



CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

***REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE YEAR ENDED DECEMBER 31, 2013



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CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2013 TABLE OF CONTENTS

Independent Auditors' Report	1
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Audited Consolidated Financial Statements

Statement of Financial Position	3
Statement of Activities and Change in Net Assets	4
Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6

Supplementary Information

Consolidated Statement of Functional Expenses.....	12
Consolidating Statement of Financial Position	13
Consolidating Statement of Activities and Changes in Net Assets.....	14

Independent Auditors' Report

Board of Directors
Clubhouse of Suffolk, Inc.
Ronkonkoma, New York

We have audited the accompanying consolidated financial statements of Clubhouse of Suffolk, Inc. and its subsidiaries, Clubhouse Collective, Inc., Suffolk County United Veterans Halfway House Project, Inc., and Mental Health Association in Suffolk County (hereinafter collectively the "Clubhouse") which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities and changes in net assets, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Clubhouse'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 Clubhouse'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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Clubhouse as of December 31, 2013, and the changes in its consolidated net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated statement of functional expenses for the year ended December 31, 2013 and the consolidating statement of financial position and consolidating statement of activities and changes in net assets as of and for the year ended December 31, 2013 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2014 on our consideration of Clubhouse of Suffolk Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Cerini & Associates LLP

Bohemia, New York
April 28, 2014

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS (Note 5)

Current Assets:

Cash and cash equivalents (Note 9).....	\$	431,846
Restricted cash and cash equivalents (Note 9).....		2,639
Contracts and accounts receivable, net (Notes 2 and 9).....		1,990,245
Current portion of capital lease receivable.....		9,500
Prepaid expenses and other current assets.....		101,728
Total Current Assets		2,535,958
Long-term portion of capital lease receivable.....		26,916
Property and equipment, net (Notes 3 and 6).....		5,718,270
Property held for sale (Note 8).....		74,900
Security deposits.....		17,643
TOTAL ASSETS	\$	8,373,687

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses.....	\$	845,489
Refundable advances (Note 7).....		1,133,990
Current portion of unearned income.....		31,782
Lines of credit (Note 5).....		398,549
Security deposits payable.....		2,322
Current portion of mortgages payable (Note 6).....		57,568
Current portion of obligation under capital leases.....		24,870
Total Current Liabilities		2,494,570
Long-term portion of unearned income.....		4,722
Long-term portion of mortgages payable (Note 6).....		1,378,566
Long-term portion of obligation under capital leases.....		63,327
Total Liabilities		3,941,185
Commitments and contingencies (Notes 3, 4, 5, 6, 7, 8, and 9).....		
Net Assets:		
Unrestricted.....		4,431,447
Temporarily restricted.....		1,055
Total Net Assets		4,432,502
TOTAL LIABILITIES AND NET ASSETS	\$	8,373,687

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Program services (Notes 7 and 9):			
Fee for service.....	\$ 4,941,415	\$ -	\$ 4,941,415
Grant and contract support.....	3,510,010	-	3,510,010
Rental Income.....	256,641	-	256,641
Net assets released from restrictions.....	15,200	(15,200)	-
Total Program Services Revenue	8,723,266	(15,200)	8,708,066
Other revenue/(expense):			
Contributions.....	398,534	710	399,244
Fundraising events.....	41,574	-	41,574
Direct expenses of fundraising events.....	(20,471)	-	(20,471)
Other income.....	78,041	-	78,041
Net loss on fixed asset disposal.....	(14,344)	-	(14,344)
Interest income.....	3,799	-	3,799
Total Other Revenue/(Expense), Net	487,133	710	487,843
Total Revenue, Net	9,210,399	(14,490)	9,195,909
Expenses:			
Program services:			
Housing.....	603,509	-	603,509
Community and referral.....	156,138	-	156,138
Workforce training.....	138,485	-	138,485
Care management.....	1,831,697	-	1,831,697
Personalized Recovery Oriented Services.....	3,069,801	-	3,069,801
Shelter.....	460,580	-	460,580
Transportation.....	117,302	-	117,302
Peer services.....	133,946	-	133,946
Other programs.....	968,291	-	968,291
Total Program Services	7,479,749	-	7,479,749
Supporting services:			
Administrative and overhead.....	1,189,494	-	1,189,494
Fundraising.....	12,393	-	12,393
Total Supporting Services	1,201,887	-	1,201,887
Total Expenses	8,681,636	-	8,681,636
Change in net assets.....	528,763	(14,490)	514,273
Net assets, beginning of year (Note 9).....	3,902,684	15,545	3,918,229
Net assets, end of year.....	\$ 4,431,447	\$ 1,055	\$ 4,432,502

