

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2018 AND 2017

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 the 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, 2018 and 2017, 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, 2018 and 2017, 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, management has elected to early adopt Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that 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 — net assets without donor restrictions, consolidating statement of activities — net assets with donor restrictions, 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 31, 2018

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2018 AND 2017

LIABILITIES AND NET ASSETS	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 902,098	\$ 975,158
Residents' Deposits	9,037	15,351
Current Portion of Capital Lease Obligation	34,068	23,542
Current Portion of Notes Payable	89,350	60,164
Total Current Liabilities	<u>1,034,553</u>	<u>1,074,215</u>
LONG-TERM LIABILITIES		
Capital Lease Obligation	104,518	69,505
Notes Payable	1,469,772	1,444,274
Total Long-Term Liabilities	<u>1,574,290</u>	<u>1,513,779</u>
Total Liabilities	2,608,843	2,587,994
NET ASSETS		
Without Donor Restrictions:		
Undesignated	9,052	(244,347)
Designated	1,987,451	1,523,802
Investment in Property and Equipment	21,547,764	19,956,377
	<u>23,544,267</u>	<u>21,235,832</u>
With Donor Restrictions:		
Purpose Restrictions	1,498,251	1,834,978
Time Restrictions	5,384,059	2,867,114
	<u>6,882,310</u>	<u>4,702,092</u>
Total Net Assets	<u>30,426,577</u>	<u>25,937,924</u>
Total Liabilities and Net Assets	<u>\$ 33,035,420</u>	<u>\$ 28,525,918</u>

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, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT						
Contributions - General	\$ 4,176,163	\$ 142,047	\$ 4,318,210	\$ 1,796,844	\$ 3,268,583	\$ 5,065,427
Contributions - Capital Campaigns	-	4,282,584	4,282,584	3,100,000	165,318	3,265,318
Grants	49,820	448,608	498,428	118,103	40,764	158,867
In-Kind Contributions	988,042	-	988,042	871,754	-	871,754
Total Support	5,214,025	4,873,239	10,087,264	5,886,701	3,474,665	9,361,366
REVENUE						
Special Events - Net of Related Costs	470,585	-	470,585	539,059	-	539,059
Thrift Shop Revenue	6,914,251	-	6,914,251	7,046,985	-	7,046,985
Thrift Cafés	236,063	-	236,063	170,677	-	170,677
Catering Services	381,778	-	381,778	275,803	-	275,803
Rental Income	316,295	-	316,295	264,146	-	264,146
Program Services	629,700	-	629,700	621,560	-	621,560
Investment Return	93,499	-	93,499	117,080	-	117,080
Other Income	140,562	-	140,562	97,489	-	97,489
Total Revenue	9,182,733	-	9,182,733	9,132,799	-	9,132,799
Net Assets Released from Restrictions	2,693,021	(2,693,021)	-	779,215	(779,215)	-
Total Support and Revenue	17,089,779	2,180,218	19,269,997	15,798,715	2,695,450	18,494,165
EXPENSES						
Program Services	5,219,893	-	5,219,893	5,254,083	-	5,254,083
Management and General	1,236,136	-	1,236,136	939,891	-	939,891
Fundraising	1,686,987	-	1,686,987	913,100	-	913,100
Total Operating Expenses	8,143,016	-	8,143,016	7,107,074	-	7,107,074
Thrift Shop	5,382,550	-	5,382,550	5,251,312	-	5,251,312
Catering	608,238	-	608,238	323,826	-	323,826
Oxbow Hospitality	647,540	-	647,540	603,884	-	603,884
Total Expenses	14,781,344	-	14,781,344	13,286,096	-	13,286,096
CHANGE IN NET ASSETS						
	2,308,435	2,180,218	4,488,653	2,512,619	2,695,450	5,208,069
Net Assets - Beginning of Year	21,235,832	4,702,092	25,937,924	18,723,213	2,006,642	20,729,855
NET ASSETS - END OF YEAR	<u>\$ 23,544,267</u>	<u>\$ 6,882,310</u>	<u>\$ 30,426,577</u>	<u>\$ 21,235,832</u>	<u>\$ 4,702,092</u>	<u>\$ 25,937,924</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018					
	Supporting Services					Total
	Program Services	Management and General	Thrift Shop, Car Wash, and Cafés	Catering	Supporting Services	
Advertising	\$ 3,119	\$ -	\$ 15,229	\$ 6,000	\$ 21,229	\$ 253,085
Auto and Travel	186,139	11,394	243,153	20,633	275,180	472,672
Café Expense	-	-	195,985	-	195,985	219,806
Depreciation and Amortization	399,206	88,495	322,869	-	411,364	822,986
Food and Vending Supplies	138,308	4,878	1,771	72,034	78,683	254,270
In-Kind Food	703,000	-	-	-	-	703,000
Interest	18,051	3,208	46,632	-	49,840	67,957
Occupancy	587,321	11,193	641,403	9,058	661,654	1,679,129
Office Expense	223,285	12,991	384,504	37,405	434,900	841,300
Professional	16,491	26,722	29,841	11,527	68,090	94,615
Resident/Client Assistance	265,869	10,836	3,628	2,722	17,186	284,832
Salaries and Benefits	2,535,806	785,091	3,495,880	448,859	4,729,830	8,661,411
Bad Debt Expense	143,298	281,328	1,655	-	282,983	426,281
Total	\$ 5,219,893	\$ 1,236,136	\$ 5,382,550	\$ 608,238	\$ 7,226,924	\$ 14,781,344

