Fountain House, Inc.

Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2019

Fountain House, Inc.

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Fountain House, Inc.

Contents

Tel: +212 885-8000
Fax: +212 697-1299
www.bdo.com

622 Third Avenue, 31st Floor
New York, NY 10017

Independent Auditor's Report

Board of Directors
Fountain House, Inc.
New York, New York

We have audited the accompanying consolidated financial statements of Fountain House, Inc. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 consolidated financial statements and our report, dated February 8, 2019, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating schedule of financial position, consolidating schedule of activities and consolidating schedule of functional expenses are presented for purposes of additional analysis and are not required parts 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 to 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 to 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.

BDO USA, LLP

December 5, 2019

Fountain House, Inc.

Consolidated Statement of Financial Position
(with comparative totals for 2018)

June 30,		**2019**		2018
Assets				
Current				
Cash and cash equivalents (Note 2)	**$**	**940,110**	$	1,439,371
Assets held for others (Note 2)		**227,105**		228,168
Investments, at fair value (Notes 2 and 3)		**31,413,547**		30,008,078
Accounts Receivable, net (Notes 2 and 4):				
Government agencies, net of allowance for doubtful accounts of $23,946 and $31,543 for 2019 and 2018, respectively		**1,486,117**		1,697,259
Other, net of allowance for doubtful accounts of $23,121 and $25,980 for 2019 and 2018, respectively		**657,663**		209,359
Pledges receivable, current portion (Note 5)		**655,397**		501,396
Prepaid expenses and other assets		**597,596**		443,333
Replacement reserve (Note 13)		**1,709,108**		5,389,920
Total Current Assets		**37,686,643**		39,916,884
Security Deposits		**171,854**		159,994
Pledges Receivable, Net, less current portion (Note 5)		**623,824**		751,238
Fixed Assets, Net (Notes 2 and 6)		**22,510,411**		20,102,736
	$	**60,992,732**	$	60,930,852
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	**$**	**2,322,178**	$	2,046,593
Workers' Compensation Assessment Payable Settlement, current portion (Note 15)		**40,695**		39,494
Assets held for others		**227,105**		228,168
Deferred revenue (Note 14)		**1,764,233**		1,594,353
Mortgages and notes payable, current portion (Note 7)		**159,281**		149,385
Total Current Liabilities		**4,513,492**		4,057,993
Workers' Compensation Assessment Payable Settlement, less current portion (Note 15)		**348,062**		344,852
Mortgages and Notes Payable, less current portion and deferred financing costs (Note 7)		**4,652,431**		4,795,987
Accrued Pension Liability (Note 8)		**6,408,938**		4,575,788
Total Liabilities		**15,922,923**		13,774,620
Commitments and Contingencies (Notes 2, 7, 11, 12, 13, 15 and 16)				
Net Assets				
Without donor restrictions:				
Available for operations		**16,313,441**		20,659,837
Invested in property and equipment		**17,977,351**		15,413,043
Board-designated (Note 2)		**1,574,656**		1,640,947
Total Without Donor Restrictions		**35,865,448**		37,713,827
With donor restrictions (Notes 9 and 10)		**9,204,361**		9,442,405
Total Net Assets		**45,069,809**		47,156,232
	$	**60,992,732**	$	60,930,852

See accompanying notes to consolidated financial statements.

Fountain House, Inc.

Consolidated Statement of Activities
(with comparative totals for 2018)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	**2019**	2018
Public Support and Revenue				
Government grants and contracts	$ 9,595,993	$ -	**$ 9,595,993**	$ 9,145,318
Medicaid	2,230,434	-	**2,230,434**	2,379,956
Contributions	2,946,021	1,001,000	**3,947,021**	7,837,080
Special events, net of direct benefits to donors of $154,925 and $196,305 in 2019 and 2018, respectively	1,617,630	-	**1,617,630**	1,618,742
Program service fees, dues and rental revenue	2,465,727	-	**2,465,727**	2,435,013
Investment income – used for operations (Note 3)	368,709	736,030	**1,104,739**	1,032,715
Interest income – other (Note 3)	30,110	-	**30,110**	11,587
Other income	794,709	-	**794,709**	1,271,015
Net assets released from restrictions (Note 9)	1,554,399	(1,554,399)	**-**	-
Total Public Support and Revenue	21,603,732	182,631	**21,786,363**	25,731,426
Expenses				
Program services:				
Community services	8,139,628	-	**8,139,628**	7,852,339
Housing	9,257,048	-	**9,257,048**	9,903,693
Total Program Services	17,396,676	-	**17,396,676**	17,756,032
Supporting services:				
Management and general	3,900,220	-	**3,900,220**	3,469,067
Fundraising	738,517	-	**738,517**	557,750
Total Supporting Services	4,638,737	-	**4,638,737**	4,026,817
Total Expenses	22,035,413	-	**22,035,413**	21,782,849
Change in Net Assets from Operations	(431,681)	182,631	**(249,050)**	3,948,577
Non-Operating Activities				
Grants for capital improvements	-	337,399	**337,399**	-
Net assets released for capital improvements (Note 9)	22,044	(22,044)	**-**	-
Investment income (loss) other than amount used for operations (Notes 3 and 10)	739,478	(736,030)	**3,448**	112,377
Gain on sale of property and other changes (Note 6)	-	-	**-**	6,022,000
Change in Unfunded Pension Obligation (Note 8)	(2,178,220)	-	**(2,178,220)**	741,736
Change in Net Assets	(1,848,379)	(238,044)	**(2,086,423)**	10,824,690
Net Assets, beginning of year	37,713,827	9,442,405	**47,156,232**	36,331,542
Net Assets, end of year	$ 35,865,448	$ 9,204,361	**$ 45,069,809**	$ 47,156,232

See accompanying notes to consolidated financial statements.

Fountain House, Inc.

Consolidated Statement of Functional Expenses (with comparative totals for 2018)

	Program Services			Supporting Services			Total	
	Community Services	Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2019**	2018
Salaries and Related Expenses								
Salaries	$ 3,377,164	$ 3,317,210	$ 6,694,374	$ 1,663,401	$ 99,883	$ 1,763,284	**$ 8,457,658**	$ 8,153,117
Employee benefits and payroll taxes	973,531	956,247	1,929,778	470,218	28,793	499,011	**2,428,789**	2,293,309
Pension and other retirement costs	267,913	158,421	426,334	131,652	9,867	141,519	**567,853**	866,998
Total Salaries and Related Expenses	4,618,608	4,431,878	9,050,486	2,265,271	138,543	2,403,814	**11,454,300**	11,313,424
Other Expenses								
Occupancy	162,607	3,047,365	3,209,972	213,436	1,166	214,602	**3,424,574**	3,389,059
Software and equipment	235,146	175,080	410,226	109,199	135,396	244,595	**654,821**	530,860
Utilities	134,680	245,994	380,674	29,531	2,710	32,241	**412,915**	415,733
Consulting	543,975	11,306	555,281	408,941	2,710	411,651	**966,932**	1,370,940
HealthCare Center	3,358	-	3,358	-	-	-	**3,358**	12,790
Special events	433,486	-	433,486	-	-	-	**433,486**	355,791
Other outside services	34,970	110,820	145,790	-	181,877	181,877	**327,667**	299,990
Grants	254,285	-	254,285	-	-	-	**254,285**	103,503
Professional fees	111,949	1,561	113,510	181,104	5,761	186,865	**300,375**	338,516
Supplies	660,329	189,514	849,843	201,591	3,545	205,136	**1,054,979**	929,141
Insurance	56,725	60,500	117,225	63,179	820	63,999	**181,224**	167,967
Telephone	30,962	41,470	72,432	28,663	12,386	41,049	**113,481**	113,912
Postage and shipping	200,920	76	200,996	8,897	251,210	260,107	**461,103**	400,872
Printing and publications	246	-	246	366	-	366	**612**	32,610
Travel	18,102	36,472	54,574	47,692	2,326	50,018	**104,592**	202,348
Staff training and education	111,969	967	112,936	1,019	67	1,086	**114,022**	113,295
Member welfare	5,319	3,176	8,495	76	-	76	**8,571**	10,106
Real estate taxes	-	288,065	288,065	-	-	-	**288,065**	199,028
Unreimbursed housing expense/bad debt expense	20,703	66,291	86,994	-	-	-	**86,994**	124,481
Mortgage interest	-	223,209	223,209	-	-	-	**223,209**	225,642
Miscellaneous	-	-	-	135,899	-	135,899	**135,899**	144,824
Total Expenses, before depreciation and amortization	7,638,339	8,933,744	16,572,083	3,694,864	738,517	4,433,381	**21,005,464**	20,794,832
Depreciation and Amortization	501,289	323,304	824,593	205,356	-	205,356	**1,029,949**	988,017
Total Expenses	$ 8,139,628	$ 9,257,048	$ 17,396,676	$ 3,900,220	$ 738,517	$ 4,638,737	**$ 22,035,413**	$ 21,782,849

See accompanying notes to consolidated financial statements.

