

PROVIDENCE HOUSE, INC. AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2017 and 2016

Providence House, Inc. and Affiliates

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Providence House, Inc. and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2017 and June 30, 2016, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Providence House, Inc. and Affiliates as of June 30, 2017 and 2016, and the changes in its consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



New York, New York
April 18, 2018

Providence House, Inc. and Affiliates

Consolidated Statements of Financial Position

| | June 30, | |
|--|---------------------|---------------------|
| | 2017 | 2016 |
| ASSETS: | | |
| Cash and cash equivalents | \$ 339,583 | \$ 317,379 |
| Contributions and grants receivable | 35,000 | 139,938 |
| Program revenue receivable | 1,474,264 | 1,139,710 |
| Prepaid expenses | 3,363 | 84 |
| Investments | 2,726,173 | 2,850,260 |
| Developer fees receivable | 230,000 | 301,500 |
| Reserve account | 345,000 | 345,000 |
| Interest receivable from affiliates | 397,014 | 397,014 |
| Notes receivable from affiliates | 1,459,768 | 1,459,768 |
| Property and equipment–net | 2,196,099 | 2,263,888 |
| Total Assets | \$ 9,206,264 | \$ 9,214,541 |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 920,950 | \$ 687,370 |
| Accrued payroll and related expenses | 108,528 | 90,350 |
| Mortgage payable | 71,591 | 195,569 |
| Line of credit | 652,916 | 200,000 |
| Total liabilities | 1,753,985 | 1,173,289 |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 4,905,478 | 5,737,331 |
| Net investment in property and equipment | 2,124,508 | 1,868,319 |
| | 7,029,986 | 7,605,650 |
| Temporarily restricted | 422,293 | 435,602 |
| Total net assets | 7,452,279 | 8,041,252 |
| Total Liabilities and Net Assets | \$ 9,206,264 | \$ 9,214,541 |

See notes to consolidated financial statements

Providence House, Inc. and Affiliates

Consolidated Statements of Activities

| | Year Ended June 30, | | | | | |
|--|---------------------|---------------------------|------------------|------------------|---------------------------|------------------|
| | 2017 | | | 2016 | | |
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| SUPPORT, REVENUE AND RELEASES: | | | | | | |
| Contract revenue | \$ 3,313,075 | \$ - | \$ 3,313,075 | \$ 2,823,779 | \$ - | \$ 2,823,779 |
| Donations and grants | 496,422 | 144,761 | 641,183 | 737,225 | 270,023 | 1,007,248 |
| Fundraising event | 380,555 | - | 380,555 | 383,650 | - | 383,650 |
| Interest income on notes receivable | - | - | - | 221,050 | - | 221,050 |
| Miscellaneous income | 142,914 | - | 142,914 | 125,234 | - | 125,234 |
| CACFP and EFSP food grant | 104,136 | - | 104,136 | 105,096 | - | 105,096 |
| Developer fees | - | - | - | 93,955 | - | 93,955 |
| Rental income | 64,403 | - | 64,403 | 59,371 | - | 59,371 |
| Administrative overhead revenue | 39,567 | - | 39,567 | 28,780 | - | 28,780 |
| Donated services value | 175,985 | - | 175,985 | 26,480 | - | 26,480 |
| NYC Housing HRA payments | 5,483 | - | 5,483 | 7,618 | - | 7,618 |
| Investment income (loss) | 128,971 | - | 128,971 | (226,928) | - | (226,928) |
| Satisfaction of purpose restrictions | 158,070 | (158,070) | - | 840,532 | (840,532) | - |
| Total Support, Revenue and Releases | 5,009,581 | (13,309) | 4,996,272 | 5,225,842 | (570,509) | 4,655,333 |
| EXPENSES: | | | | | | |
| Temporary shelter program | 3,204,635 | - | 3,204,635 | 2,956,161 | - | 2,956,161 |
| Central - program support | 1,398,098 | - | 1,398,098 | 1,103,387 | - | 1,103,387 |
| Kosciusko Street project | 581,089 | - | 581,089 | 465,486 | - | 465,486 |
| Lincoln Road project | 294,043 | - | 294,043 | 228,540 | - | 228,540 |
| Child care program | 71,710 | - | 71,710 | 30,888 | - | 30,888 |
| Permanent housing program | 34,155 | - | 34,155 | 38,033 | - | 38,033 |
| 178 Halsey | 1,515 | - | 1,515 | 90,717 | - | 90,717 |
| Total Expenses | 5,585,245 | - | 5,585,245 | 4,913,212 | - | 4,913,212 |
| Change in Net Assets | (575,664) | (13,309) | (588,973) | 312,630 | (570,509) | (257,879) |
| Net Assets, Beginning of Year | 7,605,650 | 435,602 | 8,041,252 | 7,293,020 | 1,006,111 | 8,299,131 |
| Net Assets, End of Year | \$ 7,029,986 | \$ 422,293 | \$ 7,452,279 | \$ 7,605,650 | \$ 435,602 | \$ 8,041,252 |

See notes to consolidated financial statements

Providence House, Inc. and Affiliates

Consolidated Statements of Cash Flows

| | Year Ended June 30, | |
|---|---------------------|--------------|
| | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (588,973) | \$ (257,879) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation expense | 146,883 | 144,649 |
| Realized and unrealized gain (loss) on investments | (53,443) | 227,224 |
| Changes in: | | |
| Contributions and grants receivable | 104,938 | (88,183) |
| Program revenue receivable | (334,554) | (307,166) |
| Prepaid expenses | (3,279) | 3,206 |
| Developer fees receivable | 71,500 | 232,550 |
| Reserve account | - | (230,000) |
| Interest receivable from affiliates | - | (287,990) |
| Accounts payable and accrued expenses | 233,580 | 637,996 |
| Accrued payroll and related expenses | 18,178 | (39,244) |
| Net Cash Provided (Used) by Operating Activities | (405,170) | 35,163 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (79,094) | (104,287) |
| Purchases of investments | (1,869,809) | (6,934,994) |
| Proceeds from sale of investments | 2,047,339 | 6,082,970 |
| Net Cash Provided (Used) by Investing Activities | 98,436 | (956,311) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Drawdown on line of credit | 452,916 | 200,000 |
| Repayment of principal | (123,978) | (115,303) |
| Net Cash Provided by Financing Activities | 328,938 | 84,697 |
| Change in Cash and Cash Equivalents | 22,204 | (836,451) |
| Cash and Cash Equivalents, Beginning of Year | 317,379 | 1,153,830 |
| Cash and Cash Equivalents, End of Year | \$ 339,583 | \$ 317,379 |
| SUPPLEMENTAL INFORMATION: | | |
| Cash paid for interest | \$ 41,798 | \$ 30,967 |

