

Financial Statements



For the Years Ended
December 31, 2016 and 2015



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
RUPCO, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of RUPCO, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 RUPCO, Inc. as of December 31, 2016 and 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Uniform Guidance

See accompanying notes to the financial statements

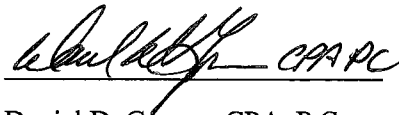
Compliance Supplement published by the Office of Management and Budget is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2017, on our consideration of RUPCO, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RUPCO, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited RUPCO's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Daniel D. Gagnon CPA, P.C.

Kingston, NY
April 24, 2017

RUPCO, Inc.
Statement of Financial Position
December 31, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash	\$ 2,912,245	\$ 2,762,346
Cash - Escrow	168,658	142,470
Cash - Tenant Security	69,124	69,250
Accounts Receivable	490,601	224,395
Grants Receivable	379,159	462,895
Prepaid Expenses	76,027	84,916
Total Current Assets	<u>4,095,814</u>	<u>3,746,272</u>
Land, Buildings, and Equipment, net	<u>5,325,525</u>	<u>5,543,247</u>
Other Assets:		
Notes Receivable - Net	272,502	735,002
Developers Fee Receivable	1,658,434	2,935,108
New Home Loan Receivables	206,069	130,085
Revolving Loan Receivable	-	46,930
Investments	1,997,301	1,997,277
Development Costs - Net	1,174,296	673,990
Deposits	750	1,350
Total Other Assets	<u>5,309,352</u>	<u>6,519,742</u>
TOTAL ASSETS	<u><u>\$ 14,730,691</u></u>	<u><u>\$ 15,809,261</u></u>
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 128,688	\$ 121,016
Accrued Expenses	106,495	102,748
Security Deposits Payable	69,124	69,250
Construction Loan Payable	500,000	500,000
Deferred Revenue	459,694	922,140
Mortgage Payable Current Portion	123,081	533,026
Prepaid Rental Income	700	2,162
Program Payables	34,555	10,089
Total Current Liabilities	<u>1,422,337</u>	<u>2,260,431</u>
Long Term Liabilities:		
Accrued Interest Payable	368,670	351,834
Mortgage Payable	1,385,665	1,486,770
Total Long Term Liabilities	<u>1,754,335</u>	<u>1,838,604</u>
NET ASSETS:		
Unrestricted Net Assets	9,731,381	9,655,092
Restricted Net Assets		
Temporarily Restricted Net Assets	608,654	608,654
Permanently Restricted Net Assets	1,213,984	1,446,480
Total Net Assets	<u>11,554,019</u>	<u>11,710,226</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 14,730,691</u></u>	<u><u>\$ 15,809,261</u></u>

RUPCO, Inc.
Statement of Activities
December 31, 2016 and 2015

	UNRESTRICTED FUNDS	TEMPORARILY RESTRICTED FUNDS	RESTRICTED FUNDS	TOTAL 2016	TOTAL 2015
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS					
GRANTS:		\$ 3,826,199		\$ 3,826,199	\$ 3,164,114
REVENUES:					
Administrative Fees	\$ 1,224,152			1,224,152	1,185,346
Repaid Grants	10,104			10,104	8,666
Contribution Income	80,451			80,451	61,358
Damage/Vacancy Fees	1,025			1,025	663
Interest Income	3,550			3,550	1,922
Late Fees	4,324			4,324	2,612
Program Income	167,828			167,828	108,115
Laundry Income	5,839			5,839	3,266
Management Fees	723,830			723,830	571,024
Management Development Fees	-			-	1,966,035
Miscellaneous Income	157,795			157,795	194,786
Repayment-Cost of Projects	227,055			227,055	913,849
Process Fees	10,500			10,500	10,350
Rental Income	1,077,529			1,077,529	1,081,137
Sponsorships	15,070			15,070	10,050
Total Support & Revenue	3,709,052	3,826,199	-	7,535,251	9,283,293
Development Loans					
Net assets released or restricted					
Satisfaction of Program Restrictions	232,496		(232,496)	-	-
	232,496	-	(232,496)	-	-
EXPENSES AND LOSSES					
Programs	2,595,209	3,826,199	-	6,421,408	6,684,688
Management and General	1,208,092	-	-	1,208,092	1,098,884
Fundraising	61,958	-	-	61,958	66,101
Total Expenses & Losses	3,865,259	3,826,199	-	7,691,458	7,849,673
Change in Net Assets	76,289	-	(232,496)	(156,207)	1,433,620
Net Assets as of beginning of year	9,655,092	608,654	1,446,480	11,710,226	10,276,606
Net Assets as of end of year	\$ 9,731,381	\$ 608,654	\$ 1,213,984	\$ 11,554,019	\$ 11,710,226

