

**Providence House, Inc.**

**Financial Statements  
and  
Auditor's Report**

**Year Ended June 30, 2006**

The Board of Directors  
Providence House, Inc.  
Brooklyn, New York

### **Independent Auditor's Report**

We have audited the accompanying statement of financial position of Providence House, Inc. as of June 30, 2006 and the related statements of activities, of cash flows and of functional expenses for the year then ended. These financial statements are the responsibility of Providence House, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's June 30, 2005 financial statements and, in our report dated December 15, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of Providence House, Inc. as of June 30, 2006 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lambrides, Lamos, Moulthrop LLP*

October 13, 2006

**Providence House, Inc.**  
**Statement of Financial Position**  
**June 30, 2006**  
**With Comparative Figures at June 30, 2005**

<b>ASSETS</b>	<b>2006</b>	<b>2005</b>
Cash and cash equivalents	\$ 354,355	\$ 291,825
Short-term investments	922,406	888,028
Program revenue receivable	513,680	433,872
Contributions receivable	95,415	38,066
Grant receivable	40,000	
Interest receivable	3,628	3,628
Prepaid expenses and mortgage escrow	5,014	1,626
Land	237,265	237,265
Property, plant and equipment (net of accumulated depreciation)	2,125,352	2,149,693
Security deposits	<u>5,000</u>	<u>5,000</u>
Total assets	<u>\$ 4,302,115</u>	<u>\$ 4,049,003</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 100,032	\$ 43,409
Interest payable	6,993	6,993
Accrued payroll and related expenses	95,527	73,573
Refundable program revenue received in advance	50,633	95,713
Loans and mortgages payable	1,079,583	1,126,133
Tenants' security deposits and prepaid rent	<u>500</u>	<u>500</u>
Total liabilities	<u>1,333,268</u>	<u>1,346,321</u>
 <b>Net assets:</b>		
Unrestricted	2,591,750	2,362,962
Temporarily restricted	<u>377,097</u>	<u>339,720</u>
Total net assets	<u>2,968,847</u>	<u>2,702,682</u>
Total liabilities and net assets	<u>\$ 4,302,115</u>	<u>\$ 4,049,003</u>

See notes to financial statements.

**Providence House, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2006**  
**With Summarized Comparative Figures at June 30, 2005**

	Unrestricted	Temporarily Restricted	2006 Total	2005 Total
<b>Revenue and support:</b>				
Donations	\$ 214,750		\$ 214,750	\$ 320,761
Miscellaneous grants	112,500	\$ 188,701	301,201	126,848
FEMA grants	48,550		48,550	55,452
CACFP food grant	24,582		24,582	26,204
NYC Office of Children & Family Services				10,060
NYC Homeless – DHS payments	1,215,988		1,215,988	1,108,164
NYC Housing HRA payments	37,422		37,422	37,909
NYS Parole Program payments	368,397		368,397	373,628
DSS Westchester payments	336,515		336,515	229,956
Rental income	99,746		99,746	82,576
Investment income	34,207		34,207	44,698
Donated services value	275,275		275,275	269,476
Fundraising event (net of expenses)				
Contributions	\$ 290,783			
Revenue	19,340			
Less: Costs of direct benefit to donors	<u>(23,662)</u>	286,461	286,461	153,792
Miscellaneous income	3,393		3,393	22,704
Net assets released from restrictions	<u>151,324</u>	<u>(151,324)</u>	<u>                    </u>	<u>                    </u>
 Total revenue and support	 <u>3,209,110</u>	 <u>37,377</u>	 <u>3,246,487</u>	 <u>2,862,228</u>
<b>Expenses:</b>				
Temporary Shelter Program	2,886,965		2,886,965	2,695,287
Permanent Housing Program	46,911		46,911	57,786
Samaritan House	20,873		20,873	
Central-Management & General	<u>25,573</u>	<u>                    </u>	<u>25,573</u>	<u>27,324</u>
 Total expenses	 <u>2,980,322</u>	 <u>                    </u>	 <u>2,980,322</u>	 <u>2,780,397</u>
 <b>Change in net assets</b>	 228,788	 37,377	 266,165	 81,831
 <b>Net assets, beginning of year</b>	 <u>2,362,962</u>	 <u>339,720</u>	 <u>2,702,682</u>	 <u>2,620,851</u>
 <b>Net assets, end of year</b>	 <u>\$2,591,750</u>	 <u>\$ 377,097</u>	 <u>\$2,968,847</u>	 <u>\$2,702,682</u>

See notes to financial statements.

