

HELPING HAND HOUSE

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

DECEMBER 31, 2010 AND 2009

BRANTLEY JANSON YOST & ELLISON

Certified Public Accountants

A Professional Service Corporation

1617 South 325th 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	3
Statements of functional expenses	4 - 5
Statements of cash flows	6
Notes to financial statements	7 - 17

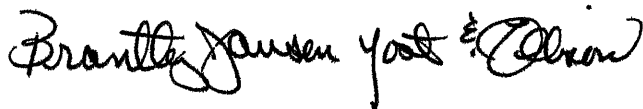
INDEPENDENT AUDITOR'S REPORT

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, 2010 and 2009, 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, 2010 and 2009, 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 2, 2011

HELPING HAND HOUSE

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash	\$ 532,942	\$ 154,363
Investments	10,194	104,621
Contributions receivable, net	25,224	27,018
Grants receivable	94,886	150,898
Prepays	<u>28,599</u>	<u>17,287</u>
Total current assets	691,845	454,187
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	1,752,328	1,826,379
OTHER ASSETS		
Restricted investments	98,584	190,164
Contributions receivable, long-term	87,949	106,935
Loan fees, net of accumulated amortization	5,404	6,785
Deposits	4,125	4,775
Replacement and general operating reserve	<u>15,979</u>	<u>14,779</u>
	<u>212,041</u>	<u>323,438</u>
TOTAL ASSETS	<u>\$ 2,656,214</u>	<u>\$ 2,604,004</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 17,873	\$ 24,111
Accrued expenses	20,768	22,810
Deferred revenue	21,000	21,486
Current portion of long-term debt	<u>5,400</u>	<u>9,900</u>
Total current liabilities	65,041	78,307
LONG-TERM DEBT	283,663	301,931
NET ASSETS		
Unrestricted	1,729,553	1,801,742
Temporarily restricted	<u>577,957</u>	<u>422,024</u>
	<u>2,307,510</u>	<u>2,223,766</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,656,214</u>	<u>\$ 2,604,004</u>

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

HELPING HAND HOUSE

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Public support		
Grants	\$ 1,502,783	\$ 1,286,799
Donations	87,148	90,906
Fund raising	24,920	7,987
In-kind contributions	176,044	70,868
Total public support	<u>1,790,895</u>	<u>1,456,560</u>
Revenue		
Program fees	140,987	130,900
Gain on investments	3,173	2,508
Other	6,306	21,743
Total revenue	<u>150,466</u>	<u>155,151</u>
Net assets released from restrictions	<u>141,818</u>	<u>220,957</u>
Total support and revenue	<u>2,083,179</u>	<u>1,832,668</u>
EXPENSES		
Program services	1,739,407	1,436,195
Supporting activities		
Management and general	192,836	259,163
Development & fundraising	223,125	208,930
Total expenses	<u>2,155,368</u>	<u>1,904,288</u>
Change in unrestricted net assets	<u>(72,189)</u>	<u>(71,620)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support received for future years	297,751	54,860
Net assets released from restrictions	<u>(141,818)</u>	<u>(220,957)</u>
Change in temporarily restricted net assets	<u>155,933</u>	<u>(166,097)</u>
CHANGE IN NET ASSETS	83,744	(237,717)
NET ASSETS, beginning of year	<u>2,223,766</u>	<u>2,461,483</u>
NET ASSETS, end of year	<u>\$ 2,307,510</u>	<u>\$ 2,223,766</u>

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

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

HELPING HAND HOUSE

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

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

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

HELPING HAND HOUSE

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 83,744	\$ (237,717)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	75,432	75,465
Donated property		(14,567)
Contributions of stock shares	(655)	(9,101)
Replacement and general operating reserves	(1,200)	(1,200)
Contributions restricted for future programs	91,580	79,836
Changes in assets and liabilities:		
Contributions receivable	20,780	(4,733)
Grants receivable	56,012	24,236
Prepays	(11,312)	(7,401)
Deposits	650	
Accounts payable and accrued expenses	(8,280)	(20,211)
Deferred revenue	(486)	486
Net cash provided (used) by operating activities	<u>306,265</u>	<u>(114,907)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash deposits	(90,000)	(90,000)
Sale of investments	95,082	
Purchase of property and equipment		(43,595)
Net cash provided (used) by investing activities	<u>5,082</u>	<u>(133,595)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term restricted contributions	90,000	90,000
Repayment of long-term debt	(22,768)	(9,210)
Net cash provided by financing activities	<u>67,232</u>	<u>80,790</u>
NET CHANGE IN CASH	378,579	(167,712)
CASH, beginning of year	<u>154,363</u>	<u>322,075</u>
CASH, end of year	<u>\$ 532,942</u>	<u>\$ 154,363</u>

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

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

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 families 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

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Permanent Supportive Housing (Continued)

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.

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 2010 and 2009 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, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

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

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, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Fees

Loan fees are being amortized over ten years. Amortization expense for both 2010 and 2009 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 2010 and 2009, the Organization received in-kind rent with an estimated value of \$75,325 and \$43,488. In 2009 the Organization received donated windows including installation which was valued at \$14,567. In 2010 the Organization received \$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 2010, Helping Hand House received approximately 190 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, 2010 AND 2009**

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 FASB ASC 740-10-25, 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, 2010 and 2009, 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, 2010, the Organization's cash exceeded insured amounts by approximately \$114,000.

Subsequent Events

Management has evaluated subsequent events through June 2, 2011, the date the financial statements were available to be issued.

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 3 - CASH

In 2007, the Organization obtained a grant that requires unspent temporarily restricted funds to be invested in a highly liquid investment account. At December 31, 2010, these funds were maintained in a separate checking account in the amount of \$19,500 and certificates of deposit in the amount of \$98,584.

