OUR HOUSE, INC.

AUDITED FINANCIAL STATEMENTS
Together with
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2010 AND 2009

OUR HOUSE, INC.

AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Management
and Board of Directors of
Our House, Inc.

We have audited the accompanying statements of financial position of Our House, Inc. (a nonprofit organization), as of June 30, 2010 and 2009, 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 audits 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 Our House, Inc., as of June 30, 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.

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OUR HOUSE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

ASSETS	2010	2009
Current Assets:		
Cash and cash equivalents	$ 452,655	$ 681,774
Investments	98,960	-
Grant funds receivable	50,222	35,774
Contributions receivable - net	40,044	33,395
Other receivables	197	833
Prepaid expenses	7,026	14,867
Total Current Assets	649,104	766,643
Property and equipment - net	1,288,487	1,341,525
Other Assets:		
Cash restricted for capital improvement	-	61,009
Cash restricted for endowment purposes	8,680	250,000
Investments restricted for endowment purposes	341,320	
Contributions receivable restricted for capital improvements - net	-	51,951
Total Other Assets	350,000	362,960
TOTAL ASSETS	$ 2,287,591	$ 2,471,128

LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 5,781	$ 4,790
Accrued payroll	28,253	22,625
Refundable advances	8,219	4,250
Total Liabilities	42,253	31,665
Net Assets		
Unrestricted		
Board designated	160,699	55,049
Undesignated	1,552,615	1,698,596
Temporarily restricted	182,024	435,818
Permanently restricted	350,000	250,000
Total Net Assets	2,245,338	2,439,463
TOTAL LIABILITIES AND NET ASSETS	$ 2,287,591	$ 2,471,128

See accompanying notes which are and integral part of these financial statements

OUR HOUSE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

REVENUE, GAINS, AND OTHER SUPPORT	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	$ 550,984	$ 24,649	$ 100,000	$ 675,633
Government grants	405,761	-	-	405,761
Daycare services	13,686	-	-	13,686
Special events (net of costs of direct benefit to donors of $18,060)	21,615	-	-	21,615
Investment return	2,916	515	-	3,431
Other revenue	-	-	-	-
Net assets released from restrictions:				-
Satisfaction of program restrictions	278,958	(278,958)	-	-
Total Revenues, Gains and Other Support	1,273,920	(253,794)	100,000	1,120,126
EXPENSES AND LOSSES				
Program services	1,081,542	-	-	1,081,542
Supporting services			-	
Management and general	109,957	-	-	109,957
Fundraising	122,752	-	-	122,752
Total Expenses	1,314,251	-	-	1,314,251
Loss on asset disposal	-	-	-	-
Total Expenses and Losses	1,314,251	-	-	1,314,251
Change in Net Assets	(40,331)	(253,794)	100,000	(194,125)
NET ASSETS AT BEGINNING OF YEAR - RESTATED	1,753,645	435,818	250,000	2,439,463
NET ASSETS AT END OF YEAR	$ 1,713,314	$ 182,024	$ 350,000	$ 2,245,338

See accompanying notes which are an integral part of these financial statements

OUR HOUSE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

REVENUE, GAINS, AND OTHER SUPPORT	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	$ 603,232	$ 268,355	$ 150,000	$ 1,021,587
Government grants	351,027	-	-	351,027
Daycare services	3,922	-	-	3,922
Special events (net of costs of direct benefit to donors of $13,340)	20,638	-	-	20,638
Investment return	4,855	1,094	-	5,949
Other revenue	4,050	-	-	4,050
Net assets released from restrictions:				
Satisfaction of program restrictions	885,935	(885,935)	-	-
Total Revenues, Gains and Other Support	1,873,659	(616,486)	150,000	1,407,173
EXPENSES AND LOSSES				
Program services	913,450	-	-	913,450
Supporting services				
Management and general	87,731	-	-	87,731
Fundraising	113,680	-	-	113,680
Total Expenses	1,114,861	-	-	1,114,861
Loss on asset disposal	10,561	-	-	10,561
Total Expenses and Losses	1,125,422	-	-	1,125,422
Change in Net Assets	748,237	(616,486)	150,000	281,751
NET ASSETS AT BEGINNING OF YEAR	1,005,408	1,052,304	100,000	2,157,712
NET ASSETS AT END OF YEAR	$ 1,753,645	$ 435,818	$ 250,000	$ 2,439,463