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities:	
Change in net assets.....	\$ 514,273
<u>Adjustments to reconcile change in net assets</u>	
<u>to net cash used in operating activities:</u>	
Depreciation and amortization.....	287,887
Net increase in allowance for doubtful accounts.....	21,521
Loss on write down to fair value - property held for resale.....	14,344
<u>Changes in operating assets and liabilities:</u>	
<u>(Increase)/decrease in assets:</u>	
Restricted cash and cash equivalents.....	3,442
Contracts and accounts receivable.....	(625,085)
Prepaid expenses and other current assets.....	142,529
Security deposits.....	(626)
<u>Increase/(decrease) in liabilities:</u>	
Accounts payable and accrued expenses.....	11,339
Unearned income.....	236,209
Security deposits payable.....	(752)
Total adjustments.....	90,808
Net Cash Provided by Operating Activities	605,081
 Cash Flows from Investing Activities:	
Purchases of property and equipment.....	(467,281)
Disposal of property and equipment.....	1,118
Payments received for capital lease receivable.....	9,500
Net Cash Used in Investing Activities	(456,663)
 Cash Flows from Financing Activities:	
Repayments of lines of credit.....	(1,646,149)
Proceeds from lines of credit.....	1,712,500
Repayments of notes payable.....	(182,700)
Repayment of mortgage.....	(147,924)
Repayments of capital lease obligations.....	(22,854)
Net Cash Used in Financing Activities	(287,127)
Net decrease in cash and cash equivalents.....	(138,709)
Cash and cash equivalents, beginning of year.....	570,555
Cash and cash equivalents, end of year.....	\$ 431,846
 Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest.....	\$ 120,039
Non-cash acquisition of property held for sale.....	\$ 14,344

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

1. Description of Organization and Summary of Significant Accounting Policies

This summary of significant accounting policies of Clubhouse of Suffolk, Inc. and its subsidiaries, Clubhouse Collective, Inc., Suffolk County United Veterans Halfway House Project, Inc. ("the Vets"), and Mental Health Association in Suffolk County, Inc. ("the MHA") (hereinafter collectively "the Clubhouse") is presented to assist in understanding the Clubhouse's consolidated financial statements. The consolidated financial statements and notes are representations of the Clubhouse's management, who is responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Principles of consolidation - The accompanying consolidated financial statements include accounts of Clubhouse of Suffolk, Inc., and its subsidiaries, Clubhouse Collective, Inc., Suffolk County United Veterans Halfway House Project, Inc., and Mental Health Association in Suffolk County, Inc. All intercompany accounts and transactions have been eliminated upon consolidation.

Nature of operations - The Clubhouse provides psychiatric rehabilitation and support services to people who have been disabled by psychiatric disabilities who reside in Suffolk County, New York. Clubhouse Collective, Inc. was established to hold real property for use in the Clubhouse's programs. The Vets was established to assist homeless and at-risk Veterans and their families to transition to productive, independent roles following their transition from military service. Services include a range of housing service, including a homeless shelter, and other peer-support services. The MHA provides information and referral, workforce training and support, peer and mutual support groups, and mental health education and advocacy to individuals, companies, schools, and agencies in Suffolk County.

Basis of presentation - The consolidated financial statements of the Clubhouse have been prepared on the accrual basis of accounting. Revenue is recorded as earned and expenses are recorded as incurred.

