

Phoenix House Finances

Revenues for the fiscal year ending June 30, 2009 increased by \$3.5 million over the prior year due to an increase in government funded programs, and client and third party revenues. Operational results were fairly stable within an unstable economic environment. However, a \$2.1 million decline in contributions from the previous year was the primary reason for negative bottom line results.

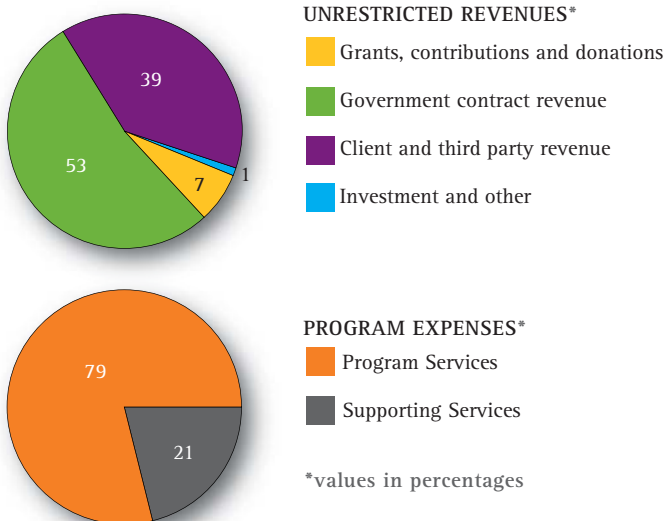
Government contracts comprised 53% of our total revenues, with client and third party revenues—also primarily from government sources—making up another 39% of the total. Since our primary sources of support, government payments, do not always cover the full cost of client care, some programs are dependant on contributions and investment earnings, and therefore, are sensitive to market fluctuations.

Indirect administrative costs approximated 19% of total costs, with fundraising comprising 2%, leaving 79% for direct care and client services. Despite substantial reductions in ongoing administrative costs, a number of major one-time investments made to enhance our clinical management systems resulted in a temporary increase in overall administrative expenditures.

Results from “non-operating activities” included a \$2.9 million reduction in the value of our investments due to general market conditions. Added to the \$1.4 million designated for operations each year, this produced a \$4.3 million decline in investment returns.

Reductions in “temporarily restricted net assets” reflect either the payment of pledges or the utilization of donations for their restricted purposes.

Other aspects of our financial position strengthened in spite of the investment decline, with a \$4.4 million improvement in receivables against a growth in revenues, and a \$2.8 million reduction of our bank debt.



Statement of Financial Position	June 30, 2009	June 30, 2008
Assets		
Cash and cash equivalents	\$ 4,846,621	\$ 2,433,293
Due from government agencies, net	7,867,656	11,500,434
Investments, at fair value	9,738,311	14,067,919
Property and equipment, net	35,883,598	37,807,040
Contributions receivable, net	1,065,070	2,179,537
Other assets	7,260,970	8,950,916
Total assets	\$ 66,662,226	\$ 76,939,139
Liabilities and Net Assets		
Accounts payable and accrued expenses	10,579,176	10,587,891
Notes Payable and Long-term debt	12,725,881	15,557,558
Agency funds	516,143	503,666
Total liabilities	23,821,200	26,649,115
Net assets		
Unrestricted	35,175,547	42,006,398
Temporarily restricted	3,390,561	4,192,798
Permanently restricted	4,274,918	4,090,828
Total net assets	42,841,026	50,290,024
Total liabilities and net assets	\$ 66,662,226	\$ 76,939,139

Condensed Statement of Activities for the Year Ended June 30,	2009	2008
Change in Unrestricted Net Assets		
Revenues		
Grants and contributions	\$ 4,387,587	6,445,472
Donated goods and services	3,132,523	2,272,509
Government contract revenue	57,169,775	55,389,174
Client and third party revenue	42,864,844	39,651,398
Investment income designated for operations and other revenue	1,366,510	1,623,648
Total revenues	108,921,239	105,382,201
Expenses		
Program services	87,995,200	85,023,947
Fundraising	1,657,608	719,812
Administration and general	21,671,876	20,650,117
Total expenses	111,324,684	106,393,876
Change in net assets from operating activities	(2,403,445)	(1,011,675)
Non-operating activities		
Investment returns, net of amounts designated for operations	(4,317,280)	(2,148,007)
Other non-operating activities (write-down of property, capital assets acquired under capital grants, etc.)	(110,126)	2,488,383
Total change in unrestricted net assets	(6,830,851)	(671,299)
Change in temporarily restricted net assets	(802,237)	(1,354,112)
Change in permanently restricted net assets	184,090	36,334
Total change in net assets	(7,448,998)	(1,989,077)
Net assets, beginning of the year	50,290,024	52,279,101
Net assets, end of the year	\$ 42,841,026	\$ 50,290,024

These statements are summarized from our audited financial statements, a copy of which is available upon request.