

PROVIDENCE HOUSE, INC. AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2019 and 2018

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, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows 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.

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

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, 2019 and 2018, 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.

Emphasis of Matter

Providence House, Inc. and Affiliates has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This had a material effect on the presentation of the June 30, 2019 and 2018, consolidated financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

New York, New York
December 6, 2019

PROVIDENCE HOUSE, INC. AND AFFILIATES

Consolidated Statements of Financial Position

	June 30,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 265,912	\$ 1,044,139
Contributions and grants receivable	164,575	-
Program revenue receivable	1,888,457	1,422,709
Prepaid expenses	8,340	3,364
Investments	2,854,857	2,955,079
Developer fees receivable	-	115,000
Reserve accounts	850,000	460,000
Interest receivable from affiliates	692,496	539,870
Notes receivable from affiliates	880,888	1,459,768
Property and equipment—net	1,927,082	1,947,052
Total Assets	\$ 9,532,607	\$ 9,946,981
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,019,143	\$ 821,447
Accrued payroll and related expenses	134,961	125,107
Line of credit	452,916	652,916
Total liabilities	1,607,020	1,599,470
Net Assets		
Without donor restrictions	7,780,542	8,094,749
With donor restrictions	145,045	252,762
Total net assets	7,925,587	8,347,511
Total Liabilities and Net Assets	\$ 9,532,607	\$ 9,946,981

See notes to consolidated financial statements

PROVIDENCE HOUSE, INC. AND AFFILIATES

Consolidated Statements of Activities

	Year Ended June 30,					
	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
OPERATING INCOME AND RELEASES:						
Contract revenue	\$ 3,966,755	\$ -	\$ 3,966,755	\$ 3,404,394	\$ -	\$ 3,404,394
Donations and grants	636,052	151,750	787,802	689,192	189,300	878,492
Fundraising event, net of direct expenses	259,189	-	259,189	281,319	-	281,319
Miscellaneous income	455	-	455	3,849	-	3,849
CACFP and EFSP food grant	35,033	-	35,033	85,888	-	85,888
Rental income	1,500	-	1,500	61,102	-	61,102
Administrative overhead revenue	354,741	-	354,741	344,000	-	344,000
Donated services	150,000	-	150,000	129,012	-	129,012
NYC Housing HRA payments	-	-	-	1,505	-	1,505
Investment income (loss)	111,826	-	111,826	235,888	-	235,888
Satisfaction of purpose restrictions	259,467	(259,467)	-	358,831	(358,831)	-
Total Operating Income and Releases	5,775,018	(107,717)	5,667,301	5,594,980	(169,531)	5,425,449
OPERATING EXPENSES:						
Program expenses	4,278,846	-	4,278,846	3,772,702	-	3,772,702
Management and general	1,694,424	-	1,694,424	1,245,455	-	1,245,455
Fundraising	268,581	-	268,581	241,080	-	241,080
Total Operating Expenses	6,241,851	-	6,241,851	5,259,237	-	5,259,237
Change in Net Assets from Operating Activity	(466,833)	(107,717)	(574,550)	335,743	(169,531)	166,212

(continued)

See notes to consolidated financial statements

PROVIDENCE HOUSE, INC. AND AFFILIATES

Consolidated Statements of Activities

(continued)

	Year Ended June 30,					
	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
NONOPERATING ACTIVITY:						
Sale of asset	-	-	-	586,163	-	586,163
Interest income on notes receivable	152,626	-	152,626	142,857	-	142,857
Change in Net Assets from Nonoperating Activity	152,626	-	152,626	729,020	-	729,020
Net Assets, Beginning of Year	8,094,749	252,762	8,347,511	7,029,986	422,293	7,452,279
Net Assets, End of Year	\$ 7,780,542	\$ 145,045	\$ 7,925,587	\$ 8,094,749	\$ 252,762	\$ 8,347,511

