

AUDITED FINANCIAL STATEMENTS

SOJOURNER HOUSE, INC.

PITTSBURGH, PENNSYLVANIA

JUNE 30, 2008 AND 2007

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To the Board of Directors
Sojourner House, Inc.
Pittsburgh, Pennsylvania

Independent Auditor's Report

We have audited the accompanying statements of financial position of Sojourner House, Inc. (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Sojourner's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sojourner House, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Epstein|Tabor|Schorr
Certified Public Accountants

Pittsburgh, Pennsylvania
November 19, 2008

SOJOURNER HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 195,521	\$ 165,575
Investments - Note (B)	180,425	195,998
Contractual Revenue Receivable - Note (C)	128,366	221,741
Other Receivables	64,869	181,642
Revenue Raised on Behalf of Others - Note (E)	16,583	-
Prepaid Expenses	<u>3,503</u>	<u>7,707</u>
TOTAL CURRENT ASSETS	\$ <u>589,267</u>	\$ <u>772,663</u>
REAL ESTATE AND EQUIPMENT - AT COST		
Land	\$ 50,000	\$ 50,000
Building and Building Improvements	898,005	876,952
Office Furniture, Fixtures and Equipment	129,427	129,427
Apartment Furnishings and Playcare Equipment	71,772	71,772
Vehicles	<u>35,957</u>	<u>35,957</u>
TOTAL REAL ESTATE AND EQUIPMENT	\$ 1,185,161	\$ 1,164,108
Less: Accumulated Depreciation	<u>640,250</u>	<u>602,245</u>
NET REAL ESTATE AND EQUIPMENT	\$ <u>544,911</u>	\$ <u>561,863</u>
TOTAL ASSETS	\$ <u><u>1,134,178</u></u>	\$ <u><u>1,334,526</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current Portion of Long-Term Debt - Note (D)	\$ 12,281	\$ 87,281
Revenue Raised on Behalf of Others - Note (E)	-	56,437
Accounts Payable and Accrued Expenses	32,235	44,676
Client Savings and Security Deposits	<u>8,421</u>	<u>5,532</u>
TOTAL CURRENT LIABILITIES	\$ <u>52,937</u>	\$ <u>193,926</u>
LONG-TERM LIABILITIES		
Noncurrent Portion of Long-Term Debt - Note (D)	<u>\$ 264,236</u>	<u>\$ 276,517</u>
TOTAL LIABILITIES	\$ <u>317,173</u>	\$ <u>470,443</u>
NET ASSETS		
Unrestricted	\$ 814,952	\$ 864,083
Temporarily Restricted	<u>2,053</u>	<u>-</u>
TOTAL NET ASSETS	\$ <u>817,005</u>	\$ <u>864,083</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>1,134,178</u></u>	\$ <u><u>1,334,526</u></u>

The accompanying notes are an integral part of the financial statements.

**SOJOURNER HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE AND OTHER SUPPORT			
Contractual Revenue - Note (F)	\$ 758,420	\$ -	\$ 758,420
Less: Charity Care	<u>14,260</u>	<u>-</u>	<u>14,260</u>
Net Contractual Revenue	\$ 744,160	\$ -	\$ 744,160
Grants	30,350	33,500	63,850
Church Congregation Donations	35,566	-	35,566
Other Donations	61,414	-	61,414
Investment Income	24,833	-	24,833
Realized Gain (Loss) on Sale of Investments	(6,199)	-	(6,199)
Unrealized Gain (Loss) on Investments	(29,531)	-	(29,531)
Miscellaneous	5,662	-	5,662
Special Events	24,524	-	24,524
In-Kind Contributions	17,851	-	17,851
Net Assets Released from Restrictions: Satisfaction of Program Restrictions	<u>31,447</u>	<u>(31,447)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	\$ <u>940,077</u>	\$ <u>2,053</u>	\$ <u>942,130</u>
PROGRAM EXPENSES			
Client Services	\$ 753,977	\$ -	\$ 753,977
Administration	192,393	-	192,393
Fundraising	<u>42,838</u>	<u>-</u>	<u>42,838</u>
TOTAL PROGRAM EXPENSES	\$ <u>989,208</u>	\$ <u>-</u>	\$ <u>989,208</u>
CHANGES IN NET ASSETS	\$ (49,131)	\$ 2,053	\$ (47,078)
Net Assets - July 1	<u>864,083</u>	<u>-</u>	<u>864,083</u>
NET ASSETS - JUNE 30	\$ <u><u>814,952</u></u>	\$ <u><u>2,053</u></u>	\$ <u><u>817,005</u></u>

