

**OUR HOUSE, INC.**

**AUDITED FINANCIAL STATEMENTS**  
**Together with**  
**INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2012 AND 2011**

**OUR HOUSE, INC.**  
**AUDIT REPORT**  
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JUNE 30, 2012 AND 2011

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Member  
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November 27, 2012

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, 2012 and 2011, 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, 2012 and 2011, 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.

*Napoli & Long, PC*

NAPOLI & LONG, PC  
Certified Public Accountants

OUR HOUSE, INC.  
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

| ASSETS  | 2012         | 2011         |
|---|--------------|--------------|
| Current Assets:                               |              |              |
| Cash and cash equivalents                     | \$ 574,248   | \$ 540,246   |
| Investments                                   | 163,937      | 167,755      |
| Grant funds receivable                        | 41,048       | 36,272       |
| Contributions receivable - net                | 34,806       | 53,895       |
| Other receivables                             | 1,634        | 208          |
| Prepaid expenses                              | 20,801       | 26,197       |
| Total Current Assets                          | 836,474      | 824,573      |
| Property and equipment - net                  | 1,204,988    | 1,240,273    |
| Other Assets:                                 |              |              |
| Investments restricted for endowment purposes | 350,000      | 350,000      |
| Total Other Assets                            | 350,000      | 350,000      |
| TOTAL ASSETS                                  | \$ 2,391,462 | \$ 2,414,846 |
| LIABILITIES AND NET ASSETS                    |              |              |
| Current Liabilities                           |              |              |
| Accounts payable                              | \$ 8,797     | \$ 8,185     |
| Accrued payroll                               | 32,231       | 28,958       |
| Refundable advances                           | 2,906        | 58,570       |
| Total Liabilities                             | 43,934       | 95,713       |
| Net Assets                                    |              |              |
| Unrestricted                                  |              |              |
| Board designated                              | 160,699      | 160,699      |
| Undesignated                                  | 1,715,291    | 1,611,429    |
| Temporarily restricted                        | 121,538      | 197,005      |
| Permanently restricted                        | 350,000      | 350,000      |
| Total Net Assets                              | 2,347,528    | 2,319,133    |
| TOTAL LIABILITIES AND NET ASSETS              | \$ 2,391,462 | \$ 2,414,846 |

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

## OUR HOUSE, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

| REVENUE, GAINS,<br>AND OTHER SUPPORT   | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|--|---------------------|---------------------------|---------------------------|---------------------|
| Contributions  | \$ 655,931          | \$ 58,207                 | \$ -                      | \$ 714,138          |
| Government grants  | 525,409             | -                         | -                         | 525,409             |
| Daycare services   | 8,719               | -                         | -                         | 8,719               |
| Special events (net of costs of direct<br>benefit to donors of \$25,021)       | 74,874              | -                         | -                         | 74,874              |
| Investment return  | 1,763               | (2,870)                   | -                         | (1,107)             |
| Net assets released from restrictions:<br>Satisfaction of program restrictions | <u>130,804</u>      | <u>(130,804)</u>          | <u>-</u>                  | <u>-</u>            |
| Total Revenues, Gains<br>and Other Support                                     | <u>1,397,500</u>    | <u>(75,467)</u>           | <u>-</u>                  | <u>1,322,033</u>    |
| <br><b>EXPENSES</b>  |                     |                           |                           |                     |
| Program services   | 1,040,810           | -                         | -                         | 1,040,810           |
| Supporting services  |                     |                           |                           |                     |
| Management and general   | 119,765             | -                         | -                         | 119,765             |
| Fundraising  | <u>133,063</u>      | <u>-</u>                  | <u>-</u>                  | <u>133,063</u>      |
| Total Expenses   | <u>1,293,638</u>    | <u>-</u>                  | <u>-</u>                  | <u>1,293,638</u>    |
| Change in Net Assets   | 103,862             | (75,467)                  | -                         | 28,395              |
| NET ASSETS AT BEGINNING OF YEAR  | <u>1,772,128</u>    | <u>197,005</u>            | <u>350,000</u>            | <u>2,319,133</u>    |
| NET ASSETS AT END OF YEAR  | <u>\$ 1,875,990</u> | <u>\$ 121,538</u>         | <u>\$ 350,000</u>         | <u>\$ 2,347,528</u> |