See notes to consolidated financial statements

PROVIDENCE HOUSE, INC. AND AFFILIATES

Consolidated Statements of Functional Expenses

	Year Ended June 30,							
	2019			2018				
	Program	Management and General	Fundraising	Totals	Program	Management and General	Fundraising	Totals
Salaries and wages	\$ 2,201,664	\$ 425,806	\$ 139,121	\$ 2,766,591	\$ 1,995,389	\$ 405,161	\$ 109,958	\$ 2,510,508
Contract labor	545,570	260,000	-	805,570	269,290	2,886	-	272,176
Employee benefits	352,259	177,983	42,994	573,236	372,859	110,710	44,993	528,562
Professional fees	33,438	366,506	37,660	437,604	20,869	306,100	42,948	369,917
Supplies	258,376	41,867	3,995	304,238	176,966	35,528	807	213,301
Payroll taxes	165,036	31,038	10,446	206,520	151,204	29,531	8,333	189,068
Equipment repairs, rentals and maintenance	126,820	47,228	299	174,347	133,425	25,237	-	158,662
Utilities	141,465	24,752	-	166,217	158,415	24,816	-	183,231
Depreciation	122,424	35,465	2,876	160,765	120,973	62,017	-	182,990
Rent	101,916	6,412	-	108,328	130,500	-	-	130,500
Miscellaneous	6,714	91,975	5,365	104,054	37,943	122,378	3,009	163,330
Permits, licensing, and fees	58,831	12,545	116	71,492	75,625	13,351	-	88,976
Insurance	44,066	27,033	-	71,099	50,695	21,935	-	72,630
Seminars and training (registration fees)	12,827	45,554	625	59,006	7,239	8,978	-	16,217
Interest expense	91	51,181	-	51,272	4,090	20,027	-	24,117
Telephone and internet	33,269	14,736	656	48,661	35,524	9,471	425	45,420
Client assistance and scholarships	39,162	3,765	290	43,217	2,729	12,750	80	15,559
Events	2,200	11,515	11,077	24,792	2,884	-	11,260	14,144
Printing	5,858	3,153	9,081	18,092	8,659	5,494	16,869	31,022
Advertising	11,759	2,852	1,072	15,683	6,998	18,645	219	25,862
Travel	12,965	296	124	13,385	9,151	904	43	10,098
Dues and subscriptions	1,646	7,630	1,347	10,623	940	6,870	757	8,567
Postage and delivery	490	5,132	1,437	7,059	335	2,666	1,379	4,380
Total expenses	<u>\$ 4,278,846</u>	<u>\$ 1,694,424</u>	<u>\$ 268,581</u>	<u>\$ 6,241,851</u>	<u>\$ 3,772,702</u>	<u>\$ 1,245,455</u>	<u>\$ 241,080</u>	<u>\$ 5,259,237</u>

See notes to consolidated financial statements

PROVIDENCE HOUSE, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (421,924)	\$ 895,232
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	160,765	182,990
Realized and unrealized gain on investments	(28,997)	(165,609)
Gain on sale of property and equipment	-	(586,163)
Changes in:		
Contributions and grants receivable	(164,575)	35,000
Program revenue receivable	(465,748)	51,555
Prepaid expenses	(4,976)	(1)
Developer fees receivable	115,000	115,000
Reserve accounts	(390,000)	(115,000)
Interest receivable from affiliates	(152,626)	(142,856)
Accounts payable and accrued expenses	197,696	(99,503)
Accrued payroll and related expenses	9,854	16,579
Net Cash Provided (Used) by Operating Activities	(1,145,531)	187,224
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(140,795)	(116,107)
Proceeds from sale of property and equipment	-	768,327
Purchases of investments	(3,067,642)	(1,281,829)
Proceeds from sale of investments	3,196,861	1,218,532
Net Cash (Used) Provided by Investing Activities	(11,576)	588,923
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes receivable	303,880	-
Repayment of principal	(200,000)	(71,591)
Net Cash Provided (Used) by Financing Activities	103,880	(71,591)
Change in Cash and Cash Equivalents	(1,053,227)	704,556
Cash and Cash Equivalents, Beginning of Year	1,044,139	339,583
Cash and Cash Equivalents, End of Year	\$ (9,088)	\$ 1,044,139
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	\$ 51,272	\$ 24,117

See notes to consolidated financial statements

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

1. NATURE OF ORGANIZATION:

Providence House, Inc. and Affiliates (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 providing transitional and permanent housing to women and families who are homeless or have histories in the criminal justice system. 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, the 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, 2019 and 2018

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 was consolidated into Providence House consolidated 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 cash without restrictions on hand and in banks. Providence also considers all highly liquid investments without restrictions with a maturity of three months or less when purchased to be cash equivalents. Certain cash accounts held by investment managers are included in investments on the statement of financial position. At June 30, 2019 and 2018, Providence's cash balances exceeded federally insured limits by \$105,147 and \$785,480, respectfully. 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. Receivables are written-off against the allowance in the period in which they are deemed to be uncollectible. Subsequent payments received, if any, are recorded as income in the period received. For the years ended June 30, 2019 and 2018, Providence did not have any allowances for uncollectible contributions and grants.