See notes to consolidated financial statements

Providence House, Inc. and Affiliates

Consolidated Statements of Functional Expenses

| | Year Ended June 30, | | | | | | | |
|--|----------------------------|----------------------------|--|----------------------------|----------------------------|---------------------------|--|----------------------------|
| | 2017 | | | | 2016 | | | |
| | Program | Management and General | Development and Public Relations | Totals | Program | Management and General | Development and Public Relations | Totals |
| Salaries and wages | \$ 2,060,321 | \$ 150,141 | \$ 132,495 | \$ 2,342,957 | \$ 1,664,304 | \$ 369,368 | \$ 129,255 | \$ 2,162,927 |
| Other program expenses | 633,250 | 1,282 | - | 634,532 | 472,816 | 1,482 | - | 474,298 |
| Employee benefits | 462,819 | 12,027 | 58,039 | 532,885 | 364,802 | 44,312 | 46,144 | 455,258 |
| Professional fees | 2,967 | 201,348 | 46,900 | 251,215 | 27,840 | 56,396 | 52,857 | 137,093 |
| Payroll taxes | 201,297 | 28,341 | 14,225 | 243,863 | 164,948 | 19,553 | 12,758 | 197,259 |
| Miscellaneous | 2,609 | 211,988 | 821 | 215,418 | 169,981 | 8,828 | 1,123 | 179,932 |
| Utilities | 161,652 | 18,695 | - | 180,347 | 158,699 | 30,346 | - | 189,045 |
| Donated services value | - | 175,985 | - | 175,985 | - | 26,480 | - | 26,480 |
| Office expenses | 93,129 | 63,474 | - | 156,603 | 106,411 | 64,710 | - | 171,121 |
| Depreciation | 107,416 | 39,467 | - | 146,883 | 105,162 | 39,487 | - | 144,649 |
| Rent | 144,850 | - | - | 144,850 | 161,592 | - | - | 161,592 |
| Supplies | 106,999 | 24,901 | 8 | 131,908 | 88,000 | 24,471 | 536 | 113,007 |
| Equipment repairs, rental and maintenance | 74,427 | 28,589 | 100 | 103,116 | 86,989 | 7,489 | - | 94,478 |
| Insurance | 24,921 | 46,348 | - | 71,269 | 76,132 | 18,967 | - | 95,099 |
| Food | 37,290 | 10,759 | - | 48,049 | 81,636 | 8,024 | 487 | 90,147 |
| Telephone | 32,983 | 10,795 | - | 43,778 | 35,329 | 7,878 | - | 43,207 |
| Interest expense | 15,870 | 25,928 | - | 41,798 | 20,586 | 10,381 | - | 30,967 |
| Advertising | 2,816 | 35,123 | 13 | 37,952 | 2,198 | 170 | - | 2,368 |
| Other fundraising expenses | - | - | 25,834 | 25,834 | - | - | 38,492 | 38,492 |
| Printing | 1,099 | 144 | 17,001 | 18,244 | 4,300 | 4,451 | 17,110 | 25,861 |
| Travel | 9,565 | 1,826 | 82 | 11,473 | 5,612 | 3,224 | 131 | 8,967 |
| Seminars and training | 8,357 | 959 | - | 9,316 | 5,392 | 33,159 | - | 38,551 |
| Dues and subscriptions | 636 | 6,544 | 1,016 | 8,196 | 638 | 8,840 | 1,266 | 10,744 |
| Postage and delivery | 614 | 1,261 | 3,139 | 5,014 | 506 | 2,118 | 2,594 | 5,218 |
| Scholarships | - | 2,500 | - | 2,500 | - | 10,500 | - | 10,500 |
| Client assistance and gifts | 1,260 | - | - | 1,260 | 5,952 | - | - | 5,952 |
| Total expenses | <u>\$ 4,187,147</u> | <u>\$ 1,098,425</u> | <u>\$ 299,673</u> | <u>\$ 5,585,245</u> | <u>\$ 3,809,825</u> | <u>\$ 800,634</u> | <u>\$ 302,753</u> | <u>\$ 4,913,212</u> |

See notes to consolidated financial statements

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

1. NATURE OF ORGANIZATION:

Providence House, Inc. (Providence) is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Providence is principally engaged in the housing and feeding of homeless women and their children, and women leaving prison. These services are provided in the City of New York and Westchester County, New York. Providence's primary sources of revenue are grants and contributions.

Providence Kosciuszko Housing Development Fund Corporation (PKHDFC), a nonprofit organization, was incorporated on August 21, 2009, pursuant to Article XI of the New York Private Housing Finance Law and Section 402 of the Not-For-Profit Corporation Law. PKHDFC's mission is to develop and operate the K Street Project. Providence is the sole member of PKHDFC. The board of PKHDFC consists of members that are either board members of Providence or members that are approved by the Providence board.

On April 15, 2010, Providence and Alembic Development Company, LLC (ADC) formed a joint venture to construct, develop and operate the K Street Project.

273-277 Kosciuszko, G.P., LLC (273 GP LLC) was established on November 22, 2010, as a limited liability company. 273 GP LLC consists of two members, PK LLC and ADC, with PK LLC owning the majority interest (51%). 273 GP LLC's sole purpose is to allow PKHDFC, through PK LLC, to partner with ADC in the construction, development and operation of the K Street Project. On February 21, 2014, 273 GP LLC agreement was modified with PK LLC having a 75% interest and an unrelated non-profit partner having a 25% interest.

