

**HELPING HAND HOUSE**

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
AND  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND 2015**

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
Helping Hand House  
4321 2nd St SW  
Puyallup, WA 98373

We have reviewed the accompanying financial statements of Helping Hand House, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, except for the issue noted in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Known Departure From Accounting Principles Generally Accepted in the United States of America**

As more fully described in Note 2 to the financial statements, the Organization has not recorded pledges receivable in their financial statements. The Organization has determined that they would prefer to record the amounts as received. This accounting method causes both assets and net assets to be understated, with effects on the statement of activities that may be higher or lower than the accrual basis of accounting for pledges receivable. In our opinion, pledges receivable should be recorded, along with an allowance for uncollectible amounts, and discounted to present value if the pledge will be collected over multiple years. Management has not determined effects on the financial statements of the departure.

### **Report on 2015 Financial Statements**

The 2015 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated July 20, 2016. We have not performed any auditing procedures since that date.

June 6, 2017

**HELPING HAND HOUSE**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015**

**ASSETS**

	<u>2016</u> (Reviewed)	<u>2015</u> (Audited)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 111,553	\$ 90,248
Investments	28,331	46,151
Grants receivable	19,140	181,206
Prepays	<u>7,846</u>	<u>10,156</u>
Total current assets	166,870	327,761
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	1,308,251	1,360,690
<b>OTHER ASSETS</b>		
Replacement and general operating reserve	<u>23,576</u>	<u>22,376</u>
TOTAL ASSETS	<u>\$ 1,498,697</u>	<u>\$ 1,710,827</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Line of credit	\$ -	\$ 45,000
Accounts payable	8,583	17,194
Accrued expenses	1,748	2,881
Deferred revenue	-	21,000
Current portion of long-term debt	<u>143,718</u>	<u>182,245</u>
Total current liabilities	154,049	268,320
LONG-TERM DEBT	51,776	51,776
<b>NET ASSETS</b>		
Unrestricted	1,278,326	1,375,479
Temporarily restricted	<u>14,546</u>	<u>15,252</u>
	<u>1,292,872</u>	<u>1,390,731</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,498,697</u>	<u>\$ 1,710,827</u>

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

**HELPING HAND HOUSE**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Public support			
Grants	\$ 334,208	\$ -	\$ 334,208
Donations	66,888	-	66,888
Fundraising	40,673	-	40,673
In-kind contributions	124,504	-	124,504
Net assets released from restriction	706	(706)	-
Total public support	566,979	(706)	566,273
Revenue			
Program fees	138,668	-	138,668
Gain on investments	1,272	-	1,272
Other	3,281	-	3,281
Total revenue	143,221	-	143,221
Total support and revenue	710,200	(706)	709,494
<b>EXPENSES</b>			
Program services	644,270	-	644,270
Supporting activities			
Management and general	125,265	-	125,265
Development and fundraising	37,818	-	37,818
Total expenses	807,353	-	807,353
CHANGE IN NET ASSETS	(97,153)	(706)	(97,859)
NET ASSETS, beginning of year	1,375,479	15,252	1,390,731
NET ASSETS, end of year	\$ 1,278,326	\$ 14,546	\$ 1,292,872

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

**HELPING HAND HOUSE**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Public support			
Grants	\$ 785,697	\$ -	\$ 785,697
Donations	97,316	-	97,316
Fundraising	26,796	-	26,796
In-kind contributions	112,215	-	112,215
Net assets released from restriction	19,534	(19,534)	-
Total public support	<u>1,041,558</u>	<u>(19,534)</u>	<u>1,022,024</u>
Revenue			
Program fees	104,841	-	104,841
Gain on investments	2,425	-	2,425
Other	1,887	-	1,887
Total revenue	<u>109,153</u>	<u>-</u>	<u>109,153</u>
Total support and revenue	<u>1,150,711</u>	<u>(19,534)</u>	<u>1,131,177</u>
<b>EXPENSES</b>			
Program services	892,037	-	892,037
Supporting activities			
Management and general	218,728	-	218,728
Development and fundraising	89,191	-	89,191
Total expenses	<u>1,199,956</u>	<u>-</u>	<u>1,199,956</u>
CHANGE IN NET ASSETS	(49,245)	(19,534)	(68,779)
NET ASSETS, beginning of year	<u>1,424,724</u>	<u>34,786</u>	<u>1,459,510</u>
NET ASSETS, end of year	<u>\$ 1,375,479</u>	<u>\$ 15,252</u>	<u>\$ 1,390,731</u>

