

**CAMILLUS HOUSE, INC. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Camillus House, Inc. and Subsidiaries
Miami, Florida

We have audited the accompanying financial statements of Camillus House, Inc. and Subsidiaries (collectively referred to as the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statement of activities, changes in net assets, functional expenses, and cash flows for the year 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 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 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 financial statements based on our audit. 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Camillus House, Inc. and Subsidiaries as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information on pages 38 and 39 is presented for the purpose of additional analysis and is not part of the consolidated financial statements. The accompanying additional schedules, consisting of the schedule of state earnings, program/cost center actual expenses and revenues schedule are presented for purposes of additional analysis as required by the State of Florida Department of Children and Families and are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 5, 2019

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,800,164
Restricted cash	3,064,291
Grants and contracts receivable, net	3,032,957
Contributions receivable, net	968,951
Prepaid expenses and other receivables	439,076
Investments, current	3,156,519
Investment in real estate	1,250,000
Note receivable - New Markets Tax Credit 2012	14,171,035
TOTAL CURRENT ASSETS	<u>27,882,993</u>

Note receivable - New Markets Tax Credit 2015	7,963,627
Investments, long-term	27,603
Beneficial interest in perpetual trust	171,014
Contribution receivable, net	2,597,402
Property and equipment, net	52,569,757
Due from related entities	30,777
Deferred charges and other assets	66,170
TOTAL ASSETS	<u>\$ 91,309,343</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 2,199,270
Note payable - New Markets Tax Credit 2012	19,000,000
TOTAL CURRENT LIABILITIES	<u>21,199,270</u>

Due to related entities	84,886
Mortgages and notes payable, net	16,792,385
Note payable - New Markets Tax Credit 2015, net	12,644,862
Unearned revenues	4,782,632
Refundable advances	83,523
TOTAL LIABILITIES	<u>55,587,558</u>

NET ASSETS

Without donor restriction:	
Attributable to controlling interest	36,349,573
Deficit attributable to non-controlling interest	(3,824,444)
	<u>32,525,129</u>

With donor restriction attributable to controlling interest	3,196,656
TOTAL NET ASSETS	<u>35,721,785</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 91,309,343</u>
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The accompanying notes are an integral part of these financial statements.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Government contracts and grant revenue	\$ 10,248,870	\$ -	\$ 10,248,870
Contributions	5,080,385	-	5,080,385
In-kind contribution	1,803,808	-	1,803,808
Change in value of beneficial interest in trusts, split interest agreements, and perpetual trust	-	22,189	22,189
Client contributions	1,305,182	-	1,305,182
Investment and interest income	603,998	-	603,998
Gains on forgiveness of loans	819,251	-	819,251
Other income	511,640	-	511,640
TOTAL REVENUE, GAINS AND OTHER SUPPORT	20,373,134	22,189	20,395,323
Net assets released from restriction due to expiration of time restrictions	1,611,613	(1,611,613)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	21,984,747	(1,589,424)	20,395,323
EXPENSES			
Program services	19,021,471	-	19,021,471
Supporting services			
Management and general	2,434,705	-	2,434,705
Development activities	1,284,350	-	1,284,350
Total supporting services	3,719,055	-	3,719,055
TOTAL EXPENSES	22,740,526	-	22,740,526
Consolidated change in net assets	(755,779)	(1,589,424)	(2,345,203)
Change in net assets attributable to non-controlling interest	484,458	-	484,458
CHANGE IN NET ASSETS ATTRIBUTABLE TO CAMILLUS HOUSE, INC.'S CONTROLLING INTEREST	\$ (271,321)	\$ (1,589,424)	\$ (1,860,745)

The accompanying notes are an integral part of these consolidated financial statements.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	Net Assets without Donor Restriction			Net Assets with Donor Restriction			Total Net Assets
	Controlling Interest	Non-controlling Interest	Total	Other Restricted Revenues	Restricted in Perpetuity	Total	
Balance, June 30, 2018	\$ 36,620,894	\$ (3,339,986)	\$ 33,280,908	\$ 4,618,291	\$ 167,789	\$ 4,786,080	\$ 38,066,988
Changes in net assets	(271,321)	(484,458)	(755,779)	(1,589,424)	-	(1,589,424)	(2,345,203)
Balance, June 30, 2019	<u>\$ 36,349,573</u>	<u>\$ (3,824,444)</u>	<u>\$ 32,525,129</u>	<u>\$ 3,028,867</u>	<u>\$ 167,789</u>	<u>\$ 3,196,656</u>	<u>\$ 35,721,785</u>

The accompanying notes are an integral part of these consolidated financial statements.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			Total
	Compassionate Hospitality	Community-based Housing	Comprehensive Healing	Career Help	Total Program Services	Management & General	Development Activities	Total Supporting Services	
Expenses:									
Operating Expenses:									
Salaries, benefits and payroll taxes	\$ 2,136,127	\$ 2,236,965	\$ 2,165,842	\$ 518,815	\$ 7,057,749	\$ 358,545	\$ 214,740	\$ 573,285	\$ 7,631,034
Professional services	31,347	79,641	5,475	-	116,463	347,520	-	347,520	463,983
Pastoral services and expenses through related entities	345,984	2,135	256,371	-	604,490	73,266	-	73,266	677,756
Equipment and maintenance cost	21,582	23,210	28,705	11	73,508	67,632	7,348	74,980	148,488
Transportation	47,369	4,602	14,951	2	66,924	3,860	455	4,315	71,239
Food service costs	264,479	1,417	81,282	2	347,180	17,289	1,326	18,615	365,795
General and administration costs	32,477	54,123	61,005	4,824	152,429	184,147	12,800	196,947	349,376
Provision for doubtful accounts	100,086	2,628	255	-	102,969	(393)	20,400	20,007	122,976
Insurance	242,729	181,178	190,543	185	614,635	78,376	14,873	93,249	707,884
Marketing, public relations and fundraising events	832	39	1,348	-	2,219	27,676	908,514	936,190	938,409
Property taxes and interest expense	-	7,023	22	-	7,045	797,502	-	797,502	804,547
Ancillary services and supplies	43,723	66,946	78,843	-	189,512	11,707	378	12,085	201,597
Direct support	35,191	1,077,122	1,161,411	(10)	2,273,714	(618)	(1,277)	(1,895)	2,271,819
Repairs and maintenance expense	430,245	315,014	366,391	602	1,112,252	(44,507)	(3,473)	(47,980)	1,064,272
Travel and mileage reimbursements	(28)	5,470	11,087	-	16,529	5,194	67	5,261	21,790
Occupancy, utilities, security	470,502	782,806	449,236	1,461	1,704,005	180,141	32,011	212,152	1,916,157
TOTAL OPERATING EXPENSES	4,202,645	4,840,319	4,872,767	525,892	14,441,623	2,107,337	1,208,162	3,315,499	\$ 17,757,122
In-kind/depreciation and									
In-kind contributions expense	1,639,116	71,392	72,331	7,761	1,790,600	8,261	4,947	13,208	1,803,808
Depreciation expense	979,789	861,243	944,477	3,739	2,789,248	319,107	71,241	390,348	3,179,596
TOTAL IN-KIND/DEPRECIATION EXPENSE	2,618,905	932,635	1,016,808	11,500	4,579,848	327,368	76,188	403,556	4,983,404
TOTAL EXPENSES	\$ 6,821,550	\$ 5,772,954	\$ 5,889,575	\$ 537,392	\$ 19,021,471	\$ 2,434,705	\$ 1,284,350	\$ 3,719,055	\$ 22,740,526

The accompanying notes are an integral part of these financial statements.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	\$ (2,345,203)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,179,596
Gain on forgiveness of loans	(766,814)
Change in value of beneficial interest in trust and split interest agreements	(22,189)
Unrealized gains on investments	(378,837)
Reduction in provision for discount and allowance for doubtful accounts	(270,345)
Changes in operating assets and liabilities:	
Contributions receivable	1,160,839
Grants and contracts receivable	(330,048)
Prepaid expenses and other receivables	(26,610)
Due from/to related entities	2,936
Other assets	8,571
Accounts payable and accrued expenses	290,282
Refundable advances and unearned revenues	8,926
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>511,104</u>

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property and equipment	(606,907)
Purchases of investments, net	(3,004,717)
Proceeds from dissolution of split interest trust	446,786
Amount released from operational reserve fund, escrows and others	756,485
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,408,353)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on line of credit	(1,300,000)
Debt issuance costs interest expense	210,920
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,089,080)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (2,986,329)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 4,786,493

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,800,164

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest during the year	<u>\$ 456,344</u>
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The accompanying notes are an integral part of these financial statements.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – ORGANIZATION

Camillus House, Inc. and Subsidiaries (the "Organization") includes the following legal entities:

- Camillus House, Inc., a Florida 501(c)(3) not-for-profit organization.
- Camillus Shepherd's, LLC, a wholly-owned subsidiary of Camillus House, Inc.
- Shepherd's Court Investor, LLC, a wholly-owned subsidiary of Camillus House, Inc.
- Shepherd's Court, LLC, a subsidiary in which Camillus Shepherd's, LLC has a controlling 0.01% membership interest. The remaining 99.99% interest is non-controlling in nature, and is held by unaffiliated third party investors, as more fully described below.
- New Camillus House Campus, Inc., an affiliate of Camillus House, Inc. and a Florida 501 (c)(3) not-for-profit organization.
- Brownsville Housing, Inc., an affiliate of Camillus House, Inc. and a Florida 501(c)(3) not for-profit organization.
- Charity Unlimited Foundation, Inc. - an affiliate of Camillus House, Inc. and a Florida 501(c)(3) not-for-profit organization.

