Anthony R Lanza CPA, MT
Certified Public Accountant

Anthony R Lanza
Principal

Independent Auditors' Report

The Board of Directors
Saint Philip House, Inc.
Plainville, Connecticut

I have audited the accompanying financial statements of Saint Philip House, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saint Philip House, Inc. as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Saint Philip House, Inc.'s September 30, 2013 financial statements, and my report dated June 5, 2014, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Anthony R Lanza CPA, MT

Avon, Connecticut
June 5, 2015

Saint Philip House Inc.
Statement of Financial Position
September 30, 2014

	2014	(Comparative Totals Only) 2013
Assets		
Cash and cash equivalents (Note 3)	$135,610	$260,989
Receivables:		
Grants receivable (Note 4)	31,818	41,732
Other	1,924	0
Prepaid expenses	7,397	9,647
Current Assets	**176,749**	312,368
Investments designated for purchases or maintenance of land, buildings and equipment (Note 3)	428,963	266,618
Security Deposits	4,091	4,091
Land, buildings and equipment, net of accumulated depreciation of $ 362,399 (Note 5)	429,573	430,784
Other Assets	1,333	1,333
Total Assets	$1,040,709	$1,015,194
Liabilities and Net Worth		
Liabilities		
Accounts payable	$7,619	$7,517
Accrued payroll and related taxes	8,516	7,460
Current Liabilities	**16,135**	14,977
Net Assets		
Unrestricted	595,611	733,599
Unrestricted, board-designated (Note 6)	428,963	266,618
Temporarily restricted (Note 6)	0	0
Total Net Assets	**1,024,574**	1,000,217
Total Liabilities and Net Assets	$1,040,709	$1,015,194

See accompanying notes to financial statements.

Expenses and Losses				
Program Services:				
HIV/AIDS residential housing	424,121		424,121	410,187
Education and outreach	15,956		15,956	16,006
Total Program Services	440,077		440,077	426,193
Support Services:				
Management and general	49,313		49,313	47,552
Fund-raising	20,347		20,347	26,426
Total Support Services	69,660		69,660	73,978
Total Expenses	509,737		509,737	500,171
Excess (Deficiency) of Operating Support, Revenue and Reclassifications over Operating Expenses	**20,644**	**0**	**20,644**	15,183
Nonoperating Support and Revenue, Gains and Losses:				
Unrealized gain (loss) on mareketable securities	**4,300**		**4,300**	5,749
Total Change in Net Assets	**24,944**	**0**	**24,944**	20,932
Net Assets, Beginning of Year	1,000,217	0	1,000,217	978,731
Prior Period Adjustment	(587)		(587)	554
Net Assets, End of Year	$1,024,574	$0	$1,024,574	$1,000,217

See accompanying notes to financial statements.

Saint Philip House Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2014

	HIV/AIDS Residential Housing	Education and Outreach	**Total Program Services**	Management and General	Fund-raising	**Total Support Services**	**2014 Total Expenses**	(Comparative Totals Only) 2013 Total Expenses
Wages and salaries	$147,660	$8,905	**$156,565**	$22,263	$4,453	**$26,716**	**$183,281**	$178,135
Payroll taxes	12,990	710	**13,700**	1,774	355	**2,129**	**15,829**	14,649
Fringe benefits	30,139	660	**30,799**	1,649	329	**1,978**	**32,777**	37,598
Total wages, salaries and related expenses	190,789	10,275	**201,064**	25,686	5,137	**30,823**	**231,887**	230,382
Client assistance	130,197	686	**130,883**				**130,883**	130,747
Occupancy	52,817		**52,817**	1,874		**1,874**	**54,691**	51,575
Professional fees	4,568		**4,568**	12,698	1,234	**13,932**	**18,500**	21,930
Fund-raising costs, direct benefits to donors					13,250	**13,250**	**13,250**	13,744
Fund-raising costs, other					9,399	**9,399**	**9,399**	10,934
Insurance	14,485		**14,485**	1,450		**1,450**	**15,935**	12,185
Supplies - office	381	67	**448**	448	449	**897**	**1,345**	3,042
Printing and publications	2,342		**2,342**	1,171	2,341	**3,512**	**5,854**	2,566
Telephone	4,448	556	**5,004**	278	278	**556**	**5,560**	2,311
Postage	853		**853**	427	853	**1,280**	**2,133**	3,265
Allocation - Missions		2,400	**2,400**				**2,400**	2,400
Advertising			**0**			**0**	**0**	50
Vehicle and travel	5,281	587	**5,868**				**5,868**	3,063
Equipment and related maintenance	776		**776**	167	166	**333**	**1,109**	1,363
Conferences and meetings			**0**			**0**	**0**	355
Community activities		399	**399**				**399**	401
Contributions - other		945	**945**				**945**	1,524
Miscellaneous	607		**607**	3,440		**3,440**	**4,047**	3,084
Total Expenses Before Depreciation	407,544	15,915	**423,459**	47,639	33,107	**80,746**	**504,205**	494,921
Depreciation	16,577	41	**16,618**	1,674	490	**2,164**	**18,782**	18,994
Less expenses included with revenues on the Statement of Activities					(13,250)	**(13,250)**	**(13,250)**	(13,744)
Total Expenses Included on Statement of Activities	$424,121	$15,956	**$440,077**	$49,313	$20,347	**$69,660**	**$509,737**	$500,171