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

## OUR HOUSE, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

| REVENUE, GAINS,<br>AND OTHER SUPPORT   | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
|--|--------------|---------------------------|---------------------------|--------------|
| Contributions  | \$ 627,382   | \$ 37,171                 | \$ -                      | \$ 664,553   |
| Government grants  | 512,299      | -                         | -                         | 512,299      |
| Daycare services   | 20,597       | -                         | -                         | 20,597       |
| Special events (net of costs of direct<br>benefit to donors of \$18,676)       | 55,954       | -                         | -                         | 55,954       |
| Investment return  | 16,397       | 49,690                    | -                         | 66,087       |
| Net assets released from restrictions:<br>Satisfaction of program restrictions | 71,880       | (71,880)                  | -                         | -            |
| Total Revenues, Gains<br>and Other Support                                     | 1,304,509    | 14,981                    | -                         | 1,319,490    |
| <br><b>EXPENSES</b>  |              |                           |                           |              |
| Program services   | 1,017,368    | -                         | -                         | 1,017,368    |
| Supporting services  |              |                           |                           |              |
| Management and general   | 98,087       | -                         | -                         | 98,087       |
| Fundraising  | 130,240      | -                         | -                         | 130,240      |
| Total Expenses   | 1,245,695    | -                         | -                         | 1,245,695    |
| Change in Net Assets   | 58,814       | 14,981                    | -                         | 73,795       |
| NET ASSETS AT BEGINNING OF YEAR  | 1,713,314    | 182,024                   | 350,000                   | 2,245,338    |
| NET ASSETS AT END OF YEAR  | \$ 1,772,128 | \$ 197,005                | \$ 350,000                | \$ 2,319,133 |

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, 2012 AND 2011

|                         | Program Services    |                     | Supporting Services    |                  |                   |                   | Total Expenses      |                     |
|-------------------------|---------------------|---------------------|------------------------|------------------|-------------------|-------------------|---------------------|---------------------|
|                         |                     |                     | Management and General |                  | Fundraising       |                   |                     |                     |
|                         | 2012                | 2011                | 2012                   | 2011             | 2012              | 2011              | 2012                | 2011                |
| Salaries                | \$ 614,712          | \$ 598,030          | \$ 46,328              | \$ 39,968        | \$ 94,612         | \$ 87,575         | \$ 755,652          | \$ 725,573          |
| Parent Intern Stipends  | 34,410              | 52,472              | -                      | -                | -                 | -                 | 34,410              | 52,472              |
| Fringe Benefits         | 117,935             | 123,789             | 8,541                  | 8,765            | 18,505            | 17,530            | 144,981             | 150,084             |
| <b>Total</b>            | <b>767,057</b>      | <b>774,291</b>      | <b>54,869</b>          | <b>48,733</b>    | <b>113,117</b>    | <b>105,105</b>    | <b>935,043</b>      | <b>928,129</b>      |
| Accounting              | -                   | -                   | 23,190                 | 23,374           | -                 | -                 | 23,190              | 23,374              |
| Bad Debt                | -                   | -                   | 2,837                  | -                | -                 | -                 | 2,837               | -                   |
| Consulting              | 38,203              | 24,946              | 11,237                 | 4,238            | 1,340             | 2,644             | 50,780              | 31,828              |
| Supplies                | 32,826              | 31,597              | 2,520                  | 1,351            | 2,471             | 2,490             | 37,817              | 35,438              |
| Telephone               | 3,578               | 5,342               | 265                    | 391              | 574               | 782               | 4,417               | 6,515               |
| Postage                 | 1,835               | 1,832               | 156                    | 173              | 877               | 746               | 2,868               | 2,751               |
| Depreciation            | 38,052              | 40,760              | 5,881                  | 5,700            | 1,810             | 1,754             | 45,743              | 48,214              |
| Staff Training          | 16,287              | 6,575               | 5,292                  | 1,125            | 909               | 150               | 22,488              | 7,850               |
| Food Costs              | 43,963              | 42,069              | -                      | -                | -                 | -                 | 43,963              | 42,069              |
| Repairs and Maintenance | 21,774              | 15,632              | 2,306                  | 2,164            | 710               | 666               | 24,790              | 18,462              |
| Occupancy               | 41,074              | 42,351              | 6,433                  | 6,633            | 1,979             | 2,041             | 49,486              | 51,025              |
| Printing                | 2,146               | 1,847               | 159                    | 189              | 3,569             | 4,258             | 5,874               | 6,294               |
| Insurance               | 12,048              | 12,804              | 3,190                  | 3,298            | 581               | 617               | 15,819              | 16,719              |
| Travel                  | 5,508               | 2,455               | 69                     | 18               | 477               | 358               | 6,054               | 2,831               |
| Transportation          | 2,634               | 2,909               | -                      | -                | -                 | -                 | 2,634               | 2,909               |
| Other                   | 13,825              | 11,958              | 1,361                  | 700              | 4,649             | 8,629             | 19,835              | 21,287              |
| <b>TOTAL EXPENSES</b>   | <b>\$ 1,040,810</b> | <b>\$ 1,017,368</b> | <b>\$ 119,765</b>      | <b>\$ 98,087</b> | <b>\$ 133,063</b> | <b>\$ 130,240</b> | <b>\$ 1,293,638</b> | <b>\$ 1,245,695</b> |