The accompanying notes are an integral part of the financial statements.

SOJOURNER HOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE AND OTHER SUPPORT			
Contractual Revenue - Note (F)	\$ 798,896	\$ -	\$ 798,896
Less: Charity Care	<u>15,362</u>	<u>-</u>	<u>15,362</u>
Net Contractual Revenue	\$ 783,534	\$ -	\$ 783,534
Grants	17,550	-	17,550
Church Congregation Donations	22,661	-	22,661
Other Donations	48,412	-	48,412
Investment Income	18,771	-	18,771
Realized Gain (Loss) on Sale of Investments	218	-	218
Unrealized Gain (Loss) on Investments	13,626	-	13,626
Miscellaneous	2,925	-	2,925
Special Events	14,457	-	14,457
In-Kind Contributions	-	-	-
Net Assets Released from Restrictions: Satisfaction of Program Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	\$ <u>922,154</u>	\$ <u>-</u>	\$ <u>922,154</u>
PROGRAM EXPENSES			
Client Services	\$ 689,833	\$ -	\$ 689,833
Administration	212,167	-	212,167
Fundraising	<u>17,924</u>	<u>-</u>	<u>17,924</u>
TOTAL PROGRAM EXPENSES	\$ <u>919,924</u>	\$ <u>-</u>	\$ <u>919,924</u>
CHANGES IN NET ASSETS	\$ 2,230	\$ -	\$ 2,230
Net Assets - July 1	<u>861,853</u>	<u>-</u>	<u>861,853</u>
NET ASSETS - JUNE 30	\$ <u><u>864,083</u></u>	\$ <u><u>-</u></u>	\$ <u><u>864,083</u></u>

The accompanying notes are an integral part of the financial statements.

SOJOURNER HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>CLIENT SERVICES</u>	<u>ADMINI- STRATION</u>	<u>FUND- RAISING</u>	<u>TOTAL</u>
PERSONNEL EXPENSES				
Salaries	\$ 444,345	\$ 71,406	\$ 17,500	\$ 533,251
Fringe Benefits	77,691	21,873	-	99,564
Payroll Taxes	<u>42,657</u>	<u>9,669</u>	<u>-</u>	<u>52,326</u>
TOTAL PERSONNEL EXPENSES	\$ <u>564,693</u>	\$ <u>102,948</u>	\$ <u>17,500</u>	\$ <u>685,141</u>
OPERATING EXPENSES				
Accounting and Payroll Services	\$ -	\$ 34,635	\$ -	\$ 34,635
Advertising	-	1,518	-	1,518
Bank Fees	-	2,765	-	2,765
Board Expenses	-	4,427	-	4,427
Building Repairs and Maintenance	22,368	-	-	22,368
Client Activities	2,896	-	-	2,896
Client Transportation	4,518	-	-	4,518
Computer Technician	-	4,658	-	4,658
Consulting Fees	-	6,522	3,825	10,347
Dues and Subscriptions	-	380	-	380
Equipment Rental	-	3,193	-	3,193
Equipment Repairs and Maintenance	9,482	-	-	9,482
Food and Clothing	13,902	-	-	13,902
Housekeeping	7,850	-	-	7,850
Insurance	13,301	-	-	13,301
Legal Fees	-	3,278	-	3,278
Office Supplies	6,030	3,966	13,817	23,813
Other	-	8,453	-	8,453
Other Client Services	16,319	-	-	16,319
Postage and Printing	-	2,269	742	3,011
Rehabilitation Supplies	14,058	-	-	14,058
Rent and Taxes	-	-	-	-
Special Events	-	-	6,954	6,954
Staff Development	4,689	952	-	5,641
Staff Travel	286	618	-	904
Telephone	7,784	3,872	-	11,656
Utilities	26,307	-	-	26,307
Vehicle Maintenance	<u>9,428</u>	<u>-</u>	<u>-</u>	<u>9,428</u>
TOTAL OPERATING EXPENSES	\$ <u>159,218</u>	\$ <u>81,506</u>	\$ <u>25,338</u>	\$ <u>266,062</u>
DEPRECIATION	\$ <u>30,066</u>	\$ <u>7,939</u>	\$ <u>-</u>	\$ <u>38,005</u>
TOTAL EXPENSES	\$ <u><u>753,977</u></u>	\$ <u><u>192,393</u></u>	\$ <u><u>42,838</u></u>	\$ <u><u>989,208</u></u>

