

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Matthew's House, Inc. and Affiliates
Naples, Florida

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of St. Matthew's House, Inc. and Affiliates (a nonprofit corporation) and its subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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.

Auditor's 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 evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 statement 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 St. Matthew's House, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities – unrestricted net assets, consolidating statement of activities – temporarily restricted net assets, and consolidating statement of cash flows is presented for purposes of additional analysis and 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.



CliftonLarsonAllen LLP

Naples, Florida
October 3, 2016

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,918,038	\$ 1,545,198
Cash - Restricted for Wolfe Apartments	5,755	5,670
Certificates of Deposit	-	54,080
Accounts Receivable	65,416	34,475
Grants Receivable	40,000	-
Inventory	110,938	90,662
Unconditional Promises to Give, Net - Current Portion	615,454	340,077
Prepaid Expenses	73,931	68,019
Other Assets	78,715	104,723
Total Current Assets	2,908,247	2,242,904
CERTIFICATES OF DEPOSIT - LONG-TERM	100,299	48,577
INVESTMENTS	1,218,450	1,267,203
UNCONDITIONAL PROMISES TO GIVE, NET - LESS		
CURRENT PORTION	468,042	1,113,417
PROPERTY AND EQUIPMENT, NET	18,364,298	18,689,917
Total Assets	\$ 23,059,336	\$ 23,362,018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 689,732	\$ 849,711
Residents' Deposits	5,150	7,708
Current Portion of Capital Lease Obligation	10,204	6,753
Current Portion of Mortgage Notes Payable	58,974	1,664,805
Total Current Liabilities	764,060	2,528,977
LONG-TERM LIABILITIES		
Capital Lease Obligation	29,087	11,255
Mortgage Notes Payable	1,536,334	-
Total Long-Term Liabilities	1,565,421	11,255
Total Liabilities	2,329,481	2,540,232
NET ASSETS		
Unrestricted:		
Undesignated	(959,352)	231,867
Designated	1,730,386	1,743,712
Investment in Property and Equipment	17,952,179	17,007,104
Total Unrestricted	18,723,213	18,982,683
Temporarily Restricted	2,006,642	1,839,103
Total Net Assets	20,729,855	20,821,786
Total Liabilities and Net Assets	\$ 23,059,336	\$ 23,362,018

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016		2015	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
SUPPORT				
Contributions - General	\$ 3,602,427	\$ 268,239	\$ 3,870,666	\$ 296,688
Contributions - Capital Campaign	-	110,979	110,979	1,058,888
Grants	157,465	76,841	234,306	40,000
In-Kind Contributions	826,239	-	826,239	-
Total Support	4,586,131	456,059	5,042,190	1,395,576
REVENUE				
Special Events - Net of Related Costs	217,349	-	217,349	-
Thrft Shop Revenue	5,980,209	-	5,980,209	-
Rental Income	300,360	-	300,360	-
Program Services	603,412	-	603,412	-
Catering Services	255,403	-	255,403	-
Investment Return	(21,500)	-	(21,500)	-
Write-Down of Asset Value	(289,411)	-	(289,411)	-
Other Income	82,032	-	82,032	-
Total Revenue	7,127,854	-	7,127,854	-
Net Assets Released from Restrictions	288,520	(288,520)	-	(541,850)
Total Support and Revenue	12,002,505	167,539	12,170,044	853,726
EXPENSES				
Program Services	6,204,202	-	6,204,202	-
Management and General	697,658	-	697,658	-
Fundraising	772,317	-	772,317	-
Total Operating Expenses	7,674,177	-	7,674,177	-
Thrft Shop	3,693,088	-	3,693,088	-
Catering	220,537	-	220,537	-
Oxbow Hospitality	578,407	-	578,407	-
SMH Properties	95,766	-	95,766	-
Total Expenses	12,261,975	-	12,261,975	-
CHANGE IN NET ASSETS	(259,470)	167,539	(91,931)	853,726
Net Assets - Beginning of Year	18,982,683	1,839,103	20,821,786	19,309,944
NET ASSETS - END OF YEAR	<u>\$ 18,723,213</u>	<u>\$ 2,006,642</u>	<u>\$ 20,729,855</u>	<u>\$ 20,821,786</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2016 AND 2015

