

EXODUS HOUSING

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

DECEMBER 31, 2010

EXODUS HOUSING

December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Executive Board of Exodus Housing:

We have audited the accompanying statements of financial position of Exodus Housing (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, cash flows and functional expenses 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 U. S. generally accepted auditing standards. 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 accompanying financial statements present fairly, in all material respects, the financial position of Exodus Housing as of December 31, 2010 and 2009, and the results of its activities and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Padgett & Padgett PLLC

May 24, 2011

EXODUS HOUSING
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
Cash and cash equivalents	\$ 62,450	\$ 78,006
Accounts receivable	112,387	49,956
Prepaid expenses	-	2,344
Property and equipment	5,339	7,314
Total assets	\$ 180,176	\$ 137,620

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts Payable	\$ -	\$ -
Accrued payroll liabilities	2,320	873
Accrued employee benefits	4,378	4,378
Security deposits	4,070	3,320
Total liabilities	10,768	8,571
Net assets:		
Unrestricted	169,408	129,049
Total net assets	169,408	129,049
Total liabilities and net assets	\$ 180,176	\$ 137,620

See accompanying notes to financial statements.

EXODUS HOUSING
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS:		
Support and Revenue:		
Support - Contributions:		
Private foundations and trusts	\$ 94,877	\$ 98,043
Private companies and organizations	45,207	50,161
Communities of faith	7,092	9,080
Individuals	12,267	13,242
Fundraising	10,335	5,878
Total support	<u>169,778</u>	<u>176,404</u>
Revenue:		
Government cost reimbursement contracts	573,375	510,294
Rent from residents	38,750	46,647
Work study program	-	2,021
Interest	128	147
Total revenue	<u>612,253</u>	<u>559,109</u>
Total support and revenue	<u>782,031</u>	<u>735,513</u>
Net assets released from donor restrictions	<u>54,842</u>	<u>89,807</u>
Total support, revenue and net assets released from restrictions	<u>836,873</u>	<u>825,320</u>
Expenses:		
Program services	730,736	655,496
Support services:		
Management and general	36,937	77,459
Fund raising	28,841	38,927
Total expenses	<u>796,514</u>	<u>771,882</u>
Increase (decrease) in unrestricted net assets	<u>40,359</u>	<u>53,438</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Grants and contributions	54,842	77,471
Net assets released from donor restrictions	<u>(54,842)</u>	<u>(89,807)</u>
Change in temporarily restricted net assets	<u>-</u>	<u>(12,336)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>40,359</u>	<u>41,102</u>
NET ASSETS, beginning of year	<u>129,049</u>	<u>87,947</u>
NET ASSETS, end of year	<u>\$ 169,408</u>	<u>\$ 129,049</u>

See accompanying notes to financial statements.

EXODUS HOUSING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Increase (Decrease) In Cash and Cash Equivalents	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 40,359	\$ 41,102
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	3,413	3,569
Changes in operating assets and liabilities:		
Accounts receivable	(62,431)	(44,598)
Prepaid expenses	2,344	-
Accrued liabilities	2,197	(5,418)
Net cash from operating activities	(14,118)	(5,345)
 CASH FLOWS FROM INVESTING ACTIVITIES -		
Purchase of office equipment	(1,438)	(889)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(15,556)	(6,234)
 CASH AND CASH EQUIVALENTS, beginning of year	78,006	84,240
CASH AND CASH EQUIVALENTS, end of year	\$ 62,450	\$ 78,006

See accompanying notes to financial statements.

EXODUS HOUSING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	<u>2010</u> <u>Total</u>	<u>2009</u> <u>Total</u>
Salaries, wages and related expenses	\$ 306,096	\$ 23,834	\$ 19,711	\$349,642	\$354,167
Housing for residents	259,308	-	-	259,308	264,577
Children's program	762	-	-	762	-
Professional services and insurance	33,336	4,494	4,662	42,492	28,057
Office rent	52,963	3,528	2,536	59,026	56,980
Residents' support	38,263	145	60	38,468	21,966
Telephone	10,857	346	249	11,453	7,833
Office supplies	3,291	644	253	4,188	4,369
Office utilities	3,374	252	161	3,787	4,496
Travel, meetings, and meals	12,971	490	274	13,734	11,728
Miscellaneous	-	1,102	-	1,102	1,371
Copying and printing	2,376	296	263	2,935	2,319
Uncollected rent and fees	-	-	-	-	2,174
Office equipment and technology	3,311	1,159	156	4,627	3,282
Depreciation	3,003	239	171	3,413	3,569
Bank fees	-	205	24	229	759
Postage	825	203	321	1,349	2,235
Total	<u>\$ 730,736</u>	<u>\$ 36,937</u>	<u>\$ 28,841</u>	<u>\$796,514</u>	<u>\$769,882</u>

See accompanying notes to financial statements.

