



**ABBATE DEMARINIS, LLP**  
Certified Public Accountants & Consultants

**ST. MICHAEL'S HOME, INC.**  
**(A Not-For-Profit Corporation)**

**FINANCIAL STATEMENTS**

**As of and for the Years Ended**  
**December 31, 2019 and 2018**

**ST. MICHAEL'S HOME, INC.**  
**(A Not-For-Profit Corporation)**

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# ABBATE DEMARINIS, LLP

Certified Public Accountants & Consultants

## Independent Auditors' Report

Board of Trustees of  
St. Michael's Home, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of St. Michael's Home, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Michael's Home, Inc., as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CERTIFIED PUBLIC ACCOUNTANTS

October 2, 2020

**ST. MICHAEL'S HOME, INC.**  
**(A Not-For-Profit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2019 and 2018**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 30,441	\$ 20,612
Accounts Receivable	12,684	29,234
Prepaid Expenses and Other Current Assets	39,051	57,179
Mortgage Escrows	<u>81,528</u>	<u>120,837</u>
<b>TOTAL CURRENT ASSETS</b>	<u>163,704</u>	<u>227,862</u>
<b>PROPERTY AND EQUIPMENT - NET (Note 4)</b>	11,989,761	11,354,517
<b>OTHER ASSETS</b>		
Beneficial Interest in Split-Interest Agreements (Note 5)	599,737	540,931
Assets Whose Use is Limited (Note 6)	<u>8,014,506</u>	<u>5,709,659</u>
<b>TOTAL OTHER ASSETS</b>	<u>8,614,243</u>	<u>6,250,590</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 20,767,708</u></b>	<b><u>\$ 17,832,969</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 78,722	\$ 127,793
Accrued Expenses	40,659	34,586
Mortgage Payable - Current Portion (Note 7)	<u>56,431</u>	<u>54,054</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>175,812</u>	<u>216,433</u>
<b>MORTGAGE PAYABLE LESS CURRENT PORTION (Note 7)</b>	<u>1,676,744</u>	<u>1,700,295</u>
<b>TOTAL LIABILITIES</b>	<u>1,852,556</u>	<u>1,916,728</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 8)</b>		
<b>NET ASSETS</b>		
Without Donor Restrictions	10,300,909	9,665,651
With Donor Restrictions (Notes 5 and 6)	<u>8,614,243</u>	<u>6,250,590</u>
<b>TOTAL NET ASSETS</b>	<u>18,915,152</u>	<u>15,916,241</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 20,767,708</u></b>	<b><u>\$ 17,832,969</u></b>

The accompanying notes are an integral part of these financial statements.

**ST. MICHAEL'S HOME, INC.**  
**(A Not-For-Profit Corporation)**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the Year Ended December 31, 2019**

	<b><u>2019</u></b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>OPERATING SUPPORT</b>			
Revenues - Resident Fees	<u>\$ 1,163,468</u>	<u>\$ -</u>	<u>\$ 1,163,468</u>
<b>Expenses (Schedule I)</b>			
Care of Residents	1,396,399	-	1,396,399
Administrative Expenses	<u>539,901</u>	<u>-</u>	<u>539,901</u>
<b>Total Expenses</b>	<u>1,936,300</u>	<u>-</u>	<u>1,936,300</u>
<b>NET OPERATING SUPPORT LOSS BEFORE NON OPERATING SUPPORT</b>	<u>(772,832)</u>	<u>-</u>	<u>(772,832)</u>
<b>NON OPERATING SUPPORT</b>			
Contributions and Pledges	298,123	2,874,585	3,172,708
Bequests and Memorials	315,214	-	315,214
Holiday Appeals	85,231	-	85,231
Chapel Income	5,183	-	5,183
Dinner Dance Event - Net (Schedule II)	127,776	-	127,776
Investment Income	-	6,812	6,812
Pledges – Club 1000	-	-	-
Gain on Beneficial Interest in Split-interest Agreements	-	58,806	58,806
Other Income	<u>13</u>	<u>-</u>	<u>13</u>
<b>TOTAL NON OPERATING SUPPORT</b>	<u>831,540</u>	<u>2,940,203</u>	<u>3,771,743</u>
<b>CHANGE IN NET ASSETS</b>	58,708	2,940,203	2,998,911
<b>NET ASSETS - BEGINNING OF YEAR</b>	9,665,651	6,250,590	15,916,241
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>576,550</u>	<u>(576,550)</u>	<u>-</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 10,300,909</u>	<u>\$ 8,614,243</u>	<u>\$ 18,915,152</u>

The accompanying notes are an integral part of these financial statements.

