Fountain House, Inc.

Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2017

Fountain House, Inc.

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Contents

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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, 2017, and the related consolidated statements of activities 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 Fountain House, Inc. as of June 30, 2017, 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 2016 consolidated financial statements and our report, dated January 20, 2017, 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, 2016 is consistent, in all material respect, 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 a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

January 25, 2018

Fountain House, Inc.

Consolidated Statement of Financial Position
(with comparative totals for 2016)

June 30,	**2017**	2016
Assets		
Current:		
Cash and cash equivalents (Note 2)	**$ 731,075**	$ 287,208
Assets held for others (Note 2)	**256,615**	225,013
Investments, at fair value (Notes 2, 3 and 12)	**20,804,087**	21,999,665
Receivables, net (Notes 2 and 4):		
Government agencies, net of allowance of doubtful accounts of $45,297 and $33,615 for 2017 and 2016, respectively	**2,544,472**	1,601,504
Other, net of allowance of doubtful accounts of $25,980 and $21,980 for 2017 and 2016, respectively	**401,628**	61,088
Pledges receivable, net – current portion (Note 5)	**693,372**	440,688
Prepaid expenses and other assets	**266,566**	244,142
Replacement reserve (Note 13)	**321,303**	292,397
Total Current Assets	**26,019,118**	25,151,705
Security Deposits	**144,834**	120,708
Pledges Receivable, Net – Less Current Portion (Note 5)	**581,560**	-
Fixed Assets, Net (Notes 2, 3 and 6)	**21,281,320**	20,560,981
	$48,026,832	$45,833,394
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	**$ 1,376,768**	$ 1,200,733
Workers' Compensation Assessment Payable Settlement – current portion (Note 15)	**38,328**	50,480
Assets held for others	**256,615**	225,013
Deferred revenue (Note 14)	**1,547,139**	1,485,314
Line of credit (Note 12)	**500,000**	-
Mortgages and notes payable – current portion (Note 7)	**199,720**	182,139
Total Current Liabilities	**3,918,570**	3,143,679
Workers' Compensation Assessment Payable Settlement – Less Current Portion (Note 15)	**384,346**	399,689
Mortgages and Notes Payable - Less Current Portion (Note 7)	**1,751,562**	1,951,281
Accrued Pension Liability (Note 8)	**5,640,812**	9,353,940
Total Liabilities	**11,695,290**	14,848,589
Commitments and Contingencies (Notes 2, 7, 11, 12, 13, 14 and 15)		
Net Assets:		
Unrestricted:		
Available for operations	**12,816,186**	8,694,677
Invested in property and equipment	**16,851,404**	14,832,696
Board-designated (Note 2)	**699**	994,357
Total Unrestricted	**29,668,289**	24,521,730
Temporarily restricted (Note 9)	**836,275**	636,097
Permanently restricted (Note 10)	**5,826,978**	5,826,978
Total Net Assets	**36,331,542**	30,984,805
	$48,026,832	$45,833,394

See accompanying notes to consolidated financial statements.

Fountain House, Inc.

Consolidated Statement of Activities
(with comparative totals for 2016)

Year ended June 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2017**	2016
Public Support and Revenue:					
Government contracts and grants	$ 9,597,939	$ -	$ -	**$ 9,597,939**	$ 9,541,530
Medicaid	2,100,272	-	-	**2,100,272**	2,163,063
Contributions	1,422,476	1,464,563	-	**2,887,039**	2,610,990
Special events, net of direct benefits to donors of $187,404 and $176,672 in 2017 and 2016, respectively	1,399,042	-	-	**1,399,042**	1,354,958
Program service fees, dues and rental revenue	2,273,748	-	-	**2,273,748**	2,310,090
Investment income – used for operations (Note 3)	309,290	729,610	-	**1,038,900**	1,024,550
Interest income – other (Note 3)	3,395	-	-	**3,395**	9,061
Other income	506,340	-	-	**506,340**	622,576
Net assets released from restrictions (Note 9)	1,399,173	(1,399,173)	-	**-**	-
Total Public Support and Revenue	19,011,675	795,000	-	**19,806,675**	19,636,818
Expenses:					
Program services:					
Community services	7,261,357	-	-	**7,261,357**	8,142,718
Housing	10,079,878	-	-	**10,079,878**	9,318,683
Total Program Services	17,341,235	-	-	**17,341,235**	17,461,401
Supporting services:					
Management and general	3,296,206	-	-	**3,296,206**	2,960,067
Fundraising	539,474	-	-	**539,474**	508,674
Total Supporting Services	3,835,680	-	-	**3,835,680**	3,468,741
Total Expenses	21,176,915	-	-	**21,176,915**	20,930,142
Change in Net Assets From Operations Before Other Changes and Change in Unfunded Pension Obligation	(2,165,240)	795,000	-	**(1,370,240)**	(1,293,324)
Other Changes:					
Grants for capital improvements	1,124,656	-	-	**1,124,656**	-
Net assets released for capital improvements (Note 9)	722,189	(722,189)	-	**-**	-
Investment income (loss) other than amount used for operations (Note 3)	1,051,287	127,367	-	**1,178,654**	(1,263,537)
Change in Net Assets Before Change in Unfunded Pension Obligation	732,892	200,178	-	**933,070**	(2,541,001)
Change in Unfunded Pension Obligation (Note 8)	4,413,667	-	-	**4,413,667**	(2,509,272)
Change in Net Assets	5,146,559	200,178	-	**5,346,737**	(5,050,273)
Net Assets, Beginning of Year	24,521,730	636,097	5,826,978	**30,984,805**	36,035,078
Net Assets, End of Year	**$29,668,289**	**$ 836,275**	**$5,826,978**	**$36,331,542**	$30,984,805

See accompanying notes to consolidated financial statements.

Fountain House, Inc.