Camillus House, Inc. was incorporated in Florida in 1987 for the purpose of providing meals, temporary shelter, counseling, readily accessible primary health care and job placement services to the people that are homeless and indigent in Miami-Dade County, Florida. Camillus House, Inc. has related operational relationships with other non-profit organizations controlled by the same members. The members in these corporations are limited to those persons who are the Provincial and his Council of the Hospitaller Order of St. John of God - Province of the Good Shepherd in North America (a religious order which is officially recognized by the Catholic Church). These relationships are operational in nature and do not meet the standards of control and, therefore, financial statement combination of these entities is not required. Therefore, the Boards of Directors have concluded that each organization should file separate financial statements and the balances reflected in these consolidated statements are solely those of Camillus House, Inc. and Subsidiaries.

Camillus Shepherd's, LLC was formed in 2011 as a manager-managed Florida Limited Liability Company. Its membership interest is held 100% by Camillus House, Inc. as of June 30, 2019.

Shepherd's Court Investor, LLC was formed in 2010 as a manager-managed Florida limited liability Company. Its membership interest is held 100% by Camillus House, Inc. as of June 30, 2019.

Shepherd's Court, LLC was formed in 2007 as a Florida Limited Liability Company, with the purpose of acquiring, constructing, developing, and operating the Cedars Court (formerly named Shepherd's Court) low-income housing project in Miami, Florida. Its membership interests as of June 30, 2019 are held as follows:

- 0.01% controlling interest by Camillus Shepherd's, LLC.
- 74.99% non-controlling interest by Shepherd's Investor, LLC, an unaffiliated third party for profit investor.
- 25.00% non-controlling interest by BHG-Shepherd's Investor Trust, LLC, an unaffiliated third party for-profit investor.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – ORGANIZATION (Continued)

New Camillus House Campus, Inc. ("NCHCI") was incorporated in 2010 as a Florida not-for-profit corporation for the purpose of acquiring, developing and leasing grounds for charitable purposes. There is no cross-ownership with Camillus House, Inc., and partial overlap at the Board of Directors and corporate membership levels.

Brownsville Housing, Inc. ("BHI") was originally incorporated in 2008 as a Florida not-for-profit corporation, with the intention that the entity would ultimately acquire the Brownsville House 74 Unit building, and is described in further detail in Note 16. The *Brownsville Housing, Inc.* entity is used today to hold assets that have been transferred from Camillus House, as required due to the structure of the 2015 New Market Tax Credit ("NMTC") transaction. As a result of this asset transfer, *Brownsville Housing, Inc.* is included in the Consolidated Financial Statements.

Charity Unlimited Foundation, Inc. ("CUF") was incorporated in 2015 as a Florida not-for-profit corporation for the purpose of acquiring, developing and leasing grounds for charitable purposes. Furthermore, CUF holds assets that have been transferred from Camillus House, as required due to the structure of the 2015 NMTC transaction. As a result of this asset transfer, CUF is included in the consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Consolidation

The consolidated financial statements include the accounts of Camillus House, Inc., its wholly-owned subsidiaries Camillus Shepherd's, LCC and Shepherd's Court Investor, LLC, its indirectly controlled subsidiary Shepherd's Court, LLC, and NCHCI, BHI and CUF, affiliates of Camillus House Inc. All significant inter-company accounts and transactions have been eliminated in consolidation.

New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resource. See Note 21.

Refer to Note 22 for reclassifications resulting from the implementation of the new accounting pronouncement.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

In accordance with U.S. generally accepted accounting principles, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization are classified and reported as follows:

- *Net assets without donor restrictions:* include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restriction class.
- *Net assets with donor restrictions:* include those net assets whose use by the Organization has been limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with the investment return available for operations. Net assets with donor restrictions totaled \$3,196,656 at June 30, 2019. See Note 14.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. A portion of supporting services such as general and administrative has been allocated to all the programs based on management's allocation plan, as provided by Subpart E - Cost Principles of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Cash and Cash Equivalents

The Organization considers all highly liquid investments that have an original maturity of three months or less as cash equivalents.

Restricted Cash

The Organization is required to establish an operating deficit reserve fund. The reserve was funded with proceeds from the loans that funded the Cedars Court project and is established to cover operating deficits for the Cedars Court development in future years.

The Organization is also required to maintain replacements reserves to fund certain facilities expenses on its Cedars Court property. In addition, the Organization is required to keep unspent proceeds from a construction loan in bank accounts controlled by the lender. These balances are restricted to fund remaining construction and related costs on the Organization's new campus project.

The Organization is required to fund an insurance reserve concurrently with each monthly installment of principal and interest upon commencing of the permanent financing phase of its Cedars Court project.

Concentration of Credit Risk

The Organization maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits. The bank account balances are insured up to \$250,000 per depositor accounts by the Federal Deposit Insurance Corporation (the "FDIC"), an independent agency of the United States government. The uninsured cash balance as of June 30, 2019 totaled \$3,753,172.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets investment income and gains restricted by a donor are reported as increases in donor restricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Purchases in excess of \$1,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful life of the assets or lease terms, whichever is shorter. The estimated useful lives used to compute depreciation range from 5 years to 40 years. Donated property and equipment are recorded at their estimated fair value at the date of donation. Cost of major additions and improvements that extend the life of the asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Deferred Charges

Deferred charges consist of tax credit monitoring fees. Tax credit monitoring fees paid to the housing agency in advance are amortized over the 15-year compliance period under the straight-line method. Amortization expense for the year ended June 30, 2019 was \$20,424 for the deferred charges just described and is included as interest expense in the consolidated statement of functional expenses.

Impairment of Long-Lived Assets

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss, if any, is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended June 30, 2019.

Unearned Revenues

Unearned revenues consist of portions of the Tax Credit Exchange Program note payable which have been forgiven and are considered government grant assistance related to the Shepherd's Court, LLC assets. The Organization records the portions of the loan which are forgiven as unearned revenues which is recognized as income based on the total amount of the loan expected to be forgiven and amortized on a straight line basis over the 40-year depreciable life of the investment in rental property. For the year ended June 30, 2019, the annual income was \$427,620, included within gain on forgiveness of loans in the consolidated statement of activities.

Refundable Advances

Refundable advances consist of monies received from governmental and other funding sources prior to the performance of services. These advances are recognized as revenue as the services are performed.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restriction and are reported in the consolidated statement of activities as net assets released from restrictions. Cash contributions are generally available for use without restriction in the related year unless specifically restricted by the donor.

Contributions receivable are recognized as revenues in the period received and are recorded at their fair value. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions received as well as collectible unconditional promises to give are recognized in the period received. Contributions with donor-imposed restrictions are reported as donor restricted revenues. Donor restricted net assets are reclassified to net assets without restriction when the donor restrictions are satisfied.

In-kind Contributions

In-kind contributions are recorded as revenue and expense in the accompanying consolidated statement of activities. In-kind contributions of donated non-cash assets are recorded at their fair value in the period received. They consist primarily of donated food, furniture, clothing, hygiene and medical supplies. Donated equipment, when applicable, is capitalized at its estimated fair value at the date of donation and depreciated over the estimated useful life of the asset. Donated services are recorded at their fair value in the period received.

Management's Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at June 30, 2019 and the reported amounts of revenue and expenses during the year then ended. Actual results could differ from those estimates.

Income Taxes

Camillus House, Inc., NCHCI, BHI and CUF have been granted an exemption from Income taxes under Internal Revenue Code §501 (c)(3) as not-for-profit organizations affiliated with the United States Conference of Catholic Bishops, the legal entity that represents the Catholic Church in the United States, and are classified as public charities. Accordingly, no provision for income taxes is required for these entities for the year ended June 30, 2019.

Camillus Shepherd's, LLC has elected to be treated as an association taxable as a corporation for income tax purposes, and is subject to taxes on income, if any. During the year ended June 30, 2019, no taxes were incurred.

Shepherd's Court, LLC has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income and deductions, if any, are passed through to and are reported by its owners.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

Shepherd's Court Investor, LLC has elected to be treated as a disregarded entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income and deductions, if any, are passed through to and are reported by its sole owner, Camillus House, Inc., which is exempt from Income taxes as defined above.

The Organization recognizes the effect of Income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its consolidated financial statements include any uncertain tax positions. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

NOTE 3 - PASSIVE INVESTMENT TRANSACTION SHEPHERD'S COURT, LLC

Effective December 15, 2010, Camillus House, Inc., Shepherd's Court Investor, LLC, Shepherd's Investor, LLC, and BHG-Shepherd's Investor Trust, LLC entered into an Amended and Restated Operating Agreement of Shepherd's Court, LLC (the "Passive Investment Transaction"). The main provisions of this Passive Investment Transaction are outlined:

- Transfer by Shepherd's Court Investor, LLC of its non-managing 99.99% membership interest into Shepherd's Court, LLC to two unaffiliated third-party for-profit investors (the "Passive Investors"): Shepherd's Investor, LLC, which acquired a non-controlling 74.99% membership interest, and BHG-Shepherd's Investor Trust, LLC, which acquired a non-controlling 25.00% membership interest.
- Camillus House, Inc. retained its direct 0.01% membership interest in Shepherd's Court, LLC. The Passive Investment Transaction also provided for Camillus House, Inc. to retain managing control over Shepherd's Court, LLC. The Passive Investors retain a 99.99% non-controlling ownership interest.
- Shepherd's Investor, LLC agreed to pay Shepherd's Court Investor, LLC the sum of \$931,013 for the 74.99% transfer of ownership. This amount was paid, 10% or \$93,101, upon the execution of the Passive Investment Transaction, and 90% was due after the achievement of certain milestones.
- BHG-Shepherd's investor Trust, LLC did not pay any monetary consideration to Shepherd's Court Investor, LLC for the 25% transfer of ownership.
- The distribution of profits and losses is such that 99.99% of the annual depreciation expense of the 80-unit Cedars Court apartment building asset is passed through to the Passive Investors. The for-profit Passive Investors are then able to benefit from the associated deduction for tax purposes, as is the norm in tax-credits-based projects of this type.
- After 15 years, the 99.99% membership interest in Shepherd's Court, LLC held by the Passive Investors reverts to Shepherd's Court Investor, LLC.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 – PASSIVE INVESTMENT TRANSACTION SHEPHERD’S COURT, LLC (Continued)

Effective December 26, 2011, Camillus House, Inc. assigned its 0.01% controlling interest to its wholly-owned subsidiary Camillus Shepherd's, LLC. As provided by the Passive Investment Transaction, the total consideration for the transfer of 99.99% non-controlling interest increased from \$931,013 to \$1,136,345 during the year ending June 30, 2012. The increase of \$205,332 was recorded as a gain on the sale of non-controlling interest in the subsidiary in the consolidated statement of activities for the year ended June 30, 2012. The remaining payment of \$1,043,244 was received by Shepherd's Court Investor, LLC in July 2012. This sum was immediately distributed to Camillus House, Inc. upon receipt, and was used in the new campus construction project and repayment of loans thereon.

