

**TRINITY ALLIANCE OF THE CAPITAL REGION, INC.  
AND AFFILIATE**

**Consolidated Financial Statements  
as of December 31, 2014 and 2013  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

June 19, 2015

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, 2014, 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)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***Basis for Qualified Opinion***

As more fully explained in Note 9 to the consolidated financial statements, Trinity Alliance of the Capital Region, Inc. and Affiliate'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, 2014, 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 Comparative Information***

We have previously audited Trinity Alliance of the Capital Region, Inc. and Affiliates' 2013 financial statements, and our report dated June 2, 2014, expressed a qualified opinion on those audited financial statements because of the departure from generally accepted accounting principles described in the basis for qualified opinion paragraph. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***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 2014 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, Trinity Alliance of the Capital Region, Inc. and Affiliates' 2013 financial statements (none of which is presented herein), and we expressed a qualified opinion on those financial statements. That audit was conducted for the purpose of forming an opinion on those financial statements as a whole. The 2013 supplementary information is presented for the purpose of additional analysis and is not a required part of the financial statements.

**INDEPENDENT AUDITOR'S REPORT**

(Continued)

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 2013 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, 2014**

**( With Comparative Totals for 2013)**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 500,887	\$ 189,345
Accounts receivable, net	403,775	258,873
Investments	66,507	65,777
Prepaid expenses and other assets	55,500	30,277
Participant funds	<u>2,685</u>	<u>2,229</u>
Total current assets	1,029,354	546,501
PROPERTY AND EQUIPMENT, net	<u>1,782,546</u>	<u>1,597,675</u>
	<u>\$ 2,811,900</u>	<u>\$ 2,144,176</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 15,785	\$ 14,884
Line-of-credit and note payable	117,965	147,965
Accounts payable	274,826	138,894
Accrued expenses	138,084	129,509
Participant funds	2,685	2,229
Deferred revenue	<u>432,394</u>	<u>46,250</u>
Total current liabilities	981,739	479,731
LONG-TERM DEBT, net of current portion	<u>489,166</u>	<u>504,798</u>
Total liabilities	<u>1,470,905</u>	<u>984,529</u>
NET ASSETS:		
Unrestricted		
Undesignated	1,274,488	1,063,870
Board designated	<u>66,507</u>	<u>65,777</u>
Total unrestricted	1,340,995	1,129,647
Temporarily restricted	<u>-</u>	<u>30,000</u>
Total net assets	<u>1,340,995</u>	<u>1,159,647</u>
	<u>\$ 2,811,900</u>	<u>\$ 2,144,176</u>

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 YEAR ENDED DECEMBER 31, 2014  
 (With Comparative Totals for 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u> 2014	2013
<b>REVENUE AND SUPPORT:</b>				
Government grants and contracts	\$ 2,750,529	\$ -	\$ 2,750,529	\$ 2,622,761
Contributions and fundraising	340,677	-	340,677	318,449
Participant fees	241,676	-	241,676	248,021
Food stamp revenue	38,000	-	38,000	36,022
Miscellaneous	29,824	-	29,824	23,938
Net assets released from restriction	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Total revenue and support	3,430,706	(30,000)	3,400,706	3,249,191
<b>EXPENSES:</b>				
Program services	<u>3,002,867</u>	<u>-</u>	<u>3,002,867</u>	<u>2,708,691</u>
Supporting services:				
Management and general	381,566	-	381,566	382,662
Fundraising	<u>102,002</u>	<u>-</u>	<u>102,002</u>	<u>46,694</u>
Total supporting services	<u>483,568</u>	<u>-</u>	<u>483,568</u>	<u>429,356</u>
Total expenses	<u>3,486,435</u>	<u>-</u>	<u>3,486,435</u>	<u>3,138,047</u>
(DEFICIT) EXCESS FROM OPERATIONS	(55,729)	(30,000)	(85,729)	111,144
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
OASAS non-operating grant	-	-	-	(42,231)
Capital grant	266,347	-	266,347	1,384
Investment income, net	<u>730</u>	<u>-</u>	<u>730</u>	<u>7,901</u>
Total non-operating revenue (expenses)	<u>267,077</u>	<u>-</u>	<u>267,077</u>	<u>(32,946)</u>
CHANGE IN NET ASSETS	211,348	(30,000)	181,348	78,198
NET ASSETS - beginning of year	<u>1,129,647</u>	<u>30,000</u>	<u>1,159,647</u>	<u>1,081,449</u>
NET ASSETS - end of year	<u>\$ 1,340,995</u>	<u>\$ -</u>	<u>\$ 1,340,995</u>	<u>\$ 1,159,647</u>

