

**SUPPORT MINISTRIES, INC.  
(D/B/A SASH – Support for AIDS  
Services and Housing)**

**Financial Statements**

**June 30, 2016 and 2015**

**SUPPORT MINISTRIES, INC. (D/B/A SASH – Support for AIDS Services and Housing)**

**Financial Statements**

**June 30, 2016 and 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Support Ministries, Inc.

We have audited the accompanying financial statements of Support Ministries, Inc. (D/B/A SASH – Support for AIDS Services and Housing) (a nonprofit organization) (the "Organization") which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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 financial position of Support Ministries, Inc. as of June 30, 2016, 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.

### **Report on Summarized Comparative Information**

We have previously audited Support Ministries, Inc.'s financial statements for the year ended June 30, 2015, and our report dated December 7, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wojcik & Co. CPAs, P.C.*

East Greenbush, New York  
February 1, 2017

**SUPPORT MINISTRIES, INC. (D/B/A SASH - Support for AIDS Services and Housing)**

**Statements of Financial Position**

	June 30,	
	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,757	\$ 30,752
Grants receivable	68,627	196,488
Other receivables, net	5,301	4,202
Prepaid expenses and other current assets	14,102	13,266
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	93,787	244,708
<b>PROPERTY AND EQUIPMENT</b>		
Land	66,929	66,929
Buildings and improvements	3,209,620	2,455,361
Furniture, fixtures, and equipment	193,391	193,391
Construction in progress	-	534,652
	<hr/>	<hr/>
	3,469,940	3,250,333
Less accumulated depreciation	(1,422,499)	(1,310,636)
	<hr/>	<hr/>
	2,047,441	1,939,697
<b>OTHER ASSETS</b>		
Restricted cash - reserve for replacement	24,693	31,160
Security deposits	2,937	2,527
	<hr/>	<hr/>
	27,630	33,687
	<hr/>	<hr/>
	<hr/>	<hr/>
	\$ 2,168,858	\$ 2,218,092
	<hr/>	<hr/>

See accompanying notes to financial statements.

	June 30,	
	2016	2015
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ -	\$ 600
Accounts payable	27,916	153,037
Accrued payroll	6,565	4,024
Accrued compensated absences	7,538	3,479
Deferred revenue	5,767	8,249
Tenant security deposits	1,661	824
	<u>49,447</u>	<u>170,213</u>
<b>TOTAL CURRENT LIABILITIES</b>		
<b>NET ASSETS</b>		
Unrestricted	2,094,718	2,016,719
Temporarily restricted	24,693	31,160
	<u>2,119,411</u>	<u>2,047,879</u>
<b>TOTAL NET ASSETS</b>		
	<u><u>\$ 2,168,858</u></u>	<u><u>\$ 2,218,092</u></u>

See accompanying notes to financial statements.

**SUPPORT MINISTRIES, INC. (D/B/A SASH - Support for AIDS Services and Housing)**

**Statement of Activities**

**Year Ended June 30, 2016 (with comparative totals for 2015)**

	Unrestricted	Temporarily Restricted	2016 Totals	2015 Totals
<b>REVENUE AND SUPPORT</b>				
Grant income	\$ 743,311	\$ -	\$ 743,311	\$ 1,195,226
Rental income	251,154	-	251,154	203,795
Contributions	1,569	-	1,569	4,270
Fundraising	1,330	-	1,330	3,429
Investment income (loss)	-	15	15	(580)
Other income	5,372	-	5,372	2,811
Net assets released from restrictions	6,482	(6,482)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>1,009,218</b>	<b>(6,467)</b>	<b>1,002,751</b>	<b>1,408,951</b>
<b>EXPENSES</b>				
Program	854,349	-	854,349	802,724
Management and general	76,870	-	76,870	89,121
<b>TOTAL EXPENSES</b>	<b>931,219</b>	<b>-</b>	<b>931,219</b>	<b>891,845</b>
<b>CHANGES IN NET ASSETS</b>	<b>77,999</b>	<b>(6,467)</b>	<b>71,532</b>	<b>517,106</b>
<b>NET ASSETS, beginning of year</b>	<b>2,016,719</b>	<b>31,160</b>	<b>2,047,879</b>	<b>1,530,773</b>
<b>NET ASSETS, end of year</b>	<b>\$ 2,094,718</b>	<b>\$ 24,693</b>	<b>\$ 2,119,411</b>	<b>\$ 2,047,879</b>

See accompanying notes to financial statements.