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 the date of receipt.

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PARTNERSHIP INTERESTS

Providence, indirectly through related entities described in Note 14, 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, 15 and 17 for further information. Subsequent to year end, Providence began operating as a general partner in a third project called Halsey and Hancock, which is outlined further in FN 19.

PREPAID EXPENSES

Prepaid expenses are reported when incurred in accordance with the accrual basis of accounting.

NOTES RECEIVABLE AND INTEREST RECEIVABLE FROM AFFILIATES

Notes receivable are reported at the principal balance outstanding. Interest accrued on the notes receivable is recorded when earned. There were no notes on a non-accrual status in 2019 and 2018.

RESERVE ACCOUNTS

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.

PROGRAM REVENUE RECEIVABLE

The carrying value of program revenue receivable has been reduced by an appropriate allowance for uncollectibility when necessary. Receivables are written-off against the allowance in the period in which they are deemed to be uncollectible. Subsequent payments received, if any, are recorded as income in the period received. For the years ended June 30, 2019 and 2018, Providence did not have any allowances for uncollectible

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

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

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

- *Net assets without donor restrictions* are those which include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.
- *Net assets with donor restrictions* are those contributed with donor stipulations for specific purposes or those with time restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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 use without donor restrictions 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 net assets without donor restrictions. Contributions of cash or other assets to be used to acquire property, plant and equipment are reported as revenue of net assets with donor restrictions, time and purpose; 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.

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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,	
	2019	2018
Contributions	\$ 271,467	\$ 284,022
Other revenue	21,000	30,625
Less: costs of direct benefit to donors	(33,278)	(33,328)
	<u>\$ 259,189</u>	<u>\$ 281,319</u>

DEVELOPER FEES

Developer fees are earned for developer services provided in connection with the K Street Project, Lincoln Road Project, and the Halsey Hancock Project, and are earned on a percentage of completion basis, as outlined in Note 6 for K Street Project and Lincoln Road and in Note 19 for the Halsey Hancock Project.

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.

EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. Directly identifiable expenses are charged to program services, management and general, and fund-raising. Expenses related to more than one function are charged to program services, management and general, and fund-raising on the basis of periodic time and expense studies. The categories of expenses that are allocated include salaries, payroll taxes and benefits, depreciation, building and grounds maintenance, utilities, supplies, technology, interest expense and miscellaneous expenses. Providence incurred no joint costs for the years ended June 30, 2019 and 2018.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Providence adopted the provisions of this new standard during the year ended June 30, 2019. Significant changes include:

- Temporarily restricted and permanently restricted net asset classes are now referred to as net assets with donor restrictions.
- Unrestricted net asset class is now referred to as net assets without donor restrictions.
- Consolidated statements of functional expenses by functional and natural classification were added.
- Disclosures related to functional allocation of expenses were expanded.
- The consolidated financial statements include a new disclosure regarding liquidity and the availability of resources.

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

3 LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects Providence's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial Assets:

Cash and cash equivalents	\$ 265,912
Contributions and grants receivable	164,575
Program revenue receivable	1,888,457
Investments	<u>2,854,857</u>
Financial Assets, at year end	<u>5,173,801</u>
Less those not available for general expenditure within one year, due to:	
Donor restricted by purpose or time	<u>(145,045)</u>
	<u>(145,045)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,028,756</u>

Providence is substantially supported by grants, donations, and investment income, for which a substantial portion does not carry restrictions. As part of Providence's liquidity management, Providence has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Providence also has a secured \$1,000,000 line of credit, which it could draw upon in the event of an anticipated liquidity need. Funds that were available under this agreement during the fiscal year ended June 30, 2019, was \$547,084.