Fountain House, Inc.

Consolidated Statement of Cash Flows
(with comparative totals for 2018)

Year ended June 30,		**2019**		2018
Cash Flows from Operating Activities				
Change in net assets	**$**	**(2,086,423)**	$	10,824,690
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation and amortization		**1,029,949**		988,017
Interest expense related to deferred financing cost		**15,706**		16,963
Net realized (loss) gains on investments		**(1,243,039)**		291,964
Net unrealized loss (gains) on investments		**457,734**		(117,123)
Bad-debt expense		**86,994**		124,481
Gain on sale of property, net of closing costs (Note 6)		**-**		(6,022,000)
Change in unfunded pension obligation		**2,178,220**		(741,736)
Change in operating assets and liabilities:				
(Decrease) increase in:				
Assets held for others		**1,063**		28,447
Government agencies receivables		**124,148**		722,732
Other receivables		**(448,304)**		192,269
Pledges receivable		**(26,587)**		22,298
Prepaid expenses and other assets		**(154,263)**		(176,767)
Security deposits		**(11,860)**		(15,160)
Increase (decrease) in:				
Accounts payable and accrued expenses		**275,585**		669,825
Deferred revenue		**169,880**		47,214
Assets held for others		**(1,063)**		(28,447)
Workers' compensation assessment payable settlement		**4,411**		(38,328)
Accrued pension liability		**(345,070)**		(323,288)
Net Cash Provided by Operating Activities		**27,081**		6,466,051
Cash Flows from Investing Activities				
Purchase of investments		**(20,330,081)**		(18,565,018)
Proceeds from sales of investments		**19,761,062**		15,247,094
Net increase in replacement reserve		**3,680,812**		(5,068,617)
Purchase of fixed assets		**(3,504,475)**		(1,527,630)
Proceeds from sales of property		**-**		2,043,690
Net Cash Used in Investing Activities		**(392,682)**		(7,870,481)
Cash Flows from Financing Activities				
Proceeds from mortgage loan payable		**-**		5,018,900
Principal payments on mortgage notes		**(133,660)**		(2,406,174)
Proceeds from line of credit		**-**		500,000
Principal payments on line of credit		**-**		(1,000,000)
Net Cash (Used in) Provided by Financing Activities		**(133,660)**		2,112,726
Net (Decrease) Increase in Cash and Cash Equivalents		**(499,261)**		708,296
Cash and Cash Equivalents, beginning of year		**1,439,371**		731,075
Cash and Cash Equivalents, end of year	**$**	**940,110**	$	1,439,371
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	**$**	**223,209**	$	225,642

See accompanying notes to consolidated financial statements.

1. Nature of Organization

Fountain House, Inc. (FHI), the parent organization, is a not-for-profit organization formed in New York in 1948. FHI provides community-based support services to men and women who suffer from major mental illness, utilizing the Clubhouse Model developed by FHI, which is now utilized by over 300 other organizations around the world. FHI's support services are delivered by different units and programs, each of which is operated by both FHI's members and its professional staff. The units and programs include education, culinary, research, wellness, home and garden, communications, welcome center, employment, FH Bronx, farm, art gallery, silver center, evening and weekend, housing, and advocacy.

Fountain House of New Jersey, Inc. (FHNJ) is a not-for-profit organization incorporated in the state of New Jersey in 1969 for the purpose of assisting men and women who suffer from major mental illnesses and providing a center for their continued progress in the area of social and vocational rehabilitation. FHNJ operates a farm where, as part of the social and vocational rehabilitation, the program participants participate in caring for the livestock and landscaping and tending the gardens.

Fountain House Housing Development Fund Company, Inc. (FHHDFC) was formed in New York in 1979 to provide both a permanent and transitional housing facility for mentally ill adults.

Fountain House Community Living Program, Inc. (FHCLP), Fountain House Housing, Inc. (FHH) and Fountain House Residential Corp. (FHRC) were formed in New York in 1984, 1980 and 1983, respectively, for the purpose of providing low-income housing to the mentally ill. The Housing Companies, which are substantially financed by the U.S. Department of Housing and Urban Development (HUD), operate apartment facilities in New York City under Section 202 of the National Housing Act. The Housing Companies received approval for housing assistance payments to tenants, pursuant to Section 202 of the National Housing Act, from HUD.

FH Homes Housing Development Fund Corporation, HUD Project No. 012-11394 (FH Homes) was incorporated in 2015 as a wholly controlled entity of Fountain House, Inc. (FHI). FH Homes' purpose is to provide housing to the mentally ill. FH Homes commenced operations on August 17, 2017 to consolidate the program activities and refinance the debt of both FHCLP and FHH. As part of the refinancing transaction, FH Homes received a new mortgage on August 17, 2017 for $5,018,900 and approval from HUD to use the mortgage proceeds to pay off all existing mortgages for FHH and FHCLP as of August 16, 2017, existing liabilities due to HUD and outstanding liabilities for FHH and FHCLP that were due to FHI.

As part of this mortgage, on August 17, 2017, HUD withheld $1,347,605 for establishment of the replacement reserve, and escrow fund. $1,244,390 was disbursed to FH Homes with approval by HUD upon completion of the repairs and alterations.

Accordingly, on August 17, 2017, FH Homes assumed administration of the two programs formerly owned by FHH and FHCLP, which are: (1) a 20-unit apartment facility located at 2264-66 Amsterdam Avenue in Manhattan, New York and (2) a 19-unit apartment facility located at 441-445 West 47th Street in Manhattan, New York (herein both referred to as the Project). The contracts with the funding source for FHH and FHCLP were transferred to FH Homes on August 17, 2017.

FHCLP, FHH. FHRC and FH Homes combined are referred to as the Housing Companies. See Note 17 related to subsequent events for FHCLP and FHH.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of FHI and its wholly controlled entities, as follows: FHNJ, FHHDFC, FH Homes, FHCLP, FHH and FHRC, which are affiliated through common management and/or common ownership. All material intercompany transactions and balances have been eliminated. Collectively, FHI, FHNJ, FHHDFC, FH Homes, FHCLP, FHH and FHRC are referred to as the Organization herein. Certain administrative expenses have been allocated by FHI, based upon management's estimate of the programs benefited by the related expenditures.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a consolidated statement of activities.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations. The Board of Directors of FHI has designated $1,574,656 and $1,640,947 of its net assets without donor restrictions for capital improvements, renovations and repairs as of June 30, 2019 and 2018, respectively. Additionally, the Board of Directors includes within its net assets without donor restrictions the amount invested in property and equipment of FHI of $17,977,351 and $15,413,043 as of June 30, 2019 and 2018, respectively.

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or other removed by actions of the Organization are classified as net assets with donor restrictions-perpetual-in-nature.

Net assets with donor restrictions - perpetual-in-nature include a stipulation that assets provided be maintained permanently while permitting the Organization to expend the income generated by the assets in accordance with the provisions of the donor-imposed stipulations.

For the year ended June 30, 2019, the Organization has $5,826,978 with donor-restricted assets that are required to be held in perpetuity.

Net Asset Classification

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). This law, which is a modified version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), made significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The law is designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. It also expands the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable or wasteful. NYPMIFA applies to New York not-for-profit, education and religious corporations, associations organized and operated exclusively for charitable purposes, and certain trusts. The adoption of this law did not have a material effect on the Organization’s consolidated financial statements.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except for cash held as part of the investment portfolio.

Accounts Receivable, Net

Accounts receivable represents government contract and third-party revenues that have been billed but not collected as of the date of the accompanying consolidated financial statements.

Provision for Doubtful Accounts

The Organization provides allowances for accounts receivable based upon prior-year experience and management’s assessment of the collectability of specific accounts. The allowance for doubtful accounts was $47,067 and $57,523 for the years ended June 30, 2019 and 2018, respectively.

Deferred Financing Costs

Deferred financing costs represent costs incurred to obtain financing and are netted with long-term mortgage and notes payable on the statement of financial position. Amortization of those costs is recorded on an effective interest method over the term of the indebtedness. Interest expense related to the amortization of deferred financing cost was $15,706 and $16,963 for the years ended June 30, 2019 and 2018, respectively. Accumulated amortization at June 30, 2019 and 2018 amounted to $32,669 and $16,963, respectively.

Assets Held for Others

Assets held for others represent funds held by the Organization on behalf of program members.

Fixed Assets

Fixed assets are stated at their original costs or at their fair values on the dates of donation. Fixed assets with a purchase price in excess of $5,000 for FHI and $3,000 for FHNJ and the Housing

Companies are capitalized. Depreciation is provided using the straight-line method, applied over the estimated useful lives of the assets, which range from five to 40 years.