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

**HELPING HAND HOUSE**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services					Supporting Activities			Total
	Rapid Re-Housing	Emergency Housing	Affordable Housing	Permanent Housing	Total Program Services	Management and General	Development & Fundraising	Total Supporting Activities	
Salaries	\$ 92,685	\$ 22,579	\$ 4,002	\$ 30,887	\$ 150,153	\$ 42,746	\$ 21,380	\$ 64,126	\$ 214,279
Payroll taxes and employee benefits	13,111	2,345	429	8,740	24,625	4,885	2,322	7,207	31,832
Total salaries and related expenses	105,796	24,924	4,431	39,627	174,778	47,631	23,702	71,333	246,111
Client support services	1,825	2,286	51	2,210	6,372	68	-	68	6,440
In-kind	18,008	101,442	1,896	3,159	124,505	-	-	-	124,505
Insurance	2,696	5,567	3,511	7,342	19,116	2,071	-	2,071	21,187
Interest and fees	459	96	12	151	718	12,598	81	12,679	13,397
Maintenance and repairs	121	19,019	16,774	20,445	56,359	1,966	-	1,966	58,325
Marketing	-	-	-	-	-	-	680	680	680
Miscellaneous	-	-	-	-	-	9,134	235	9,369	9,369
Office	3,065	901	235	578	4,779	8,182	1,293	9,475	14,254
Professional services	3,618	1,490	1,819	2,341	9,268	26,214	8,513	34,727	43,995
Rent - program	143,756	-	-	-	143,756	-	-	-	143,756
Telephone	2,596	809	238	499	4,142	3,020	1,466	4,486	8,628
Transportation	124	37	8	17	186	125	20	145	331
Travel	589	429	129	1,581	2,728	2,593	916	3,509	6,237
Utilities	1,968	17,389	4,219	27,518	51,094	1,872	912	2,784	53,878
Utilities assistance	2,557	1,265	-	-	3,822	-	-	-	3,822
Total expenses before depreciation	287,178	175,654	33,323	105,468	601,623	115,474	37,818	153,292	754,915
Depreciation	-	7,220	6,408	29,019	42,647	9,791	-	9,791	52,438
Total expenses	\$ 287,178	\$ 182,874	\$ 39,731	\$ 134,487	\$ 644,270	\$ 125,265	\$ 37,818	\$ 163,083	\$ 807,353

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

**HELPING HAND HOUSE**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services					Supporting Activities			Total
	Rapid Re-Housing	Emergency Housing	Affordable Housing	Permanent Housing	Total Program Services	Management and General	Development & Fundraising	Total Supporting Activities	
Salaries	\$ 88,247	\$ 42,761	\$ 14,260	\$ 50,485	\$ 195,753	\$ 125,988	\$ 55,027	\$ 181,015	\$ 376,768
Payroll taxes and employee benefits	20,762	7,642	2,368	10,197	40,969	16,456	7,218	23,674	64,643
Total salaries and related expenses	109,009	50,403	16,628	60,682	236,722	142,444	62,245	204,689	441,411
Client support services	7,934	1,469	1,292	6,260	16,955	1,488	27	1,515	18,470
In-kind	22,842	53,523	33,663	2,187	112,215	-	-	-	112,215
Insurance	5,046	2,018	303	4,137	11,504	4,541	4,137	8,678	20,182
Interest and fees	2,606	1,035	155	2,122	5,918	4,660	2,122	6,782	12,700
Maintenance and repairs	1,502	6,388	3,874	21,151	32,915	1,316	407	1,723	34,638
Marketing	-	-	-	-	-	-	3,143	3,143	3,143
Miscellaneous	150	256	327	166	899	3,081	42	3,123	4,022
Office	3,976	1,193	179	2,677	8,025	8,648	5,589	14,237	22,262
Printing and reproduction	1,864	746	112	1,528	4,250	3,288	1,528	4,816	9,066
Professional services	282	113	157	401	953	18,190	6,738	24,928	25,881
Rent - program	348,863	939	12	(425)	349,389	1,505	-	1,505	350,894
Telephone	1,778	738	119	1,294	3,929	3,705	1,362	5,067	8,996
Transportation	889	788	151	1,906	3,734	4,111	661	4,772	8,506
Utilities	9,973	12,310	3,678	28,120	54,081	3,479	1,190	4,669	58,750
Utilities assistance	3,592	1,826	1,081	1,152	7,651	122	-	122	7,773
Total expenses before depreciation	520,306	133,745	61,731	133,358	849,140	200,578	89,191	289,769	1,138,909
Depreciation	-	8,206	5,422	29,269	42,897	18,150	-	18,150	61,047
Total expenses	\$ 520,306	\$ 141,951	\$ 67,153	\$ 162,627	\$ 892,037	\$ 218,728	\$ 89,191	\$ 307,919	\$ 1,199,956

