

HELPING HAND HOUSE

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

DECEMBER 31, 2015 AND 2014

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2015 and , 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 qualified audit opinion.

Basis for Qualified Opinion

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. Quantification of the effects on the financial statements of the preceding practices is not practicable, as the estimate for an allowance has not been made.

Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Helping Hand House as of December 31, 2015 and , 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.

July 20, 2017

HELPING HAND HOUSE

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 90,248	\$ 133,050
Investments	46,151	44,430
Grants receivable	181,206	136,815
Prepays	<u>10,156</u>	<u>17,227</u>
Total current assets	327,761	331,522
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	1,360,690	1,421,737
OTHER ASSETS		
Replacement and general operating reserve	<u>22,376</u>	<u>20,779</u>
TOTAL ASSETS	<u>\$ 1,710,827</u>	<u>\$ 1,774,038</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 45,000	\$ -
Accounts payable	17,194	15,841
Accrued expenses	2,881	12,013
Deferred revenue	21,000	21,000
Current portion of long-term debt	<u>182,245</u>	<u>213,898</u>
Total current liabilities	268,320	262,752
LONG-TERM DEBT	51,776	51,776
NET ASSETS		
Unrestricted	1,375,479	1,424,724
Temporarily restricted	<u>15,252</u>	<u>34,786</u>
	<u>1,390,731</u>	<u>1,459,510</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,710,827</u>	<u>\$ 1,774,038</u>

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

HELPING HAND HOUSE

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

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
SUPPORT AND REVENUE			
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	<u>19,534</u>	<u>(19,534)</u>	<u>-</u>
Total public support	1,041,558	(19,534)	1,022,024
Revenue			
Program fees	104,841	-	104,841
Loss on investments	2,425	-	2,425
Other	<u>1,887</u>	<u>-</u>	<u>1,887</u>
Total revenue	109,153		109,153
Total support and revenue	<u>1,150,711</u>	<u>(19,534)</u>	<u>1,131,177</u>
EXPENSES			
Program services	892,037	-	892,037
Supporting activities			
Management and general	218,728	-	218,728
Development and fundraising	<u>89,191</u>	<u>-</u>	<u>89,191</u>
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 ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
SUPPORT AND REVENUE			
Public support			
Grants	\$ 821,230	\$ 20,000	\$ 841,230
Donations	82,188	-	82,188
Fundraising	54,965	-	54,965
In-kind contributions	102,140	-	102,140
Net assets released from restriction	<u>101,400</u>	<u>(101,400)</u>	<u>-</u>
Total public support	1,161,923	(81,400)	1,080,523
Revenue			
Program fees	87,368	-	87,368
Gain on investments	(2,888)	-	(2,888)
Other	<u>7,616</u>	<u>-</u>	<u>7,616</u>
Total revenue	92,096		92,096
Total support and revenue	<u>1,254,019</u>	<u>(81,400)</u>	<u>1,172,619</u>
EXPENSES			
Program services	921,120	-	921,120
Supporting activities			
Management and general	175,189	-	175,189
Development and fundraising	<u>135,051</u>	<u>-</u>	<u>135,051</u>
Total expenses	<u>1,231,360</u>	<u>-</u>	<u>1,231,360</u>
CHANGE IN NET ASSETS	22,659	(81,400)	(58,741)
NET ASSETS, beginning of year	<u>1,402,065</u>	<u>116,186</u>	<u>1,518,251</u>
NET ASSETS, end of year	<u>\$ 1,424,724</u>	<u>\$ 34,786</u>	<u>\$ 1,459,510</u>

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

HELPING HAND HOUSE

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

	Program Services					Supporting Activities			Total
	Rapid Re-Housing	Emergency Housing	Accountable 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	<u>20,762</u>	<u>7,642</u>	<u>2,368</u>	<u>10,197</u>	<u>40,969</u>	<u>16,456</u>	<u>7,218</u>	<u>23,674</u>	<u>64,643</u>
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	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	<u>3,592</u>	<u>1,826</u>	<u>1,081</u>	<u>1,152</u>	<u>7,651</u>	<u>122</u>	<u>-</u>	<u>122</u>	<u>7,773</u>
Total expenses before depreciation	520,306	133,745	61,731	133,358	849,140	200,578	89,191	289,769	1,138,909
Depreciation	<u>-</u>	<u>8,206</u>	<u>5,422</u>	<u>29,269</u>	<u>42,897</u>	<u>18,150</u>	<u>-</u>	<u>18,150</u>	<u>61,047</u>
Total expenses	<u>\$ 520,306</u>	<u>\$ 141,951</u>	<u>\$ 67,153</u>	<u>\$ 162,627</u>	<u>\$ 892,037</u>	<u>\$ 218,728</u>	<u>\$ 89,191</u>	<u>\$ 307,919</u>	<u>\$ 1,199,956</u>