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes.

Certain property owned by FHNJ, located in Montague, New Jersey includes certain donors' sale constraints that any sales of a portion of the donated property must be in accordance with the original donor's sale constraints stipulated with the original donation.

Impairment of Long-Lived Assets

U.S. GAAP requires the Organization to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended June 30, 2019 and 2018, there have been no such losses.

Accrued Vacation

Based on their tenure, the Organization's employees are entitled to be paid for unused vacation time if they leave the Organization. Accordingly, the Organization recognizes liability for the amount that would be incurred if employees with such unused vacation were to leave. At June 30, 2019 and 2018, this accrued vacation obligation was $272,674 and $392,525, respectively, and is included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

Fair Value Measurements

U.S. GAAP "Fair Value Measurement," defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. U.S. GAAP defines fair value as 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 in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. U.S. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and its placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP, as follows:

Level 1 - Valuations are based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investment Income

Investment income and related income and expenses are recorded on a trade-date basis. Realized and unrealized gains and losses are reported in the consolidated statement of activities as change in unrestricted net assets, unless the use of the income is limited by donor-imposed restrictions.

Contributions and Promises to Give

Contributions and promises to give are recorded as revenue when either cash is received or when donors make a promise to give. Contribution received and promises to give that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions to be received over periods longer than one year are discounted at interest rates commensurate with the risk involved. Contributions of property and equipment are recorded at the fair market value of the property and equipment at the time of initial assessment.

Governmental Grants and Contracts

Revenue from governmental grants and contracts is recognized as the expenditures for each contract or grant is incurred. All contract or grant monies received in excess of revenue earned are recorded as deferred revenue on the consolidated statement of financial position. Reimbursements are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. Revenue from retroactive adjustments is recognized in the year the adjustments are made.

Program Service Fees, Dues, Medicaid Revenue and Rental Revenue

Fees and rental revenue from service programs are recognized as earned, in accordance with contractual provisions. Dues relating to the current year's membership are recognized as revenue in the current year. The recognition of revenue related to dues received in advance for a future year's membership is deferred until that year. The Organization provides services that are reimbursed by Medicaid. The Organization recognizes Medicaid revenue based upon the rates and the time services are provided.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Functional Expenses

Common costs incurred for the Organization's administration to support the various programs and the various functions are charged to respective programs as incurred based on the program specific identifiable costs or allocations. Any expenses that can be specifically identified to a project or program are charged directly to that project and program. Depreciation of common shared space is based on usage and predetermined square footage allocation rates established by management. Payroll and related expenses are allocated based on time spent among the programs which are tracked using time studies when appropriate. Insurance, utilities and building repair and maintenance are allocated based on square footage of the programs occupied. Any other expenses that cannot be specifically identified are allocated by headcount or equal distributions.

Income Taxes

FHI, FHHDFC, FHCLP, FHH and FHRC were incorporated in the State of New York. FHNJ was incorporated in the state of New Jersey. These entities are exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). FH Homes is an exempt organization under Section 501(c)(4) of the Code. Therefore, it has made no provision for income taxes in the accompanying consolidated financial statements. FHI, FHNJ and FHHDFC have been determined by the Internal Revenue Service (IRS) not to be “private foundations” within the meaning of Section 509(a) of the Code. The Housing Companies are exempt from federal income tax under Section 501(a) of the Code and from state and local taxes under comparable laws. There was no unrelated business income for the year ended June 30, 2019.

Under U.S. GAAP, an organization must recognize a tax liability associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended June 30, 2019 and 2018, no interest or penalties were recorded or included in the consolidated statement of activities.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At various times during the year, the Organization may have cash deposits at financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalent accounts.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information. With respect to the consolidated statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction the Organization's consolidated financial statements for the year ended June 30, 2018 from which the summarized information was derived.

Risks and Uncertainties

The Organization's investments consist of a variety of investment securities. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that change in the value of the Organization's investments will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Recently Adopted Accounting Pronouncement

Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) modifying the presentation of endowment funds and related disclosures; (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise; (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs; (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (f) presenting investment return net of external and direct internal expenses and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Organization's financial statements for fiscal years beginning after December 15, 2017. The provisions of the ASU must be applied on a retrospective basis for all years presented. The Organization adopted this standard for these consolidated financial statements for all periods presented.

Accounting Pronouncements Issued but Not Yet Adopted

Not-for-Profit Grant and Contributions Accounting (Topic 606)

In June 2018, the FASB issued ASU 2018-08, "Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution, the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction, which will then govern the revenue and expense recognition methodology and timing of the transaction. The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on its financial statements.

Leases (Topic 842)

On February 25, 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to recognize a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Currently, the standard is effective for non-public business entities for fiscal years beginning after December 15, 2020, but an extension to this is being finalized. The Organization is currently evaluating the impact of the pending adoption of ASU 2016-02. Management of the Organization is currently evaluating the impact of this ASU on its financial statements.

Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement

In August 2018, the FASB issued ASU No. 2018-13, “Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement.” The update modifies certain disclosure requirements in Topic 820, “Fair Value Measurement.” The standard is effective for non-public business entities for fiscal years beginning after December 15, 2019, and management is currently evaluating the impact of this ASU on its financial statements.

Reclassifications

Certain amounts included in the fiscal year 2018 consolidated financial statements have been reclassified to conform to the fiscal year 2019 presentation.

3. Investments and Fair Value Measurements

The Organization’s assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with U.S. GAAP. See Note 2 for a discussion of the Organization’s policies regarding this hierarchy. A description of the valuation techniques applied to the Organization’s major categories of assets measured at fair value are as follows:

Money-Market Fund

Money-market funds are valued based on the net asset value (NAV) of the shares held by the Organization. NAV is based upon the fair value of the money-market fund’s underlying investments. The Organization’s investments in the money-market funds can be redeemed immediately at the current NAV per share. There were no unfunded commitments as of June 30, 2019.

Corporate Stock - Equity

For the Organization investments, with asset managers who hold public common and preferred stocks, the Organization has position-level transparency into individual holdings. These investments are priced by the Organization’s custodian using nationally recognized pricing services based on observable market data and are classified as Level 1.

Mutual Funds

For the Organization's investments in mutual funds, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. These mutual funds are invested primarily in fixed-income and equity securities. Mutual funds are valued at the NAV of each share, which are actively traded on national securities exchanges and are classified as Level 1.

Fixed-Income - Bonds

Fixed-income - bonds securities are priced by the Organization's custodian using nationally recognized pricing services. Fixed-income - bonds securities generally do not trade on a daily basis. For these securities, the pricing services prepare estimates of fair value measurements using their proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector groupings and matrix pricing. These investments are classified as Level 2.

Limited Partnership and Hedge Funds

The fair values of the limited partnership and hedge funds are determined by each investment manager using either an in-house valuation team or a third-party administrative service. The Organization uses NAV or its equivalent to determine the fair value of all investments that (i) do not have a readily determinable fair value and (ii) prepare its investees' financial statements consistent with the measurement principles of an investment company or an entity with the attributes of an investment company. Investments for which fair value is measured using NAV per share or its equivalent as a practical expedient have not been categorized within the fair value hierarchy, and certain related tables have been appropriately excluded from the consolidated financial statements. The financial statements of the investees are audited annually by independent auditors.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following tables show, by level within the fair value hierarchy, the Organization's financial assets that are accounted for at fair value as of June 30, 2019 and 2018. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

June 30, 2019

	Level 1	Level 2	Level 3	Total
Money-market fund	$ 5,422,434	$ -	$ -	$ 5,422,434
Equity:				
U.S. Large-Cap	5,315,744	-	-	5,315,744
U.S. Mid-Cap/Small-Cap	6,194,107	-	-	6,194,107
Non-U.S. equity	2,572,967	-	-	2,572,967
Mutual funds:				
Fixed-income funds	8,299,654	-	-	8,299,654
Fixed-income:				
Corporate and other bonds*	-	956,477	-	956,477
Government and municipal bonds*	-	421,902	-	421,902
Mortgage and asset-backed bonds*	-	774,026	-	774,026
Investments, at fair value	$ 27,804,906	$ 2,152,405	$ -	29,957,311
Other investments at NAV or equivalent:				
Limited partnership*				1,456,236
Total Investments				$ 31,413,547

June 30, 2018

	Level 1	Level 2	Level 3	Total
Money-market fund	$ 4,431,279	$ -	$ -	$ 4,431,279
Equity:				
U.S. Large-Cap	5,742,173	-	-	5,742,173
U.S. Mid-Cap/Small-Cap	6,272,742	-	-	6,272,742
Non-U.S. equity	3,110,311	-	-	3,110,311
Mutual funds:				
Fixed-income funds	6,298,942	-	-	6,298,942
Fixed-income:				
Corporate and other bonds*	-	1,147,164	-	1,147,164
Government and municipal bonds*	-	681,973	-	681,973
Mortgage and asset-backed bonds*	-	836,208	-	836,208
Investments, at fair value	$ 25,855,447	$ 2,665,345	$ -	28,520,792
Other investments at NAV or equivalent:				
Limited partnership*				1,487,286
Total Investments				$ 30,008,078

* In accordance with ASU 2015-07, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been recognized in the fair value hierarchy. The fair value amounts presented in the preceding tables are intended to permit reconciliation of the fair value hierarchy to the accompanying consolidated statement of financial position.