2016

	Management and General		Fundraising		Total Operating Expenses		Thrift Shop		Catering		Oxbow Hospitality		SMH Properties		Total
	Program Services														
Advertising	\$ -	\$ -	\$ 398	\$ 398	\$ -	\$ 398	\$ 17,919	\$ -	\$ 2,201	\$ 4,364	\$ -	\$ -	\$ -	\$ 24,882	
Auto and Travel	146,977	5,447	1,950	154,374		197,065			4,999	1,222				357,660	
Depreciation and Amortization	386,765	12,068	9,598	408,431		234,200			-	6,560			39,228	688,419	
Food and Vending Supplies	166,930	155	4,803	171,888		15,178			66,018	12,818				265,902	
In-Kind Food	760,000	-	-	760,000		-			-	-				760,000	
Interest	37,205	591	-	37,796		39,063			-	(51)				76,808	
Marketing	207	-	123,725	123,932		2,701			686	-				127,319	
Occupancy	653,365	39,144	38,244	730,753		690,447			211	249,675			56,469	1,727,555	
Office Expense	209,268	12,666	41,995	263,929		354,939			12,468	76,175			69	707,580	
Professional	41,915	28,544	5,775	76,234		30,586			20,147	-				126,967	
Resident/Client Assistance	415,474	-	-	415,474		-			-	-				415,474	
Salaries and Benefits	3,386,096	599,043	545,829	4,530,968		2,110,990			113,807	227,644				6,983,409	
TOTALS	\$ 6,204,202	\$ 697,658	\$ 772,317	\$ 7,674,177	\$ 3,693,088	\$ 220,537	\$ 578,407	\$ 95,766	\$ 12,261,975						

2015

	Management and General		Fund-Raising		Total Operating Expenses		Thrift Shop		Catering		Oxbow Hospitality		SMH Properties		Total
	Program Services														
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,960	\$ -	\$ 6,653	\$ 2,359	\$ -	\$ -	\$ -	\$ 20,972	
Auto and Travel	135,762	5,013	3,862	144,637		180,592			5,168	1,947				332,344	
Depreciation and Amortization	369,052	23,480	11,068	403,600		182,411			606	5,096			32,091	623,804	
Food and Vending Supplies	205,188	-	-	205,188		4,500			80,645	15,425				305,758	
In-Kind Food	734,175	-	-	734,175		-			-	-				734,175	
Interest	40,689	92	108	40,889		47,053			20	663				88,625	
Marketing	12	3,872	79,207	83,091		5,294			18	-				88,403	
Occupancy	665,313	38,374	24,688	728,375		609,242			1,617	288,782			63,559	1,691,575	
Office Expense	203,118	53,355	54,306	310,779		205,093			7,834	96,389			93	620,188	
Professional	403,356	56,553	2,325	462,234		8,621			11,436	1,841			4,237	488,369	
Resident/Client Assistance	337,161	-	-	337,161		-			-	-				337,161	
Salaries and Benefits	2,735,757	719,694	505,310	3,960,761		2,711,163			220,950	220,172				7,113,046	
TOTALS	\$ 5,829,583	\$ 900,433	\$ 680,874	\$ 7,410,890	\$ 3,965,929	\$ 334,947	\$ 632,674	\$ 99,980	\$ 12,444,420						

See accompanying Notes to Consolidated Financial Statements.

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ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (91,931)	\$ 1,511,842
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation/Amortization	688,419	623,803
Impairment of Assets	286,674	-
Loss on Disposition of Property and Equipment	-	10,253
Unrealized (Gains) on Investments	(517,886)	(48,354)
Realized (Gains) Losses on Investments	(118,699)	55,473
Change in Allowance of Uncollectible Unconditional Promises to Give	35,647	43,285
Change in Net Present Value Discount on Promises to Give	42,406	(38,241)
(Increase) Decrease in Current Assets:		
Accounts Receivable	(30,941)	(9,430)
Unconditional Promises to Give	291,945	(850,498)
Grants Receivable	(40,000)	6,535
Inventory	(20,276)	(13,295)
Prepaid Expenses	(5,912)	23,793
Other Assets	59,376	(54,714)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(159,979)	174,139
Residents' Deposits	(2,558)	2,221
Net Cash Provided by Operating Activities	416,285	1,436,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(622,190)	(1,850,855)
Proceeds from Sale of Property and Equipment	6,422	-
Purchases of Investments	(1,742,865)	(3,858,994)
Proceeds from Sale of Investments	2,426,481	4,303,980
Purchase of Certificates of Deposit	(50,000)	-
Proceeds from Sale of Certificates of Deposit	54,080	26,229
Net Cash Used by Investing Activities	71,928	(1,379,640)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings against Line of Credit	3,154,000	-
Payments against Line of Credit	(3,154,000)	-
Proceeds from Issuance of Mortgage Notes Payable	1,600,000	-
Principal Payments on Mortgage Notes Payable	(1,669,497)	(111,891)
Acquisition Costs on Mortgage Notes Payable	(38,563)	-
Principal Payments on Capital Lease	(7,228)	(3,939)
Net Cash Used by Financing Activities	(115,288)	(115,830)
NET INCREASE IN CASH AND CASH EQUIVALENTS	372,925	(58,658)
Cash and Cash Equivalents - Beginning of Year	1,550,868	1,609,526
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,923,793	\$ 1,550,868