RUPCO, Inc.
Statement of Cash Flow
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Activities:		
Net Increase (Decrease) in Net Assets Before Prior Period Adjustments	\$ (156,207)	\$ 1,433,620
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation/Amortization	397,484	371,152
Development Fee Receivable	1,276,674	(1,780,526)
Accounts Receivable	(270,768)	(183,795)
Prepaid Expenses	8,889	15,860
Accrued Expenses	3,747	28,861
Notes Receivable	386,516	478,500
Accounts Payable	7,672	25,104
Program Liabilities	24,466	(5,075)
Accrued Interest	16,836	16,837
Grants Receivable	83,736	(170,387)
Security Deposits Payable	(126)	2,514
Deposits	600	(700)
Deferred Grant Income	(462,446)	(67,848)
Tenant Security	126	(3,229)
Rents Receivable	4,562	(5,530)
Prepaid Rental Income	(1,462)	1,986
Cash Escrow	<u>(26,188)</u>	<u>(12,451)</u>
Net cash provided by operating activities	<u>1,341,041</u>	<u>144,893</u>
Investing Activities:		
Fixed Asset Purchases(Retirement/Sales)	(179,762)	(116,819)
Partnership Investment	(24)	-
Development Costs	<u>(500,306)</u>	<u>514,735</u>
Net cash used in investing activities	<u>(680,092)</u>	<u>397,916</u>
Financing Activities:		
Adjustments to Net Assets		
Loans/ Mortgages Payable	(511,050)	278,629
Development Loans & Lines of Credit	<u>-</u>	<u>(200,000)</u>
Net cash used in financing activities	<u>(511,050)</u>	<u>78,629</u>
Net Increase (Decrease) in Cash	149,899	621,438
Cash at Beginning of Period	<u>2,762,346</u>	<u>2,140,908</u>
Cash at End of Period	<u>\$ 2,912,245</u>	<u>\$ 2,762,346</u>
Supplemental Information:		
Cash paid for interest	\$ 69,276	\$ 98,724
Cash paid for taxes	-	-

RUPCO, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

RUPCO, Inc. is a private not-for-profit housing corporation organized in 1981 for the purpose of preserving and creating decent, permanent housing for residents in the state of New York. RUPCO is also committed to stabilizing and revitalizing commercial districts so that rural people can easily obtain essential services. The organization's support comes primarily from various government grants and contracts.

RUPCO is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

During their year ended 2013 RUPCO formally changed their name from Rural Ulster Preservation Company, Inc. to RUPCO, Inc. The name change was filed with the Department of State, the NYS Charities Bureau and the IRS.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. RUPCO has elected early adoption of FASB ASU 2016-14. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Restricted net assets – Net assets that are subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets to be held in perpetuity with use of income for program operations in accordance with donor-imposed stipulations.

Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all cash in banks and financial institutions including cash in escrow for the payment of property taxes, sewer and insurance to be cash.

Support and Revenue

All support and revenue are considered available for unrestricted use unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

RUPCO receives revenue through grants and contracts as well as through property management, rental income, and real estate development. Grant and contract revenues are received from Federal and State agencies. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by RUPCO with the terms of the grants/contracts. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Advertising

RUPCO follows the policy of charging the costs of promotion and advertising to expense as incurred. For the years ended December 31, 2016 and 2015, advertising expenses amounted to \$25,913 and \$21,515 respectively.

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are recorded at cost or estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. RUPCO reclassifies temporarily restricted net assets to unrestricted net assets when donor restrictions have expired. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

<u>Asset Class</u>	<u>Life</u>
Building/Improvements	5 - 40
Equipment	3 - 30
Furniture and Fixtures	5 - 7
Vehicles	5

Functional Allocation of Expenses

The costs of providing various programs and other activities have been allocated among the programs and supporting services based on their estimated benefit.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Allowances for Bad Debt/Uncollectable Rents

Receivables that have been determined to be uncollectable are charged to Bad Debt Expense and an allowance is established. This is in accordance with accounting principles generally accepted in the United States of America. In certain cases where there is no security interest and the debt has been determined to be uncollectable, the direct method is used. RUPCO as parts of its various contractual agreements maintains separate accounts for required grants.

NOTE 3 – CASH AND COLLATERAL

RUPCO maintains cash balances at several financial institutions. The Federal Deposit Insurance Corporation insures accounts up to \$250,000 at each institution. At institutions where amounts exceed \$250,000, the balances have been collateralized.

NOTE 4 – MATCHING CONTRIBUTIONS

Other income must equal or exceed 33-1/3% of Division of Housing and Community Renewal grant funds and is summarized as follows:

	<u>2016</u>	<u>2015</u>
HCR grant revenues	\$ 89,256	\$ 77,196
Administrative fees and other income and grants	<u>4,971,200</u>	<u>4,280,929</u>
Total	<u>\$5,060,456</u>	<u>\$4,358,125</u>

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2016, is as follows:

	<u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Dec. 31, 2016</u>
Land and Buildings				
Arabio	\$ 99,184	\$ 5,986	\$ -	\$ 105,170
Brede	559,451	10,379	-	569,830
Hunter	592,644	18,947	-	611,591
Stuyvesant	5,198,051	73,157	-	5,271,208
Blair	842,769	23,800	-	866,569
Hasbrouck	680,332		-	680,332
Park Heights	2,431,994	7,437	-	2,439,431
Equip & Machinery	<u>505,358</u>	<u>40,056</u>	<u>33,721</u>	<u>511,693</u>
	10,909,783	179,762	33,721	11,055,824
Accumulated Depr	<u>(5,366,536)</u>	<u>(397,484)</u>	<u>(33,721)</u>	<u>(5,730,299)</u>
Net	<u>5,543,247</u>	<u>(217,722)</u>	<u>-</u>	<u>5,325,525</u>

NOTE 6 – GRANTS RECEIVABLE

Grants receivable are deemed to be fully collectible by management and are composed of the following amounts due at December 31, 2016 and 2015:

	<u>2016</u>		<u>2015</u>
NYS Office of Temp & Dis Asst. - HOPWA	\$ 54,461	NYS Office of Temp & Dis Asst. - HOPWA	\$ 21,240
NYSERDA	47,208	NYSERDA	37,455
HOME	45,230	HOME	58,305
SRO	25,137	SRO	13,881
Rural LISC	12,114	Rural LISC	15,971
NFMC	5,222	NFMC	14,817
CDBG	72,742	CDBG	57,607
Sr. Supportive Housing	61,566	Sr. Supportive Housing	79,821
City of Kingston	5,000	Fallsburg - HOME 20123154	116,636
NY Connects	12,791	Fallsburg - AHC 5N55	21,162
HOPP	37,688	CoC	26,000
Total Grants Receivable	<u>\$ 379,159</u>	Total Grants Receivable	<u>\$ 462,895</u>

NOTE 7 – DEVELOPMENT LOANS – CONSTRUCTION

RUPCO has a construction loan from Community Housing Capital for the projects in Newburgh and on Cedar Street in Kingston, NY. The amount due at year end of 2015 was \$200,000. An additional letter of credit was secured from First Niagara in the amount of \$300,000 for the Lace Mill project leaving a total amount due of \$500,000. During 2016 RUPCO paid down the line of credit of \$300,000 with First Niagara. RUPCO has extended the construction loan with CHC and received additional funds of \$300,000 for projects in Newburgh and Kingston for which it carries a balance on the loan of \$500,000. As of December 31, 2016, the total amount due is \$500,000.