There were no transfers between levels during the year ended June 30, 2019.

The following table sets forth a summary of the Organization's investments with a reported NAV:

Years ended June 30, 2019 and 2018

	Fair Value		Unfunded	Redemption	Redemption
	2019	2018	Commitment	Frequency	Notice Period
Silvercrest Global Fund L.P.*	**$ 1,456,236**	$ 1,487,286	$ -	Monthly	60 days

* There is a 15% holdback provision on full redemptions, payable upon the completion of the fund's financial statement audit.

4. Accounts Receivable, Net

Receivables, net, consists of the following:

June 30,	**2019**	2018
Government agencies	**$ 1,283,550**	$ 1,402,783
Medicaid	**218,785**	318,291
Other	**688,512**	243,067
	2,190,847	1,964,141
Less: allowance for doubtful accounts	**(47,067)**	(57,523)
	$ 2,143,780	$ 1,906,618

Due from government agencies represents amounts reimbursable to the Organization for expenditures and services provided to members under agreements signed with governmental agencies.

5. Pledges Receivable, Net

Pledges receivable, net, consists of the following:

June 30,	**2019**	2018
Gross amounts due in:		
Less than one year	**$ 655,397**	$ 501,396
One to five years	**702,250**	805,370
	1,357,647	1,306,766
Reduction of pledges due in excess of one year to present value, using a discount rate of 1.75% and 2.33% in 2019 and 2018, respectively	**(78,426)**	(54,132)
	$ 1,279,221	$ 1,252,634

Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful contributions receivable has been provided as of June 30, 2019 and 2018.

6. Fixed Assets, Net

Fixed assets, net, consists of the following:

Classification of Fixed Assets, Net

June 30,		**2019**		2018
Land	**$**	**4,103,751**	$	1,541,300
Land improvements		**994,530**		994,530
Building and improvements		**38,866,446**		38,075,298
Furniture, equipment and vehicles		**1,605,362**		1,595,674
Livestock		**12,108**		12,108
Computer, software and website		**948,751**		888,141
		46,530,948		43,107,051
Less: accumulated depreciation and amortization		**(24,020,537)**		(23,004,315)
	$	**22,510,411**	$	20,102,736

For the years ended June 30, 2019 and 2018, the Organization's depreciation and amortization expense was $1,029,949 and $988,017, respectively. During the year ended June 30, 2019, there were fixed assets with a cost of $66,851 that were disposed by the Organization. These assets were fully depreciated.

Included in the gain on sale of property and other changes in the accompanying consolidated statement of activities is a building sold by FHI during the year ended June 30, 2018 for $8,050,000. The building sold was located at 424 West 47th Street. The recording of the sale was reduced by closing costs of $326,725 and fixed asset costs of $1,701,275 which resulted in a net gain on sale of $6,022,000 for the year ended June 30, 2018.

7. Mortgages and Notes Payable

In November 1981, FHRC executed a mortgage note agreement with HUD to borrow $1,045,000 for the financing of FHRC's housing project. The mortgage is payable in monthly installments of $8,762, to be applied first to interest at the rate of 9.25% per annum and then to principal, through September 2022. The mortgage note, with a balance of $294,168 and $368,335 at June 30, 2019 and 2018, respectively, was secured by FHRC's land, building and improvements.

On August 17, 2017, FH Homes entered into a mortgage note agreement with an outside lender to borrow $5,018,900 for the financing of the Project. The mortgage is approved by HUD. The mortgage note is payable in monthly installments of $20,976, to be applied first to interest at the rate of 3.58% per annum and then to principal. The final payment of the note is due September 1, 2052. Mortgage balance at June 30, 3019 and 2018 was $4,889,025 and $4,964,224, respectively. See additional information regarding this mortgage in Note 1.

In September 1992, FHHDFC acquired a parcel of land and a building in Manhattan from The City of New York for one dollar. At the time, the property had an appraised value of $360,000. As part of the acquisition agreement, FHHDFC signed an enforcement note for $360,000, payable to The City of New York Department of Housing Preservation and Development. The enforcement note is secured by a mortgage on the above property. FHHDFC is required to utilize the property to provide permanent and transitional housing for previously homeless persons of low income. The enforcement note does not bear interest, and no principal payments are required as long as FHHDFC utilizes the property in accordance with this agreement. Further, the enforcement note will be reduced by 20% per year, commencing on the 26th year after the initial occupancy of the premises. As FHHDFC's charter is to provide this housing, management does not anticipate that repayment of the mortgage will be required. Accordingly, no liability for the mortgage has been reflected in the consolidated financial statements.

The required principal payments by the Organization on the above obligations are as follows:

Year ending June 30,		
2020	$	159,281
2021		169,968
2022		181,516
2023		112,666
2024		89,939
Thereafter		4,469,823
Total		5,183,193
Less: current portion		(159,281)
Less: unamortized financing cost		(371,481)
	$	4,652,431

Interest expense for the fiscal years 2019 and 2018 was $223,209 and $225,642, respectively.

8. Defined Benefit Plan and 403(b) Plan

The Organization participates in a noncontributory, defined benefit pension plan (the Plan) covering substantially all employees. Mutual of America Life Insurance Company (Mutual of America) is the administrator of Plan assets and The Angell Pension Group, Inc. is the Plan's actuary.

Effective June 30, 2017, the Organization elected to curtail the Plan and freeze it. The Plan amendment resulted in a reduction of the projected benefit obligation of $2,565,679, which is categorized as a curtailment.

For the year ended June 30, 2018, the Plan included a single-sum payment totaling $1,078,055, which was made during the fiscal year and exceeded the sum of the service cost and interest cost. As a result, accounting for a settlement is required under U.S. GAAP. The net effect of the settlement was a one-time expense of $152,836 included within the $4,575,788 accrued pension liability in the consolidated statement of financial position.

Effective June 30, 2019, the Plan was amended to reflect a plan termination. The final benefit payments of the unfunded liability of $6,408,938 are expected to be made during the fiscal year ending June 30, 2020. See Note 16 for liquidity and availability of resources related to the unfunded liability. Any effects of the termination and potential settlements are yet to be determined.

A reconciliation of the changes in the Plan's benefit obligation and fair value of assets is as follows:

Year ended June 30,	**2019**	2018
Benefit Obligation, beginning of year	**$ 14,881,856**	$ 16,051,543
Interest cost	**554,772**	569,887
Benefits paid other than for settlement	**(590,932)**	(187,958)
Effect of settlement	**-**	(1,078,055)
Actuarial loss (gain)	**2,017,088**	(473,561)
Benefit Obligation, end of year	**$ 16,862,784**	$ 14,881,856

June 30,	**2019**	2018
Fair Value of Plan Assets, beginning of year	**$ 10,306,068**	$ 10,410,731
Actual return on plan assets	**427,048**	700,026
Employer contributions	**311,662**	461,324
Benefits paid other than for settlement	**(590,932)**	(187,958)
Effect of settlement	**-**	(1,078,055)
Fair Value of Plan Assets, end of year	**$ 10,453,846**	$ 10,306,068

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The following tables set forth the Plan's funded status and amounts recognized:

June 30,		**2019**		2018
Accumulated benefit obligation	**$**	**16,862,784**	$	14,881,856
Projected benefit obligation at June 30	**$**	**(16,862,784)**	$	(14,881,856)
Fair value of Plan assets at June 30:				
Mutual of America general and separate investment accounts		**10,453,846**		10,306,068
Unfunded Status	**$**	**(6,408,938)**	$	(4,575,788)
Accrued benefit cost recognized in the consolidated statements of financial position (accrued pension liability)	**$**	**(6,408,938)**	$	(4,575,788)
Adjustment to unrestricted net assets, reported in the consolidated statements of activities:				
Net gain (loss)	**$**	**2,178,220**	$	(741,736)
Net periodic pension cost included the following components:				
Interest cost on projected benefit obligation	**$**	**554,772**	$	569,887
Expected return on Plan assets		**(660,701)**		(670,843)
Net amortization and deferral		**72,521**		238,992
Net Periodic Pension Costs	**$**	**(33,408)**	$	138,036
Additional funding required to recognize additional minimum liability:				
Employer contributions	**$**	**311,662**	$	461,324
Benefits paid		**(590,932)**		(187,958)
Effect of settlement		**-**		(1,078,055)
Key assumptions used to determine net period pension cost:				
Discount rate		**4.03%**		3.70%
Long-term return on Plan assets		**7.00%**		7.00
Rate of compensation increase		**N/A**		N/A
Key assumptions used to determine benefit obligations:				
Discount rate		**3.32%**		4.03%
Rate of compensation increase		**N/A**		N/A

The mortality tables used for the life expectancy changed from the 2013 IRS P.V. Optional Combined Table for both pre-retirement and post-retirement mortality as of June 30, 2015 to RP-2014 Employee with MP-2015 Generational Projection (M/F) for pre-retirement mortality and RP-2014 Healthy Annuitant with MP-2015 Generational Projection (M/F) for post-retirement mortality as of June 30, 2019.

