

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2017 AND 2016

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
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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), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, 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 consolidated 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. and Affiliates as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, the Organization adopted a recently issued accounting standard related to the accounting for debt issuance costs. The new standard requires entities to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. Our opinion is not modified with respect to this matter.

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 24, 2017

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,410,850	\$ 1,918,038
Cash - Restricted for Wolfe Apartments	-	5,755
Certificates of Deposit - Short-Term	96,570	-
Accounts Receivable	99,014	65,416
Grants Receivable	-	40,000
Inventory	108,801	110,938
Unconditional Promises to Give, Net - Current Portion	835,115	615,454
Bequest Receivable	700,000	-
Prepaid Expenses	165,024	73,931
Other Assets	105,036	93,315
Total Current Assets	4,520,410	2,922,847
CERTIFICATES OF DEPOSIT - LONG-TERM	-	100,299
INVESTMENTS	1,126,208	1,218,450
UNCONDITIONAL PROMISES TO GIVE, NET - LESS CURRENT PORTION	1,331,998	468,042
PROPERTY AND EQUIPMENT, NET	21,547,302	18,312,099
Total Assets	\$ 28,525,918	\$ 23,021,737
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 975,158	\$ 689,732
Residents' Deposits	15,351	5,150
Current Portion of Capital Lease Obligation	23,542	10,204
Current Portion of Mortgage Notes Payable	60,164	58,974
Total Current Liabilities	1,074,215	764,060
LONG-TERM LIABILITIES		
Capital Lease Obligation	69,505	29,087
Mortgage Notes Payable	1,444,274	1,498,735
Total Long-Term Liabilities	1,513,779	1,527,822
Total Liabilities	2,587,994	2,291,882
NET ASSETS		
Unrestricted:		
Undesignated	(244,347)	(959,352)
Designated	1,523,802	1,730,386
Investment in Property and Equipment	19,956,377	17,952,179
Total Unrestricted	21,235,832	18,723,213
Temporarily Restricted	4,702,092	2,006,642
Total Net Assets	25,937,924	20,729,855
Total Liabilities and Net Assets	\$ 28,525,918	\$ 23,021,737

