Phoenix House Finances

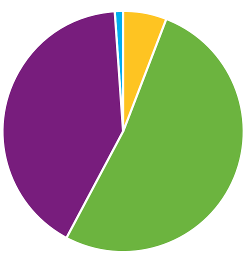
Revenues for the fiscal year ending June 30, 2010 increased by $3.8 million, generating a $1.1 million surplus from operations before non-operating gains. While income from government contracts rose substantially, there was an even greater increase in client and third party income. This was due, in large 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.

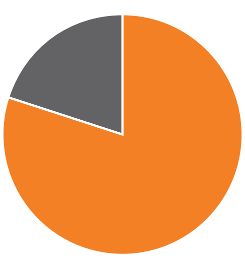
The total net assets, including non-operating gains and restricted funds, increased by $3.6 million for the year. Increases in “temporarily restricted net assets” reflect primarily capital grants received that have not yet been expended.

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.



Unrestricted Revenues

- 6% Grants, contributions, and donations
- 52% Government contract revenue
- 41% Client and third party revenue
- 1% Investment and other



Program Expenses

- 80% Program services
- 20% Supporting services

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,

Change in Unrestricted Net Assets	2010	2009
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.