Consolidated Statement of Cash Flows
(with comparative totals for 2016)

Year ended June 30,	**2017**	2016
Cash Flows From Operating Activities:		
Change in net assets	**$ 5,346,737**	$(5,050,273)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**1,095,934**	1,109,517
Net realized gains on investments	**(1,367,634)**	(313,277)
Net unrealized (gains) losses on investments	**(630,387)**	982,023
Allowance for bad debt	**95,933**	147,875
Donated securities	**(83,959)**	(31,148)
Change in unfunded pension obligation	**(4,413,667)**	2,509,272
Change in operating assets and liabilities:		
(Increase) decrease in:		
Assets held for others	**(31,602)**	(7,097)
Government agencies receivables	**(1,038,901)**	(164,480)
Other receivables	**(340,540)**	219,110
Pledges receivable	**(834,244)**	(167,530)
Prepaid expenses and other assets	**(22,424)**	(48,460)
Security deposits	**(24,126)**	14,806
Increase (decrease) in:		
Accounts payable and accrued expenses	**176,035**	(208,139)
Deferred revenue	**61,825**	168,866
Assets held for others	**31,602**	7,097
Workers' compensation assessment payable settlement	**(27,495)**	(53,611)
Accrued pension liability	**700,539**	328,286
Net Cash Used In Operating Activities	**(1,306,374)**	(557,163)
Cash Flows From Investing Activities:		
Purchase of investments	**(18,127,820)**	(5,228,927)
Proceeds from sales of investments	**20,955,033**	5,449,790
Net increase in replacement reserve	**(28,906)**	(11,233)
Purchase of fixed assets	**(1,865,928)**	(963,864)
Net Cash Provided By (Used In) Investing Activities	**932,379**	(754,234)
Cash Flows From Financing Activities:		
Principal payments on mortgage notes	**317,862**	(174,701)
Proceeds from line of credit	**2,100,000**	-
Principal payments on line of credit	**(1,600,000)**	-
Net Cash Provided By (Used In) Financing Activities	**817,862**	(174,701)
Net Increase (Decrease) in Cash and Cash Equivalents	**443,867**	(1,486,098)
Cash and Cash Equivalents, Beginning of Year	**287,208**	1,773,306
Cash and Cash Equivalents, End of Year	**$ 731,075**	$ 287,208
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	**$ 192,875**	$ 205,778

See accompanying notes to consolidated financial statements.

1. Nature of Organization

Fountain House, Inc. ("FHI") 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, each of which is operated by both FHI's members and its professional staff. The units include employment, education, housing, research, advocacy, wellness, horticulture, art gallery, young adult, evening, weekend and food services.

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. ("FHLP"), Fountain House Housing, Inc. ("FHH") and Fountain House Residential Corp. ("FHRC") (the "Housing Companies") 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.

2. Summary of Significant Accounting Policies

(a) *Principles of Consolidation*

The consolidated financial statements include the accounts of FHI and its wholly-controlled entities, as follows: FHNJ, FHHDFC, FHLP, 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, FHLP, 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.

(b) *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.

(c) *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 three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

(i) **Permanently Restricted** – 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 otherwise removed by actions of the Organization. The income and net capital appreciation from all permanently restricted assets are available for unrestricted and temporarily restricted purposes.

(ii) **Temporarily Restricted** – 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 temporarily restricted net assets are reclassified to unrestricted net assets as "net assets released from restrictions" and reported in the consolidated statement of activities. Temporarily restricted contributions and grants, the requirements of which are met in the year of donation, are reported as unrestricted.

(iii) **Unrestricted** – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations. The Board of Directors of FHI has designated $699 and $994,357 of its unrestricted net assets for capital improvements, renovations and repairs as of June 30, 2017 and 2016, respectively.

(d) 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.

(e) 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.

(f) Assets Held for Others

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

(g) Fixed Assets

Fixed assets are stated at their original costs or at their fair values on the dates of donation. As described further in Note 6(b) for the property donated in 1968, the Organization had elected to fair value the land in 2015. 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 5 to 40 years.

(h) 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, 2017 and 2016, there have been no such losses.

(i) 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, 2017 and 2016, this accrued vacation obligation was $167,623 and $120,790, respectively, and is included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

(j) Fair Value Measurements

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Organization would use in pricing its asset or liability based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers administering each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

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

Level 2 - Valuations 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 based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

The Organization had assets measured at fair value on a non-recurring basis as of June 30, 2017 and 2016.

(k) 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.

(l) 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. Contributions and promises to give are recorded at fair value at the time of the contribution or promise to give and classified as unrestricted, temporarily restricted or permanently restricted support. Contributions are considered available for unrestricted use unless specifically restricted by the donor. 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 contribution.

(m) Provision for Doubtful Accounts

The Organization provides allowances for accounts receivable that are specifically identified by management as to their uncertainty in regards to collectability.

(n) Governmental Contracts and Grants

Revenue from governmental contracts and grants 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.

(o) 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.

(p) 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.

(q) Functional Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Certain administrative costs have been allocated, as determined by management, among the programs and supporting services based on benefits received.

(r) Income Taxes

FHI, FHHDFC, FHLP, 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") and, therefore have 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 a "private foundation" 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, 2017.

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, 2017 and 2016, there was no interest or penalties recorded or included in the consolidated statements of activities.

(s) Concentration of Credit Risk

Financial instruments which 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.

(t) 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction the Organization's consolidated financial statements for the year ended June 30, 2016 from which the summarized information was derived.

(u) 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.

(v) Accounting Pronouncements Issued But Not Yet Adopted

Revenue From Contracts With Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2015-14 which deferred the effective date for the Organization until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Fair Value (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In May 2015, the FASB issued ASU 2015-07, "Fair Value (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which allows for those entities that have elected the practical expedient to use the net asset value ("NAV") as a measure of fair value and to no longer categorize these investments within the fair value hierarchy. The practical expedient criteria differ from the criteria used to categorize other fair value measurements within the hierarchy. A reporting entity should continue to disclose information on investments for which fair value is measured at NAV (or its equivalent) as a practical expedient to help users understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from NAV. The ASU is effective for the Organization's fiscal years beginning after December 15, 2016, with early application permitted and should be applied retrospectively. The retrospective approach requires that an investment for which fair value is measured using the NAV practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use ("ROU") model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Organization's fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

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 FASB issued 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 underwater 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 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 consolidated financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

(w) Reclassifications

Certain amounts included in the fiscal year 2016 consolidated financial statements have been reclassified to conform to the fiscal year 2017 presentation.