See accompanying notes which are an integral part of these financial statements

OUR HOUSE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Program Services		Supporting Services: Management and General		Supporting Services: Fundraising		Total Expenses	
	2010	2009	2010	2009	2010	2009	2010	2009
Salaries	$ 619,930	$ 451,358	$ 45,424	$ 33,836	$ 83,101	$ 67,147	$ 748,455	$ 552,341
Parent Intern Stipends	62,027	57,950	-	-	-	-	62,027	57,950
Fringe Benefits	138,618	102,138	9,390	6,820	17,216	13,481	165,224	122,439
Total	820,575	611,446	54,814	40,656	100,317	80,628	975,706	732,730
Accounting	-	-	23,313	22,574	-	-	23,313	22,574
Consulting	6,986	3,117	-	164	-	4,969	6,986	8,250
Supplies	28,838	75,930	1,559	1,897	2,630	5,284	33,027	83,111
Telephone	5,315	4,469	384	323	704	678	6,403	5,470
Postage	2,317	2,690	177	128	1,010	1,582	3,504	4,400
Depreciation	45,235	33,049	5,810	3,434	1,993	1,579	53,038	38,062
Staff Training	14,515	10,104	-	52	-	153	14,515	10,309
Food Costs	40,595	51,165	-	-	-	-	40,595	51,165
Repairs and Maintenance	28,148	6,490	3,813	505	1,173	216	33,134	7,211
Occupancy	41,147	64,062	6,445	4,983	1,983	2,135	49,575	71,180
Printing	4,329	3,395	206	186	5,986	7,885	10,521	11,466
Insurance	6,361	5,982	9,544	8,336	307	199	16,212	14,517
Travel	3,500	837	63	27	134	349	3,697	1,213
Transportation	11,830	20,719	-	-	-	-	11,830	20,719
Other	21,851	19,995	3,829	4,466	6,515	8,023	32,195	32,484
TOTAL EXPENSES	$ 1,081,542	$ 913,450	$ 109,957	$ 87,731	$ 122,752	$ 113,680	$ 1,314,251	$ 1,114,861

See accompanying notes which are an integral part of these financial statements

OUR HOUSE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

	2010	2009
Change in Net Assets	$ (194,125)	$ 281,751
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	53,038	38,062
Realized (gain) loss on investments	49	1,628
Unrealized (Gain) loss investments	5,013	10,561
Donations of stock	(8,653)	(18,949)
(Increase) decrease in operating assets:		
Grant funds receivable	(14,448)	(12,553)
Contributions receivable	(6,649)	(25,109)
Other receivables	636	9,354
Prepaid expenses	7,841	523
Increase (decrease) in operating liabilities		
Accounts payable	991	(69,226)
Accrued payroll	5,628	9,134
Grant funds received in advance	3,969	3,200
Contributions restricted for endowment purposes	(100,000)	(150,000)
Amortization of discount on contributions receivable restricted for long-term purposes	-	(3,950)
Allowance for uncollectible contributions receivable restricted for long-term purposes	-	(5,346)
Net Cash Provided (Used) by Operating Activities	(246,710)	69,080
Cash Flows from Investing Activities		
Payments for property and equipment	-	(839,993)
Cash restricted for endowment	241,320	(150,000)
Cash restricted for long-term purposes	61,009	286,241
Purchase of investments	(456,992)	-
Proceeds from sales of investments	20,303	17,321
Net Cash Provided (Used) by Investing Activities	(134,360)	(686,431)
Cash Flows from Financing Activities		
Cash received for endowment	100,000	150,000
Collections of contributions restricted for long-term purposes	51,951	603,436
Net Cash Provided (Used) by Financing Activities	151,951	753,436
NET INCREASE IN CASH AND CASH EQUIVALENTS	(229,119)	136,085
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	681,774	545,689
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 452,655	$ 681,774

See accompanying notes which are an integral part of these financial statements

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Our House, Inc. is a private, nonprofit day shelter for homeless children in DeKalb County, Georgia. Its purpose is to provide a safe environment for homeless children and to assist homeless parents in obtaining employment and affordable housing. The Organization is financed primarily by federal and state grants and private donations. Government grants comprise approximately 35% of revenue for the year ended June 30, 2010.