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

HELPING HAND HOUSE

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014**

	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	\$ 15,360	\$ 82,878	\$ 56,901	\$ 71,182	\$ 226,321	\$ 112,279	\$ 81,853	\$ 194,132	\$ 420,453
Payroll taxes and employee benefits	2,748	19,733	14,457	15,065	52,003	24,317	12,915	37,232	89,235
Total salaries and related expenses	18,108	102,611	71,358	86,247	278,324	136,596	94,768	231,364	509,688
Client support services	896	7,117	21,700	19,361	49,074	278	653	931	50,005
In-kind	21,404	77,410	1,661	2,215	102,690	-	-	-	102,690
Insurance	1,445	3,871	3,626	6,759	15,701	2,418	2,223	4,641	20,342
Interest	170	1,780	1,920	2,092	5,962	2,319	2,191	4,510	10,472
Maintenance and repairs	14,945	11,921	575	22,233	49,674	421	517	938	50,612
Miscellaneous	604	226	41	88	959	378	8,342	8,720	9,679
Office	468	2,994	2,843	3,360	9,665	7,378	4,584	11,962	21,627
Printing and reproduction	965	1,686	1,807	1,968	6,426	2,629	3,190	5,819	12,245
Professional services	1,296	6,876	7,740	8,775	24,687	8,994	9,937	18,931	43,618
Rent - Program	-	141,020	99,753	35	240,808	-	-	-	240,808
Telephone	226	1,433	1,307	1,475	4,441	1,503	1,411	2,914	7,355
Transportation	308	2,036	2,449	3,750	8,543	3,805	789	4,594	13,137
Utilities	5,181	14,315	14,779	26,551	60,826	1,411	1,420	2,831	63,657
Utilities assistance	-	2,071	188	-	2,259	88	-	88	2,347
Total expenses before depreciation	66,016	377,367	231,747	184,909	860,039	168,218	130,025	298,243	1,158,282
Depreciation and amortization	6,017	13,591	5,275	36,198	61,081	6,971	5,026	11,997	73,078
Total expenses	\$ 72,033	\$ 390,958	\$ 237,022	\$ 221,107	\$ 921,120	\$ 175,189	\$ 135,051	\$ 310,240	\$ 1,231,360

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

HELPING HAND HOUSE

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (68,779)	\$ (58,741)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	61,047	72,574
Unrealized gain on investments	(1,721)	(3,859)
Loss on sale of equipment	-	500
Replacement and general operating reserves	(1,597)	(1,200)
Changes in assets and liabilities:		
Grants receivable	(44,391)	(7,805)
Prepays	7,071	7,574
Accounts payable and accrued expenses	(7,779)	5,451
Net cash provided (used) by operating activities	<u>(56,149)</u>	<u>14,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(24,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings on line of credit	45,000	-
Repayment of long-term debt	<u>(31,653)</u>	<u>(6,281)</u>
Net cash provided (used) by financing activities	<u>13,347</u>	<u>(6,281)</u>
NET CHANGE IN CASH	(42,802)	(16,660)
CASH AND CASH EQUIVALENTS, beginning of year	<u>133,050</u>	<u>149,710</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 90,248</u>	<u>\$ 133,050</u>

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

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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.

During 2015 the Organization redefined the programs in which it operates. For 2015 Helping Hand House has the following major programs:

Rapid Rehousing Program

The Helping Hand House Rapid Rehousing Program provides financial assistance to homeless families with dependent children 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 a period of up to one year.

Emergency Housing Program

The Helping Hand House Emergency Housing Program (also referred to as Emergency Shelter) is a program designed to provide immediate housing for homeless families with dependents in which the family is provided furnished housing and intensive case management for a period of up to three months. 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 in Emergency Housing, HHH provides assistance in securing permanent housing through another HHH Program or are referred to another provider of permanent housing.