3. Investments and Fair Value Measurements

Cost and respective fair values of investments at June 30, 2017 and 2016 are as follows:

June 30,	**2017**		2016	
	Cost	Fair Value	Cost	Fair Value
Money market fund	**$ 1,368,899**	**$ 1,368,899**	$ 2,431,816	$ 2,432,035
Limited partnership	**752,903**	**1,459,410**	752,903	1,254,655
Hedge funds	**1,400,316**	**1,646,375**	3,050,000	4,134,181
Corporate stocks and bonds	**10,689,135**	**14,405,592**	8,125,067	10,473,009
Mutual funds	**1,872,185**	**1,923,811**	3,608,069	3,705,785
	$16,083,438	**$20,804,087**	$17,967,855	$21,999,665

Investment income (loss) consists of the following:

Year ended June 30,	**2017**	2016
Interest and dividends	**$ 389,150**	$ 582,912
Net realized gains on sales of investments	**1,367,634**	317,221
Net unrealized gains (losses) on investments	**630,387**	(994,797)
Investment expenses	**(165,300)**	(135,262)
	$2,221,871	$(229,926)

Total investment income (loss) is categorized on the consolidated statements of activities as follows:

Year ended June 30,	**2017**	2016
Investment income - used for operations	**$1,038,900**	$ 1,024,550
Interest income - other	**3,395**	9,061
Investment income (loss) other than amount used for operations	**1,179,576**	(1,263,537)
	$2,221,871	$ (229,926)

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 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, 2017.

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 which (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.

Corporate Stock - Equity

For the Organization investments with asset managers that 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 is 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.

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.

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, 2017 and 2016. 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, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market fund	**$ 1,368,899**	**$ -**	**$ -**	**$ 1,368,899**
Equity:				
U.S. Large Cap	**5,449,897**	**-**	**-**	**5,449,897**
U.S. Mid Cap/Small Cap	**4,103,997**	**-**	**-**	**4,103,997**
Non-U.S. equity	**2,642,150**	**-**	**-**	**2,642,150**
Mutual funds:				
Fixed income funds	**1,923,811**	**-**	**-**	**1,923,811**
Fixed income:				
Corporate and other bonds*	**-**	**996,508**	**-**	**996,508**
Government and municipal bonds*	**-**	**516,738**	**-**	**516,738**
Mortgage and asset-backed bonds*	**-**	**696,302**	**-**	**696,302**
Other assets (non-recurring):				
Fair value – donated property (Note 6(b))	**-**	**-**	**2,378,895**	**2,378,895**
Investments at fair value	**15,488,754**	**2,209,548**	**2,378,895**	**20,077,197**
Other investments at NAV or equivalent:				
Limited partnership*				**1,459,410**
Hedge funds*				**1,646,375**
	$15,488,754	**$2,209,548**	**$2,378,895**	**$23,182,982**

June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market fund	$ 2,432,035	$ -	$ -	$ 2,432,035
Equity:				
U.S. Large Cap	3,943,591	-	-	3,943,591
U.S. Mid Cap/Small Cap	2,071,584	-	-	2,071,584
Non-U.S. equity	2,262,637	-	-	2,262,637
Mutual funds:				
Fixed income funds	3,705,785	-	-	3,705,785
Fixed income:				
Corporate and other bonds*	-	927,372	-	927,372
Government and municipal bonds*	-	561,142	-	561,142
Mortgage and asset-backed bonds*	-	706,683	-	706,683
Other assets (non-recurring):				
Fair value – donated property (Note 6(b))	-	-	2,378,895	2,378,895
Investments at fair value	14,415,632	2,195,197	2,378,895	18,989,724
Other investments at NAV or equivalent:				
Limited partnership*				1,254,655
Hedge funds*				4,134,181
	$14,415,632	$2,195,197	$2,378,895	$24,378,560

* 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 following table summarizes the change in fair values of the Organization's Level 3 investments for the year ended June 30, 2017:

Year ended June 30, 2017	
Balance – July 1, 2016	$2,378,895
Additions	-
Deletions	-
Balance – June 30, 2017	$2,378,895

There were no transfers between levels during the year ended June 30, 2017.

The following table for June 30, 2017 and 2016 sets forth a summary of the Organization's investments with a reported NAV:

Years ended June 30, 2017 and 2016

	Fair Value as of June 30,		Unfunded	Redemption	Redemption
	2017	2016	Commitment	Frequency	Notice Period
BCM Credit Opportunities Offshore Fund L.P.*	**$1,646,375**	$2,250,091	**$-**	Quarterly	90 days
Berens Capital Fund, Ltd.	**-**	1,005,885	**-**	Semiannual	95 days
Silvercrest Global Fund L.P.**	**1,459,410**	1,254,655	**-**	Monthly	60 days
Entrust Diversified Select Equity Fund Ltd.***	**-**	878,205	**-**	Quarterly	90 days

* A limited partner may withdraw, as of the last day of any calendar quarter on or following the 12 calendar month anniversary of the date of the contribution of such portion (each 12-month period, a "Lock-Up Period"), all or any portion of its base capital account balance for which the applicable Lock-Up Period has expired. In the event that a limited partner withdraws any amount after the expiration of the applicable Lock-Up Period but prior to the 24 month anniversary of the date of the contribution of such portion, the amount withdrawn shall be subject to an early withdrawal fee equal to 5% of such amount withdrawn, which is payable to the BCM Credit Opportunities Offshore Fund, L.P.

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

*** Shareholders have the right to redeem shares having a value of up to a maximum of 50% of the NAV of their shares, on the close of business on the last business day of any calendar quarter occurring on or after the expiration of an initial 24 month lock-up period from the shareholder's initial subscription to the investment or the redemption date. The Board of Directors of EnTrust Diversified Select Credit Fund Ltd. shall permit a shareholder to redeem shares on a redemption date during the lock up period subject to a redemption charge equal to 3% of the amount to be redeemed.

4. Receivables, Net

At June 30, 2017, receivables, net consists of the following:

June 30,	**2017**	2016
Government agencies	**$2,283,491**	$1,330,344
Medicaid	**298,550**	304,775
Other	**435,336**	275,135
	3,017,377	1,910,254
Less: Allowance for doubtful accounts	**(71,277)**	(55,595)
	$2,946,100	$1,854,659

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,	**2017**	2016
Gross amounts due in:		
Less than one year	**$ 693,372**	$440,688
One to five years	**600,000**	-
	1,293,372	440,688
Reduction of pledges due in excess of one year to present value, using a discount rate 1.24% and .44% in 2017 and 2016, respectively	**(18,440)**	-
	$1,274,932	$440,688

Management expects all pledges to be fully collected and, accordingly, no allowance for doubtful contributions receivable has been provided as of June 30, 2017 and 2016.