NOTE 8 – REPLACEMENT & OPERATING RESERVES

In accordance with agreements with the NYS Housing Trust Fund Corporation and the NYS Housing Finance Agency, the organization maintains replacement reserves to offset future operating deficits and the cost of improvements to rental buildings. In addition, the organization has established replacement reserves for rental properties not covered by such agreements. Additionally, the corporation has established an escrow account.

	<u>2016</u>	<u>2015</u>
Cash held in Reserves	\$ 604,189	\$ 640,637
Cash held in Escrow- HFA	111,845	93,105
Cash held in Escrow- HTF	56,813	49,365
Total Reserves	<u>\$ 772,847</u>	<u>\$ 783,107</u>

NOTE 9 – OCCUPANCY RATES

The following is the average occupancy rates for 2016 and 2015 by location:

<u>Location</u>	<u># of Units</u>	<u>2016</u> <u>Occupancy</u>	<u>2015</u> <u>Occupancy</u>
Stuyvesant	40	98%	98%
Blair	9	100%	100%
Brede	7	96%	100%
Hasbrouck	6	100%	98%
Hunter	8	95%	96%
Arabio	2	100%	100%
Park Heights	40	98%	99%

NOTE 10 – EMPLOYEE BENEFIT PLAN

During 2014 RUPCO sponsored a 403(b) retirement plan which replaced the previously established SIMPLE IRA plan. All employees receiving at least \$5,000 in annual compensation are eligible to participate. Eligible employees may make elective deferrals up to the limit established by the IRS. RUPCO has elected to match employee contributions on a dollar-for-dollar basis, up to 3% of the employee’s compensation with certain exceptions. Employer contributions for 2016 were \$64,286 and employer contributions for 2015 were \$51,974.

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the balance sheets for cash, cash equivalents, and notes payable, approximate the respective fair values due to the short maturities of those instruments. Investments are also recorded at fair value in the balance sheet. A comparison of the carrying value of the Organization’s financial instruments is as follows:

	<u>2016</u>	<u>2015</u>
Investments	<u>\$1,997,301</u>	<u>\$1,997,277</u>
Fair Value	<u>\$1,997,301</u>	<u>\$1,997,277</u>

Fair Value Measurements

The fair value hierarchy established by the standard on fair value measurements includes three levels which are based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. In accordance with the standard on fair value, the Plan's financial assets and liabilities that are recorded on the Statements of Net Assets Available for Benefits are categorized based on the inputs to the valuation techniques as follows:

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on model inputs that are unobservable.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2016, and 2015 are as follows:

	Fair Value Measurements as Reporting Date			Fair Value
	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Signified Other Observable Units (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>December 31, 2016</u>				
Investments	\$ -	\$ -	\$ 1,997,301	\$ 1,997,301
<u>December 31, 2015</u>				
Investments	\$ -	\$ -	\$ 1,997,277	\$ 1,997,277

NOTE 12 – INVESTMENT/RELATED PARTY

RUPCO is a managing member with 100% interest in Mid-Hudson CDFI. During 2014 RUPCO gave a loan to Mid-Hudson CDFI of \$100,000. RUPCO loaned the money to provide initial operating capital for Mid-Hudson CDFI.

RUPCO is a managing member with a 100% interest in Kirkland Associates, LLC. RUPCO's investment of \$1,897,301 which is also stated at cost since it does not have a readily determinable fair value.

During 2013 RUPCO formed Kirkland Partners, LLC (a single member LLC) to purchase the 99.9% membership interest in Clinton and Main. RUPCO's initial capital expenditure was \$70,290 for the transfer of 99.9% interest from Key Community Development Corp. This investment is accounted for by using the equity method in accordance with SOP 94-3. The full capital advance to Kirkland Partners LLC was fully reimbursed by refunding the reserve account. This resulted in a zero net capital balance for the partnership interest in Clinton and Main. Because of the close held nature it is reflected at equity value of zero.

See Independent Auditor's Report

NOTE 13 – LONG-TERM DEBT

A summary of long-term debt at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
12% mortgage payable to NYS Housing Trust Fund Corporation. The principal amount of \$140,305 plus accrued interest is due 30 years after final disbursement of funds by HTF. The total interest to date is \$364,794. This note is secured by the Blair Road property. Balance is due 2/13/2025.	\$ 505,099	\$ 488,262
0% mortgage payable to the City of Kingston issued in December, 2005 for \$40,000 exists on the Pettit House on 97 Clinton Avenue. During the first 10 years, if property is sold the full amount of the mortgage will be transferred to the buyer, or if the property is re-mortgaged RUPCO is liable for the full amount. During years 11-15, the mortgage principal is forgiven 20% per year. Balance due forgiven in full at the end of the 15 th year after certificate of completion.	\$ 32,000	\$ 40,000
0% note payable to the City of Kingston issued in January, 2006 for \$145,000 exists on the Kirkland building. If the property is sold or transferred during the first 10 years the full amount of the mortgage is due. During years 11-15, the mortgage principal is forgiven 20% per year. Balance due forgiven in full at the end of the 15 th year after certificate of completion.	\$ 145,000	\$ 145,000
0% note payable to the City of Kingston issued in August, 2006 for \$240,000 exists on the Kirkland building. If the property is sold or transferred during the first 5 years the full amount of the mortgage is due. During years 6-10 the mortgage principal is forgiven at 20% per year. Balance due has been forgiven in full during 2016.	\$ 0	\$ 48,000
7% mortgage payable to Ulster Savings Bank for Park Heights. The mortgage is payable in monthly installments of principal and interest in the amount of \$1,863 through 2030.	\$ 190,569	\$ 199,212
1% mortgage payable of \$387,696 to HTFC for Park Heights. The entire outstanding principal combined with any unpaid interest is due December 17, 2029, the 13 th anniversary of the date of execution of the mortgage note. Interest is payable annually, in the month of December, and is paid from excess income as defined in the regulatory agreement. Deferred interest payable to date is \$3,877.	\$ 391,573	\$ 391,573