Providence Kosciuszko LLC (PK LLC) was incorporated on May 17, 2011, as a limited liability company for the purpose of acquiring a membership interest and a partnership interest, respectively, in 273 GP LLC and the 273 Limited Partnership. PKHDFC is the sole member of PK LLC.

Providence I Housing Development Fund Corporation (PIHDFC), a non-profit organization, was incorporated on June 2, 2008, pursuant to Article XI of the New York Private Housing Finance Law and Section 402 of the Not-For-Profit Corporation Law. PIHDFC's mission is to develop and operate the Lincoln Road Project. Providence is the sole member of PIHDFC. The board of PIHDFC consists of members that are either board members of Providence or members that are approved by the Providence board.

On January 30, 2012, Providence and ADC formed another joint venture to construct, develop and operate the Lincoln Road Project.

329 Lincoln Road, G.P., LLC (329 GP LLC) was established on January 30, 2010, as a limited liability company. 329 GP LLC consists of two members, PI LLC and ADC, with PI LLC owning the majority interest (51%). 329 GP LLC's sole purpose is to allow PIHDFC, through PI LLC, to partner with ADC in the construction, development and operation of the Lincoln Road Project.

Providence I LLC (PI LLC) was incorporated as a limited liability company for the purpose of acquiring a membership interest and a partnership interest, respectively, in 329 GP LLC and the 329 Limited Partnership. PIHDFC is the sole member of PI LLC.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

1. NATURE OF ORGANIZATION, continued:

PH Halsey Hancock Housing Development Fund Corporation (PHHHHDFC) was established on June 29, 2016, as a non-profit corporation. PHHHHDFC was organized under the laws of the State of New York and was established to acquire, develop, finance and construct the Halsey Hancock Development Project. Currently there is no activity for this corporation. Starting in the fiscal year ended June 30, 2018, this corporation will be consolidated into Providence House financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial resources and activities of Providence, PKHDFC, 273 GP LLC, PK LLC, PIHDFC, 329 GP LLC, and PI LLC. All material transactions and balances between the organizations have been eliminated in the consolidated financial statements. Providence House, Inc. and Affiliates shall be referred to as Providence throughout these notes to the consolidated financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all unrestricted cash on hand and in banks. Providence also considers all highly liquid unrestricted investments with a maturity of three months or less when purchased to be cash equivalents. Providence's cash accounts are located in one institution. At June 30, 2017 and 2016, Providence's cash balances exceeded federally insured limits by \$82,751 and \$62,540, respectively. Providence does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional promises to give are recognized as income when made and recorded at fair value based upon estimated future cash flows. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

INVESTMENTS

Investments are reported at fair value based on quoted market prices. Investment income, including realized and unrealized gains and losses are included in the consolidated statements of activities. Donated investments are reflected as contributions at fair market value at date of receipt.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PARTNERSHIP INTERESTS

Providence, indirectly through related entities described in Note 15, is a general partner in two permanent supportive housing project partnerships, 273-277 Kosciusko, L.P. and 329 Lincoln Road, L.P. The limited partners have substantive participating rights; therefore, Providence does not consolidate these partnerships into its consolidated financial statements but accounts for the partnerships using the equity method. Due to immateriality, no amount has been included in these consolidated financial statements. These housing projects are referred to throughout the consolidated financial statements as the K Street Project and the Lincoln Road Project; see Notes 6, 7, 14 and 18 for further information.

PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost, or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives.

Estimated useful lives are:

| | |
|-----------------------------------|-----------------------------|
| Buildings and improvements | 15 - 40 years |
| Leasehold improvements | Remaining life of the lease |
| Furniture, fixtures and equipment | 5 - 10 years |

DEFERRED DEVELOPMENT FEES

Deferred developer fees are recorded for certain unearned developer fees promised under secured notes receivable, as specified in Note 6 herein. Since the developer fees relate to the completion of each project, the revenue is recognized on a percentage of completion method.

NET ASSETS

The consolidated financial statements report amounts separately by classes of net assets:

- *Unrestricted* net assets are those currently available for ministry purposes under the direction of the Board, those designated for specific use and those resources invested in property and equipment.
- *Temporarily restricted* net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by Providence which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS

Contributions are recognized when a commitment is made, which may be when cash is received, an unconditional promise to give is made or when ownership of donated assets is transferred. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Contributions of property, buildings and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets. Contributions of cash or other assets to be used to acquire property, plant and equipment are reported as revenue of the temporarily restricted net assets; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

GRANTS

Grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors.

Providence receives substantial support from the New York City Department of Homeless Services and the New York City Human Resources Administration. Providence is obligated under the terms of the contracts to comply with specified conditions and program requirements set forth by the grantor.

FUNDRAISING EVENT

Providence hosts an annual fundraising event which is shown on the consolidated statements of activities net of direct benefit costs. Fundraising income consists of contributions from attendees and other revenue from the event. The fundraising event income consists of the following:

| | Year Ended June 30, | |
|---------------|---------------------|-------------------|
| | 2017 | 2016 |
| Contributions | \$ 354,851 | \$ 345,250 |
| Other revenue | 25,704 | 38,400 |
| | <u>\$ 380,555</u> | <u>\$ 383,650</u> |

DEVELOPER FEES

Developer fees are earned for developer services provided in connection with the K Street Project and the Lincoln Road Project, and are earned on a percentage of completion basis, as more specifically outlined in Note 6.

DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by Providence. These services are valued based on the estimated cost of services that would otherwise have had to be purchased.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized below on a functional basis. Certain costs have been allocated among program services and supporting activities as follows:

| | Year Ended June 30, | |
|----------------------------------|---------------------|--------------|
| | 2017 | 2016 |
| Program services | \$ 4,187,147 | \$ 3,809,825 |
| Supporting services: | | |
| Management and general | 1,098,425 | 800,634 |
| Development and public relations | 299,673 | 302,753 |
| | \$ 5,585,245 | \$ 4,913,212 |

RECLASSIFICATIONS

Certain amounts have been reclassified from the prior year to conform to current year presentation.

3. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of:

| | June 30, | |
|---------------------------------------|------------|------------|
| | 2017 | 2016 |
| Central accounts checking and savings | \$ 332,607 | \$ 309,674 |
| Various petty cash accounts | 6,832 | 4,839 |
| PH III checking | 144 | 144 |
| Payroll checking | - | 2,722 |
| | \$ 339,583 | \$ 317,379 |

4. PROGRAM REVENUE RECEIVABLE:

Program revenue receivable consists of the following agency grants receivable:

| | June 30, | |
|---|--------------|--------------|
| | 2017 | 2016 |
| Department of Health and Mental Hygiene | \$ 726,817 | \$ 354,521 |
| Other | 304,105 | 599,958 |
| PH IV – WDSS | 117,184 | 103,557 |
| DHS – Consolidated | 314,679 | 5,306 |
| Department of Homeless Services | 11,479 | 76,368 |
| | \$ 1,474,264 | \$ 1,139,710 |

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

5. INVESTMENTS:

Investments at fair value consist of the following:

| | June 30, | |
|-----------------------------|--------------|--------------|
| | 2017 | 2016 |
| Common stock | \$ 1,677,490 | \$ 800,531 |
| Mutual funds | 836,931 | 1,788,465 |
| Cash and money market funds | 211,752 | 261,264 |
| | \$ 2,726,173 | \$ 2,850,260 |

Investment income is composed of the following:

| | | |
|--|------------|--------------|
| Interest and dividends | \$ 75,528 | \$ 296 |
| Realized and unrealized gain (loss) on investments | 53,443 | (227,224) |
| | \$ 128,971 | \$ (226,928) |

6. DEVELOPER FEES RECEIVABLE AND RESERVE ACCOUNT:

Providence, together with a third-party development company, Alembic Development Company, LLC (ADC), provides developer services in connection with the K Street and Lincoln Road projects. Pursuant to development agreements signed in connection with both of the aforementioned housing projects, Providence is entitled to earn developer fees from 273-277 Kosciusko, L.P. and 329 Lincoln Road, L.P., respectively, when various project milestones and conditions are met as follows:

| | |
|---|------|
| Completion of plans and specifications | 10% |
| Obtaining all building permits | 20% |
| Achieving 25% completion | 20% |
| Achieving 50% completion | 10% |
| Achieving 75% completion | 20% |
| Achieving 100% completion and issuance of final certificate of occupancy | 20% |
| | 100% |

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

6. DEVELOPER FEES RECEIVABLE AND RESERVE ACCOUNT, continued:

Developer fees receivable consist of the following amounts:

| | June 30, | |
|---|-------------------|-------------------|
| | 2017 | 2016 |
| The K Street Project development services agreement entitles Providence to earn \$1,421,415 of a \$1,651,415 total development fee over the life of the K Street Project. On the first \$460,000 of the total developer fee received, Providence and ADC will be paid in a 50/50 split. At June 30, 2017 and 2016, 100% of the total developer fees were earned based upon completion status of the K Street Project. \$616,415 of the development fees owed to Providence are secured by a note receivable and are included in notes receivable from affiliates. Development fees owed to Providence are intended to fund certain required reserve accounts. | <u>\$ 230,000</u> | <u>\$ 230,000</u> |

The Lincoln Road Project development services agreement entitles Providence to earn \$941,353 of a \$1,018,353 total development fee over the life of the Lincoln Road Project. On the first \$220,000 of the total developer fee received, Providence and ADC were paid in a 65/35 split, respectively, all of which was received as of June 30, 2016, but was initially recorded incorrectly and later corrected during the year ended June 30, 2017. Therefore, no balance is due for the years ended June 30, 2017 and 2016. At June 30, 2017 and 2016, 100% of the total developer fees were earned based upon completion status of the Lincoln Road Project. \$798,353 of the development fees owed to Providence are secured by a note receivable and are included in notes receivable from affiliates. Development fees owed to Providence are intended to fund certain required reserve accounts.

Actual payments of outstanding developer fees are expected to be received over several years as funds become available from capital contributions, loan proceeds or net cash flow of the projects.

In addition, Providence had a reserve account established from 273 Limited Partnership of \$345,000 earned developer fees placed in operating and social reserve accounts held by 273 Limited Partnership, as of both June 30, 2017 and 2016.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

7. NOTES RECEIVABLE FROM AFFILIATES:

Providence is the holder of multiple notes receivable from affiliated organizations. Payments on all notes are expected to be received as funds become available from net cash flow earned from operation of the respective housing projects. Any and all payments received require deposit into reserve accounts held for the benefit of each project. Receipt of principal payments on all notes receivable is expected to begin in 2024 and thereafter. Notes receivable consist of the following:

| | June 30, | |
|---|------------|------------|
| | 2017 | 2016 |
| A \$616,415 secured note receivable, from 273-277 Kosciusko, L.P., with interest at a fixed rate of 7.5% per annum, compounded annually. This note receivable represents deferred development fees in connection with the construction of the K Street Project. The note receivable is secured by a subordinate mortgage on the K Street Project property and has a maturity date of January 30, 2026. Interest earned on the note was \$0 and \$139,158 during the years ended June 30, 2017 and 2016, respectively, and is included in interest receivable from affiliates. | \$ 616,415 | \$ 616,415 |
| A \$523,353 secured note receivable, from 329 Lincoln Road, L.P., with interest at a fixed rate of 8.92% per annum, compounded annually. This note receivable represents deferred development fees due in connection with the construction of the Lincoln Road Project. The note receivable is secured by a subordinate mortgage on the Lincoln Road Project property and has a maturity date not to exceed the 13th anniversary of the date the Lincoln Road Project is placed in service. Interest earned on the note was \$0 and \$50,756 during the years ended June 30, 2017 and 2016, respectively, and is included in interest receivable from affiliates. | 523,353 | 523,353 |