6. Fixed Assets, Net

Fixed assets, net consists of the following:

(a) Classification of Fixed Assets, Net

June 30,	**2017**	2016
Land	**$ 2,608,195**	$ 2,608,195
Land improvements	**994,530**	988,156
Building and improvements	**38,369,935**	36,662,064
Furniture, equipment and vehicles	**1,926,888**	1,879,601
Livestock	**12,108**	12,108
Computer, software and website	**808,372**	742,443
	44,720,028	42,892,567
Less: Accumulated depreciation and amortization	**(23,438,708)**	(22,331,586)
	$ 21,281,320	$ 20,560,981

For the years ended June 30, 2017 and 2016, the Organization's depreciation and amortization expense was $1,095,934 and $1,109,517, respectively.

During 2017 and 2016, the Organization wrote off $7,836 and $73,508, respectively, for fully depreciated assets.

(b) Fair Value - Donated Property

In 1968, FHNJ received a contribution of property located in Montague, New Jersey. Originally, the land and structures were recorded at their estimated fair values at the time of the gift.

The property consisted of approximately 514.5 acres of land and included various structures. In 1981, 37.5 acres were sold to the State of New Jersey Department of Environmental Protection.

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. The 1981 sale of 37.5 acres was in accordance with those constraints. In June 2008, FHNJ entered into a conservation easement agreement with the State of New Jersey to retain and preserve most of FHNJ's donated property for agricultural and forestry use. In consideration for entering into the agreement, FHNJ received $674,392.

For the year ended June 30, 2015, in accordance with U.S. GAAP, FHNJ had an appraisal performed on the Montague, New Jersey property to adjust the property to the fair value. The appraiser used the sales comparison approach wherein the property value is estimated by comparing the subject property to similar, nearby properties, with similar sales constraints, which have recently sold. Additionally, adjustments were made from the comparable properties to the subject property for differences such as location, date of sale, terms of sale, and physical characteristics.

This sales comparison approach increased the property value to $2,378,895 as of June 30, 2016. The property was reappraised for the year ended June 30, 2017, which resulted in no change to the value.

Based upon a fair value hierarchy in accordance with U.S. GAAP as discussed in Note 2, the property is reflected as Level 3 as the valuation is based on comparable market prices that are not actively traded. See Note 3 for additional information.

At June 30, 2017 and 2016, included within fixed assets, net is the net value of the contributed property as follows:

June 30,	**2017**	2016
Land	**$ 2,378,895**	$ 2,378,895
Land improvements	**990,734**	965,360
Building improvements	**579,416**	570,529
	3,949,045	3,914,784
Less: Accumulated depreciation	**(1,384,878)**	(1,289,332)
	$ 2,564,167	$ 2,625,452

7. Mortgages and Notes Payable

In November 1981, FHH executed a mortgage note agreement with HUD to borrow $1,080,500 for the financing of FHH's housing project. The mortgage is payable in monthly installments of $8,543, to be applied first to interest at the rate of 9.25% per annum and then to principal, through October 2022. The mortgage note, with a balance of $430,303 and $489,983 at June 30, 2017 and 2016, respectively, is secured by FHH's land, building and improvements.

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 $435,973 and $497,656 at June 30, 2017 and 2016, respectively, is secured by FHRC's land, building and improvements.

In September 1987, FHCL executed a mortgage note agreement with HUD to borrow $1,730,900 for the financing of FHCL's housing project. The mortgage is payable in monthly installments of $13,686, to be applied first to interest at the rate of 9.25% per annum and then to principal, through September 2027. The mortgage note, with a balance of $1,085,006 and $1,145,781 at June 30, 2017 and 2016, respectively, is secured by FHCL's land, building and improvements.

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 twenty-sixth 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,	
2018	$ 199,720
2019	218,998
2020	240,136
2021	263,264
2022	288,730
Thereafter	740,434
Total	1,951,282
Less: Current portion	(199,720)
	$1,751,562

Interest expense for the fiscal years 2017 and 2016 was $192,875 and $205,778, respectively.

See Note 16 for additional information related to subsequent events for the mortgages and notes payable for FHH and FHCL.

8. Pension 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.

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

Year ended June 30,	**2017**	2016
Benefit obligation at beginning of year	**$18,993,770**	$18,101,626
Service cost	**694,029**	586,668
Interest cost	**623,564**	711,204
Benefits paid other than for settlement	**(929,794)**	(162,938)
Effect of settlement	**-**	(2,527,886)
Effect of curtailment	**(2,565,679)**	-
Actuarial (gain) loss	**(764,347)**	2,285,096
Benefit obligation at end of year	**$16,051,543**	$18,993,770

June 30,	**2017**	2016
Fair value of plan assets at beginning of year	**$ 9,639,830**	$11,585,244
Actual return on plan assets	**972,130**	45,334
Employer contributions	**728,565**	700,076
Benefits paid other than for settlement	**(929,794)**	(162,938)
Effect of settlement	**-**	(2,527,886)
Fair value of plan assets at end of year	**$10,410,731**	$ 9,639,830

The following tables set forth the Plan's funded status and amounts recognized in the years ended June 30, 2017 and 2016, respectively:

June 30,	**2017**	2016
Accumulated benefit obligation	**$16,051,543**	$ 16,311,460
Projected benefit obligation at June 30	**$(16,051,543)**	$(18,993,770)
Fair value of Plan assets at June 30:		
Mutual of America general and separate investment accounts	**10,410,731**	9,639,830
Unfunded status	**$(5,640,812)**	$ (9,353,940)
Accrued benefit cost recognized in the statements of financial position (accrued pension liability)	**$(5,640,812)**	$ (9,353,940)
Adjustment to unrestricted net assets, reported in the statements of activities:		
Net loss (gain)	**$(1,847,988)**	$ 2,509,272
Net periodic pension cost included the following components:		
Service cost benefits earned during period	**$ 694,029**	$ 586,668
Interest cost on projected benefit obligation	**623,564**	711,204
Expected return on Plan assets	**(612,239)**	(734,121)
Net amortization and deferral	**723,750**	464,611
Net periodic pension costs	**$ 1,429,104**	$ 1,028,362
Additional funding required to recognize additional minimum liability:		
Employer contributions	**$728,565**	$ 700,076
Benefits paid	**(929,794)**	(162,938)
Effect of settlement	**-**	(2,527,886)
Key assumptions used to determine net period pension cost:		
Discount rate	**3.40%**	4.24%
Long-term return on Plan assets	**7.00**	7.00
Rate of compensation increase	**4.00**	4.00
Key assumptions used to determine benefit obligations:		
Discount rate	**3.70%**	3.40%
Rate of compensation increase	**n/a**	4.00

The discount rate changed from 3.40% as of June 30, 2016 to 3.70% as of June 30, 2017. 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, 2017.