Because Camillus House, Inc. retains indirect controls in spite of its economic interest being limited to 0.01%, the financial statements of Shepherd's Court, LLC are consolidated within the consolidated financial statements of the Organization, as provided by Accounting Standards Codification "(ASC)" 810-10.

The Organization's consolidated statement of financial position also reflects net assets attributable to the 99.99% non-controlling interest, which at June 30, 2019 is equivalent to a \$3,824,444 deficit. The Organization's consolidated statement of activities also reflects a change in net assets attributable to the 99.99% non-controlling interest, which for the year ended June 30, 2019, is equivalent to a \$484,458 net loss.

NOTE 4 – INVESTMENT IN REAL ESTATE

The Organization’s investment in real estate consists of a 50% ownership share in a commercial building and related land that was received upon the termination of a charitable remainder unitrust and a residual estate trust of which they were a beneficiary. See Note 7. The investment in the real estate is carried at fair value, currently valued at the Organization’s share of the property appraiser’s estimate of value, which totaled \$1,250,000 as of June 30, 2019. The Organization recorded an unrealized gain during the year ended June 30, 2019 of \$575,000, representing the change in the property’s fair value, which is included in investment and interest income in the consolidated statement of activities. Subsequent to year-end, the property was sold. See Note 23.

NOTE 5 – FAIR VALUE MEASUREMENTS

Accounting Standard Codification (ASC) 820 - Fair Value Measurement defines fair value and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820-10, are used to measure fair value.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization have the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability, used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market data, which requires management to develop its own assumptions.

Investments: The Organization maintains certain investment accounts. These investments are comprised primarily of money market mutual funds, corporate stocks and a real estate investment trust. The money market mutual funds and corporate stocks are publicly traded and the fair values for these are based on quoted market prices in an active market.

The Organization determines the fair value of the assets for which it cannot obtain quoted market prices as follows:

Money markets funds

Money market funds are comprised of short-term or long-term investments and are valued at quoted prices of active markets and are classified as Level 1 within the fair value hierarchy.

Fixed income

The fair value of fixed income securities are priced by a computerized pricing service or, for less actively traded issues, by utilizing a yield-based matrix system to arrive at an estimated market value and as such are classified as Level 1 within the fair value hierarchy.

Real estate investment trust: The fair value of the real estate investment trust is based on the net asset value calculation estimated by the fund manager and are classified as Level 2 within the fair value hierarchy.

Investment in real estate: The fair value of the investment in real estate is based on the property appraiser's estimate of value and is classified as Level 3 within the fair value hierarchy.

Beneficial interest in perpetual trust: The Organization values its beneficial interest in perpetual trust based on the value of the Organization's proportional share of the overall asset held by the trustee. This is classified as Level 3 within the fair value hierarchy.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth the Organization's assets as of June 30, 2019 that is measured at fair value, segregated by level within the fair value hierarchy:

Description	Fair Value 6/30/2019	Quoted Prices		
		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money market funds	\$ 2,688	\$ 2,688	\$ -	\$ -
Fixed income	3,153,831	3,153,831	-	-
Real estate investment trust	27,603	-	27,603	-
Investment in real estate	1,250,000	-	-	1,250,000
Beneficial interest in perpetual trust	171,014	-	-	171,014
	<u>\$ 4,605,136</u>	<u>\$ 3,156,519</u>	<u>\$ 27,603</u>	<u>\$ 1,421,014</u>

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended June 30, 2019:

	Investment in real estate	Beneficial interest in trusts and split interest	Beneficial interest in perpetual trust	Total
Beginning balance, June 30, 2018	\$ -	\$ 1,327,822	\$ 167,789	\$ 1,495,611
Change in value	350,000	18,964	3,225	372,189
Transfer	900,000	(900,000)	-	-
Distribution from trust	-	(446,786)	-	(446,786)
Ending balance, June 30, 2019	<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 171,014</u>	<u>\$ 1,421,014</u>

The change in value of the split interest agreements, irrevocable trust, and the perpetual trust included in the change in donor restricted net assets on the consolidated statement of activities is equal to \$22,189, attributable to unrealized gains of \$18,964 and \$3,225 in the split interest agreements and the perpetual trust, respectively. The change in value of the investment in real estate is equal to \$575,000, attributable to an unrealized gain, and is included in investment and interest income on the consolidated statement of activities.

NOTE 6 – GRANTS AND CONTRACTS RECEIVABLE

The Organization renders services to clients under contractual agreements with governmental organizations. These agreements require the Organization to apply for renewal. Certain agreements provide for termination by either party upon thirty days written notice.

As of June 30, 2019, the remaining amount of federal, state and other financial assistance receivable from grantors for reimbursement of eligible expenditures incurred by the Organization was \$3,032,957, net of an allowance for doubtful accounts of \$100,000. Grants and contracts receivable are due from the Miami-Dade County Homeless Trust, other Miami-Dade County offices, and by other State and federal agencies.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 – GRANTS AND CONTRACTS RECEIVABLE (Continued)

The Organization is subject to review or audit by these agencies regarding compliance with terms and conditions of the grants and contracts and specific program performance. Management believes that the Organization has complied with all aspect of the grant and contract provisions and that adjustment, if any, would be insignificant to the financial positon of the Organization.

NOTE 7 – BENEFICIAL INTEREST IN TRUSTS AND SPLIT INTEREST AGREEMENTS

The Organization was the beneficiary of a charitable remainder unitrust and a residual estate trust. During the year ended June 30, 2019, the last beneficiary in the trusts deceased and the remaining assets were distributed and available for the Organization’s use.

For the year ended June 30, 2019, the Organization recorded an adjustment of \$18,964, representing its proportional share of the increase in the fair value of the trust asset securities by recording an increase in the beneficial interest in trusts and split interest agreements in the consolidated statement of financial position and a corresponding amount to the change in the value of split interest agreements – with donor restriction in the consolidated statement of activities. Additionally, both the charitable remainder trust and the residual estate trust held a 50% ownership share in property, consisting of a commercial building containing retail space and related land. For the year ended June 30, 2019, the increase in fair value of the property totaled \$575,000 and is included in investment and interest income in the consolidated statement of activities. The Organization's share of the properties fair value at June 30, 2019 was appraised at \$1,250,000, and is included as investment in real estate in the consolidated statement of financial position. Subsequent to year-end, the Organization sold the property. See Notes 4 and 23.

NOTE 8 – BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is also a named beneficiary in a perpetual trust held by a third party. Under the terms of the trust, the Organization is to receive one twenty-fourth of the income generated by the trust assets annually. The recognized value of the Organization's beneficial interest in the perpetual trust is measured as the present value of the estimated future cash receipts from the trust assets, which is equivalent to one twenty-fourth of the fair value of the trust assets. The estimated fair value of the trust's assets at June 30, 2019, was \$171,014.

NOTE 9 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2019 amounted to \$3,566,353, net of present value discounts and a reserve for doubtful accounts, and consist of outstanding capital campaign pledges from individuals, foundations and corporations. Contributions receivable, utilizing a discount rate of 3% at June 30, 2019, consist of:

	With donor restriction	Without donor restriction	Total
Receivables due in less than a year	\$ 618,950	\$ 350,000	\$ 968,950
Receivables due in one to five years	1,086,768	1,741,048	2,827,816
Receivables due in more than five years	621,013	-	621,013
Less: discounts to net present value	(170,949)	(192,334)	(363,283)
Less: reserve for doubtful accounts	(488,143)	-	(488,143)
Contribution receivable, net	<u>\$ 1,667,639</u>	<u>\$ 1,898,714</u>	<u>\$ 3,566,353</u>

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 – RELATED PARTY TRANSACTIONS

Camillus Health Concern, Inc. (“CHC”) provides various social, administrative and development services to the Organization in accordance with an executed agreement. For the fiscal year ended June 30, 2019, total expenses incurred were \$411,229. At June 30, 2019, the no amounts were owed to CHC. The Organization also pays certain bills on behalf of Charity Unlimited of Florida, Inc. The Organization borrowed working capital from Emmaus Place, Inc. in a previous fiscal year. These related unconsolidated entities have separate Boards of Directors from the Organization, although membership in all four is controlled by the Provincial and his Council of the Hospitaller Order of St. John of God - Province of the Good Shepherd in North America.

On July 1, 2014, the Organization entered into an operating lease agreement for the use of property near its new campus with a related party in which a board member has ownership. The lease expired June 30, 2019 and requires monthly payments approximately in the amount of \$3,928. During the year ended June 30, 2019, the Organization recorded expenses related to the lease of approximately \$47,000. The lease was not subsequently renewed.