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, 2012 AND 2011

|   | 2012                  | 2011                  |
|---|-----------------------|-----------------------|
| Change in Net Assets  | \$ 28,395             | \$ 73,795             |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Provided (used) by Operating Activities: |                       |                       |
| Depreciation  | 45,743                | 48,214                |
| Realized (gain) loss on investments   | 87                    | 69                    |
| Unrealized (Gain) loss investments  | 17,853                | (51,958)              |
| Donations of stock  | (4,063)               | (6,448)               |
| (Increase) decrease in operating assets:  |                       |                       |
| Grant funds receivable  | (4,776)               | 13,950                |
| Contributions receivable  | 19,089                | (13,851)              |
| Other receivables   | (1,426)               | (11)                  |
| Prepaid expenses  | 5,396                 | (19,171)              |
| Increase (decrease) in operating liabilities  |                       |                       |
| Accounts payable  | 612                   | 2,404                 |
| Accrued payroll   | 3,273                 | 705                   |
| Grant funds received in advance   | (55,664)              | 50,351                |
| <br>Net Cash Provided by Operating Activities   | <br><u>54,519</u>     | <br><u>98,049</u>     |
| <br>Cash Flows from Investing Activities  |                       |                       |
| Cash restricted for endowment   | -                     | 8,680                 |
| Purchase of property and equipment  | (10,458)              |                       |
| Purchase of investments   | (14,036)              | (25,521)              |
| Proceeds from sales of investments  | 3,977                 | 6,383                 |
| <br>Net Cash (Used) by Investing Activities   | <br><u>(20,517)</u>   | <br><u>(10,458)</u>   |
| <br>NET INCREASE IN CASH AND CASH EQUIVALENTS   | <br>34,002            | <br>87,591            |
| <br>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR   | <br><u>540,246</u>    | <br><u>452,655</u>    |
| <br>CASH AND CASH EQUIVALENTS - END OF YEAR   | <br><u>\$ 574,248</u> | <br><u>\$ 540,246</u> |

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



OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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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 39.8% of revenue for the year ended June 30, 2012.

Financial Statement Presentation

Our House, Inc. presents its 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.

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.

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.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2012 and 2011.

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. There are three levels of inputs that may be used in the methodology to measure fair value:

- **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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Organization has the following financial instruments to which it had to consider fair values and had to make fair value assessments:

- Investments in mutual funds for which the fair values are measured as a level 1 instrument.

