

HELPING HAND HOUSE

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

DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

June 18, 2009

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, 2008 and 2007, and the related statements of activities, 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, 2008 and 2007, 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.

Brantley Janson Yost & Ellison

HELPING HAND HOUSE

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007**

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 322,075	\$ 211,341
Investments	95,520	7,979
Contributions receivable, net	25,545	56,740
Grants receivable	175,134	126,035
Prepays	<u>9,886</u>	<u>6,735</u>
Total current assets	628,160	408,830
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	1,842,301	1,956,816
OTHER ASSETS		
Restricted investments	270,000	360,000
Contributions receivable, long-term	103,675	53,971
Loan fees, net of accumulated amortization	8,166	12,426
Deposits	4,775	4,775
Replacement and general operating reserve	<u>13,579</u>	<u>12,379</u>
	<u>400,195</u>	<u>443,551</u>
TOTAL ASSETS	<u>\$ 2,870,656</u>	<u>\$ 2,809,197</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit		\$ 55,000
Accounts payable	\$ 36,402	50,411
Accrued expenses	30,730	26,424
Deferred revenue	21,000	23,800
Current portion of long-term debt	<u>9,800</u>	<u>9,300</u>
Total current liabilities	97,932	164,935
LONG-TERM DEBT	311,241	321,070
NET ASSETS		
Unrestricted	1,873,362	1,668,826
Temporarily restricted	<u>588,121</u>	<u>654,366</u>
	<u>2,461,483</u>	<u>2,323,192</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,870,656</u>	<u>\$ 2,809,197</u>

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

HELPING HAND HOUSE

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Public support		
Grants	\$ 1,260,443	\$ 903,992
Donations	123,495	99,236
Fund raising	11,793	17,067
In-kind contributions	<u>34,032</u>	<u>31,020</u>
Total public support	1,429,763	1,051,315
Revenue		
Program fees	100,057	96,412
Loss on investments	(2,459)	(28)
Other	6,962	284
Gain (loss) on sale of assets	<u>301,436</u>	<u>(2,944)</u>
Total revenue	405,996	93,724
Net assets released from restrictions	<u>289,225</u>	<u>53,592</u>
Total support and revenue	<u>2,124,984</u>	<u>1,198,631</u>
EXPENSES		
Program services	1,544,976	960,770
Supporting activities		
Management and general	190,859	107,519
Development & fundraising	<u>184,613</u>	<u>103,398</u>
Total expenses	<u>1,920,448</u>	<u>1,171,687</u>
Change in unrestricted net assets	<u>204,536</u>	<u>26,944</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support received for future years	222,980	571,763
Net assets released from restrictions	<u>(289,225)</u>	<u>(53,592)</u>
Change in temporarily restricted net assets	<u>(66,245)</u>	<u>518,171</u>
INCREASE IN NET ASSETS	138,291	545,115
NET ASSETS, beginning of year	<u>2,323,192</u>	<u>1,778,077</u>
NET ASSETS, end of year	<u>\$ 2,461,483</u>	<u>\$ 2,323,192</u>