	2017					
	Supporting Services					Total
	Program Services	Management and General	Thrift Shop, Car Wash, and Cafés	Catering	Supporting Services	
Advertising	\$ 26,495	\$ -	\$ 7,527	\$ 2,701	\$ 10,228	\$ 173,448
Auto and Travel	132,309	12,849	216,958	16,813	246,620	381,946
Café Expense	-	-	49,271	-	49,271	68,416
Depreciation and Amortization	372,180	82,699	304,794	-	387,493	767,990
Food and Vending Supplies	182,190	1,322	7,729	85,851	94,902	327,144
In-Kind Food	830,000	-	-	-	-	830,000
Interest	31,008	577	26,801	-	27,378	58,542
Occupancy	648,672	89,676	737,880	3,832	831,388	1,759,263
Office Expense	340,622	11,389	347,489	7,192	366,070	833,795
Professional	11,248	22,917	26,030	9,595	58,542	74,253
Resident/Client Assistance	269,922	4,099	-	1,442	5,541	275,463
Salaries and Benefits	2,409,437	714,363	3,526,833	196,400	4,437,596	7,735,836
Total	\$ 5,254,083	\$ 939,891	\$ 5,251,312	\$ 323,826	\$ 6,515,029	\$ 13,286,096

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,488,653	\$ 5,208,069
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation/Amortization	817,476	767,990
Donated Land and Building	-	(3,038,065)
Loss on Disposition of Property and Equipment	53,884	3,857
Unrealized (Gains) on Investments	(2,554)	(31,867)
Realized (Gains) on Investments	(65,463)	(54,840)
Change in Allowance of Uncollectible Unconditional		
Promises to Give	(215,749)	(19,362)
Change in Net Present Value Discount on Promises to Give	23,082	51,048
Amortization of Debt Issuance Costs	5,509	5,004
(Increase) Decrease in Current Assets:		
Accounts Receivable	36,099	(33,598)
Unconditional Promises to Give	(3,024,279)	(1,115,303)
Bequest Receivable	700,000	(700,000)
Grants Receivable	(11,256)	40,000
Inventory	(238,693)	2,137
Prepaid Expenses	(8,709)	(91,093)
Other Assets	82,306	(11,720)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(73,057)	285,426
Residents' Deposits	(6,314)	10,200
Net Cash Provided by Operating Activities	2,560,935	1,277,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,250,557)	(917,447)
Proceeds from Sale of Property and Equipment	-	18,446
Purchases of Investments	(1,333,544)	(1,605,876)
Proceeds from Sale of Investments	1,317,666	1,784,825
Investment in Beneficial Assets Held by Others	(153,558)	-
Proceeds from Sale of Certificates of Deposit	96,570	3,729
Net Cash Used by Investing Activities	(2,323,423)	(716,323)