**OUR HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2012 AND 2011

Note 2 - INVESTMENTS

Investments consisted of the following as of June 30, 2012 and 2011:

|   | 2012                     | 2011                     |
|---|--------------------------|--------------------------|
| Money Market Funds                                  | \$ 12,523                | \$ 7,860                 |
| Certificates of Deposit                             | 179,776                  | 179,858                  |
| Mutual Funds  | <u>513,937</u>           | <u>517,755</u>           |
|   | \$ 706,236               | \$ 705,473               |
| Less amount classified as cash and cash equivalents | <u>192,299</u>           | <u>187,718</u>           |
| <b>Total Investments</b>                            | <b><u>\$ 513,937</u></b> | <b><u>\$ 517,755</u></b> |
| Classified on statement of financial position:      |                          |                          |
| Current   | 163,937                  | \$ 167,755               |
| Non-Current   | <u>350,000</u>           | <u>350,000</u>           |
| Total   | <b><u>\$ 513,937</u></b> | <b><u>\$ 517,755</u></b> |
| Investment return is summarized as follows:         |                          |                          |
| Interest and dividends                              | \$ 16,833                | \$ 14,198                |
| Realized losses on investments                      | (87)                     | (69)                     |
| Net unrealized gains (losses) on investments        | <u>(17,853)</u>          | <u>51,958</u>            |
| Total   | <b><u>\$ (1,107)</u></b> | <b><u>\$ 66,087</u></b>  |

Note 3 - GRANT FUNDS RECEIVABLE

Grant funds receivable consists of the following as of June 30, 2012 and 2011:

|  | 2012                    | 2011                    |
|--|-------------------------|-------------------------|
| Partnership for Community Action, Inc.           | \$ 25,212               | \$ 22,938               |
| DeKalb County - CDBG                             | 7,273                   | 3,912                   |
| DeKalb County                                    | 1,485                   | 1,000                   |
| Georgia Department of Community Affairs          | 3,565                   | 1,310                   |
| U.S. Department of Housing and Urban Development | <u>3,513</u>            | <u>7,112</u>            |
| Total  | <b><u>\$ 41,048</u></b> | <b><u>\$ 36,272</u></b> |

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

**OUR HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2012 AND 2011

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, 2012 and 2011:

|   | 2012      | 2011      |
|---|-----------|-----------|
| Temporarily Restricted                            | \$ 15,000 | \$ -      |
| Unrestricted                                      | 19,806    | 55,558    |
| Total   | \$ 34,806 | \$ 55,558 |
| Receivable in less than one year                  | \$ 34,806 | \$ 55,558 |
| Receivable in one to five years                   | -         | -         |
| Total unconditional promises to give              | 34,806    | 55,558    |
| Less discount to present value                    | -         | -         |
| Less allowance for uncollectible promises to give | -         | (1,663)   |
|   | \$ 34,806 | \$ 53,895 |

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

Note 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2012 and 2011:

|                          | 2012         | 2011         |
|--------------------------|--------------|--------------|
| Vehicles                 | \$ 14,625    | \$ 47,795    |
| Playground Equipment     | 43,191       | 43,191       |
| Equipment & Furniture    | 22,787       | 12,329       |
| Leasehold Improvements   | 1,376,312    | 1,376,312    |
|                          | 1,456,915    | 1,479,627    |
| Accumulated Depreciation | 251,927      | 239,354      |
|                          | \$ 1,204,988 | \$ 1,240,273 |
| Depreciation Expense     | \$ 45,743    | \$ 48,214    |

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.