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, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT						
Contributions - General	\$ 4,896,844	\$ 3,268,583	\$ 8,165,427	\$ 3,602,427	\$ 268,239	\$ 3,870,666
Contributions - Capital Campaigns	-	165,318	165,318	-	110,979	110,979
Grants	118,103	40,764	158,867	157,465	76,841	234,306
In-Kind Contributions	871,754	-	871,754	826,239	-	826,239
Total Support	<u>5,886,701</u>	<u>3,474,665</u>	<u>9,361,366</u>	<u>4,586,131</u>	<u>456,059</u>	<u>5,042,190</u>
REVENUE						
Special Events - Net of Related Costs	539,059	-	539,059	217,349	-	217,349
Thrift Shop Revenue	7,046,985	-	7,046,985	5,980,209	-	5,980,209
Thrift Cafés	102,261	-	102,261	-	-	-
Catering Services	275,803	-	275,803	255,403	-	255,403
Rental Income	264,146	-	264,146	300,360	-	300,360
Program Services	621,560	-	621,560	603,412	-	603,412
Investment Return	117,080	-	117,080	(21,500)	-	(21,500)
Write-Down of Asset Value	-	-	-	(289,411)	-	(289,411)
Other Income	97,489	-	97,489	82,032	-	82,032
Total Revenue	<u>9,064,383</u>	<u>-</u>	<u>9,064,383</u>	<u>7,127,854</u>	<u>-</u>	<u>7,127,854</u>
Net Assets Released from Restrictions	<u>779,215</u>	<u>(779,215)</u>	<u>-</u>	<u>288,520</u>	<u>(288,520)</u>	<u>-</u>
Total Support and Revenue	15,730,299	2,695,450	18,425,749	12,002,505	167,539	12,170,044
EXPENSES						
Program Services	5,254,083	-	5,254,083	6,204,202	-	6,204,202
Management and General	840,953	-	840,953	697,658	-	697,658
Fundraising	913,100	-	913,100	772,317	-	772,317
Total Operating Expenses	<u>7,008,136</u>	<u>-</u>	<u>7,008,136</u>	<u>7,674,177</u>	<u>-</u>	<u>7,674,177</u>
Thrift Shop	5,202,041	-	5,202,041	3,693,088	-	3,693,088
Catering	323,826	-	323,826	220,537	-	220,537
Oxbow Hospitality	584,739	-	584,739	578,407	-	578,407
SMH Properties	98,938	-	98,938	95,766	-	95,766
Total Expenses	<u>13,217,680</u>	<u>-</u>	<u>13,217,680</u>	<u>12,261,975</u>	<u>-</u>	<u>12,261,975</u>
CHANGE IN NET ASSETS	2,512,619	2,695,450	5,208,069	(259,470)	167,539	(91,931)
Net Assets - Beginning of Year	<u>18,723,213</u>	<u>2,006,642</u>	<u>20,729,855</u>	<u>18,982,683</u>	<u>1,839,103</u>	<u>20,821,786</u>
NET ASSETS - END OF YEAR	<u>\$ 21,235,832</u>	<u>\$ 4,702,092</u>	<u>\$ 25,937,924</u>	<u>\$ 18,723,213</u>	<u>\$ 2,006,642</u>	<u>\$ 20,729,855</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017								
	Program Services	Management and General	Fundraising	Total Operating Expenses	Thrift Shop, Car Wash, & Cafés	Catering	Oxbow Hospitality	SMH Properties	Total
Advertising	\$ -	\$ -	\$ 284	\$ 284	\$ 7,396	\$ 2,450	\$ 1,879	-	\$ 12,009
Auto and Travel	132,309	12,849	2,883	148,041	216,958	16,813	134	-	381,946
Depreciation and Amortization	372,180	-	352	372,532	304,794	-	7,965	82,699	767,990
Food and Vending Supplies	182,190	1,322	4,267	187,779	7,729	85,851	45,785	-	327,144
In-Kind Food	830,000	-	-	830,000	-	-	-	-	830,000
Interest	31,008	577	-	31,585	26,801	-	156	-	58,542
Occupancy	648,672	73,600	73,681	795,953	737,880	3,832	205,522	16,076	1,759,263
Office Expense	340,622	11,226	66,027	417,875	347,489	7,192	61,076	163	833,795
Professional	11,248	22,917	4,463	38,628	26,030	9,595	-	-	74,253
Resident/Client Assistance	269,922	4,099	-	274,021	-	1,442	-	-	275,463
Marketing	26,495	-	134,562	161,057	131	251	-	-	161,439
Salaries and Benefits	2,409,437	714,363	626,581	3,750,381	3,526,833	196,400	262,222	-	7,735,836
Total	\$ 5,254,083	\$ 840,953	\$ 913,100	\$ 7,008,136	\$ 5,202,041	\$ 323,826	\$ 584,739	\$ 98,938	\$ 13,217,680

	2016								
	Program Services	Management and General	Fund-Raising	Total Operating Expenses	Thrift Shop	Catering	Oxbow Hospitality	SMH Properties	Total
Advertising	\$ -	\$ -	\$ 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
Total	\$ 6,204,202	\$ 697,658	\$ 772,317	\$ 7,674,177	\$ 3,693,088	\$ 220,537	\$ 578,407	\$ 95,766	\$ 12,261,975

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,208,069	\$ (91,931)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation/Amortization	767,990	688,419
Impairment of Assets	-	286,674
Donated Land and Building	(3,038,065)	-
Loss on Disposition of Property and Equipment	3,857	2,737
Unrealized (Gains) on Investments	(31,867)	6,486
Realized (Gains) on Investments	(54,840)	33,190
Change in Allowance of Uncollectible Unconditional Promises to Give	(19,362)	20,168
Change in Net Present Value Discount on Promises to Give	51,048	11,518
Amortization of Debt Issuance Costs	5,004	(17,372)
(Increase) Decrease in Current Assets:		
Accounts Receivable	(33,598)	(30,939)
Unconditional Promises to Give	(1,115,303)	338,311
Bequest Receivable	(700,000)	-
Grants Receivable	40,000	(40,000)
Inventory	2,137	(20,276)
Prepaid Expenses	(91,093)	(5,912)
Other Assets	(11,720)	53,735
Increase (Decrease) in Current Liabilities:		
Accounts Payable	285,426	(159,979)
Residents' Deposits	10,200	(2,558)
Net Cash Provided by Operating Activities	1,277,883	1,072,271
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(917,447)	(622,190)
Proceeds from Sale of Property and Equipment	18,446	(3,234)
Purchases of Investments	(1,605,876)	(2,595,712)
Proceeds from Sale of Investments	1,784,825	2,604,789
Purchase of Certificates of Deposit	-	(50,000)
Proceeds from Sale of Certificates of Deposit	3,729	54,080
Net Cash Used by Investing Activities	(716,323)	(612,267)