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,527,992	\$ 2,410,850
Certificates of Deposit - Short-Term	-	96,570
Accounts Receivable	62,915	99,014
Grants Receivable	11,256	-
Inventory	347,494	108,801
Unconditional Promises to Give, Net - Current Portion	4,506,540	835,115
Bequest Receivable	-	700,000
Prepaid Expenses	173,732	165,024
Other Assets	22,728	105,036
Total Current Assets	<u>7,652,657</u>	<u>4,520,410</u>
INVESTMENTS		
Investment in Marketable Securities	1,210,103	1,126,208
Beneficial Interest in Assets Held by Others	153,558	-
Total Investments	<u>1,363,661</u>	<u>1,126,208</u>
UNCONDITIONAL PROMISES TO GIVE, NET - LESS CURRENT PORTION	877,519	1,331,998
PROPERTY AND EQUIPMENT, NET	<u>23,141,583</u>	<u>21,547,302</u>
 Total Assets	 <u><u>\$ 33,035,420</u></u>	 <u><u>\$ 28,525,918</u></u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings Against Line of Credit	\$ 1,200,000	\$ 500,000
Payments on Line of Credit	(1,200,000)	(500,000)
Principal Payments on Notes Payable	(81,668)	(58,275)
Principal Payments on Capital Lease	(38,702)	(16,228)
Net Cash Used by Financing Activities	<u>(120,370)</u>	<u>(74,503)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	117,142	487,057
Cash and Cash Equivalents - Beginning of Year	<u>2,410,850</u>	<u>1,923,793</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,527,992</u>	<u>\$ 2,410,850</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ 67,957</u>	<u>\$ 58,542</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of Equipment from Incurrence of Notes Payable	<u>\$ 130,843</u>	<u>\$ -</u>
Donated Land and Building	<u>\$ -</u>	<u>\$ 3,038,065</u>
Acquisition of Equipment from Incurrence of Capital Lease	<u>\$ 84,241</u>	<u>\$ 94,765</u>

See accompanying Notes to Consolidated Financial Statements.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 run 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, 2018 AND 2017

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.

Beneficial Interests in Assets Held by Others

Beneficial interests in assets held by others are recorded at fair value. Interest income and market value change earned on the beneficial interest is recorded in the Organization's statements of activities.

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 are 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, 2018 and June 30, 2017, 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.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

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:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

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.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 net realizable value. 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 net assets - without donor restrictions unless restricted by the donor, in which case the amounts are reflected as donor restrictions 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).

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

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.

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, 2018 and 2017.

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 donor 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 net assets with donor restrictions to net assets without donor restrictions 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.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets donor restricted, depending on the nature of the restrictions. When a restriction expires, net assets donor restricted are reclassified to net assets without donor restrictions.

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.

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 31, 2018, the date the financial statements were available to be issued.

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 adopted FASB 2016-14, *NFP Financial Statements* in 2018. These changes were applied retrospectively, to ensure comparability with the prior year.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization routinely monitors liquidity to meet its operating needs and other contractual commitments. The Organization considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures, the Organization operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

St. Matthew's House financial assets that are available within one year of the balance sheet date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 2,527,992
Accounts and Interest Receivable	62,915
Grants Receivable	11,256
Pledge Receivable	706,540
Short-Term Investments	1,023,720
Total	<u>\$ 4,332,423</u>