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 YEAR ENDED DECEMBER 31, 2014**

(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 181,348	\$ 78,198
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	94,652	87,422
Net unrealized gain on investments	(730)	(8,365)
Capital grant	(266,347)	(1,384)
Changes in:		
Accounts receivable	(144,902)	10,397
Prepaid expenses and other assets	(25,223)	(2,486)
Debt service reserve fund	-	43,570
Accounts payable	(16,775)	48,211
Accrued expenses	8,575	(20,135)
Deferred revenue	<u>386,144</u>	<u>(35,407)</u>
Net cash flow from operating activities	<u>216,742</u>	<u>200,021</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	-	(26,523)
Purchase of property and equipment	<u>(126,816)</u>	<u>(2,565)</u>
Net cash flow from investing activities	<u>(126,816)</u>	<u>(29,088)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from (repayments of) line-of-credit and note payable, net	(30,000)	-
Proceeds from capital grant	266,347	1,384
Repayments of long-term debt	<u>(14,731)</u>	<u>(14,443)</u>
Net cash flow from financing activities	<u>221,616</u>	<u>(13,059)</u>
<b>CHANGE IN CASH</b>	<b>311,542</b>	<b>157,874</b>
CASH - beginning of year	<u>189,345</u>	<u>31,471</u>
CASH - end of year	<u>\$ 500,887</u>	<u>\$ 189,345</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 14,516</u>	<u>\$ 16,653</u>
Non-cash transactions - Purchase of property and equipment included in accounts payable	<u>\$ 152,707</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

# TRINITY ALLIANCE OF THE CAPITAL REGION, INC. AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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### 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.

#### **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.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Accounts Receivable (continued)**

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 \$22,250 and \$25,000 as of December 31, 2014 and 2013, respectively. Recoveries of accounts receivable previously written off are recorded upon receipt.

Accounts receivable balances are 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.

### **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.

### **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 2014 or 2013.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **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. This restriction was satisfied during 2014 and there are no temporarily restricted net assets as of December 31, 2014.

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 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 approximately \$56,500 and \$56,600 for the years ended December 31, 2014 and 2013, 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.

The organizations are no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2011.

### **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 and investment income classified as non-operating income.

## 3. INVESTMENTS AND ENDOWMENT POLICIES

Investments totaling \$66,507 and \$65,777 at December 31, 2014 and 2013, 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.

### 3. INVESTMENTS AND ENDOWMENT POLICIES (continued)

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

	<u>2014</u>	<u>2013</u>
Investment fees	\$ (668)	\$ (464)
Unrealized gains	<u>1,398</u>	<u>8,365</u>
	<u>\$ 730</u>	<u>\$ 7,901</u>

#### 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, 2014 and 2013.

Changes in endowment net assets for the years ended December 31, 2014 and 2013 are as follows:

	<u>Board Designated</u>
Endowment net assets - December 31, 2012	\$ <u>30,889</u>
Investment return	
Contributions	26,987
Appreciation, net	<u>7,901</u>
Endowment net assets - December 31, 2013	\$ <u>65,777</u>
Investment return	
Contributions	-
Appreciation, net	<u>730</u>
Endowment net assets - December 31, 2014	\$ <u>66,507</u>

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:

	<u>2014</u>	<u>2013</u>
Buildings and improvements	\$ 4,168,017	\$ 4,157,493
Furniture and fixtures	111,167	71,353
Machinery and equipment	398,272	204,982
Automobiles	33,365	33,365
Land	<u>69,783</u>	<u>69,783</u>
	4,780,604	4,536,976
Less: Accumulated depreciation	<u>(2,998,058)</u>	<u>(2,939,301)</u>
Property and equipment, net	<u>\$ 1,782,546</u>	<u>\$ 1,597,675</u>

Depreciation expense was \$94,652 and \$86,831 for the years ended December 31, 2014 and 2013, 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 was outstanding as of December 31, 2014 and 2013. 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, 2014.

The Organization also had a \$30,000 unsecured line-of-credit with SEFCU of which the entire amount was outstanding at December 31, 2013. It was paid off during 2014 as it matured and was not renewed.