**ST. MICHAEL'S HOME, INC.**  
**(A Not-For-Profit Corporation)**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the Year Ended December 31, 2018**

	<b><u>2018</u></b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING SUPPORT</b>			
Revenues - Resident Fees	\$ 1,255,310	\$ -	\$ 1,255,310
<b>Expenses (Schedule I)</b>			
Care of Residents	1,387,510	-	1,387,510
Administrative Expenses	546,108	-	546,108
<b>Total Expenses</b>	<u>1,933,618</u>	<u>-</u>	<u>1,933,618</u>
<b>NET OPERATING SUPPORT LOSS BEFORE NON OPERATING SUPPORT</b>	<u>(678,308)</u>	<u>-</u>	<u>(678,308)</u>
<b>NON OPERATING SUPPORT</b>			
Contributions and Pledges	170,223	3,287,307	3,457,530
Bequests and Memorials	38,703	-	38,703
Holiday Appeals	86,655	-	86,655
Chapel Income	3,602	-	3,602
Dinner Dance Event - Net (Schedule II)	95,512	-	95,512
Investment Income	-	3,857	3,857
Pledges – Club 1000	2,000	-	2,000
Gain on Beneficial Interest in Split-interest Agreements	-	(59,193)	(59,193)
Other Income	2,594	-	2,594
<b>TOTAL NON OPERATING SUPPORT</b>	<u>399,289</u>	<u>3,231,971</u>	<u>3,631,260</u>
<b>CHANGE IN NET ASSETS</b>	(279,019)	3,231,971	2,952,952
<b>NET ASSETS - BEGINNING OF YEAR</b>	8,194,848	4,768,441	12,963,289
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>1,749,822</u>	<u>(1,749,822)</u>	<u>-</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 9,665,651</u>	<u>\$ 6,250,590</u>	<u>\$ 15,916,241</u>

The accompanying notes are an integral part of these financial statements.

**ST. MICHAEL'S HOME, INC.**  
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**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2019 and 2018**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,998,911	\$ 2,952,952
<b>Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities</b>		
Amortization	7,923	7,923
Depreciation	178,473	176,259
(Gain) Loss on Beneficial Interest in Split-interest Agreements	(58,806)	59,193
<b>(Increase) Decrease in Assets</b>		
Accounts Receivable	16,550	(8,161)
Other Receivable	-	250,000
Prepaid Expenses and Other Current Assets	18,128	9,165
Mortgage Escrows	39,309	(39,890)
<b>Increase (Decrease) in Liabilities</b>		
Accounts Payable	(49,071)	(1,271,691)
Accrued Expenses	<u>6,073</u>	<u>(44,394)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>3,157,490</u>	<u>2,091,356</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(813,717)	(490,536)
Increase in Assets Whose Use is Limited	<u>(2,304,847)</u>	<u>(1,541,342)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(3,118,564)</u>	<u>(2,031,878)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Mortgage Payable	<u>(29,097)</u>	<u>(52,030)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(29,097)</u>	<u>(52,030)</u>
<b>NET INCREASE IN CASH</b>	9,829	7,448
<b>CASH, BEGINNING OF YEAR</b>	<u>20,612</u>	<u>13,164</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 30,441</u></u>	<u><u>\$ 20,612</u></u>

The accompanying notes are an integral part of these financial statements.

