TRINITY ALLIANCE OF THE CAPITAL REGION, INC. AND AFFILIATE

**Consolidated Financial Statements
as of December 31, 2013 and 2012
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 2, 2014

To The Board of Directors of
Trinity Alliance of the Capital Region, Inc. and Affiliate:

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Trinity Alliance of the Capital Region, Inc. and Affiliate (New York not-for-profit organizations) which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 qualified audit opinion.

(Continued)

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Qualified Opinion
As more fully explained in Note 9 to the consolidated financial statements, the Organization's frozen defined benefit retirement plan costs are recorded on an as-funded basis. In our opinion, accounting principles generally accepted in the United States of America require that pension expense and disclosures related to a defined benefit plan be determined using actuarial methods which match the benefit expense with the period in which the employee renders service rather than when the benefit is paid or the plan is funded. Quantification of the effects of that departure on the consolidated financial statements is not practicable.

Qualified Opinion
In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Trinity Alliance of the Capital Region, Inc. and Affiliate as of December 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating and Supplemental Information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and it is not a required part of the consolidated financial statements. The supplemental information in Schedule III is presented for purposes of additional analysis and is 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, except for the effects on Schedules I, II and III of the qualified opinion on the consolidated financial statements as described above, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Bonadio & Co., LLP

TRINITY ALLIANCE OF THE CAPITAL REGION, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash	$ 189,345	$ 31,471
Accounts receivable, net	258,873	269,270
Investments	65,777	30,889
Prepaid expenses and deposits	30,277	27,791
Participant funds	2,229	7,402
Total current assets	546,501	366,823
PROPERTY AND EQUIPMENT, net	1,597,675	1,681,941
DEBT SERVICE RESERVE FUND	-	43,570
DEFERRED COSTS, net	-	591
	$ 2,144,176	$ 2,092,925
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 14,884	$ 14,532
Line-of-credit and note payable	147,965	147,965
Accounts payable	138,894	90,683
Accrued expenses	129,509	149,644
Participant funds	2,229	7,402
Deferred revenue	46,250	81,657
Total current liabilities	479,731	491,883
LONG-TERM DEBT, net of current portion	504,798	519,593
Total liabilities	984,529	1,011,476
NET ASSETS:		
Unrestricted		
Undesignated	1,063,870	1,050,560
Board designated	65,777	30,889
Total unrestricted	1,129,647	1,081,449
Temporarily restricted	30,000	-
Total net assets	1,159,647	1,081,449
	$ 2,144,176	$ 2,092,925

The accompanying notes are an integral part of these statements.

TRINITY ALLIANCE OF THE CAPITAL REGION, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
REVENUE AND SUPPORT:				
Government grants and contracts	$ 2,622,761	$ -	$ 2,622,761	$ 2,364,661
Contributions and fundraising	288,449	30,000	318,449	261,402
Participant fees	248,021	-	248,021	242,377
Food stamp revenue	36,022	-	36,022	36,222
Miscellaneous	23,938	-	23,938	10,554
Total revenue and support	3,219,191	30,000	3,249,191	2,915,216
EXPENSES:				
Program services	2,708,691	-	2,708,691	2,631,786
Supporting services:				
Management and general	382,662	-	382,662	400,685
Fundraising	46,694	-	46,694	31,016
Total supporting services	429,356	-	429,356	431,701
Total expenses	3,138,047	-	3,138,047	3,063,487
EXCESS (DEFICIT) FROM OPERATIONS	81,144	30,000	111,144	(148,271)
NON-OPERATING INCOME (EXPENSES):				
OASAS non-operating grant	(42,231)	-	(42,231)	87,119
Capital grant	1,384	-	1,384	166,615
Investment income, net	7,901	-	7,901	642
Forgiveness of debt	-	-	-	35,000
Total non-operating income (expenses)	(32,946)	-	(32,946)	289,376
CHANGE IN NET ASSETS	48,198	30,000	78,198	141,105
NET ASSETS - beginning of year	1,081,449	-	1,081,449	940,344
NET ASSETS - end of year	$ 1,129,647	$ 30,000	$ 1,159,647	$ 1,081,449

The accompanying notes are an integral part of these statements.