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH AND CASH EQUIVALENTS		
Presented in the Statement of Financial Position as:		
Cash and Cash Equivalents	\$ 1,918,038	\$ 1,545,198
Cash - Restricted for Wolfe Apartments	5,755	5,670
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,923,793	\$ 1,550,868
 SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ 76,808	\$ 88,625
 NON-CASH INVESTING AND FINANCING ACTIVITIES		
Construction in Progress Placed in Service	\$ 164,047	\$ 164,047
Write off of Construction in Progress Projects	\$ 29,469	\$ -
Acquisition of Equipment from Incurrence of Capital lease	\$ 28,511	\$ 21,947

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

St. Matthew's House, Inc. and Affiliates (the Organization) is comprised of St. Matthew's House, Inc. (St. Matt's); its affiliates under common control: St. Matthew's House Foundation, Inc. (SMH Foundation), St. Matthew's Properties, Inc. (SMH Properties) and Oxbow Hospitality, Inc. (Oxbow).

St. Matthew's House, Inc., a nonprofit corporation, was formed in December 1988, to provide housing, meals, transportation, and counseling to homeless and indigent individuals and families in Naples and Collier County, Florida. In 2009 the Immokalee Friendship House, which was formed in September 1987 and provided similar services to the residents of Collier County, merged with St. Matthew's House, Inc. As a result of the merger, both organizations were combined under the name St. Matthew's House, Inc. (the Organization)

St. Matthew's House, Inc. operates two shelters, with 174 beds, and an additional facility that has two recovery programs with another 110 beds, that offer temporary housing in a drug and alcohol free recovery community. The Organization also operates the "Wolfe Apartments," a 46-unit transitional housing facility. The Organization is supported primarily through donor contributions and grants, the rent and program fees charged to residents, special events, a food catering operation, and five operating thrift shops.

St. Matthew's Foundation, Inc., a nonprofit corporation, was formed in February 2006 and is wholly owned by St. Matthew's House, Inc. and the corporation's primary purpose is to advance the mission of St. Matthew's House, Inc. In 2014, the Foundation began collecting donations in order to establish and administer a scholarship fund for clients going through St. Matthew's House, Inc. programs. In addition, a board designated fund was set up in May 2014 to aid in carrying out the mission of St. Matthew's House.

St. Matthew's Properties, Inc., a nonprofit corporation, was formed in October 2011 and is wholly owned by St. Matthew's House, Inc. and the corporation's primary purpose is to advance the mission of St. Matthew's House, Inc. In May 2014, it purchased the Port Labelle Inn, a 47-room hotel located on approximately 8 acres of land in Labelle, Florida, including meeting rooms and a restaurant. SMH Properties rents the building and the land out to Oxbow Hospitalities, Inc.

Oxbow Hospitality, Inc., a for profit corporation, was formed in April 2014 and is wholly owned by St. Matthew's House, Inc. and the corporation's primary purpose is to advance the mission of St. Matthew's House, Inc. The organization rents the Port Labelle Inn from SMH Properties and operates the hotel as an inn, as well as a conference and retreat center. The restaurant was open to the public until September 22, 2014, at which time it was closed in order to renovate.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of St. Matthew's House, Inc., St. Matthew's House Foundation, Inc., St. Matthew's House Properties, Inc., and Oxbow Hospitality Inc. (together, the Organization), after elimination of intercompany accounts and transactions.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accounts of the Organization are maintained, and the accompanying consolidated financial statements have been prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when the obligation is incurred.

Income Taxes

St. Matt's, SMH Foundation, Inc., and SMH Properties are exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and is treated as other than a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for income taxes has been made in these financial statements.

Oxbow is a for-profit Florida corporation. Current income taxes are based on the year's taxable income for federal and state income tax reporting purposes. Deferred income taxes, if any, are provided on timing differences in recognizing income for financial statement and tax purposes. As of June 30, 2016, there are no deferred tax assets or liabilities and there is not current income tax payable.

The Organization follows the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This standard has no impact on the Organization's financial statements.

The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. An Exempt Organization Business Income Tax Return (Form 990) is filed annually by the Organization.

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared in accordance with the reporting principles of not-for-profit accounting.

Net assets and revenues, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those net assets, which the board has set aside for a particular purpose.

Temporarily restricted – Net assets subject to specific, donor imposed restrictions that must be met by actions of the Organization and/or the passage of time. Such assets normally fund specific expenditures of a specific operating or capital nature.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Permanently restricted – Net assets subject to donor-imposed restrictions requiring they be maintained permanently by the Organization. Such assets are normally restricted to long-term investment with income earned and appreciation available for specific or general Organization purposes. The Organization held no permanently restricted net assets at June 30, 2016 and 2015.

Liquidity

Assets are presented in the accompanying consolidated statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all bank and similar deposits, demand accounts, money market funds, and short-term investments with an original maturity of three months or less to be cash equivalents.

The Organization maintains bank accounts with balances, which, at times, may exceed federally insured limits. Cash – Restricted for Wolfe Apartments includes cash held restricted for use related to the Organization's transitional housing facility.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. In addition, management provides work waivers to certain residents with outstanding balances with related balances written off through a charge to program fees and a credit to accounts receivable.

