



(A Non-Profit Organization)

Annual Financial Report  
Year ended March 31, 2009

*Prepared By:*

**Lauka & Associates** | CERTIFIED PUBLIC ACCOUNTANTS

# Our House of Portland (A Non-Profit Organization)

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors  
Our House of Portland  
Portland, Oregon

We have audited the accompanying statement of financial position of Our House of Portland (a non-profit organization) as of March 31, 2009 and the related statement of activity, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Our House of Portland. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 audit provides 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 Our House of Portland as of March 31, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ *Lauka & Associates*

Portland, Oregon  
July 15, 2009

# Our House of Portland (A Non-Profit Organization)

Statement of Financial Position  
March 31, 2009, with comparative totals for 2008

(See Accompanying Notes and Accountant's Audit Report)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b>Current Assets</b>				
Cash	\$ 96,609	\$ 31,330	\$ 127,939	\$ 88,227
Operating reserves (Notes 1,3)	621,356		621,356	689,650
Receivables, net (Note 4)	118,876		118,876	84,805
Pledges receivable, net (Note 5)	16,045	22,300	38,345	42,165
Deferred grants receivable (Note 10)	-	422,171	422,171	374,671
Other current assets and prepaids	33,763		33,763	32,863
	<u>886,649</u>	<u>475,801</u>	<u>1,362,450</u>	<u>1,312,381</u>
<b>Property and Equipment</b>				
Net of accumulated depreciation (Note 6)	2,833,649	290,200	3,123,849	3,222,162
<b>Other Assets</b>				
Pledges receivable, net (Note 5)	470	22,925	23,395	56,000
Deferred grants receivable (Note 10)		184,284	184,284	530,208
	<u>470</u>	<u>207,209</u>	<u>207,679</u>	<u>586,208</u>
<b>Total assets</b>	<b>\$ 3,720,768</b>	<b>\$ 973,210</b>	<b>\$ 4,693,978</b>	<b>\$ 5,120,751</b>
<b>Current Liabilities</b>				
Accounts payable	\$ 9,811		\$ 9,811	\$ 17,063
Accrued payroll and payroll liabilities	138,761		138,761	134,419
Deferred grant revenue (Note 10)		422,171	422,171	375,081
	<u>148,572</u>	<u>422,171</u>	<u>570,743</u>	<u>526,563</u>
<b>Long Term Liabilities</b>				
Deferred grant revenue (Note 10)	-	184,284	184,284	530,208
<b>Net Assets</b>				
Unrestricted	3,572,196		3,572,196	3,650,480
Temporarily restricted (Notes 1,9)		366,755	366,755	413,500
	<u>3,572,196</u>	<u>366,755</u>	<u>3,938,951</u>	<u>4,063,980</u>
<b>Total liabilities and net assets</b>	<b>\$ 3,720,768</b>	<b>\$ 973,210</b>	<b>\$ 4,693,978</b>	<b>\$ 5,120,751</b>

# Our House of Portland (A Non-Profit Organization)

## Statement of Activity

For the year ended March 31, 2009, with comparative totals for 2008

(See Accompanying Notes and Accountant's Audit Report)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b>Operating Revenues</b>				
Our House net resident service revenue	\$ 1,049,153		\$ 1,049,153	\$ 819,582
Neighborhood Housing & Care Program	175,528		175,528	106,703
Community Services	-		-	-
Swan House net resident service revenue	194,146		194,146	184,064
Other revenue	7,079		7,079	15,214
	<u>1,425,906</u>	<u>-</u>	<u>1,425,906</u>	<u>1,125,563</u>
<b>Operating Expenses</b>				
Our House resident care	1,281,427		1,281,427	1,221,946
Neighborhood Housing & Care expenses	298,610		298,610	261,932
Community Services	129,393		129,393	94,358
Swan House resident care	254,558		254,558	240,024
Administrative	258,497		258,497	196,627
	<u>2,222,485</u>	<u>-</u>	<u>2,222,485</u>	<u>2,014,887</u>
<b>Deficit from operations</b>	<b>(796,579)</b>	<b>-</b>	<b>(796,579)</b>	<b>(889,324)</b>
<b>Nonoperating Income and (Expenses)</b>				
Contributions, grants & events	1,142,744	10,062	1,152,806	1,051,742
Fundraising expenses	(312,847)		(312,847)	(347,674)
Net assets released from restriction	56,807	(56,807)	-	-
Loss on disposal of assets	-		-	(1,139)
Investment income	(168,410)	-	(168,410)	(3,708)
	<u>718,294</u>	<u>(46,745)</u>	<u>671,549</u>	<u>699,221</u>
<b>Change in net assets</b>	<b>(78,285)</b>	<b>(46,745)</b>	<b>(125,030)</b>	<b>(190,103)</b>
<b>Net Assets, Beginning</b>	<b>3,650,481</b>	<b>413,500</b>	<b>4,063,981</b>	<b>4,254,083</b>
<b>Net Assets, Ending</b>	<b>\$ 3,572,196</b>	<b>\$ 366,755</b>	<b>\$ 3,938,951</b>	<b>\$ 4,063,980</b>