**SUPPORT MINISTRIES, INC. (D/B/A SASH - Support for AIDS Services and Housing)**

**Statement of Functional Expenses**

**Year Ended June 30, 2016 (with comparative totals for 2015)**

	Program Services					Support Services	2016 Total	2015 Total
	Ahana House	Jim Perry Residence	Project HELP	Arvilla House	Program Total	Management and General		
Salaries and wages	\$ 213,385	\$ 62,321	\$ 29,523	\$ 64,255	\$ 369,484	\$ 49,577	\$ 419,061	\$ 411,735
Payroll taxes	20,589	6,129	2,842	6,332	35,892	4,073	39,965	41,039
Fringe benefits	17,573	7,885	4,280	6,865	36,603	9,787	46,390	56,507
<b>TOTAL PAYROLL AND RELATED EXPENSES</b>	<b>251,547</b>	<b>76,335</b>	<b>36,645</b>	<b>77,452</b>	<b>441,979</b>	<b>63,437</b>	<b>505,416</b>	<b>509,281</b>
Depreciation	64,508	18,671	49	26,562	109,790	2,075	111,865	89,813
Food	53,470	426	45	408	54,349	-	54,349	48,526
Rent	-	-	49,160	3,530	52,690	-	52,690	67,861
Program supplies	22,606	2,739	9,057	11,705	46,107	14	46,121	31,927
Utilities	19,736	6,344	8,120	4,942	39,142	569	39,711	26,223
Maintenance and repairs	27,289	3,516	393	979	32,177	172	32,349	6,883
Contracted services	14,616	1,467	114	1,405	17,602	129	17,731	26,345
Telephone	6,982	4,144	108	4,210	15,444	707	16,151	16,615
Professional fees	6,469	619	1,229	1,441	9,758	3,929	13,687	16,137
Insurance	5,048	2,676	1,032	3,012	11,768	1,708	13,476	14,626
Recreation	3,253	757	730	756	5,496	-	5,496	9,003
Office supplies and postage	2,896	686	353	441	4,376	445	4,821	4,004
Travel	2,485	199	486	465	3,635	19	3,654	6,331
Bad debt expense	2,246	218	734	362	3,560	-	3,560	4,654
Payroll processing fees	1,349	352	310	370	2,381	307	2,688	2,385
Dues and subscriptions	598	-	-	-	598	1,132	1,730	2,351
Interest and finance charges	-	-	-	-	-	1,320	1,320	3,926
Staff training	995	-	-	-	995	-	995	1,353
Client rental assistance	-	-	268	-	268	-	268	232
Advertising	-	-	-	-	-	147	147	437
Business meetings	9	-	-	-	9	-	9	108
Other	2,225	-	-	-	2,225	760	2,985	2,824
	<u>\$ 488,327</u>	<u>\$ 119,149</u>	<u>\$ 108,833</u>	<u>\$ 138,040</u>	<u>\$ 854,349</u>	<u>\$ 76,870</u>	<u>\$ 931,219</u>	<u>\$ 891,845</u>

See accompanying notes to financial statements.



**SUPPORT MINISTRIES, INC. (D/B/A SASH - Support for AIDS Services and Housing)**

**Statements of Cash Flows**

	Year Ended June 30,	
	2016	2015
<b>OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 71,532	\$ 517,106
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	111,865	89,813
Unrealized loss on investments	-	2,273
Realized gain on investments	-	(791)
Bad debt expense	3,560	4,654
Change in operating assets and liabilities:		
Grants receivable	127,861	(136,531)
Other receivables	(4,659)	(7,465)
Prepaid expenses and other current assets	(1,511)	20,533
Security deposits	265	(1,102)
Accounts payable	(125,121)	124,133
Accrued payroll	2,541	(15,649)
Accrued compensated absences	4,059	(1,479)
Deferred revenue	(2,482)	3,020
Tenant security deposits	837	-
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>188,747</b>	<b>598,515</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	-	44,898
Purchase of property and equipment	(219,609)	(534,652)
Proceeds from cash reserve for replacement	6,467	873
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(213,142)</b>	<b>(488,881)</b>

See accompanying notes to financial statements.

**SUPPORT MINISTRIES, INC. (D/B/A SASH - Support for AIDS Services and Housing)**

**Statements of Cash Flows--Continued**

	Year Ended June 30,	
	2016	2015
FINANCING ACTIVITIES		
Proceeds from (payments on) line of credit, net	\$ (600)	\$ 600
Principal payments on long-term debt	<u>-</u>	<u>(119,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(600)</u>	<u>(118,400)</u>
NET DECREASE IN CASH	(24,995)	(8,766)
Cash and cash equivalents at beginning of year	<u>30,752</u>	<u>39,518</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,757</u>	<u>\$ 30,752</u>

See accompanying notes to financial statements.