The accompanying notes are an integral part of the financial statements.

SOJOURNER HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>CLIENT SERVICES</u>	<u>ADMINI- STRATION</u>	<u>FUND- RAISING</u>	<u>TOTAL</u>
PERSONNEL EXPENSES				
Salaries	\$ 400,473	\$ 67,424	\$ -	\$ 467,897
Fringe Benefits	70,186	8,333	-	78,519
Payroll Taxes	44,989	7,701	-	52,690
TOTAL PERSONNEL EXPENSES	<u>\$ 515,648</u>	<u>\$ 83,458</u>	<u>\$ -</u>	<u>\$ 599,106</u>
OPERATING EXPENSES				
Accounting and Payroll Services	\$ -	\$ 48,137	\$ -	\$ 48,137
Advertising	-	1,361	-	1,361
Bank Fees	-	980	-	980
Board Expenses	-	2,924	-	2,924
Building Repairs and Maintenance	21,991	-	-	21,991
Client Activities	5,456	-	-	5,456
Client Transportation	6,125	-	-	6,125
Computer Technician	-	4,193	-	4,193
Consulting Fees	-	26,533	2,740	29,273
Dues and Subscriptions	-	2,534	-	2,534
Equipment Rental	-	3,781	-	3,781
Equipment Repairs and Maintenance	7,796	-	-	7,796
Food and Clothing	78	-	-	78
Housekeeping	9,712	-	-	9,712
Insurance	12,912	-	-	12,912
Legal Fees	-	-	-	-
Office Supplies	8,149	4,917	3,065	16,131
Other	-	12,559	-	12,559
Other Client Services	16,902	-	-	16,902
Postage and Printing	-	2,811	3,193	6,004
Rehabilitation Supplies	5,920	-	-	5,920
Rent and Taxes	-	-	-	-
Special Events	-	-	8,926	8,926
Staff Development	3,768	484	-	4,252
Staff Travel	661	981	-	1,642
Telephone	7,650	3,980	-	11,630
Utilities	20,881	-	-	20,881
Vehicle Maintenance	10,080	-	-	10,080
TOTAL OPERATING EXPENSES	<u>\$ 138,081</u>	<u>\$ 116,175</u>	<u>\$ 17,924</u>	<u>\$ 272,180</u>
DEPRECIATION	<u>\$ 36,104</u>	<u>\$ 12,534</u>	<u>\$ -</u>	<u>\$ 48,638</u>
TOTAL EXPENSES	<u>\$ 689,833</u>	<u>\$ 212,167</u>	<u>\$ 17,924</u>	<u>\$ 919,924</u>

The accompanying notes are an integral part of the financial statements.