See accompanying notes to financial statements.

Saint Philip House Inc.
Statement of Cash Flows
For the Year Ended September 30, 2014

	2014	(Comparative Totals Only) 2013
Cash Flows From Operating Activities:		
Total change in net assets	**$24,944**	$20,932
Adjustments to reconcile change in net assets to net cash provided by / (used in) operating activities:		
Depreciation	18,782	18,994
Realized (gain) loss on disposal of assets	0	(654)
Unrealized (gain) loss on marketable securities	(4,300)	(5,749)
(Increase) decrease in current assets:		
Grants receivable	9,914	(7,148)
Other receivables	(1,924)	6,438
Prepaid expenses	2,250	3,376
Increase (decrease) in current liabilities:		
Accounts payable	102	3,989
Accrued payroll and related taxes	1,056	(783)
Net Cash Provided By / (Used In) Operating Activities	**50,824**	39,395
Cash Flows From Investing Activities:		
Cash receipts from sale of marketable securities	0	654
Purchase of marketable securities	(158,046)	(4,164)
Cash outlay for capital expenditures	(18,157)	(22,539)
Net Cash Used In Investing Activities	**(176,203)**	(26,049)
Net Cash Used In Financing Activities	**0**	0
Net Increase / (Decrease) In Cash And Cash Equivalents	(125,379)	13,346
Cash and Cash Equivalents at Beginning of Year	260,989	247,643
Cash and Cash Equivalents at End of Year	$135,610	$260,989

See accompanying notes to financial statements.

1. ORGANIZATION AND PURPOSE

Nature of Activities:

Saint Philip House, Inc., a non-stock corporation established in March 1993, is an organization which provides access to safe and affordable housing while rendering support services to individuals who have been diagnosed HIV/AIDS and their loved ones. This program was originally founded in 1990. Support services include financial assistance to clients, transportation for clients to health facilities, and access to community activities so that these individuals and their loved ones are able to enjoy a balanced blend of congregate and private living. The Organization fosters an atmosphere of compassion and encourages individual empowerment while upholding one's dignity and right to privacy.

The Organization also increases community awareness concerning the topic of HIV/AIDS through education among local schools and groups. In addition, Saint Philip House distributes a monthly allocation to a sister AIDS hospice agency which provides support services to mothers and children diagnosed with HIV/AIDS in Peru via Mary-knoll Missions.

Income Taxes:

The Organization qualifies for exemption from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation:

The Organization prepares its financial statements in accordance with FASB ASC 958 *Financial Statements of Not-for-Profit Organizations.* Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Summarized Prior Year Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended **September 30, 2013, from which the summarized information was derived.**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes:

STPH adopted ASC Topic Income Taxes effective January 1, 2010, ASC Topic 740 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an entities financial statements. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon adoption of ASC Topic 740 and in subsequent periods. Management is not aware of any uncertain tax positions taken by STPH as of that date. Tax years ended September 30, 2011 through September 30, 2014 remain subject to examination by major tax jurisdictions.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, certificates of deposit with maturities ranging from eight to twelve months are also included in cash and cash equivalents as there are insignificant penalties for early withdrawal of funds.