Financial Statement Presentation

Our House, Inc. presents it financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles, under which the Organization reports 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) based upon the existence or absence of donor-imposed restrictions.

Estimates

Preparation of financial statements in accordance 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.

Promises to Give and Contributions

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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. 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 support is recognized.

Donated Assets and Services

Contributions of marketable securities and other non-cash items and donated use of facilities are recorded at their fair market values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Grant Revenue

The Organization receives its grant revenue from federal, state, and local government agencies. Federal, state and local government grants are considered to be exchange transactions. Our House, Inc. recognizes grant revenue to the extent of related expenses incurred in compliance with the grant provisions. Grant funds received which are unexpended at year end are reported on the statement of financial position as grant funds received in advance.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation of property is computed on a straight-line basis over the estimated service lives of the assets. The following lives have been assigned to the capitalized assets:

Vehicles	5 years
Leasehold Improvements	5-32 years
Playground Equipment	10 years
Furniture and Equipment	5-7 years

Donations of fixed assets are recorded as support at their estimated fair market value. Such donations are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long the long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are acquired or placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The Organization's policy is to capitalize property and equipment acquisitions over $3,000.

Tax-Exempt Status

Our House, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. Our House, Inc. is not classified as a private foundation.

Effective July 1, 2009, the Organization adopted FASB Interpretation No. 48 (FIN48), *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements in accordance with FASB Statement 109, *Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48, these will be accounted for as an adjustment to the opening balance of net assets. Additional disclosures about the amounts of such liabilities will be required also. The adoption of FIN 48 had no impact on the Organization's financial statements.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use on unobservable inputs. SFAS 157 establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. These three general valuation techniques that may be used to measure fair value are as follows:

- **Level 1** – quoted prices (unadjusted) in active markets that are accessible at the measurement date for the assets or liabilities;
- **Level 2** – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- **Level 3** – unobservable inputs are used when little or no market data is available

Note 2 - INVESTMENTS

Investments consisted of the following as of June 30, 2010 and 2009:

	2010	2009
Money Market Funds	$ 94,715	$ 877,943
Certificates of Deposit	179,837	-
Mututal Funds	440,280	-
	714,832	877,943
Less amount classified as cash and cash equivalents	274,552	877,943
Total Investments	$ 440,280	$ -
Classified on statement of financial position:		
Current	$ 98,960	$ -
Non-current	341,320	-
	$ 440,280	$ -
Investment return is summarized as follows:		
Interest and dividends	$ 8,493	$ 7,577
Realized losses on investments	(49)	(1,628)
Net unrealized losses on investments	(5,013)	-
	$ 3,431	$ 5,949

Note 3 - GRANT FUNDS RECEIVABLE

Grant funds receivable consists of the following as of June 30, 2010 and 2009:

	2010	2009
Partnership for Community Action, Inc.	$ 32,146	$ 20,236
DeKalb County - CDBG	6,667	5,000
DeKalb County	4,499	4,154
U.S. Department of Housing and Urban Development	6,910	6,384
	$ 50,222	$ 35,774

Grant funds receivable are considered fully collectible and all due within one year.

Note 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable reported in the statements of financial position represent unconditional promises to give and are classified as follows for the years ended June 30, 2010 and 2009:

	2010	2009
Temporarily Restricted	$ -	$ 58,693
Unrestricted	46,195	33,395
Total	$ 46,195	$ 92,088
Receivable in less than one year	$ 44,195	$ 58,587
Receivable in one to five years	2,000	33,501
Total unconditional promises to give	46,195	92,088
Less discount to present value	(151)	(1,396)
Less allowance for uncollectible promises receivable	(6,000)	(5,346)
Total unconditional promises to give - net	$ 40,044	$ 85,346
Reported in the statements of financial position as:		
Current assets	$ 40,044	$ 33,395
Other assets	-	51,951
	$ 40,044	$ 85,346

Unconditional promises to give receivable in more than one year are discounted at 4%.

The portion of contributions receivable restricted for capital campaign purposes are reported as non-current assets since they are restricted for long-term purposes.

Note 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2010 and 2009:

	2010	2009
Vehicles	$ 47,795	$ 47,795
Playground Equipment	43,191	43,191
Equipment and Furniture	12,329	12,329
Leasehold Improvements	1,376,312	1,376,312
	1,479,627	1,479,627
Accumulated Depreciation	191,140	138,102
Property and Equipment - net	$ 1,288,487	$ 1,341,525
Depreciation Expense	$ 53,038	$ 38,062

Note 5 - PROPERTY AND EQUIPMENT (continued)

Building renovations and improvements are reported in the financial statements as leasehold improvements because Our House, Inc. leases the building and land from a church. The lease expires in 2040.