Revenue recognition - Revenue received under government and private grants is restricted as to the use specified in the grant agreements. The Clubhouse records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. In addition, deficit-funded grants are recognized as revenue when reimbursable expenditures under qualified programs are incurred. Grant contracts are generally expended within a one-year cycle and as a result will be recorded as revenue in unrestricted net assets. Fee for service revenue is recognized when service is provided.

Donor-imposed restrictions - Clubhouse is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted assets expended within the same fiscal year of their receipt are generally reflected as unrestricted net assets. Accordingly, net assets of the Clubhouse, and changes therein, are classified and reported as follows:

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

Temporarily restricted net assets - The Clubhouse reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities and change in net assets as net assets released from restrictions.

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

1. Description of Organization and Summary of Significant Accounting Policies *(continued)*

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained in perpetuity by the Clubhouse. Generally, the donors of these assets would permit the Clubhouse to use all or part of the income earned on any related investments for general or specific purposes. At December 31, 2013, the Clubhouse did not maintain any permanently restricted net assets.

The Clubhouse reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Clubhouse reports expirations of donor restrictions when the donated or acquired long-lived assets are in service.

Property and equipment, and depreciation and amortization - Purchased equipment and leasehold improvements are capitalized at cost when acquired. The Clubhouse's capitalization policy is to capitalize all fixed asset purchases in excess of \$1,000. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the term of the related lease or the estimated useful lives of the improvements, whichever is shorter. Estimated useful lives are as follows:

Buildings, Improvements, and Closing Costs	27.5 - 40 years
Furniture and Equipment	5 - 15 years
Vehicles	4 - 5 years

Income taxes - The Clubhouse is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Donors may deduct contributions made to the Clubhouse within the requirements of the Internal Revenue Code.

The Clubhouse evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions for 2013.

The Clubhouse files an IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by Federal, State, and local taxing authorities. Tax returns for the years ended December 31, 2010, 2011, 2012, and 2013 are open for examination by Federal, State, and local taxing authorities for Clubhouse of Suffolk, Inc. and its subsidiaries Clubhouse Collective, Inc. and the MHA. Tax returns for the year ended March 31, 2010 and for the years ended December 31, 2011, 2012, and 2013 are open for examination by Federal, State, and local taxing authorities for the Vets. The Clubhouse has determined that it has registered in all states where it is required to be registered.

Cash and cash equivalents - For the purposes of the consolidated statements of cash flows, the Clubhouse considers all highly-liquid debt instruments with a maturity of three months or less at date of purchase, to be cash equivalents.

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

1. Description of Organization and Summary of Significant Accounting Policies *(continued)*

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

Accounts receivable - Receivables are stated at net realizable amount. Periodically, the accounts receivable balances are reviewed and evaluated as to their collectibility. An allowance for doubtful accounts is then established based on these evaluations. A receivable balance is considered past due once it has not been received by its scheduled due date. The Clubhouse closely monitors outstanding balances for all receivables and adheres to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. During 2013, Clubhouse wrote off approximately \$57,000 of uncollectible accounts receivable.

Rental income - The Vets charges veterans that reside in the transitional houses monthly rent based upon specific rates set by: DSS, the Vets, or 30% of the veteran's Supplemental Security Income check. The Vets uses the allowance method to determine uncollectible accounts receivable. The allowance for doubtful accounts is based primarily on prior years' experience and management's analysis of specific account balances. The Vets does not assess interest or finance charges on accounts receivable balances. Collectability is assessed on an individual account basis, and uncollectible accounts are written off against the allowance after approval by the governing board.

Events occurring after report date - The Clubhouse has evaluated events and transactions that occurred between January 1, 2014 and April 28, 2014, which is the date the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements.

