

Phoenix House Finances

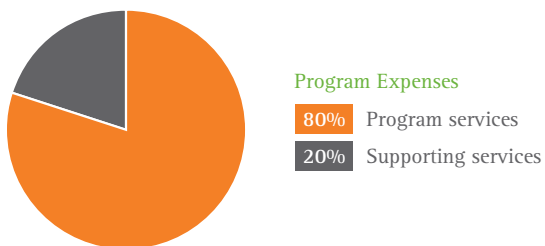
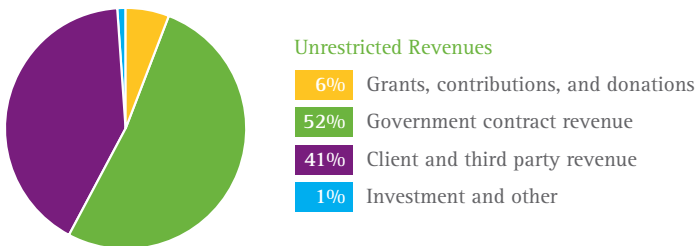
Revenues for the fiscal year ending June 30, 2010 increased by \$3.8 million, generating a \$1.1 million surplus from operations before non-operating gains. While income from government contracts rose substantially, there was an even greater increase in client and third party income. This was due, in large measure, to the expansion of service to insured and self-paying clients and a higher foster care reimbursement rate for adolescents in California.

Despite increasing by more than \$1.2 million, government contract revenue dropped from 53% of revenue to 52%, while client and third party revenue rose from 39% to 41% and grants, contributions and donations slipped from 7% to 6% of total revenues.

Indirect administrative costs amounted to 18% of total costs, and fundraising 2% of the total. Program services rose to 80% of total costs from 79% in the prior year.

The total net assets, including non-operating gains and restricted funds, increased by \$3.6 million for the year. Increases in “temporarily restricted net assets” reflect primarily capital grants received that have not yet been expended.

Substantially strengthening our financial position in the past fiscal year was a \$5.5 million reduction in bank debt from the surpluses generated and reduction of receivables.



Statement of Financial Position

| | June 30, 2010 | June 30, 2009 |
|-----------------------------------|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$4,505,584 | \$4,846,621 |
| Due from government agencies, net | 11,809,796 | 13,336,909 |
| Investments, at fair value | 10,818,065 | 9,738,311 |
| Property and equipment, net | 36,557,031 | 35,883,598 |
| Contributions receivable, net | 323,382 | 1,065,070 |
| Other assets | 7,792,384 | 7,260,970 |
| Total assets | \$71,806,242 | \$72,131,479 |

Liabilities and Net Assets

| | | |
|---------------------------------------|-------------------|-------------------|
| Accounts payable and accrued expenses | 12,283,255 | 10,579,176 |
| Due to government agencies | 5,440,800 | 5,469,253 |
| Notes Payable and Long-term debt | 7,245,510 | 12,725,881 |
| Agency funds | 375,052 | 516,143 |
| Total liabilities | 25,344,617 | 29,290,453 |

Net assets

| | | |
|---|---------------------|---------------------|
| Unrestricted | 37,870,806 | 35,175,547 |
| Temporarily restricted | 4,805,811 | 3,390,561 |
| Permanently restricted | 3,785,008 | 4,274,918 |
| Total net assets | 46,461,625 | 42,841,026 |
| Total liabilities and net assets | \$71,806,242 | \$72,131,479 |

Condensed Statement of Activities for the Year Ended June 30,

| | 2010 | 2009 |
|-----------------------------------|------|------|
| Change in Unrestricted Net Assets | | |

Revenues

| | | |
|---|--------------------|--------------------|
| Grants and contributions | \$3,889,829 | \$4,387,587 |
| Donated goods and services | 3,247,149 | 3,132,523 |
| Government contract revenue | 58,439,913 | 57,169,775 |
| Client and third party revenue | 46,053,165 | 42,864,844 |
| Investment income designated for operations and other revenue | 1,094,753 | 1,366,510 |
| Total revenues | 112,724,809 | 108,921,239 |

Expenses

| | | |
|----------------------------|--------------------|--------------------|
| Program services | 89,669,205 | 87,995,200 |
| Fundraising | 1,608,693 | 1,657,608 |
| Administration and general | 20,368,080 | 21,671,876 |
| Total expenses | 111,645,978 | 111,324,684 |

| | | |
|--|-----------|-------------|
| Change in net assets from operating activities | 1,078,831 | (2,403,445) |
|--|-----------|-------------|

Non-operating activities

| | | |
|---|-----------|-------------|
| Investment returns, net of amounts designated for operations | 386,375 | (4,317,280) |
| Other non-operating activities (write-down of property, capital assets acquired under capital grants, etc.) | 1,230,053 | (110,126) |

| | | |
|--|------------------|--------------------|
| Total change in unrestricted net assets | 2,695,259 | (6,830,851) |
| Change in temporarily restricted net assets | 1,415,250 | (802,237) |
| Change in permanently restricted net assets | (489,910) | 184,090 |

| | | |
|-----------------------------------|------------------|--------------------|
| Total change in net assets | 3,620,599 | (7,448,998) |
|-----------------------------------|------------------|--------------------|

| | | |
|------------------------------------|---------------------|---------------------|
| Net assets, beginning of the year | 42,841,026 | 50,290,024 |
| Net assets, end of the year | \$46,461,625 | \$42,841,026 |

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