\$ 910,155
Donations	78,551		78,551
Fundraising	30,068	36,730	66,798
In-kind contributions	176,208		176,208
Net assets released from restrictions	<u>331,778</u>	<u>(331,778)</u>	
Total public support	1,475,810	(244,098)	1,231,712
Revenue			
Program fees	145,701		145,701
Gain on investments	1,374		1,374
Other	<u>96</u>		<u>96</u>
Total revenue	147,171		147,171
Total support and revenue	<u>1,622,981</u>	<u>(244,098)</u>	<u>1,378,883</u>
EXPENSES			
Program services	1,328,815		1,328,815
Supporting activities			
Management and general	176,237		176,237
Development and fundraising	<u>181,737</u>		<u>181,737</u>
Total expenses	<u>1,686,789</u>		<u>1,686,789</u>
CHANGE IN NET ASSETS	(63,808)	(244,098)	(307,906)
NET ASSETS, beginning of year	<u>1,568,154</u>	<u>440,766</u>	<u>2,008,920</u>
NET ASSETS, end of year	<u>\$ 1,504,346</u>	<u>\$ 196,668</u>	<u>\$ 1,701,014</u>

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

**HELPING HAND HOUSE**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013**

	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	\$ 23,749	\$ 38,430	\$ 123,094	\$ 28,594	\$ 213,867	\$ 125,422	\$ 96,494	\$ 221,916	\$ 435,783
Payroll taxes and employee benefits	5,997	8,477	32,088	7,234	53,796	22,117	21,537	43,654	97,450
Total salaries and related expenses	29,746	46,907	155,182	35,828	267,663	147,539	118,031	265,570	533,233
Bad debts (recovery)							(2,152)	(2,152)	(2,152)
Client support services	1,235	3,921	43,581	9,276	58,013				58,013
In-kind	10,436	59,275	13,772	27,544	111,027				111,027
Insurance	217	3,754	14,560	550	19,081	752	1,348	2,100	21,181
Interest	18	1,674	3,703	1,628	7,023	1,436	2,154	3,590	10,613
Maintenance and repairs	11	8,495	14,257	341	23,104	1,589	506	2,095	25,199
Miscellaneous		2,080	654	88	2,822	1,144	7,323	8,467	11,289
Office	629	1,645	4,052	1,468	7,794	9,510	7,463	16,973	24,767
Printing and reproduction	26	1,355	3,096	1,325	5,802	1,852	1,847	3,699	9,501
Professional services	517	2,059	8,460	2,327	13,363	2,285	17,184	19,469	32,832
Rent - Program	120,397		94,441	69,369	284,207	670		670	284,877
Rental assistance	600				600				600
Telephone	303	2,957	2,905	800	6,965	1,477	1,836	3,313	10,278
Transportation	738	1,691	6,864	1,060	10,353	3,695	1,042	4,737	15,090
Utilities	248	16,707	53,976	738	71,669	1,067	1,600	2,667	74,336
Utilities assistance	2,298				2,298				2,298
Total expenses before depreciation	167,419	152,520	419,503	152,342	891,784	173,016	158,182	331,198	1,222,982
Depreciation and amortization	3,177	12,110	45,750	4,184	65,221	3,541	5,750	9,291	74,512
Total expenses	\$ 170,596	\$ 164,630	\$ 465,253	\$ 156,526	\$ 957,005	\$ 176,557	\$ 163,932	\$ 340,489	\$ 1,297,494