Plan assets are intended, over time, to satisfy the obligation of the Organization to provide retirement benefits in accordance with the Plan's terms.

The assets and liabilities of the Organization defined benefit pension plan are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with U.S. GAAP. See Note 2 for a discussion of the Organization's policies regarding this hierarchy.

A description of the valuation techniques applied to the Organization's defined benefit pension plan major categories of assets and liabilities measured at fair value is as follows:

General Account

The value of the general account is based on contributions received, distributions and other deductions, and interest credited to the account. Amounts invested in the general account become part of Mutual of America's general assets, which support its insurance and annuity obligations. The effective yield at June 30, 2019 and 2018 was 1.75% and 1%, respectively.

Separate Accounts

The value of separate accounts is measured by the accumulation unit value, which is based on the value of underlying investment funds and the methods described in the group annuity contract. Accumulation units are valued on a daily basis. These underlying investment funds sell their shares to separate accounts of insurance companies and are not publicly available. Separate accounts are subject to market fluctuations.

The following tables present the level within the fair value hierarchy at which the Organization's plan assets are measured on a recurring basis:

June 30, 2019

	Level 1	Level 2	Level 3	Total
Mutual of America Life Insurance Company general account	$ -	$ 71,926	$ -	$ 71,926
Investments, at fair value	$ -	$ 71,926	$ -	71,926
Other investments at NAV or equivalent:				
Separate accounts:				
Mutual of America equity index fund*				1,208,302
Mutual of America mid-cap equity index fund*				562,301
Mutual of America small-cap growth fund*				243,064
Mutual of America small-cap value fund*				299,812
Mutual of America money-market fund				2,478,941
Mutual of America bond fund*				1,423,597
Mutual of America mid-term bond fund*				648,435
Vanguard VIF diversified value portfolio*				564,577
Vanguard VIF international portfolio*				1,196,337
Vanguard VIF REIT index portfolio*				632,858
Fidelity VIP mid-cap portfolio*				536,382
Deutsche capital growth VIP*				587,314
Total Separate Accounts				10,381,920
Total				$ 10,453,846

June 30, 2018

	Level 1	Level 2	Level 3	Total
Mutual of America Life Insurance Company general account	$ -	$ 2,468,535	$ -	$ 2,468,535
Investments, at fair value	$ -	$ 2,468,535	$ -	2,468,535
Other investments at NAV or equivalent:				
Separate accounts:				
Mutual of America equity index fund*				1,157,678
Mutual of America mid-cap equity index fund*				583,370
Mutual of America small-cap growth fund*				270,336
Mutual of America small-cap value fund*				325,400
Mutual of America bond fund*				1,423,395
Mutual of America mid-term bond fund*				612,361
Vanguard VIF diversified value portfolio*				564,250
Vanguard VIF international portfolio*				1,163,804
Vanguard VIF REIT index portfolio*				565,511
Fidelity VIP mid-cap portfolio*				575,033
Deutsche capital growth VIP*				596,395
Total Separate Accounts				7,837,533
Total				$ 10,306,068

* In accordance with ASU 2015-07, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been recognized in the fair value hierarchy. The fair value amounts presented in the preceding tables are intended to permit reconciliation of the fair value hierarchy to the accompanying consolidated statement of financial position.

The overall investment philosophy is to manage Plan assets in a prudent and conservative yet productive manner. Fiduciaries with any discretionary authority to manage Plan assets seek to increase the value of Plan assets, while recognizing the need to preserve asset value in order to enhance the ability of the Plan to meet its obligations to Plan participants and their beneficiaries when due.

Preservation of capital is of prime importance and within the stated investment objectives for the Plan's assets. Risks, including excessive volatility in the value of Plan assets, should be minimized. Plan assets are managed to achieve stated objectives over a long-term time horizon.

The investment objective for Plan assets is to achieve an average annual rate of return (net of investment management expense) over a three to five-year period which exceeds the average annual rate of return that would have been achieved in the same period by a composite market index composed of the Standard & Poor's 500 Composite Stock Price Index (weighted 0.55), the Lehman Aggregate Bond Index (weighted 0.20), and 90-day U.S. Treasury Bills (weighted 0.25).

The expected long-term rate of return on Plan assets assumption of 7% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of

Practice No. 27, "Selection of Economic Assumptions for Measuring Pension Obligations." Based on the Organization's investment policy for the Plan in effect as of the beginning of each fiscal year, a best-estimate range was determined for both the real rate of return (net of inflation) and for inflation, each based on historical 30-year-period rolling averages. An average inflation rate within the range equal to 3% was selected and added to the real rate of return equal to 4%.

The trustees of the Plan have discretion as to the asset allocation decisions of the total Plan assets. Mutual of America has issued a group annuity contract (the Contract) in conjunction with the funding of benefits under the Plan. The Contract provides for a General Account, and investment alternatives under Mutual of America's Separate Account No. 1. The amounts maintained under the Contract will be managed as a balanced fund and will be diversified among and within principal classes of investments.

The Organization has determined that 25% of Plan assets will be allocated to the General Account and the remaining 75% of Plan assets will be managed with a long-term asset mix of up to 60% equity alternatives and up to 20% fixed-income alternatives. Plan assets will be managed on a total-return basis. This "guideline" ratio should be regarded as a neutral position, reflecting no strong bias to equity or fixed-income alternatives. The actual ratio, however, at any particular time, is expected to vary from the guideline ratio due to intentional adjustments to the Plan asset mix because of, or in anticipation of, changing market conditions.

The permitted ranges by principal investment category as a percentage of the total value of Plan assets are as follows:

	Minimum Percentage (%)	Maximum Percentage (%)
Equity funds	40	60
Fixed-income funds	15	35
General account	25	25

The permitted ranges generally may be exceeded on a temporary basis as a result of market conditions, and contributions to and withdrawals from the amounts maintained under the Contract.

The percentage of the fair value of total Plan assets held are as follows:

June 30,	**2019 (%)**	2018 (%)
Equity funds	**56**	56
Fixed-income funds	**20**	20
Cash	**23**	-
General account	**1**	24
	100	100

Contributions received by the Plan are allocated among Mutual of America's General Account and one or more of the investment alternatives under Mutual of America's Separate Account No. 1. Employer contribution expenses for the fiscal years ended June 30, 2019 and 2018 were $311,662 and $461,324, respectively. Due to the plan termination, effective June 30, 2019, the final benefit payments are expected to be made during the fiscal year ending June 30, 2020, and the amount is yet to be determined.

On July 1, 2017, the Organization established the Fountain House 403(b) Retirement Plan (403(b) Plan), a defined contribution plan covering all eligible employees of the Organization. The defined contribution plan replaced the defined benefit pension plan, which was curtailed and frozen, effective June 30, 2017. The defined contribution plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, (ERISA). Employer matching contributions to the defined contribution plan are allocated to eligible participants each pay period based on an amount and allocation formula, as determined by the Board of the Organization. Contributions to the 403(b) Plan for the fiscal years ended June 30, 2019 and 2018 were approximately $689,000 and $681,000, respectively.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

June 30,	**2019**	2018
Renovations and equipment acquisitions	**$ 16,007**	$ 16,007
Time-restricted	**1,489,397**	1,306,766
Capital improvements	**378,408**	41,009
Silver project	**23,896**	45,940
Investment income on endowment	**1,469,675**	2,205,705
Donor-restricted perpetual-in-nature endowment fund	**5,826,978**	5,826,978
	$ 9,204,361	$ 9,442,405

Net assets with donor restrictions released from restrictions consist of the following:

Year ended June 30,	**2019**	2018
Time-restricted	**$ 818,369**	$ 1,205,687
Capital improvements - Silver project	**22,044**	40,004
Spending rate enacted by the Board of Directors (Note 10)	**736,030**	722,069
	$ 1,576,443	$ 1,967,760

For the year ended June 30, 2019, net assets with donor restrictions released of $1,576,443 are categorized on the consolidated statement of activities as $1,554,399 released from restrictions for non-capital and $22,044 released for capital.