# Our House of Portland (A Non-Profit Organization)

## Statement of Functional Expenses

For the year ended March 31, 2009, with comparative totals for 2008

(See Accompanying Notes and Accountant's Audit Report)

	Program Services				Supporting Services		2009	2008
	Neighborhood		Swan House		Admini- strative	Fund- raising	Total	Total
	Our House Resident Care	Housing & Care	Community Serices	Adult Foster Care				
Compensation								
Nursing and related services	\$ 543,064	\$ 56,679		\$ 155,376			\$ 755,119	\$ 735,674
Social Worker & Occup. Therapy	102,097	105,717		13,614			221,428	192,115
Housekeeping	32,593						32,593	25,298
Kitchen Manager	26,115						26,115	25,203
Volunteer program	59,969	129					60,098	43,023
Director	49,804				8,301	24,901	83,006	79,794
Administrative		18,164		98	144,499		162,761	117,960
Community Service			21,007				21,007	16,103
Development						117,827	117,827	140,059
Temporary nursing	26,190						26,190	14,831
Payroll taxes & workers comp	84,734	19,660	1,897	18,227	16,031	13,740	154,289	141,712
Employee benefits, training & recog.	75,971	12,740	4,339	22,655	13,995	11,996	141,696	129,839
Advertising for staff	894	401					1,295	3,666
Total compensation	1,001,431	213,490	27,243	209,970	182,826	168,464	1,803,424	1,665,278
Payroll fees					6,818		6,818	4,677
Audit and accounting fees		1,200	320	800	7,280		9,600	12,075
Bad debts	757						757	851
Business consultants	2,500						2,500	4,484
Clinical consultants	1,237	5,873		100			7,210	5,312
Communications	20,426	2,124	1,600	3,281	5,106		32,537	37,686
Credit card fees						2,743	2,743	3,196
Depreciation	89,454	1,422		73	22,363		113,312	115,058
Direct mail, marketing, community relations & donor cultivation	7,064		219	103		23,403	30,789	33,541
Dues and subscriptions			100	220	2,170		2,490	2,116
Event expenses						98,443	98,443	105,349
Groceries	27,720			12,792			40,512	33,583
Insurance	15,782	2,397	3,704	327	3,946		26,156	25,919
Leases	2,922		51,504	11,145			65,571	52,496
Maintenance	14,849			1,474	3,712		20,035	26,598
Medical supplies	39,438			160			39,598	31,137
Other expenses		4,438	1,029	753	2,708		8,928	23,661
Postage					2,825	699	3,524	2,852
Program expenses		15,999	42,710				58,709	39,747
Publications and cable tv	4,017			977			4,994	4,555
Occupational therapy & Quality of living program	8,557	3,022		2,211			13,790	18,882
Rental assistance		47,959					47,959	34,235
Security system	1,893			745	473		3,111	2,368
Storage unit rental					3,322		3,322	3,088
Supplies	9,031	686	476	3,330	8,286	3,095	24,904	29,741
Utilities	31,600		385	6,042	6,428		44,455	40,129
Volunteer program	2,749		103	55			2,907	2,823
Grant-writing						16,000	16,000	1,125
Interest					234		234	
	279,996	85,120	102,150	44,588	75,671	144,383	731,908	697,283
<b>Total expenses</b>	<b>\$ 1,281,427</b>	<b>\$ 298,610</b>	<b>\$ 129,393</b>	<b>\$ 254,558</b>	<b>\$ 258,497</b>	<b>\$ 312,847</b>	<b>\$ 2,535,332</b>	<b>\$ 2,362,561</b>