**OUR HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2012 AND 2011

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, 2012 and 2011:

|                                   | 2012       | 2011       |
|-----------------------------------|------------|------------|
| Designated for Endowment Purposes | \$ 160,699 | \$ 160,699 |

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2012 and 2011:

|                                   | 2012       | 2011       |
|-----------------------------------|------------|------------|
| Family services                   | \$ 6,912   | \$ 2,656   |
| Early Childhood Education         | -          | 34,364     |
| Salaries and Benefits             | 8,275      | 100,121    |
| Capital Campaign                  | -          | 1,937      |
| Scholarship Funds                 | 5,140      | 5,140      |
| Unappropriated Endowment Earnings | 49,917     | 52,787     |
| Parent Interns                    | 46,294     | -          |
| Other Miscellaneous               | 5,000      | -          |
|                                   | \$ 121,538 | \$ 197,005 |

Note 7 - NONCASH CONTRIBUTIONS

The Organization received donated non-cash items and donated use of facilities. Included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2012, and 2011, are as follows:

|                   | 2012      | 2011      |
|-------------------|-----------|-----------|
| Contributed space | \$ 11,500 | \$ 11,500 |
| Contributed meals | 34,000    | 34,000    |
|                   | \$ 45,500 | \$ 45,500 |

**OUR HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2012 AND 2011

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**Note 8 – ENDOWMENT FUNDS AND PERMANENTLY RESTRICTED NET ASSETS**

The Organization 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

**Investment Return Objectives, Risk Parameters and Strategies**

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 3% 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.

**OUR HOUSE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2012 AND 2011

Note 8 – ENDOWMENT FUNDS (Continued)

Endowments are to support the Organization's general operations. Endowment net asset composition by type of fund as of June 30, 2012 and 2011 is as follows:

|                                  | 2012              |                           |                           |                   |
|----------------------------------|-------------------|---------------------------|---------------------------|-------------------|
|                                  | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total             |
| Donor-restricted endowment funds | \$ -              | \$ 49,917                 | \$ 350,000                | \$ 399,917        |
| Board-designated endowment funds | 160,699           | -                         | -                         | 160,699           |
|                                  | <u>\$ 160,699</u> | <u>\$ 49,917</u>          | <u>\$ 350,000</u>         | <u>\$ 560,616</u> |
|                                  | 2011              |                           |                           |                   |
|                                  | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total             |
| Donor-restricted endowment funds | \$ -              | \$ 52,787                 | \$ 350,000                | \$ 402,787        |
| Board-designated endowment funds | 160,699           | -                         | -                         | 160,699           |
|                                  | <u>\$ 160,699</u> | <u>\$ 52,787</u>          | <u>\$ 350,000</u>         | <u>\$ 563,486</u> |

Changes in endowment net assets as of June 30, 2012 and 2011 are as follows:

|                                 | 2012              |                           |                           |                   |
|---------------------------------|-------------------|---------------------------|---------------------------|-------------------|
|                                 | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total             |
| Endowment net assets, beginning | \$ 160,699        | \$ 52,787                 | \$ 350,000                | \$ 563,486        |
| Contributions                   | -                 | -                         | -                         | -                 |
| Investment return:              |                   |                           |                           |                   |
| Interest and dividends          | -                 | 10,836                    | -                         | 10,836            |
| Unrealized gains (losses)       | -                 | (13,706)                  | -                         | (13,706)          |
| Board designations              | -                 | -                         | -                         | -                 |
|                                 | <u>\$ 160,699</u> | <u>\$ 49,917</u>          | <u>\$ 350,000</u>         | <u>\$ 560,616</u> |
|                                 | 2011              |                           |                           |                   |
|                                 | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total             |
| Endowment net assets, beginning | \$ 160,699        | \$ 3,097                  | \$ 350,000                | \$ 513,796        |
| Contributions                   | -                 | -                         | -                         | -                 |
| Investment return:              |                   |                           |                           |                   |
| Interest and dividends          | -                 | 9,412                     | -                         | 9,412             |
| Unrealized gains (losses)       | -                 | 40,278                    | -                         | 40,278            |
| Board designations              | -                 | -                         | -                         | -                 |
|                                 | <u>\$ 160,699</u> | <u>\$ 52,787</u>          | <u>\$ 350,000</u>         | <u>\$ 563,486</u> |



OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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Note 8 – ENDOWMENT FUNDS (Continued)