NOTE 13 – LONG-TERM DEBT (continued)

2016 2015

4.5% loan payable of \$400,000 to NeighborWorks Corp to cover development related expenses in the town of Fallsburg. The entire outstanding principal combined with any unpaid interest is due August 31, 2016.

\$ 0 \$ 400,000

0% loan payable to Volkswagen Credit for a new 2013 Volkswagen PAS in the amount of \$31,555 to be satisfied with 59 monthly payments of \$525.92 beginning 9/22/2013 with 1 final payment of 526.22 on 8/22/2018. This note is secured by the vehicle.

\$ 10,519 \$ 16,830

0% loan payable to Hyundai Motor Finance for a new 2016 Hyundai Elantra in the amount of \$12,957 to be satisfied with 57 monthly payments of \$226.53 beginning 4/11/2016 with 1 final payment of \$44.29 on 2/11/2021. This note is secured by the vehicle.

\$ 11,091 \$ 0

0% loan payable to Hyundai Motor Finance for a new 2016 Hyundai Elantra in the amount of \$12,665 to be satisfied with 57 monthly payments of \$221.43 beginning 4/11/2016 with 1 final payment of \$42.99 on 2/11/2021. This note is secured by the vehicle.

\$ 10,841 \$ 0

5.09% mortgage payable to NYS Housing Finance Agency in monthly installments of \$8,564.72 through February 15, 2006, then decreases to \$7,775.81. The final payment is due August 15, 2024. This mortgage is secured by the Stuyvesant property.

\$ 580,725 \$ 642,753

TOTAL - \$1,877,417 \$2,371,630

	2016	2015
Total Long Term Liabilities plus Current Maturities	\$ 1,877,417	\$ 2,371,630
Less: Accrued Interest		
NYSHTF	\$ 364,794	\$ 347,957
HTFC	3,877	3,877
FHLB	-	-
Total Accrued Interest	(368,671)	(351,834)
Less: Current Maturities	(123,081)	(533,026)
Total Long Term Loans/ Mortgages Payable	\$ 1,385,665	\$ 1,486,770

NOTE 13 – LONG-TERM DEBT (continued)

The following is a schedule of long-term debt payable in the next five years:

12-31-2017	\$ 123,081
12-31-2018	125,233
12-31-2019	125,324
12-31-2020	129,862
12-31-2021	121,710
Thereafter	<u>1,252,207</u>
Total	<u>\$ 1,877,417</u>

NOTE 14 – DEFERRED REVENUE

RUPCO’s deferred revenue represents products or services that are owed to the customer. As the product or service is delivered over time, it is recognized as revenue on the income statement.

	<u>2016</u>	<u>2015</u>
NeighborWorks	\$238,963	\$511,775
Pettit House LTP	72,000	72,000
AHC	50,114	80,050
HUD	36,364	21,867
97 Clinton RARP	25,000	25,000
HCR	14,157	11,588
CXHE	13,096	18,924
Lisa Schatzel Fund - USB	10,000	-
HOPP	-	125,296
Ellenville	-	30,625
Dyson	-	15
2014 Restore	-	25,000
Total	<u>\$ 459,694</u>	<u>\$ 922,140</u>

NOTE 15 – RESTRICTED NET ASSETS – PERMANENT

During 2016 RUPCO received an approval to reclassify \$303,496 of permanently restricted assets to unrestricted funds on September 28th. On March 31st, 2016 RUPCO transferred capital funding in the amount of \$71,000 from NeighborWorks and was permanently restricted.

	<u>2016</u>	<u>2015</u>
Permanently Restricted Assets as of previous year end	\$ 1,446,480	\$ 1,496,089
Additions	71,000	100,000
Released from Restriction	<u>303,496</u>	<u>149,609</u>
Restricted Assets as of year end	<u>\$ 1,213,984</u>	<u>\$ 1,446,480</u>

Permanently restricted balances consist of \$1,213,984 from NeighborWorks as of December 31, 2016.

See Independent Auditor’s Report

NOTE 16 – RESTRICTED NET ASSETS – TEMPORARY

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

<u>2016</u>		<u>2015</u>	
DHCR - Rural Preservation	\$ 89,256	DHCR - Rural Preservation	\$ 77,196
FSS Section 8	53,589	FSS Section 8	51,180
HOPWA	322,667	HOPWA	133,448
HOME	225,123	HOME	348,148
United Way	9,724	United Way	9,448
CDBG	503,163	CDBG	443,201
Neighbor Works America	878,379	Neighbor Works America	386,624
Rural LISC	34,153	Rural LISC	36,484
NYSERDA	307,849	NYSERDA	418,702
DYSON	75,000	DYSON	88,937
SRO(OTDA)	87,128	SRO(OTDA)	57,600
HOPP	162,985	HOPP	177,263
CHC	51,256	CHC	42,634
SR. Supportive Svc	256,719	SR. Supportive Svc	158,095
AHC	164,404	AHC	191,445
FHLB	412,500	AHP	213,327
RESTORE	50,000	STEHP	8,601
NY Connects	69,734	NY Main St.	250,000
Miscellaneous	72,570	Miscellaneous	71,781
Totals	<u>\$3,826,199</u>	Totals	<u>\$3,164,114</u>

Financial awards from federal and state governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since amounts, if any, cannot be determined at this date.