NOTE 11 – PROPERTY AND EQUIPMENT

At June 30, 2019, property and equipment consisted of the following:

Buildings	\$ 4,718,572
Buildings improvements	3,010,823
Furniture fixtures and equipment	8,464,547
Computer hardware and software	749,267
Vehicles	678,939
60-yr sub leasehold asset	1,629,604
New Campus, Cedars Court low-income housing project	15,541,351
New campus, other finished buildings	38,592,542
New campus, land	630,200
	<u>74,015,845</u>
Less: accumulated depreciation and amortization	(21,446,088)
Property and equipment, net	<u>\$ 52,569,757</u>

Cedars Court is an 80-unit, midrise permanent low-income housing facility located in Miami, Florida, which is part of the New Camillus House Campus project. The project was completed, occupied and in operation during the year ended June 30, 2012.

The remainder of the New Camillus House Campus project consists of six buildings with a total capacity of over 300 beds on three acres near the University of Miami Jackson Memorial Hospital complex in the Allapattah area in the City of Miami, budgeted at \$62 million. This eco-friendly facility provides emergency shelter, medical clinic beds, substance abuse treatment, and job training and job placement, all designed with the purpose of ending chronic homelessness in Miami-Dade County.

Total depreciation expense for the year ended June 30, 2019 was \$3,179,596.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 – MORTGAGES AND NOTES PAYABLE

Mortgages and notes payable at June 30, 2019 consisted of the following:

Notes payable for \$250,000 and \$1,075,000 to Miami-Dade County for the construction of the South Miami-Dade Homeless Housing property with principal and interest payments deferred until November 2019 and September 2020, respectively. During these deferment periods, interest shall accrue at a rate of 1% per annum on the unpaid principal balance, compounded annually. Starting in September 2016 and November 2015, respectively, the outstanding principal and all accrued interest shall be forgiven at the rate of 20% per year for each of the subsequent five years, if all conditions and requirements as defined in the loan documents are met. If during the deferment period, the Organization defaults under the terms of the loan agreement, the entire outstanding principal balance and accrued interest shall become due and payable. The notes are secured by certain real property of the Organization. For the year ended June 30, 2019, \$50,000 of principal and \$9,939 of accrued interest was forgiven on the \$250,000 note and \$215,000 of principal and \$41,693 of accrued interest were forgiven on the \$1,075,000 note in accordance with the terms of the note.

\$ 315,000

Mortgage notes payable in connection with a construction loan agreement with Florida Housing Finance Corporation for the construction of the Cedars Court low-income housing project, under the Tax Credit Assistance Program (TCAP) for an amount not to exceed \$5,163,919. The loan is comprised of a TCAP loan in the principal amount of \$4,483,919 and a TCAP supplemental loan in the principal amount of \$680,000. Both notes bear interest at zero percent (0%) and are non-amortizing during the term of the notes. The entire unpaid principal amount of the TCAP loan is due and payable in February 2027, the maturity date. The TCAP loan is secured by the leasehold interest of the site and the improvements constructed thereon. The TCAP supplemental loan is payable with a balloon payment in April 2026, the supplemental loan maturity date. However, the loan shall be forgivable if all conditions and requirements in the loan documents are met.

5,163,919

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 – MORTGAGES AND NOTES PAYABLE (Continued)

Tax Credit Exchange Program (TCEP) sub-award promissory note payable in connection with a construction loan agreement with Florida Housing Finance Corporation for the construction of the Cedars Court property, under the Tax Credit Exchange Program (TCEP). The TCEP loan is secured by a subordinate mortgage lien on the low-income housing property. The loan is subordinated to the TCAP mortgage and HOME loan. The original amount of the note was \$17,104,805. The note does not bear interest, and matures in 2027. Principal is forgiven annually at the rate of 6.67% over the 15-year tax credit compliance period, subject to maintaining compliance with all conditions and requirements in the loan documents. The Organization records the portions of the loan which are forgiven as a deferred liability, which is recognized as income based on the total amount of the loan expected to be forgiven, amortized on a straight line basis over the 40-year depreciable life of the construction property. During the year ended June 30, 2019, a gain on forgiveness of loans of \$427,620 was recognized related to the portion of the TCEP loan forgiven.

9,118,572

HOME loan agreement with Florida Housing Finance Corporation in connection with a construction loan agreement for the construction of the Cedars Court low-income housing project. The loan may be advanced to the Organization in an amount not to exceed \$116,081. The loan bears interest at zero percent (0%) and is non-amortizing during the term of the note. The entire unpaid principal balance is due in May 2031, the maturity date.

116,081

Forgivable loan by Miami-Dade County, funded by a Homeless Housing Assistance Grant (HHAG) from the State of Florida Department of Children and Family Services. Proceeds totaling \$750,000 were received in July 2011, to be used towards construction of one of the buildings at the new campus. This Loan bears no interest and is secured by a mortgage lien on the building. The loan is proportionally amortized over a 10-year period, commencing at the completion of the building. During the year ended June 30, 2019, a gain on forgiveness of loans of \$75,000 was recognized related to the portion of HHAG loan forgiven.

225,000

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 – MORTGAGES AND NOTES PAYABLE (Continued)

Forgivable loan by Miami-Dade County, funded by Surtax funds. Proceeds of the loan were used to reimburse the Organization for construction costs incurred in one of the buildings of the new campus. The loan bears interest of 1% per annum, and is secured by a mortgage on the same building. During the deferment period, lasting until December 31, 2041, interest accrues but is not due, as long as compliance with various provisions is kept, including the provisions of a rental regulatory agreement. Principal and accrued interests are forgivable in increments of 25% per year, in years 27 through 30 of the loan. 2,000,000

Loan by Isuzu Finance of America, with a term of 5 years, for the acquisition of a vehicle. The loan is for \$58,140, bears interest of 5.04% per annum, and is secured by the vehicle being financed. The outstanding amount as of June 30, 2019 was \$172. 172

Total outstanding mortgages and notes payable \$ 16,938,744

The Organization adopted the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the consolidated statement of activities.

Aggregate annual maturities and amounts forgiven of the mortgages and notes payable over each of the next five years and thereafter are as follows as of June 30, 2019:

2020	\$ 1,481,062
2021	1,265,890
2022	1,215,890
2023	1,140,890
2024	1,140,890
2025 - 2029	8,578,041
2030 - 2034	116,081
2035 - 2039	500,000
2040 - 2044	<u>1,500,000</u>
	16,938,744
Less: Unamortized debt issuance costs	<u>(146,359)</u>
Total	<u><u>\$ 16,792,385</u></u>

Amounts recorded as due in 2020 have not been recorded as current liabilities on the consolidated statement of financial position as they are expected to be forgiven.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization leases various apartments for its community-based housing programs and office equipment under operating lease agreements. These leases are for various terms and expire at various dates through 2022. In the normal course of operations, it is expected the leases will be renewed or replaced.

The following is a schedule of future minimum rental payments under the operating lease agreements as of June 30, 2019:

2020	\$ 1,394,787
2021	104,820
2022	870
Total	<u><u>\$ 1,500,477</u></u>

Rent expense under the operating leases was \$1,747,656 for the year ended June 30, 2019.

Land Leases

On June 10, 2008, the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida granted the State of Florida Department of Children and Family Services a 60-year lease on a parcel of land in Miami, Florida. On the same date, the State of Florida Department of Children and Family Services and Camillus House, Inc. entered into a sublease agreement for the land, for the construction of the New Camillus House Campus. On the same date, Camillus House, Inc. and Shepherd's Court, LLC entered into a sub-sublease agreement for a portion of the land. The sub- subleased portion is for the construction of an 80 unit low-income housing project. During the term of the agreement, Shepherd's Court, LLC is responsible for the payment of all taxes, insurance, maintenance and the payment of an annual administrative fee of \$300.

The Organization recognized a contribution of the land sub-leasehold asset at a value of \$1,629,604 in the fiscal year ended June 30, 2012. This was accounted for as a temporarily restricted asset and released from restrictions as the contribution is amortized over 60 years, the lease period. At June 30, 2019, the value of the sub-leasehold asset was \$1,358,003, net of accumulated amortization, and is included in property and equipment, net in the consolidated statement of financial position. See Note 14.

The Organization entered into a lease agreement with Miami-Dade County in June 1999 to lease the South Miami-Dade Homeless Housing Land. The lease is for 100 years and the payment is \$1 per year. The Organization did not recognize a contribution related to this lease as the estimated value was not considered to be significant.

Operating Deficit Guaranty

Pursuant to the operating agreement, Camillus House, Inc., as the sole member of the managing member of Shepherd's Court, LLC, is required to loan Shepherd's Court, LLC amounts to cover operating deficits of the project for the guaranty period commencing with the date of the loan closing and ending on the last day of the first fifteen years of the compliance period. Any required funding prior to rental achievement is without limitation. Subsequent to rental achievement, the funding is limited to \$334,803. Funds in the operating reserve may be used prior to any advances being made. As of June 30, 2019, no operating deficit advances have been made.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

Recapture of Exchange Funds

Failure to comply with all TCEP requirements could result in recapture and any debt subject to recapture shall be due and payable immediately to Florida Housing Finance Corporation.

NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Organization. These net assets are then released and reclassified to net assets without donor restriction, from which they are expended.

Net assets with donor restriction at June 30, 2019 totaled \$3,196,656, and are comprised of the following:

Donor-imposed time restrictions-	
held in contributions receivable, net	\$ 1,667,639
60-year sub leasehold asset in new campus	
land, net of amortization	1,358,003
Beneficial interest in perpetual trust-	
original gift \$167,789	171,014
Total net assets with donor restriction	<u>\$ 3,196,656</u>

NOTE 15 – DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution retirement plan for all full-time employees completing six months of continuous employment. Contributions to the plan are at the discretion of the Board of Directors. In July 2009, the Organization terminated its matching contribution to the defined contribution benefit plan for all employees. A matching program was resumed in October 2016. For the year ended June 30, 2019, the Organization contributed \$117,907 as a match.