NOTE 4 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization transferred funds to the Community Foundation of Collier County for investment purposes. The Community Foundation of Collier County holds variance power over the funds and is holding the funds for the benefit of the Organization. Future benefits of these funds remain on the books of the Organization as the funds were originally donated to the Organization. The amounts are recorded at fair value at June 30, 2018. The balances were as follows at June 30:

	2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Beneficial Interests in				
Assets Held by Others	\$ -	\$ -	\$ 153,558	\$ 153,558

NOTE 5 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 fundraising 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, 2018 and 2017, the Organization received approximately 38,820 and 43,950 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, 2018 and 2017, donated services were valued at \$50,286 and \$41,754, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give, net, at June 30, 2018 and 2017 are reflected at the present value of estimated cash flows using a discount rate of 3.98% and 3.05% for 2018 and 2017, respectively, as follows:

	2018	2017
Unconditional Promises to Give	\$ 5,729,300	\$ 2,319,687
Less: Discount to Net Present Value	(45,368)	(68,450)
Less: Allowance for Uncollectible Promises	(299,873)	(84,124)
Total	<u>\$ 5,384,059</u>	<u>\$ 2,167,113</u>

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

	2018	2017
1 Year or Less	\$ 4,506,540	\$ 835,115
2 to 5 Years	1,222,760	1,484,572
Total	<u>\$ 5,729,300</u>	<u>\$ 2,319,687</u>

NOTE 7 CERTIFICATES OF DEPOSIT

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

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

NOTE 8 INVESTMENTS

Investments are comprised of the following at June 30:

	2018	
	Cost	Market
Equity Securities	\$ 812,749	\$ 929,944
Fixed Income Securities	290,319	280,159
Total	<u>\$ 1,103,068</u>	<u>\$ 1,210,103</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 INVESTMENTS (CONTINUED)

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

Investment earnings for the years ended June 30, 2018 and 2017 were comprised of:

	2018	2017
Unrealized Gain on Investments	\$ 2,554	\$ 31,867
Realized Gain on Investments	65,463	54,840
Interest and Dividend Earnings	34,274	31,852
Investment Expenses	(8,792)	(1,479)
Total	<u>\$ 93,499</u>	<u>\$ 117,080</u>

NOTE 9 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:

	2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity Securities	\$ 929,944	\$ -	\$ -	\$ 929,944
Fixed Income Securities	-	280,159	-	280,159
Beneficial Interests in Assets Held by Others	-	-	153,558	153,558
Total	<u>\$ 929,944</u>	<u>\$ 280,159</u>	<u>\$ -</u>	<u>\$ 1,363,661</u>

	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>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 FAIR VALUE MEASUREMENT (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30:

	2018	2017
Balance - Beginning of Year	\$ -	\$ -
Interest Income and Gains (Losses)	-	-
Purchases	153,558	-
Withdrawals	-	-
Balance - End of Year	<u>\$ 153,558</u>	<u>\$ -</u>

Beneficial interest in assets held by others is measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the Community Foundation of Collier County.

NOTE 10 PROPERTY AND EQUIPMENT, NET

Property and equipment, net, at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Buildings	\$ 15,360,837	\$ 13,999,054
Land	8,487,714	8,177,714
Equipment and Furniture	1,503,212	1,189,126
Vehicles	785,993	705,120
Leasehold Improvements (Net of Impairment)	2,828,234	2,351,622
Construction in Progress	379,628	559,896
Total	<u>29,345,618</u>	<u>26,982,532</u>
Less: Accumulated Depreciation	<u>(6,204,035)</u>	<u>(5,435,230)</u>
Total, Net	<u>\$ 23,141,583</u>	<u>\$ 21,547,302</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$817,476 and \$767,990, respectively.