2. Contracts and Accounts Receivable, Net

Contracts and accounts receivable by funding source are as follows as of December 31, 2013:

Due from New York State	\$	139,714
Due from Suffolk County		297,723
Due from Medicaid		1,201,710
Other		452,062
		<hr/>
		2,091,209
Less: Allowance for Doubtful Accounts	(100,964)
	\$	<hr/>
		1,990,245

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

3. Property and Equipment, Net

Property and equipment, net of accumulated depreciation, consisted of the following at December 31, 2013:

Buildings, Improvements, and Closing Costs	\$ 5,867,574
Land	1,227,500
Furniture and Equipment	646,861
Vehicles	378,423
	<hr/>
	8,120,358
Less: Accumulated Depreciation	(2,402,088)
	<hr/>
	\$ 5,718,270

The New York State Office of Mental Health and Suffolk County have the right to reclaim equipment purchased with grant funds if the programs in connection with which they are used are terminated.

4. Pension Plan

On January 1, 2012, the Clubhouse changed its defined contribution pension plan to a thrift plan under section 403(b) of the Internal Revenue Code. The thrift plan and the tax-deferred annuity plan are combined under a 403(b) thrift aggregated plan. All employees are eligible to make contributions to the plan; however, only employees over 21 years of age and who have completed one year of service are eligible to receive employer contributions. Contributions to the pension plan of eligible employees' salaries for the year ended December 31, 2013 was 5%. Pension contributions were approximately \$176,000 for the year ended December 31, 2013.

The original defined contribution pension plan is still maintained by the Clubhouse. The assets in this pension plan remain frozen until all outstanding loans have been repaid.

5. Lines of Credit

The Clubhouse has a bank line of credit of \$600,000 with interest payable at the bank's prime lending rate plus 1.00% (4.25% at December 31, 2013). The line is secured by substantially all assets of the Clubhouse.

The Vets has a line of credit with a bank allowing borrowings up to \$100,000, payable at an interest rate of prime plus 1.00% (4.25% at December 31, 2013), and due on demand. The principal balance of the note payable on this line at December 31, 2013 was \$96,488, which is secured by substantially all assets held by the Vets.

The Vets has a credit card with a balance that has been accumulating over the past several years. Monthly payments are being made against the balance for purchases and interest at an annual interest rate of 15.24%. The balance at December 31, 2013 was \$23,561.

6. Debt Obligations

In November 2004, the Clubhouse entered into a mortgage agreement in the amount of \$700,000 related to the purchase of its Riverhead facility located at 1380 Roanoke Avenue, Riverhead. The original mortgage required interest only, monthly payments calculated at a rate of 6.60%, until November 19, 2007. In February 2007, Clubhouse borrowed an additional \$200,000 against this mortgage. In 2013, Clubhouse paid \$100,000 of the principal mortgage balance. The mortgage is secured by the property in Riverhead.

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

6. Debt Obligations (continued)

Interest expense was approximately \$52,500 during the year ended December 31, 2013. Subsequent to year-end, Clubhouse paid \$100,000 of the principal mortgage balance.

On February 1, 2014 the mortgage balance of \$800,000 was assigned. The mortgage requires payments of principal and interest (at a rate of 6%) of \$4,796 until maturity in January 2019.

In May 2003, the Clubhouse entered into a mortgage agreement in the amount of \$445,000 related to the purchase of sites in Central Islip and Riverhead. The mortgage requires monthly payments of principal and interest (calculated at an annual rate of 5.95%) of \$3,743 until maturity in June 2018. The mortgage is secured by the underlying properties. Interest expense incurred pursuant to this mortgage totaled approximately \$12,000 during the year ended December 31, 2013.

In September 2005, the Clubhouse entered into a mortgage agreement in the amount of \$555,000 related to the purchase of a residential housing site in Ronkonkoma. The mortgage requires monthly payments of principal and interest (calculated at an annual rate of 6.47%) of \$3,737 until maturity in October 2030. The mortgage is secured by the underlying property. Interest expense incurred pursuant to this mortgage totaled approximately \$30,000 during the year ended December 31, 2013.

Future scheduled payments for the debt obligations are as follows for the years ended December, 31:

2014	\$ 57,568
2015	64,365
2016	68,397
2017	72,683
2018	54,459
Thereafter	1,118,663
Total	<u>\$ 1,436,134</u>

7. Government Funding and Possible Rate Adjustments

Substantial funding of programs is provided to the Clubhouse by State and local government agencies. Continuation of such funding is dependent on budgetary allocations from such agencies. In addition, reimbursements under contracts are subject to audit by various agencies on a regular basis. Liabilities, if any, resulting from these audits are not presently determinable. Changes in rates resulting from audit adjustments or rate appeals are reflected in the operations of the Clubhouse when such rates are determined or can be reasonably estimated.

