



Consolidated Financial Statements  
and Auditors' Report  
*at 30 June 2019 and 2018 and  
for the years then ended*

**Consolidated Balance Sheets**

	2019	2018
<b>Assets</b>		
Cash & equivalents	\$ 3,799,053	\$ 3,419,492
Accounts receivable, net of allowance of \$263,180 and \$344,347	3,442,843	4,985,718
Investments	6,090,608	5,850,318
Cash - replacement reserve	325,255	316,538
Financial assets	13,657,759	14,572,066
Prepaid expenses & other assets	361,362	1,015,817
Security deposits	523,070	517,140
Property & equipment	47,594,009	39,582,892
	<u>\$ 62,136,200</u>	<u>\$ 55,687,915</u>
<b>Liabilities</b>		
Accounts payable & accrued expenses	\$ 1,234,118	\$ 2,624,773
Accrued compensation	1,278,471	1,604,751
Deferred revenue	3,373,221	2,895,323
Due to governmental funders	4,986,470	5,522,433
Liability for pension benefits	3,915,161	3,988,519
Mortgages	2,055,414	2,217,142
Nonrecourse mortgages	3,217,052	
Deferred construction funding	19,263,425	20,078,673
Security deposits received	12,063	8,214
	<u>\$ 39,335,395</u>	<u>\$ 38,939,828</u>
<b>Net assets</b>		
Without donor restrictions	17,544,779	13,410,943
Board designations	466,604	1,000,716
	18,011,383	14,411,659
With donor restrictions	109,572	100,798
Noncontrolling interest	4,679,850	2,235,630
	<u>\$ 22,800,805</u>	<u>\$ 16,748,087</u>
	<u>\$ 62,136,200</u>	<u>\$ 55,687,915</u>

**1 Organization and Nature of Activities**

TSINY develops facilities for and provides housing to those with low incomes, operates community residences and supported housing programs and provides other outpatient, day training, vocational rehabilitation and clinical services to the mentally disabled.

These consolidated financial statements present the consolidated financial position and changes in net assets and of cash flows of Transitional Services for New York, Inc. (TSINY). This includes TSINY, TSI Properties - I, Inc. (Props), TSINY Building 74 Housing Develop-



**Consolidated Statements of Activities and Changes in Net Assets**

	2019	2018
<b>Without Donor Restrictions</b>		
<b>for the years ended 30 June</b>		
<b>Operating revenue:</b>		
Governmental support:		
Fees for service	\$ 8,939,204	\$ 9,182,057
Contracts	13,530,652	12,466,757
	<u>22,469,856</u>	<u>21,648,814</u>
Client resident rent & fees	2,465,635	2,459,278
Rents	1,075,243	954,849
Developer's fees	1,601,009	250,000
Miscellaneous	1,222,025	1,560,262
	<u>28,833,768</u>	<u>26,873,203</u>
<b>Operating expenses:</b>		
Outpatient services	3,725,192	3,640,954
Community residences	4,971,494	4,805,420
Supportive housing	13,465,794	12,574,720
Case management	2,459,364	3,182,578
Administration	2,575,029	2,608,048
	<u>27,196,873</u>	<u>26,811,720</u>
	<u>1,636,895</u>	<u>61,483</u>
<b>Operating income</b>	99,790	149,935
Public support:	(27,891)	(37,958)
Special event income	71,899	111,977
Special event expense	99,380	156,993
	<u>(57,359)</u>	<u>(46,064)</u>
<b>Grants &amp; contributions</b>	113,920	222,906
Fundraising expense	1,750,815	284,389
	<u>401,748</u>	<u>389,184</u>
<b>Change in prior year contracts</b>	190,518	393,918
Net grants and fees from construction	224,559	735,965
Depreciation and amortization	896,025	359,046
Beginning of year	(1,462,121)	(1,184,398)
Limited partners' share of losses	14,411,659	12,686,331
End of year	1,598,180	747,224
	<u>\$ 18,011,383</u>	<u>\$ 14,411,659</u>

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

ment Fund Corporation, Inc. (B74HDFC), TSINY Building 74 GP, Inc. (B74GP), TSINY 163rd Street Housing Development Fund Corporation, Inc. (163HDFC), TSINY 163rd Street GP, Inc. (163GP), TSINY 163rd Street LP (163LP), Building 89 JD HDFC, Inc. (89HDFC), TSINY 89th Avenue GP, Inc. (89GP), and TSINY 89th Avenue LP (89LP). TSINY controls Props, B74HDFC, 163HDFC, and 89HDFC. B74HDFC controls B74GP. B74GP is the general partner of TSINY Building 74 LP (B74LP). 163HDFC controls 163GP. 163GP is the general partner