**ST. MICHAEL'S HOME, INC.**  
**(A Not-For-Profit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Years Ended December 31, 2019 and 2018**

- (1) **Nature of Operations** - St. Michael's Home, Inc. (the "Home") is a not-for-profit corporation dedicated to the purpose of providing living facilities and services for the aged.
- (2) **Summary of Significant Accounting Policies** - The significant accounting policies followed by the Home is summarized below:

**Basis of Accounting** - The Home utilizes the accrual basis of accounting and report accordingly.

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

**Reclassifications** - Certain amounts in the prior year presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

**New Accounting Pronouncements** - On January 1, 2019, the Home adopted Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("ASC 606") applying the modified retrospective method. The adoption of ASC 606 did not have any impact on the Home's financial statements but did expand the Home's revenue recognition policy. The adoption also did not have an impact on the recognition of revenue of contracts, for which all revenues had not been recognized, as of January 1, 2019. Therefore, no cumulative adjustment has been made to the opening balance of retained earnings at the beginning of 2019.

**Cash and Cash Equivalents** - The Home considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Accounts Receivable and Allowance for Doubtful Accounts** - Accounts receivable consist primarily of amounts due from Medicare and Medicaid programs, private payors, and a variety of other third party payors, net of estimates for variable consideration. Accounts receivable are stated at the amount the Home expects to collect. The Home provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Home's estimate is based on historical collection experience and a review of the status of resident accounts receivable. It is reasonably possible that the Home's estimate of the allowance for doubtful accounts will change.

**Investment Valuation and Income Recognition** - Investments are recorded at fair value and are categorized based upon a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. Fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The categorization of financial instruments within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.



**ST. MICHAEL'S HOME, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Years Ended December 31, 2019 and 2018**

**(2) Summary of Significant Accounting Policies (continued)**

**Investment Valuation and Income Recognition (continued)** – The hierarchy is prioritized into three level defined as follows:

Level 1 – Inputs are based on quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Inputs are other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly (i.e. – quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 – Inputs are unobservable inputs (i.e. – a company's own data) for the asset or liability and should be used to measure fair value to the extent that relevant observable inputs are not available.

The Home invests in various marketable securities and mutual funds and is reported at fair market value based upon quoted market prices (level 1). Unrealized holding gains and losses are excluded from earnings and are reported as a separate component of members' deficit until realized. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from the sales of securities are included in earnings and are determined on a specific identification basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

On an annual basis, individual investments are reviewed for impairment to determine whether the fair value is less than its cost. If a decline in fair value is less than its cost, this impairment is assessed as either temporary or other-than-temporary. There were no temporary or other-than-temporary impairments recorded during the years ended December 31, 2019 and 2018, respectively.

**Property and Equipment** – Property and equipment is recorded at cost and includes expenditures for additions and improvements that extend the useful lives of the building and equipment. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal, the related costs and accumulated depreciation are reduced by the carrying amounts. Gains or losses on these transactions are included in income or expense as incurred. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

**Deferred Financing Fees** – Deferred financing fees are recorded at cost and is comprised of all mortgage related closing costs. Deferred financing fees are amortized using the straight-line method over the life of the mortgage. Deferred financing fees are presented in the balance sheet as a reduction of long-term debt.

**ST. MICHAEL'S HOME, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Years Ended December 31, 2019 and 2018**

**(2) Summary of Significant Accounting Policies (continued)**

**Long-Lived Assets** – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset not to be recoverable. If the sum of the future cash flows (undiscounted and without interest charges) expected to result from the use of the intangible asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized to the extent the carrying amount of the asset exceeds its fair value.

**Revenue Recognition** - The Home's revenue is derived primarily from providing a living facility and services for the aged. Revenues are recognized when control of the promised services are provided to the residents at the amount that reflects the consideration to which the Home expects to be entitled from residents and third-party payors in exchange for providing resident living.

Performance obligations are determined based on the nature of the services provided. The resident agreement provides a home and services in exchange for a contractual agreed-upon amount or rate. Resident fees are treated as a single performance obligation satisfied over time as the resident resides in the home and receives services over time. As such, resident care services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services which are not included in the daily rates for routine services, but instead are treated as separate performance obligations satisfied over time, if and when those services are rendered.