TRINITY ALLIANCE OF THE CAPITAL REGION, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 78,198	$ 141,105
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Provision for bad debts	-	2,844
Depreciation and amortization	87,422	89,574
Net unrealized gain on investments	(8,365)	(719)
Gain on sale of property and equipment	-	(1,298)
Non-operating grant	-	(80,000)
Forgiveness of debt	-	(35,000)
Capital grant	(1,384)	(166,615)
Changes in:		
Accounts receivable	10,397	22,121
Prepaid expenses and deposits	(2,486)	(18,571)
Debt service reserve fund	43,570	-
Accounts payable	48,211	(49,717)
Accrued expenses	(20,135)	27,896
Deferred revenue	(35,407)	(18,714)
Net cash flow from operating activities	200,021	(87,094)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(26,523)	(30,170)
Purchase of property and equipment	(2,565)	(175,880)
Proceeds from sale of property and equipment	-	6,464
Net cash flow from investing activities	(29,088)	(199,586)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from (repayments of) line-of-credit and note payable, net	-	96,023
Proceeds from capital grant	1,384	166,615
Repayments of long-term debt	(14,443)	(22,432)
Net cash flow from financing activities	(13,059)	240,206
CHANGE IN CASH	157,874	(46,474)
CASH - beginning of year	31,471	77,945
CASH - end of year	$ 189,345	$ 31,471
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 16,653	$ 14,751

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

Trinity Alliance of the Capital Region, Inc. (the Agency) provides social, economic, educational, and recreational services to the South End community of Albany, New York, and operates a treatment facility which provides housing and counseling for individuals identified as having substance abuse problems. The Agency also operates a facility providing housing to clients and their families.

The accompanying consolidated financial statements include the accounts of the Agency and its affiliate (collectively referred to as the Organization). The Agency is the sole corporate member of Trinity Alliance of the Capital Region Foundation, Inc. (the Foundation). All material intercompany transactions and balances have been eliminated.

In 2010, Trinity Alliance of the Capital Region Foundation, Inc. was established to promote fundraising and obtain contributions to conduct and support activity exclusively for the benefit of the Agency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States with the exception of the departure described in Note 9.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes bank demand deposit accounts. The Organization's cash balances may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash.

Investments

Investments are stated at fair value based on quoted market prices. All realized and unrealized gains and losses are reported directly in the accompanying consolidated statements of activities.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

The Organization accounts for trade receivables due from individuals, government agencies and third party payers at outstanding billed amounts, net of the estimate made for doubtful receivables based on a review of all outstanding balances on a monthly basis. The carrying amount of accounts receivable is reduced by a valuation that reflects management's best estimate of amounts that will not be collected. Management reviews all accounts receivable balances and estimates the portion of the balance that will not be collected based on historical collection percentages, the payer's financial condition, credit history, and current economic conditions. Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off. Accounts receivable are stated net of an allowance for doubtful accounts in the amount of $25,000 at both December 31, 2013 and 2012. Recoveries of accounts receivable previously written off are recorded upon receipt.

An account receivable balance is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on accounts receivable balances that are outstanding.

Participant Funds

The Organization has signature authority over participant funds. These funds are used for authorized and allowable purchases of client personal items.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 40 years. Leasehold improvements are amortized over the shorter of the estimated life of the asset or the remaining lease term.

The Organization 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, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Long-Lived Assets

The Organization assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2013 or 2012.

Deferred Costs

The Organization incurred additional costs associated with the Facilities Development Corporation mortgage. These costs are amortized on a straight-line basis over the term of the mortgage or 20 years.

The Organization also incurred closing costs when obtaining the title to the building located at 76-82 Second Street, Albany, New York. The costs are amortized over the estimated life of the building, 25 years, on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Costs (Continued)
Amortization expense for these costs was $591 and $2,940 for the years ended December 31, 2013 and 2012, respectively. These costs became fully amortized during the current year, no amortization expense is expected in 2014.

Debt Service Reserve Fund
The debt service reserve fund represents amounts held by the Office of Alcoholism and Substance Abuse Services (OASAS) in the name of the Organization. During 2013, the mortgage related to this reserve fund was satisfied. Upon research and discussions with the funding source, it was determined that these funds had been used to satisfy the obligation. Accordingly, these funds were written off.

Deferred Revenue
Deferred revenue represents cash received in advance of service performance and is recognized as the service is provided.

Net Assets
Contributions are unrestricted or restricted upon receipt. Accordingly, the Organization classifies net asset balances as follows:

Unrestricted Net Assets – Unrestricted net assets include resources which are available for the support of the Organization's operating activities. In addition, they include the Organization's net investment in equipment and other resources designated by the Board for specific purposes.