Note 6 - NET ASSETS

Designation of Unrestricted Net Assets

The Board of Directors has chosen to designate unrestricted net assets for the following purposes as of June 30, 2010 and 2009:

	2010	2009
Facility Expansion and Improvements	$ -	$ 30,049
Designated for Endowment Purposes	160,699	25,000
	$ 160,699	$ 55,049

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2010 and 2009:

	2010	2009
Family Services	$ 11,145	$ -
Early Childhood Education	-	36,235
Salaries and Benefits	139,590	225,838
Capital Campaign	1,787	112,960
Scholarship Funds	5,140	5,140
Unappropriated endowment earnings	3,097	2,582
Other Miscellaneous	553	-
Parent Interns	12,952	6,282
Counseling Services	7,760	46,781
	$ 182,024	$ 435,818

Note 7 – <u>ENDOWMENT FUNDS AND PERMANENTLY RESTRICTED NET ASSETS</u>

The Organization's maintains 3 endowment funds which include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Our House, Inc. has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Our House, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

<u>Investment Return Objectives, Risk Parameters and Strategies</u>

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return. The targeted annualized return objective is 5% plus inflation, net of all expenses. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Note 7 – ENDOWMENT FUNDS (Continued)

Spending Policy

The Organization's endowment policies allow the Executive Committee to appropriate for distribution up to 5% of its endowment fund's average fair value of the prior 12 quarters through the fiscal year in which the distribution is planned. Distributions in an amount greater than 5% as well as spending the historical dollar amount of the original endowment require an Executive Committee recommendation as well as an affirmative vote of 51% of the entire Board of Directors. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization's objective is to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowments are to support the Organization's general operations. Endowment net asset composition by type of fund as of June 30, 2010 and 2009 is as follows:

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 3,097	$ 350,000	$ 353,097
Board-designated endowment funds	160,699	-	-	160,699
	$ 160,699	$ 3,097	$ 350,000	$ 513,796

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 2,582	$ 250,000	$ 252,582
Board-designated endowment funds	25,000	-	-	25,000
	$ 25,000	$ 2,582	$ 250,000	$ 277,582

Note 7 – ENDOWMENT FUNDS (Continued)

Changes in endowment net assets as of June 30, 2010 and 2009 are as follows:

2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	$ 25,000	$ 2,582	$ 250,000	$ 277,582
Contributions	-	-	100,000	100,000
Investment return:				
Interest and dividends	-	5,876	-	5,876
Unrealized gains (losses)	-	(5,361)	-	(5,361)
Board Designations	135,699	-	-	135,699
	$ 160,699	$ 3,097	$ 350,000	$ 513,796

2009	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	$ -	$ 1,488	$ 100,000	$ 101,488
Contributions	-	-	150,000	150,000
Investment return				
Interest and dividends	-	1,094	-	1,094
Unrealized gains (losses)	-	-	-	-
Board Designations	25,000	-	-	25,000
	$ 25,000	$ 2,582	$ 250,000	$ 277,582

Beneficial Interests

In 2008, the Organization received a permanent endowment in the amount of $100,000 from a donor for operational support. The endowment was paid directly to a community foundation to be held in perpetuity in the name of Our House, Inc. and administered by the community foundation. The Organization has a beneficial interest in those assets. Since the Community Foundation retains variance power, the beneficial interests are not recorded on the books of Our House, Inc.

The Organization will receive distributions from the fund based on a spending policy determined by the community foundation's Board of Directors. Distributions from the fund will be reported in the temporarily restricted net asset class. The restrictions will be released when the funds are appropriated for expenditure.