Unconditional Promises to Give:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-fee interest rates applicable to the years in which the promises are received. Amortization of the discounts are included in contribution revenue.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventory - Supplies:

Inventory consist of supplies purchased for use in the Organization's fund-raising efforts. If the amount of supplies is significant the inventory is carried at the lower of cost or market value on the first in, first out basis of accounting.

Investments:

Investments in marketable securities are stated at fair market value. Unrealized gains and losses are reported in the Statement of Activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by donors to a specific purpose or future period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Land, Buildings and Equipment:

Land, buildings and equipment are recorded at cost or, if acquired by donation, at fair market value at the date of acquisition. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a particular purpose.

Assets donated with explicit restrictions regarding their use as well as contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Depreciation of buildings and equipment is provided over their estimated useful lives under the straight-line method. In addition, the Organization capitalizes property and equipment purchases of $ 500 or greater.

Support and Revenue:

During fiscal year 2013-14 the Organization derived its support and revenue from the following sources: 1) 77 % from state, federal and private grants, 2) 13 % from public donations and net revenue from special events, 3) 8% from program occupancy fees, and 4) 2 % from miscellaneous and investment income.

In accordance with FASB ASC 958 *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions (including contributions of long-lived assets) that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Gains and losses are reported as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use. State and federal grant awards are classified as refundable grant advances until expended for the specific purpose as they have been deemed exchange transactions.

Donated Services:

The Organization records the fair value of donated services when the following criteria are met:

- Donated services which create or enhance nonfinancial assets;
- Donated services which require specialized skills, are provided by entities or persons possessing such skills, and would be purchased if they were not donated.

During fiscal year 2013-14 numerous volunteers have donated their time to the Organization's activities. These particular donated services were not recognized in the financial statements because they did not meet the criteria for recognition under FASB ASC 958-605-25-16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Expense Allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consist of the following as of September 30, 2014:

• Cash and money market	$ 135,610

During fiscal year September 30, 2014 St. Philip House Inc. had approximately $450,000 to $480,000 in cash and marketable securities in a brokerage account with Charles Schwab & Co.

A portion of these funds were invested in the following financial instruments as of September 30, 2014:

Charles Schwab Money Market Account	$ 43,568
Mutual Funds:	
Federated Short Term Income Inst Shares	137,333
Ridgeworth US Govt Sec Ultra Short Bond shares	126,109
Blackrock Global Allocation Fund Inc class C shares	53,337
Oppenheimer International Bond Fund class C shares	40,263
PIMCO Total Return Fund class D	17,116
AMG Yacktman Fund	17,205
Harbor Capital Appreciation Fund class C shares	16,751
Gabelli Small Cap Growth Fund Class AAA	6,438
Loomis Sales Bond Fund class R	6,419
Manning & Napier World Opportunity class A shares	5,154
Ishares U S Pfd Stock Index Fund	2,490
DWS Advisors Funds Short Duration Plus class C shares	348
Amounts designated by Board of Directors for future building purchases & maintenance	$ 428,963
Total value of Investment Account @ 9/30/2014	$ 472,531

All financial instruments are not insured and may increase or decrease in value depending upon various external and internal market factors pertinent to the stock and bond markets.

4. RECEIVABLES

Unconditional Promise to Give:

There were no unconditional promises to give for fiscal year September 30, 2014.

4. RECEIVABLES, CONTINUED

Grants Receivable:

Grants receivable consist of the following as of September 30, 2014:

• U.S. Department of Housing and Urban Development, passed down through the City of Hartford, HOPWA, CFDA # 14.241	17,393
• U.S. Department of Housing and Urban Development, Supportive Housing Program CFDA # 14.235	14,425
	$ 31,818

5. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following as of September 30, 2014:

Land	$ 126,552
Land improvements	28,556
Buildings	349,613
Building improvements	194,051
Furniture, appliances and equipment	78,051
Software	1,300
Vehicle	13,849
	791,972
Less: Accumulated depreciation	(362,399)
	$ 429,573

Over the years the Organization has received a significant amount of grant funding from the State of Connecticut, Department of Social Services, for the construction/renovation of the Broad and Pierce Street properties in Plainville. Pursuant to these bonding grant agreements, purchases of real property (including improvements) must be used in accordance with the grant provisions for a minimum period of ten years. In order to ensure its intended use, the Organization has filed liens on the applicable real property in favor of the State of Connecticut for a period of ten years. The liens on the property are equal to the value of the original awards, decreasing by ten percent each year. As of September 30, 2014 there was one lien for $7,234 that has been filed with a remaining balance of $6,511.