Temporarily Restricted Net Assets – Temporarily restricted net assets include resources that have been donated to the Organization subject to restrictions as defined by the donor. This temporary restriction is satisfied either by passage of time or by action of the Organization. As of December 31, 2013, temporarily restricted net assets are restricted by a donor for use in one of the Organization's programs, the Capital South Campus Center.

Permanently Restricted Net Assets – Permanently restricted net assets include resources that have donor-imposed restrictions that stipulate that resources be maintained intact permanently, but which permit the Organization to use up or expend all of the income derived from the donated assets for operating purposes. Management has determined that there are no permanent restrictions on contributions received by the Organization.

Contributions
Contributions received with donor-imposed restrictions whose restrictions are met in the same reporting period are reported as unrestricted support. All other donor-restricted contributions are recorded as temporarily or permanently restricted support depending on the nature of the restriction.

Some of the Organization's facilities are provided by the City of Albany (City). Donated use of the facilities is reflected in the financial statements as an in-kind contribution based on the estimated value at the time of donation. This amount is based on the estimated Housing and Urban Development (HUD) fair market rent per square foot for Albany County. The agreement between the Organization and the City is reviewed on an annual basis. In-kind rent and related expense was $56,646 and $56,497 for the years ended December 31, 2013 and 2012, respectively.

A number of unpaid volunteers have donated significant amounts of time to the Organization's program services. No amounts for this time have been reflected in the consolidated financial statements as no specific expertise was involved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant and Contract Revenue
Revenues from grants and contracts are recognized according to the specific agreement. Generally, revenues from restricted grants are recognized in the period of the grant award, while revenues from cost reimbursement contracts are recognized to the extent of project expenses incurred. Grants and contracts are subject to audit by the awarding agency.

Allocation of Functional Expenses
The consolidated statement of activities presents expenses by functional classification. Operation and maintenance of buildings and depreciation are allocated based on square footage. Management and general expenses include executive, financial administration, information systems, and personnel expenses and are allocated based on the ratio value method.

Income Taxes
The Agency and Foundation are not-for-profit corporations and are exempt from income taxes as organizations qualified under Section 501(c)(3) of the Internal Revenue Code. The organizations have also been classified by the Internal Revenue Service as entities that are not private foundations.

For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. As of December 31, 2013 and 2012, the Organization does not have a liability for unrecognized tax benefits. The organizations file informational tax returns in the U.S. federal jurisdiction and New York State. The organizations are no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2010.

Financial Instruments Measured at Fair Value
The Organization uses various valuation techniques in determining fair value and classifies into a three level hierarchy based on the nature of the inputs. Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Level 2 valuations are based on inputs other than quoted prices included within Level 1 that are observable either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The Organization's investments are valued utilizing Level 2 inputs. The market approach is used in valuing these assets based on relevant market data.

Consolidated Statement of Activities
The consolidated statement of activities is divided into operating and non-operating components. All revenue and expenses directly associated with the day-to-day operations are included in the surplus or deficit from operations. Capital grant revenue, investment income, and income derived from the forgiveness of debt is classified as non-operating income.

Reclassifications
Certain reclassifications have been made to the prior year information to conform to the current year presentation.

3. INVESTMENTS AND ENDOWMENT POLICIES

Investments totaling $65,777 and $30,889 at December 31, 2013 and 2012, respectively, are held in a fund by the Community Foundation for the Greater Capital Region, Inc. Investments, pooled with other investors' funds, are largely invested in mutual funds and corporate stock, and are reported at the Foundation's proportionate share of the fair value as determined by quoted market prices of the underlying investments.

Investment and interest income for the above investments consists of the following for the year ended December 31:

	2013	2012
Investment fees	$ (464)	$ (77)
Unrealized gains	8,365	719
	$ 7,901	$ 642

Endowment Policies

The Foundation's investments are held as an endowment to provide income to support the needs of the Organization. The endowment consists entirely of board designated endowments as of December 31, 2013 and 2012.

Changes in endowment net assets for the years ended December 31, 2013 and 2012 are as follows:

	Board Designated
Endowment net assets - December 31, 2011	$ -
Investment return	
Contributions	30,247
Appreciation, net	642
Endowment net assets - December 31, 2012	$ 30,889
Investment return	
Contributions	26,987
Appreciation, net	7,901
Endowment net assets - December 31, 2013	$ 65,777

Investments of the board-designated funds are made for the purpose of providing distributions, as needed, to support the needs of the Organization in perpetuity.