RUPCO has entered into a Grant Agreement with NYS Agencies which are evidenced by Grant Enforcement Notes and which are secured by a mortgage on the following property. The grants shall be due and payable upon the occurrence of an event of default under the agreement. The mortgage will be deemed satisfied upon completion of all obligations.

<u>Date</u>	<u>Project</u>	<u>Period</u>	<u>Amount</u>
6/8/1998	Hasbrouck	25 years	<u>\$ 608,654</u>
Total Temporarily Restricted Net Assets			<u>\$ 608,654</u>

NOTE 17 – DEVELOPER FEES / REVENUE RECOGNITION

For its services in connection with the Lace Mill project, RUPCO is due a developer's fee in the amount of \$1,866,035. RUPCO received \$1,199,535 during the year leaving a deferred balance of \$666,500. The balance will be paid from excess cash flow over the course of 15 years until paid in full.

For its services in connection with the Kirkland Hotel project, RUPCO is due a developer's fee in the amount of \$550,000. Since the partnership did not have sufficient cash flow to pay the fee, a non-interest bearing note was executed for the entire amount. RUPCO recognized payments against the fee of \$54,139, leaving a remaining balance of \$495,861 due. RUPCO has first claim on excess cash flow until the note is satisfied.

For its services with the Woodstock Commons project there was a developer's fee due to RUPCO of \$1,830,450 from Playhouse & Elwynn LP. RUPCO received \$1,334,377 from the project leaving a deferred balance of \$496,073. The balance will be paid from excess cash flow over the course of 15 years until paid in full.

Total Developer fees receivable at year end was \$1,658,434.

NOTE 18 – PAYMENT IN LIEU OF TAXES AGREEMENT

Upon the acquisition of Park Heights in 2011, RUPCO acquired a payment in lieu of tax agreement for each calendar year in the amount of \$400 per unit regardless of occupancy, totaling \$16,000, or 8% of basic annual rent, whichever is greater. For the 2016 tax year and 2015 tax year RUPCO paid 8% of basic annual rent which amounted to \$24,218 and \$24,170 respectively.

NOTE 19 – ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE- NET

Accounts receivable & Rents receivable at year end includes:

	<u>2016</u>	<u>2015</u>
Due to/from Playhouse & Elwynn	\$ 11,485	\$ 8,267
Due to/from Tongore	7,556	4,320
Due to/from Clinton & Main	6,056	2,135
Due to/from Buttermilk Falls	81	(361)
Due to/from Lace Mill, LP	10,028	61,715
Due to/from OCRDAC	163,831	120,403
Due to/from Lace Mill HDFC	266,888	100
Rents Receivable	10,372	14,934
Miscellaneous Receivables	14,304	12,882
Total Accounts Receivable	<u>\$ 490,601</u>	<u>\$ 224,395</u>

NOTE 19 – ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE- NET (continued)

Notes Receivable –Net Consists of multiple notes for funds that RUPCO used to develop projects in Woodstock and Kingston, NY.

The following is a schedule of Notes Receivable- Net as of year end 2016:

Two note receivables for \$735,002. The notes consist of the acquisition for \$50,000, a RUPCO sponsored loan of \$618,304, a LP Closing and Sponsor Loans of \$824,483, and \$1,055,000 in various grants that RUPCO will use for the Lace Factory Project. Lace Mill LP made repayments to RUPCO on the loans for \$462,500. An allowance of \$462,500 of the note was made during 2016. (See Note 20)

	<u>Dec. 31, 2015</u>	<u>Loan/ Recovery</u>	<u>Payments/ Allowance</u>	<u>Dec. 31, 2016</u>
Notes Receivable				
Lace Mill LP	\$ 1,790,002	\$ 462,500	\$ (462,500)	\$ 1,790,002
Allowance	(1,055,000)	-	(462,500)	(1,517,500)
Playhouse and Elwynn	1,005,420	-	-	1,005,420
Allowance	(1,005,420)	-	-	(1,005,420)
Net - Notes Receivable	<u>735,002</u>	<u>462,500</u>	<u>(925,000)</u>	<u>272,502</u>

NOTE 20 – ALLOWANCE FOR BAD DEBT

During 2016, a notes receivable in the amount of \$462,500 which RUPCO used for the Lace Mill project is also deemed to be currently uncollectable. The total currently uncollectable amount of \$462,500 has been included in bad debt expense. RUPCO has created an allowance because it has been determined that the likelihood of collection is low. RUPCO will include any amounts repaid in future years as income recovered from a bad debt in the year in which it is received.

NOTE 21 – UNCOLLECTIBLE RENTS

During the year, \$11,251 in uncollectible rents from seven tenants as well as other small receivables was written off and is included as bad debt expense. During 2016 RUPCO received \$2,474 in income from previous years recorded bad debt. All other accounts are current.

NOTE 22 – HOUSING VOUCHER PROGRAM (SECTION 8) INCOME

During the past year RUPCO earned \$1,222,652 in administrative fees as income in the Section 8 program. Additionally, the State of New York paid landlords directly \$14,655,568 under the Section 8 Housing Assistance Program. RUPCO accounted for a total of \$15,878,220 of Section 8 Housing Assistance.