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

7. NOTES RECEIVABLE FROM AFFILIATES, continued:

| | June 30, | |
|---|--------------|--------------|
| | 2017 | 2016 |
| <p>A \$275,000 secured note receivable, from 329 Lincoln Road, L.P., with interest at a fixed rate of 8.92% per annum, compounded annually. This note receivable represents permanent mortgage financing for the Lincoln Road Project paid from deferred development fees expected to be earned by Providence in connection with the construction of the Lincoln Road Project. These funds are intended to fund certain required reserve accounts. The note receivable is secured by a subordinate mortgage on the Lincoln Road Project property. Interest earned on the note was \$0 and \$26,888 during the years ended June 30, 2017 and 2016, respectively, and is included in interest receivable from affiliates. The principal and all accrued, unpaid interest is due and payable in full on June 29, 2074.</p> | 275,000 | 275,000 |
| <p>A \$45,000 secured note receivable, with interest at a fixed rate of 8.92% per annum, compounded annually. This note receivable represents permanent mortgage financing for the Lincoln Road Project paid from New York State Energy Research and Development Authority grant proceeds given to Providence in connection with the construction of the Lincoln Road Project. The note receivable is secured by a subordinate mortgage on the Lincoln Road Project property. Interest earned on the note was \$0 and \$4,248 during the years ended June 30, 2017 and 2016, respectively, and is included in interest receivable from affiliates. The principal and all accrued, unpaid interest is due and payable in full on June 29, 2074.</p> | 45,000 | 45,000 |
| | \$ 1,459,768 | \$ 1,459,768 |

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

8. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

| | June 30, | |
|-----------------------------------|---------------------|---------------------|
| | 2017 | 2016 |
| Land | \$ 344,865 | \$ 344,865 |
| Buildings and improvements | 3,699,371 | 3,620,276 |
| Leasehold improvements | 321,080 | 321,080 |
| Furniture, fixtures and equipment | 119,407 | 119,407 |
| | <u>4,484,723</u> | <u>4,405,628</u> |
| Less accumulated depreciation | <u>(2,288,624)</u> | <u>(2,141,740)</u> |
| | <u>\$ 2,196,099</u> | <u>\$ 2,263,888</u> |

9. MORTGAGE PAYABLE:

Mortgage payable consists of a mortgage secured by property, payable to a bank, with an interest rate of 7.78%. The loan is payable in monthly installments of principal and interest of \$11,316. The loan is due and payable in full in October 2017. The balance of the loan as of June 30, 2017 and 2016, respectively, was \$71,591 and \$195,569. The estimated principal payments for the year ended June 30, 2018 are \$71,591.

10. LINE-OF-CREDIT:

Providence entered into a line-of-credit agreement with a bank effective March 18, 2016, to borrow up to \$1,000,000. This arrangement has been extended and now expires on May 2, 2018. Interest is payable monthly with a variable interest rate of 2.759 percentage points over the London Interbank Offered Rate, "LIBOR Rate". The line-of-credit is secured by Providence's real property. As of June 30, 2017 and 2016, there were \$652,916 and \$200,000, respectively, in outstanding borrowings on this line-of-credit.

Line-of-credit interest expense charged to operations for the year ended June 30, 2017 and 2016, was \$31,570 and \$10,478, respectively.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

11. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

| | June 30, | |
|--|------------|------------|
| | 2017 | 2016 |
| Sanctuary model implementation | \$ 52,795 | \$ 139,354 |
| Renovations, repairs and equipment | 115,073 | 96,073 |
| NYS Homeless Housing <i>(Restricted use building)</i> | 114,325 | 114,325 |
| Operations | 61,250 | - |
| HARP program implementation | 34,850 | 49,850 |
| Annual scholarships | 24,000 | 16,000 |
| K Street housing support | 20,000 | 20,000 |
| | \$ 422,293 | \$ 435,602 |

12. CONTRIBUTED SERVICES:

During the years ended June 30, 2017 and 2016, Providence received donated services valued at \$175,985 and \$26,480, respectively. These services were recorded as a contribution and expensed to professional fees in the accompanying consolidated financial statements.

13. RETIREMENT PLAN:

Providence is a participant in the noncontributory lay pension plan established by the Diocese of Brooklyn, New York, covering employees who meet certain minimum service requirements. Pension expense charged to Providence was approximately \$89,258 and \$79,036, respectively, in the years ended June 30, 2017 and 2016.

14. OPERATING LEASES:

Providence rents properties from several churches in the Diocese of Brooklyn and Queens as follows:

| Location | Lease Period | Monthly Rent |
|----------|-------------------------|--------------|
| PH I | Through August 31, 2018 | \$ 2,750 |
| PH III | Through August 31, 2018 | \$ 4,083 |
| PH V | Through August 31, 2018 | \$ 4,167 |

The future estimated minimum lease payments for each of the succeeding fiscal years are as follows:

| Years Ended June 30, | |
|----------------------|------------|
| 2018 | \$ 136,250 |
| 2019 | 22,750 |
| | \$ 159,000 |

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

15. RELATED PARTIES:

In order to further its commitment to provide shelter and support to homeless, abused and formerly incarcerated women and their children in a hospitable, non-violent, compassionate atmosphere, Providence desired to develop two new permanent supportive housing buildings. These housing projects would be used to address the scarcity of permanent supportive housing for low-income and special needs individuals and families. In order to have these projects become a reality, Providence had to partner with the city, investors and developers.

K Street Project:

The first permanent supportive housing project partnership that Providence entered into was to develop a 46-unit low-income residential rental apartment project at 273-277 Kosciuszko Street in Brooklyn, New York. The units are to be used and occupied in such a manner so as to fully utilize low-income housing tax credits in accordance with Section 42 of the Internal Revenue Code.

273-277 Kosciuszko, L.P. (273 Limited Partnership) was established on November 22, 2010, as a limited liability partnership, with 273 GP LLC as general partner and PKHDFC as limited partner. 273 Limited Partnership was organized under the laws of the State of New York and was established to acquire, develop, finance and construct the K Street Project.

On June 13, 2011, the 273 Limited Partnership agreement was amended and restated to reflect, among other changes, the admittance of PK LLC as general partner, removal of PKHDFC as limited partner, admittance of U.S.A. Institutional Tax Credit Fund LXXXIII, L.P. as the investing partner, and admittance of The Richman Group Capital Corporation as the special limited partner. The terms of the First Amended and Restated Partnership Agreement provide that profits and losses be shared 99.99% by the investing partner and .01% by the general partners (273 GP LLC and PK LLC), with no allocation to the special limited partner. Providence is the holder of a note receivable from 273 Limited Partnership as outlined in Note 7.