**6. LONG-TERM DEBT**

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

	<u>2014</u>	<u>2013</u>
<u>New York State Homeless Housing &amp; Assistance Corporation</u> - 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
<u>Albany County Development Agency Mortgage</u> – 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
<u>First Niagara Bank</u> – 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.	133,407	145,164
<u>Federal Home Loan Bank of New York</u> – 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
<u>State Employees Federal Credit Union (SEFCU)</u> –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.	<u>32,329</u>	<u>35,303</u>
Total	<u>\$ 504,951</u>	<u>\$ 519,682</u>

Maturities of long-term debt are as follows at December 31:

2015	\$ 15,785
2016	16,742
2017	17,757
2018	18,834
2019	19,976
Thereafter	<u>415,857</u>
Total	<u>\$ 504,951</u>

Total interest expense, including interest expense on the line of credit payable in Note 5, was \$14,552 and \$16,653 for the years ended December 31, 2014 and 2013.

**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 2014 and 2013. Future minimum payments for the remaining term of the leases are as follows at December 31:

2015	\$	8,919
2016		7,495
2017		3,368
2018		<u>457</u>
	\$	<u>20,239</u>

Total rent expense was \$30,076 and \$40,853 for the years ended December 31, 2014 and 2013.

**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:

	<u>2014</u>	<u>2013</u>
OASAS	12%	10%
Albany County Department of Children and Family Services	45%	42%

Accounts receivable due from these payers were approximately \$149,400 and \$180,700 at December 31, 2014 and 2013, respectively.

**8. FAIR VALUE MEASUREMENT**

The following are measured at fair value on a recurring basis at December 31, 2014 and 2013:

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
<u>December 31, 2014:</u>				
Pooled funds	\$ <u>-</u>	\$ <u>66,507</u>	\$ <u>-</u>	\$ <u>66,507</u>
<u>December 31, 2013:</u>				
Pooled funds	\$ <u>-</u>	\$ <u>65,777</u>	\$ <u>-</u>	\$ <u>65,777</u>

**9. RETIREMENT PLANS**

The Organization has two tax-sheltered savings and retirement plans (Plans) covering substantially all employees. No discretionary contribution was made in 2014 or 2013. 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 \$22,900 and \$31,200 during the years ended December 31, 2014 and 2013, 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**

In March of 2015, the Organization refinanced their SEFCU term loan. The new agreement requires 36 monthly payments, bearing no interest and due on March 1, 2018.

Also in March of 2015, the Organization refinanced their mortgage with First Niagara Bank for their existing debt and also drew an additional \$110,000, for a total new mortgage agreement of \$240,000. The agreement requires interest of 4.28% and is due April 1, 2025.

Subsequent events have been evaluated through June 19, 2015, 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, 2014

(With Comparative Totals for 2013)

	Trinity Alliance of the Capital Region, Inc.	Trinity Alliance of the Capital Region Foundation, Inc.	Eliminations	Total	
				2014	2013
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash	\$ 500,678	\$ 209	\$ -	\$ 500,887	\$ 189,345
Accounts receivable, net	403,775	-	-	403,775	258,873
Investments	-	66,507	-	66,507	65,777
Prepaid expenses and other assets	55,500	-	-	55,500	30,277
Participant funds	2,685	-	-	2,685	2,229
Total current assets	962,638	66,716	-	1,029,354	546,501
PROPERTY AND EQUIPMENT, net	1,782,546	-	-	1,782,546	1,597,675
	<u>\$ 2,745,184</u>	<u>\$ 66,716</u>	<u>\$ -</u>	<u>\$ 2,811,900</u>	<u>\$ 2,144,176</u>
<b>LIABILITIES AND NET ASSETS</b>					
CURRENT LIABILITIES:					
Current portion of long-term debt	\$ 15,785	\$ -	\$ -	\$ 15,785	\$ 14,884
Line-of-credit and note payable	117,965	-	-	117,965	147,965
Accounts payable	274,826	-	-	274,826	138,894
Accrued expenses	138,084	-	-	138,084	129,509
Participant funds	2,685	-	-	2,685	2,229
Deferred revenue	432,394	-	-	432,394	46,250
Total current liabilities	981,739	-	-	981,739	479,731
LONG-TERM DEBT, net of current portion	489,166	-	-	489,166	504,798
Total liabilities	1,470,905	-	-	1,470,905	984,529
NET ASSETS:					
Unrestricted					
Undesignated	1,274,279	209	-	1,274,488	1,063,870
Board designated	-	66,507	-	66,507	65,777
Total unrestricted	1,274,279	66,716	-	1,340,995	1,129,647
Temporarily restricted	-	-	-	-	30,000
Total net assets	1,274,279	66,716	-	1,340,995	1,159,647
	<u>\$ 2,745,184</u>	<u>\$ 66,716</u>	<u>\$ -</u>	<u>\$ 2,811,900</u>	<u>\$ 2,144,176</u>