	2010	2009
Balance at beginning of the year	$ 81,887	$ 100,000
Contribution		-
Investment return	9,924	(13,592)
Distributions	(4,539)	(4,521)
Balance at end of the year	$ 87,272	$ 81,887

Note 8 – NONCASH CONTRIBUTIONS

The Organization received donated non-cash items, donated use of facilities and contributions for labor and materials for the expansion of its facility. Included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2010, and 2009, are as follows:

	2010	2009
Contributed Space	$ 11,500	$ 39,996
Contributed Meals	34,000	48,000
Donated Goods	-	575
	$ 45,500	$ 88,571

Note 9 -CONCENTRATION OF CREDIT RISK -DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains cash in demand and time deposits with federally insured banks. At times, the balances in these accounts may be in excess of federally insured limits. Cash and cash equivalents also include accounts at an investment brokerage company. Cash and cash equivalents at the brokerage company includes money market mutual funds, which are not insured by the FDIC or otherwise guaranteed by the U.S. Government. The Organization's cash and cash equivalents in excess of FDIC coverage was approximately $94,715 and $877,943 at June 30, 2010 and 2009, respectively.

Note 10 - RETIREMENT PLAN

Our House, Inc. adopted a Savings Incentive Match Plan (SIMPLE) under Section 408(p) of the Internal Revenue Code. The plan covers all employees with at least $5,000 in total compensation for a calendar year. The plan began on July 1, 1999. The Organization matches employee contributions up to 3% of gross salaries. Employees may make contributions to the plan up to a maximum allowed by the Internal Revenue Code if they wish. Employer contributions to the plan for the years ended June 30, 2010 and 2009 were $8,097 and $6,676, respectively.

Note 11 – RELATED PARTY TRANSACTIONS

The Organization paid fees to an architectural firm which employs a member of the Organization's Board of Directors. The fees were associated with the Organization's renovation and expansion of its facilities. Fees paid to the firm totaled $-0- and $127,297 for the years ended June 30, 2010, and 2009, respectively.

The Organization purchased printing services from a printing company partly owned by a member of the Organization's Board of Directors. Payments to the printing company totaled $6,020 and $6,602 for the years ended June 30, 2010, and 2009, respectively.

The Organization paid fees for facility repairs to a company owned by a member of the Organization's Board of Directors. Payments to the company totaled $2,816 and $-0- for the years ended June 30, 2010 and 2009, respectively.

Note 12 – FAIR VALUE MEASUREMENTS

Fair values of assets and liabilities measured on a recurring basis at June 30, 2010 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Mutual Funds	$ 440,280	$ 440,280	$ -	$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Cash and receivables approximate fair value due to the short maturity of those balances. The Organization has no other assets or liabilities measured at fair value on a recurring basis.

Note 13 - COMMITMENTS AND CONTINGENCIES

Grant Commitments

Federal awards require the fulfillment of certain conditions as set forth in the contracts. Failure to fulfill the conditions could result in the return of funds to grantors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely since, upon accepting the grants, the Organization has agreed to comply with the provisions thereof.

Facility Lease

Our House, Inc. leases facilities and land under a long-term lease expiring in 2040. The lease calls for rent in the amount of $1 per year. Management has estimated the value of the contributed space at $11,500. This amount has been recorded as an unrestricted contribution and program expense in the statement of activities.

Note 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2010, which was the date the financial statements were available to be issued.

OUR HOUSE, INC.

SUPPLEMENTAL INFORMATION

JUNE 30, 2010

Napoli & Long, PC
Certified Public Accountants

P.O. Box 3509
Suwanee, Georgia 30024

Joseph E. Napoli, CPA
William E. Long, Jr, CPA

Member
American Institute of CPA's
Georgia Society of CPA's

November 3, 2010

INDEPENDENT AUDITOR'S
REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors of
Our House, Inc.

Our report on our audit of the financial statements of Our House, Inc. (a nonprofit organization), as of and for the year ended June 30, 2010, appears on page 3. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the financial statements taken as a whole. The information on the following pages is provided for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Napoli & Long, PC

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OUR HOUSE, INC.

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2010

Grantor/Program Name	CFDA No.	Contract Period	Grant Amount	Revenue Recognized 6/30/2010	Amount Due from State	Amount Due to State
State of Georgia Department of Early Care and Learning						
Georgia Pre-K	NA	7/1/09-6/30/10	$ 70,047	$ 67,798	$ -	$ -
Georgia Pre-K	NA	7/1/09-6/30/10	10,500	10,500		
State of Georgia Department of Community Affairs						
Emergency Shelter Grant						
Contract #2009 HTF ES 09C152	NA	7/1/09-6/30/10	30,000	30,000	-	-
Total State Contractual Assistance				$ 97,798	$ -	$ -