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

**HELPING HAND HOUSE**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2012**

	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	\$ 33,098	\$ 101,492	\$ 98,410	\$ 229,757	\$ 462,757	\$ 126,472	\$ 67,061	\$ 193,533	\$ 656,290
Payroll taxes and employee benefits	7,365	21,601	23,518	52,490	104,974	31,565	14,825	46,390	151,364
Total salaries and related expenses	40,463	123,093	121,928	282,247	567,731	158,037	81,886	239,923	807,654
Bad debts							65,001	65,001	65,001
Contract workers	281	1,003	1,226	2,325	4,835	1,258	875	2,133	6,968
Client support services	46	15,114	15,118	41,442	71,720				71,720
In-kind	8,303	81,928	23,249	62,728	176,208				176,208
Insurance	300	3,420	2,655	14,053	20,428	882	1,350	2,232	22,660
Interest	480	1,654	1,638	3,674	7,446	1,408	2,036	3,444	10,890
Maintenance and repairs	35	21,992	970	18,572	41,569	433	433	866	42,435
Miscellaneous	13	370	145	1,065	1,593	1,418	914	2,332	3,925
Office	452	2,281	2,615	6,020	11,368	2,385	5,642	8,027	19,395
Printing and reproduction	209	1,762	1,803	3,951	7,725	1,508	2,371	3,879	11,604
Professional services	806	4,948	5,151	10,221	21,126	3,324	5,260	8,584	29,710
Rent - Program	21,536	1,590	104,618	101,699	229,443				229,443
Rental assistance	2,646		42		2,688				2,688
Special events							10,759	10,759	10,759
Telephone	492	5,005	1,895	4,191	11,583	1,170	1,840	3,010	14,593
Transportation	483	3,002	2,143	8,102	13,730	2,264	1,162	3,426	17,156
Utilities	196	16,179	1,150	51,519	69,044	923	1,411	2,334	71,378
Utilities assistance	2,980				2,980				2,980
Total expenses before depreciation	79,721	283,341	286,346	611,809	1,261,217	175,010	180,940	355,950	1,617,167
Depreciation and amortization	1,200	14,421	2,442	49,535	67,598	1,227	797	2,024	69,622
Total expenses	\$ 80,921	\$ 297,762	\$ 288,788	\$ 661,344	\$ 1,328,815	\$ 176,237	\$ 181,737	\$ 357,974	\$ 1,686,789

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



**HELPING HAND HOUSE**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (133,657)	\$ (307,906)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	74,513	68,675
Bad debt expense (recovery)	(2,152)	65,001
Unrealized gain on investments	(4,853)	(2,237)
Replacement and general operating reserves	(1,200)	(1,200)
Changes in assets and liabilities:		
Contributions receivable	(124)	1,206
Grants receivable	4,910	8,516
Prepays	(4,025)	11,114
Deposits		3,450
Accounts payable and accrued expenses	(18,421)	(39,739)
Deferred revenue	(2,894)	(4,614)
Net cash used by operating activities	<u>(87,903)</u>	<u>(197,734)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(9,530)	(36,944)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(5,975)</u>	<u>(5,698)</u>
NET CHANGE IN CASH	(103,408)	(240,376)
CASH AND CASH EQUIVALENTS, beginning of year	<u>253,118</u>	<u>493,494</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 149,710</u>	<u>\$ 253,118</u>

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

**HELPING HAND HOUSE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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:

**Rapid Re-Housing**

The Helping Hand House *Rapid Re-Housing Program (formerly Diversion/Rapid Re-Housing Program)* provides rent and other financial assistance for up to one year to homeless families with dependent children that are deemed to have the capacity to recover rapidly from an episode of homelessness with minimal assistance. Families are assisted in finding suitable housing and the lease is in the family's name.

**Interim Services**

The Helping Hand House *Interim Services (also referred to as Emergency Housing Program)* consists of agency-owned and loaned homes. Furnished housing and intensive case management are provided to homeless families with dependent children for a period of up to three months. During their stay, the family does not pay rent or utilities. At the end of program services, families are assisted in finding permanent housing or referred to a longer-term housing program.

**Transitional Housing**

The Helping Hand House *Transitional Housing Program* serves homeless families with dependent children who need up to two years of subsidized housing in order to become self-sufficient. Families live in homes leased in the family's name, pay 30% of their adjusted monthly income towards rent, and receive intensive case management focused on financial literacy, employment, education, and life skills. The goal is for families to attain self-sufficiency. Families remain in their home upon completing the program.

**Permanent Supportive Housing**

The Helping Hand House *Permanent Supportive Housing Program* consists of eight agency-owned homes in rural eastern Pierce County. The program serves homeless families with dependent children for an indefinite period of time. One person in each household must have a documented disability. Families pay 30% of their adjusted monthly income towards rent and receive intensive case management focused on financial literacy, employment, education and life skills.

**HELPING HAND HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**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 2013 and 2012 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 allowance for doubtful accounts for pledges receivable. Accordingly, actual results could differ from those estimates.

**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.

**HELPING HAND HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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

**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

**Loan Fees**

Loan fees are being amortized over ten years. Amortization expense for the years ended December 31, 2013 and 2012 was \$1,381 and \$1,380 respectively.

**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.

**HELPING HAND HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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

**In-Kind Contributions (Continued)**

For the years ended December 31, 2013 and 2012, the Organization received in-kind rent with an estimated value of \$46,000 and \$50,000, respectively, and received other goods and professional services with an estimated value of \$65,000 and \$126,000, respectively. The Organization also receives donated legal services from time to time.