NOTE 23 – DEVELOPMENT COSTS

The development costs included the Buttermilk Falls project on Broadhead and Canal Streets in Ellenville, NY. RUPCO provided a concession on the units in 2011 to improve the prospect of sales. The project sold the last remaining unit in 2016. Development costs for the project at year end were \$0.

Development costs for the Pettit House project on 97 Clinton Ave in Kingston, NY totaled \$289,112 at year end.

During 2014, the Newburgh Community Land Bank invited RUPCO to be the developer in working with them in the creation of affordable housing for inner city neighborhoods. Development costs for the project are \$350,266 at year end.

Also in 2014 RUPCO submitted a real estate funding application for the 40 units of affordable housing in Saugerties, New York. Development costs for the project are \$5,700 at year end.

During 2015 RUPCO started developing an affordable care housing project in Midtown Kingston on Cedar Street (Energy Squared). Development costs for the project are \$339,687 at year end.

During 2016 RUPCO started developing an affordable care housing project in Kingston on Prospect Street (Metro). Development costs for the project are \$101,391 at year end.

During 2016 RUPCO started developing an affordable care housing project in Kingston on Flatbush Ave(Alms House). Development costs for the project are \$88,140 at year end.

The total development costs at year end were \$1,174,296.

NOTE 24 – ORANGE COUNTY RURAL DEVELOPMENT ADVISORY CORPORATION (OCDAC) SUBSIDIARY

As of April 1, 2015, RUPCO and OCDAC completed an affiliation agreement and RUPCO is now the parent entity. RUPCO provides leased employees for all of OCDAC operations and has two standing voting members on their board. RUPCO is responsible for accounting and financial management of OCDAC. As of December 31, 2016, and 2015, RUPCO is owed 163,831 and \$120,493 respectively. The balance is recorded as an account receivable on the statement of financial position.

NOTE 25 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 24, 2017, the date the financial statements were available to be issued.

RUPCO has closed on their Newburgh project and has received back all development costs incurred as well as paid a developer fee on February 20, 2017 at construction close.

NOTE 25 – SUBSEQUENT EVENTS (continued)

Clinton & Main LP is dissolved and RUPCO is the owner of the Kirkland Building and the subsequent mortgages and loans are transferred into RUPCO's name.

Lace Mill LP received an upward timing adjuster equity contribution that was utilized to reimburse RUPCO the \$272,000 in notes receivable held on December of 2016 as well as pay an additional \$125,000 in developer fees.

Park Heights refinanced their mortgage with Ulster Savings Bank from 7% to 4.7%. The mortgage is being paid in monthly installments of principal and interest through 2030.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
RUPCO, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of RUPCO, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered RUPCO, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RUPCO, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of RUPCO, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RUPCO, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

See Independent Auditor's Report and Notes to the Financial Statements

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Daniel D. Gagnon CPA, P.C.

Kingston, NY
April 24, 2017

**Findings on Compliance and Internal Control and Compliance
In Accordance With Government Auditing Standards**

April 24, 2017

**To the Board of Directors
RUPCO, Inc.**

We have audited the financial statements of RUPCO, Inc. (a nonprofit organization) as of and for the year ended December 31, 2016, and have issued our report thereon dated April 24, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Current Year Findings

Material Findings- None

Non-Material Findings- None

Prior Year Findings

Material Findings- None

Non-Material Findings- None

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

To the Board of Trustees of
RUPCO, Inc.

Report on Compliance for Each Major Federal Program

We have audited RUPCO, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of RUPCO, Inc.'s major federal programs for the year ended December 31, 2016. RUPCO, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of RUPCO, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RUPCO, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of RUPCO, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, RUPCO, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of RUPCO, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered RUPCO, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

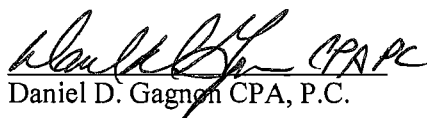
See Independent Auditor's Report and Notes to the Financial Statements

accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RUPCO, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CPA PC
Daniel D. Gagnon CPA, P.C.

Kingston, NY
April 24, 2017

**Findings on Compliance and Internal Control over Compliance
In Accordance with The Uniform Guidance**

April 24, 2017

**To the Board of Directors
RUPCO, Inc.**

We have audited the compliance of RUPCO, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Uniform Guidance Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2016.

Current Year Findings

Material Findings- None

Non-Material Findings- None

Prior Year Findings

Material Findings- None

Non-Material Findings- None

RUPCO, Inc.
 Schedule of Expenditures of Federal and Selected State Awards
 Year Ended December 31, 2016

<u>Federal Programs</u>	CFDA #	SHARS ID#	Disbursements/ Expenditures
Department of Housing and Urban Development			
Passed Through			
NYS Division of Housing and Community Renewal			
Housing Choice Voucher Program (Section 8)	14.871		\$ 14,655,568
2014 RESTORE	14.239	20143053	50,000
Access To Home	14.239	20143052	8,700
NYS Office of Temporary & Disability Assistance			
HOPWA	14.241	C020970	322,667
SR. Supportive Housing Services	14.157	C029884	256,719
SHP SRO	14.184	C021447	87,128
Ulster County			
CDBG	14.218	1160HO 45-13	64,282
Total Federal Programs			<u><u>\$ 15,445,064</u></u>
 <u>Select New York State Programs</u>			
New York State Housing Agency:			
NYS Division of Housing and Community Renewal			
Rural Preservation		N/A	\$ 77,196
Total New York State			<u><u>\$ 77,196</u></u>

RUPCO, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2016

Section I - Summary of Auditors Results

Financial Statements

Response

Type of Auditor's report issued	Unqualified
Internal control over financial reportings	
Material weakness identified	No
Reportable conditions identified that are	No
Non-Compliance material to Financial Statement noted?	No