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

HELPING HAND HOUSE

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008**

	Program Services					Supporting Activities			Total
	Homeless Prevention	Emergency Housing	Transitional Housing	Permanent Housing	Total Program Services	Management and General	Development & Fundraising	Supporting Activities	
Salaries	\$ 18,005	\$ 63,942	\$ 183,718	\$ 150,320	\$ 415,985	\$ 129,640	\$ 78,993	\$ 208,633	\$ 624,618
Payroll taxes and employee benefits	4,300	15,429	46,683	37,096	103,508	18,929	14,261	33,190	136,698
Total salaries and related expenses	22,305	79,371	230,401	187,416	519,493	148,569	93,254	241,823	761,316
Bad debt							44,789	44,789	44,789
Capacity development							14,669	14,669	14,669
Client support services	35	15,418	93,768	72,514	181,735	362	8,812	362	182,097
Contract worker								8,812	8,812
In-kind		23,232	10,800		34,032				34,032
Insurance	1,341	3,165	12,206	5,526	22,238	9,742	1,192	10,934	33,172
Interest	653	1,543	6,564	2,461	11,221	1,659	811	2,470	13,691
Maintenance and repairs	106	10,191	24,026	3,507	37,830	2,291	602	2,893	40,723
Marketing	16		49		65	71	956	1,027	1,092
Miscellaneous			1,114	1,407	2,521	3,794	1,974	5,768	8,289
Office	549	2,311	8,400	5,968	17,228	9,612	4,725	14,337	31,565
Printing and reproduction	390	953	3,545	1,605	6,493	934	483	1,417	7,910
Professional services	745	2,658	8,394	6,118	17,915	2,823	923	3,746	21,661
Rent - Program			100,650	319,364	420,014	272		272	420,286
Rental assistance	42,219	2,900			45,119				45,119
Special events		492	978	173	1,643	2,197	6,931	9,128	10,771
Taxes and assessments	36	357	892		1,285				1,285
Telephone	257	7,433	7,392	5,301	20,383	1,635	416	2,051	22,434
Transportation	15	2,987	11,422	10,767	25,191	4,950	3,247	8,197	33,388
Utilities	252	27,405	52,253	1,785	81,695	765	292	1,057	82,752
Utilities assistance	18,208		60	7,258	25,526				25,526
Total expenses before depreciation	87,127	180,416	572,914	631,170	1,471,627	189,676	184,076	373,752	1,845,379
Depreciation and amortization	1,803	25,446	46,100		73,349	1,183	537	1,720	75,069
Total expenses	\$ 88,930	\$ 205,862	\$ 619,014	\$ 631,170	\$ 1,544,976	\$ 190,859	\$ 184,613	\$ 375,472	\$ 1,920,448

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

HELPING HAND HOUSE

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007**

	Program Services					Supporting Activities			Total
	Homeless Prevention	Emergency Housing	Transitional Housing	Permanent Housing	Total Program Services	Management and General	Development & Fundraising	Supporting Activities	
Salaries	\$ 29,028	\$ 73,360	\$ 184,360	\$ 21,257	\$ 308,005	\$ 72,846	\$ 56,783	\$ 129,629	\$ 437,634
Payroll taxes and employee benefits	5,989	13,009	38,690	2,753	60,441	8,540	10,381	18,921	79,362
Total salaries and related expenses	35,017	86,369	223,050	24,010	368,446	81,386	67,164	148,550	516,996
Bad debt									
Capacity development	3,787	5,962	13,600	55	23,404	2,186	1,634	3,820	13,830
Client support services	2,347	3,636	9,073	700	15,756	1,379	1,069	2,448	2,971
Contract worker	47	10,113	11,950	67	22,110	422	24	446	110,353
In-kind	221	378	855	141	1,521	230	1,953	2,183	875
Insurance	1,294	2,428	5,818	789	10,329	10,305	272	10,577	31,020
Interest	587	904	2,078	195	3,764	3,754	5,243	8,997	27,224
Maintenance and repairs	1,725	2,711	6,162	14,487	25,085	467	268	735	18,204
Marketing	20,906	5,930	104,456	14,283	118,739	986	740	1,726	22,556
Miscellaneous		407	1,500		28,336				3,704
Office	109	215	1,010	1,000	1,417	233	5,568	5,801	11,646
Printing and reproduction	634	8,164	965	1,486	2,289	71	47	118	19,326
Professional services	14	2,786	7,214	581	12,814	1,535	369	1,904	4,499
Rent - Bright Futures	583	26,006	47,530	319	74,438	2,864	559	3,423	26,811
Rental assistance	17,420				17,420	518	305	823	118,739
Special events									28,336
Taxes and assessments									7,218
Telephone									2,407
Transportation									19,402
Utilities									16,237
Utilities assistance									75,261
Total expenses before depreciation	84,691	198,064	543,378	59,705	885,838	106,336	102,861	209,197	1,095,035
Depreciation and amortization	1,802	27,030	46,100		74,932	1,183	537	1,720	76,652
Total expenses	\$ 86,493	\$ 225,094	\$ 589,478	\$ 59,705	\$ 960,770	\$ 107,519	\$ 103,398	\$ 210,917	\$ 1,171,687