# Our House of Portland (A Non-Profit Organization)

## Statement of Cash Flows

For the year ended March 31, 2009, with comparative totals for 2008

(See Accompanying Notes and Accountant's Audit Report)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b>Cash Flows Related to Operating Activities</b>				
Change in net assets	\$ (78,285)	\$ (46,745)	\$ (125,030)	\$ (190,103)
Adjustments to reconcile the change in net assets to cash provided (used) by operating activities:				
Depreciation	113,312		113,312	115,058
Loss on disposal of assets	-		-	1,139
Receivables	(34,071)		(34,071)	8,539
Deferred grants	(410)		(410)	(1,090)
Pledges receivable	5,125	31,300	36,425	70,472
Other assets	(900)		(900)	16,174
Accounts payable	(7,252)		(7,252)	(37,464)
Accrued liabilities and deposits	4,344		4,344	(1,584)
<b>Net cash provided (used) by operating activities</b>	<b>1,862</b>	<b>(15,445)</b>	<b>(13,583)</b>	<b>(18,859)</b>
<b>Cash Flows Related to Financing Activities</b>				
Proceeds from line of credit	134,101		134,101	95,097
Payments on line of credit	(134,101)		(134,101)	(95,097)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows Related to Investing Activities</b>				
Investment activity	68,294	-	68,294	(221,308)
Purchase of equipment	(15,000)		(15,000)	(36,258)
<b>Net cash provided (used) by investing activities</b>	<b>53,294</b>	<b>-</b>	<b>53,294</b>	<b>(257,566)</b>
<b>Change in cash</b>	<b>55,156</b>	<b>(15,445)</b>	<b>39,711</b>	<b>(276,425)</b>
<b>Cash, Beginning</b>	<b>41,452</b>	<b>46,775</b>	<b>88,227</b>	<b>364,652</b>
<b>Cash, Ending</b>	<b>\$ 96,608</b>	<b>\$ 31,330</b>	<b>\$ 127,938</b>	<b>\$ 88,227</b>
<b>NONCASH ACTIVITY</b>				
Donated fixed assets capitalized			\$ 9,800	\$ -
Donated supplies & services expensed			\$ 68,127	\$ 105,830
Donated value of lease for Community Service Program			\$ 51,504	\$ 40,774
Interest Paid			\$ 234	\$ -

# Our House of Portland, (A Non-Profit Organization)

Notes to Financial Statements  
March 31, 2009

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## NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of activities

#### Our House

Our House of Portland (Our House) was established in 1988 as a non-profit residential care facility located in Portland, Oregon, providing facility-based 24-hour nursing care for to up to fourteen individuals in the advanced stages of AIDS.

#### Swan House

Swan House is a large 6-bedroom home located in Milwaukie, Oregon and serves five adult low-income persons living with AIDS who need on-site supportive services for moderate physical and/or mental health challenges.

#### NHCP

The Neighborhood Housing and Care Program (NHCP) combines stable housing with in-home medical, occupational therapy and social work services for individuals in the community living with AIDS who can establish themselves in a more independent setting.

#### Community Services

Community Services is a program acquired from the Friends of PWA's (People With Aids) Foundation in June of 2007. The program consists of Tod's Corner and Esther's Pantry which provide financially challenged individuals living with HIV/AIDS access to food, personal care items, clothing, and pet supplies.

#### Revenues

The primary sources of revenues from all of the Our House programs consist of contributions, grants, and payments for room and board.

### Financial statement presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.



## NOTE - 1      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

### **Comparative financial information and expense allocation**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2008 from which the summarized information was derived.

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Cash and cash equivalents**

Cash and cash equivalents include general checking account funds and cash on hand. Temporarily restricted cash includes contributions for the capital campaign.