SOJOURNER HOUSE, INC.
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (47,078)	\$ 2,230
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	38,005	48,638
Realized (Gain) Loss on Sale of Investments	6,199	(218)
Unrealized (Gain) Loss on Investments	29,531	(13,626)
CHANGES IN ASSETS AND LIABILITIES		
Contractual Revenue Receivable	93,375	(18,491)
Other Receivables	116,773	(150,111)
Prepaid Expenses	4,204	(1,796)
Accounts Payable	(12,441)	10,337
Client Savings and Security Deposits	2,889	2,857
Revenue Raised on Behalf of Others	<u>(73,020)</u>	<u>(33,895)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 158,437</u>	<u>\$ (154,075)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Building Improvements	\$ (21,053)	\$ -
Acquisition of Investments, Including Reinvested Dividends	(65,911)	(27,685)
Proceeds from Sale of Investments	<u>45,754</u>	<u>15,573</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>\$ (41,210)</u>	<u>\$ (12,112)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Repayments) Borrowings on Line of Credit	\$ (75,000)	\$ 75,000
Mortgage Principal Payments	(8,333)	(8,333)
Capital Lease Obligation Payments	<u>(3,948)</u>	<u>(3,948)</u>
NET CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	<u>\$ (87,281)</u>	<u>\$ 62,719</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ 29,946</u>	<u>\$ (103,468)</u>
Cash and Cash Equivalents - July 1	<u>165,575</u>	<u>269,043</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ 195,521</u></u>	<u><u>\$ 165,575</u></u>

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:

Cash Paid During the Years Ended June 30 for:

Interest	\$ <u>-</u>	\$ <u>23</u>
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The accompanying notes are an integral part of the financial statements.

SOJOURNER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS

ORGANIZATION AND PURPOSE

Sojourner House, Inc. (Sojourner) is a nonprofit organization that provides "a faith based residential and treatment program for mothers and their children to help break the intergenerational cycle of addiction". Sojourner House is licensed by the Commonwealth of Pennsylvania as a "women and children's" residential rehabilitation facility. Women live on-site, in their own apartments with up to three children, and both mothers and children receive services designed to help the mothers achieve sobriety and to repair family relationships injured as a result of the mother's history of severe abuse of chemicals and other substances.

PROGRAM DESCRIPTION

Sojourner provides comprehensive services including counseling, treatment and spirituality groups, on-site 12 step recovery groups, life skills training, parenting education, and referral. Youngsters are served in a Children's Center, school age children receive Drug and Alcohol Prevention services, recreation and homework support.

NOTE (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

Sojourner has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under this statement Sojourner is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

UNRESTRICTED NET ASSETS

The part of net assets that is neither permanently restricted nor temporarily restricted by donor imposed stipulations. These assets may be expended for any purpose designated by the Board of Directors.

TEMPORARILY RESTRICTED NET ASSETS

The part of net assets resulting from contributions and other inflows of assets whose use by the corporation is limited by donor imposed stipulations that are satisfied by the passage of time or can be fulfilled by actions of Sojourner pursuant to those stipulations.

ACCOUNTING METHOD

The accrual method of accounting is used for both financial statement presentation and tax reporting purposes. Under this method, revenue is recorded when earned and expenses are recorded when incurred without regard to the time of cash receipt and disbursement.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, Sojourner considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash consists of checking and money market accounts and petty cash with the entire amount available for unrestricted purposes. At June 30, 2008 and 2007, the amount of funds in excess of the FDIC federally insured limit is \$36,071 and \$30,537, respectively.

SOJOURNER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHARITY CARE

Certain contractual revenue is subject to an unpaid contractual allowance and client service may not ultimately be realized. Accordingly, Sojourner's policy is to record the unreimbursed service days as charity care.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is when a stipulated time restriction or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

DEPRECIATION

Depreciation is computed on historical costs using the straight-line method for financial statement presentation.

Building	40 Years
Building Improvements	3-35 Years
Furniture, Fixtures and Equipment	3-35 Years
Automobile	5 Years

Sojourner capitalizes furniture and equipment having a useful life greater than one year costing in excess of \$500.