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings against Line of Credit	500,000	3,154,000
Payments on Line of Credit	(500,000)	(3,154,000)
Proceeds from Issuance of Mortgage Notes Payable	-	1,600,000
Principal Payments on Mortgage Notes Payable	(58,275)	(1,669,497)
Acquisition Costs on Mortgage Notes Payable	-	(10,354)
Principal Payments on Capital Lease	(16,228)	(7,228)
Net Cash Used by Financing Activities	(74,503)	(87,079)
NET INCREASE IN CASH AND CASH EQUIVALENTS	487,057	372,925
Cash and Cash Equivalents - Beginning of Year	1,923,793	1,550,868
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,410,850	\$ 1,923,793
CASH AND CASH EQUIVALENTS		
Presented in the Statement of Financial Position as:		
Cash and Cash Equivalents	\$ 2,410,850	\$ 1,918,038
Cash - Restricted for Wolfe Apartments	-	5,755
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,410,850	\$ 1,923,793
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ 58,542	\$ 76,808
NONCASH INVESTING AND FINANCING ACTIVITIES		
Construction in Progress Placed in Service	\$ -	\$ 164,047
Donated Land & Building	\$ 3,038,065	\$ -
Write off of Construction in Progress Projects	\$ -	\$ 29,469
Acquisition of Equipment from Incurrence of Capital lease	\$ 94,765	\$ 28,511

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 NATURE OF OPERATIONS

St. Matthew's House, Inc. and Affiliates (together, the Organization) is comprised of St. Matthew's House, Inc. (St. Matt's) and 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. The mission of St. Matthew's House is to impact the lives of the least of these in a spiritual environment that is both compassionate and disciplined. Through this mission, St. Matthew's House provides 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.

St. Matthew's House, Inc. operates 104-bed and 44-bed shelters in Naples and Immokalee, respectively. The operations of St. Matt's also runs the "Wolfe Apartments," a 46-unit transitional housing facility in Naples. Correspondingly, St. Matt's operates men and women's recovery programs that offer temporary housing in a drug and alcohol-free community with a three-phase program. Furthermore, the operations also support a feeding ministry that provides more than 500,000 hot meals and 6,500 bags of groceries each year. St. Matt's is supported primarily through its six operating thrift stores, donor contributions and grants, rent and program fees charged to residents, special events, a food catering operation, M25 Cafés, and its newly-opened car wash and detailing center.

St. Matthew's Foundation, Inc., a nonprofit corporation, was formed in February 2006, and is wholly owned by St. Matthew's House, Inc. 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. Matt's.

St. Matthew's House Properties, Inc., a nonprofit corporation, was formed in October 2011 and is wholly owned by St. Matthew's House, Inc. 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 eight acres of land in Labelle, Florida, including meeting rooms and a restaurant. SMH Properties rents the building and the land out to Oxbow Hospitality, Inc.

Oxbow Hospitality, Inc., a for-profit corporation, was formed in April 2014 and is wholly owned by St. Matthew's House, Inc. The corporation's primary purpose is to advance the mission of St. Matthew's House, Inc. Oxbow rents the Port Labelle Inn from SMH Properties and operates the hotel as a conference and retreat center. Oxbow also leases one of its floors to St. Matt's for the Justin's Place Recovery Program residents.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

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, and SMH Properties are exempt from income taxes under the provisions of Internal Revenue Code (the 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, 2017 and June 30, 2016, there are no deferred tax assets or liabilities and there is no 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 nonprofit 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.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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.

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, 2017 and 2016.

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 a maturity of three months or less when acquired 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.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give, Net (Continued)

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.

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 estimated 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, 2017 AND 2016

NOTE 2 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, 2017 and 2016.

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 \$1,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized.

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, 2017 AND 2016

NOTE 2 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.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 24, 2017, the date the financial statements were available to be issued. See Note 18.

Reclassifications

Certain prior year accounts have been reclassified to conform with the current year's presentation. The reclassifications had no impact on previously reported change in net assets.

Change in Accounting Principle

The Organization has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires organizations to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. The effect of adopting this new standard decreased assets and notes payable by \$37,599 as of June 30, 2016. The adoption of the standard had no effect on previously reported net assets.