10. Perpetual-in-Nature Endowment Fund

In accordance with NYPMIFA, the Organization classifies as with donor-restricted perpetual-in-nature endowment fund:

- the original value of gifts donated to the perpetual-in-nature endowment fund
- the original value of subsequent gifts to the perpetual-in-nature endowment fund
- accumulation of the perpetual-in-nature endowment fund made in accordance with the direction of applicable donor instructions

The remaining portion of the donor-restricted perpetual-in-nature endowment fund that is not classified in net assets with donor restrictions represents the investment income (loss) on the corpus of the perpetual-in-nature endowment fund and is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donors' intent.

In accordance with NYPMIFA, the Organization will consider the following factors in making a determination to appropriate or accumulate with-donor-restricted perpetual-in-nature endowment fund:

- the duration and preservation of the fund
- the purposes of the Organization and with-donor-restricted perpetual-in-nature endowment fund
- general economic conditions
- the possible effect of inflation and deflation
- the expected total return from income and the appreciation of investments
- the investment and spending policies of the Organization
- other resources of the Organization

The Board of Directors of FHI has adopted a spending-rate policy whereby the amount of funding from its investments that is available for current operations is equal to 5% of a three-year rolling average of the value of investments (with the funding amount for the year ended June 30, 2019 being based on investment values at March 31, 2016, 2017 and 2018).

The following tables provide a reconciliation of the change in the Organization's investment income on with-donor-restricted perpetual-in-nature endowment fund net assets:

June 30, 2019

	With Donor Restrictions	With Donor Restrictions - Perpetual-in-Nature	Total
With Donor-Restricted - Perpetual-in-Nature Endowment Fund Net Assets, beginning of year	$ 2,205,705	$ 5,826,978	$ 8,032,683
Appropriation of assets for expenditures	(736,030)	-	(736,030)
With Donor-Restricted - Perpetual-in-Nature Endowment Fund Net Assets, end of year	$ 1,469,675	$ 5,826,978	$ 7,296,653

June 30, 2018

	With Donor Restrictions	With Donor Restrictions - Perpetual-in-Nature	Total
With Donor-Restricted - Perpetual-in-Nature Endowment Fund Net Assets, beginning of year	$ (596,685)	$ 5,826,978	$ 5,230,293
Investment income	3,524,459	-	3,524,459
Appropriation of assets for expenditures	(722,069)	-	(722,069)
With Donor-Restricted - Perpetual-in-Nature Endowment Fund Net Assets, end of year	$ 2,205,705	$ 5,826,978	$ 8,032,683

From time to time, the fair value of assets associated with the individual perpetual-in-nature endowment fund may fall below the level that either the donor or NYPMIFA requires the Organization to maintain. There were no such deficiencies as of June 30, 2019 and 2018.

The Organization has adopted investment and spending policies for net assets with donor-restricted perpetual-in-nature endowment fund that attempt to provide sufficient income to meet various program and operational expenses, and to extend the pursuit of the Organization's mission in perpetuity. The minimum targeted rate of return on the Organization's investment assets is 7% plus an average growth goal of about 1.5%. The absolute target rate approximates an 8.5% total return net of investment management-related fees and expenses.

Under this policy, as approved by the Board of Directors, the investment performance of the Organization's portfolio will be measured relative to the following benchmarks:

- Barclays' Aggregate Bond Index for core fixed-income
- S&P 500 and Russell 1000 indices for large-cap equity
- Russell 2000 indices for small-cap equity
- Russell Micro-Cap Index for micro-cap equity
- MSCI EAFE indices for international equity
- FSA Fixed-Income Alternatives Index for fixed-income alternatives
- FSA Equity Long/Short Index for equity risk reducers

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization uses a diversified asset allocation that places a greater emphasis on fixed-income and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization's asset allocation also includes alternative investments. Within the alternative investment categories, the Organization is mindful of each investment manager's strategies and the liquidity of each manager's investment portfolio (see Note 3).

The Organization may appropriate for distribution each year 5% of the average portfolio value on March 31 of the preceding three years. In establishing this policy, the Organization considered the long-term expected return on its donor-restricted perpetual-in-nature endowment fund. Accordingly, over the long term, the Organization expects the current spending policy to allow its donor-restricted perpetual-in-nature endowment fund to grow annually.

The amounts appropriated from the donor-restricted perpetual-in-nature endowment fund for expenditures were $736,030 and $722,069 for the years ended June 30, 2019 and 2018, respectively.

11. Commitments and Contingencies

Leases of Premises

The Organization has entered into various lease agreements for a gallery and for residential apartments on behalf of certain program members. Future minimum lease payments under the lease agreements are as follows:

Year ending June 30,		
2020	$	211,052
2021		196,609
2022		91,710
2023		94,920
2024		98,242
Thereafter		24,770
Total	$	717,303

Rent expense was $230,687 and $221,611 for the years ended June 30, 2019 and 2018, respectively.

Government-Funded Activities

The Organization derives its government contract and grant revenues from federal, local and state governmental agencies. Reimbursement of expenses applicable to various programs conducted for, and on behalf of, governmental and other agencies are subject to the effect, if any, of the results of subsequent audits by such agencies. The Organization has provided an estimated reserve for government and other agency adjustments. The reserve is adjusted based on audits by the State of New York (State) and management's annual evaluation of the remaining reserve for fiscal years not yet audited. The State has finalized its audits through June 30, 2013 and, in the opinion of management, a reserve of $493,651 and $220,650, included in accrued expenses in the consolidated statement of financial position at June 30, 2019 and 2018, respectively, is sufficient to cover any potential disallowances or adjustments for the fiscal years for which audits have not yet been completed.

Contingencies

The Organization is a party to legal actions arising out of the normal course of its operations, the final outcomes of which cannot presently be determined. Organization management is of the opinion that the ultimate liability, if any, with respect to all of these matters will not have a material adverse effect on the Organization's financial position.

Pursuant to the Housing Companies' contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Housing Companies involving transactions relating to these contracts. The accompanying consolidated financial statements make no provision for possible disallowances. Although possible disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

12. Line of Credit

The Organization has a $1,000,000 revolving line of credit secured by the Organization's investments, which bears interest at the prime rate plus 2% for both years ended June 30, 2019 and 2018. At June 30, 2019 and 2018, the outstanding balance was $0. The line of credit is due on demand and has no stated maturity date.

13. Replacement Reserve

In accordance with the provisions of the regulatory agreement, the replacement reserves fund is required to consist of restricted cash or U.S. government obligations that are to be used for the replacement of property and equipment. The use of these funds requires prior approval from HUD. Deposits are required to be made on a monthly basis. At June 30, 2019 and 2018, the replacement reserves fund consisted of cash and cash equivalents amounting to $1,709,108 and $5,389,920, respectively. During the years ended June 30, 2019 and 2018, $4,476,060 and $47,573, respectively, were released for property and equipment after obtaining all appropriate approvals.

14. Deferred Revenue

Deferred revenue consists of an advance payment from the New York State Office of Mental Health received in 2018 for 2019 revenue. At June 30, 2019 and 2018, the deferred revenue balances were $1,764,233 and $1,594,353, respectively.

15. Workers' Compensation Assessment Payable Settlement

The Organization participated in a group self-insurance trust (the Trust) along with multiple other agencies in the human services, not-for-profit sector. On December 31, 2010, the Trust was terminated with a deficiency of assets. The Trust billed all former members of the Trust with an assessed portion of the total deficit. In July 2011, the State of New York Workers' Compensation Board (Workers' Compensation Board) assumed the administration and final distribution of the assets and liabilities of the Trust. Following a forensic audit, the Workers' Compensation Board issued newly calculated assessments and they were higher than those formerly issued by the Trust. The assessment for the Organization was $557,391, which was recorded in the year ended June 30, 2015. On December 15, 2016, the Organization entered into a ten-year repayment agreement for the Workers' Compensation Assessment Payable Settlement. The balance will be repaid over equal monthly installments of $4,207, which includes principal and interest of 3%. The amount outstanding was $388,757 and $384,346 for the years ended June 30, 2019 and 2018, respectively.

16. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Year ended June 30, 2019		
Total Current Assets	$	37,686,643
Less: amounts unavailable for general expenditures within one year, due to:		
Prepaid expenses and other assets		597,596
Restricted by donor with time or purpose restrictions or perpetual-in-nature		9,204,361
Assets held for others		227,105
Accrued pension liability (Note 8)		6,408,938
Replacement reserve		1,709,108
Total Financial Assets Available to Management for General Expenditure within One Year	$	19,539,535

Liquidity Management

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of $1 million, which it could draw upon.