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



**HELPING HAND HOUSE**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u> (Reviewed)	<u>2015</u> (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (97,859)	\$ (68,779)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	52,439	61,047
Unrealized gain on investments	17,820	(1,721)
Replacement and general operating reserves	(1,200)	(1,597)
Changes in assets and liabilities:		
Grants receivable	162,066	(44,391)
Prepays	2,310	7,071
Accounts payable and accrued expenses	(9,744)	(7,779)
Deferred revenue	(21,000)	-
Net cash provided (used) by operating activities	<u>104,832</u>	<u>(56,149)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayments) on line of credit	(45,000)	45,000
Repayment of long-term debt	<u>(38,527)</u>	<u>(31,653)</u>
Net cash provided (used) by financing activities	<u>(83,527)</u>	<u>13,347</u>
NET CHANGE IN CASH	21,305	(42,802)
CASH AND CASH EQUIVALENTS, beginning of year	<u>90,248</u>	<u>133,050</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 111,553</u>	<u>\$ 90,248</u>

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

## HELPING HAND HOUSE

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

#### NOTE 1 - NATURE OF ORGANIZATION

Helping Hand House (HHH, the Organization) is a non-profit organization dedicated to preventing and ending family homelessness in Pierce County. Housing and other services are provided to families who have at least one child aged 18 or under, who live at or below 30% of the Area Median Income, and who are either literally homeless (HUD Level 1) or fleeing domestic violence (HUD Level 4) but not being actively pursued. 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 programs:

#### Rapid Re-housing Program – Bright Futures

HHH's *Rapid Re-housing Program* provides financial assistance to homeless families that are deemed to have the capacity to recover rapidly from an episode of homelessness with minimal assistance. To meet the stated goal of helping client families sign a lease in their own name, HHH assists families in finding suitable housing and providing financial resources for application fees, move-in costs, and rental and utilities assistance for up to one year.

#### Emergency Shelter Program

HHH's *Emergency Shelter Program* is designed to provide immediate housing for homeless families in which the family is provided furnished housing and intensive case management for 14-45 days. During their stay, the family does not pay rent or utilities. Housing is provided in agency-owned or donated homes. During the client's stay, HHH provides assistance in securing permanent housing through other HHH Programs or are referred to another provider of permanent housing.

#### Affordable Housing Program

In HHH's *Affordable Housing Program*, eligible families, whether currently homeless or living in unstable conditions not conducive to the child's well-being, move into a HHH-owned housing unit under a one-year, below-market rent lease during which they also pay for utilities. Children in all families must have at least a 90% school attendance rate to stay in the program. The goal is that adults in the family will succeed in overcoming their barriers to family self-sufficiency, and the entire family will learn that the children's education needs to become an important part of their lives.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 1 - NATURE OF ORGANIZATION (Continued)**

**Permanent Supportive Housing Program – Rural Bright Futures**

HHH's Permanent Supportive Housing Program utilizes eight agency-owned homes to house homeless families in which a head of household has a documented permanent disability. Housing is provided for an indefinite period of time, which helps in assisting the most in need of the population. Families pay 30% of their adjusted monthly income towards rent and receive intensive case management focused on financial literacy, employment, education, and life skills.

**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 (GAAP). 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 2016 and 2015 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 GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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, and 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. Investments recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

Level 1 – These are assets where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access.

Level 2 – These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets.

Level 3 – These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the assets. The Organization currently has no level 3 assets.

**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.

**Pledge Contributions Receivable**

The Organization recognizes pledge contributions when they are collected. GAAP requires Organizations to recognize revenues when the pledges are made and set up an allowance for uncollectible receivables. Management has not determined the effect of the difference between GAAP and the method used by the Organization.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

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

**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

**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 the years ended December 31, 2016 and 2015, the Organization received in-kind rent with an estimated value of \$92,000 and \$79,000, and received other goods and professional services with an estimated value of \$32,000 and \$33,000.