NOTE 3 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, 2017 and 2016, the Organization received approximately 43,950 and 37,800 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, 2017 and 2016, donated services were valued at \$41,754 and \$44,386 respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 4 UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give, net, at June 30, 2017 and 2016 are reflected at the present value of estimated cash flows using a discount rate of 3.05% and 3.06% for 2017 and 2016, respectively, as follows:

	<u>2017</u>	<u>2016</u>
Unconditional Promises to Give	\$ 2,319,687	\$ 1,267,756
Less: Discount to Net Present Value	(68,450)	(119,498)
Less: Allowance for Uncollectible Promises	(84,124)	(64,762)
Total	<u>\$ 2,167,113</u>	<u>\$ 1,083,496</u>

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

	<u>2017</u>	<u>2016</u>
1 Year or Less	\$ 1,535,115	\$ 671,907
2 to 5 Years	784,572	595,849
Total	<u>\$ 2,319,687</u>	<u>\$ 1,267,756</u>

NOTE 5 CERTIFICATES OF DEPOSIT

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

	<u>2017</u>	
Maturity Date, Year Ended June 30,	<u>Value</u>	<u>Rate</u>
2018	\$ 96,570	4.91% - 5.12%
Total	<u>\$ 96,570</u>	

	<u>2016</u>	
Maturity Date, Year Ended June 30,	<u>Value</u>	<u>Rate</u>
2018	\$ 100,299	5%-5.2%
Total	<u>\$ 100,299</u>	

NOTE 6 INVESTMENTS

Investments are comprised of the following at June 30:

	<u>2017</u>	
	<u>Cost</u>	<u>Market</u>
Equity Securities	\$ 731,690	\$ 847,171
Fixed Income Securities	279,281	279,037
Total	<u>\$ 1,010,971</u>	<u>\$ 1,126,208</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6 INVESTMENTS (CONTINUED)

Investments are comprised of the following at June 30:

	2016	
	Cost	Market
Equity Securities	\$ 933,147	\$ 986,795
Fixed Income Securities	233,704	231,655
Total	<u>\$ 1,166,851</u>	<u>\$ 1,218,450</u>

Investment earnings for the years ended June 30, 2017 and 2016 were comprised of:

	2017	2016
Unrealized Gain (Loss) on Investments	\$ 31,867	\$ (6,486)
Realized Gain on Investments	\$ 54,840	(33,190)
Interest and Dividend Earnings	28,894	6,712
Investment Expenses	1,479	11,464
Total	<u>\$ 117,080</u>	<u>\$ (21,500)</u>

NOTE 7 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 2 – 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:

	2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity Securities	\$ 847,171	\$ -	\$ -	\$ 847,171
Fixed Income Securities	-	279,037	-	279,037
Total	<u>\$ 847,171</u>	<u>\$ 279,037</u>	<u>\$ -</u>	<u>\$ 1,126,208</u>
	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>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 8 PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at June 30, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Buildings	\$ 13,999,054	\$ 12,498,764
Land	8,177,714	6,653,114
Equipment and Furniture	1,189,126	1,107,301
Vehicles	705,120	642,135
Leasehold Improvements (Net of Impairment)	2,351,622	2,084,295
Construction in Progress	559,896	-
Total	<u>26,982,532</u>	<u>22,985,609</u>
Less: Accumulated Depreciation	<u>(5,435,230)</u>	<u>(4,673,510)</u>
Total, Net	<u>\$ 21,547,302</u>	<u>\$ 18,312,099</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$767,990 and \$688,419, respectively. Additionally, during the prior 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 recorded an impairment loss in the amount of \$286,674.

NOTE 9 LINE OF CREDIT

As of June 30, 2017 and 2016, the Organization has a line of credit in the amount of \$1,000,000, due on demand and collateralized by all business assets, carrying a fixed interest rate of 3.25%. The Organization did not have a balance on the line of credit at June 30, 2017 or 2016.