**Providence House, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2006**  
**With Comparative Figures at June 30, 2005**

	<b>2006</b>	<b>2005</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 266,165	\$ 81,831
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	100,034	102,167
Realized loss on investments	3,906	
Unrealized gain on investments	(1,471)	(15,534)
(Increase) decrease in:		
Program revenue receivable	(79,808)	35,546
Contributions receivable	(57,349)	(38,066)
Grants receivable	(40,000)	
Interest receivable		(94)
Prepaid expenses and mortgage escrow	(3,388)	2,924
Increase (decrease) in:		
Accounts payable and accrued expenses	56,623	40,801
Interest payable		(315)
Accrued payroll and related expenses	21,954	421
Refundable program revenue received in advance	(45,080)	34,946
Tenants' security deposits and prepaid rent		(3,275)
Net cash provided by operating activities	<u>221,586</u>	<u>241,352</u>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(63,594)	(86,461)
Purchase of investments	(245,097)	(127,326)
Proceeds from sale of investments	<u>208,284</u>	<u>100,000</u>
Net cash used by investing activities	<u>(100,407)</u>	<u>(113,787)</u>
<b>Cash flows from financing activities:</b>		
Repayment of loan principal	(59,049)	(54,649)
Proceeds from note payable	<u>400</u>	
Net cash used by financing activities	<u>(58,649)</u>	<u>(54,649)</u>
<b>Net increase in cash</b>	62,530	72,916
<b>Cash and cash equivalents at beginning of year</b>	<u>291,825</u>	<u>218,909</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 354,355</u>	<u>\$ 291,825</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest expense	<u>\$ 86,672</u>	<u>\$ 90,688</u>
<b>Non cash financing and investing activities:</b>		
Purchase of property, plant and equipment	\$ 12,100	
Less proceeds from note payable	<u>(12,500)</u>	
Excess proceeds available from note payable	<u>\$ (400)</u>	

See notes to financial statements.

**Providence House, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2006**  
**With Summarized Comparative Figures at June 30, 2005**

		Development			
	Program	Management and General	and Public Relations	2006 Total	2005 Total
Salaries and wages	\$ 1,103,497	\$ 188,814	\$ 82,280	\$ 1,374,591	\$ 1,200,694
Payroll taxes	91,783	14,551	5,596	111,930	94,786
Employee benefits	196,158	31,096	11,961	239,215	181,377
Rent	147,726	101	38	147,865	158,129
Occupancy	140,001	3,558	1,369	144,928	110,175
Telephone	30,602	811	312	31,725	38,718
Professional fees	9,631	32,958	551	43,140	18,077
Food	69,064			69,064	56,917
Scholarships	6,500			6,500	5,000
Client assistance and gifts	2,293			2,293	14,166
Other program expenses	24,165	41	16	24,222	24,711
Travel	16,326	171	66	16,563	15,169
Seminars and training	2,592	181	69	2,842	1,745
Office, conference, newsletter	4,417			4,417	6,432
Dues and subscriptions	8,582	814	313	9,709	12,064
Insurance	103,237	3,322	1,278	107,837	143,017
Repairs and maintenance	87,770	793	305	88,868	115,488
Office expenses	9,999	82	32	10,113	12,881
Supplies	34,232	1,544	593	36,369	44,053
Printing	792	121	46	959	3,242
Postage and delivery	4,141	531	204	4,876	3,997
Interest expense	86,672			86,672	90,688
Depreciation	82,028	13,004	5,002	100,034	102,167
Other fundraising expenses			38,921	38,921	39,559
Miscellaneous	1,394			1,394	17,669
Donated services value	<u>248,976</u>	<u>26,299</u>	<u>          </u>	<u>275,275</u>	<u>269,476</u>
 Total	 <u>\$ 2,512,578</u>	 <u>\$ 318,792</u>	 <u>\$ 148,952</u>	 <u>\$ 2,980,322</u>	 <u>\$ 2,780,397</u>

See notes to financial statements.