NOTE 11 LINE OF CREDIT

As of June 30, 2018 and 2017, 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 4.25%. The Organization did not have a balance on the line of credit at June 30, 2018 or 2017.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 12 CAPITAL LEASE OBLIGATIONS

Capital lease obligations at June 30 were as follows:

	<u>2018</u>	<u>2017</u>
Capital Lease Obligation, Maturing February 2018		
Monthly Payment of \$703	\$ -	\$ 5,397
Capital Lease Obligation, Maturing May 2021		
Monthly Payment of \$475	16,876	22,332
Capital Lease Obligation, Maturing March 2022		
Monthly Payment of \$1,166	51,321	65,318
Capital Lease Obligation, Maturing June 2022		
Monthly Payment of \$1,395	51,922	-
Capital Lease Obligation, Maturing October 2022		
Monthly Payment of \$416	<u>18,467</u>	<u>-</u>
Total	<u>\$ 138,586</u>	<u>\$ 93,047</u>

Minimum future lease payments for the capital lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 41,426
2020	41,426
2021	41,931
2022	<u>31,834</u>
Total Minimum Lease Payments	156,617
Less: Amount Representing Interest	<u>(18,031)</u>
Capital Lease Obligation	<u>\$ 138,586</u>

The equipment is recorded in property and equipment at June 30, 2018 and 2017 at \$314,237 and \$120,442 with accumulated depreciation of \$60,473 and \$20,016, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 13 NOTES PAYABLE

Notes payable at June 30, 2018 and 2017 consisted of the following:

<u>Description</u>	<u>2018</u>	<u>2017</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 2018 and 3.15% in 2017. 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.	\$ 1,453,815	\$ 1,537,033
Note payable to financial institution, secured by equipment, annual principal payments of \$32,725, starting August 22, 2017, maturing 2022, stated interest at 9.869%	<u>132,393</u>	<u>-</u>
Total Notes Payable	1,586,208	1,537,033
Less: Unamortized Debt Issuance Costs	<u>(27,086)</u>	<u>(32,595)</u>
Total Notes Payable, Net Unamortized Debt Issuance Costs	1,559,122	1,504,438
Less: Current Maturities	<u>(89,350)</u>	<u>(60,164)</u>
Total Notes Payable, Less Current Maturities	<u>\$ 1,469,772</u>	<u>\$ 1,444,274</u>

Aggregate future principal payments of the notes payable are due as follows at June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 95,529
2020	97,536
2021	99,607
2022	78,635
2023	65,204
Thereafter	<u>1,149,697</u>
Total Debt Maturities	<u>\$ 1,586,208</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 13 NOTES PAYABLE (CONTINUED)

Interest expense for the years ended June 30, 2018 and 2017 totaled \$67,957 and \$58,542, 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, 2018.

NOTE 14 DESIGNATED NET ASSETS

Designated net assets consist of the following at June 30:

	2018	2017
Board-Designated Net Assets for St. Matthew's House		
Operations	\$ 1,746,245	\$ 1,263,364
Board Designated for SMH Foundation	241,206	260,438
Total	<u>\$ 1,987,451</u>	<u>\$ 1,523,802</u>

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods. Net assets with donor restrictions consist of the following at June 30:

	2018	2017
Subject to Passage of Time:		
For periods after June 30, 2018:		
Unconditional Promises to Give, Net	\$ 5,384,059	\$ 2,867,114
Subject to Expenditure for Specific Purpose:		
Capital Campaign	747,458	946,580
Main Shelter Capital Campaign	121,437	49,410
Women's Recovery	25,000	108,848
Improvements and Operating Costs for 4330 Building	287,527	470,438
Intensive Out-Patient Program	180,000	180,000
Shelters	6,000	-
Hurricane Irma Relief	11,553	-
Other Small Purpose	119,276	79,702
Subtotal	<u>1,498,251</u>	<u>1,834,978</u>
Total	<u>\$ 6,882,310</u>	<u>\$ 4,702,092</u>

Net assets with donor restrictions released from donor-imposed restrictions for the years ended June 30, 2018 and 2017 totaled \$2,693,021 and \$779,215, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 16 GRANT REVENUE

During the years ended June 30, 2018 and 2017, the Organization recognized grant revenue for the following purposes:

	2018	2017
Operating Grants	\$ 12,001	\$ 59,500
Supportive Housing Grants	448,608	35,717
Child Nutrition Program Grant	37,819	22,886
NCEF Grant	-	40,764
Total	<u>\$ 498,428</u>	<u>\$ 158,867</u>

NOTE 17 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 \$76,178 and \$81,947 for the years ended June 30, 2018 and 2017, respectively.