Unconditional Promises to Give, Net

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is to be received. Conditional promises to give are not included in support until such time as the conditions are substantially met.

Additionally, the Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of donated items received by the Organization for resale in its thrift shops and inventory items for sale in the café. Purchased inventory is recorded at the lower of cost or market. Donated inventory is recorded at the fair market value of donated items on hand at the end of the year.

Investments

Investments are initially recorded at cost if purchased or, if donated, at fair market value on the date received. Investment securities are reflected at market value, and realized and unrealized gains and losses are recognized as changes in unrestricted net assets unless restricted by the donor, in which case the amounts are reflected as temporarily restricted until expended according to the donors' stipulations.

Fair Value Measurement

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

The fair value hierarchy consists of three levels of inputs used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying value amounts to their fair value.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2016 and 2015.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or purchased and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method calculated over the estimated useful lives of 5 through 39 years. All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized.

Debt Issuance Costs

Issuance costs related to long-term debt are amortized over the life of the debt using the effective interest method.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Expenses

The costs of providing program and support services have been summarized on a functional basis in the statements of activities. The expenses that are charged directly to program or support services are based on management's estimate of resources expended.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the presentation in the 2016 financial statements. These items did not affect net assets.

Evaluation of Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 3, 2016, the date the financial statements were available to be issued.

NOTE 2 IN-KIND CONTRIBUTIONS

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in its program services, thrift shop, and fund-raising campaigns. No dollar value has been assigned to these contributions because the criteria for recognition of such volunteer efforts have not been satisfied and, therefore, these contributions are not reflected in the accompanying financial statements. During the years ended June 30, 2016 and 2015, the Organization received approximately 37,800 and 38,100 volunteer hours, respectively. In-kind contributions include contributed services that are considered specialized and that the Organization would have purchased if not donated; therefore, meeting the criteria for recognition. For the years ended June 30, 2016 and 2015, donated services were valued at \$44,386 and \$12,206 respectively.

NOTE 3 UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give, net, at June 30, 2016 and 2015 are reflected at the present value of estimated cash flows using a discount rate of 3.06% and 2.8% for 2016 and 2015, respectively, as follows:

	2016	2015
Unconditional Promises to Give	\$ 1,267,756	\$ 1,559,701
Less: Discount to Net Present Value	(119,498)	(77,092)
Less: Allowance for Uncollectible Promises	(64,762)	(29,115)
Total	<u>\$ 1,083,496</u>	<u>\$ 1,453,494</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 3 UNCONDITIONAL PROMISES TO GIVE, NET (CONTINUED)

Unconditional promises to give are scheduled to be received as follows at June 30:

	<u>2016</u>	<u>2015</u>
1 Year or Less	\$ 671,907	\$ 340,077
2 to 5 Years	595,849	1,219,624
Total	<u>\$ 1,267,756</u>	<u>\$ 1,559,701</u>

NOTE 4 CERTIFICATES OF DEPOSIT

Certificates of Deposit are comprised of the following at June 30:

	<u>2016</u>	
<u>Maturity Date, Year Ended June 30,</u>	<u>Value</u>	<u>Rate</u>
2018	<u>\$ 100,299</u>	5.0% to 5.2%
	<u>2015</u>	
<u>Maturity Date, Year Ended June 30,</u>	<u>Value</u>	<u>Rate</u>
2017	54,080	5.20%
2018	48,577	5.00%
	<u>\$ 102,657</u>	

NOTE 5 INVESTMENTS

Investments are comprised of the following at June 30:

	<u>2016</u>	
	<u>Cost</u>	<u>Market</u>
Equity Securities	\$ 933,147	\$ 986,795
Fixed Income Securities	233,704	231,655
Total	<u>\$ 1,166,851</u>	<u>\$ 1,218,450</u>
	<u>2015</u>	
	<u>Cost</u>	<u>Market</u>
Equity Securities	\$ 574,375	\$ 662,904
Fixed Income Securities	644,360	604,299
Total	<u>\$ 1,218,735</u>	<u>\$ 1,267,203</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 5 INVESTMENTS (CONTINUED)

Investment earnings for the years ended June 30, 2016 and 2015 were comprised of:

	2106	2015
Unrealized Gain (Loss) on Investments	\$ (34,923)	\$ (55,473)
Realized Gain on Investments	36,176	48,354
Interest and Dividend Earnings	(11,288)	44,459
Investment Expenses	(11,465)	(12,709)
Total	<u>\$ (21,500)</u>	<u>\$ 24,631</u>

NOTE 6 FAIR VALUE MEASUREMENT

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30:

	2016			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity Securities	\$ 986,795	\$ -	\$ -	\$ 986,795
Fixed Income Securities	-	231,655	-	231,655
Total	<u>\$ 986,795</u>	<u>\$ 231,655</u>	<u>\$ -</u>	<u>\$ 1,218,450</u>
	2015			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity Securities	\$ 662,904	\$ -	\$ -	\$ 662,904
Fixed Income Securities	-	604,299	-	604,299
Total	<u>\$ 662,904</u>	<u>\$ 604,299</u>	<u>\$ -</u>	<u>\$ 1,267,203</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at June 30, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
Buildings	\$ 12,498,764	\$ 12,478,451
Land	6,653,114	6,653,114
Equipment and Furniture	1,107,301	985,535
Vehicles	642,135	564,907
Leasehold Improvements	2,084,294	1,712,315
Construction in Progress	52,200	293,386
Total	<u>23,037,808</u>	<u>22,687,708</u>
Less: Accumulated Depreciation	<u>(4,673,510)</u>	<u>(3,997,791)</u>
Property and Equipment, Net	<u>\$ 18,364,298</u>	<u>\$ 18,689,917</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$683,244 and \$618,161, respectively. Additionally, during the year ended June 30, 2016, the Organization evaluated its investments in certain property and equipment and determined that its net recoverable value was below book value, and accordingly recoded an impairment loss in the amount of \$286,674.

NOTE 8 LINE OF CREDIT

As of June 30, 2016, the Organization has an unsecured line of credit in the amount of \$1,000,000, due on demand, which carries a fixed interest rate of 3.25%. As of June 30, 2015, the Organization had an unsecured line of credit in the amount of \$750,000, due on demand, which carried an interest rate equal to the 30-day LIBOR rate plus 2.75%. The interest rate was 3.25% and 2.65% at June 30, 2016 and 2015, respectively. The Organization did not have a balance on the line of credit at June 30, 2016 or 2015.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 9 CAPITAL LEASE OBLIGATION

Capital lease obligations at June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Capital Lease Obligation, maturing February 2018 monthly payment of \$703.	\$ 11,177	\$ 18,008
Capital Lease Obligation , maturing May 2021 monthly payment of \$475.	28,114	-
Total	<u>\$ 39,291</u>	<u>\$ 18,008</u>

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 14,136
2018	11,324
2019	5,700
2020	5,700
2021	<u>5,225</u>
Total Capital Lease Obligations	42,085
Less Amounts Representing Interest	<u>(2,794)</u>
	<u>\$ 39,291</u>

The equipment is recorded in property and equipment at June 30, 2016 and 2015 at \$50,062 and \$21,947 with accumulated depreciation of \$7,425 and \$2,560, respectively.

NOTE 10 MORTGAGE NOTES PAYABLE

Mortgage notes payable at June 30, 2016 and 2015 consisted of the following:

<u>Description</u>	<u>2016</u>	<u>2015</u>
Mortgage note payable to financial institution, secured by land, building and promises to give, monthly payments of principal and interest at 3.15%. Payments started in June of 2016 and are due until maturity date of May 2023, at which time the balance will be due in the form of a balloon payment.	\$ 1,595,308	\$ -
Mortgage note payable to financial institution, secured by land, building and promises to give, monthly payments of principal and interest at 4.75%. Payments started in May of 2011 and are due until maturity date of April 2016, at which time the balance will be due in the form of a balloon payment.	-	1,664,805
Total Long-Term Debt	<u>1,595,308</u>	<u>1,664,805</u>
Less: Current Portion of Mortgage Notes Payable	<u>(58,974)</u>	<u>(1,664,805)</u>
Mortgage Notes Payable - Long Term, Excluding Current Portion	<u>\$ 1,536,334</u>	<u>\$ -</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 10 MORTGAGE NOTES PAYABLE (CONTINUED)

Aggregate future principal payments of the mortgage notes payable are due as follows at June 30, 2016:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 58,974
2018	60,859
2019	62,804
2020	64,811
2021	66,882
Thereafter	1,280,978
Total Debt Maturities	<u>\$ 1,595,308</u>

Interest expense for the years ended June 30, 2016 and 2015 totaled \$76,807 and \$88,625, respectively.

The note payable to the financial institution is subject to certain covenants as defined in the loan agreement. Management believes the Organization was in compliance with all covenants as of June 30, 2016.

NOTE 11 DESIGNATED NET ASSETS

Designated net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Board Designated Net Assets for St. Matthew's House		
Operations	\$ 1,443,522	\$ 1,463,484
Board Designated for SMH Foundation	286,864	280,228
Total	<u>\$ 1,730,386</u>	<u>\$ 1,743,712</u>

NOTE 12 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Unconditional Promises to Give, Net	\$ 1,083,496	\$ 1,453,494
Capital Campaign	740,863	214,008
Summer Camps/Education for Children	22,540	58,098
Women's Recovery	108,848	108,848
Child Care	50,895	4,655
Total	<u>\$ 2,006,642</u>	<u>\$ 1,839,103</u>

Temporarily restricted net assets released from donor-imposed restrictions for the years ended June 30, 2016 and 2015 totaled \$288,520 and \$541,850, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 13 GRANT REVENUE