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

HELPING HAND HOUSE

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 138,291	\$ 545,115
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	75,069	76,653
Contributions of stock shares	(87,541)	(6,946)
Replacement and general operating reserves	(1,200)	(1,200)
(Gain) loss on disposal of assets	(301,436)	2,944
Contributions restricted for future programs	90,000	(360,000)
Changes in assets and liabilities:		
Contributions receivable	(18,509)	3,891
Grants receivable	(49,099)	(62,467)
Prepays	(3,151)	(548)
Deposits		(500)
Accounts payable and accrued expenses	(9,703)	40,112
Deferred revenue	(2,800)	2,800
Net cash provided (used) by operating activities	<u>(170,079)</u>	<u>239,854</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash deposits	(90,000)	(360,000)
Purchase of property and equipment	(33,184)	(21,685)
Proceeds from sale of assets	<u>378,326</u>	<u> </u>
Net cash provided (used) by investing activities	255,142	(381,685)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term restricted contributions	90,000	360,000
Change in line of credit	(55,000)	
Repayment of long-term debt	<u>(9,329)</u>	<u>(8,347)</u>
Net cash provided by financing activities	<u>25,671</u>	<u>351,653</u>
NET CHANGE IN CASH	110,734	209,822
CASH, beginning of year	<u>211,341</u>	<u>1,519</u>
CASH, end of year	<u>\$ 322,075</u>	<u>\$ 211,341</u>

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

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

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:

1. Rental assistance to families with dependent children who have received a three-day pay or vacate notice.
2. Utility assistance to families with dependent children who have received a utility shut-off notice.

Emergency Housing

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.

Transitional Housing

The Helping Hand House *Transitional Housing Program* consists of agency owned homes and leased units. Homeless families who have been in emergency housing but are found to need additional time and support to become self-sufficient are referred to this program. Families may live in this housing for a period of up to two years. During their stay they pay 30% of their monthly income.

Permanent Supportive Housing

The Helping Hand House *Permanent Supportive Housing Program* consists of client leased homes and apartments. Families are supported in locating permanent housing within the identified school catchment area. The family pays 30% of their income for rent as they work to increase earning potential through career assessment, training and education. As their income increases so does the rent they pay until, at the end of their time in this longer term program, they are paying the full rent and meeting their family's needs to a point of self-sufficiency. During their stay extensive support is also provided to the children in the program, helping them improve school attendance, performance and behavior.

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

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 2008 and 2007 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 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.

HELPING HAND HOUSE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Buildings and Equipment (Continued)

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 both 2008 and 2007 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 2008 and 2007, the Organization received in-kind rent with an estimated value of \$34,032 and \$31,020.

The Organization also receives significant amounts of donated materials such as food, household furnishings and clothing, and volunteer services. These donated materials and volunteer services were not recorded as support or expense because they do not meet the criteria for recognition.

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."

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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, 2008, the Organization's cash exceeded insured amounts by approximately \$332,600.

NOTE 3 - CASH

In 2007, the Organization obtained a grant that requires unspent temporary restricted funds to be invested in a highly liquid investment account. At December 31, 2008, these funds were maintained in a separate checking account in the amount of \$20,444 and certificates of deposit in the amount of \$270,000.

NOTE 4 - INVESTMENTS

The Organizations investments consisted of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Equitable securities	\$ 5,520	\$ 7,979
Restricted certificate of deposit	<u>90,000</u>	<u> </u>
Total current investments	95,520	7,979
Restricted long-term certificates of deposit	<u>270,000</u>	<u>360,000</u>
Total investments	<u>\$365,520</u>	<u>\$367,979</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 5 - GRANTS AND CONTRIBUTIONS RECEIVABLE

At December 31, 2008 and 2007, the Organization's receivables consisted of the following:

	<u>2008</u>	<u>2007</u>
Contributions receivable - current	\$ 25,545	\$ 56,740
Contributions receivable - long term	103,675	53,971
Government grants	<u>175,134</u>	<u>126,035</u>
	<u>\$ 304,354</u>	<u>\$ 236,746</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 during December 31, 2008 and 2007 was \$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 \$6,391 for both 2008 and 2007.