In June 2011, PKHDFC and other related affiliated entities entered into multiple borrowing arrangements with different lenders for the purpose of obtaining financing for the construction and completion of the K Street Project. See Note 18 for loans that are guaranteed by Providence.

In June 2011, title to the K Street Project site was conveyed to PKHDFC by the City of New York for consideration of \$3 and PKHDFC's commitment to construct and provide housing for at least thirty years exclusively to persons of low income. Pursuant to the regulatory agreement with The New York City Department of Housing Preservation and Development (NYCHPD), the K Street Project is to be occupied by persons or families of low income, as such term is defined in the regulatory agreement. Simultaneously, the beneficial and equitable interest in the property was conveyed to 273 Limited Partnership. Construction began in June 2011 and was completed in March 2013.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

15. RELATED PARTIES, continued:

As outlined in Notes 2 and 6, Providence is to receive fees for the developer services it provides to the K Street Project. Development fees of \$660,566 were earned during the year ended June 30, 2013. Development fees were fully earned as of June 30, 2013. Providence had a receivable from 273 Limited Partnership of \$230,000 for cumulative earned developer fees, as of June 30, 2017 and 2016. In addition, Providence had a receivable from 273 Limited Partnership of \$345,000 earned developer fees placed in operating and social reserve accounts held by 273 Limited Partnership, as of June 30, 2017.

Lincoln Road Project:

The second permanent supportive housing project partnership that Providence entered into was to develop a 22-unit low-income residential rental apartment project at 329 Lincoln Road in Brooklyn, New York. The units are to be used and occupied in such a manner so as to fully utilize low-income housing tax credits in accordance with Section 42 of the Internal Revenue Code.

329 Lincoln Road Associates, L.P. (329 Limited Partnership) was established on January 30, 2010, as a limited liability partnership, with 329 GP LLC as general partner and PIHDFC as limited partner. 329 Limited Partnership was organized under the laws of the State of New York and was established to acquire the property and financing for the Lincoln Road Project.

On June 1, 2012, the 329 Limited Partnership agreement was amended and restated to reflect, among other changes, removal of PIHDFC as limited partner, the admittance of the U.S.A. Institutional Tax Credit Fund LXXXVI, L.P. as the investing partner, and the admittance of The Richman Group Capital Corporation as the special limited partner. The terms of the First Amended and Restated Partnership Agreement provide that profits and losses be shared 99.99% by the investing partner and .01% by the general partner (329 GP LLC), with no allocation to the special limited partner. Providence is the holder of three notes receivable from 329 Limited Partnership as outlined in Note 7 above.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

15. RELATED PARTIES, continued:

In June 2012, PIHDFC and other related affiliated entities entered into multiple borrowing arrangements with different lenders for the purpose of obtaining financing for the construction and completion of the Lincoln Road Project. See Note 18 for other loans that are guaranteed by Providence.

On June 29, 2012, title to the Lincoln Project site was conveyed to PIHDFC by the City of New York for consideration of \$1 and PIHDFC's commitment to construct and provide housing for at least thirty years exclusively to persons of low income. Pursuant to the regulatory agreement with NYCHPD, the Lincoln Project is to be occupied by persons or families of low income, as such term is defined in the regulatory agreement. Simultaneously, the beneficial and equitable interest in the property was conveyed to 329 Limited Partnership. Construction began in July 2012 and has been completed in the fiscal year June 30, 2015.

As outlined in Notes 2 and 6, Providence is to receive fees for the developer services it provides to the Lincoln Road Project. \$798,353 of these fees are secured by notes receivable as detailed in Note 7 and were initially included in deferred developer fees. The full amount of these fees were earned during the year ended June 30, 2015.

On August 30, 2013, Providence accepted forty-four shares (22%) in 291 Bainbridge GP Corp. 291 Bainbridge GP Corp is a housing project similar to the K Street Project and Lincoln Road Project. The project required an unrelated non-profit to become a general partner minority shareholder. The majority shareholder, 291 Bainbridge Housing Development Fund Corporation, has signed an indemnity agreement to indemnify and hold Providence against any and all cost, liability, loss, damage or expense incurred by Providence as a result of Providence owning the shares.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

16. OPERATING AND REPLACEMENT RESERVES:

In connection with the K Street and Lincoln Road Projects, Providence has entered into various agreements requiring the establishment of restricted reserves accounts, including replacement, operating and social services reserves for each housing development. The reserves, when received, must be maintained in separate bank accounts and are expected to be funded from developer fees received as follows:

| | June 30, | |
|---|-------------------|-------------------|
| | 2017 | 2016 |
| For the K Street Project, all development fees earned by Providence as outlined in Note 6, except for the initial \$230,000, shall require deposit into reserve accounts. Installment payments totaling \$115,000 are expected to be deposited annually into multiple reserve accounts beginning on or around April 2014. Additional deposits totaling \$115,000 will continue annually thereafter on or around April of each subsequent year, through and including April 2018. Thereafter, payments will be made as funds become available from net cash flow earned from operation of the K Street Project. Balance represents unfunded operating and replacement reserves expected to be paid from earned development fees in connection with the K Street Project. | \$ 230,000 | \$ 230,000 |
| For the Lincoln Road Project, all development fees earned by Providence as outlined in Note 6, except for the initial \$143,000, shall require deposit into reserve accounts. Installment payments totaling \$91,667 are to be deposited into multiple reserve accounts in connection with the Lincoln Road Project beginning on or around February 2016. Additional annual deposits totaling \$91,667 will continue thereafter on or around February of each subsequent year through and including February 2018. Thereafter, payments will be made as funds become available from net cash flow earned from operation of the Lincoln Road Project. Balance represents unfunded operating and replacement reserves expected to be paid from earned development fees in connection with the Lincoln Road Project. | 183,334 | 183,334 |
| | <u>\$ 413,334</u> | <u>\$ 413,334</u> |