**Consolidated Statement of Functional Expenses  
for the year ended 30 June 2019**

	Outpatient services	Community residences	Supportive housing	Case management	Total program services	Administration	Total
Staff salaries	\$ 2,095,364	\$ 2,991,011	\$ 4,425,437	\$ 1,500,685	\$ 11,012,497	\$ 1,469,335	\$ 12,481,832
Employee benefits	484,980	739,379	1,151,708	409,045	2,785,112	410,547	3,195,659
Occupancy	2,580,344	3,730,390	5,577,145	1,909,730	13,797,609	1,879,882	15,677,491
Professional fees	483,859	618,014	6,355,714	189,426	7,647,013	51,693	7,698,706
Food	242,235	1,146	38,208	47,921	329,510	301,692	631,202
Client expenses	2,072		536		2,608	11,844	14,452
Equipment & furnishings	156,735	198,909	469,176	56,647	881,467	1,392	882,859
Travel & transportation	29,049	89,123	247,381	8,002	373,555	19,372	392,927
Miscellaneous	3,032	10,952	56,633	61,736	132,353	22,563	154,916
Insurance	44,473	42,419	88,597	36,681	212,170	71,751	283,921
Supplies	43,048	99,465	285,628	51,344	479,485	45,100	524,585
Communication	60,439	114,072	153,204	15,057	342,772	55,852	398,624
Interest	79,906	67,004	111,976	81,336	340,222	59,699	399,921
Operating expenses	3,725,192	4,971,494	13,465,794	2,459,364	24,621,844	2,575,029	27,196,873
Depreciation & amortization	15,896	377,581	927,868	22,337	1,343,682	118,439	1,462,121
	\$ 3,741,088	\$ 5,349,075	\$ 14,393,662	\$ 2,481,701	\$ 25,965,526	\$ 2,693,468	\$ 28,658,994

of TSINY 163rd Street LP. 89HDFC controls 89GP. 89GP is the general partner of 89LP.

TSINY, Props, B74HDFC, B74GP, 163HDFC, 163GP, 89HDFC, and 89GP were incorporated in 1974, 2006, 2010, 2010, 2014, 2018, 2018, and 2018, respectively. TSINY, Props, B74HDFC, 163HDFC, and 89HDFC are all tax-exempt organizations. TSINY and Props are tax-exempt in accordance with §501(c)3 of the Internal Revenue Code (IRC) and are classified as publicly-supported organizations as defined in §509(a)(2). Therefore, contributions to both organizations are tax-deductible. B74HDFC, 163HDFC, and 89HDFC are tax-exempt in accordance with §501(c)4 of the IRC. All of these organizations believe that they continue to comport to the requirements of those sections and that their activities continue to be exempt from federal and state income tax.

In 2006 TSINY created Props, to purchase and hold a residential property. TSINY operates a supported apartment program for persons with developmental disabilities in the property. Funding for the purchase and refurbishment was provided by the U.S. Department of Housing and Urban Development as part of its §811 Supportive housing for Persons with Disabilities program and by the New York State Office of Mental Health (NYSOMH).

**Consolidated Statements of Changes in Net Assets  
With Donor Restrictions and Noncontrolling Interest  
for the year ended 30 June**

	2019	2018
Activity with donor restrictions		
Contributions	\$ 8,774	\$ 9,334
Balance:		
Beginning of year	100,798	91,464
End of year	\$ 109,572	\$ 100,798
Noncontrolling interest		
Contributions	\$ 4,042,400	\$ 1,740,637
Limited partners' share of losses	(1,598,180)	(747,224)
Balance:		
Beginning of year	2,235,630	1,242,217
End of year	\$ 4,679,850	\$ 2,235,630

In 2010 TSINY created B74HDFC and its wholly-controlled subsidiary, B74GP to lease residential property from the Dormitory Authority of the State of New York (DASNY). TSINY operates a refurbished single room occupancy community residence with 52 beds on the property. In 2014 TSINY created 163HDFC and its wholly-controlled subsidiary, 163GP to construct and operate a single room occupancy community residence with 44 beds. Funding for the refurbishment and construction was provided by NYSOMH and through the sale of federal low-income housing tax credits to commercial investors. In 2018 TSINY created 89HDFC and its wholly-owned subsidiary, 89GP to construct and operate a residential facility with 70 beds. Funding for the construction is being provided by loans from the Community Preservation Corporation and the New York City Department of Housing Preservation and Development and through the sale of federal low-income housing tax credits to commercial investors. B74LP, 163LP, and 89LP were established for that purpose. The interest of the limited partners is shown in these financial statements as Noncontrolling interest.