The Foundation recognizes that risk (i.e. the uncertainty of future events), volatility (i.e. the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, the assumption of some risk is warranted in order to allow the investment manager the opportunity to achieve satisfactory long term results consistent with the objectives of the fund.

3. INVESTMENTS AND ENDOWMENT POLICIES (Continued)

The Foundation has adopted investment and spending policies for endowment assets that attempt to maintain the corpus of the fund while allowing the account to grow in order to provide a resource for occasional support to the Organization. Under this policy, as approved by the Board of Directors, the endowment assets are invested primarily in stocks (generally targeted at approximately 61% of the fund) and bonds (generally targeted at approximately 39% of the fund). A target growth rate of the rate of inflation plus 5% has been stated by the Foundation's investment objectives.

To satisfy its long-term rate of return objectives, the Foundation 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).

4. PROPERTY AND EQUIPMENT

A summary of the Organization's property and equipment as of December 31 is as follows:

	2013	2012
Buildings and improvements	$ 4,157,493	$ 4,157,493
Furniture and fixtures	71,353	71,353
Machinery and equipment	204,982	202,517
Automobiles	33,365	33,365
Land	69,783	69,683
	4,536,976	4,534,411
Less: Accumulated depreciation	(2,939,301)	(2,852,470)
Property and equipment, net	$ 1,597,675	$ 1,681,941

Depreciation expense was $86,831 and $86,634 for the years ended December 31, 2013 and 2012, respectively.

5. LINE-OF-CREDIT AND NOTE PAYABLE

The Organization has a $120,000 revolving line-of-credit with State Employees Federal Credit Union (SEFCU) of which $117,965 outstanding at December 31, 2013 and 2012. The line-of-credit is collateralized by the Agency's receivables and equipment. Interest is charged at the Wall Street Journal Prime Rate, which was 3.25% at December 31, 2013.

The Organization also has a $30,000 unsecured line-of-credit with SEFCU of which the entire amount was outstanding at December 31, 2013 and 2012. The line-of-credit bears interest at the Wall Street Journal Prime Rate plus 3%, which was 6.25% at December 31, 2013.

6. LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2013	2012
New York State Homeless Housing & Assistance Corporation - payments are deferred until May 2027 and bear no interest. Loan will be forgiven in 2027 if Agency continues to run program designated by agreement. Secured by property at 24-26 Trinity Place, Albany, New York.	$297,286	$297,286
Albany County Development Agency Mortgage – payments are deferred until December 2027 and bear no interest. Loan will be forgiven in 2027 if Agency continues to run program designated by agreement. Secured by property at 24-26 Trinity Place and 76-82 Second Street, Albany, New York.	22,629	22,629
Facilities Development Corporation – mortgage payable in semi-annual installments bearing interest at 7.28%. Final payment was made in February 2013. The mortgage is secured by the property, 76-82 Second Street, Albany, New York.	-	500
First Niagara Bank – mortgage payments are made on a monthly basis in the amount of $1,661. Interest will accrue for the first 5 years of the loan at a rate of 5.75% and will be adjusted June 1, 2015 to equal the then current five year term/ten year amortizing Federal Home Loan Bank amortizing advance indicator rate plus 2.25%. Final payment is due June 1, 2018. This mortgage is secured by property at 13 and 15-19 Trinity Place, Albany, New York.	145,164	156,265
Federal Home Loan Bank of New York – payments are deferred until 2017 and bears no interest. Loan will be forgiven in 2017 if Agency continues to run program designated by agreement. Secured by property, 24-26 Trinity Place, Albany, New York.	19,300	19,300
State Employees Federal Credit Union (SEFCU) –the note is payable in monthly installments of $431, including interest at 6.5% and matures in January 2023. The note is secured by the equipment, furniture and fixtures of the Organization.	35,303	38,145
Total	$ 519,682	$ 534,125

6. LONG-TERM DEBT (Continued)

Maturities of long-term debt are as follows:

2013	$ 14,884
2014	15,784
2015	16,742
2016	17,757
2017	96,910
Thereafter	357,605
Total	$ 519,682

Total interest expense, including interest expense on the line of credit payable in Note 6, was $16,653 and $14,751 for the years ended December 31, 2013 and 2012.