Revenue recognized from resident fees are adjusted for estimates of variable consideration (implicit price concessions) to arrive at the transaction price. The Home determines the transaction price based on contractually agreed-upon amounts as determined by the Home, adjusted for estimates of variable consideration. The Home uses the expected value method in determining the variable component that should be used to arrive at the transaction price, using contractual agreements and historical collection experience within each payor type. The amount of variable consideration which is included in the transaction price may be constrained, and is included in net revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. If actual amounts of consideration ultimately received differ from the Home's estimates, the Home adjusts these estimates, which would affect net resident revenues in the period such variances become known. Adjustments arising from a change in the transaction price were not significant for the year ended December 31, 2019.

The Home disaggregates revenue from contracts with its residents by payors to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Settlement with third party payors for retroactive adjustments due to audits and reviews are considered variable consideration and are included in the determination of the estimated transaction price. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Home's historical settlement activity. Any changes to these revenue estimates are recorded in the period the change or adjustment becomes known based on final settlement. The Home recorded adjustments to net resident revenues which were not material to the Home's revenue or financial statements for the year ended December 31, 2019.

**ST. MICHAEL'S HOME, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Years Ended December 31, 2019 and 2018**

**(2) Summary of Significant Accounting Policies (continued)**

**Net Assets** - Net assets of the Home consist of the following:

*Without Donor Restrictions* - These net assets are available for general obligations of the Home.

*With Donor Restrictions* - These net assets are restricted by donors and/or the Board of Directors to be used for some specific purpose. Income and capital gains may or may not be used depending on the donor/endowment agreement.

**Contributions and Pledges** - Contributions and pledges are recorded as revenue when either unsolicited cash is received or the year in which the donors promise to give becomes due and collectible. Contributions and pledges are classified as either, unrestricted, temporarily restricted or permanently restricted revenue based upon donor-imposed restrictions. Pledges are recognized in the year in which they become due and collectible.

**Fair Value of Instruments** – The fair value of current assets and liabilities approximate carrying value because of the short-term nature of these items. The recorded value of the mortgage payable approximates its fair value, as interest approximates market rates.

**Federal Income Taxes** - The Home is a Not-For-Profit Organization as described in Section 501 (c) (3) of the Internal Revenue Code (“IRC”) and is exempt from Federal income taxes pursuant to Section 501(a) of the IRC.

**Accounting for Uncertainty in Income Taxes** – The Home recognize the effect of income tax position only if those positions are more likely than not to be sustained. Management has determined that the Home had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Home is no longer subject to examination by applicable taxing jurisdictions for periods prior to December 31, 2016.

**Performance Indicator** – The statement of activities and changes in net assets includes the caption change in net assets. For the years ended December 31, 2019 and 2018, there were no items excluded from the performance indicator.

**Functional Allocation of Expenses** – The financial statements report certain categories of expenses that are attributed to one or more program or supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs are allocated on the basis of staff estimates of time and effort. Costs identifiable to a particular function are directly charged to the program or supporting service. All other costs that are not charged directly to a program or supporting service are allocated based on the percentage of overall salary allocation.

**ST. MICHAEL'S HOME, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Years Ended December 31, 2019 and 2018**

- (3) **Liquidity and Availability of Resources** – The Home's financial assets for general expenditures, liabilities, and other obligations available within one year of the statement of financial position date are as follows at December 31:

	<b><u>2019</u></b>	<b><u>2018</u></b>
Cash	\$ 30,441	\$ 20,612
Accounts Receivable, Net	12,684	29,234
Prepaid Expenses	39,051	57,179
Total	<u>\$ 82,176</u>	<u>\$ 107,025</u>

**Liquidity Management** - The Home maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

- (4) **Property and Equipment** – Property and Equipment consists of the following as of December 31:

	<b><u>2019</u></b>	<b><u>2018</u></b>
Uniondale Land	\$ 3,361,972	\$ 3,361,972
Land, Buildings, and Improvements	4,819,813	4,742,195
Furniture and Equipment	693,995	681,887
Construction in Progress:		
Uniondale Building	4,116,008	4,116,008
Uniondale Startup Costs	<u>3,566,146</u>	<u>2,842,155</u>
Total at Cost	16,557,934	15,744,217
Less: Accumulated Depreciation	<u>(4,568,173)</u>	<u>(4,389,700)</u>
Property and Equipment - Net	<u>\$ 11,989,761</u>	<u>\$ 11,354,517</u>

Depreciation for the years ended December 31, 2019 and 2018 was \$178,473 and \$176,259, respectively.