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

**Consolidated Statement of Functional Expenses  
for the year ended 30 June 2018**

	Outpatient services	Community residences	Supportive housing	Case management	Total program services	Administration	Total
Staff salaries	\$ 2,025,963	\$ 2,853,419	\$ 3,840,255	\$ 1,980,421	\$ 10,700,058	\$ 1,469,517	\$ 12,169,575
Employee benefits	557,840	861,359	1,134,584	608,799	3,162,582	443,922	3,606,504
Occupancy	2,583,803	3,714,778	4,974,839	2,589,220	13,862,640	1,913,439	15,776,079
Professional fees	463,980	534,785	6,133,246	183,020	7,315,031	49,982	7,365,013
Food	242,896	258	45,383	45,847	334,384	280,293	614,677
Client expenses	8,841	3,300	14,466	1,258	27,865	7,009	34,874
Equipment & furnishings	146,526	158,794	491,337	112,561	909,218	317	909,535
Travel & transportation	16,799	95,243	226,529	8,485	347,056	34,513	381,569
Miscellaneous	2,358	10,568	46,953	59,671	119,550	18,017	137,567
Insurance	34,846	35,577	84,397	33,870	188,690	119,723	308,413
Supplies	45,985	95,023	246,100	59,018	446,126	39,989	486,115
Communication	41,079	92,833	137,380	15,394	286,686	43,396	330,082
Interest	53,604	63,951	89,593	71,135	278,283	53,487	331,770
Operating expenses	237	310	84,497	3,099	88,143	47,883	136,026
Depreciation & amortization	3,640,954	4,805,420	12,574,720	3,182,578	24,203,672	2,608,048	26,811,720
	14,674	385,354	630,688	30,175	1,060,891	123,507	1,184,398
	\$ 3,655,628	\$ 5,190,774	\$ 13,205,408	\$ 3,212,753	\$ 25,264,563	\$ 2,731,555	\$ 27,996,118

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

**2 Summary of significant accounting policies**

- A. These statements have been prepared on the accrual basis. In their preparation, TSINY follows accounting principles and reporting requirements that are generally accepted for not-for-profit entities in the United States of America (GAAP), including specialized requirements promulgated by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants.
- B. TSINY reports contributions as unrestricted support unless received with donor stipulations that limit the use of the donated assets.
- C. Funder reimbursements for prior year contracts are sometimes adjusted in the current year for circumstances not known at the close of the prior year. Such adjustments might be due to funder audit findings, post-completion awards of additional funds, rate appeal results, and other matters.
- D. Because TSINY operates multiple programs and receives funding from multiple sources, costs have been allocated to programs in accordance with various methods used in reporting its activities to its funders. Bases for these allocations include proportional consumer census, employee wages and salaries, and facility square footage.
- E. TSINY considers all unencumbered highly liquid instruments with original maturities of 90 days or less to be cash or equivalents.
- F. TSINY provides an allowance for current uncollectible accounts based upon management's evaluation of the current record of its debtors and current economic conditions.

G. TSINY reports investments at quoted market values which are all level 1 measurements under the hierarchy established under Accounting Standards Codification §820 – Fair Value Measurements.

H. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. TSINY capitalizes individual pieces of property and equipment with a cost of \$5,000 or more and a useful life of two years or more. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Leasehold improvements are amortized over the shorter of the useful life of the improvement or the remaining term of the lease.

I. TSINY reports its liability for employee's vacation time earned, but not yet used in these financial statements. The cumulative expense charged to operations is included in reimbursable costs reported to funders in subsequent periods along with the associated income, when the vacation time is used by the employee and paid by TSINY.

J. Cash – replacement reserves are set aside as required by various contracts in order to fund approved capital costs for certain properties.

K. Due to Governmental Funders consists of over and under reimbursements made by funders and outstanding settlements of contractual obligations.

L. In 2018, the Board of TSINY determined that developer's fees earned would be used for specific purposes identified by the Board – primarily for continuing residential facility development.

M. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported during the period. Actual results could differ from those estimates.