4. PROGRAM REVENUE RECEIVABLE:

Program revenue receivable consists of the following agency grants receivable:

	June 30,	
	<u>2019</u>	<u>2018</u>
Department of Homeless Services	\$ 824,611	\$ 214,657
Department of Health and Mental Hygiene	508,518	638,056
Women's Justice	370,708	488,739
PH IV – Westchester Department of Social Services	<u>184,620</u>	<u>81,257</u>
	<u>\$ 1,888,457</u>	<u>\$ 1,422,709</u>

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

5. INVESTMENTS:

Investments consist of the following:

	June 30,	
	2019	2018
Investments at fair value:		
Equities	\$ 1,433,914	\$ 1,933,414
Fixed income	939,693	390,328
Mutual funds	446,598	309,887
Money market funds	34,652	321,450
	\$ 2,854,857	\$ 2,955,079

Investment income is composed of the following:

Interest and dividends	\$ 82,829	\$ 70,279
Realized and unrealized gain on investments	28,997	165,609
	\$ 111,826	\$ 235,888

6. DEVELOPER FEES RECEIVABLE AND RESERVE ACCOUNTS:

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, 2019 and 2018

6. DEVELOPER FEES RECEIVABLE AND RESERVE ACCOUNTS, continued:

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, 2019 and 2018, 100% of the total developer fees were earned based upon completion status of the K Street Project. At June 30, 2019 and 2018, 100% and 75% of the fees were paid, respectively. A portion of development fees owed to Providence are intended to fund certain required reserve accounts.

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, 2019 and 2018. At June 30, 2019, 100% of the total developer fees were earned based upon completion status of the Lincoln Road Project. Development fees owed to Providence are intended to fund certain required reserve accounts.

Actual payments of outstanding developer fees, for both projects, are expected to be received over several years as funds become available from capital contributions, loan proceeds or net cash flow of the projects. As of June 30, 2019, developer fees have been earned in full, however, deferred developer fees will continue to be paid out over the life of the project.

Providence had a reserve account established from K Street Project in the amounts of \$575,000 and \$460,000 of earned developer fees placed in operating and social reserve accounts held by K Street Project, for the years ended June 30, 2019 and 2018, respectively.

Providence had a reserve account established from Lincoln Road Project in the amount of \$275,000 of earned developer fees placed in operating and social reserve accounts held by Lincoln Road Project, for the years ended June 30, 2019 and 2018, respectively.

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

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,	
	2019	2018
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 \$68,460 and \$63,683 during the years ended June 30, 2019 and 2018, respectively, and is included in interest receivable from affiliates.	\$ 312,535	\$ 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 \$64,754 and \$59,459 during the years ended June 30, 2019 and 2018, respectively, and is included in interest receivable from affiliates.	523,353	523,353

(continued)

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

7. NOTES RECEIVABLE FROM AFFILIATES, continued:

	June 30,	
	2019	2018
<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 \$15,398 and \$15,711 during the years ended June 30, 2019 and 2018, 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>	-	-
<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 \$4,014 and \$4,014 during the years ended June 30, 2019 and 2018, 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
	\$ 880,888	\$ 1,184,768

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

8. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	June 30,	
	2019	2018
Land	\$ 319,460	\$ 319,460
Buildings and improvements	3,269,933	3,204,592
Leasehold improvements	314,700	339,215
Furniture, fixtures and equipment	170,155	143,224
	<u>4,074,248</u>	<u>4,006,491</u>
Less accumulated depreciation	<u>(2,147,166)</u>	<u>(2,059,439)</u>
	<u>\$ 1,927,082</u>	<u>\$ 1,947,052</u>

9. 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 expires on June 2, 2020. Interest is payable monthly with a variable interest rate of 2.759 percentage points over the London Interbank Offered Rate, "LIBOR Rate". The rate's effective interest for the years ended June 30, 2019 and 2018, were 5.75% and 8.10%, respectively. The line-of-credit is secured by Providence's real property. As of June 30, 2019 and 2018, there were \$452,916 and \$652,916 in outstanding borrowings on this line-of-credit, respectively.

Line-of-credit interest expense charged to operations for the years ended June 30, 2019 and 2018, was \$46,484 and \$24,117, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	June 30,	
	2019	2018
Operations	\$ 45,475	\$ 145,383
Renovations, repairs and equipment	31,470	48,529
HARP program implementation	34,850	34,850
Annual scholarships	33,250	24,000
	<u>\$ 145,045</u>	<u>\$ 252,762</u>

11. CONTRIBUTED SERVICES:

During the years ended June 30, 2019 and 2018, Providence received donated legal services valued at \$150,000 and \$129,012, respectively. These services were recorded as a contribution and expensed to professional fees in the accompanying consolidated statements of functional expenses.