Federal Awards

Internal Control over major programs:	
Material Weakness Identified	No
Reportable conditions identified that are not considered to be a material weakness	No
Type of Auditor's report issued on compliance for Major Programs	Unqualified
Any Audit finding disclosed that are required to be reported	No
Identification of Major Programs:	
<u>Federal Program</u>	<u>CFDA #'s</u>
Housing Choice Voucher Program (Section 8)	14.871
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualifies as a low risk auditee	Yes

Park Heights
Schedule of Excess Income
Year Ended December 31, 2016 and 2015

A calculation of the excess income of Park Heights
for the year ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Net Income (Loss)	\$ (53,235)	\$ (67,252)
Add:		
Depreciation	87,186	85,680
Interest Expense	17,588	18,129
Less:		
Required reserve deposits	(25,726)	(25,726)
Other Mortgage principal and interest payments - 7% Ulster Savings Bank mortgage	(26,231)	(26,231)
Capital Expenditures (not expensed) Improvements	<u>(7,437)</u>	<u>-</u>
Excess Income before HTFC debt service	<u>\$ (7,855)</u>	<u>\$ (15,400)</u>
HTFC debt service requirement	<u>\$ 3,877</u>	<u>\$ 3,877</u>
Payment required	<u>No</u>	<u>No</u>

RUPCO, Inc.
Statement of Financial Position and Activities - NeighborWorks America Capital Fund
Year Ended December 31, 2016

STATEMENT OF FINANCIAL POSITION

	2016	2015
ASSETS AND OTHER DEBTS		
Current Assets:		
Cash:	\$ -	\$ 182,000
Land, Building, and Equipment, Net:	304,358	392,553
Other Assets:		
Notes Receivable - Net	630,000	630,000
Revolving Loan Receivable	-	46,927
New Home Loan Receivable	-	95,000
Investments	279,626	100,000
Total Other Assets	909,626	871,927
Total Assets and Other Debts:	1,213,984	1,446,480
 LIABILITIES AND NET ASSETS		
Net Assets		
Unrestricted	-	-
Permanently Restricted	1,213,984	1,446,480
Total Net Assets	1,213,984	1,446,480
Total Liabilities and Net Assets	\$ 1,213,984	\$ 1,446,480

STATEMENT OF ACTIVITIES

	2016	2015
PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS		
Total Support and Revenue	\$ -	\$ -
Net Assets released or restricted		
Additions	71,000	100,000
Satisfaction of Restrictions	(303,496)	(149,609)
Total	(232,496)	(49,609)
Change in Net Assets	(232,496)	(49,609)
Net Assets at the beginning of the year	1,446,480	1,496,089
Net Assets at the end of the year	\$ 1,213,984	\$ 1,446,480

SUPPLEMENTAL INFORMATION

RUPCO, Inc.
Statement of Support and Revenue
and Changes in Net Assets
December 31, 2016 & December 31, 2015

	Admin	Rental Assistance	Property Management	OCRDAC	Homeowner Center	Community Development	Real Estate Development	December 31, 2016	December 31, 2015
Total Public Support and Revenue	\$ 679,701	\$ 1,608,849	\$ 1,837,151	\$ 383,698	\$ 1,850,685	\$ 319,062	\$ 856,105	\$ 7,535,251	\$ 9,283,293
Expenditures	1,197,806	1,032,001	1,524,555	384,342	1,799,568	379,719	975,983	1,197,806	1,090,008
Support Services	-	-	-	-	-	-	-	6,096,168	6,388,513
Program Services	1,197,806	1,032,001	1,524,555	384,342	1,799,568	379,719	975,983	1,197,806	1,090,008
Total Expenditures	1,197,806	1,032,001	1,524,555	384,342	1,799,568	379,719	975,983	7,293,974	7,478,521
Change in Net Assets Before Deprec.	(518,105)	576,848	312,596	(644)	51,117	(60,657)	(119,878)	241,277	1,804,772
Depreciation	10,286	-	386,169	-	521	-	508	397,484	371,152
Change in Net Assets	(528,391)	576,848	(73,573)	(644)	50,596	(60,657)	(120,386)	(156,207)	1,433,620
Net Assets - Beginning	(2,348,242)	3,488,474	4,794,464	(3,097)	1,225,214	(480,907)	5,034,320	11,710,226	10,276,606
Net Assets - Ending	\$ (2,876,633)	\$ 4,065,322	\$ 4,720,891	\$ (3,741)	\$ 1,275,810	\$ (541,564)	\$ 4,913,934	\$ 11,554,019	\$ 11,710,226

SUPPLEMENTAL INFORMATION

RUPCO, Inc.

Statement of Support and Revenue

For the Years Ended December 31, 2016 and December 31, 2015

	Admin	Rental Assistance	Property Management	OCRDAC	Homeowner Center	Community Development	Real Estate Development	December 31, 2016	December 31, 2015
GRANTS:									
CHC	\$ 89,256				\$ 51,256			\$ 51,256	\$ 20,594
DHCR								89,256	77,196
Dyson Emergency Funds					75,000			-	934
Dyson Operational Funds								75,000	88,003
Fannie Mae Outreach								-	7,000
HUJH Continuum of Care								-	8,420
FSS Sec 8		\$ 53,589						53,589	51,180
HOPWA		322,667						322,667	133,448
HTFC								-	250,000
United Way		9,724						9,724	9,448
FHLB						\$ 412,500		412,500	-
HOPP					162,985			162,985	177,263
HOME					31,823			31,823	245,199
CDBG - Income					459,314			459,314	-
Neighborworks	377,500		\$ 9,331		285,705	\$ 6,213	146,000	824,749	326,724
Rural LISC	34,153							34,153	36,484
SRO OTDA			87,128					87,128	57,600
SR. Supportive Svc			256,719					256,719	158,095
AHC								164,404	404,772
NFMC					164,404			53,630	77,601
RESTORE					53,630			50,000	-
UC CDBG					50,000			43,849	443,201
Access to Home					43,849			8,570	-
City of Kingston Community Dev.					8,570			5,000	50,000
NYSERDA						5,000		307,849	418,702
HOME UC Rehab						307,849		193,300	102,949
STEHP					193,300			-	8,601
NY Connects								69,734	-
Stewart's Foundation Grant								-	500
WGHQ Christmas Fund								-	200
SONYMA					9,000			9,000	-
Central Hudson						50,000		50,000	-
Ulster Savings								-	-
TOTAL GRANT INCOME	\$ 500,909	\$ 385,980	\$ 422,912	\$ -	\$ 1,588,836	\$ 319,062	\$ 608,500	\$ 3,826,199	\$ 3,164,114