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.

|                                  | <u>2012</u>      | <u>2011</u>      |
|----------------------------------|------------------|------------------|
| Balance at beginning of the year | \$ 99,081        | \$ 87,272        |
| Contribution                     | -                | -                |
| Investment Return                | (1,788)          | 16,286           |
| Distributions                    | -                | (4,477)          |
| Balance at end of the year       | <u>\$ 97,293</u> | <u>\$ 99,081</u> |

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

The Organization maintains its cash deposits with various financial institutions. At times, the balances in these accounts may be in excess of federally insured limits established by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). 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, NCUA, or otherwise guaranteed by the U.S. Government. The Organization's cash and cash equivalents in excess of FDIC and NCUA coverage was approximately \$12,523 and \$7,860 at June 30, 2012 and 2011, 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, 2012 and 2011 were \$7,642 and \$9,232, respectively.

Note 11 – RELATED PARTY TRANSACTIONS

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 \$-0- and \$1,085 for the years ended June 30, 2012 and 2011, respectively.

OUR HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

Note 12 – FAIR VALUE MEASUREMENTS

Fair values of assets and liabilities measured on a recurring basis at June 30, 2012 are as follows:

|               | 2012              |                   |             |             |
|---------------|-------------------|-------------------|-------------|-------------|
|               | Fair Value        | Level 1           | Level 2     | Level 3     |
| Mututal Funds | <u>\$ 513,937</u> | <u>\$ 513,937</u> | <u>\$ -</u> | <u>\$ -</u> |

  

|               | 2011              |                   |             |             |
|---------------|-------------------|-------------------|-------------|-------------|
|               | Fair Value        | Level 1           | Level 2     | Level 3     |
| Mututal Funds | <u>\$ 517,755</u> | <u>\$ 517,755</u> | <u>\$ -</u> | <u>\$ -</u> |

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 27, 2012, which was the date the financial statements were available to be issued.

**OUR HOUSE, INC.**

**SUPPLEMENTAL INFORMATION**

**JUNE 30, 2012**

**Napoli & Long, PC**  
**P.O. Box 3509**  
**Suwanee, GA 30024**  
**678-985-1144 678-985-9003 fax**

William E. Long, Jr., CPA

Member  
AICPA  
GSCPA

November 27, 2012

**INDEPENDENT AUDITOR'S**  
**REPORT ON SUPPLEMENTAL INFORMATION**

Board of Directors of  
Our House, Inc.

We have audited the financial statements of Our House, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated November 27, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of state contractual assistance is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Napoli & Long, PC*

NAPOLI & LONG, PC  
Certified Public Accountants

OUR HOUSE, INC.

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2012

| Grantor/Program Name                                   | CFDA<br>No. | Contract Period | Grant<br>Amount | Revenue<br>Recognized<br>6/30/2012 | Amount<br>Due from<br>State | Amount<br>Due to<br>State |
|--|-------------|-----------------|-----------------|------------------------------------|-----------------------------|---------------------------|
| State of Georgia Department of Early Care and Learning |             |                 |                 |                                    |                             |                           |
| Georgia Pre-K  | NA          | 7/1/11-6/30/12  | \$ 63,816       | \$ 62,611                          | \$ -                        | \$ -                      |
| Transition Coach Services                              | NA          | 7/1/10-6/30/11  | 80,000          | 42,392                             | -                           | -                         |
| State of Georgia Department of Community Affairs       |             |                 |                 |                                    |                             |                           |
| Emergency Shelter Grant                                |             |                 |                 |                                    |                             |                           |
| Contract #2011 HTF ES 11C169                           | NA          | 7/1/11-6/30/12  | 20,000          | 20,000                             | 3,565                       | -                         |
| Contract #2011 HTF ES 11C170                           | NA          | 7/1/11-6/30/12  | 20,000          | 18,000                             | -                           | -                         |
| Total State Contractual Assistance                     |             |                 |                 | \$ 143,003                         | \$ 3,565                    | \$ -                      |