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

12. 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 \$106,782 and \$77,075, respectively, for the years ended June 30, 2019 and 2018.

13. OPERATING LEASES:

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

<u>Location</u>	<u>Lease Period</u>	<u>Monthly Rent</u>
PH III	Through January 31, 2019	\$ 4,840
PH V	Through August 31, 2020	\$ 4,167

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

<u>Year Ended June 30,</u>	
2020	\$ 83,884
2021	8,334
	<u>\$ 92,218</u>

14. 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.

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

14. RELATED PARTIES, continued:

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 17 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.

As outlined in Notes 2 and 6, Providence received 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 K Street Project of \$-0- and \$115,000, for cumulative earned developer fees, as of June 30, 2019 and 2018. In addition, Providence had a receivable from K Street Project of \$575,000 and \$460,000 earned developer fees placed in operating and social reserve accounts held by K Street Project, as of June 30, 2019 and 2018, respectively.

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.

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

14. RELATED PARTIES, continued:

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.

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 17 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 7, Providence has received 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. Providence had a receivable from Lincoln Road Project of \$275,000 and \$-0- earned developer fees placed in operating and social reserve accounts held by Lincoln Road Project, as of June 30, 2019 and 2018, respectively.

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

15. 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,	
	2019	2018
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.	\$ 575,000	\$ 460,000
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.	<u>275,000</u>	<u>275,000</u>
	<u>\$ 850,000</u>	<u>\$ 735,000</u>

PROVIDENCE HOUSE, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

16. 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, 2019 and 2018:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)
June 30, 2019:		
Equities	\$ 1,433,914	\$ 1,433,914
Fixed income	939,693	939,693
Mutual funds	446,598	446,598
Money market funds	34,652	34,652
	\$ 2,854,857	\$ 2,854,857
June 30, 2018:		
Equities	\$ 1,933,414	\$ 1,933,414
Fixed income	390,328	390,328
Mutual funds	309,887	309,887
Money market funds	321,451	321,451
	\$ 2,955,080	\$ 2,955,080

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, 2019 and 2018

17. 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, 2019 and 2018, 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, 2019 and 2018, 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.

18. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2019 and 2018, members of the board of directors made contributions to Providence totaling approximately \$144,000 and \$127,000, respectively. These contributions represent 18% and 14% of total contributions for the years ended June 30, 2019 and 2018, respectively.

19. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 6, 2019, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

In October 2019, the first residents of the Halsey Hancock project moved into the building at 178 Halsey Street. The remaining residents are expected to move to the building at Hancock Street. In fiscal year 2020 the project will be an active entity in the Providence organization. Providence, together with a third-party development company, IMPACCT Brooklyn, provides developer services in connection with the Halsey Hancock project. Pursuant to development agreements signed in connection with the aforementioned housing project, Providence is entitled to earn developer fees from the Halsey Hancock LP when various project milestones and conditions are met as follows:

Admission date	20%
Third installment date of capital contribution	17%
Fourth installment date of capital contribution	38%
Fifth installment date of capital contribution	8%
Deferred development fee based on cash flow	17%
	<hr/>
	100%
	<hr/> <hr/>

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, 2019 and 2018, and our report thereon dated December 6, 2019, 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 26-27 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
December 6, 2019