### **Income taxes**

The Organization is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Organization qualifies for the charitable contribution deduction under 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

### **In-Kind donations and expenses**

The Organization receives donations of supplies, medical supplies, printing and other costs that Our House would otherwise purchase. The value of these products is recorded as in-kind contribution revenue and expensed in the financial statements. The value of donated leased property used for the Community Service Program is recorded at fair market value as lease expense.

# Our House of Portland, (A Non-Profit Organization)

Notes to Financial Statements  
March 31, 2009

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## NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

### Donated services

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if donated services create or enhance non-financial assets, or require specialized skills that are performed by people with those skills, and would otherwise be purchased, those services would be recognized as contributions. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, fundraising, and various committee assignments that are not recorded in the financial statements. The Organization receives approximately 17,250 volunteer hours per year. Of these hours, 7,000 are required for daily operations and include services for the cook/dietician, maintenance, medical director and receptionists. Management estimates the value of the operational services is about \$141,750.

### Contributions and pledges

Contributions and pledges are recognized when the donor makes a written promise to give that is, in substance, unconditional. Contributions that are restricted by the donor either by purpose and/or time are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as a release from restriction.

### Investments and investment income

Investments including operating reserves with readily determinable market values are stated at fair market value. Realized and unrealized gains are reported in the statement of activity when recognized. Since no restrictions exist on investment income, all income and gains or losses are recorded as non-operating unrestricted activity.

### Property and equipment

Acquisitions of property and equipment in excess of \$500 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation is computed using primarily the straight-line method with the following class lives:

Buildings	39 years
Furniture and equipment	5-7 years

**NOTE - 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Receivables and Allowance for Doubtful Accounts**

Accounts and pledges receivable are stated at cost and do not accrue interest on past due amounts over 30 days. An allowance for doubtful accounts is accrued for the portion of resident receivables over 90 days old. Receivables are charged off as uncollectible after management has made reasonable collection efforts. As of March 31, 2009 there was no accrual for the allowance. An allowance for uncollectible pledges has not been recorded in the financial statements as management estimates that most pledges are collectable and the un-collectable amount is immaterial.

**NOTE - 2      STATE OF OREGON CONTRACTS**

Our House has a personal/professional services contract with the State of Oregon to provide reimbursement for specialized residential care facility services. The current contract period expires June 30, 2010 and is subject to renewal. A service payment is paid for each eligible resident, per month, less any resident income available to apply to the cost. The rates are determined by the State of Oregon and payments are subject to the provisions of ORS 293.462 and shall not exceed the total maximum sum of \$2,054,304 for the period July 23, 2008 – June 30, 2010. There are presently no factors that have come to our attention that would cause us to believe the state would not renew the contract. Net resident service revenue for the year ending March 31, 2009 includes \$934,430 of state funding.

Swan House has a personal/professional services contract with the State of Oregon to maintain a valid Adult Foster Care Home. The current contract period is for February 6, 2009 – December 31, 2009 and is subject to renewal. A service payment is paid for each eligible resident, per month, less any resident income available to apply to the cost. The rates are determined by the State of Oregon and payments are subject to the provision of ORS 293.462 and shall not exceed the total maximum sum of \$206,160. There are presently no factors that have come to our attention that would cause us to believe the state would not renew the contract. Net resident service revenue for the year ending March 31, 2009 includes \$167,342 of state funding.

# Our House of Portland, (A Non-Profit Organization)

Notes to Financial Statements  
March 31, 2009

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## NOTE - 3 OPERATING RESERVES

Investments are carried at market value. The following is a summary of the operating reserve asset mix and investment income at March 31, 2009:

Mutual Funds	
Equity	\$ 257,447
Fixed Income	253,115
9 month CD due 12/25/09	100,000
Cash and equivalents	<u>10,794</u>
	\$ <u>621,356</u>

The investment income (loss) for the year consisted of the following activity:

Realized/Unrealized investment losses	\$ (185,827)
Interest and dividends	21,891
Investment fees	<u>(4,474)</u>
Net Investment Income (loss)	\$ <u>(168,410)</u>

Mutual funds and other investment products are not insured by the FDIC or any other government agency, and are subject to investment risks, including possible loss of principal invested.