- (5) **Beneficial Interest in Split-Interest Agreements** - The Home is a beneficiary of two charitable gift annuity agreements, Katherine Malta Trust (50.0% interest) and the Petsas Trust (11.11% interest), whereby the donors contributed assets to a third-party trustee and the income in certain instances is paid to beneficiaries over a specified period of time, or the beneficiaries received special distributions. In addition, certain trusts have a required minimum distribution to both the Home and others. Both trusts provide that a portion of the trust assets becomes available to the Home after a specified period of time. These accounts are restricted by donors and are included net assets with donor restrictions. The assets measured at fair value categorized by the fair value hierarchy (level 1) consists of the follow

**ST. MICHAEL'S HOME, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Years Ended December 31, 2019 and 2018**

- (5) **Beneficial Interest in Split-Interest Agreements (continued)** - The assets measured at fair value categorized by the fair value hierarchy (level 1) consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Cash	\$ 5,370	\$ 27,538
Commodities	-	3,395
Equity Securities	559,658	462,581
Fixed Income Securities	<u>34,709</u>	<u>47,416</u>
Total Beneficial Interest in Split-Interest Agreements	<u>\$ 599,737</u>	<u>\$ 540,930</u>

- (6) **Assets Whose Use is Limited** – The Home has various assets whose use are restricted by the donors and Board of Directors to be used for the construction of the Uniondale expansion. These assets are restricted by donors and are included net assets with donor restrictions. The assets measured at fair value categorized by the fair value hierarchy (level 1) consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Cash	\$ 8,014,506	\$ 5,270,681
U.S. Government Obligations	-	438,978
Total Assets Whose Use is Limited	<u>\$ 8,014,506</u>	<u>\$ 5,709,659</u>

- (7) **Mortgage Payable** – Mortgage payable consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Mortgage Payable	\$ 1,771,800	\$ 1,800,897
Less: Unamortized Debt Issue Costs	<u>(38,625)</u>	<u>(46,548)</u>
Total Mortgage Payable Less Unamortized Debt Issue Costs	1,733,175	1,754,349
Less: Current Maturities	<u>(56,431)</u>	<u>(54,054)</u>
Mortgage Payable - Long-term	<u>\$ 1,676,744</u>	<u>\$ 1,700,295</u>

On November 18, 2014, the Home obtained a mortgage from Alma Bank for the purchase of the Uniondale property with a principal of \$2,000,000. The mortgage is payable in 119 fixed monthly payments currently at \$16,173 (principal, interest, and escrow inclusive), at 4.25%, based upon a 25-year amortization period with a balloon payment at maturity. The Uniondale land and building are pledged as collateral on the mortgage. Capitalized interest for the years ended December 31, 2019 and 2018 was \$77,116 and \$78,820, respectively, and is included in property and equipment on the balance sheet as the building is not in service as of December 31, 2019 and 2018.

In connection with the mortgage, the Company incurred financing costs of \$79,230 which are being amortized over the life of the mortgage. Amortization of unamortized debt issue costs for the years ended December 31, 2019 and 2018 was \$7,923. Estimated amortization for each of the five succeeding years is \$7,923, \$7,923, \$7,923, \$7,923, and \$6,933.

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**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Years Ended December 31, 2019 and 2018**

**(7) Mortgage Payable (continued)**

Future maturities of the Mortgage Payable are as follows:

2020	\$ 56,431
2021	58,913
2022	61,504
2023	64,209
2024	1,587,174
Thereafter	<u>-</u>
	<u>\$ 1,828,231</u>

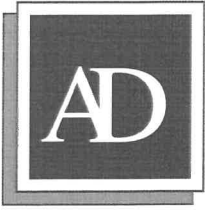
**(8) Commitments and Contingencies**

**Litigation** – From time to time, the Home may be subject to legal proceedings arising out of the ordinary course of business. Although management cannot predict the outcome of such proceedings, management does not consider such proceedings to result in a material adverse effect on its financial position or its results of operations or its cash flows.