NOTE 10 CAPITAL LEASE OBLIGATIONS

Capital lease obligations at June 30 were as follows:

	<u>2017</u>	<u>2016</u>
Capital Lease Obligation, maturing February 2018 monthly payment of \$1,166.	\$ 65,318	\$ -
Capital Lease Obligation, maturing February 2018 monthly payment of \$703.	5,397	11,177
Capital Lease Obligation, maturing May 2021 monthly payment of \$475.	<u>22,332</u>	<u>28,114</u>
Total	<u>\$ 93,047</u>	<u>\$ 39,291</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 10 CAPITAL LEASE OBLIGATIONS (CONTINUED)

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 23,542
2019	19,699
2020	19,699
2021	19,122
2022	10,985
Total Minimum Lease Payments	<u>\$ 93,047</u>
Less: Amount Representing Interest	<u>1,664</u>
Capital Lease Obligation	<u><u>\$ 91,383</u></u>

The equipment is recorded in property and equipment at June 30, 2017 and 2016 at \$120,442 and \$50,062 with accumulated depreciation of \$20,016 and \$7,425, respectively.

NOTE 11 MORTGAGE NOTES PAYABLE

Mortgage notes payable at June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Mortgage note payable to financial institution, secured by land, building and assignment of Leases and Rents, monthly payments of principal and interest at 3.15% in 2017 and up to 4.75% in 2016. Payments started in May of 2011. The loan was refinanced in May 2016, with a new maturity date on May 10, 2023; at which time the balance will be due in the form of a balloon payment.	\$ 1,537,033	\$ 1,595,308
Total Notes Payable	<u>1,537,033</u>	<u>1,595,308</u>
Less: Unamortized Debt Issuance Costs	<u>(32,595)</u>	<u>(37,599)</u>
Total Notes Payable, Net Unamortized Debt Issuance Costs	\$ 1,504,438	\$ 1,557,709
Less: Current Maturities	<u>(60,164)</u>	<u>(58,974)</u>
Total Notes Payable, Less Current Maturities	<u><u>\$ 1,444,274</u></u>	<u><u>\$ 1,498,735</u></u>

Aggregate future principal payments of the mortgage notes payable are due as follows at June 30, 2017:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 60,164
2017	62,804
2018	64,811
2019	66,882
2020	69,020
Thereafter	1,213,352
Total Debt Maturities	<u><u>\$ 1,537,033</u></u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 11 MORTGAGE NOTES PAYABLE (CONTINUED)

Interest expense for the years ended June 30, 2017 and 2016 totaled \$58,542 and \$76,807, 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, 2017.

NOTE 12 DESIGNATED NET ASSETS

Designated net assets consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Board Designated Net Assets for St. Matthew's House Operations	\$ 1,263,364	\$ 1,443,522
Board Designated for SMH Foundation	260,438	286,864
Total	<u>\$ 1,523,802</u>	<u>\$ 1,730,386</u>

NOTE 13 TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Unconditional Promises to Give, Net	\$ 2,867,114	\$ 1,083,496
Capital Campaign	946,580	740,863
Main Shelter Capital Campaign	49,410	-
Women's Recovery	108,848	108,848
Improvements & Operating Costs for 4330 Building	470,438	-
Intensive Out-Patient Program	180,000	-
Other Small Purpose	79,702	73,435
Total	<u>\$ 4,702,092</u>	<u>\$ 2,006,642</u>

Temporarily restricted net assets released from donor-imposed restrictions for the years ended June 30, 2017 and 2016 totaled \$779,215 and \$288,520, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 14 GRANT REVENUE

During the years ended June 30, 2017 and 2016, the Organization recognized grant revenue for the following purposes:

	<u>2017</u>	<u>2016</u>
Operating Grants	\$ 59,500	\$ 117,500
Supportive Housing Grants	35,717	61,242
Child Nutrition Program Grant	22,886	39,964
NCEF Grant	40,764	15,600
Total	<u>\$ 158,867</u>	<u>\$ 234,306</u>

NOTE 15 RETIREMENT PLAN

The Organization has a 401(k) plan eligible to all employees, regardless of years of service, who 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 3% of eligible employee's compensation.

The 401(k) contribution expense was \$81,947 and \$50,666 for the years ended June 30, 2017 and 2016, respectively.

NOTE 16 COMMITMENTS AND CONTINGENCIES

The Organization has entered into certain noncancelable 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>
2018	\$ 169,600
2019	121,000
2020	121,000
2021	71,000
2022	45,600
Thereafter	12,600
Total Operating Lease Commitments	<u>\$ 540,800</u>

Lease expense for the years ended June 30, 2017 and 2016 totaled \$360,507 and \$359,352, respectively.