## NOTE - 4 RECEIVABLES

Receivable balances at March 31, 2009 consisted of the following:

Trade receivables	\$ 93,854
Other receivables	<u>25,022</u>
	\$ <u>118,876</u>

# Our House of Portland, (A Non-Profit Organization)

Notes to Financial Statements  
March 31, 2009

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## NOTE - 5 PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give and may be restricted for uses as designated by the capital campaign.

Unconditional pledges receivable due in more than one year are required to be reflected at the present value of estimated future cash flows using a discount rate. However, the discounts on amounts due in one to five years are considered immaterial. The pledges are stated at the value expected to be received.

Amounts due in:

Less than one year	\$ 38,345
One to five years	<u>23,395</u>
	\$ <u>61,740</u>

## NOTE - 6 PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2009 consisted of the following:

Automobiles	\$ 32,855
Furniture and fixtures	111,164
Equipment	119,782
Building and improvements	2,980,377
Land	<u>257,346</u>
	3,501,524
Accumulated depreciation	<u>(377,675)</u>
	<u>\$ 3,123,849</u>

## NOTE - 7 LINE OF CREDIT

Our House has a line of credit available effective October 2, 2006 for up to \$100,000 collateralized by personal property, equipment, inventory and receivables. The Interest rate is equal to the Wall Street Journal Prime Rate plus 2 percentage points and minimum payments are due monthly. As of March 31, 2009 there was no balance due on the line.

# Our House of Portland, (A Non-Profit Organization)

Notes to Financial Statements  
March 31, 2009

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## NOTE - 8 CONCENTRATIONS

### Receivables

Our House is located in Portland, Oregon. The facility grants credit without collateral to its residents, most of who are local residents and are insured under third-party payor agreements or meet the Medicaid eligibility criteria.

The composition of trade receivables and net resident services revenue at March 31, 2009 was as follows:

	Receivable Amount	Trade & Other Receivables	Net Resident Service Revenue
State of Oregon	\$ 91,391	77%	88%
Other	<u>27,485</u>	<u>23%</u>	<u>12%</u>
	<u>\$ 118,876</u>	<u>100%</u>	<u>100%</u>

### Cash

Our House maintains two bank accounts at one institution. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at any one institution may occasionally during the year exceed federally insured limits.

### Source of Revenue

Four donor/grantors combined accounted for 20.8% of total revenues for the year ended March 31, 2009.

## NOTE - 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2009 were available for the following purposes:

Mental Health Counselor	\$ 10,000
Land and building	290,200
Capital campaign	45,225
Medical textbooks	51
Cultural competency	1,850
Quilt projects	2,035
Community Services	<u>17,394</u>
	<u>\$ 366,755</u>

# Our House of Portland, (A Non-Profit Organization)

Notes to Financial Statements  
March 31, 2009

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## NOTE - 10 DEFERRED GRANTS

HUD grants are considered exchange transactions and accordingly are not recorded as income in the financial statements until services are performed and costs incurred. Certain other multi-year grants are restricted by time commitments. Multi-year grants are recorded as receivables when pledged, but the income is deferred until earned. Deferred grants consisted of the following activity for the year ended March 31, 2009:

HUD Renewal Grant	\$ 508,591
Other Multi-Year Grants	<u>97,864</u>
	\$ <u>606,455</u>
Current	\$ 422,171
Long-Term	<u>184,284</u>
	\$ <u>606,455</u>

## NOTE - 11 COMMITMENTS AND CONTINGENCIES

### Land and Building

On May 18, 1999, Sisters of Providence in Oregon, an Oregon nonprofit organization, donated to Our House of Portland land and building with a fair market value of \$290,200. If Our House transfers or otherwise conveys its interest in the real property prior to dissolution or liquidation and before December 31, 2009, it shall repay Providence the sum of \$290,200. The contribution was recorded as temporarily restricted.

### Federal Programs

Federal grants received by Our House during the current and previous years since 2005 including, but not limited to, HUD, Oregon Housing and Community Services, and the City of Portland, Oregon, have ongoing monthly and/or annual reporting requirements, tenant income eligibility requirements, and period of use restrictions on the building. These requirements are primarily determined by the U.S. Department of Housing and Urban Development (HUD) and the Portland Development Commission (PDC) and are subject to federal regulation and any Handbooks HUD may issue governing the HOPWA or other federal programs.