17. Subsequent Events

The Organization has evaluated subsequent events through December 5, 2019, which is the date these consolidated financial statements were available to be issued. No events arose during the period that would require adjustments or additional disclosures, except the following.

On November 6th, 2019, FHCLP and FHH received regulatory approval for dissolution, which was the last requirement needed by FHCLP and FHH to dissolve operations. As the amounts included within the consolidated statement of financial position and consolidated statement of activates are not material to the Organization, FHCLP and FHH were not shown as discontinued operations in the years presented within those consolidated financial statements.

Supplementary Information

Fountain House, Inc.

Consolidating Schedule of Financial Position
(with comparative totals for 2018)

June 30,

	Fountain House, Inc.	Fountain House of New Jersey, Inc.	Fountain House Housing Development Fund Company, Inc.	Fountain House Community Living Program, Inc.	Fountain House Residential Corp.	Fountain House Housing, Inc.	FH Homes HDFC	Eliminations	Consolidated Totals **2019**	Consolidated Totals 2018
Assets										
Current										
Cash and cash equivalents	$ 679,599	$ 34,419	$ -	$ -	$ 62,390	$ -	$ 163,702	$ -	**$ 940,110**	$ 1,439,371
Assets held for others	227,105	-	-	-	-	-	-	-	**227,105**	228,168
Investments, at fair value	31,413,547	-	-	-	-	-	-	-	**31,413,547**	30,008,078
Receivables, net:										
Government agencies, net of allowance for doubtful accounts	1,486,117	-	-	-	-	-	-	-	**1,486,117**	1,697,259
Other, net of allowance for doubtful accounts	654,767	-	-	-	(885)	-	3,781	-	**657,663**	209,359
Pledges receivable, net – current portion	655,397	-	-	-	-	-	-	-	**655,397**	501,396
Due from related organizations	56,784	287,343	-	-	-	-	-	(344,127)	**-**	-
Prepaid expenses and other assets	438,157	1,284	-	-	26,225	-	131,930	-	**597,596**	443,333
Replacement reserve	1,162,128	-	-	-	102,533	-	444,447	-	**1,709,108**	5,389,920
Total Current Assets	36,773,601	323,046	-	-	190,263	-	743,860	(344,127)	**37,686,643**	39,916,884
Security Deposits	171,854	-	-	-	-	-	-	-	**171,854**	159,994
Pledges Receivable, Net, less current portion	623,824	-	-	-	-	-	-	-	**623,824**	751,238
Fixed Assets, Net	17,977,351	1,450,975	1,103,924	-	151,404	-	1,826,757	-	**22,510,411**	20,102,736
	$ 55,546,630	$ 1,774,021	$ 1,103,924	$ -	$ 341,667	$ -	$ 2,570,617	$ (344,127)	**$ 60,992,732**	$ 60,930,852
Liabilities and Net Assets										
Current Liabilities										
Accounts payable and accrued expenses	$ 2,110,167	$ 54,546	$ -	$ -	$ 59,542	$ -	$ 97,757	$ 166	**$ 2,322,178**	$ 2,046,593
Workers' Compensation Assessment Payable Settlement - current portion	40,695	-	-	-	-	-	-	-	**40,695**	39,494
Due to related organizations	287,343	-	-	-	-	-	4,728	(292,071)	**-**	-
Assets held for others	227,105	-	-	-	-	-	-	-	**227,105**	228,168
Due to Fountain House, Inc.	-	(2,861)	-	-	41,725	-	13,358	(52,222)	**-**	-
Deferred revenue	1,764,233	-	-	-	-	-	-	-	**1,764,233**	1,594,353
Mortgages and notes payable - current portion	-	-	-	-	81,325	-	77,956	-	**159,281**	149,385
Total Current Liabilities	4,429,543	51,685	-	-	182,592	-	193,799	(344,127)	**4,513,492**	4,057,993
Workers' Compensation Assessment Payable Settlement, less current portion	348,062	-	-	-	-	-	-	-	**348,062**	344,852
Mortgage and Notes Payable, less current portion and deferred financing costs	-	-	-	-	212,843	-	4,439,588	-	**4,652,431**	4,795,987
Accrued Pension Liability	6,408,938	-	-	-	-	-	-	-	**6,408,938**	4,575,788
Total Liabilities	11,186,543	51,685	-	-	395,435	-	4,633,387	(344,127)	**15,922,923**	13,774,620
Commitments and Contingencies										
Net Assets (Deficit)										
Without donor restrictions:										
Available for operations	15,619,726	1,706,329	1,103,924	-	(53,768)	-	(2,062,770)	-	**16,313,441**	20,659,837
Invested in property and equipment	17,977,351	-	-	-	-	-	-	-	**17,977,351**	15,413,043
Board-designated	1,574,656	-	-	-	-	-	-	-	**1,574,656**	1,640,947
Total Without Donor Restrictions	35,171,733	1,706,329	1,103,924	-	(53,768)	-	(2,062,770)	-	**35,865,448**	37,713,827
With donor restrictions	9,188,354	16,007	-	-	-	-	-	-	**9,204,361**	9,442,405
Total Net Assets (Deficit)	44,360,087	1,722,336	1,103,924	-	(53,768)	-	(2,062,770)	-	**45,069,809**	47,156,232
	$ 55,546,630	$ 1,774,021	$ 1,103,924	$ -	$ 341,667	$ -	$ 2,570,617	$ (344,127)	**$ 60,992,732**	$ 60,930,852

Fountain House, Inc.

Consolidating Schedule of Activities
(with comparative totals for 2018)

Year ended June 30,

	Fountain House, Inc.		Fountain House of New Jersey, Inc.		Fountain House Housing Development Fund Company, Inc.	Fountain House Community Living Program, Inc.	Fountain House Residential Corp.	Fountain House Housing, Inc.	FH Homes	Subtotal				Consolidated Totals	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	**2019**	2018
Public Support and Revenue															
Government grants and contracts	$ 9,595,993	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,595,993	$ -	$ 9,595,993	$ -	**$ 9,595,993**	$ 9,145,318
Medicaid	2,230,434	-	-	-	-	-	-	-	-	2,230,434	-	2,230,434	-	**2,230,434**	2,379,956
Contributions	2,946,021	1,001,000	211,648	-	10,025	-	-	-	-	3,167,694	(221,673)	2,946,021	1,001,000	**3,947,021**	7,837,080
Special events, net of direct benefits to donors	1,617,630	-	-	-	-	-	-	-	-	1,617,630	-	1,617,630	-	**1,617,630**	1,618,742
Program service fees, dues and rental revenue	1,111,284	-	-	-	-	-	356,708	-	997,735	2,465,727	-	2,465,727	-	**2,465,727**	2,435,013
Investment income - used for operations	368,709	736,030	-	-	-	-	-	-	-	368,709	-	368,709	736,030	**1,104,739**	1,032,715
Interest income - other	27,867	-	-	-	-	-	572	-	1,671	30,110	-	30,110	-	**30,110**	11,587
Other income	1,682,207	-	33	-	-	-	-	-	7,469	1,689,709	(895,000)	794,709	-	**794,709**	1,271,015
Net assets released from restrictions	1,554,399	(1,554,399)	-	-	-	-	-	-	-	1,554,399	-	1,554,399	(1,554,399)	**-**	-
Total Public Support and Revenue	21,134,544	182,631	211,681	-	10,025	-	357,280	-	1,006,875	22,720,405	(1,116,673)	21,603,732	182,631	**21,786,363**	25,731,426
Expenses															
Program services:															
Community services	8,132,003	-	115,539	-	-	-	-	-	-	8,247,542	(107,914)	8,139,628	-	**8,139,628**	7,852,339
Housing	8,034,576	-	-	-	71,133	-	273,379	-	877,960	9,257,048	-	9,257,048	-	**9,257,048**	9,903,693
Total Program Services	16,166,579	-	115,539	-	71,133	-	273,379	-	877,960	17,504,590	(107,914)	17,396,676	-	**17,396,676**	17,756,032
Supporting services:															
Management and general	3,550,029	-	103,734	-	10,025	123,209	57,384	2,491	1,062,107	4,908,979	(1,008,759)	3,900,220	-	**3,900,220**	3,469,067
Fundraising	738,517	-	-	-	-	-	-	-	-	738,517	-	738,517	-	**738,517**	557,750
Total Supporting Services	4,288,546	-	103,734	-	10,025	123,209	57,384	2,491	1,062,107	5,647,496	(1,008,759)	4,638,737	-	**4,638,737**	4,026,817
Total Expenses	20,455,125	-	219,273	-	81,158	123,209	330,763	2,491	1,940,067	23,152,086	(1,116,673)	22,035,413	-	**22,035,413**	21,782,849
Change in Net Assets from Operations	679,419	182,631	(7,592)	-	(71,133)	(123,209)	26,517	(2,491)	(933,192)	(431,681)	-	(431,681)	182,631	**(249,050)**	3,948,577
Non-Operating Activities															
Grants for capital improvements	-	337,399	-	-	-	-	-	-	-	-	-	-	337,399	**337,399**	-
Net assets released for capital improvements	22,044	(22,044)	-	-	-	-	-	-	-	22,044	-	22,044	(22,044)	**-**	-
Investment income (loss) other than amount used for operations	724,468	(736,030)	15,010	-	-	-	-	-	-	739,478	-	739,478	(736,030)	**3,448**	112,377
Gain on sale of property and other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	6,022,000
Change in Unfunded Pension Obligation	(2,178,220)	-	-	-	-	-	-	-	-	(2,178,220)	-	(2,178,220)	-	**(2,178,220)**	741,736
Change in Net Assets	(752,289)	(238,044)	7,418	-	(71,133)	(123,209)	26,517	(2,491)	(933,192)	(1,848,379)	-	(1,848,379)	(238,044)	**(2,086,423)**	10,824,690
Net Assets, beginning of year	35,924,022	9,426,398	1,698,911	16,007	1,175,057	123,209	(80,285)	2,491	(1,129,578)	37,713,827	-	37,713,827	9,442,405	**47,156,232**	36,331,542
Net Assets (Deficit), end of year	$ 35,171,733	$ 9,188,354	$ 1,706,329	$ 16,007	$ 1,103,924	$ -	$ (53,768)	$ -	$ (2,062,770)	$ 35,865,448	$ -	$ 35,865,448	$ 9,204,361	**$45,069,809**	$ 47,156,232