During the years ended June 30, 2016 and 2015, the Organization recognized grant revenue for the following purposes:

	<u>2016</u>	<u>2015</u>
Operating Grants	\$ 117,500	\$ 67,352
Supportive Housing Grants	61,242	10,951
Child Nutrition Program Grant	39,964	32,789
NCEF Grant	15,600	40,000
Total	<u>\$ 234,306</u>	<u>\$ 151,092</u>

The Supportive Housing Grants, through the Department of Housing and Urban Development (HUD), for the years ended June 30, 2016 and 2015 totaled \$0 and \$10,951, respectively. As a requirement of the Grant, the Organization must record a deed restriction and lien against the Wolfe Apartments for a term of 20 years, which expires in 2023. The Grant stipulates that the apartments may only be leased to low and moderate income individuals that are homeless. If a default of either agreement occurs, HUD has the right to take several actions, the most severe of which would be repayment of the Grants given.

NOTE 14 RETIREMENT PLAN

The Organization has a 401(k) plan eligible to all employees regardless of years of service that are at least 18 years of age. The plan allows eligible employees to elect to defer up to 25% of the employee's compensation, with matching contributions made by the Organization. The Organization presently matches 2% of eligible employee's compensation.

The 401(k) contribution expense was \$50,666 and \$67,470 for the years ended June 30, 2016 and 2015, respectively.

NOTE 15 COMMITMENTS AND CONTINGENCIES

The Organization has entered into certain non-cancelable operating leases for building and equipment rentals. The future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 264,018
2018	144,804
2019	60,000
2020	60,000
2021	15,000
Thereafter	21,501
	<u>\$ 565,323</u>

Rent expense for the years ended June 30, 2016 and 2015 totaled \$359,352 and \$252,343, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 16 RELATED PARTY TRANSACTIONS

As of June 30, 2016 and 2015, the Organization had \$605,455 and \$1,039,094, respectively, of unconditional promises to give, net, due from board members and employees of the Organization.

During the years ended June 30, 2016 and 2015, the Organization incurred approximately \$77,000 in rent expense related to the leasing of space in a building owned by a board member.

During the year ended June 30, 2016, the Organization incurred approximately \$125,000 in repairs and maintenance expense related to services provided by a company owned by a board member.

SUPPLEMENTARY INFORMATION

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

	St. Matthew's House, Inc.	St. Matthew's Foundation, Inc.	St. Matthew's Properties, Inc.	Oxbow Hospitality, Inc.	Eliminating Entries	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 1,369,702	\$ 286,934	\$ 225,938	\$ 35,464	\$ -	\$ 1,918,038
Cash - Restricted for Wolfe Apartments	5,755	-	-	-	-	5,755
Certificates of Deposit	-	-	-	-	-	-
Accounts Receivable	65,416	-	-	-	-	65,416
Grants Receivable	40,000	-	-	-	-	40,000
Inventory	109,131	-	-	1,807	-	110,938
Unconditional Promises to Give, Net	615,454	-	-	-	-	615,454
Prepaid Expenses	44,325	-	-	29,606	-	73,931
Due from Related Party	140,678	-	105,212	-	(245,890)	-
Asset Held for Sale	-	-	-	-	-	-
Other Assets	60,997	-	2,240	15,478	-	78,715
Total Current Assets	<u>2,451,458</u>	<u>286,934</u>	<u>333,390</u>	<u>82,355</u>	<u>(245,890)</u>	<u>2,908,247</u>
CERTIFICATES OF DEPOSIT - LONG-TERM						
Total Current Assets	100,299	-	-	-	-	100,299
INVESTMENTS						
Investment in Marketable Securities	1,218,450	-	-	-	-	1,218,450
Investment in Subsidiaries	2,566,201	-	-	-	(2,566,201)	-
Total Investments	<u>3,784,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,566,201)</u>	<u>1,218,450</u>
UNCONDITIONAL PROMISES TO GIVE, NET - LESS CURRENT PORTION						
Total Assets	<u>468,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>468,042</u>
PROPERTY AND EQUIPMENT, NET						
Total Assets	<u>16,189,506</u>	<u>-</u>	<u>2,137,471</u>	<u>37,321</u>	<u>-</u>	<u>18,364,298</u>
	<u>\$ 22,993,956</u>	<u>\$ 286,934</u>	<u>\$ 2,470,861</u>	<u>\$ 119,676</u>	<u>\$ (2,812,091)</u>	<u>\$ 23,059,336</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 624,352	\$ 70	\$ 29,062	\$ 36,248	\$ -	\$ 689,732
Residents' Deposits	5,150	-	-	-	-	5,150
Due to Related Party	-	-	19,746	226,144	(245,890)	-
Current Portion of Capital Lease Obligation	10,204	-	-	-	-	10,204
Current Portion of Mortgage Notes Payable	58,974	-	-	-	-	58,974
Total Current Liabilities	<u>698,680</u>	<u>70</u>	<u>48,808</u>	<u>262,392</u>	<u>(245,890)</u>	<u>764,060</u>
LONG-TERM LIABILITIES						
Capital Lease Obligation	29,087	-	-	-	-	29,087
Mortgage Notes Payable	1,536,334	-	-	-	-	1,536,334
Total Long-Term Liabilities	<u>1,565,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,565,421</u>
Total Liabilities	<u>2,264,101</u>	<u>70</u>	<u>48,808</u>	<u>262,392</u>	<u>(245,890)</u>	<u>2,329,481</u>
NET ASSETS						
Unrestricted:						
Undesignated	1,702,299	-	91,145	(186,595)	(2,566,201)	(959,352)
Designated	1,443,522	286,864	-	-	-	1,730,386
Investment in Property and Equipment	15,577,392	-	2,330,908	43,879	-	17,952,179
Total Unrestricted	<u>18,723,213</u>	<u>286,864</u>	<u>2,422,053</u>	<u>(142,716)</u>	<u>(2,566,201)</u>	<u>18,723,213</u>
Temporarily Restricted	2,006,642	-	-	-	-	2,006,642
Total Net Assets	<u>20,729,855</u>	<u>286,864</u>	<u>2,422,053</u>	<u>(142,716)</u>	<u>(2,566,201)</u>	<u>20,729,855</u>
Total Liabilities and Net Assets	<u>\$ 22,993,956</u>	<u>\$ 286,934</u>	<u>\$ 2,470,861</u>	<u>\$ 119,676</u>	<u>\$ (2,812,091)</u>	<u>\$ 23,059,336</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES –
UNRESTRICTED NET ASSETS
YEAR ENDED JUNE 30, 2016