7. COMMITMENTS AND CONTINGENCIES

Operating Leases
The Agency leases office equipment and automobiles under arrangements accounted for as operating leases. Monthly payments ranged from $32 to $551 during 2013 and 2012. Future minimum payments for the remaining term of the leases are as follows:

2014	$ 16,426
2015	7,090
2016	5,666
2017	1,539
	$ 30,721

Total rent expense was $40,853 and $26,134 for the years ended December 31, 2013 and 2012.

Third Party Audit and Evaluations
The Organization is subject to audits and evaluations of reimbursable costs by various governmental contracting agencies and the United Way. The outcome of such audits and evaluations may have the effect of retroactively adjusting revenue. In the event that a subsequent audit or reevaluation determines that an adjustment is required, the adjustment will be recognized in the period during which it becomes fixed and determinable.

Significant Revenue Sources
The approximate percentage of total program support and revenue provided to the Organization is as follows at December 31:

	2013	2012
OASAS	10%	13%
Albany County Department of Children and Family Services	42%	35%

Accounts receivable due from these payers were approximately $180,700 and $142,600 at December 31, 2013 and 2012, respectively.

8. FAIR VALUE MEASUREMENT

The following are measured at fair value on a recurring basis at December 31, 2013 and 2012:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
December 31, 2013:				
Pooled funds	$ -	$ 65,777	$ -	$ 65,777
December 31, 2012:				
Pooled funds	$ -	$ 30,889	$ -	$ 30,889

9. RETIREMENT PLANS

The Organization has two tax-sheltered savings and retirement plans (Plans) covering substantially all employees. No discretionary contribution was made in 2013 or 2012. Employees can make additional discretionary contributions from wages which are remitted to the Plans by the Organization.

The Organization has a voluntary tax-deferred annuity plan available to all qualified employees. The Organization makes no contributions to this Plan. At the discretion of the employee, the Organization withholds contributions from wages, which are then remitted to the fiduciary. Employee contributions are fully vested under this Annuity Plan.

The Organization has a frozen defined benefit pension plan (Pension Plan). This was frozen effective January 1, 1992, and all participants in the Pension Plan became fully vested. The Organization contributed approximately $31,200 and $32,200 during the years ended December 31, 2013 and 2012, respectively. The Agency determines its costs on an "as-funded" basis, which is not in accordance with accounting principles generally accepted in the United States of America which require that pension expense and disclosures related to a deferred benefit plan be determined using actuarial methods which match the benefit expense with the period in which the employee renders service rather than when the benefit is paid or the plan is funded. Management has not determined the impact on the financial statements or the financial statement disclosures of this departure from accounting principles generally accepted in the United States of America.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 2, 2014, which is the date the financial statements were available to be issued.

TRINITY ALLIANCE OF THE CAPITAL REGION, INC. AND AFFILIATE

Schedule I

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013
(With Comparative Totals for 2012)

	Trinity Alliance of the Capital Region, Inc.	Trinity Alliance of the Capital Region Foundation, Inc.	Eliminations	Total 2013	Total 2012
ASSETS					
CURRENT ASSETS:					
Cash	$ 189,136	$ 209	$ -	$ 189,345	$ 31,471
Accounts receivable, net	258,873	-	-	258,873	269,270
Investments	-	65,777	-	65,777	30,889
Prepaid expenses and deposits	30,277	-	-	30,277	27,791
Participant funds	2,229	-	-	2,229	7,402
Total current assets	480,515	65,986	-	546,501	366,823
PROPERTY AND EQUIPMENT, net	1,597,675	-	-	1,597,675	1,681,941
DEBT SERVICE RESERVE FUND	-	-	-	-	43,570
DEFERRED COSTS, net	-	-	-	-	591
	$ 2,078,190	$ 65,986	$ -	$ 2,144,176	$ 2,092,925
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Current portion of long-term debt	$ 14,884	$ -	$ -	$ 14,884	$ 14,532
Line-of-credit and note payable	147,965	-	-	147,965	147,965
Accounts payable	138,894	-	-	138,894	90,683
Accrued expenses	129,509	-	-	129,509	149,644
Participant funds	2,229	-	-	2,229	7,402
Deferred revenue	46,250	-	-	46,250	81,657
Total current liabilities	479,731	-	-	479,731	491,883
LONG-TERM DEBT, net of current pc	504,798	-	-	504,798	519,593
Total liabilities	984,529	-	-	984,529	1,011,476
NET ASSETS:					
Unrestricted					
Undesignated	1,063,661	209	-	1,063,870	1,050,560
Board designated	-	65,777	-	65,777	30,889
Total unrestricted	1,063,661	65,986	-	1,129,647	1,081,449
Temporarily restricted	30,000	-	-	30,000	-
Total net assets	1,093,661	65,986	-	1,159,647	1,081,449
	$ 2,078,190	$ 65,986	$ -	$ 2,144,176	$ 2,092,925

The accompanying notes are an integral part of these statements.