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2008</u>	<u>2007</u>
Property and equipment used for emergency and transitional shelter	\$ 2,020,794	\$ 2,182,564
Office building	322,367	308,570
Office equipment	26,429	26,165
Vehicles	<u>23,959</u>	<u>23,959</u>
	2,393,549	2,541,258
Less accumulated depreciation	<u>(551,248)</u>	<u>(584,442)</u>
	<u>\$ 1,842,301</u>	<u>\$ 1,956,816</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT (Continued)

Depreciation expense totaled \$75,069 and \$76,653 for 2008 and 2007.

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 \$4,903 and \$3,703 in 2008 and 2007 and operating reserves totaled \$8,676 for both years.

NOTE 8 - LINE OF CREDIT

At December 31, 2007, the Organization had a line of credit with Bank of America that provides short-term borrowings up to \$55,000 with a variable interest rate indexed at the bank's lending rate. The Organization has a \$150,000 line of credit available at December 31, 2008. There are no borrowings on this line of credit at December 31, 2008.

NOTE 9 - LONG TERM DEBT OBLIGATIONS

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

	<u>2008</u>	<u>2007</u>
Mortgage payable to Washington Community Reinvestment Association, \$1,832 per month, including interest at 4.75%, balloon payment due November 2014, secured by a deed of trust on land and building.	\$ 247,413	\$ 252,130
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

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 9 - LONG TERM DEBT OBLIGATIONS (Continued)

Note payable to Pierce County Community Development Corporation, \$1,200 per year, due July 2021, secured by deeds of trust on land and houses.	15,300	16,500
Note payable to Korum Ford, Inc., \$338 per month, interest rate at 7.84%, secured by truck, due August 2010.	<u>6,552</u>	<u>9,964</u>
	321,041	330,370
Less current portion	<u>(9,800)</u>	<u>(9,300)</u>
	<u>\$ 311,241</u>	<u>\$ 321,070</u>

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

<u>December 31,</u>	<u>Amount</u>
2009	\$ 9,800
2010	9,200
2011	6,600
2012	6,900
2013	7,200
Thereafter	<u>281,341</u>
	<u>\$ 321,041</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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>2008</u>	<u>2007</u>
Restrictions accomplished:		
Program restrictions	\$ 206,845	
Operating support pledges	23,085	\$ 32,574
Operating support grants	14,250	409
Fire escape ladders	256	444
Van purchase		1,762
Homeless prevention		<u>4,573</u>
	244,436	39,762
Restrictions released for uncollectible pledges, primarily due to decline in economic conditions	<u>44,789</u>	<u>13,830</u>
Total assets released	<u>\$ 289,225</u>	<u>\$ 53,592</u>

Temporarily restricted net assets at December 31, 2008 and 2007 were comprised of the following:

	<u>2008</u>	<u>2007</u>
Hydro seeding	\$ 500	\$ 500
Fire escape ladders		256
Operating support grants	52,697	14,250
Operating support pledges	133,171	110,111
Program restricted grants	<u>401,753</u>	<u>529,249</u>
	<u>\$ 588,121</u>	<u>\$ 654,366</u>

HELPING HAND HOUSE

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 \$23,800 for December 31, 2008 and 2007, 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 \$8,800 per month. Rent expense paid in 2008 and 2007 for these units was \$102,197 and \$104,561.

The Company also leases copier equipment under an operating lease.

Future minimum lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Equipment</u>
2009	\$ 2,700
2010	<u>900</u>
	<u>\$ 3,600</u>

NOTE 13 - SUPPLEMENTAL CASH FLOW INFORMATION

The Organization paid interest of approximately \$13,692 and \$18,205 for the years ended December 31, 2008 and 2007, respectively.

NOTE 14 – GAIN ON SALE OF ASSETS

In April 2008, the Organization sold real property for approximately \$378,000. All restrictions on this property had been fulfilled and the resulting proceeds from the sale were unrestricted funds.