Fountain House, Inc.

Consolidating Schedule of Functional Expenses
(with comparative totals for 2018)

Year ended June 30,

	Fountain House, Inc.						
	Program Services			Supporting Services			
	Community Services	Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and Related Expenses							
Salaries	$ 3,377,164	$ 3,317,210	$ 6,694,374	$ 1,587,026	$ 99,883	$ 1,686,909	$ 8,381,283
Employee benefits and payroll taxes	973,531	956,247	1,929,778	457,489	28,793	486,282	2,416,060
Pension and other retirement costs	267,913	158,421	426,334	131,652	9,867	141,519	567,853
Total Salaries and Related Expenses	4,618,608	4,431,878	9,050,486	2,176,167	138,543	2,314,710	11,365,196
Other Expenses							
Occupancy	162,607	3,047,365	3,209,972	213,436	1,166	214,602	3,424,574
Software and equipment	235,146	63,065	298,211	109,199	135,396	244,595	542,806
Utilities	134,680	111,503	246,183	29,531	2,710	32,241	278,424
Consulting	543,975	10,426	554,401	408,941	2,710	411,651	966,052
Healthcare center	3,358	-	3,358	-	-	-	3,358
Special events	433,486	-	433,486	-	-	-	433,486
Other outside services	34,970	-	34,970	-	181,877	181,877	216,847
Grants	254,285	-	254,285	-	-	-	254,285
Professional fees	111,949	1,561	113,510	49,903	5,761	55,664	169,174
Supplies	674,193	152,995	827,188	201,591	3,545	205,136	1,032,324
Insurance	56,725	16,856	73,581	63,179	820	63,999	137,580
Telephone	30,962	34,689	65,651	28,663	12,386	41,049	106,700
Postage and shipping	200,920	76	200,996	8,897	251,210	260,107	461,103
Printing and publications	246	-	246	366	-	366	612
Travel	18,102	36,472	54,574	47,692	2,326	50,018	104,592
Staff training and education	111,969	967	112,936	1,019	67	1,086	114,022
Member welfare	5,319	3,176	8,495	76	-	76	8,571
Real estate taxes	-	-	-	-	-	-	-
Bad-debt expense	20,703	66,291	86,994	-	-	-	86,994
Mortgage interest	-	-	-	-	-	-	-
Miscellaneous	-	-	-	6,013	-	6,013	6,013
Total Expenses, before depreciation and amortization	7,652,203	7,977,320	15,629,523	3,344,673	738,517	4,083,190	19,712,713
Depreciation and Amortization	479,800	57,256	537,056	205,356	-	205,356	742,412
Total Expenses	$ 8,132,003	$ 8,034,576	$ 16,166,579	$ 3,550,029	$ 738,517	$ 4,288,546	$ 20,455,125

	Fountain House of New Jersey, Inc.			Housing Companies			Eliminations	
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total	Program Services	Supporting Services
Salaries and Related Expenses								
Salaries	$ -	$ 74,400	$ 74,400	$ -	$ 76,375	$ 76,375	$ -	$ (74,400)
Employee benefits and payroll taxes	-	25,614	25,614	-	12,729	12,729	-	(25,614)
Pension and other retirement costs	-	3,720	3,720	-	-	-	-	(3,720)
Total Salaries and Related Expenses	-	103,734	103,734	-	89,104	89,104	-	(103,734)
Other Expenses								
Occupancy	-	-	-	-	-	-	-	-
Software and equipment	38,549	-	38,549	112,015	-	112,015	(38,549)	-
Utilities	11,913	-	11,913	134,491	-	134,491	(11,913)	-
Consulting	-	-	-	880	-	880	-	-
Healthcare center	-	-	-	-	-	-	-	-
Special events	-	-	-	-	-	-	-	-
Other outside services	-	-	-	110,820	-	110,820	-	-
Grants	-	-	-	-	-	-	-	-
Professional fees	11,000	-	11,000	-	141,226	141,226	(11,000)	(10,025)
Supplies	21,032	-	21,032	36,519	-	36,519	(34,896)	-
Insurance	8,151	-	8,151	43,644	-	43,644	(8,151)	-
Telephone	3,083	-	3,083	6,781	-	6,781	(3,083)	-
Postage and shipping	-	-	-	-	-	-	-	-
Printing and publications	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Staff training and education	-	-	-	-	-	-	-	-
Member welfare	-	-	-	-	-	-	-	-
Real estate taxes	-	-	-	288,065	-	288,065	-	-
Bad-debt expense	-	-	-	-	-	-	-	-
Mortgage interest	-	-	-	223,209	-	223,209	-	-
Miscellaneous	322	-	322	-	1,024,886	1,024,886	(322)	(895,000)
Total Expenses, before depreciation and amortization	94,050	103,734	197,784	956,424	1,255,216	2,211,640	(107,914)	(1,008,759)
Depreciation and Amortization	21,489	-	21,489	266,048	-	266,048	-	-
Total Expenses	$ 115,539	$ 103,734	$ 219,273	$ 1,222,472	$ 1,255,216	$ 2,477,688	$ (107,914)	$ (1,008,759)

	Consolidated Totals			
	Total Program Services	Total Supporting Services	Total 2019	Total 2018
Salaries and Related Expenses				
Salaries	$ 6,694,374	$ 1,763,284	**$ 8,457,658**	$ 8,153,117
Employee benefits and payroll taxes	1,929,778	499,011	**2,428,789**	2,293,309
Pension and other retirement costs	426,334	141,519	**567,853**	866,998
Total Salaries and Related Expenses	9,050,486	2,403,814	**11,454,300**	11,313,424
Other Expenses				
Occupancy	3,209,972	214,602	**3,424,574**	3,389,059
Software and equipment	410,226	244,595	**654,821**	530,860
Utilities	380,674	32,241	**412,915**	415,733
Consulting	555,281	411,651	**966,932**	1,370,940
Healthcare center	3,358	-	**3,358**	12,790
Special events	433,486	-	**588,411**	355,791
Other outside services	145,790	181,877	**327,667**	299,990
Grants	254,285	-	**254,285**	103,503
Professional fees	113,510	186,865	**300,375**	338,516
Supplies	849,843	205,136	**900,054**	929,141
Insurance	117,225	63,999	**181,224**	167,967
Telephone	72,432	41,049	**113,481**	113,912
Postage and shipping	200,996	260,107	**461,103**	400,872
Printing and publications	246	366	**612**	32,610
Travel	54,574	50,018	**104,592**	202,348
Staff training and education	112,936	1,086	**114,022**	113,295
Member welfare	8,495	76	**8,571**	10,106
Real estate taxes	288,065	-	**288,065**	199,028
Bad-debt expense	86,994	-	**86,994**	124,481
Mortgage interest	223,209	-	**223,209**	225,642
Miscellaneous	-	135,899	**135,899**	144,824
Total Expenses, before depreciation and amortization	16,572,083	4,433,381	**21,005,464**	20,794,832
Depreciation and Amortization	824,593	205,356	**1,029,949**	988,017
Total Expenses	$ 17,396,676	$ 4,638,737	**$ 22,035,413**	$ 21,782,849