Capital expenditures contracted for at the balance sheet date that have not yet been expended total approximately \$461,700. These contracts relate to construction in progress for the Imokalee thrift store.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 17 RELATED PARTY TRANSACTIONS

As of June 30, 2017 and 2016, the Organization had \$296,002 and \$605,455, respectively, of unconditional promises to give, net, due from board members and employees of the Organization.

During the years ended June 30, 2017 and 2016, 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 years ended June 30, 2017 and 2016, the Organization incurred approximately \$107,000 and \$125,000, respectively, in repairs and maintenance expense related to services provided by a company owned by a board member.

NOTE 18 DONATED LAND AND BUILDING AND DEED RESTRICTIONS

During the year ended June 30, 2017, the Organization received a donation of land and building in Naples. The donated property is valued at approximately \$3.1 million. The donated property had an outstanding mortgage, for which another donor donated the funds to enable the Organization to payoff the mortgage.

In conjunction with this donation, the donor requested that deed restrictions be placed upon the property. The board of directors and management agreed to these deed restrictions. The restrictions are as such: the Organization cannot abandon the property from its intended use for more than thirty days; cannot attempt to sell or mortgage the property; cannot discontinue its present mission; cannot fail to timely correct within thirty days of notice from the donor for a failure of adherence to the terms of the agreement; cannot be dissolved under state law. If the restrictions are violated, then the Organization must transfer the property to another charity as designated by the donor. Management believes the restrictions imposed are not contrary to the Organization's mission, and has a high level of confidence that such restrictions have a very low probability of being violated.