TRINITY ALLIANCE OF THE CAPITAL REGION, INC. AND AFFILIATE Schedule II

CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Totals for 2012)

	Trinity Alliance of the Capital Region, Inc.	Trinity Alliance of the Capital Region Foundation, Inc.	Eliminations	Total 2013	Total 2012
REVENUE AND SUPPORT:					
Government grants and contracts	$ 2,622,761	$ -	$ -	$ 2,622,761	$ 2,364,661
Contributions and fundraising	291,462	26,987	-	318,449	261,402
Participant fees	248,021	-	-	248,021	242,377
Food stamp revenue	36,022	-	-	36,022	36,222
Miscellaneous	23,938	-	-	23,938	10,554
Total revenue and support	3,222,204	26,987	-	3,249,191	2,915,216
EXPENSES:					
Program services	2,708,691	-	-	2,708,691	2,631,786
Supporting services:					
Management and general	381,811	851	-	382,662	400,685
Fundraising	46,694	-	-	46,694	31,016
Total supporting services	428,505	851	-	429,356	431,701
Total expenses	3,137,196	851	-	3,138,047	3,063,487
DEFICIT FROM OPERATIONS	85,008	26,136	-	111,144	(148,271)
NON-OPERATING INCOME (EXPENSES):					
OASAS non-operating grant	(42,231)	-	-	(42,231)	87,119
Capital grant	1,384	-	-	1,384	166,615
Investment income, net	-	7,901	-	7,901	642
Forgiveness of debt	-	-	-	-	35,000
Total non-operating income (expenses)	(40,847)	7,901	-	(32,946)	289,376
CHANGE IN NET ASSETS	44,161	34,037	-	78,198	141,105
NET ASSETS - beginning of year	1,049,500	31,949	-	1,081,449	940,344
NET ASSETS - end of year	$ 1,093,661	$ 65,986	$ -	$ 1,159,647	$ 1,081,449

The accompanying notes are an integral part of these statements.

TRINITY ALLIANCE OF THE CAPITAL REGION, INC. AND AFFILIATE Schedule III

CONSOLIDATED SCHEDULE OF PROGRAM EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Totals for 2012)

	Center-Based Services	Community-Based Services	Alternatives to Incarceration	Total 2013	Total 2012
EXPENSES:					
Salaries	$ 337,156	$ 661,029	$ 550,776	$ 1,548,961	$ 1,544,449
Food and supplies	89,777	23,025	89,277	202,079	199,620
Payroll taxes	41,837	81,721	67,777	191,335	180,007
Fringe benefits	29,964	60,768	51,058	141,790	151,318
Professional fees	24,390	70,392	39,258	134,040	67,205
Depreciation	6,246	-	75,265	81,511	86,634
Utilities	12,669	17,256	42,847	72,772	78,737
Rent	30,422	15,651	26,601	72,674	62,722
Travel	15,557	24,350	14,503	54,410	50,521
Repairs and maintenance	7,369	9,207	32,422	48,998	39,886
Insurance	9,646	18,499	15,908	44,053	31,866
Assistance to individuals	6,928	29,895	5,786	42,609	43,303
Telephone	5,526	10,235	13,391	29,152	32,310
Vehicle expense	15,154	-	-	15,154	17,739
Conferences	4,272	2,919	5,337	12,528	9,114
Equipment rental	1,060	2,337	5,177	8,574	9,832
Stipend	2,913	-	-	2,913	418
Miscellaneous	494	89	2,169	2,752	15,758
Printing	-	997	200	1,197	2,642
Interest	240	574	244	1,058	4,488
Postage	-	-	131	131	373
Bad debt expense	-	-	-	-	2,844
Total expenses before administration allocation	641,620	1,028,944	1,038,127	2,708,691	2,631,786
Administration allocation	90,644	145,359	146,659	382,662	400,685
TOTAL	$ 732,264	$ 1,174,303	$ 1,184,786	$ 3,091,353	$ 3,032,471

The accompanying notes are an integral part of these statements.