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 deduction, 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, 2017 and 2016 was 1.00%.

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 at June 30, 2017 and 2016:

June 30, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual of America Life Insurance Company general account	**$-**	**$2,476,518**	**$-**	**$ 2,476,518**
Other investments at NAV or equivalent:				
Separate accounts:				
Mutual of America equity index fund*	-	-	-	**1,175,886**
Mutual of America mid-cap equity index fund*	-	-	-	**568,110**
Mutual of America small cap growth fund*	-	-	-	**295,014**
Mutual of America small cap value fund*	-	-	-	**297,089**
Mutual of America bond fund*	-	-	-	**1,363,113**
Mutual of America mid-term bond fund*	-	-	-	**580,566**
Vanguard VIF diversified value portfolio*	-	-	-	**572,086**
Vanguard VIF international portfolio*	-	-	-	**1,332,772**
Vanguard VIF REIT index portfolio*	-	-	-	**550,415**
Fidelity VIP mid-cap portfolio*	-	-	-	**588,398**
Deutsche capital growth VIP*	-	-	-	**610,764**
Total separate accounts	-	-	-	**7,934,213**
Total	**$-**	**$2,476,518**	**$-**	**$10,410,731**

June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual of America Life Insurance Company general account	$-	$2,059,882	$-	$2,059,882
Other investments at NAV or equivalent:				
Separate accounts:				
Mutual of America equity index fund*	-	-	-	1,120,697
Mutual of America mid-cap equity index fund*	-	-	-	585,261
Mutual of America small cap growth fund*	-	-	-	242,914
Mutual of America small cap value fund*	-	-	-	305,298
Mutual of America bond fund*	-	-	-	1,412,667
Mutual of America mid-term bond fund*	-	-	-	600,992
Vanguard VIF diversified value portfolio*	-	-	-	563,470
Vanguard VIF international portfolio*	-	-	-	1,062,773
Vanguard VIF REIT index portfolio*	-	-	-	615,454
Fidelity VIP mid-cap portfolio*	-	-	-	547,647
Deutsche capital growth VIP*	-	-	-	522,775
Total separate accounts	-	-	-	7,579,948
Total	$-	$2,059,882	$-	$9,639,830

* 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 7.00% 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 55% equity alternatives and 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,	**2017**	2016
Equity funds	**57%**	58%
Fixed income funds	**19**	21
General account	**24**	21
	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, 2017 and 2016 were $728,565 and $790,000, respectively. The estimated amount of the Organization’s contribution for fiscal year 2018 is approximately $546,000.

The following table illustrates the benefit distributions, which reflect expected future service, that are expected to be paid in each fiscal year:

Year ending June 30,	Expected Benefit Distributions
2018	$ 546,000
2019	540,000
2020	1,176,000
2021	353,000
2022	372,000
2023-2027	4,011,000

See Note 16 for additional information related to subsequent events for the Fountain House 403(b) Retirement Plan.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

June 30,	**2017**	2016
Renovations and equipment acquisitions	**$ 16,007**	$ 16,007
Time-restricted	**1,290,000**	495,000
Capital improvements	**41,009**	750,000
Silver project	**85,944**	99,142
Investment loss on endowment	**(596,685)**	(724,052)
	$ 836,275	$ 636,097

Temporarily restricted net assets released from restrictions consist of the following:

Year ended June 30,	**2017**	2016
Time-restricted	**$ 669,563**	$ 690,023
Capital improvements	**708,991**	-
Silver project	**13,198**	144,146
Spending rate enacted by the Board of Directors (Note 10)	**729,610**	734,581
	$2,121,362	$1,568,750

For the year ended June 30, 2017, temporarily restricted net assets released of $2,121,362 are categorized on the consolidated statement of activities as $1,399,173 released from restrictions for non-capital and $722,189 released for capital.

10. Endowment Fund

In accordance with NYPMIFA, the Organization classifies as permanently restricted net assets:

- the original value of gifts donated to the permanent endowment;
- the original value of subsequent gifts to the permanent endowment; and
- accumulation of the permanent endowment made in accordance with the direction of applicable donor instructions.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets represents the investment income (loss) on the corpus of the endowment fund and is classified as temporarily restricted net assets 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 donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted 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 policies of the Organization; and
- 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, 2017 being based on investment values at March 31, 2014, 2015 and 2016).

The following tables provide a reconciliation of the change in the Organization's investment income on endowment net assets for the years ended June 30, 2017 and 2016:

June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets (deficit), beginning of year	**$(863,205)**	**$ 139,153**	**$5,826,978**	**$5,102,926**
Investment income	**856,977**	**-**	**-**	**856,977**
Appropriation of endowment assets for expenditures	**-**	**(729,610)**	**-**	**(729,610)**
Endowment net assets (deficit), end of year	**$ (6,228)**	**$(590,457)**	**$5,826,978**	**$5,230,293**

June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 873,734	$5,826,978	$6,700,712
Investment loss	(863,205)	-	-	(863,205)
Appropriation of endowment assets for expenditures	-	(734,581)	-	(734,581)
Endowment net assets (deficit), end of year	$(863,205)	$ 139,153	$5,826,978	$5,102,926

At June 30, 2017 and 2016, the fair market value of donor-restricted funds including related appreciation was $14,162,791 and $13,284,005, respectively, of which $5,826,978 is permanently restricted in both years. The breakdown of invested assets is as follows:

June 30,	**2017**	2016
Money market fund	**$ 931,905**	$ 726,189
Limited partnership	**993,522**	805,583
Hedge funds	**1,120,802**	2,654,456
Corporate stocks and bonds	**9,806,890**	6,724,461
Mutual funds	**1,309,672**	2,373,316
	$14,162,791	$13,284,005

From time to time, the fair value of assets associated with individual endowment funds 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, 2017 and 2016.

The Organization has adopted investment and spending policies for endowment assets 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; and
- 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 endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually.