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

17. FAIR VALUE MEASUREMENTS:

Providence uses appropriate valuation techniques to determine fair value based on inputs available. When available, Providence measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017 and 2016:

| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-----------------------------|---------------------|--|---|--|
| June 30, 2017: | | | | |
| Cash and money market funds | \$ 211,752 | \$ - | \$ - | \$ - |
| Equities | 1,677,490 | 1,677,490 | - | - |
| Mutual funds | 836,931 | 836,931 | - | - |
| | <u>\$ 2,726,173</u> | <u>\$ 2,514,421</u> | <u>\$ -</u> | <u>\$ -</u> |
| June 30, 2016: | | | | |
| Cash and money market funds | \$ 261,264 | \$ - | \$ - | \$ - |
| Mutual funds | 1,788,465 | 1,788,465 | - | - |
| Common stock | 800,531 | 800,531 | - | - |
| | <u>\$ 2,850,260</u> | <u>\$ 2,588,996</u> | <u>\$ -</u> | <u>\$ -</u> |

Valuation techniques: The fair value of mutual funds and money market funds is based on quoted net asset values of the shares held by Providence at year end. The fair values of the certificates of deposit are based on observable inputs other than the quoted prices included in Level 1 and thus are based on yields for securities of comparable maturity, quality and type as obtained from market makers.

Providence House, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2017 and 2016

18. CONTINGENCIES:

CONSTRUCTION FINANCING

Providence has guaranteed payment jointly and severally for construction financing for the K Street Project from NYCHPD, in the amount of \$5,675,851. The maturity date of the note and mortgage is October 27, 2053. The balance of the loan as of both June 30, 2017 and 2016, was \$5,675,851.

Providence also guaranteed payment jointly and severally for construction financing for the Lincoln Road Project from NYCHPD, in the amount of \$2,750,000. The maturity date of the note and mortgage was extended from June 29, 2014 to June 29, 2074. The balance of the loan as of both June 30, 2017 and 2016, was \$2,750,000.

LEGAL MATTERS

Providence House, Inc. and Affiliates is subject to claims, legal proceedings, and investigations of matters that arise in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance or by accruals and, if not so covered, are without merit and will be vigorously contested or are of such kind or involve such amounts as would not have a significant effect on the financial position or results of operations of Providence if disposed of unfavorably.

19. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 18, 2018, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY DATA

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY DATA**

Board of Directors
Providence House, Inc. and Affiliates
Brooklyn, New York

We have audited the consolidated financial statements of Providence House, Inc. and Affiliates, as of and for the years ended June 30, 2017 and 2016, and our report thereon dated April 18, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules on pages 24-25 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the consolidated financial position and results of operations of the individual sites, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

New York, New York
April 18, 2018

Providence House, Inc. and Affiliates
Schedule of Activities by Site
For the Year Ended June 30, 2017