N. Certain prior year amounts have been reclassified for comparative purposes.

**3 Concentrations & liquidity  
Financial instruments**

Cash accounts at financial institutions in excess of FDIC insurance limits could expose TSINY to a concentration of credit risk.

**Contracts**

TSINY receives much of its revenue from contracts with New York State and New York City agencies.

### Consolidated Statements of Cash Flows

	2019	2018
Cash flows from operating activities:-		
Change in net assets without donor restrictions:	\$ 1,750,815	\$ 284,389
Investments	401,748	389,184
Pension liability adjustments	190,518	393,918
Change in prior years' contracts	224,559	735,965
Limited partners' share of losses	1,598,180	747,224
Adjustments to reconcile the change in net assets without donor restrictions to net cash from operating activities:		
Net realized and unrealized gains	(250,260)	(255,495)
	<u>3,915,560</u>	<u>2,295,185</u>
Changes in operating assets & liabilities: (increase)/decrease in assets:		
Accounts receivable	942,962	(1,618,645)
Prepaid expenses & other assets	662,460	145,855
Security deposits	(5,930)	(23,060)
Increase/(decrease) in liabilities:		
Accounts payable & accrued expenses	(1,390,655)	1,973,059
Accrued compensation	(326,280)	353,382
Liability for pension benefits	(73,358)	(357,605)
Deferred revenue	477,898	442,290
Security deposits received	3,849	
Due to governmental funders	(535,963)	(384,451)
<b>Net cash from operating activities</b>	<b>3,670,543</b>	<b>2,826,010</b>

### Cash flows from investing activities:

Net acquisitions of property & equipment	(9,471,934)	(10,915,440)
Net sales of investments	9,970	595,807
Change in replacement reserve	(8,717)	43,602
<b>Net cash from investing activities</b>	<b>(9,470,681)</b>	<b>(10,276,031)</b>

### Cash flows from financing activities:

Capital contributions received	4,042,400	1,740,637
Limited partners' share of losses	(1,598,180)	(747,224)
Net grants and fees for construction	896,025	359,046
Additional construction financing	3,217,052	7,931,999
Repayment of construction financing	(386,372)	(154,021)
Endowment contributions received	8,774	9,334
<b>Net cash from financing activities</b>	<b>6,179,699</b>	<b>9,139,771</b>
Cash & equivalents:		
Change	379,561	1,689,750
Beginning of the year	3,419,492	1,729,742
End of the year	<u>\$ 3,799,053</u>	<u>\$ 3,419,492</u>
Supplemental disclosures:		
Cash paid for interest	\$ 137,269	\$ 136,026

The accompanying footnotes are an integral part of these financial statements

### Liquidity

TSINY monitors its cash position on a daily basis, striving to maintain sufficient liquidity to meet its operating needs and other contractual commitments and to maximize the yield from its investable funds.

An analysis of financial assets available at 30 June is as follows:

	2019	2018
Financial assets at year-end	\$ 13,657,759	\$ 14,572,066
Board designated net assets	(466,604)	(1,000,716)
Restricted by donors or contract as to use	(434,827)	(417,336)
Financial assets available to meet short-term cash needs	\$ 12,756,328	\$ 13,154,014

### 4 Net assets with donor restrictions

TSINY solicits funds with the specific understanding that the gifts will be invested and only the income from those gifts expended for the general operations of TSINY. These gifts are commingled with other investments. Spending from endowments by a not-for-profit corporation in New York State is currently governed by the New York Prudent Management of Institutional Funds Act (NYPMIFA), enacted in 2010. TSINY interprets NYPMIFA as requiring that, unless the donor specifies otherwise, the total historical dollar value of contributions with such donor restrictions be maintained as the minimum fair value of the endowment. At 30 June 2019 and 2018 TSINY exceeded this threshold by \$5,891,036 and \$5,749,520, respectively.

### 5 Investments

Investments consisted of the following at 30 June:

	2019	2018
Mutual funds – Fixed income	\$ 1,725,209	\$ 1,746,248
Mutual funds – Equities	4,365,399	4,104,070
	\$ 6,090,608	\$ 5,850,318

Investment results for the years ended 30 June were as follows:

	2019	2018
Opening balance	\$ 5,850,318	\$ 6,190,630
Purchases	1,657,160	2,364,657
Sales	(1,667,130)	(2,960,464)
Realized net gain	10,869	279,399
Unrealized net gain/(loss)	239,391	(23,904)
	\$ 6,090,608	\$ 5,850,318

Investment income for 2019 and 2018 included \$151,488 and \$133,689, respectively, in interest and dividends. Investments are subject to market volatility which could change their carrying value in the near term.