NOTE 16 – NOTE RECEIVABLE - BROWNSVILLE CHRISTIAN HOUSING PROJECT

In July 2002, the Organization executed an agreement to participate with an unrelated entity in the construction and operation of a 74-unit affordable housing development consistent with the Organization's emergency shelter and transitional housing activities.

At June 30, 2019, the Organization's share of the construction costs incurred was \$914,443. The \$914,443 loan along with the accrued interest receivable of \$733,955 became due and payable in full on January 31, 2004 and was not paid. The Organization and the borrower intend to resolve this matter by accepting a deed in-lieu of foreclosure. As of June 30, 2019, the transaction to transfer ownership to the Organization had not occurred. The project has been completed and the Organization is currently operating and managing the property. In prior years, management further reviewed this transaction and determined that the loan receivable along with the accrued interest will not be received. As such, there are no amounts reflected in these financial statements related to this transaction.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 17 – NEW MARKETS TAX CREDITS TRANSACTIONS 2012

On August 31, 2012, Camillus House, Inc. and NCHCI entered into a New Markets Tax Credits transaction (the "NMTC 2012 Transaction") with The Northern Trust Company ("TNT"), two of its affiliates, and Florida Community New Markets Fund IX, LLC ("FCNMF-IX"), an affiliate of Florida Community Loan Fund ("FCLF"). The purpose of the transaction was to provide financing for the campus construction project that was ongoing at the time under favorable economic terms, typical of this type of tax credits-based deals.

The NMTC 2012 Transaction is composed of several sub-transactions, as described below:

Term Loan: Under the NMTC 2012 Transaction, Camillus House, Inc. obtained a Term Loan from TNT for \$7,500,000, secured by contributions receivable from private donors and public funding sources, the Organization's deposit accounts with financial institutions, and various personal property items. The Term Loan took no mortgage on the construction in progress. As of June 30, 2019, the Term Loan had been paid in full.

Leverage Loan: Under the NMTC 2012 Transaction, Camillus House, Inc. loaned \$14,171,035 ("Leverage Loan") to NL-Camillus NMTC Fund, LLC, whose owners are NorLease, Inc. (an affiliate of TNT) with a 99.99% non-controlling interest, and FCLF with a 0.01% controlling interest. The proceeds of this Leverage Loan were used by NL-Camillus NMTC Fund, LLC towards making a Qualified Equity Investment into FCNMF-IX, another sub-component of the NMTC transaction. The Leverage Loan bears an interest rate of 1.00%, matures December 2042, and is secured by the 99.99% interest that NL Camillus NMTC Fund holds into FCNMF-IX, among others. The Leverage Loan is recorded in the Organization's consolidated statement of financial position as Note Receivable – New Markets Tax Credits 2012. During the fiscal year, the Organization recorded \$141,710 of interest income under this loan, part of Investment and Interest Income in the Organization's Consolidated Statement of Activities. Subsequent to the NMTC 2012 Transaction, Camillus House, Inc. assigned the Leverage Loan to its affiliate CUF, as more fully described in Note 18.

Qualified Low-Income Community Investment ("QJICI Loan"): Under the NMTC 2012 Transaction, NCHCI obtained a QLICI Loan from FCNMF-IX for \$19,000,000, secured by two separate notes for \$14,171,035 and \$4,828,965, both bearing an interest rate of 1.441% and maturing in December 2047. The QLICI loan is secured by a mortgage on certain buildings in the new campus. Proceeds of this loan were used by NCHCI to purchase certain new campus buildings from Camillus House, Inc., as described below, and to fund the campus construction project that was ongoing at the time. The QUCI Loan is recorded in the Organization's consolidated statement of financial position as Notes payable - New Markets Tax Credits 2012. During the fiscal year, the Organization recorded \$273,790 of interest expense under this loan, part of Property Taxes and Interest expense in the Organization's Consolidated Statement of Activities.

Purchase and Contribution Agreement: In the fiscal year ended June 30, 2013, NCHCI paid \$9,253,298 to Camillus House, Inc. in exchange for ownership of certain buildings at the new campus. In the fiscal year ended June 30, 2013, the previously incurred costs for the sale of the buildings were \$14,566,520, with the differential of \$5,313,222 recorded as a contribution from Camillus House, Inc. to NCHCI, and was included as a contribution to affiliate in the consolidating statement of activities of Camillus House, Inc. and NCHCI, and was eliminated in consolidation. Therefore, no gain or loss on this transaction occurred at the consolidated level.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 17 – NEW MARKETS TAX CREDITS TRANSACTIONS 2012 (Continued)

Sub-sublease Agreement: By virtue of the Purchase and Contribution Agreement, NCHCI became the landlord of Camillus House, Inc., which will continue to operate its programs at all the buildings in the new campus. The Sub-sublease Agreement sets forth rent payments from Camillus House, Inc. to NCHCI upon completion of the buildings, deemed achieved on September 9, 2013. Rent payments started accruing on that date, and will become payable each November 30 at a rate of \$146,000 per year until November 30, 2018, \$181,000 per year from December 1, 2018 until November 30, 2019, and \$879,000 per year thereafter, until November 30, 2032. The rent revenue and expense for the fiscal year was \$146,000, paid in cash in December 2018. As of June 30, 2019, there were \$245,200 of accrued rent payable and receivable, part of prepaid expenses and other receivables and accounts payable and accrued expenses, respectively, as reported in the Organization's Consolidating Statement of Financial Position. All rental activity is eliminated in consolidation.

Put/Call Option Agreement between Camillus House, Inc. and NorLease, Inc.: By virtue of this agreement, NorLease, Inc. ("NorLease") has the option, but not the obligation (the "Put") to sell its 99.99% interest into NL-Camillus NMTC Fund, LLC to Camillus House, Inc. for \$1,000. The Put may be exercised by NorLease at any time during the 60 days following the 7th year anniversary of the NMTC 2012 Transaction. Subsequent to year-end, Norlease exercised the option to sell its 99.99% interest for \$1,000. See Note 23.

Put/Call Option Agreement between Camillus House, Inc. and FCLF: By virtue of this agreement, FCLF has the option, but not the obligation (the "Put") to sell its 0.01% interest into NL-Camillus NMTC Fund, U.C to Camillus House, Inc. for \$10. The Put may be exercised by FCLF at any time during the 60 days following the 7th year anniversary of the NMTC 2012 Transaction. In the event FCLF doesn't exercise the Put, Camillus House, Inc. has the option, but not the obligation (the "Call") during the subsequent 180 days, to purchase said 0.01% interest at fair market value ("FMV"), which may be determined by Camillus House, Inc., but is subject to objection by FCLF. In the event of an objection, the FMV is to be determined by an independent appraiser. Subsequent to year-end, FCLF exercised the option to sell its 0.01% interest for \$10. See Note 23.

These two Put/Call options do not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in the Organization's consolidated financial statements. Subsequent to the NMTC 2012 Transaction, Camillus House, Inc. assigned both Put/Call Option Agreements to its affiliate CUF, as more fully described in Note 18.

The two Put/Call Option Agreements were exercised subsequent to year-end and therefore, the related Leverage Loan receivable and QLICI loan payable are reflected as current assets and liabilities, respectively, at June 30, 2019. As a result, CUF gained control of all outstanding loans payable and receivable, and the Organization recorded a net gain associated with the dissolution of the \$14,171,035 Leverage Loan receivable and the \$19,000,000 QLICI loan payable. Upon the exercise of these option agreements, there are no residual amounts due to or from any external third parties. See Note 23.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 18 – ASSIGNMENT OF CERTAIN FINANCIAL ASSETS AMONG CONSOLIDATED AFFILIATES

On December 10, 2015, in anticipation of the closing of the NMTC 2015 Transaction (more fully described in Note 19), Camillus House, Inc. assigned certain financial assets to its consolidated affiliates CUF and BHI. This was necessary in order to comply with special non-qualified financial property ("NQFP") requirements under NMTC tax law that would apply to Camillus House, Inc. in its role as the Qualified Active Low-Income Community Business ("QALICB") in the NMTC 2015 Transaction. Under NQFP requirements, holding certain financial assets above certain levels at the QALICB may cause non-compliance, so it was deemed necessary and prudent to assign these financial assets to CUF and BHI, where they would not be subject to the aforementioned NQFP requirements.

This assignment was executed through the following legal agreements:

Assignment, Acceptance and Assumption Agreement: By virtue of this agreement, Camillus House, Inc. assigned its existing and future rights, titles and Interests in the following assets to CUF:

- The \$14,171,035 Leverage Loan receivable from the NMTC 2012 Transaction, and its associated rights to interest payments. This assignment resulted in a \$14,171,035 loss in assignment of property in Camillus House, Inc., and a corresponding gain in assumption of property by the same amount in CUF, both of which are eliminated in consolidation. The accrued interest receivable was \$0 when the assignment was executed, because the annual cash payments of interest occurred immediately before. Subsequent cash payments of interest on the Leverage Loan will be made by NL-Camillus NMTC Fund, LLC to CUF instead of to Camillus House, Inc.
- The two Put/Call Option Agreements between Camillus House, Inc. and NorLease and FCLF. This assignment is not reflected in the financial statements because the Put/Call options do not represent embedded derivatives and, accordingly, have not been accounted for as derivative instruments in the financial statements.
- The Beneficial interest in trusts and split interest agreements, Beneficial Interest in perpetual trusts, and Estates, Trusts and Wills receivable. The assignment of these assets resulted in a \$1,412,564 loss in assignment of property in Camillus House, Inc., and a corresponding gain in assumption of property by the same amount in CUF, both of which are eliminated in consolidation. All future donation activity in any of these categories will be accounted for in the books of CUF.