## **SUPPORT MINISTRIES, INC. (D/B/A SASH – Support for AIDS Services and Housing)**

### **Notes to Financial Statements**

**June 30, 2016 and 2015**

#### **NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Nature of Business

Support Ministries, Inc. (the "Organization") was incorporated on June 27, 1988, under Section 402 of the New York State Not-For-Profit Corporation Law. The Organization, under the "Doing Business As" name "SASH" – Support for AIDS Services and Housing, is a non-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and comparable New York State Laws and is not a private foundation.

The Organization's primary purpose is to provide various types of housing for persons with AIDS or persons who are HIV infected and do not require hospitalization. This includes both short and long-term housing appropriate to the needs of the individual. The vast majority of the Organization's revenue is from governmental grants and rental income, and approximately 65% of the Organization's revenue is received from Federal and New York State agencies.

##### Programs

Ahana House – Ahana House is a licensed adult home in Waterford, New York. It is a home for up to seventeen (17) persons living with HIV/AIDS. Ahana House continually accepts referrals and provides case management services, with assistance with transportation, medication, and the activities of daily living.

Jim Perry Residence – Named for a local pioneer in advocacy for people living with HIV/AIDS, the Jim Perry Residence in Albany is home to six (6) adult males. Most were unable to maintain their health while living alone or on the street. Many have moved on, with the assistance of the Support Ministries, to their own apartments, obtaining jobs and leading much healthier lives. The Perry Residence has six furnished rooms and staff that assist residents with skill development leading to independent living.

Project HELP – Provides housing in a fully furnished apartment, along with case management services, for six (6) people and/or families living with HIV/AIDS who are having difficulty obtaining permanent housing, entitlements, or other supports. The objective of the project is independent living.

Arvilla House – Is a six-bed single room occupancy (SRO) residence specifically for women and as such was designed to take into consideration the particular needs relevant to women with HIV. The program provides counseling, entitlement referral services, and structured coordination of services between their health care providers and care givers as needed.

**SUPPORT MINISTRIES, INC. (D/B/A SASH – Support for AIDS Services and Housing)**

**Notes to Financial Statements--Continued**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

Basis of Accounting

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

Financial Statement Presentation

The Organization presents its financial statements in accordance with FASB ASC 958, *Not-For-Profit Entities*. Under these provisions net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed restrictions that either expire by the passage of time or will be fulfilled by future actions of the Organization.

*Permanently restricted net assets* – Net assets that have been restricted by donors to be maintained by the Organization in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2016 and 2015.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grant Income

Income from government grants is recognized when services are rendered or expenditures have been incurred in accordance with the grant agreements.

**SUPPORT MINISTRIES, INC. (D/B/A SASH – Support for AIDS Services and Housing)**

**Notes to Financial Statements--Continued**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers as cash all highly liquid investments which are readily convertible to known amounts of cash.

Grants and Other Receivables

Grants and other receivables represent amounts due as reimbursements under grant agreements and/or the reimbursement for services provided by the Organization, and are non-interest bearing. Receivables are recorded at their estimated collectable amounts. Receivable balances are periodically reviewed for collectability based on past history and current economic conditions. The allowance for uncollectible accounts was \$675 for each of the years ended June 30, 2016 and 2015, respectively.

Property and Equipment

Property and equipment is recorded at cost, or in the case of donations or bequests, at fair market value at the date of acquisition. Expenditures for additions, renewals or betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. It is the Organization's policy to capitalize expenditures with a useful life of five years and/or a unit value in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 27 years. When units of property are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to activities.

In addition to real property, furniture, fixtures and equipment owned, the Organization is responsible for assets, the cost of which is reimbursed from state funds, which is deemed to be the property of New York State. Such assets are expected to remain in service for their entire useful life; therefore, they are capitalized and depreciated using the methods described above.

**SUPPORT MINISTRIES, INC. (D/B/A SASH – Support for AIDS Services and Housing)**

**Notes to Financial Statements--Continued**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

Long-Lived Asset Impairment

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. During the years ended June 30, 2016 and 2015, no impairment loss was recorded for long-lived assets.

Contributed Goods and Services

Goods, consisting mostly of clothing and personal items, are donated to the Organization for its programs. The value of these donated goods is not reflected in the financial statements because no objective basis is available to measure the value of such donations.

Tax Status

The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization does not conduct unrelated business activities and, therefore, has made no provision for income taxes in the accompanying financial statements.

The Organization has adopted the provision of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management evaluated the Organization's tax positions, including interest and penalties attributable thereto, and concluded that the Organization had taken no tax positions that required adjustment in its financial statements as of June 30, 2016 and 2015.