	St. Matthew's House, Inc.	St. Matthew's Foundation, Inc.	St. Matthew's Properties, Inc.	Oxbow Hospitality, Inc.	Eliminating Entries	Total
SUPPORT						
Contributions - General	\$ 3,576,327	\$ 26,100	\$ -	\$ -	\$ -	\$ 3,602,427
Grants	157,465	-	-	-	-	157,465
In-Kind Contributions	826,239	-	-	-	-	826,239
Total Support	4,560,031	26,100	-	-	-	4,586,131
REVENUE						
Special Events - Net of Related Costs	217,349	-	-	-	-	217,349
Thrift Shop Revenue	5,980,209	-	-	-	-	5,980,209
Rental Income	-	-	210,003	619,732	(529,375)	300,360
Program Services	848,212	-	-	-	(244,800)	603,412
Catering Services	231,073	-	-	24,330	-	255,403
Investment Return	(21,528)	28	-	-	-	(21,500)
Write-Down of Asset Value	(289,411)	-	-	-	-	(289,411)
Other Income	58,560	-	-	-	23,472	82,032
Total Revenue	7,024,464	28	210,003	644,062	(750,703)	7,127,854
Net Assets Released from Restrictions	288,520	-	-	-	-	288,520
Total Support and Revenue	11,873,015	26,128	210,003	644,062	(750,703)	12,002,505
EXPENSES						
Program Services	6,748,885	19,492	-	-	(564,175)	6,204,202
Management and General	697,658	-	-	-	-	697,658
Fundraising	772,317	-	-	-	-	772,317
Total Operating Expenses	8,218,860	19,492	-	-	(564,175)	7,674,177
Thrift Shop	3,693,088	-	-	-	-	3,693,088
Catering	220,537	-	-	-	-	220,537
Oxbow Hospitality	-	-	-	788,830	(210,423)	578,407
SMH Properties	-	-	95,766	-	-	95,766
Total Expenses	12,132,485	19,492	95,766	788,830	(774,598)	12,261,975
CHANGE IN NET ASSETS						
Net Assets - Beginning of Year	(259,470)	6,636	114,237	(144,768)	23,895	(259,470)
Contributed Capital	18,982,683	280,228	2,030,264	2,052	(2,460,081)	18,982,683
NET ASSETS - END OF YEAR	<u>\$ 18,723,213</u>	<u>\$ 286,864</u>	<u>\$ 2,422,053</u>	<u>\$ (142,716)</u>	<u>\$ (2,713,738)</u>	<u>\$ 18,723,213</u>

**ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES –
TEMPORARILY RESTRICTED NET ASSETS
YEAR ENDED JUNE 30, 2016**

	St. Matthew's House, Inc.	St. Matthew's Foundation, Inc.	St. Matthew's Properties, Inc.	Oxbow Hospitality, Inc.	Eliminating Entries	Total
SUPPORT						
Contributions - General	\$ 268,239	\$ -	\$ -	\$ -	\$ -	268,239
Contributions - Capital Campaign	110,979	-	-	-	-	110,979
Grants	76,841	-	-	-	-	76,841
In-Kind Contributions	-	-	-	-	-	-
Total Support	456,059	-	-	-	-	456,059
Net Assets Released from Restrictions	(288,520)	-	-	-	-	(288,520)
Total Support and Revenue	167,539	-	-	-	-	167,539
EXPENSES						
Program Services	-	-	-	-	-	-
Management and General	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	-
Thrift Shop	-	-	-	-	-	-
Catering	-	-	-	-	-	-
Total Expenses	-	-	-	-	-	-
CHANGE IN NET ASSETS						
Net Assets - Beginning of Year	1,839,103	-	-	-	-	1,839,103
NET ASSETS - END OF YEAR						
	\$ 2,006,642	\$ -	\$ -	\$ -	\$ -	\$ 2,006,642

**ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016**

	St. Matthew's House, Inc.	St. Matthew's Foundation, Inc.	St. Matthew's Properties, Inc.	Oxbow Hospitality, Inc.	Eliminating Entries	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ (91,931)	\$ 6,636	\$ 114,237	\$ (144,768)	\$ 23,895	\$ (91,931)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:						
Equity Earnings of Subsidiary	23,895	-	-	-	(23,895)	-
Depreciation/Amortization	642,631	-	39,228	6,560	-	688,419
Impairment of Assets	286,674	-	-	-	-	286,674
Unrealized Gains on Investments	(517,886)	-	-	-	-	(517,886)
Realized Losses on Investments	(118,699)	-	-	-	-	(118,699)
Change in Allowance of Uncollectible Unconditional Promises to Give	35,647	-	-	-	-	35,647
Change in Net Present Value Discount on Promises to Give	42,406	-	-	-	-	42,406
(Increase) Decrease in Current Assets:						
Accounts Receivable	(30,941)	-	-	-	-	(30,941)
Unconditional Promises to Give	291,945	-	-	-	-	291,945
Grants Receivable	(40,000)	-	-	-	-	(40,000)
Inventory	(20,135)	-	-	(141)	-	(20,276)
Prepaid Expenses	15,255	-	-	(21,167)	-	(5,912)
Due from Related Party	(104,740)	-	(70,259)	-	174,999	-
Other Assets	61,650	-	(2,240)	(34)	-	59,376
Increase (Decrease) in Current Liabilities:						
Accounts Payable	(151,552)	70	(20,526)	12,029	-	(159,979)
Residents' Deposits	100	-	-	(2,658)	-	(2,558)
Due to Related Party	-	-	-	174,999	(174,999)	-
Net Cash from Operating Activities	324,319	6,706	60,440	24,820	-	416,285
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Property and Equipment	(492,945)	-	(123,343)	(5,902)	-	(622,190)
Proceeds from Sale of Property and Equipment	6,422	-	-	-	-	6,422
Purchases of Investments	(1,742,865)	-	-	-	-	(1,742,865)
Proceeds from Sale of Investments	2,426,481	-	-	-	-	2,426,481
Purchase of Certificates of Deposit	(50,000)	-	-	-	-	(50,000)
Proceeds from Sale of Certificates of Deposit	54,080	-	-	-	-	54,080
Net Cash from Investing Activities	201,173	-	(123,343)	(5,902)	-	71,928
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowings against Line of Credit	3,154,000	-	-	-	-	3,154,000
Payments against Line of Credit	(3,154,000)	-	-	-	-	(3,154,000)
Proceeds from Issuance of Mortgage Notes Payable	1,600,000	-	-	-	-	1,600,000
Principal Payments on Mortgage Notes Payable	(1,669,497)	-	-	-	-	(1,669,497)
Principal Payments on Capital Lease	(7,228)	-	-	-	-	(7,228)
Loan Acquisition Costs on Long-Term Debt	(38,563)	-	-	-	-	(38,563)
Contributions from Parent	-	-	277,552	-	(277,552)	-
Contributions to Subsidiary	(277,552)	-	277,552	-	277,552	-
Net Cash from Financing Activities	(392,840)	-	277,552	-	-	(115,288)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	132,652	6,706	214,649	18,918	-	372,925
Cash and Cash Equivalents - Beginning of Year	1,242,805	280,228	11,289	16,546	-	1,550,868
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,375,457</u>	<u>\$ 286,934</u>	<u>\$ 225,938</u>	<u>\$ 35,464</u>	<u>\$ -</u>	<u>\$ 1,923,793</u>
SUPPLEMENTAL DISCLOSURES						
Interest Paid	\$ 76,808	\$ -	\$ -	\$ -	\$ -	\$ 76,808
NON-CASH INVESTING AND FINANCING ACTIVITIES						
Construction in Progress Placed in Service	\$ 164,047	\$ -	\$ -	\$ -	\$ -	\$ 164,047
Write off of Construction in Progress Projects	\$ 29,469	\$ -	\$ -	\$ -	\$ -	\$ 29,469
Acquisition of Equipment from Incurrence of Capital Lease	\$ 28,511	\$ -	\$ -	\$ -	\$ -	\$ 28,511