The amounts appropriated from the endowment fund for expenditures were $729,610 and $734,581 for the years ended June 30, 2017 and 2016, 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,	
2018	$208,348
2019	82,018
2020	84,888
2021	87,860
2022	90,935
Thereafter	240,859
Total	$794,908

Rent expense was $205,301 and $180,001 for the years ended June 30, 2017 and 2016, 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 $159,741 and $221,699, included in accrued expenses in the consolidated statement of financial position at June 30, 2017 and 2016, 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, 2017 and 2016. At June 30, 2017, $500,000 was outstanding, with no amount outstanding at June 30, 2016.

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, 2017 and 2016, the replacement reserves fund consisted of cash and cash equivalents amounting to $321,303 and $292,397, respectively.

14. Deferred Revenue

Deferred revenue consists of an advance payment from the New York State Office of Mental Health received in 2017 for 2018 revenue.

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 $422,674 and $450,169 for the years ended June 30, 2017 and 2016, respectively.

16. Subsequent Events

The Organization has evaluated subsequent events through January 25, 2018, which is the date these consolidated financial statements were available to be issued. No events arose during the period which would require adjustments or additional disclosures, except the following.

(a) FH Homes (a wholly-controlled nonprofit entity of FHI) was formed in September 2016, to consolidate the activity of FHH and FHCL and to refinance their mortgages by reducing interest rates, replenishing replacement reserves and paying off all mortgages and outstanding liabilities. On August 17, 2017, FH Homes received a HUD approved mortgage of $5,018,900. FHI is currently evaluating the process of winding down the operations of FHH and FHCL.

As part of this mortgage on August 17, 2017:

(i) Principal and interest payments of $20,976 are due monthly starting October 1, 2017 through September 1, 2052 and the mortgage has an annual interest rate of 3.58%.

(ii) HUD withheld $375,183 for noncritical repairs and alterations as identified by HUD. The $375,183 will be disbursed to FH Homes with approval by HUD upon completion of the identified repairs and alterations;

(iii) The entire existing mortgage note payable to HUD was repaid from the FH Homes mortgage proceeds; and

(iv) The entire existing due to affiliate was paid from the FH Homes mortgage proceeds.

(b) On October 23, 2017, FHI sold a building at 424 West 47th Street, New York for $8,050,000. $1,000,000 of proceeds from the sale is placed in OMH escrow for a future residential building and the remainder will be used for purchase of a clubhouse building.

(c) On July 1, 2017, the Organization established the Fountain House 403(b) Retirement 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 (“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.

Supplementary Information

Fountain House, Inc.

Consolidating Schedule of Financial Position
(with comparative totals for 2016)

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.	Eliminations	Consolidated Totals 2017	Consolidated Totals 2016
Assets									
Current:									
Cash and cash equivalents	$ 627,916	$ 40,291	$ -	$ 15,216	$ 34,169	$ 13,483	$ -	**$ 731,075**	$ 287,208
Assets held for others	256,615	-	-	-	-	-	-	**256,615**	225,013
Investments, at fair value	20,804,087	-	-	-	-	-	-	**20,804,087**	21,999,665
Receivables, net:									
Government agencies, net of allowance of doubtful accounts	2,544,472	-	-	-	-	-	-	**2,544,472**	1,601,504
Other, net of allowance of doubtful accounts	400,711	-	-	-	-	917	-	**401,628**	61,088
Pledges receivable, net – current portion	693,372	-	-	-	-	-	-	**693,372**	440,688
Due from related organizations	608,556	258,093	-	-	-	-	(866,649)	**-**	-
Prepaid expenses and other assets	186,433	1,284	-	24,268	21,870	32,711	-	**266,566**	244,142
Replacement reserve	-	-	-	178,193	91,156	51,954	-	**321,303**	292,397
	26,122,162	299,668	-	217,677	147,195	99,065	(866,649)	**26,019,118**	25,151,705
Security Deposits	144,834	-	-	-	-	-	-	**144,834**	120,708
Pledges Receivable, Net – Less Current Portion	581,560	-	-	-	-	-	-	**581,560**	-
Fixed Assets, Net	15,726,748	2,568,986	1,244,970	853,530	212,161	674,925	-	**21,281,320**	20,560,981
	$42,575,304	**$2,868,654**	**$1,244,970**	**$1,071,207**	**$ 359,356**	**$ 773,990**	**$(866,649)**	**$48,026,832**	$45,833,394
Liabilities and Net Assets									
Current Liabilities:									
Accounts payable and accrued expenses	$ 1,131,374	$ 34,961	$ -	$ 74,901	$ 51,752	$ 96,402	$ (12,622)	**$ 1,376,768**	$ 1,200,733
Workers' Compensation Assessment Payable Settlement - current portion	38,328	-	-	-	-	-	-	**38,328**	50,480
Due to related organizations	258,093	7,534	-	186,497	4,496	397,407	(854,027)	**-**	-
Assets held for others	256,615	-	-	-	-	-	-	**256,615**	225,013
Deferred revenue	1,454,511	-	-	49,538	-	43,090	-	**1,547,139**	1,485,314
Line of credit	500,000	-	-	-	-	-	-	**500,000**	-
Mortgages and notes payable - current portion	-	-	-	66,642	67,638	65,440	-	**199,720**	182,139
Total Current Liabilities	3,638,921	42,495	-	377,578	123,886	602,339	(866,649)	**3,918,570**	3,143,679
Workers' Compensation Assessment Payable Settlement – Less Current Portion	384,346	-	-	-	-	-	-	**384,346**	399,689
Mortgages and Notes Payable – Less Current Portion	-	-	-	1,018,364	368,335	364,863	-	**1,751,562**	1,951,281
Accrued Pension Liability	5,640,812	-	-	-	-	-	-	**5,640,812**	9,353,940
Total Liabilities	9,664,079	42,495	-	1,395,942	492,221	967,202	(866,649)	**11,695,290**	14,848,589
Commitments and Contingencies									
Net Assets (Deficit):									
Unrestricted:									
Available for operations	9,411,876	2,810,152	1,244,970	(324,735)	(132,865)	(193,212)	-	**12,816,186**	8,694,677
Invested in property and equipment	16,851,404	-	-	-	-	-	-	**16,851,404**	14,832,696
Board-designated	699	-	-	-	-	-	-	**699**	994,357
Total Unrestricted	26,263,979	2,810,152	1,244,970	(324,735)	(132,865)	(193,212)	-	**29,668,289**	24,521,730
Temporarily restricted	820,268	16,007	-	-	-	-	-	**836,275**	636,097
Permanently restricted	5,826,978	-	-	-	-	-	-	**5,826,978**	5,826,978
Total Net Assets (Deficit)	32,911,225	2,826,159	1,244,970	(324,735)	(132,865)	(193,212)	-	**36,331,542**	30,984,805
	$42,575,304	**$2,868,654**	**$1,244,970**	**$1,071,207**	**$ 359,356**	**$ 773,990**	**$(866,649)**	**$48,026,832**	$45,833,394

Fountain House, Inc.