NOTE 18 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>
2019	\$ 95,592
2020	95,592
2021	95,592
2022	82,182
2023	55,883
Thereafter	18,821
Total Operating Lease Commitments	<u>\$ 443,662</u>

Lease expense for the years ended June 30, 2018 and 2017 totaled \$255,408 and \$360,507, respectively.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 19 RELATED PARTY TRANSACTIONS

As of June 30, 2018 and 2017, the Organization had \$330,226 and \$296,002, respectively, of unconditional promises to give, net, due from board members and employees of the Organization.

During the years ended June 30, 2018 and 2017, 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, 2018 and 2017, the Organization incurred approximately \$151,276 and \$107,000, respectively, in repairs and maintenance expense related to services provided by a company owned by a board member.

NOTE 20 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 pay off 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 30 days; cannot attempt to sell or mortgage the property; cannot discontinue its present mission; cannot fail to timely correct within 30 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.

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(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
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 1,941,051	\$ 243,014	\$ 286,205	\$ 57,722	\$ -	\$ 2,527,992
Accounts Receivable	62,256	-	-	659	-	62,915
Grants Receivable	11,256	-	-	-	-	11,256
Inventory	347,099	-	-	395	-	347,494
Unconditional Promises to Give, Net - Current Portion	4,506,540	-	-	-	-	4,506,540
Prepaid Expenses	156,051	-	-	17,681	-	173,732
Due from Related Party	1,018,846	-	92,335	-	(1,111,181)	-
Other Assets	17,616	-	-	5,112	-	22,728
Total Current Assets	8,060,715	243,014	378,540	81,569	(1,111,181)	7,652,657
INVESTMENTS						
Investment in Marketable Securities	1,210,103	-	-	-	-	1,210,103
Beneficial Interest in Assets Held by Others	153,558	-	-	-	-	153,558
Investment in Subsidiaries	2,522,093	-	-	-	(2,522,093)	-
Total Investments	3,885,754	-	-	-	(2,522,093)	1,363,661
UNCONDITIONAL PROMISES TO GIVE, NET - LESS CURRENT PORTION						
	877,519	-	-	-	-	877,519
PROPERTY AND EQUIPMENT, NET						
	20,162,331	-	2,942,040	37,212	-	23,141,583
Total Assets	\$ 32,986,319	\$ 243,014	\$ 3,320,580	\$ 118,781	\$ (3,633,274)	\$ 33,035,420

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2018
(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
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 852,997	\$ 962	\$ 15,703	\$ 32,436	\$ -	\$ 902,098
Residents' Deposits	9,037	-	-	-	-	9,037
Due to Related Party	-	846	755,220	355,115	(1,111,181)	-
Current Portion of Capital Lease Obligation	34,068	-	-	-	-	34,068
Current Portion of Mortgage Notes Payable	89,350	-	-	-	-	89,350
Total Current Liabilities	985,452	1,808	770,923	387,551	(1,111,181)	1,034,553
LONG-TERM LIABILITIES						
Capital Lease Obligation	104,518	-	-	-	-	104,518
Notes Payable	1,469,772	-	-	-	-	1,469,772
Total Long-Term Liabilities	1,574,290	-	-	-	-	1,574,290
Total Liabilities	2,559,742	1,808	770,923	387,551	(1,111,181)	2,608,843
NET ASSETS						
Without Donor Restrictions:						
Undesignated	3,333,399	-	(480,879)	(321,375)	(2,522,093)	9,052
Designated	1,746,245	241,206	-	-	-	1,987,451
Investment in Property and Equipment	18,464,623	-	3,030,536	52,605	-	21,547,764
	23,544,267	241,206	2,549,657	(268,770)	(2,522,093)	23,544,267
With Donor Restrictions:						
Purpose Restrictions	1,498,251	-	-	-	-	1,498,251
Time Restrictions	5,384,059	-	-	-	-	5,384,059
	6,882,310	-	-	-	-	6,882,310
Total Net Assets	30,426,577	241,206	2,549,657	(268,770)	(2,522,093)	30,426,577
Total Liabilities and Net Assets	\$ 32,986,319	\$ 243,014	\$ 3,320,580	\$ 118,781	\$ (3,633,274)	\$ 33,035,420