## 6 Property & equipment

Property & equipment consisted of the following at 30 June:

	2019	2018	Estimated useful lives
Land	\$ 1,707,226	\$ 1,707,226	
Buildings & improvements	31,749,992	15,050,908	40 years
Co-op apartments	148,000	148,000	40 years
Leasehold improvements	19,763,418	19,743,093	20-50 years
Equipment	1,758,779	1,627,206	5 years
Construction in progress	5,537,468	13,019,457	
	60,664,883	51,295,890	
Accumulated depreciation	13,070,874	11,712,998	
	\$ 47,594,009	\$ 39,582,892	

## 7 Mortgages

Mortgages are debts assumed by TSINY secured by the general assets of TSINY.

In 2015, TSINY borrowed \$435,000 from a bank giving a mortgage and security interest in real property located in Jackson Heights, New York. As of June 30, 2019 and 2018, respectively, the principal balance due was \$257,395 and \$296,492. The annual interest rate was fixed at 4.15%. The mortgage matures in 2025. It is payable in monthly installments of \$4,452.

In 2014, TSINY borrowed \$973,000 from a bank giving a mortgage and security interest in real property located in Whitestone, New York. As of 30 June 2019 and 2018 respectively, the principal balance due was \$558,940 and \$621,413. The annual interest rate was fixed at 4.614%. The mortgage matures in 2026. It is payable in monthly installments of \$7,502.

In 2008, TSINY borrowed \$640,000 from a bank giving a mortgage and security interest in real property located in Corona, New York. As of 30 June 2019 and 2018 respectively, the principal balance due was \$472,216 and \$490,871. The annual interest is fixed at 6.5%. The mortgage matured and was replaced in July 2019 (see footnote 12).

In 2013, TSINY borrowed \$1,000,000 from a bank giving a mortgage and security interest in real property located in Queens, New York. As of 30 June 2019 and 2018 respectively, the principal balance due was \$773,564 and \$816,371. The annual interest is fixed at 4.48%. The mortgage matures in 2024. It is payable in monthly installments of \$6,364.

Future annual principal payments of these mortgages are due as follows:

2020	\$ 623,887
2021	158,550
2022	165,740
2023	767,035
2024	130,313
Thereafter	216,590
Unamortized financing costs	(6,701)
	\$ 2,055,414

## 8 Nonrecourse mortgages

Nonrecourse mortgages are debts assumed by partnerships controlled by TSINY secured only by the specific assets covered by the respective agreement.

In June 2019, 89LP borrowed \$3,217,052 under a debt facility from a bank giving a mortgage and security interest in real property, including a building to be constructed, located in Jamaica, New York. Additional amounts, totaling a maximum of \$10,820,691 may be drawn as construction continues. Interest on the outstanding balance, at 240 basis points over one month LIBOR, will be added to the principal balance. This facility will be replaced by permanent financing from the Community Preservation Corporation when construction is complete.

## 9 Deferred construction funding

These amounts represent income to be recognized in the future associated with construction projects financed or partly financed by NYSOMH. These mortgages were all issued with the understanding that as long as TSINY used these properties "for charitable purposes benefitting the community mental health service for which this mortgage has been made" no payments would be made to NYSOMH by TSINY and that NYSOMH would make payments to DASNY on TSINY's behalf.

Construction of TSINY's residence in the Bronx and leasehold improvements to the Hillside Avenue facility (Building #67) owned by and leased from DASNY to TSINY were financed with non-recourse mortgages from NYSOMH directly to TSINY. Because TSINY does not expect to violate this agreement by not operating in accordance with its exempt purpose, these mortgages are not reflected in these financial statements.

Renovations of the facilities on Winchester Boulevard by B74LP and on 163 Street by 163LP were financed by loans from DASNY and equity investments from partnerships established by TSINY with independent purchasers of federal low-income housing tax credits generated by those projects.

## 10 Pension

TSINY maintains a qualified defined benefit pension plan (the "Plan") for all eligible employees. Pension benefits are generally based on years of service and employee's average compensation. Plan assets consist of mutual funds held by an investment company. The Plan is funded solely through TSINY contributions, which are actuarially determined, and are designed to meet the minimum funding standards of the Employee Retirement Income Security Act of 1974.