| | PH I | PH II | PH III | PH IV | PH V | PH VI | PH VII | Totals | PH IX Permanent Housing Program | Kosciuszko Street Project | Lincoln Road Project | Child Care Program | 178 Halsey | Central Operations | Grand Total |
|--|------------------|------------------|-------------------|---------------------|---------------------|--------------------|---------------------|---------------------|--|------------------------------|-------------------------|-----------------------|------------------|-----------------------|---------------------|
| Revenues and gains: | | | | | | | | | | | | | | | |
| Contract revenue | \$ 144,743 | \$ 175,937 | \$ 470,647 | \$ 360,413 | \$ 29,465 | \$ 37,494 | \$ 953,124 | \$ 2,171,823 | \$ - | \$ 739,323 | \$ 401,929 | \$ - | \$ - | \$ - | \$ 3,313,075 |
| Donations and grants | 1,500 | 45,400 | 11,110 | 1,221 | 17,828 | 1,570 | - | 78,629 | - | - | - | - | - | 562,554 | 641,183 |
| Fundraising and special events | - | - | - | - | - | - | - | - | - | - | - | - | - | 380,555 | 380,555 |
| CACFP and FEFP food grant | 40,013 | 16,507 | 28,343 | 19,273 | - | - | - | 104,136 | - | - | - | - | - | - | 104,136 |
| Rental income | - | - | - | - | 430 | 430 | - | 860 | 63,543 | - | - | - | - | - | 64,403 |
| Administrative overhead revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | 47,053 | 47,053 |
| Miscellaneous income | - | - | - | - | - | - | - | - | 1,350 | - | - | - | 24,070 | 110,008 | 135,428 |
| NYC Housing HRA payments | - | - | - | - | 3,118 | 2,257 | - | 5,375 | - | - | - | - | - | 108 | 5,483 |
| Donated services value | 175,985 | - | - | - | - | - | - | 175,985 | - | - | - | - | - | - | 175,985 |
| Investment income | - | - | - | - | - | - | - | - | - | - | - | - | - | 128,971 | 128,971 |
| Total unrestricted revenues | 362,241 | 237,844 | 510,100 | 380,907 | 50,841 | 41,751 | 953,124 | 2,536,808 | 64,893 | 739,323 | 401,929 | - | 24,070 | 1,229,249 | 4,996,272 |
| Expenses and losses: | | | | | | | | | | | | | | | |
| Salaries and wages | 218,138 | 49,001 | 49,001 | 285,843 | 154,232 | 75,279 | 809,283 | 1,640,777 | - | 258,435 | 121,494 | 39,615 | - | 282,636 | 2,342,957 |
| Other program expenses | 550 | 7,120 | 4,500 | 2,479 | 48,002 | - | 285,793 | 348,444 | 2,080 | 157,670 | 104,683 | 20,373 | - | 1,282 | 634,532 |
| Employee benefits | 12,614 | 14,721 | 14,721 | 72,994 | 42,816 | 22,680 | 185,849 | 366,395 | - | 68,522 | 22,872 | 5,030 | - | 70,066 | 532,885 |
| Professional fees | 150 | 421 | 463 | 1,231 | - | - | 702 | 2,967 | - | - | - | - | - | 248,248 | 251,215 |
| Payroll taxes | 4,468 | 5,196 | 5,196 | 30,819 | 17,377 | 7,956 | 86,654 | 157,666 | - | 26,544 | 12,993 | 4,094 | - | 42,566 | 243,863 |
| Miscellaneous | 333 | 523 | 577 | 213 | 231 | 69 | 5 | 1,951 | 93 | 379 | 176 | 10 | - | 212,809 | 215,418 |
| Utilities | 10,243 | 13,354 | 14,316 | 21,153 | 11,275 | 3,939 | 52,068 | 126,348 | 5,141 | 23,120 | 7,043 | - | - | 18,695 | 180,347 |
| Donated services value | - | - | - | - | - | - | - | - | - | - | - | - | - | 175,985 | 175,985 |
| Office expenses | 3,115 | 12,607 | 19,277 | 14,620 | 13,089 | 2,059 | 10,588 | 75,355 | 444 | 10,724 | 5,106 | - | 1,500 | 63,474 | 156,603 |
| Depreciation | 6,271 | 15,197 | 3,824 | 14,475 | 5,501 | 1,786 | 40,048 | 87,102 | 20,314 | - | - | - | - | 39,467 | 146,883 |
| Rent | 33,000 | - | 47,500 | - | 50,000 | 14,350 | - | 144,850 | - | - | - | - | - | - | 144,850 |
| Supplies | 6,472 | 10,515 | 15,815 | 16,516 | 9,386 | 3,590 | 13,092 | 75,386 | - | 21,975 | 9,292 | 346 | - | 24,909 | 131,908 |
| Equipment, purchase, rental and maintenance | 5,101 | 16,188 | 4,983 | 14,508 | 9,404 | 1,848 | 13,180 | 65,212 | 3,397 | 3,409 | 2,409 | - | - | 28,689 | 103,116 |
| Insurance | 1,015 | 1,542 | 2,329 | 4,429 | 2,231 | 3,010 | 7,679 | 22,235 | 2,686 | - | - | - | - | 46,348 | 71,269 |
| Food | 3,922 | 5,084 | 7,777 | 12,239 | 3,836 | 3,148 | 546 | 36,552 | - | 416 | - | 322 | - | 10,759 | 48,049 |
| Telephone | 2,857 | 4,245 | 4,870 | 2,956 | 4,166 | 654 | 3,553 | 23,301 | - | 5,292 | 4,390 | - | - | 10,795 | 43,778 |
| Interest expense | 10 | 5 | - | 2,462 | - | - | 11,853 | 14,330 | - | - | - | 1,540 | - | 25,928 | 41,798 |
| Advertising | 333 | 334 | 335 | 473 | 360 | 90 | 402 | 2,327 | - | 399 | 90 | - | - | 35,136 | 37,952 |
| Other fundraising expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | 25,834 | 25,834 |
| Printing | - | - | - | - | 146 | - | 159 | 305 | - | - | 794 | - | - | 17,145 | 18,244 |
| Travel | 1,129 | 1,067 | 1,756 | 1,848 | 448 | 362 | 1,088 | 7,698 | - | 1,115 | 752 | - | - | 1,908 | 11,473 |
| Seminars and training | 720 | 745 | 992 | - | 650 | 25 | 315 | 3,447 | - | 2,880 | 1,765 | 265 | - | 959 | 9,316 |
| Dues and subscriptions | 55 | - | - | 566 | - | - | - | 621 | - | 15 | - | - | - | 7,560 | 8,196 |
| Postage and delivery | - | 18 | - | 32 | 11 | 45 | - | 106 | - | 194 | 184 | 115 | 15 | 4,400 | 5,014 |
| Scholarships | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,500 | 2,500 |
| Client assistance and gifts | 65 | - | 41 | 75 | 496 | 144 | 439 | 1,260 | - | - | - | - | - | - | 1,260 |
| Total expenses | 310,561 | 157,883 | 198,273 | 499,931 | 373,657 | 141,034 | 1,523,296 | 3,204,635 | 34,155 | 581,089 | 294,043 | 71,710 | 1,515 | 1,398,098 | 5,585,245 |
| Net change | \$ 51,680 | \$ 79,961 | \$ 311,827 | \$ (119,024) | \$ (322,816) | \$ (99,283) | \$ (570,172) | \$ (667,827) | \$ 30,738 | \$ 158,234 | \$ 107,886 | \$ (71,710) | \$ 22,555 | \$ (168,849) | \$ (588,973) |

See notes to consolidated financial statements

Providence House, Inc. and Affiliates
Providence House IV Compared to Approved County Funding
For the Year Ended June 30, 2017

| | Approved Budget 2016-2017 | Actual 2016-2017 |
|-------------------------------------|---------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Revenues: * | | |
| CACFP and FEFP food grant | \$ - | \$ 19,273 |
| Westchester DSS payments | 355,426 | 360,413 |
| | <u> </u> | <u> </u> |
| Total revenues | 355,426 | 379,686 |
| | <u> </u> | <u> </u> |
| Expenses: | | |
| Salary expense | 231,153 | 285,843 |
| Payroll taxes and employee benefits | 33,442 | 103,813 |
| Utilities | 22,425 | 213 |
| Telephone | 4,111 | 2,956 |
| Food expense | - | 12,239 |
| Client assistance and gifts | - | 75 |
| Other program expenses | - | 2,479 |
| Travel | 1,803 | 1,848 |
| Professional fees | - | 1,231 |
| Dues and subscriptions | - | 566 |
| Insurance | - | 4,429 |
| Repairs and maintenance | 10,624 | 14,508 |
| Office expenses | - | - |
| Supplies | 9,607 | 16,516 |
| Occupancy | - | 14,475 |
| Depreciation | - | 14,620 |
| Postage and delivery | - | 32 |
| Miscellaneous | - | 2,935 |
| | <u> </u> | <u> </u> |
| Total expenses | 313,165 | 478,778 |
| | <u> </u> | <u> </u> |
| Net change | \$ 42,261 | \$ (99,092) |
| | <u> </u> | <u> </u> |

* Revenues include only CACFP, FEFP & DSS of Westchester funds.