Allonge to Promissory Note: By virtue of this allonge, Camillus House, Inc. assigned to its affiliate BHI its title and interest in Brownsville Christian Housing Project.

Transfer and Assignment of Mortgage: By virtue of this document, Camillus House, Inc. transferred to its affiliate BHI its rights, title and interest under the mortgage on the 74-unit affordable housing development.

The Sub-sublease Agreement between NCHCI and Camillus House, Inc. related to the NMTC 2012 Transaction was not assigned and remains unchanged.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 19 – NEW MARKETS TAX CREDITS TRANSACTION 2015

On December 15, 2015, Camillus House, Inc. and CUF entered into a New Markets Tax Credits transaction (the "NMTC 2015 Transaction") with The Northern Trust Company ("TNT"), U.S. Bancorp Community Development Corporation ("USBCDC"), Citibank ("Citi"), VAF FL Investment Fund II, LLC ("VAF FL"), UACD FL Investment Fund II, LLC ("UACD FI"), Camillus House Investment Fund, LLC, an affiliate of Citibank ("Citi Fed Fund"), Citi NMTC Subsidiary CDE XXII 1 LLC ("Citi Sub-CDE"), UACD Sub-CDE XIV, LLC ("UACD XIV") and UACD Sub-CDE 25, LLC ("UACD 25").

The following other entities participated in the overall NMTC 2015 Transaction, but the Organization did not enter into any direct legal agreements with them at closing date: Stonehenge Florida NMTC Investment Fund VI, LLC ("Stonehenge"), VAF Sub-CDE XVIII, LLC, Citibank NMTC Corporation, and Twain Investment Fund 138, LLC.

The NMTC 2015 Transaction is composed of several sub-transactions, as described below:

Bridge Loan: Under the NMTC 2015 Transaction, CUF obtained a Bridge Loan from TNT for \$5,000,000, secured by some of the financial assets recently assigned to CUF as described in Note 18, and guaranteed by our non-consolidated affiliate Camillus Health Concern, Inc. The Bridge Loan have been paid in full and the collateral and guarantee are no longer in effect.

Leverage Loans: Under the NMTC 2015 Transaction, CUF made three separate leverage loans, as follows:

- \$3,914,627 to UACD FL bearing an interest of 1.00% per annum, and maturing December, 2037.
- \$2,356,500 to VAF FL, bearing an interest of 1.00% per annum, and maturing December, 2041.
- \$1,692,500 to Citi Fed Fund, bearing an interest of 1.00% per annum, and maturing December, 2032.

These three loans are unsecured, but are supported by the pledge of equity interests in the 2015 NMTC transaction, and the loans proceeds were used by the borrowing entities to make qualified equity investments ("QEIs") into other entities party to the NMTC 2015 Transaction. The Leverage Loans are recorded in the Organization's consolidated statement of financial position as Notes receivable - New Markets Tax Credits 2015. During the fiscal year, the Organization recorded a total of \$79,673 of interest income under these Loans as part of Investment and Interest Income in the Organization's Consolidated Statement of Activities.

Qualified Low-Income Community Investment ("QJCI") Loans: Under the NMTC 2015 Transaction, Camillus House, Inc. obtained several QLICI loans, as follows:

- \$4,692,500 from Citi Sub-CDE (Note A4), bearing an interest of 0.95334% per annum, and maturing December, 2045.
- \$2,167,500 from Citi Sub-CDE (Note 84), bearing an interest of 0.95334% per annum, and maturing December, 2045.
- \$2,531,594 from UACD XIV (Note B1), bearing an interest of 1.0401% per annum, and maturing December, 2045.
- \$3,885,500 from UACD 25 (Note A3), bearing an interest of 1.97494% per annum, including a balloon principal payment of \$60,000 due in December, 2022, and maturing December, 2045.
- \$34,500 from UACD 25 (Note B3), bearing an interest of 1.97494% per annum, and maturing December, 2045.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 19 – NEW MARKETS TAX CREDITS TRANSACTION 2015 (Continued)

The QLICI loans are unsecured. The loan proceeds were used by Camillus House, Inc. to pay for capital expenses recently incurred and ongoing at the time, reduce to \$0 the balance of its revolving line of credit with TNT, repay the \$500,000 construction loan with TNT, cover operational costs, pay legal and consulting closing costs and fund 7-year deal reserves. The QLICI Loans are recorded in the Organization's consolidated statement of financial position as Notes payable - New Markets Tax Credits 2015. During the fiscal year, the Organization recorded \$173,934 of interest expense under these loans as part of Property Taxes and Interest expense in the Organization's Consolidated Statement of Activities.

Put/Call Option Agreements, Call Option Agreements, and put option provisions embedded in Leverage Loans documents (the "Put/Call Options"): The NMTC 2015 Transaction legal documents include Put/Call Options between CUF and USBCOC, UACD FL, VAF FL and Citi. If these Put/Call Options are exercised at the 7th year anniversary of the NMTC 2015 Transaction, CUF can become the controlling owner of certain other parties to the deal, including Twain Investment Fund 138, LLC; UACO XIV, VAF Sub-CDE XVIII, LLC; and Citi Fed Fund. At this point CUF would gain control of all outstanding loans payable and receivable under the NMTC 2015 Transaction, there would be no residual amounts due to or from any external third parties and the Organization would record a net gain associated with the dissolution of the leverage Loans receivable for a total of \$7,963,627, and the QLICI loans payable for a total of \$12,644,862 after unamortized loan costs of \$666,732.

These Put/Calls do not represent embedded derivatives and, accordingly, they have not been accounted for as derivative Instruments in the Organization's consolidated financial statements.

NOTE 20 – LINE OF CREDIT

The Organization has a \$1,500,000 revolving line of credit bearing an interest rate of LIBOR index plus 2.75%. This line of credit expired in February 2019 and was renewed through February 2021 bearing interest at rate equal to the greater of 2.5% or the sum of the Overnight LIBOR rate plus 2.5%. There was no balance outstanding on the line of credit as of June 30, 2019. The line of credit agreement requires that certain financial covenants be met by the Organization. Management believes that they have complied with all covenants as of June 30, 2019.

NOTE 21 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could be made readily available within one year of the statement of financial position date to fund operating expenses without limitation, such as donor imposed or contractual restrictions or internal designations, as of June 30, 2019:

Cash and cash equivalents, without donor restrictions	\$ 1,800,164
Grants and contracts receivable, net	3,032,957
Contributions receivable, current portion, without donor restrictions	350,000
Investments, current	<u>3,156,519</u>
Financial assets available to meet cash needs for operating expenses within one year:	<u><u>\$ 8,339,640</u></u>

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 22 – NEW ACCOUNTING PRONOUNCEMENT RECLASSIFICATIONS

The implementation of ASU 2016-14 required the following changes to June 30, 2019 beginning net assets:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 30,856,527	
Temporarily restricted net assets	7,042,672	
Permanently restricted net assets	167,789	
Net assets without donor restrictions	-	33,280,908
Net assets with donor restrictions	-	4,786,080
Total net assets	\$ 38,066,988	\$ 38,066,988

NOTE 23 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 5, 2019 which is the date the consolidated financial statements were available to be issued and determined that the following events require disclosure.

In August 2019, the Organization sold the property held as a real estate investment. See Note 4. The Organization received \$2,460,436 from the sale and realized a gain of \$1,210,436.

In August 2019, the two Put/Call Option Agreements related to the Organization’s 2012 New Markets Tax Credit transaction, were exercised. See Note 18.

Effective September 2, 2019, Florida Housing Finance Corporation (“FHFC”) approved the transfer of interests in 350 NW, LLC (the “Company”) to the Organization. The Company was formed for the purpose of investing in, acquiring, construction, and operating a 90 unit residential housing project (the “Project”) in Miami, Florida. In connection with the Project, the Company entered into various loan agreements, including agreements with FHFC under the Tax Credit Exchange Program. The Project is currently involved in an ongoing review by the Department of Justice involving allegations related to its construction. The Organization was not party nor related to any of the parties involved with the allegations. The Organization will continue to operate the Project under its current use and its activity will be consolidated in the Organization’s financial statements as of June 30, 2020. As of December 31, 2018, the assets and liabilities of 350 NW, LLC totaled \$18.4 million and \$20.7 million, respectively. The assets include rental property of \$14 million. The liabilities include \$10.2 million of forgivable loans and \$5.6 million of related deferred income under the Tax Credit Exchange Program.

COMPLIANCE REPORTS



Verdeja • De Armas • Trujillo

Certified Public Accountants and Advisors

Manny Alvarez, C.P.A.
Monique Bustamante, C.P.A.
Pedro M. De Armas, C.P.A.
Eric E. Santa Maria, C.P.A.
Alejandro M. Trujillo, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.P.A.