Approximately $ 47,887 of bldg improvements, house equipment and a vehicle that have been purchased with State of Connecticut, Department of Social Services grant funds. This equipment (defined as having a normal useful life of more than one year and an acquisition cost of more than $ 2,500 (previously $ 1,000) may not be discarded, sold or removed without the prior written approval of a DSS designee. Prior to the expiration or termination of the contract by either party, DOH will determine the manner of the disposition of all equipment purchased with DSS grant funds.

6. NET ASSETS

Unrestricted Board Designated Net Assets:

Unrestricted board designated net assets are available for the following purposes and/or time restrictions as of September 30, 2014:

• Capital reserve for the purchase or maintenance of land, buildings and equipment	$ 428,963

Net Assets Released From Restrictions:

There were no net assets released from donor restrictions by satisfying purpose or time restrictions during fiscal year 2013-14:

7. COMPOSITION OF FEDERAL AND STATE GRANT FUNDING

The sources of federal and state grant funding earned during fiscal year 2013-14 consist of the following:

	Federal Grants	State Grants
• - State of Connecticut, Department of Social Services "DSS", grant # 110SPH-AID-01/ 13DOH0601CP		$ 174,117
• - U.S. Department of Housing and Urban Development "HUD", passed down through the City of Hartford, Housing Opportunities for Persons with Aids "HOPWA", CFDA # 14.241	$ 67,682	
• - U.S. Department of Housing and Urban Development, Supportive Housing Program, CFDA # 14.235	165,569	
	$ 233,251	$ 174,117

8. CASH FLOW INFORMATION

No noncash investing and financing transactions occurred as of September 30, 2014.

9. CONCENTRATIONS

Credit Risk: During fiscal year 9/30/14 the Organization maintained two bank accounts in one financial institution. During the year the client did not have cash balances in excess of the federal deposit insurance of $250,000.

9. CONCENTRATIONS, CONTINUED

At September 30, 2013 the client has invested approximately $ 428,963 in corporate bonds and stock and bond mutual funds that are not insured by the FDIC and may increase or decrease in value depending upon various external and internal market factors pertinent to the stock and bond markets.

Revenue Source:

The Organization derived approximately 78 % of its support and revenue in the form of operating grants from the State of Connecticut, Department of Housing and U.S. Department of Housing and Urban Development for the year ended September 30, 2014. This represents a concentration of a revenue source as the Organization could be negatively impacted in the event of a potential funding reductions or losses.

10. EMPLOYEE BENEFIT PLANS

The Organization has a tax-deferred annuity plan which qualifies under Section 403(b) of the Internal Revenue Code. During fiscal year 2013-14 the Organization contributed 4% of gross salaries for eligible employees to the plan. Eligible employees include those who work in excess of 30 hours per week, at least 2 years of service, and are 21 years of age or older. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Plan expenses were $ 6,953 for the fiscal year ended September 30, 2014.

In September of 2007 the Organization established health savings accounts for the Organization's three full time employees in conjunction with a medical plan that has a $1,000 deductible per employee. For fiscal year ended September 30, 2014 the Organization contributed $2,500 ($2,500 per employee) into these accounts.

11. CONTINGENCIES

Grant Funding:

The Organization received federal and state grant funding from the State of Connecticut, Department of Housing "DOH", the U.S. Department of Housing and Urban Development and HUD pass through funding through City of Hartford during fiscal year 2013-14. Accordingly, DOH, HUD and the City of Hartford have the ultimate determination regarding the allowability of program costs. Any disallowed costs subsequent to the program's completion could result in additional liabilities to the Organization.

Disclosure of Subsequent Events:

STPH adheres to ASC Topic 855 Subsequent Events. ASC Topic 855 requires evaluation and possible disclosure of subsequent events through the date the financial statements were issued or available to be issued. Management has evaluated subsequent events for potential recognition and disclosure through June 15, 2014, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustment to, or disclosure in, the accompanying financial statements.