PROVIDENCE HOUSE, INC. AND AFFILIATES

Schedule of Activities by Program

Year Ended June 30, 2019

	DHS Consolidated Program	Westchester Department of Social Services	Women's Criminal Justice Program	Totals	Koscuiszko Street Project	Lincoln Road Project	Child Care Program	Halsey & Hancock	Central Operations	Grand Total
Revenues and gains:										
Contract revenue	\$ 2,175,878	\$ 399,166	\$ 405,000	\$ 2,980,044	\$ 608,215	\$ 237,768	\$ -	\$ 140,728	\$ -	\$ 3,966,755
Donations and grants	8,940	5,000	18,940	32,880	-	-	25,000	-	729,922	787,802
Fundraising event, net of direct expenses	-	-	-	-	-	-	-	-	259,189	259,189
Interest income on notes receivable	-	-	-	-	68,460	84,166	-	-	-	152,626
CACFP and FEFP food grant	16,602	6,523	-	23,125	-	-	-	-	11,908	35,033
Rental income	-	-	-	-	-	-	-	-	1,500	1,500
Administrative overhead revenue	232,000	44,000	45,000	321,000	12,674	21,067	-	-	-	354,741
Miscellaneous income	-	-	-	-	-	225	-	-	230	455
Donated services	-	-	-	-	-	-	-	-	150,000	150,000
Investment income	-	-	-	-	-	-	-	-	111,826	111,826
Total revenues without donor restrictions	2,433,420	454,689	468,940	3,357,049	689,349	343,226	25,000	140,728	1,264,575	5,819,927
Expenses and losses:										
Salaries and wages	1,112,930	284,445	282,766	1,680,141	344,126	127,388	20,386	13,102	581,448	2,766,591
Contract labor	368,928	-	-	368,928	88,876	87,766	-	-	260,000	805,570
Employee benefits	162,230	40,260	33,861	236,351	69,387	23,890	16,595	83	226,930	573,236
Professional fees	23,868	1,126	3,038	28,032	2,023	2,692	-	650	404,207	437,604
Supplies	83,662	32,016	45,332	161,010	30,368	34,902	-	30,981	46,977	304,238
Payroll taxes	83,448	21,185	21,181	125,814	25,869	9,587	1,531	995	42,724	206,520
Equipment repairs, rental and maintenance	30,721	4,911	8,633	44,265	15,850	(170)	-	66,875	47,527	174,347
Utilities	92,580	27,375	21,157	141,112	353	-	-	-	24,752	166,217
Depreciation	61,546	10,570	43,739	115,855	6,569	-	-	-	38,341	160,765
Rent	51,917	-	49,999	101,916	-	-	-	-	6,412	108,328
Miscellaneous	3,447	2,324	595	6,366	33	70	152	-	97,433	104,054
Permits, licensing, and fees	50,951	3,812	1,801	56,564	1,598	439	23	203	12,665	71,492
Insurance	27,950	10,718	5,399	44,067	-	-	-	-	27,032	71,099
Seminars and training (registration fees)	7,681	1,330	1,790	10,801	1,712	289	25	-	46,179	59,006
Interest expense	45	37	9	91	-	-	-	-	51,181	51,272
Telephone and internet	14,118	3,324	6,941	24,383	4,533	3,705	68	581	15,391	48,661
Client assistance and scholarships	8,879	55	5,693	14,627	14,006	6,241	-	-	8,343	43,217
Events	-	-	-	-	-	-	-	-	24,792	24,792
Printing	2,988	317	774	4,079	1,432	466	-	-	12,115	18,092
Advertising	3,901	716	776	5,393	4,527	1,839	-	-	3,924	15,683
Travel	4,146	102	3,529	7,777	2,375	1,438	-	-	1,795	13,385
Dues and subscriptions	461	51	51	563	686	396	-	-	8,978	10,623
Postage and delivery	-	82	4	86	139	180	-	(8)	6,662	7,059
Total expenses	2,196,397	444,756	537,068	3,178,221	614,462	301,118	38,780	113,462	1,995,808	6,241,851
Net change	\$ 237,023	\$ 9,933	\$ (68,128)	\$ 178,828	\$ 74,887	\$ 42,108	\$ (13,780)	\$ 27,266	\$ (731,233)	\$ (421,924)

See notes to consolidated financial statements

PROVIDENCE HOUSE, INC. AND AFFILIATES

Providence House IV Compared to Approved County Funding

Year Ended June 30, 2019

	Approved Budget 2018-2019	Actual 2018-2019
Revenues: *		
CACFP and FEFP food grant	\$ -	\$ 6,523
Westchester DSS payments	422,152	443,166
Total revenues	422,152	449,689
Expenses:		
Salary expense	287,034	284,445
Payroll taxes and employee benefits	66,868	61,445
Utilities	21,000	27,375
Telephone	4,000	3,324
Food expense	6,000	11,385
Client assistance and scholarships	-	55
Other program expenses	6,250	-
Travel	1,000	102
Professional fees	-	1,126
Dues and subscriptions	-	51
Insurance	-	10,718
Repairs and maintenance	10,000	4,911
Office expenses	-	-
Supplies	6,000	20,631
Occupancy	-	-
Depreciation	14,000	10,570
Postage and delivery	-	82
Miscellaneous	-	8,536
Total expenses	422,152	444,756
Net change	\$ -	\$ 4,933

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

See notes to consolidated financial statements