SUPPLEMENTARY INFORMATION

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	St. Matthew's House, Inc.	St. Matthew's Foundation, Inc.	St. Matthew's Properties, Inc.	Oxbow Hospitality, Inc.	Eliminating Entries	Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 1,960,087	\$ 261,214	\$ 144,982	\$ 44,567	\$ -	\$ 2,410,850
Certificates of Deposit	96,570	-	-	-	-	96,570
Accounts Receivable	97,659	-	-	1,355	-	99,014
Inventory	108,090	-	-	711	-	108,801
Unconditional Promises to Give, Net - Current Portion	835,115	-	-	-	-	835,115
Bequest Receivable	700,000	-	-	-	-	700,000
Prepaid Expenses	135,945	-	-	29,079	-	165,024
Due from Related Party	213,713	-	126,003	-	(339,716)	-
Other Assets	49,891	-	50,000	5,145	-	105,036
Total Current Assets	<u>4,197,070</u>	<u>261,214</u>	<u>320,985</u>	<u>80,857</u>	<u>(339,716)</u>	<u>4,520,410</u>
INVESTMENTS						
Investment in Marketable Securities	1,126,208	-	-	-	-	1,126,208
Investment in Subsidiaries	2,471,437	-	-	-	(2,471,437)	-
Total Investments	<u>3,597,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,471,437)</u>	<u>1,126,208</u>
UNCONDITIONAL PROMISES TO GIVE, NET - LESS CURRENT PORTION	1,331,998	-	-	-	-	1,331,998
PROPERTY AND EQUIPMENT, NET	<u>19,347,036</u>	<u>-</u>	<u>2,166,660</u>	<u>33,606</u>	<u>-</u>	<u>21,547,302</u>
Total Assets	<u>\$ 28,473,749</u>	<u>\$ 261,214</u>	<u>\$ 2,487,645</u>	<u>\$ 114,463</u>	<u>\$ (2,811,153)</u>	<u>\$ 28,525,918</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 929,302	\$ -	\$ 16,059	\$ 29,797	\$ -	\$ 975,158
Residents' Deposits	9,038	-	-	6,313	-	15,351
Due to Related Party	-	776	21,775	317,165	(339,716)	-
Current Portion of Capital Lease Obligation	23,542	-	-	-	-	23,542
Current Portion of Mortgage Notes Payable	60,164	-	-	-	-	60,164
Total Current Liabilities	<u>1,022,046</u>	<u>776</u>	<u>37,834</u>	<u>353,275</u>	<u>(339,716)</u>	<u>1,074,215</u>
LONG-TERM LIABILITIES						
Capital Lease Obligation	69,505	-	-	-	-	69,505
Mortgage Notes Payable	1,444,274	-	-	-	-	1,444,274
Total Long-Term Liabilities	<u>1,513,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,513,779</u>
Total Liabilities	2,535,825	776	37,834	353,275	(339,716)	2,587,994
NET ASSETS						
Unrestricted:						
Undesignated	2,222,917	-	283,150	(278,977)	(2,471,437)	(244,347)
Designated	1,263,364	260,438	-	-	-	1,523,802
Investment in Property and Equipment	17,749,551	-	2,166,661	40,165	-	19,956,377
Total Unrestricted	<u>21,235,832</u>	<u>260,438</u>	<u>2,449,811</u>	<u>(238,812)</u>	<u>(2,471,437)</u>	<u>21,235,832</u>
Temporarily Restricted	4,702,092	-	-	-	-	4,702,092
Total Net Assets	<u>25,937,924</u>	<u>260,438</u>	<u>2,449,811</u>	<u>(238,812)</u>	<u>(2,471,437)</u>	<u>25,937,924</u>
Total Liabilities and Net Assets	<u>\$ 28,473,749</u>	<u>\$ 261,214</u>	<u>\$ 2,487,645</u>	<u>\$ 114,463</u>	<u>\$ (2,811,153)</u>	<u>\$ 28,525,918</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES—UNRESTRICTED NET ASSETS
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	St. Matthew's House, Inc.	St. Matthew's Foundation, Inc.	St. Matthew's Properties, Inc.	Oxbow Hospitality, Inc.	Eliminating Entries	Total
SUPPORT						
Contributions - General	\$ 4,896,844	\$ -	\$ -	\$ -	\$ -	\$ 4,896,844
Grants	118,103	-	-	-	-	118,103
In-Kind Contributions	871,754	-	-	-	-	871,754
Total Support	<u>5,886,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,886,701</u>
REVENUE						
Special Events - Net of Related Costs	539,059	-	-	-	-	539,059
Thrift Shop Revenue	7,046,985	-	-	-	-	7,046,985
Thrift Store Café Revenue	102,261	-	-	-	-	102,261
Catering Income	240,587	-	-	35,216	-	275,803
Rental Income	-	-	134,401	583,520	(453,775)	264,146
Program Services	621,560	-	-	-	-	621,560
Investment Return	116,126	690	-	264	-	117,080
Other Income (Loss)	6,387	-	(7,705)	4,043	94,764	97,489
Total Revenue	<u>8,672,965</u>	<u>690</u>	<u>126,696</u>	<u>623,043</u>	<u>(359,011)</u>	<u>9,064,383</u>
Net Assets Released from Restrictions	<u>779,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>779,215</u>
Total Support and Revenue	15,338,881	690	126,696	623,043	(359,011)	15,730,299
EXPENSES						
Program Services	5,546,554	26,904	-	-	(319,375)	5,254,083
Management and General	840,741	212	-	-	-	840,953
Fundraising	913,100	-	-	-	-	913,100
Total Operating Expenses	<u>7,300,395</u>	<u>27,116</u>	<u>-</u>	<u>-</u>	<u>(319,375)</u>	<u>7,008,136</u>
Thrift Shop	5,202,041	-	-	-	-	5,202,041
Catering	323,826	-	-	-	-	323,826
Oxbow Hospitality	-	-	-	719,139	(134,400)	584,739
SMH Properties	-	-	98,938	-	-	98,938
Total Expenses	<u>12,826,262</u>	<u>27,116</u>	<u>98,938</u>	<u>719,139</u>	<u>(453,775)</u>	<u>13,217,680</u>
CHANGE IN NET ASSETS	2,512,619	(26,426)	27,758	(96,096)	94,764	2,512,619