Consolidating Schedule of Activities
(with comparative totals for 2016)

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.						Consolidated Totals	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Fountain House, Inc.	Unrestricted	Temporarily Restricted	Total Fountain House of New Jersey, Inc.	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Subtotal Unrestricted	Eliminations	Total Unrestricted	Total Temporarily Restricted	Total Permanently Restricted	**2017**	2016
Public Support and Revenue:																		
Government contracts and grants	$ 9,597,939	$ -	$ -	$ 9,597,939	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,597,939	$ -	$ 9,597,939	$ -	$ -	**$ 9,597,939**	$ 9,541,530
Medicaid	2,100,272	-	-	2,100,272	-	-	-	-	-	-	-	2,100,272	-	2,100,272	-	-	**2,100,272**	2,163,063
Contributions	1,422,476	1,464,563	-	2,887,039	201,910	-	201,910	75,199	-	-	-	1,699,585	(277,109)	1,422,476	1,464,563	-	**2,887,039**	2,610,990
Special events, net of direct benefits to donors	1,399,042	-	-	1,399,042	-	-	-	-	-	-	-	1,399,042	-	1,399,042	-	-	**1,399,042**	1,354,958
Program service fees, dues and rental revenue	1,134,623	-	-	1,134,623	-	-	-	-	418,896	350,344	369,885	2,273,748	-	2,273,748	-	-	**2,273,748**	2,310,090
Investment income - used for operations	309,290	729,610	-	1,038,900	-	-	-	-	-	-	-	309,290	-	309,290	729,610	-	**1,038,900**	1,024,550
Interest income - other	1,975	-	-	1,975	-	-	-	-	770	439	211	3,395	-	3,395	-	-	**3,395**	9,061
Other income	506,276	-	-	506,276	64	-	64	-	-	-	-	506,340	-	506,340	-	-	**506,340**	622,576
Net assets released from restrictions	1,399,173	(1,399,173)	-	-	-	-	-	-	-	-	-	1,399,173	-	1,399,173	(1,399,173)	-	**-**	-
Total Public Support and Revenue	17,871,066	795,000	-	18,666,066	201,974	-	201,974	75,199	419,666	350,783	370,096	19,288,784	(277,109)	19,011,675	795,000	-	**19,806,675**	19,636,818
Expenses:																		
Program services:																		
Community services	7,158,846	-	-	7,158,846	207,511	-	207,511	-	-	-	-	7,366,357	(105,000)	7,261,357	-	-	**7,261,357**	8,142,718
Housing	9,177,183	-	-	9,177,183	-	-	-	68,249	377,949	240,103	283,593	10,147,077	(67,199)	10,079,878	-	-	**10,079,878**	9,318,683
Total Program Services	16,336,029	-	-	16,336,029	207,511	-	207,511	68,249	377,949	240,103	283,593	17,513,434	(172,199)	17,341,235	-	-	**17,341,235**	17,461,401
Supporting services:																		
Management and general	3,143,919	-	-	3,143,919	96,910	-	96,910	8,000	43,115	49,521	59,651	3,401,116	(104,910)	3,296,206	-	-	**3,296,206**	2,960,067
Fundraising	539,474	-	-	539,474	-	-	-	-	-	-	-	539,474	-	539,474	-	-	**539,474**	508,674
Total Supporting Services	3,683,393	-	-	3,683,393	96,910	-	96,910	8,000	43,115	49,521	59,651	3,940,590	(104,910)	3,835,680	-	-	**3,835,680**	3,468,741
Total Expenses	20,019,422	-	-	20,019,422	304,421	-	304,421	76,249	421,064	289,624	343,244	21,454,024	(277,109)	21,176,915	-	-	**21,176,915**	20,930,142
Change in Net Assets From Operations Before Other Changes and Change in Unfunded Pension Obligation	(2,148,356)	795,000	-	(1,353,356)	(102,447)	-	(102,447)	(1,050)	(1,398)	61,159	26,852	(2,165,240)	-	(2,165,240)	795,000	-	**(1,370,240)**	(1,293,324)
Other Changes:																		
Grants for capital improvements	1,124,656	-	-	1,124,656	-	-	-	-	-	-	-	1,124,656	-	1,124,656	-	-	**1,124,656**	15,860
Net assets released for capital improvements	722,189	(722,189)	-	-	-	-	-	-	-	-	-	722,189	-	722,189	(722,189)	-	**-**	-
Investment income (loss) other than amount used for operations	1,035,273	127,367	-	1,162,640	16,014	-	16,014	-	-	-	-	1,051,287	-	1,051,287	127,367	-	**1,178,654**	(1,263,537)
Change in Net Assets Before Change in Unfunded Pension Obligation	733,762	200,178	-	933,940	(86,433)	-	(86,433)	(1,050)	(1,398)	61,159	26,852	732,892	-	732,892	200,178	-	**933,070**	(2,541,001)
Change in Unfunded Pension Obligation	4,413,667	-	-	4,413,667	-	-	-	-	-	-	-	4,413,667	-	4,413,667	-	-	**4,413,667**	(2,509,272)
Change in Net Assets	5,147,429	200,178	-	5,347,607	(86,433)	-	(86,433)	(1,050)	(1,398)	61,159	26,852	5,146,559	-	5,146,559	200,178	-	**5,346,737**	(5,050,273)
Net Assets (Deficit), Beginning of Year	21,116,550	620,090	5,826,978	27,563,618	2,896,585	16,007	2,912,592	1,246,020	(323,337)	(194,024)	(220,064)	24,521,730	-	24,521,730	636,097	5,826,978	**30,984,805**	36,035,078
Net Assets (Deficit), End of Year	**$26,263,979**	**$ 820,268**	**$5,826,978**	**$32,911,225**	**$2,810,152**	**$16,007**	**$2,826,159**	**$1,244,970**	**$(324,735)**	**$(132,865)**	**$(193,212)**	**$29,668,289**	**$ -**	**$29,668,289**	**$ 836,275**	**$5,826,978**	**$36,331,542**	$30,984,805

Fountain House, Inc.