The Organization also receives significant amounts of donated volunteer services. During 2013, Helping Hand House received approximately 150 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.

**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.

For the years ended December 31, 2013 and 2012, the Organization has no material uncertain tax positions to be accounted for in the financial statements. Typically, the U.S. federal tax returns are open to examination for a period of three years after the filing date.

**HELPING HAND HOUSE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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

**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, 2013, the Organization did not have any cash exceeding insured amount.

**Subsequent Events**

Management has evaluated subsequent events through June 16, 2014, the date the financial statements were available to be issued.

**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. Investment income for the years ended December 31, 2013 and 2012 was \$4,510 and \$906, respectively.

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:

<u>December 31, 2013:</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 15,047	\$ 15,047		\$ -
Annuity	<u>25,524</u>	<u>                    </u>	\$ <u>25,524</u>	<u>                    </u>
	<u>\$ 40,571</u>	<u>\$ 15,047</u>	<u>\$ 25,524</u>	<u>\$ -</u>
Percent of total	100%	37%	63%	-%
<u>December 31, 2012:</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 11,525	\$ 11,525		\$ -
Annuity	<u>24,193</u>	<u>                    </u>	\$ <u>24,193</u>	<u>                    </u>
	<u>\$ 35,718</u>	<u>\$ 11,525</u>	<u>\$ 24,193</u>	<u>\$ -</u>
Percent of total	100%	34%	66%	-%

**HELPING HAND HOUSE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE**

At December 31, 2013 and 2012, the Organization's receivables consisted of the following:

	<u>2013</u>	<u>2012</u>
Contributions receivable - current	\$ 25,483	\$ 11,077
Contributions receivable - long term	23,623	35,753
Grants receivable	<u>129,010</u>	<u>133,920</u>
	<u>\$ 178,116</u>	<u>\$ 180,750</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, 2013 and 2012 was \$42,848 and \$45,000, respectively.

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 \$3,449 for both years ended December 31, 2013 and 2012.

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

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

	<u>2013</u>	<u>2012</u>
Property and equipment used for emergency and transitional shelter	\$ 1,876,524	\$ 1,876,524
Office building	322,367	322,367
Office equipment	86,935	77,405
Vehicles	<u>23,959</u>	<u>23,959</u>
	2,309,785	2,300,255
Less accumulated depreciation	<u>(841,109)</u>	<u>(767,977)</u>
	<u>\$ 1,468,676</u>	<u>\$ 1,532,278</u>

Depreciation expense totaled \$73,132 and \$68,242 for the years ended December 31, 2013 and 2012.

**HELPING HAND HOUSE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 \$10,903 and \$9,703 in 2013 and 2012, 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, 2013 and 2012.

**NOTE 8 - LONG-TERM DEBT**

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

	<u>2013</u>	<u>2012</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.	\$ 220,179	\$ 226,154
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>
	271,955	277,930
Less current portion	<u>(220,179)</u>	<u>(6,000)</u>
	<u>\$ 51,776</u>	<u>\$ 271,930</u>



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

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

<u>December 31,</u>	<u>Amount</u>
2014	220,179
Thereafter	<u>51,776</u>
	<u>\$ 271,955</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>2013</u>	<u>2012</u>
Restrictions accomplished:		
Program restrictions	\$ 95,829	\$ 295,047
Operating support pledges	<u>7,548</u>	<u>36,731</u>
 Total assets released	 <u>\$ 103,377</u>	 <u>\$ 331,778</u>

Temporarily restricted net assets at December 31, 2013 and 2012 included the following:

	<u>2013</u>	<u>2012</u>
Hydro seeding		\$ 500
Operating support pledges	\$ 95,300	85,632
Program restricted grants	<u>20,886</u>	<u>110,536</u>
	<u>\$ 116,186</u>	<u>\$ 196,668</u>

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

	<u>2013</u>	<u>2012</u>
In one year or less	\$ 49,740	\$ 22,030
Between one and five years	<u>45,560</u>	<u>63,602</u>
	<u>\$ 95,300</u>	<u>\$ 85,632</u>

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**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 was deferred in the amount of \$21,000 for both December 31, 2013 and 2012.

**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 2013 and 2012 for these units was \$277,799 and \$229,443.

**NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION**

The Organization paid interest of \$10,613 and \$10,890 for the years ended December 31, 2013 and 2012, respectively.