The Organization's information return filings are subject to audit by various taxing authorities. The Organization is no longer subject to examinations by taxing authorities for the years ending prior to June 30, 2013, and currently, there are no examinations in process nor has the Organization been informed of any pending examination.

Functional Allocation of Expenses

The cost of providing services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited based upon management's determinations.

**SUPPORT MINISTRIES, INC. (D/B/A SASH – Support for AIDS Services and Housing)**

**Notes to Financial Statements--Continued**

**NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

Comparative Totals, Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class and expenses not by function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Subsequent Events

The Organization evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on February 1, 2017.

**NOTE B--NET ASSET DESIGNATIONS**

Temporarily restricted net assets consist of the following at June 30, 2016 and 2015:

Restricted cash consists of a replacement reserve required under an agreement with the New York State Homeless Housing and Assistance Corporation. These funds are only expendable with the approval of the New York State Homeless Housing and Assistance Corporation for repair and maintenance of the projects they have funded.

	<u>2016</u>	<u>2015</u>
Reserve for repair and maintenance cash accounts	<u>\$ 24,693</u>	<u>\$ 31,160</u>

**SUPPORT MINISTRIES, INC. (D/B/A SASH – Support for AIDS Services and Housing)**

**Notes to Financial Statements--Continued**

**NOTE C--LINE OF CREDIT**

The Organization has a \$25,000 revolving line of credit with a Bank that is collateralized by all of the Organization's business assets. Interest is payable at the prime rate plus 4.5% (8% as of June 30, 2016), with a floor of 4.75%. The line is due upon demand.

**NOTE D--COMMITMENTS AND CONTINGENCIES**

Lease Commitments

At June 30, 2016, long-term lease commitments for the rental of real property were in effect for several locations. Annual rent expense under the lease agreements was \$51,733 and \$67,490 for the years ended June 30, 2016 and 2015, respectively.

Future minimum lease payments required under the operating leases are as follows:

For the year ending June 30,	
2017	\$ 31,350
2018	12,750
	<u>\$ 44,100</u>

Grant Enforcement Notes

On February 19, 1993, the Organization entered into a grant enforcement note with the New York State Homeless Housing and Assistance Corporation for approximately \$850,000 to fund the construction of the Ahana House. The agreement was amended in 2006 as part of the expansion of Ahana house and the total amount awarded under the original and amended contracts was \$1,823,435. The note requires no repayment of principal or interest. However, the entire mortgage amount shall become due and subject to recapture upon the Organization's default, if any, on certain contract provisions or applicable regulations. The note contains a 25-year term expiring June 2032. Management believes that the Organization is in compliance with the terms of the contract. As it is the intention of the Organization to comply with the requirements of the contract, no payments are expected to be due on the contract.



**SUPPORT MINISTRIES, INC. (D/B/A SASH – Support for AIDS Services and Housing)**

**Notes to Financial Statements--Continued**

**NOTE D--COMMITMENTS AND CONTINGENCIES--Continued**

Grant Enforcement Notes--Continued

On May 22, 2004, the Organization entered into a grant enforcement note with the New York State Homeless Housing and Assistance Corporation for approximately \$640,000 to fund the construction of the Jim Perry Residence. The note requires no repayment of principal or interest. However, the entire mortgage amount shall become due and subject to recapture upon the Organization's default, if any, on certain contract provisions or applicable regulations. The note contains a 25-year term expiring June 2031. Management believes that the Organization is in compliance with the terms of the contract. As it is the intention of the Organization to comply with the requirements of the contract, no payments are expected to be due on the contract.

On October 29, 2014, the Organization entered into a grant enforcement note with the New York State Homeless Housing and Assistance Corporation for approximately \$999,900 to fund the purchase and rehabilitation of Arvilla House. The note requires no repayment of principal or interest. However, the entire mortgage amount shall become due and subject to recapture upon the Organization's default, if any, on certain contract provisions or applicable regulations. The note contains a 25-year term expiring August 2040. Management believes that the Organization is in compliance with the terms of the contract. As it is the intention of the Organization to comply with the requirements of the contract, no payments are expected to be due on the contract.

Grant Programs

The Organization participates in various grant programs which are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the Organization's compliance with the applicable grant and contract requirements may be established at some future date. The amount of expenditures or funding which may be disallowed by the granting agencies cannot be determined at this time although management, based upon prior experience, expects such amounts, if any, to be immaterial.

**NOTE E--SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid for interest was \$0 and \$3,177 for the years ended June 30, 2016 and 2015, respectively.