**(9) Concentration of Credit Risk** – For the years ended December 31, 2019 and 2018, the Home had cash balances in major financial institutions which at times may have exceeded Federal Depository Insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these deposits is minimal.

**(10) Subsequent Events** – Management of the Home has evaluated subsequent events through October 2, 2020, the date the financial statements were available to be issued. No significant events have been identified that would require adjustment to or disclosure in the accompanying financial statements.

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**ABBATE DEMARINIS, LLP**  
Certified Public Accountants & Consultants

**Independent Auditors' Report on Supplementary Information**

Board of Trustees of  
St. Michael's Home, Inc.

We have audited the financial statements of St. Michael's Home, Inc. as of and for the years ended December 31, 2019 and 2018, and have issued our report thereon dated October 2, 2020, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Abbate Demarinis, LLP*

CERTIFIED PUBLIC ACCOUNTANTS  
October 2, 2020

**ST. MICHAEL'S HOME, INC.**  
**(A Not-For-Profit Corporation)**

**SUPPLEMENTARY INFORMATION - STATEMENTS OF ACTIVITIES**

**For the Years Ended December 31, 2019 and 2018**

**Schedule I - Schedule of Functional Expenses**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Care of Residents Expenses</b>		
Salaries	\$ 675,908	\$ 665,809
Employee Benefits	89,929	87,812
Payroll Taxes	55,209	57,355
Amortization Expense	7,131	7,131
Automobile Expense	1,793	699
Cleaning Service	-	4,365
Depreciation Expense	160,626	158,633
Food	182,336	180,615
Household Supplies	9,437	9,317
Insurance	68,192	69,362
Outside Services	12,338	11,628
Repairs and Maintenance	64,348	63,971
Resident Activities	10,034	8,740
Utilities	<u>59,118</u>	<u>62,073</u>
<b>Total Care of Residents Expenses</b>	<b><u>\$ 1,396,399</u></b>	<b><u>\$ 1,387,510</u></b>
<b>General and Administrative Expenses</b>		
Salaries	\$ 331,760	\$ 343,824
Employee Benefits	44,133	45,338
Payroll Taxes	27,094	29,612
Advertising	1,069	1,294
Amortization Expense	792	792
Bank Charges	120	557
Christmas Expense	2,901	977
Depreciation Expense	17,847	17,626
Equipment Rental	4,542	3,877
Household Supplies	1,049	1,035
Insurance	7,577	7,707
Office Expenses	20,893	19,805
Other	15,323	9,592
Payroll Services	8,062	8,323
Postage and Delivery	6,592	6,983
Professional Fees	25,026	22,399
Real Estate Taxes	3,333	4,124
Repairs and Maintenance	11,355	11,289
Utilities	<u>10,433</u>	<u>10,954</u>
<b>Total General and Administrative Expenses</b>	<b><u>\$ 539,901</u></b>	<b><u>\$ 546,108</u></b>



**ST. MICHAEL'S HOME, INC.**  
**(A Not-For-Profit Corporation)**

**SUPPLEMENTARY INFORMATION - STATEMENTS OF ACTIVITIES**

**For the Years Ended December 31, 2019 and 2018**

**Schedule II - Schedule of Selected Non Operating Support**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Annual Dinner Dance Event</b>		
<b>Dinner Dance Income</b>		
Journals	\$ 64,371	\$ 58,352
Raffles	24,520	29,310
Ticket Sales	50,015	40,340
Dinner Dance Donations	<u>51,060</u>	<u>23,875</u>
<b>Total Dinner Dance Income</b>	<u>189,966</u>	<u>151,877</u>
<b>Dinner Dance Expenses</b>		
Advertising	500	750
Printing	8,205	9,595
Raffle and Awards	4,706	7,587
Hotel Rental	43,949	32,897
Miscellaneous	<u>4,830</u>	<u>5,536</u>
<b>Total Dinner Dance Expenses</b>	<u>62,190</u>	<u>56,365</u>
<b>Net Profit</b>	<u>\$ 127,776</u>	<u>\$ 95,512</u>