*Plan activity for years ended 30 June:*

	2019	2018
Employer contributions	\$ 701,961	\$ 600,000
Benefits paid	588,154	552,820
Pension cost	698,031	790,027
Accumulated benefit obligation	9,804,546	9,185,649

### Plan funding

The funded status of the Plan and the amounts reflected in TSINY's balance sheets as of 30 June are as follows:

	2019	2018
Projected benefit obligation	\$ 10,676,260	\$ 10,372,442
Plan assets at fair value	6,761,099	6,383,923
Funding deficit	\$ 3,915,161	\$ 3,988,519
Accrued pension cost	\$ 466,856	\$ 356,979

### Plan assumptions

Considering the historical return on the Plan's assets and the current allocation of those assets, the measurement of the net periodic pension cost was based upon the following weighted-average assumptions:

	2019	2018
Discount rate	3.75%	4.00%
Rate of increase in future compensation levels	2.00%	2.00%
Expected long-term rate of return on plan assets	6.00%	6.00%

### Plan assets

Considering the demographics of the Plan's participants and the Trustee's wish to limit the Plan's investment risk, the Trustees have determined a target allocation of plan assets of 60% equity, 35% fixed-income, and 5% alternative-based investments. This allocation is reviewed periodically by the Trustees. As of 30 June assets of the Plan were as follows:

	2019	2018
Mutual funds - Equities	58.7%	57.3%
Mutual funds - Fixed income	30.1	34.1
Cash and equivalents	4.8	3.4
Amounts due from the sponsor	6.4	5.2
	100.0%	100.0%

### Prospective plan cash flows

TSINY expects to contribute a minimum of \$465,000 to the Plan in 2020. The Plan expects to pay the following amounts, which include amounts for services to be provided in the future, as follows:

2020	\$	412,511
2021		433,145
2022		435,797
2023		441,631
2024		463,433
2025 through 2029		2,919,391

## 11 Commitments & contingencies

TSINY is subject to certain claims and pending litigation, which are covered by insurance policies, that have arisen in the ordinary course of business. They are not expected to have a materially adverse effect on TSINY's financial position or changes in net assets.

### New York State and New York City Program Reviews

In accordance with TSINY's contractual relationships with certain governmental funders, those funders have the right to examine TSINY's books and records as they pertain to those contracts.

### Operating lease obligations

TSINY is obligated, in accordance with various leases, to pay annual minimum real property rentals in the future. Many of these operating lease payments are for apartments occupied by TSINY clients who, as part of their agreements with TSINY, contribute to the cost of their apartments. The rental obligation in the following table is not offset by any possible recipient rental payments:

2018 Actual	\$	6,376,735
2019 Actual		6,388,329
2020		3,541,216
2021		1,825,910
2022		801,897
2023		670,057
2024		200,400

### Facility construction and renovations

TSINY operates programs at sites which it leases from New York State and which are being renovated. The funds for these renovations are advanced to TSINY by New York State (see also Note 9). When these renovations are complete, management expects that New York State will contribute the renovations to TSINY either in the form of long-term financing which will not be repaid or as an outright contribution.

In 2018 TSINY commenced development of a 70 bed residential facility in

Jamaica, Queens. Development is currently in progress (see also Note 8). TSINY has been notified by NYSOMH of allocations of 50 beds in Queens and of 50 beds in the Lower Hudson Valley region. Placing these beds into service will depend upon the acquisition and development of suitable residential facilities. TSINY anticipates accomplishing this over the next four to five years with a mixture of NYSOMH and external financing.

## 1.2 Subsequent events

TSINY has evaluated all events taking place subsequent to the balance sheet date through 31 December 2019, the date these statements were available to be issued. There were no events or transactions occurring during that period which require recognition or disclosure in these financial statements, except for the following:

In July 2019, TSINY borrowed \$525,000 from a bank giving a mortgage and security interest in real property located in Queens, New York. The annual interest is fixed at 4.34%. The mortgage matures in 2029. It is payable in monthly installments of \$2,891.

## INDEPENDENT AUDITORS' REPORT



Board of Directors  
Transitional Services for  
New York, Inc.  
Whitestone, New York

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

We have audited the accompanying consolidated financial statements of Transitional Services For New York, Inc. and Affiliates (the "Organization"), which comprise the consolidated balance sheets as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets without donor restrictions, changes in net assets with donor restrictions and noncontrolling interest, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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 audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2019 and 2018, 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.

31 December 2019

*Baker Tilly Vichawongkarn, LLP*