Accountable Housing Program

The Helping Hand House Accountable Housing Program is an initiative that operates in partnership with the Puyallup School District (PSD). Eligible families (those with at least one child in a PSD school), whether currently homeless or living in unstable conditions not conducive to the child's well-being, are placed in HHH-owned housing under a one-year 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, 2015 AND 2014

NOTE 1 - NATURE OF ORGANIZATION (Continued)

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 in which at least one person in the family 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.

Transitional Housing

Until the end of 2014, The Helping Hand House Transitional Housing Program served homeless families with dependent children who need up to two years of subsidized housing in order to become self-sufficient. Families lived in homes leased in the family's name, paid 30% of their adjusted monthly income towards rent, and received intensive case management focused on financial literacy, employment, education, and life skills. The goal was for families to attain self-sufficiency. In 2015, this program transitioned into HHH's Rapid Rehousing Program.

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.

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 2015 and 2014 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 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.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledge Contributions Receivable

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

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 were being amortized over ten years and were fully amortized at December 31, 2014. Amortization expense for the year ended December 31, 2014 was \$1,264.

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, 2015 and 2014, the Organization received in-kind rent with an estimated value of \$79,000 and \$47,000, and received other goods and professional services with an estimated value of \$33,000 and \$55,000.

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions (Continued)

The Organization also receives significant amounts of donated volunteer services. During 2015, Helping Hand House received approximately 1,600 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 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, 2015 and 2014, 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. As of December 31, 2015, the Organization did not have any cash exceeding the insured amount.

Subsequent Events

Management has evaluated subsequent events through July 20, 2016, the date the financial statements were available to be issued.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014 was \$460 and \$7,124, 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, 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>26,798</u>	<u>-</u>
	<u>\$ 46,151</u>	<u>\$ 19,353</u>	<u>\$ 26,798</u>	<u>\$ -</u>
<u>December 31, 2014:</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 17,632	\$ 17,632	\$ -	\$ -
Annuity	<u>26,798</u>	<u>-</u>	<u>26,798</u>	<u>-</u>
	<u>\$ 44,430</u>	<u>\$ 17,632</u>	<u>\$ 26,798</u>	<u>\$ -</u>

NOTE 4 - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2015</u>	
Property and equipment used for emergency shelter	\$ 1,871,084	\$ 1,859,751
Office building	331,129	331,129
Office equipment	75,602	86,935
Vehicles	<u>23,959</u>	<u>23,959</u>
	2,301,774	2,301,774
Less accumulated depreciation	<u>(941,084)</u>	<u>(880,037)</u>
	<u>\$ 1,360,690</u>	<u>\$ 1,421,737</u>

Depreciation expense totaled \$61,047 and \$71,313 for the years ended December 31, 2015 and 2014.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 5 - LONG-TERM DEBT

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

	<u>2015</u>	
Mortgage payable to Washington Community Reinvestment Association (WCRA), \$1,382 per month, including interest at 4.75%, balloon payment was due November 2015, secured by a deed of trust on land and building.	\$ 182,245	\$ 213,898
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>
	234,021	265,674
Less current portion	<u>(182,245)</u>	<u>(213,898)</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 \$22,376 and \$20,779 as of December 31, 2015 and 2014.

The Organization made a principal payment of \$15,000 to WCRA to extend the due date on the mortgage payable to December 1, 2016.

NOTE 6 - LINE OF CREDIT

The Organization has a \$150,000 line of credit available through Pacific Continental Bank. Balance outstanding on the line of credit at December 31, 2015 was \$45,000 with a 6% interest rate. There were no borrowings on this line of credit at December 31, 2014.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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>2015</u>	
Restrictions accomplished:		
Program restrictions	\$ -	\$ 95,300
Operating support pledges	<u>19,534</u>	<u>6,100</u>
 Total assets released	 <u>\$ 19,534</u>	 <u>\$ 101,400</u>

Temporarily restricted net assets at December 31, 2015 and 2014 included the following:

	<u>2015</u>	
Program restricted grants	<u>\$ 15,252</u>	<u>\$ 34,786</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, 2015 and 2014, 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 \$12,700 and \$10,473 for the years ended December 31, 2015 and 2014.