NOTE 4 - INVESTMENTS

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

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

December 31, 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%	-%

December 31, 2009:

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

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 4 - INVESTMENTS (Continued)

The Organization's investments consisted of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Equity securities	\$ 10,194	\$ 9,539
Restricted certificate of deposit	<u> </u>	<u>95,082</u>
Total current investments	10,194	104,621
Restricted long-term certificates of deposit	<u>98,584</u>	<u>190,164</u>
Total investments	<u>\$108,778</u>	<u>\$294,785</u>

Investment income for the years ended December 31, 2010 and 2009 was \$6,306 and \$20,729, respectively.

NOTE 5 - GRANTS AND CONTRIBUTIONS RECEIVABLE

At December 31, 2010 and 2009, the Organization's receivables consisted of the following:

	<u>2010</u>	<u>2009</u>
Contributions receivable - current	\$ 25,224	\$ 27,018
Contributions receivable - long term	87,949	106,935
Grants receivable	<u>94,886</u>	<u>150,898</u>
	<u>\$ 208,059</u>	<u>\$ 284,851</u>

Accounts receivable are stated net of an allowance for doubtful accounts. The Organization analyzes individual pledge balances and records an allowance for estimated uncollectible pledge payments. Allowance for doubtful accounts at December 31, 2010 and 2009 was \$7,500 and \$3,950. There were no grant receivables past due more than 90 days.

Long-term contributions receivable, due in more than one year, are reflected at the present value of estimated future cash flows using a discount rate of 3%. The discount was \$5,580 and \$6,391 for 2010 and 2009.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2010</u>	<u>2009</u>
Property and equipment used for emergency and transitional shelter	\$ 2,064,924	\$ 2,064,924
Office building	322,367	322,367
Office equipment	40,461	40,461
Vehicles	<u>23,959</u>	<u>23,959</u>
	2,451,711	2,451,711
Less accumulated depreciation	<u>(699,383)</u>	<u>(625,332)</u>
	<u>\$ 1,752,328</u>	<u>\$ 1,826,379</u>

Depreciation expense totaled \$74,051 and \$74,084 for 2010 and 2009.

NOTE 7 - RESERVES

The loan agreement with Washington Community Reinvestment Association requires the Organization to deposit a set amount in operating and replacement reserves. The deposit amounts for the operating reserve total \$334 initially and \$334 each month up to a total of \$8,000. The deposit amounts for the replacement reserve total \$100 initially and \$100 each month thereafter. Replacement reserves totaled \$7,303 and \$6,103 in 2010 and 2009, and operating reserves totaled \$8,676 for both years.

NOTE 8 - LINE OF CREDIT

The Organization has a \$150,000 line of credit available through Pacific Continental. There are no borrowings on this line of credit at December 31, 2010 and 2009.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 9 - LONG TERM DEBT OBLIGATIONS

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

	<u>2010</u>	<u>2009</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.	\$ 237,287	\$ 242,470
Note payable to Pierce County Community Development Corporation for additional construction costs for the purchase and renovation of emergency housing, no payments, due February 2051.	51,776	51,776
Note payable to Pierce County Community Development Corporation. Loan paid in full in 2010.		14,100
Note payable to Korum Ford, Inc. Loan paid in full in 2010.	<u> </u>	<u>3,485</u>
	289,063	311,831
Less current portion	<u>(5,400)</u>	<u>(9,900)</u>
	<u>\$ 283,663</u>	<u>\$ 301,931</u>

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

<u>December 31,</u>	<u>Amount</u>
2011	\$ 5,400
2012	5,700
2013	6,000
2014	220,187
Thereafter	<u>51,776</u>
	<u>\$ 289,063</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 10 - RESTRICTIONS ON NET ASSETS

Net assets were released from restrictions by incurring expenses satisfying the purpose restrictions specified by the donors or time restrictions on pledges as follows:

	<u>2010</u>	<u>2009</u>
Restrictions accomplished:		
Program restrictions	\$ 90,000	\$ 163,662
Operating support pledges	45,151	50,628
Operating support grants	<u>6,667</u>	<u>6,667</u>
 Total assets released	 <u>\$ 141,818</u>	 <u>\$ 220,957</u>

Temporarily restricted net assets at December 31, 2010 and 2009 were comprised of the following:

	<u>2010</u>	<u>2009</u>
Hydro seeding	\$ 500	\$ 500
Operating support grants	5,278	11,944
Operating support pledges	114,245	137,403
Program restricted grants	<u>457,934</u>	<u>272,177</u>
	 <u>\$ 577,957</u>	 <u>\$ 422,024</u>

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

	<u>2010</u>	<u>2009</u>
In one year or less	\$ 20,716	\$ 30,468
Between one and five years	<u>93,529</u>	<u>106,935</u>
	 <u>\$ 114,245</u>	 <u>\$ 137,403</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 11 - COMMITMENTS

In 2006, the Organization received a commitment for a State funded grant. The grant is for a period of 10 years at a base amount of \$28,000 per year. The contract began in October of 2006. The unspent portion of the award for the grant fiscal year (October 2008 – October 2009) was deferred in the amount of \$21,000 and \$21,486 for December 31, 2010 and 2009, respectively.

NOTE 12 - LEASE OBLIGATIONS

The Organization leases apartment units for its *Transitional Housing Program* under annual and month-to-month terms. The total lease amount is approximately \$7,500 per month. Rent expense paid in 2010 and 2009 for these units was \$129,200 and \$104,090.

NOTE 13 - SUPPLEMENTAL CASH FLOW INFORMATION

The Organization paid interest of approximately \$11,511 and \$12,292 for the years ended December 31, 2010 and 2009, respectively.