8. Property Held for Sale

During 2012, the Vets transferred one of its houses used in the Vets transitional housing program to property held for sale as it was no longer being used in the program. The property is reflected as property held for sale and is recorded at the property's fair value at the time the property was held for sale. The property was sold on January 15, 2014 for \$74,900 to a qualifying veteran.

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

9. Concentrations of Risk

As of December 31, 2013, 86% of the MHA's accounts receivable balance was due from the Suffolk County Department of Health Services. During the year ended December 31, 2013, the MHA received 79% of its total revenue from Suffolk County Department of Health Services.

From time to time, the Clubhouse may have cash on deposits with financial institutions that are in excess of Federal Deposit Insurance Corporation limits.

Supplementary Information

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services							Personalized Recovery Oriented Services			Supporting Services			
	Housing	Community & Referral	Workforce Training	Shelter	Transportation	Peer Services	Care Management	Recovery Oriented Services	Other Programs	Total Program Services	Administrative Overhead	Fundraising	Supporting Services	Total
Salaries	\$ 122,892	\$ 87,718	\$ 63,576	\$ 193,074	\$ 65,569	\$ 87,782	\$ 1,051,249	\$ 1,709,618	\$ 756,709	\$ 4,140,187	\$ 626,587	\$ -	\$ 626,587	\$ 4,766,774
Payroll taxes	14,492	8,575	6,384	26,638	12,851	12,684	117,213	163,531	94,568	456,986	65,037	-	65,037	521,973
Employee benefits	12,297	13,517	14,043	35,694	3,611	2,332	182,873	299,216	4,040	567,623	126,382	-	126,382	694,005
Total salaries and related expenses	149,681	109,810	84,003	255,406	82,031	102,798	1,351,335	2,172,365	857,317	5,164,746	818,006	-	818,006	5,982,752
Rent - Housing	190,278	-	-	-	-	-	-	-	-	190,278	-	-	-	190,278
Rent - Facility	202	11,047	11,666	5,745	1,573	-	-	-	1,092	31,325	33,225	-	33,225	64,550
Utilities - Facilities	1,202	2,538	2,749	66	101	-	12,325	59,837	3,848	82,686	10,025	-	10,025	92,711
Utilities - Housing	76,417	-	-	25,780	-	-	-	-	-	102,197	-	-	-	102,197
Repairs and Maintenance - Housing	12,044	-	-	-	-	-	-	1,250	-	13,294	-	-	-	13,294
Repairs and Maintenance	11,231	1,737	1,886	23,634	207	-	14,318	77,245	2,996	133,254	5,232	-	5,232	138,486
Insurance	13,075	-	-	15,319	7,182	348	23,395	31,027	710	91,056	27,654	-	27,654	118,710
Equipment	379	1,182	1,299	-	-	-	-	-	-	2,860	37	-	37	2,897
Telephone	6,662	1,016	1,093	7,713	1,663	1,469	39,888	42,158	289	101,951	15,292	-	15,292	117,243
Printing	711	43	43	505	54	1,616	206	3,077	2,054	8,309	1,590	-	1,590	9,899
Supplies and Educational Materials	7,896	832	1,024	13,065	1,183	10,043	19,020	135,855	55,483	244,411	14,602	-	14,602	259,013
Postage	590	1,044	1,786	236	26	-	175	3,964	476	8,297	4,249	-	4,249	12,546
Training	2,441	1,249	1,588	2,734	257	10,602	3,962	11,117	264	34,214	10,602	-	10,602	44,816
Conference and Events	-	10,284	8,911	-	-	-	-	443	36,694	56,332	-	-	-	56,332
Fundraising	-	1,500	-	-	-	-	-	-	-	1,500	-	-	-	1,500
Travel	4,597	2,572	1,819	1,427	12	360	16,318	2,845	199	30,149	3,860	-	3,860	34,009
Auto Expense	1,918	-	-	23,526	14,121	2,942	18,668	21,914	700	83,789	4,167	-	4,167	87,956
Garden Expense	-	-	-	-	-	-	-	-	-	2,418	-	-	-	2,418
Food	303	502	4,274	16,794	40	2,088	2,603	61,834	219	86,657	2,582	-	2,582	91,239
Social	413	515	35	1,075	74	1,350	4,244	14,492	65	22,263	7,689	518	8,207	30,470
Dues and Subscriptions	2,260	15	17	1,584	190	-	1,604	2,084	88	7,752	7,335	-	7,335	15,087
Outside Services - Administrative	2,632	578	1,138	2,190	942	-	121,515	25,137	231	154,363	53,673	-	53,673	208,036
Outside Services - Program	-	9,570	15,100	-	-	-	4,635	273,338	-	302,643	-	-	-	302,643
Public Relations	506	40	16	250	17	330	21	73	17	1,270	2,823	50	2,873	4,143
Professional Fees	660	-	-	-	-	-	12,468	-	-	13,128	77,456	-	77,456	90,584
Interest - Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest - Other	42,333	-	-	-	2,133	-	22,833	33,231	-	100,530	9,615	-	9,615	9,615
Bad Debts	7,489	-	-	1,405	-	-	11,082	1,646	-	21,622	13,981	-	13,981	114,511
Depreciation and Amortization	67,098	-	-	62,019	5,536	-	37,491	77,008	5,524	254,676	11,175	-	12,344	33,966
Scholarships	-	-	-	-	-	-	-	-	-	33,211	-	-	33,211	287,887
Service Dollars	-	-	-	-	-	-	113,230	-	-	113,230	-	200	200	200
Other	491	64	38	157	-	-	351	15,423	25	16,549	31,419	450	31,869	48,418
Total Expenses	\$ 603,509	\$ 156,138	\$ 138,485	\$ 460,580	\$ 117,502	\$ 133,946	\$ 1,831,697	\$ 3,069,801	\$ 968,291	\$ 7,479,749	\$ 1,189,494	\$ 12,993	\$ 1,202,487	\$ 8,681,636