Michelle del Sol, C.P.A.
Tommy Trujillo, C.P.A.
Javier Verdeja, C.P.A.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Boards of Directors of
Camillus House, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Camillus House, Inc. and Subsidiaries (collectively referred to as the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2019, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

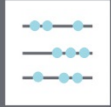
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Veedy-DeArmas Touyille". The signature is written in a cursive style with a large initial 'V'.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 5, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Boards of Directors of
Camillus House, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Camillus House, Inc.'s. and Subsidiaries, (collectively referred to as the "Organization") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 5, 2019

**CAMILLUS HOUSE, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

<i>Federal Program Title Pass-through Grantor</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Contract Grant Number</i>	<i>Expenditure</i>
FEDERAL AWARDS:			
U.S. Department of Housing and Urban Development			
<i>Continuum of Care Program:</i>			
Pass-through Miami-Dade County	14.267	See (a) below	\$ 3,015,336
<i>Emergency Solutions Grant Program</i>			
Pass-through Miami-Dade County	14.231	Resolution #R-728-16	635,954
<i>Lower Income Housing Assistance - Section 8 Program</i>			
Pass-through Miami-Dade County	14.856	FL29-K005-025	200,000
Total U.S. Department of Housing and Urban Development			\$ 3,851,290
U.S. Department of Health and Human Services			
<i>Block Grants for Community Mental Health Services Program:</i>			
Pass-through South Florida Behavioral Health Network	93.958	ME 225-9-24	\$ 704,586
<i>Block Grants for Prevention and Treatment of Substance Abuse Program:</i>			
Pass-through South Florida Behavioral Health Network	93.959	ME 225-9-42	311,497
Total U.S. Department of Health and Human Services			\$ 1,016,083
U.S. Department of Veteran Affairs			
<i>VA Homeless Providers Grant and Per Diem Program:</i>			
Direct- U.S. Department of Veteran Affairs	64.024	CAMI1862-0770-546-SI-19	\$ 298,241
Direct- U.S. Department of Veteran Affairs	64.024	CAMI862-0520-546-LD-18-0	417,799
Program Total			716,040
Total U.S. Department of Veteran Affairs			\$ 716,040
U.S. Department of Agriculture			
<i>Supplemental Nutrition Assistance Program</i>			
Direct- U.S. Department of Agriculture	10.551	369490	\$ 18,861
Total U.S. Department of Agriculture			\$ 18,861
U.S. Department of Homeland Security			
<i>Emergency Food and Shelter National Board Program:</i>			
Pass-Through United Way of Miami-Dade County	97.024	LRO-159400-047	\$ 98,018
Total U.S. Department of Homeland Security			98,018
U.S. Department of Transportation			
<i>Enhanced Mobility of Seniors and Individuals with Disabilities Program:</i>			
Pass-Through Florida Department of Transportation	20.513	1001-2016-12	\$ 53,360
Total U.S. Department of Transportation			\$ 53,360
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,753,652</u>

(a) Grantor contract numbers included are:

FL0311L4D001608; FL0311L4D001709; FL0588L4D001601;
FL0588L4D001702; FL0174L4D001609; FL0174L4D001710;
FL0703L4D001700; FL0590L4D001601; FL0590L4D001702;
FL0343L4D001605; FL0343L4D001706

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2019. This information in the schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CAMILLUS HOUSE, INC. AND SUBSIDIARIES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s report issued on whether the
 Financial statements audited were prepared in
 Accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Type of Auditor’s report issued on compliance for major
 program:

Unmodified

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not
 considered to be material weaknesses? yes none reported

Any audit findings disclosed that are required to be
 reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

Federal Program

CFDA Number/Program Description

14.267 – Continuum of Care \$3,015,336

Dollar threshold used to distinguish between type A and
 type B programs. \$750,000

Auditee qualified as low-risk auditee? No

**CAMILLUS HOUSE, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – OTHER ISSUES

1. A management letter was issued and reported to management in a separate letter dated November 5, 2019.
2. A Summary Schedule of Prior Audit Findings was not required as corrective action has been taken on all prior audit findings.
3. No corrective action plan is required because there were no findings required to be reported under Federal OMB Circular Compliance Supplement.

SUPPLEMENTARY INFORMATION

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Camillus House, Inc.	Shepherd's Court LLC	Shepherd's Court Investor, LLC	New Camillus House Campus, Inc.	Charity Unlimited Foundation, Inc.	Brownsville Housing, Inc.	Inter-company Eliminations and non-controlling interest adjustment	Consolidated Total
CURRENT ASSETS								
Cash and cash equivalents	\$ 1,732,704	\$ 54,445	\$ -	\$ -	\$ 13,015	\$ -	\$ -	\$ 1,800,164
Restricted cash	621,912	2,338,536	-	103,843	-	-	-	3,064,291
Grants and contracts receivable, net	3,032,957	-	-	-	-	-	-	3,032,957
Contributions receivable, net	952,544	-	-	-	16,407	-	-	968,951
Prepaid expenses and other receivables	10,866	13,212	-	245,200	412,540	2,458	(245,200)	439,076
Invesments, current	1,920,878	-	-	-	1,235,071	-	570	3,156,519
Investment in real estate	-	-	-	-	1,250,000	-	-	1,250,000
Note receivable - New Markets Tax Credit 2012	-	-	-	-	14,171,035	-	-	14,171,035
TOTAL CURRENT ASSETS	8,271,861	2,406,193	-	349,043	17,098,068	2,458	(244,630)	27,882,993
Note receivable - New Markets Tax Credit 2015	-	-	-	-	7,963,627	-	-	7,963,627
Due from related entities	1,312,555	1,167,211	-	-	-	-	(2,448,989)	30,777
Invesments, long-term	27,603	-	-	-	-	-	-	27,603
Beneficial interest in perpetual trust	-	-	-	-	171,014	-	-	171,014
Contribution receivable, net	2,597,402	-	-	-	-	-	-	2,597,402
Property and equipment, net	22,725,689	13,181,405	-	17,691,232	-	-	(1,028,569)	52,569,757
Deferred charges and other assets	36,170	-	-	-	30,000	-	-	66,170
TOTAL ASSETS	\$ 34,971,280	\$ 16,754,809	\$ -	\$ 18,040,275	\$ 25,262,709	\$ 2,458	\$ (3,722,188)	\$ 91,309,343
CURRENT LIABILITIES								
Accounts payable and accrued expenses	\$ 1,964,022	\$ 320,737	\$ -	\$ 159,711	\$ -	\$ -	\$ (245,200)	\$ 2,199,270
Notes payable - New Markets Tax Credit 2012	-	-	-	19,000,000	-	-	-	19,000,000
TOTAL CURRENT LIABILITIES	1,964,022	320,737	-	19,159,711	-	-	(245,200)	21,199,270
Due to related entities	1,237,866	1,222,891	-	73,118	-	-	(2,448,989)	84,886
Mortgages and notes payable, net	2,540,172	14,252,213	-	-	-	-	-	16,792,385
Notes payable - New Markets Tax Credit 2015, net	12,644,862	-	-	-	-	-	-	12,644,862
Unearned revenues	-	4,782,632	-	-	-	-	-	4,782,632
Refundable advances	57,923	780	-	-	24,820	-	-	83,523
TOTAL LIABILITIES	18,444,845	20,579,253	-	19,232,829	24,820	-	(2,694,189)	55,587,558
NET ASSETS								
Attributable to controlling interest	16,526,435	(3,824,444)	-	(1,192,554)	25,237,889	2,458	2,796,445	39,546,229
Deficit attributable to non-controlling interest	-	-	-	-	-	-	(3,824,444)	(3,824,444)
TOTAL NET ASSETS, CONSOLIDATING ENTITY	16,526,435	(3,824,444)	-	(1,192,554)	25,237,889	2,458	(1,027,999)	35,721,785
TOTAL LIABILITIES AND NET ASSETS	\$ 34,971,280	\$ 16,754,809	\$ -	\$ 18,040,275	\$ 25,262,709	\$ 2,458	\$ (3,722,188)	\$ 91,309,343

The accompanying notes are an integral part of these financial statements.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Camillus House, Inc.	Shepherd's Court LLC	Shepherd's Court Investor, LLC	New Camillus House Campus, Inc.	Charity Unlimited Foundation, Inc.	Brownsville Housing, Inc.	Inter-company Eliminations and non-controlling interest adjustment	Consolidated Total
REVENUES, GAINS, AND OTHER SUPPORT:								
Government contracts and grand revenue	\$ 9,976,802	\$ 272,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,248,870
Contributions	4,933,358	-	-	-	147,027	-	-	5,080,385
In-kind contributions	1,803,808	-	-	-	-	-	-	1,803,808
Change in value of beneficial interest in trusts and split interest agreements	-	-	-	-	18,964	-	-	18,964
Change in value of perpetual trust	-	-	-	-	3,225	-	-	3,225
Client contributions	1,031,890	273,292	-	-	-	-	-	1,305,182
Investment and interest income	14,554	480	-	-	588,964	-	-	603,998
Gains on forgiveness of loans	391,631	427,620	-	-	-	-	-	819,251
Other income	545,447	8,645	-	146,000	-	-	(188,452)	511,640
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	18,697,490	982,105	-	146,000	758,180	-	(188,452)	20,395,323
EXPENSES:								
Operating expenses:								
Salaries, benefits and payroll taxes	7,513,262	160,224	-	-	-	-	(42,452)	7,631,034
Professional services	394,396	68,038	-	-	1,549	-	-	463,983
Pastoral services and expenses through related entities	677,756	-	-	-	-	-	-	677,756
Equipment and maintenance cost	148,387	101	-	-	-	-	-	148,488
Transportation	71,239	-	-	-	-	-	-	71,239
Food service costs	365,795	-	-	-	-	-	-	365,795
General and administration costs	328,707	20,669	-	-	-	-	-	349,376
Provision for doubtful accounts	122,976	-	-	-	-	-	-	122,976
Insurance	644,745	63,139	-	-	-	-	-	707,884
Marketing and public relations	938,409	-	-	-	-	-	-	938,409
Property taxes and interest expense	501,695	20,491	-	273,790	8,571	-	-	804,547
Ancillary services and supplies	201,597	-	-	-	-	-	-	201,597
Direct support	2,271,819	-	-	-	-	-	-	2,271,819
Repairs and maintenance expense	993,893	70,379	-	-	-	-	-	1,064,272
Travel	20,962	828	-	-	-	-	-	21,790
Occupancy, utilities, security	1,664,495	397,662	-	-	-	-	(146,000)	1,916,157
TOTAL OPERATING EXPENSES	16,860,133	801,531	-	273,790	10,120	-	(188,452)	17,757,122
In-kind/depreciation expense:								
In-kind contribution expense	1,803,808	-	-	-	-	-	-	1,803,808
Depreciation expense	1,676,802	665,032	-	856,043	(8)	-	(18,273)	3,179,596
TOTAL IN-KIND/DEPRECIATION EXPENSE	3,480,610	665,032	-	856,043	(8)	-	(18,273)	4,983,404
TOTAL EXPENSES	20,340,743	1,466,563	-	1,129,833	10,112	-	(206,725)	22,740,526
CONSOLIDATING CHANGE IN NET ASSETS	(1,643,253)	(484,458)	-	(983,833)	748,068	-	18,273	(2,345,203)
CHANGE IN NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	-	-	-	-	-	-	484,458	484,458
CHANGE IN NET ASSETS ATTRIBUTABLE TO CAMILLUS HOUSE, INC. NON-CONTROLLING INTEREST	(1,643,253)	(484,458)	-	(983,833)	748,068	-	502,731	(1,860,745)

The accompanying notes are an integral part of these financial statements.