Consolidating Schedule of Functional Expenses
(with comparative totals for 2016)

Year ended June 30, 2017

	Fountain House, Inc.							Fountain House of New Jersey, Inc.			Housing Companies			Eliminations		Consolidated Totals			
	Program Services			Supporting Services														Total	
	Community Services	Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Fountain House, Inc.	Program Services	Supporting Services	Total Fountain House of New Jersey, Inc.	Program Services	Supporting Services	Total Housing Companies	Program Services	Supporting Services	Total Program Services	Total Supporting Services	**2017**	2016
Salaries and Related Expenses:																			
Salaries	$3,000,671	$3,678,626	$ 6,679,297	$1,330,961	$ 81,688	$1,412,649	$ 8,091,946	$ -	$66,400	$ 66,400	$ -	$ 24,896	$ 24,896	$ -	$ (66,400)	$ 6,679,297	$1,437,545	**$ 8,116,842**	$ 7,907,326
Employee benefits and payroll taxes	898,490	1,101,489	1,999,979	398,529	24,460	422,989	2,422,968	-	24,642	24,642	-	9,827	9,827	-	(24,642)	1,999,979	432,816	**2,432,795**	2,277,223
Pension and other retirement costs	637,617	420,628	1,058,245	354,758	13,860	368,618	1,426,863	-	5,868	5,868	-	-	-	-	(5,868)	1,058,245	368,618	**1,426,863**	1,026,120
Total Salaries and Related Expenses	4,536,778	5,200,743	9,737,521	2,084,248	120,008	2,204,256	11,941,777	-	96,910	96,910	-	34,723	34,723	-	(96,910)	9,737,521	2,238,979	**11,976,500**	11,210,669
Other Expenses:																			
Occupancy	183,503	2,917,784	3,101,287	53,817	5,141	58,958	3,160,245	-	-	-	-	-	-	-	-	3,101,287	58,958	**3,160,245**	3,127,227
Equipment rental and maintenance	229,896	52,238	282,134	65,334	19,803	85,137	367,271	39,409	-	39,409	119,283	-	119,283	(105,447)	-	335,379	85,137	**420,516**	378,109
Utilities	141,830	135,501	277,331	44,909	6,968	51,877	329,208	10,545	-	10,545	129,006	-	129,006	(10,545)	-	406,337	51,877	**458,214**	446,407
Consulting	337,281	96,369	433,650	116,245	6,968	123,213	556,863	-	-	-	22,940	-	22,940	-	-	456,590	123,213	**579,803**	661,076
Healthcare center	-	2,031	2,031	-	-	-	2,031	-	-	-	-	-	-	-	-	2,031	-	**2,031**	25,004
Special events	361,982	-	361,982	-	-	-	361,982	-	-	-	-	-	-	-	-	361,982	-	**361,982**	378,550
Other outside services	31,601	-	31,601	530	146,259	146,789	178,390	-	-	-	106,951	-	106,951	-	-	138,552	146,789	**285,341**	609,034
Grants	129,345	-	129,345	-	-	-	129,345	-	-	-	-	-	-	-	-	129,345	-	**129,345**	258,017
Professional fees	85,230	60,802	146,032	85,188	7,542	92,730	238,762	11,375	-	11,375	-	125,564	125,564	(11,375)	(8,000)	146,032	210,294	**356,326**	284,378
Supplies	211,048	266,241	477,289	250,303	14,382	264,685	741,974	23,099	-	23,099	23,474	-	23,474	(23,099)	-	500,763	264,685	**765,448**	734,584
Insurance	76,994	26,144	103,138	63,738	2,709	66,447	169,585	11,856	-	11,856	31,133	-	31,133	(11,856)	-	134,271	66,447	**200,718**	205,273
Telephone	54,162	61,871	116,033	46,775	9,636	56,411	172,444	4,698	-	4,698	5,839	-	5,839	(4,698)	-	121,872	56,411	**178,283**	226,230
Postage and shipping	173,108	76	173,184	8,897	200,000	208,897	382,081	-	-	-	-	-	-	-	-	173,184	208,897	**382,081**	360,774
Printing and publications	40,042	-	40,042	1,322	-	1,322	41,364	-	-	-	-	-	-	-	-	40,042	1,322	**41,364**	34,246
Travel	90,662	36,472	127,134	49,960	58	50,018	177,152	-	-	-	-	-	-	-	-	127,134	50,018	**177,152**	194,561
Staff training and education	111,749	1,454	113,203	2,004	-	2,004	115,207	-	-	-	-	-	-	-	-	113,203	2,004	**115,207**	102,347
Member welfare	2,827	3,176	6,003	76	-	76	6,079	-	-	-	-	-	-	-	-	6,003	76	**6,079**	2,032
Real estate taxes	-	-	-	-	-	-	-	-	-	-	114,656	-	114,656	-	-	114,656	-	**114,656**	175,843
Bad debt expense	-	95,933	95,933	-	-	-	95,933	-	-	-	-	-	-	-	-	95,933	-	**95,933**	147,875
Mortgage interest	-	-	-	-	-	-	-	-	-	-	189,746	-	189,746	-	-	189,746	-	**189,746**	205,778
Miscellaneous	63	-	63	82,361	-	82,361	82,424	5,179	-	5,179	2,776	-	2,776	(5,179)	-	2,839	82,361	**85,200**	52,611
Total Expenses Before Depreciation and Amortization	6,798,101	8,956,835	15,754,936	2,955,707	539,474	3,495,181	19,250,117	106,161	96,910	203,071	745,804	160,287	906,091	(172,199)	(104,910)	16,434,702	3,647,468	**20,082,170**	19,820,625
Depreciation and Amortization	360,745	220,348	581,093	188,212	-	188,212	769,305	101,350	-	101,350	224,090	-	224,090	-	-	906,533	188,212	**1,094,745**	1,109,517
Total Expenses	**$7,158,846**	**$9,177,183**	**$16,336,029**	**$3,143,919**	**$539,474**	**$3,683,393**	**$20,019,422**	**$207,511**	**$96,910**	**$304,421**	**$969,894**	**$160,287**	**$1,130,181**	**$(172,199)**	**$(104,910)**	**$17,341,235**	**$3,835,680**	**$21,176,915**	$20,930,142