CLUBHOUSE OF SUFFOLK, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS	CONSOLIDATED	ELIMINATING	CLUBHOUSE	COLLECTIVE	THE VETS	MHA
Current Assets:						
Cash and cash equivalents.....	\$ 431,846	\$ -	\$ 63,148	\$ 19,036	\$ 30,951	\$ 318,711
Restricted cash equivalents.....	2,639	-	-	-	2,639	-
Contracts and accounts receivable, net.....	1,990,245	(501,927)	1,816,635	6,000	553,468	116,069
Current portion of capital lease receivable.....	9,500	-	-	-	9,500	-
Due from affiliates.....	-	(223,072)	193,700	29,372	-	-
Prepaid expenses and other current assets.....	101,728	-	67,079	13,457	10,308	10,884
Total Current Assets	2,535,958	(724,999)	2,140,562	67,865	606,866	445,664
Long-term portion of capital lease receivable.....	26,916	-	-	-	26,916	-
Property and equipment, net.....	5,718,270	-	2,968,431	799,320	1,946,299	4,220
Property held for sale.....	74,900	-	-	-	74,900	-
Security deposits.....	17,643	-	16,188	-	1,455	-
TOTAL ASSETS	\$ 8,373,687	\$ (724,999)	\$ 5,125,181	\$ 867,185	\$ 2,656,436	\$ 449,884
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable and accrued expenses.....	\$ 845,489	\$ (501,927)	\$ 856,341	\$ 583	\$ 450,023	\$ 40,469
Refundable advances.....	1,133,990	-	1,133,990	-	-	-
Current portion of unearned income.....	31,782	-	-	9,345	13,062	9,375
Lines of credit.....	398,549	-	278,500	-	120,049	-
Due to affiliates.....	-	(223,072)	29,372	-	193,700	-
Security deposits payable.....	2,322	-	-	-	2,322	-
Current portion of notes payable.....	-	-	-	-	-	-
Current portion of mortgages payable.....	57,568	-	7,313	50,255	-	-
Current portion of obligation under capital leases.....	24,870	-	16,910	-	7,960	-
Total Current Liabilities	2,494,570	(724,999)	2,322,426	60,183	787,116	49,844
Long-term portion of unearned income.....	4,722	-	-	-	4,722	-
Long-term portion of notes payable, net.....	-	-	-	-	-	-
Long-term portion of mortgage payable.....	1,378,566	-	792,687	585,879	-	-
Long-term portion of obligation under capital leases.....	63,327	-	44,119	-	19,208	-
Total Liabilities	3,941,185	(724,999)	3,159,232	646,062	811,046	49,844
Net Assets:						
Unrestricted.....	4,431,447	-	1,964,894	221,123	1,845,390	400,040
Temporarily restricted.....	1,055	-	1,055	-	-	-
Total Net Assets	4,432,502	-	1,965,949	221,123	1,845,390	400,040
TOTAL LIABILITIES AND NET ASSETS	\$ 8,373,687	\$ (724,999)	\$ 5,125,181	\$ 867,185	\$ 2,656,436	\$ 449,884