CAMILLUS HOUSE, INC. AND SUBSIDIARIES
SCHEDULE OF STATE EARNINGS
FOR THE YEAR ENDED JUNE 30, 2019

1.	Total Expenditures	\$ 22,740,526
2.	Less other State and Federal Funds	(9,232,807)
3.	Less Non-Match SAMH Funds	(1,016,063)
4.	Less Unallowable Costs, per 65E-14, F.A.C.	<u>(551,723)</u>
5.	Total Allowable Expenditures (Sum of lines 1,2,3 and 4)	<u>11,939,933</u>
6.	Maximum Available Earnings (Line 5 times 75%)	8,954,950
7.	Amount of Funds Requiring Local Match	167,903
8.	Amount Due to Department, if negative (Subtract line 7 from line 6)	<u><u>NONE</u></u>

See accompanying note to the schedule of state earnings, cost center actual expenses and revenues, and schedule of expenditures of federal awards.

**SUBSTANCE ABUSE & MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE**

AGENCY: Camillus House, Inc., Subsidiaries and Affiliate

CONTRACT #: ME 225-9-42

BUDGET PERIOD: FROM 07/01/2018 TO 06/30/2019

FUNDING SOURCES & REVENUES A	STATE-DESIGNATED SAMH COST CENTERS														Non-SAMH Cost Center G	Total Funding (F+G) H
	STATE SAMH-FUNDED COST CENTERS										Total for Non- State-Funded SAMH Cost Centers E	Tot. for All State-Designated SAMH Cost Centers (D+E) F				
	Program 1															
	Subs. Abuse Res. 2 B1-a	Subs. Abuse Res. 4 B1-b	Subs. Abuse Day/Night B1-c	Mental Health Res. 2 B1-e	Mental Health Res. 4 B1-f	Mental Health Day/Night B1-g	Transitional Vouchers B1-h	Re-Entry B1-i	Program 1 Total (B1-a+...+B1-i) C	Total for State SAMH-Funded Cost Centers D						
IA. STATE SAMH FUNDING																
(1) South Florida Behavioral Health Network	\$ 204,494	\$ 41,985	\$ 38,907	\$ 368,863	\$ 39,122	\$ 44,921	\$ 61,031	\$ 216,740	\$ 1,016,063	\$ 1,016,063	\$ -	\$ 1,016,063	\$ -	\$ 1,016,063		
(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(6) From Other Districts	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
TOTAL STATE SAMH FUNDING =	204,494	41,985	38,907	368,863	39,122	44,921	61,031	216,740	1,016,063	1,016,063	-	1,016,063	-	1,016,063		
IB. OTHER GOVT. FUNDING																
(1) Other State Agency Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(2) Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(3) Local Government	-	-	-	-	-	-	-	-	-	-	1,101,953	1,101,953	3,393,265	4,495,218		
(4) Federal Grants and Contracts	-	-	-	-	-	-	-	-	-	-	-	-	4,737,589	4,737,589		
(5) In-kind from local govt. only	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
TOT. OTHER GOVT. FUNDING =	-	-	-	-	-	-	-	-	-	-	1,101,953	1,101,953	8,130,854	9,232,807		
IC. ALL OTHER REVENUES																
(1) 1st & 2nd Party Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(2) 3rd Party Payments (except Medicare)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(3) Medicare	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(4) Contributions and Donations	-	-	-	-	-	-	-	-	-	-	-	-	6,385,567	6,385,567		
(5) Other	-	-	-	-	-	-	-	-	-	-	59,800	59,800	1,897,278	1,957,078		
(6) In-kind	-	-	-	-	-	-	-	-	-	-	257,250	257,250	1,546,558	1,803,808		
TOT. ALL OTHER REVENUES =	-	-	-	-	-	-	-	-	-	-	317,050	317,050	9,829,403	10,146,453		
TOTAL FUNDING =	\$ 204,494	\$ 41,985	\$ 38,907	\$ 368,863	\$ 39,122	\$ 44,921	\$ 61,031	\$ 216,740	\$ 1,016,063	\$ 1,016,063	\$ 1,419,003	\$ 2,435,066	\$ 17,960,257	\$ 20,395,323		

EXPENSE CATEGORIES A	STATE-DESIGNATED SAMH COST CENTERS												Non-SAMH Cost Center G	Other Support Costs H	Administration I	Total Expenses (F+G+H+I) J	
	STATE SAMH-FUNDED COST CENTERS							Total for State SAMH-Funded Cost Centers D	Total for Non-State Funded SAMH Cost Centers E	Tot. for All State-Designated SAMH Cost Centers (D+E) F							
	Program 1						Program 1 Total (B1-a+...+B1-g) C										
	Subs. Abuse Res. 2 B1-a	Subs. Abuse Res. 4 B1-b	Subs. Abuse Day/Night B1-c	Mental Health Res. 2 B1-e	Mental Health Res. 4 B1-f	Mental Health Day/Night B1-g											
IIA. PERSONNEL EXPENSES																	
(1) Salaries	\$ 23,749	\$ 139,002	\$ 13,618	\$ 62,713	\$ 72,654	\$ 7,455	\$ 319,191	\$ 319,191	\$ 405,502	\$ 724,693	\$ 3,769,695	\$ 604,937	\$ 1,149,092	\$ 6,248,417			
(2) Fringe Benefits	4,636	29,290	3,997	15,372	12,341	2,009	67,645	67,645	98,395	166,040	954,751	14,444	247,382	1,382,617			
TOTAL PERSONNEL EXPENSES =	28,385	168,292	17,615	78,085	84,995	9,464	386,836	386,836	503,897	890,733	4,724,446	619,381	1,396,474	7,631,034			
IIIB. OTHER EXPENSES																	
(1) Building Occupancy	52,025	14,092	24,867	101,481	17,501	19,923	229,889	229,889	21,601	251,490	1,974,851	65,230	540,496	2,832,067			
(2) Professional Services	620	1,746	139	1,005	192	139	3,841	3,841	114,407	118,248	519,417	6,775	477,924	1,122,364			
(3) Travel	385	91	440	658	153	265	1,992	1,992	8,019	10,011	26,426	200	37,721	74,358			
(4) Equipment	764	200	284	1,499	249	254	3,250	3,250	2,310	5,560	70,367	620	71,940	148,487			
(5) Food Services	16,203	12,161	11,942	17,002	12,705	12,250	82,263	82,263	14,612	96,875	264,870	-	4,050	365,795			
(6) Medical and Pharmacy	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
(7) Subcontracted Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
(8) Insurance	4,171	3,773	6,037	7,706	4,699	15,066	41,452	41,452	9,061	50,513	197,828	15,500	444,043	707,884			
(9) Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	456,344	456,344			
(10) Operating Supplies & Expenses	9,273	7,234	7,515	10,752	7,738	6,765	49,277	49,277	19,500	68,777	179,869	150	1,250	250,046			
(11) Other	3,791	387	876	5,802	1,211	853	12,920	12,920	610,351	623,271	2,900,118	105,000	3,719,950	7,348,339			
(12) Donated Items / In-Kind	-	-	-	-	-	-	-	-	726	726	356,825	-	1,446,257	1,803,808			
TOTAL OTHER EXPENSES =	87,232	39,684	52,100	145,905	44,448	55,515	424,884	424,884	800,587	1,225,471	6,490,571	193,475	7,199,975	15,109,492			
TOT. PERSONNEL & OTH. EXP. =	115,617	207,976	69,715	223,990	129,443	64,979	811,720	811,720	1,304,484	2,116,204	11,215,017	812,856	8,596,449	22,740,526			
IIIC. DISTRIBUTED INDIRECT COSTS																	
(a) Other Support Costs (Optional)	80,150	19,644	17,310	158,584	24,961	20,509	321,158	321,158	667,363	988,521	(432,503)	(556,018)	(703,617)	-			
(b) Administration	103,100	97,945	25,775	190,735	72,170	30,930	520,655	520,655	1,068,305	1,588,960	(885,343)	(703,617)	(703,617)	-			
TOT. DISTR'D INDIRECT COSTS =	183,250	117,589	43,085	349,319	97,131	51,439	841,813	841,813	1,735,668	2,577,481	(1,317,846)	(556,018)	(703,617)	-			
TOTAL ACTUAL OPER. EXPENSES =	298,867	325,565	112,800	573,309	226,574	116,418	1,653,533	1,653,533	3,040,152	4,693,685	9,897,171	256,838	7,892,832	22,740,526			
IIID. UNALLOWABLE COSTS																	
	-	-	-	-	-	-	-	-	-	-	-	-	551,723	551,723			
TOT. ALLOWABLE OPER. EXP. =	298,867	325,565	112,800	573,309	226,574	116,418	1,653,533	1,653,533	3,040,152	4,693,685	9,897,171	256,838	7,341,109	22,188,803			
IIIE. CAPITAL EXPENDITURES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$