Net Assets - Beginning of Year	<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>
NET ASSETS - END OF YEAR	<u>\$ 21,235,832</u>	<u>\$ 260,438</u>	<u>\$ 2,449,811</u>	<u>\$ (238,812)</u>	<u>\$ (2,471,437)</u>	<u>\$ 21,235,832</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES—TEMPORARILY RESTRICTED NET ASSETS
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>St. Matthew's House, Inc.</u>	<u>St. Matthew's Foundation, Inc.</u>	<u>St. Matthew's Properties, Inc.</u>	<u>Oxbow Hospitality, Inc.</u>	<u>Eliminating Entries</u>	<u>Total</u>
SUPPORT						
Contributions - General	\$ 3,268,583	\$ -	\$ -	\$ -	\$ -	\$ 3,268,583
Contributions - Capital Campaigns	165,318	-	-	-	-	165,318
Grants	40,764	-	-	-	-	40,764
In-Kind Contributions	-	-	-	-	-	-
Total Support	<u>3,474,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,474,665</u>
Net Assets Released from Restrictions	<u>(779,215)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(779,215)</u>
Total Support and Revenue	2,695,450	-	-	-	-	2,695,450
EXPENSES						
Program Services	-	-	-	-	-	-
Management and General	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Thrift Shop	-	-	-	-	-	-
Catering	-	-	-	-	-	-
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	2,695,450	-	-	-	-	2,695,450
Net Assets - Beginning of Year	<u>2,006,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006,642</u>
NET ASSETS - END OF YEAR	<u>\$ 4,702,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,702,092</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	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	\$ 5,208,069	\$ (26,426)	\$ 27,758	\$ (96,096)	\$ 94,764	\$ 5,208,069
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:						
Equity Earnings of Subsidiaries	94,764				(94,764)	-
Depreciation/Amortization	677,326	-	82,699	7,965		767,990
Loss on Disposition of Property and Equipment	3,857	-	-	-		3,857
Contributions of Property and Equipment	(3,038,065)					(3,038,065)
Unrealized Gains on Investments	(31,867)	-	-	-		(31,867)
Realized Losses on Investments	(54,840)	-	-	-		(54,840)
Change in Allowance of Uncollectible Unconditional Promises to Give	(19,362)	-	-	-		(19,362)
Change in Net Present Value Discount on Promises to Give	51,048	-	-	-		51,048
Amortization of Debt Issuance Costs	5,004	-	-	-		5,004
(Increase) Decrease in Current Assets:						
Accounts Receivable	(32,243)	-	-	(1,355)		(33,598)
Unconditional Promises to Give	(1,115,302)	-	-	-		(1,115,302)
Bequest Receivable	(700,000)					(700,000)
Grants Receivable	40,000	-	-	-		40,000
Inventory	1,041	-	-	1,097		2,138
Prepaid Expenses	(91,620)	-	-	527		(91,093)
Due from Related Party	(72,965)	706	(20,791)	-	93,050	-
Other Assets	(26,493)	-	4,439	10,332		(11,722)
Increase (Decrease) in Current Liabilities:						
Accounts Payable	304,080	-	(13,003)	(5,651)		285,426
Residents' Deposits	4,687	-	-	5,513		10,200
Due to Related Party	-	-	2,029	91,021	(93,050)	-
Net Cash Provided (Used) by Operating Activities	<u>1,207,119</u>	<u>(25,720)</u>	<u>83,131</u>	<u>13,353</u>	<u>-</u>	<u>1,277,883</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Property and Equipment	(749,110)	-	(164,087)	(4,250)		(917,447)
Purchases of Investments	(1,605,876)	-	-	-		(1,605,876)
Proceeds on Sale of Property and Equipment	18,446					18,446
Proceeds from Sale of Investments	1,784,825	-	-	-		1,784,825
Proceeds from Sale of Certificates of Deposit	3,729	-	-	-		3,729
Net Cash Used by Investing Activities	<u>(547,986)</u>	<u>-</u>	<u>(164,087)</u>	<u>(4,250)</u>	<u>-</u>	<u>(716,323)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Line of Credit	500,000	-	-	-		500,000
Payments on Line of Credit	(500,000)	-	-	-		(500,000)
Principal Payments on Mortgage Notes Payable	(58,275)	-	-	-		(58,275)
Principal Payments on Capital Lease	(16,228)	-	-	-		(16,228)
Net Cash Provided by Financing Activities	<u>(74,503)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,503)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	584,630	(25,720)	(80,956)	9,103	-	487,057
Cash and Cash Equivalents - Beginning 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>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,960,087</u>	<u>\$ 261,214</u>	<u>\$ 144,982</u>	<u>\$ 44,567</u>	<u>\$ -</u>	<u>\$ 2,410,850</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

SUPPLEMENTAL DISCLOSURES

Interest Paid	\$ 58,542	\$ -	\$ -	\$ -	\$ -	\$ 58,542
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**NONCASH INVESTING AND
FINANCING ACTIVITIES**

Acquisition of Equipment from Incurrence of Capital lease	\$ 94,765	\$ -	\$ -	\$ -	\$ -	\$ 94,765
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Donated Land & Building	\$ 3,038,065	\$ -	\$ -	\$ -	\$ -	\$ 3,038,065
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