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, 2014

(With Comparative Totals for 2013)

	Trinity Alliance of the Capital Region, Inc.	Trinity Alliance of the Capital Region Foundation, Inc.	Eliminations	2014	2013
<b>REVENUE AND SUPPORT:</b>					
Government grants and contracts	\$ 2,750,529	\$ -	\$ -	\$ 2,750,529	\$ 2,622,761
Contributions and fundraising	340,677	-	-	340,677	318,449
Participant fees	241,676	-	-	241,676	248,021
Food stamp revenue	38,000	-	-	38,000	36,022
Miscellaneous	29,824	-	-	29,824	23,938
Total revenue and support	3,400,706	-	-	3,400,706	3,249,191
<b>EXPENSES:</b>					
Program services	3,002,867	-	-	3,002,867	2,708,691
Supporting services:					
Management and general	381,566	-	-	381,566	382,662
Fundraising	102,002	-	-	102,002	46,694
Total supporting services	483,568	-	-	483,568	429,356
Total expenses	3,486,435	-	-	3,486,435	3,138,047
(DEFICIT) EXCESS FROM OPERATIONS	(85,729)	-	-	(85,729)	111,144
<b>NON-OPERATING REVENUE (EXPENSES):</b>					
OASAS non-operating grant	-	-	-	-	(42,231)
Capital grant	266,347	-	-	266,347	1,384
Investment income, net	-	730	-	730	7,901
Total non-operating revenue (expenses)	266,347	730	-	267,077	(32,946)
<b>CHANGE IN NET ASSETS</b>					
NET ASSETS - beginning of year	180,618	730	-	181,348	78,198
	1,093,661	65,986	-	1,159,647	1,081,449
<b>NET ASSETS - end of year</b>	\$ 1,274,279	\$ 66,716	\$ -	\$ 1,340,995	\$ 1,159,647

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, 2014

(With Comparative Totals for 2013)

	Center-Based Services	Community-Based Services	Alternatives to Incarceration	Total	
				2014	2013
EXPENSES:					
Salaries	\$ 460,812	\$ 632,422	\$ 531,173	\$ 1,624,407	\$ 1,548,961
Food and supplies	147,986	9,786	87,643	245,415	202,079
Payroll taxes	52,093	81,388	61,609	195,090	191,335
Professional fees	78,051	82,041	32,506	192,598	134,040
Fringe benefits	42,634	80,719	67,054	190,407	141,790
Utilities	15,158	25,626	46,799	87,583	72,772
Depreciation	13,621	-	76,039	89,660	81,511
Travel	16,875	27,760	22,279	66,914	54,410
Rent	30,521	10,100	21,201	61,822	72,674
Repairs and maintenance	15,165	11,858	32,121	59,144	48,998
Insurance	11,666	17,643	16,689	45,998	44,053
Assistance to individuals	6,406	28,506	4,835	39,747	42,609
Telephone	11,747	9,068	15,746	36,561	29,152
Management fee	20,022	-	-	20,022	-
Vehicle expense	15,176	-	-	15,176	15,154
Equipment rental	3,141	1,872	5,424	10,437	8,574
Conferences	1,858	4,687	1,287	7,832	12,528
Miscellaneous	6,236	-	897	7,133	2,752
Printing	5,524	-	-	5,524	1,197
Postage	1,008	-	208	1,216	131
Interest	187	-	(6)	181	1,058
Stipend	-	-	-	-	2,913
Total expenses before administration allocation	955,887	1,023,476	1,023,504	3,002,867	2,708,691
Administration allocation	121,463	130,049	130,054	381,566	382,662
TOTAL	\$ 1,077,350	\$ 1,153,525	\$ 1,153,558	\$ 3,384,433	\$ 3,091,353

The accompanying notes are an integral part of these statements.