See independent auditors' report.

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	CONSOLIDATED	ELIMINATING	CLUBHOUSE	COLLECTIVE	THE VETS	MHA
Revenue:						
Program services:						
Fee for service.....	\$ 4,941,415	\$ -	\$ 4,929,897	\$ -	\$ 2,058	\$ 9,460
Grant and contract support.....	3,510,010	(173,588)	2,499,714	-	848,061	335,793
Rental Income.....	256,641	(122,031)	89,941	112,131	176,600	-
Total Program Services Revenue	8,708,066	(295,589)	7,519,552	112,131	1,026,719	345,253
Other revenue/(expense):						
Contributions.....	399,244	-	13,863	-	383,225	2,156
Fundraising events.....	41,574	-	26,709	-	8,122	6,743
Direct expenses of fundraising events.....	(20,471)	-	(6,417)	-	(10,111)	(3,943)
Other income.....	78,041	(131,235)	179,978	-	26,928	2,370
Net loss on fixed asset disposal.....	(14,344)	-	-	-	(14,344)	-
Interest income.....	3,799	-	30	-	2,500	1,269
Total Other Revenue/(Expense), Net	487,843	(131,235)	214,163	-	396,320	8,595
Total Revenue, Net	9,195,909	(426,824)	7,733,715	112,131	1,423,039	353,848
Expenses:						
Program services:						
Housing.....	603,509	(119,864)	388,246	92,437	215,070	27,620
Community and referral.....	156,138	-	-	-	156,138	-
Workforce training.....	138,485	-	-	-	-	138,485
Care management.....	1,831,697	-	1,831,697	-	-	-
Personalized Recovery Oriented Services.....	3,069,801	-	3,069,801	-	-	-
Shelter.....	460,580	-	-	-	460,580	-
Transportation.....	117,302	(2,167)	-	-	119,469	-
Peer services.....	133,946	-	-	-	133,946	-
Other programs.....	968,291	(173,558)	1,123,310	-	17,934	605
Total Program Services	7,479,749	(295,589)	6,413,054	92,437	946,999	322,848
Supporting services:						
Administrative and overhead.....	1,189,494	(131,235)	1,112,976	-	148,428	59,325
Fundraising.....	12,393	-	12,142	-	180	71
Total Supporting Services	1,201,887	(131,235)	1,125,118	-	148,608	59,396
Total Expenses	8,681,636	(426,824)	7,538,172	92,437	1,095,607	382,244
Change in net assets.....	514,273	-	195,543	19,694	327,432	(28,396)
Net assets, beginning of year.....	3,918,229	-	1,770,406	201,429	1,517,958	428,436
Net assets, end of year.....	\$ 4,432,502	\$ -	\$ 1,965,949	\$ 221,123	\$ 1,845,390	\$ 400,040