Allegheny County retains a reversionary interest in real estate and equipment acquired through their funding. At June 30, 2008, Allegheny County had funded the following acquisitions:

Office Equipment and Furniture
Apartment Furnishings

DONATED SERVICES

Sojourner receives a substantial amount of donated services. During the fiscal year ended June 30, 2008, individuals donated in excess of 5,000 hours of volunteer service to assist Sojourner with carrying out its mission. In accordance with the requirements of SFAS No. 116, no amounts have been reflected in the financial statements for those services.

ESTIMATES

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States of America, requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenue and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**SOJOURNER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FEDERAL INCOME TAX

The Internal Revenue Service has determined that Sojourner is not a private foundation and is exempt from federal income taxes pursuant to Internal Revenue Code Section 501(c)(3). Accordingly, no provision has been made for such taxes in the financial statements. The corporation files annual information returns with the Internal Revenue Service.

Contributions to Sojourner qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

FUNCTIONAL EXPENSES

Salaries and related expenses are allocated between client and administrative services, and fundraising expenses, based upon the time personnel spend on each function. The remaining expenses are specifically allocated whenever practical or are allocated based upon space utilization.

RELATED PARTY TRANSACTIONS

Sojourner is related to Sojourner House - Mom's through common Board members. For the year ended June 30, 2008, the relevant related party transactions are disclosed in Note (E) and (H).

NOTE (B) INVESTMENTS

Investments consist of mutual fund shares and are reported at market value. Unrealized gain or loss on these investments is reported in the Statement of Activities as required by SFAS No. 117.

The summary for the year ended June 30, 2008 and 2007, is as follows:

	<u>2008</u>	<u>2007</u>
Total Market Value	\$ 180,425	\$ 195,998
Total Cost	<u>209,956</u>	<u>182,372</u>
Unrealized (Loss) Gain	\$ <u>(29,531)</u>	\$ <u>13,626</u>

NOTE (C) CONTRACTUAL REVENUE RECEIVABLE

Sojourner has recorded the following contractual revenue receivable at June 30, 2008 and 2007:

<u>GRANTOR</u>	<u>SOURCE</u>	<u>2008</u>	<u>2007</u>
Community Care Behavioral Health	N / A	\$ 78,788	\$ 157,318
Value Behavioral Health	N / A	18,049	16,132
Allegheny County	Act 152	7,625	29,284
Other Counties	Act 152	12,582	-
Other	N / A	<u>17,617</u>	<u>21,968</u>
		\$ 134,661	\$ 224,702
Less: Allowance for Uncollectible Funds		<u>6,295</u>	<u>2,961</u>
TOTAL		\$ <u>128,366</u>	\$ <u>221,741</u>

**SOJOURNER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE (D) LONG-TERM DEBT

The following summarizes the balances at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
1. URA Mortgage	\$ 156,647	\$ 164,980
2. URA Mortgage	110,000	110,000
3. Capital Lease	9,870	13,818
4. Line of Credit	<u>-</u>	<u>75,000</u>
TOTAL LONG-TERM DEBT	\$ 276,517	\$ 363,798
Less: Current Portion	<u>12,281</u>	<u>87,281</u>
NONCURRENT PORTION OF LONG-TERM DEBT	\$ <u>264,236</u>	\$ <u>276,517</u>

1. The Urban Redevelopment Authority - City of Pittsburgh mortgage was issued on May 14, 1991, in the amount of \$250,000. The non-interest bearing mortgage requires monthly principal payments of \$694.44 beginning December 31, 1996 through November 1, 2026. The mortgage is secured by Sojourner's land and building located at 5460 Penn Avenue, Pittsburgh, PA.
2. The Urban Redevelopment Authority - City of Pittsburgh mortgage was issued on May 14, 1991, in the amount of \$110,000. The non-interest bearing mortgage requires a balloon payment of \$110,000 on May 14, 2090, or upon sale of the underlying security, whichever occurs first. The mortgage is secured by Sojourner's land and building located at 5460 Penn Avenue, Pittsburgh, PA.
3. On August 24, 2005, Sojourner acquired a copier under the provisions of a capital lease. Terms of the 63 month lease require monthly payments of \$329 through December 2010. Accumulated depreciation on the copier was \$10,857 and \$6,909 at June 30, 2008 and 2007, respectively. On July 9, 2008, the copier was traded in on a new copier which will be recorded as a capital lease. The new lease requires 60 monthly payments of \$508 commencing on August 1, 2008.
4. Sojourner has an unsecured committed line of credit with a local bank in the amount of \$100,000, which expires on August 20, 2009. At June 30, 2008, there were no borrowings on the line. At June 30, 2007, \$75,000 was borrowed on the line. The line of credit charges interest at prime rate plus 1%.