The Organization also receives significant amounts of donated volunteer services. During 2016, HHH received approximately 965 donated volunteer service hours. These donated volunteer services were not recorded as support or expense because they do not meet the criteria for recognition.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

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

**Contributions**

Contributions from individuals are recorded as received. 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 year in which the contributions are received.

**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, 2016 and 2015, 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.

**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. The Company occasionally has bank deposits in excess of FDIC limitations. Management considers this to be a normal business risk.

**Subsequent Events**

Management has evaluated subsequent events through June 6, 2017, the date the financial statements were available to be issued.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015 was \$232 and \$460.

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, 2016:</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 270	\$ 270	\$ -	\$ -
Annuity	<u>28,061</u>	<u>-</u>	<u>-</u>	<u>28,061</u>
	<u>\$ 28,331</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 28,061</u>
<u>December 31, 2015:</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 19,353	\$ 19,353	\$ -	\$ -
Annuity	<u>26,798</u>	<u>-</u>	<u>-</u>	<u>26,798</u>
	<u>\$ 46,151</u>	<u>\$ 19,353</u>	<u>\$ -</u>	<u>\$ 26,798</u>

**NOTE 4 - LAND, BUILDINGS AND EQUIPMENT**

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

	<u>2016</u>	<u>2015</u>
Property and equipment used for emergency shelter	\$ 1,855,301	\$ 1,871,084
Office building	331,129	331,129
Office equipment	12,989	75,602
Vehicles	<u>23,959</u>	<u>23,959</u>
	2,223,378	2,301,774
Less accumulated depreciation	<u>(915,127)</u>	<u>(941,084)</u>
	<u>\$ 1,308,251</u>	<u>\$ 1,360,690</u>

Depreciation expense totaled \$52,438 and \$61,047 for the years ended December 31, 2016 and 2015.

**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 5 - LONG-TERM DEBT**

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

	<u>2016</u>	<u>2015</u>
Mortgage payable to Washington Community Reinvestment Association (WCRA), \$1,382 per month, including interest at 4.75%, balloon payment was due December 2016, secured by a deed of trust on land and building.	\$ 143,718	\$ 182,245
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>
	195,494	234,021
Less current portion	<u>(143,718)</u>	<u>(182,245)</u>
	<u>\$ 51,776</u>	<u>\$ 51,776</u>

The loan agreement with WCRA requires the Organization to deposit a set amount in operating and replacement reserves. The deposits total \$23,576 and \$22,376 as of December 31, 2016 and 2015.

The Organization made a principal payment of \$15,000 to WCRA to extend the due date on the mortgage payable to May 31, 2017.

In May 2017, the Organization refinanced their WCRA mortgage with Red Canoe Credit Union. Monthly payments of \$977 include interest at 4.99%.

**NOTE 6 - LINE OF CREDIT**

The Organization had a \$150,000 line of credit available through Pacific Continental Bank. There were no borrowings on this line of credit at December 31, 2016. Balance outstanding on the line of credit at December 31, 2015 was \$45,000 with a 6% interest rate. The line matured in April 2017.

In April 2017, the Organization secured a new line of credit with Red Canoe Credit Union. The new line as a credit limit of \$75,000 and matures in April 2018.



**HELPING HAND HOUSE**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 7 - 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>2016</u>	<u>2015</u>
Restrictions accomplished:		
Time restrictions	\$ -	\$ 17,500
Purpose restrictions	<u>706</u>	<u>2,034</u>
 Total assets released	 <u>\$ 706</u>	 <u>\$ 19,534</u>

Temporarily restricted net assets at December 31, 2016 and 2015 included the following:

	<u>2016</u>	<u>2015</u>
Program restricted grants	<u>\$ 14,546</u>	<u>\$ 15,252</u>

**NOTE 8 - DEFERRED REVENUE**

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. At December 31, 2016, the contract was fully complete. At December 31, 2015 the unspent portion of the award for the grant fiscal year was deferred in the amount of \$21,000.

**NOTE 9 - SUPPLEMENTAL CASH FLOW INFORMATION**

The Organization paid interest of \$10,060 and \$12,700 for the years ended December 31, 2016 and 2015.