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES — NET ASSETS WITHOUT DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2018
(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	\$ 4,166,163	\$ 10,000	\$ -	\$ -	\$ -	\$ 4,176,163
Grants	49,820	-	-	-	-	49,820
In-Kind Contributions	988,042	-	-	-	-	988,042
Total Support	5,204,025	10,000	-	-	-	5,214,025
REVENUE						
Special Events - Net of Related Costs	470,585	-	-	-	-	470,585
Thrift Shop Revenue	6,914,251	-	-	-	-	6,914,251
Thrift Store Café Revenue	236,063	-	-	-	-	236,063
Catering Income	317,548	-	-	64,230	-	381,778
Rental Income	86,627	-	214,400	683,714	(668,446)	316,295
Program Services	629,700	-	-	-	-	629,700
Investment Return	92,726	773	-	-	-	93,499
Other Income (Loss)	186,909	-	-	4,309	(50,656)	140,562
Total Revenue	8,934,409	773	214,400	752,253	(719,102)	9,182,733
Net Assets Released from Restrictions	2,693,021	-	-	-	-	2,693,021
Total Support and Revenue	16,831,455	10,773	214,400	752,253	(719,102)	17,089,779
EXPENSES						
Program Services	5,509,263	30,005	-	-	(319,375)	5,219,893
Management and General	1,335,982	-	114,554	-	(214,400)	1,236,136
Fundraising	1,686,987	-	-	-	-	1,686,987
Total Operating Expenses	8,532,232	30,005	114,554	-	(533,775)	8,143,016
Thrift Shop	5,382,550	-	-	-	-	5,382,550
Catering	608,238	-	-	-	-	608,238
Oxbow Hospitality	-	-	-	782,211	(134,671)	647,540
Total Expenses	14,523,020	30,005	114,554	782,211	(668,446)	14,781,344
CHANGE IN NET ASSETS						
Net Assets - Beginning of Year	2,308,435	(19,232)	99,846	(29,958)	(50,656)	2,308,435
	21,235,832	260,438	2,449,811	(238,812)	(2,471,437)	21,235,832
NET ASSETS - END OF YEAR	<u>\$ 23,544,267</u>	<u>\$ 241,206</u>	<u>\$ 2,549,657</u>	<u>\$ (268,770)</u>	<u>\$ (2,522,093)</u>	<u>\$ 23,544,267</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES — NET ASSETS WITH DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2018
(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	\$ 142,047	\$ -	\$ -	\$ -	\$ -	\$ 142,047
Contributions - Capital Campaigns	4,282,584	-	-	-	-	4,282,584
Grants	448,608	-	-	-	-	448,608
Total Support	4,873,239	-	-	-	-	4,873,239
Net Assets Released from Restrictions	(2,693,021)	-	-	-	-	(2,693,021)
Total Support and Revenue	2,180,218	-	-	-	-	2,180,218
EXPENSES						
Program Services	-	-	-	-	-	-
Management and General	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	-
Thrift Shop	-	-	-	-	-	-
Catering	-	-	-	-	-	-
Total Expenses	-	-	-	-	-	-
CHANGE IN NET ASSETS						
	2,180,218	-	-	-	-	2,180,218
Net Assets - Beginning of Year	4,702,092	-	-	-	-	4,702,092
NET ASSETS - END OF YEAR	\$ 6,882,310	\$ -	\$ -	\$ -	\$ -	\$ 6,882,310