EXODUS HOUSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: Exodus Housing (the Organization) is a Washington nonprofit corporation operating as an agency providing transitional housing and support services for families in Pierce and South King Counties, Washington. Funding is principally provided by private donations and government cost-reimbursement contracts.

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis and follow the recommendations of the Financial Accounting Standards Board in its ASC 958, formerly Statement of Financial Accounting Standards No. 117 "Financial Statements of Not-For-Profit Organizations." Under ASC 958 the organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. This category of net assets includes amounts designated by the Board for long-term investment.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the principal be maintained permanently by the Organization. The Organization is permitted to use the income earned on the related investments for general or specified operating purposes. The Organization did not have any permanently restricted net assets as of June 30, 2010 or 2009.

Cash Equivalents: The Organization considers highly liquid investments with maturities of less than 90 days to be cash equivalents.

Accounts Receivable: The Organization records accounts receivable for delinquent rents from tenants and for cost-reimbursable contracts. Amounts billed are unsecured and are all current.

Property and equipment is recorded at cost. Assets with a cost over \$250 are capitalized and are depreciated using the straight line method of accounting over their estimated useful life of 5 years.

EXODUS HOUSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Assets - Contributions of marketable securities and other property are recorded at their estimated fair values at the date of donation.

Contributed Services - Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. Volunteers provide general and fund-raising services throughout the year. Such volunteer services are not recognized as contributions in the financial statements using the above criteria.

Federal Income Taxes: The Internal Revenue Service has determined that the Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3).

Functional Expense Allocation - The Organization allocates its functional expenses between program, management and general and fundraising based upon relevant factors management has selected. Personnel costs and benefits are allocated based upon time spent by personnel in applicable functions. Other expenses are charged to the program or support area directly when benefited directly. Expenditures which benefit more than one program or support area are allocated based upon the most rational method as determined by management.

Use of Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2. CONCENTRATIONS AND MAJOR CONTRIBUTORS

The Organization grants unsecured credit to its customers, all of which are located in northwest Washington. The Organization received a substantial portion of its total support and revenue from several entities in 2010 and 2009, and is dependent upon such contributions to accomplish its mission.

EXODUS HOUSING
NOTES TO FINANCIAL STATEMENTS

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

Funds received from donors were spent for the following purposes during the year:

	2010	2009
Transitional Housing Programs	\$ 2,500	\$ 11,000
Family Permanency Program	49,342	53,807
Furniture	-	3,500
Next Chapter Program	3,000	21,500
Total	\$ 54,842	\$ 89,807

NOTE 4. OPERATING LEASE COMMITMENTS

The Organization has entered an agreement to rent its offices under the terms of a noncancelable operating lease. The lease commenced July 2, 2007 and requires monthly base rental payments as follows:

Year 1	\$3,890.00
Year 2	\$4,006.70
Year 3	\$4,126.90
Year 4	\$4,250.71
Year 5	\$4,378.23

Following are aggregate minimum rental obligations under the noncancelable operating lease over each year until expiration of the lease:

Years ending December 31,:	
2011	\$ 51,774
2012	26,269
Total future minimum rent payments	\$ 78,043

Gross rents, including triple net charges, under the above lease totaled \$59,026 and \$56,980 for the years ended December 31, 2010 and 2009 respectively.

EXODUS HOUSING
NOTES TO FINANCIAL STATEMENTS

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2010 and 2009 are aged as follows:

	<u>2010</u>	<u>2009</u>
Current	\$ 19,098	\$ 47,613
1-30 days past due	40,946	882
31-60 days past due	20,702	293
61-90 days past due	20,046	112
Over 90 days past due	<u>11,595</u>	<u>1,056</u>
Total accounts receivable	<u>\$112,387</u>	<u>\$ 49,956</u>

NOTE 6. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring after December 31, 2010 through May 24, 2011, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosures in the financial statements