The principal payments due for each of the next five fiscal years, and in the aggregate are as follows:

FISCAL YEAR ENDING	URA <u>Mortgages</u>	Capital <u>Lease</u>	Line of <u>Credit</u>	<u>Totals</u>
June 30, 2009	\$ 8,333	\$ 3,948	\$ -	\$ 12,281
June 30, 2010	8,333	3,948	-	12,281
June 30, 2011	8,333	1,974	-	10,307
June 30, 2012	8,333	-	-	8,333
June 30, 2013	8,333	-	-	8,333
Thereafter	<u>224,982</u>	<u>-</u>	<u>-</u>	<u>224,982</u>
Total	\$ <u>266,647</u>	\$ <u>9,870</u>	\$ <u>-</u>	\$ <u>276,517</u>

**SOJOURNER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE (E) REVENUE RAISED ON BEHALF OF OTHERS

Sojourner has raised funds on behalf of Sojourner House - Mom's. The cumulative amounts received through fiscal year ended June 30, 2008, were \$1,527,229 and the related expenses incurred were \$1,543,812. The remaining balance of \$16,583 at June 30, 2008 will be transferred from Sojourner House - Mom's during the fiscal year June 30, 2009.

NOTE (F) CONTRACTUAL REVENUE

Sojourner has recorded the following contractual revenue:

<u>CONTRACTOR</u>	<u>SOURCE</u>	<u>2008</u>	<u>2007</u>
Community Care Behavioral Health	N / A	\$ 643,944	\$ 687,818
Value Behavioral Health	N / A	23,800	23,908
Allegheny County	Act 152	38,507	45,324
City of Pittsburgh	McKinney	28,150	28,150
Other Counties	Act 152	24,019	13,696
TOTAL		\$ <u>758,420</u>	\$ <u>798,896</u>

NOTE (G) COMMITMENTS

Sojourner is related to Sojourner House - Mom's through common Board members and provides billing and collection services for Mom's contract with HUD. Sojourner has provided a commitment to provide Mom's with funding for any deficiencies it may encounter with the HUD contract. If there are certain unreimbursed costs of Mom's, Sojourner will loan the monies to Mom's on a short-term, interest free basis. At June 30, 2008, there was no liability recorded on this commitment due to adequate HUD funding of Mom's.

NOTE (H) RELATED PARTY TRANSACTION

Sojourner charges Sojourner House - Moms an administrative fee to cover certain accounting and other administrative costs incurred by Sojourner on behalf of Moms. The fee was \$8,041 for June 30, 2008.

NOTE (I) ECONOMIC DEPENDENCY

Sojourner recognized a significant portion of its total revenue for the years ended June 30, 2008 and 2007, through activity with one contractor. This contractor provided approximately 68% and 73% of total revenues during the two fiscal years, respectively.

NOTE (J) SUBSEQUENT EVENT

Effective October 1, 2008, the organization has implemented a SIMPLE IRA Plan. Any employee expected to earn at least \$5,000 and hired as of the plan effective date or later will be eligible to receive a 2% contribution of their salary to an IRA. Employees may elect to defer up to \$10,500 annually with no set maximum amount of compensation. Participants who are age 50 or over by the end of the plan year may make additional catch-up contributions of up to \$2,500.