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(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	\$ 4,488,653	\$ (19,232)	\$ 99,846	\$ (29,958)	\$ (50,656)	\$ 4,488,653
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:						
Equity Earnings of Subsidiaries	(50,656)	-	-	-	50,656	-
Depreciation/Amortization	720,149	-	88,495	8,832	-	817,476
Loss on Disposition of Property and Equipment	53,884	-	-	-	-	53,884
Unrealized (Gains) on Investments	(2,554)	-	-	-	-	(2,554)
Realized (Gains) on Investments	(65,463)	-	-	-	-	(65,463)
Change in Allowance of Uncollectible Unconditional Promises to Give	(215,749)	-	-	-	-	(215,749)
Change in Net Present Value Discount on Promises to Give	23,082	-	-	-	-	23,082
Amortization of Debt Issuance Costs	5,509	-	-	-	-	5,509
(Increase) Decrease in Current Assets:						
Accounts Receivable	35,403	-	-	696	-	36,099
Unconditional Promises to Give	(3,024,279)	-	-	-	-	(3,024,279)
Bequest Receivable	700,000	-	-	-	-	700,000
Grants Receivable	(11,256)	-	-	-	-	(11,256)
Inventory	(239,009)	-	-	316	-	(238,693)
Prepaid Expenses	(20,107)	-	-	11,398	-	(8,709)
Due from Related Party	(805,133)	70	33,668	-	771,395	-
Other Assets	32,273	-	50,000	33	-	82,306
Increase (Decrease) in Current Liabilities:						
Accounts Payable	(76,302)	962	(356)	2,639	-	(73,057)
Residents' Deposits	(1)	-	-	(6,313)	-	(6,314)
Due to Related Party	-	-	733,445	37,950	(771,395)	-
Net Cash Provided (Used) by Operating Activities	1,548,444	(18,200)	1,005,098	25,593	-	2,560,935
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Property and Equipment	(1,374,244)	-	(863,875)	(12,438)	-	(2,250,557)
Purchases of Investments	(1,333,544)	-	-	-	-	(1,333,544)
Proceeds from Sale of Investments	1,317,666	-	-	-	-	1,317,666
Investment in Beneficial Assets Held by Others	(153,558)	-	-	-	-	(153,558)
Proceeds from Sale of Certificates of Deposit	96,570	-	-	-	-	96,570
Net Cash Used by Investing Activities	(1,447,110)	-	(863,875)	(12,438)	-	(2,323,423)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Line of Credit	1,200,000	-	-	-	-	1,200,000
Payments on Line of Credit	(1,200,000)	-	-	-	-	(1,200,000)
Principal Payments on Notes Payable	(81,668)	-	-	-	-	(81,668)
Principal Payments on Capital Lease	(38,702)	-	-	-	-	(38,702)
Net Cash Used by Financing Activities	(120,370)	-	-	-	-	(120,370)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,036)	(18,200)	141,223	13,155	-	117,142
Cash and Cash Equivalents - Beginning of Year	1,960,087	261,214	144,982	44,567	-	2,410,850
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,941,051</u>	<u>\$ 243,014</u>	<u>\$ 286,205</u>	<u>\$ 57,722</u>	<u>\$ -</u>	<u>\$ 2,527,992</u>

ST. MATTHEW'S HOUSE, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2018
(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
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Interest Paid	<u>\$ 67,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,957</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES						
Acquisition of Equipment from Incurrence of Capital lease	<u>\$ 84,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,241</u>
Acquisition of Equipment from Incurrence of Notes Payable	<u>\$ 130,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,843</u>