SUPPLEMENTAL INFORMATION

RUPCO, Inc.

Statement of Support and Revenue
For the Years Ended December 31, 2016 and December 31, 2015

	Admin	Rental Assistance	Property Management	OCRDAC	Homeowner Center	Community Development	Real Estate Development	December 31, 2016	December 31, 2015
REVENUES:									
Administrative Fees	\$ 1,500	\$ 1,222,652						\$ 1,224,152	\$ 1,185,346
Repaid Grants	80,336	100	15		10,104			10,104	8,666
Contribution Income			1,025					80,451	61,358
Damage/ Vacancy Fees	2,047	79	884		540			1,025	663
Interest Income			4,293				\$ 31	3,550	1,922
Late Fees					167,828			4,324	2,612
Program Income			5,839					167,828	108,115
Laundry Income	37,645	38	302,449	\$ 383,698				5,839	3,266
Management Fees			33,365					723,830	571,024
Management Development Fees								-	1,966,035
Miscellaneous Income	57,264		1,066,369		57,807		9,359	157,795	194,786
Process Fees					10,500			10,500	10,350
Rental Income								1,077,529	1,081,137
Repayment - Cost of Projects								227,055	913,849
Sponsorships					15,070			15,070	10,050
Total Revenues	178,792	1,222,869	1,414,239	383,698	261,849	-	247,605	3,709,052	6,119,179
Total Public Support and Revenue	\$ 679,701	\$ 1,608,849	\$ 1,837,151	\$ 383,698	\$ 1,850,685	\$ 319,062	\$ 856,105	\$ 7,535,251	\$ 9,283,293

RUPCO, Inc.

Schedule of Expenditures

For the Years Ended December 31, 2016 and December 31, 2015

	Admin	Rental Assistance	Property Management	OCRDAC	Homeowner Center	Community Development	Real Estate Development	December 31, 2016	December 31, 2015
EXPENSES:									
Advertising	\$ 3,111	\$ 8,065	\$ 6,454	\$ 340	\$ 6,030	\$ 1,034	\$ 879	\$ 25,913	\$ 21,515
Bad Debt/ Write Down	47,430		10,350		105		462,796	520,681	558,220
Bank Charges	85		68		198			351	394
Capital Expenditure			27,689	84				27,773	31,330
Computer Expense	6,868	12,701	18,412	368	5,412	3,729	1,523	49,013	40,238
Conference Training	25,298	12,027	4,679	8,921	14,893	4,841	8,118	78,777	48,996
Copier Service	1,055	3,067	1,737		1,025	603	295	7,782	7,290
Credit Reports			334		6,595			6,929	6,216
Depreciation/Amortization	10,286		386,169		521		508	397,484	371,152
(Gain)Loss on Dispositions	(994)							(994)	-
Development Expense									
Electricity/Utilities	2,327	7,377	122,714		5,592	1,102	220,737	220,737	900,113
Employee Memberships	274	173	216		301	115	82	141,382	156,985
Equipment Expense	12,539	4,813	9,756		4,609	68	111	1,161	2,826
Equipment Repairs	1,115	1,739	4,321					31,896	38,613
FICA Expense	41,429	32,110	42,390	19,577	31,064	18,501	13,762	198,833	164,885
Insurance - Building			50,812					50,812	50,746
Insurance - Liability	3,506	5,742	2,471	514	1,837	2,391	849	17,310	18,090
Insurance - Other	116,023	112,967	155,726	64,013	122,160	24,891	44,970	640,750	472,922
Interest Expense	5	342	65,707		3,222			69,276	80,170
Maintenance/Repair	2,240	5,929	97,611	1,592	2,116	594	1,028	111,110	162,978
Marketing Expense	10,444	3,719	3,092	550	22,923	3,324	1,310	45,362	47,839
Meeting Expense	6,859	1,345	1,029	80	2,710	378	1,208	13,609	11,357
Miscellaneous	3,818	671	1,903	236	405	108	95	7,236	14,321
Mortgage Fees			2,929					2,929	3,250
Office Supplies	11,693	17,827	11,582	1,661	9,114	2,554	2,591	57,022	44,490
Pension Expense	15,460	9,905	11,211	7,038	12,712	3,922	4,038	64,286	51,974
Postage	4,804	7,372	6,093	295	4,842	1,317	2,134	26,857	19,597
Printing	833	4,768	1,603	229	2,577	332	423	10,765	6,648
Prof. Fees	18,642	15,171	23,042	1,000	36,669	5,574	4,797	104,895	247,398
Temporary Workers									30,757
Real Estate Taxes	1,958	248,539	110,663	6,816	1,063,120	6,606	6,008	155,006	165,735
Rehab/Subsidy	139,077	30,849	18,600		23,249	67,208	8,065	1,437,702	1,290,930
Rent		504	11,068	211	12,270			287,048	330,288
Refuse Removal		159						24,053	44,206
Special Events	47,621					14,178		61,958	66,101
Staff Recognition	2,655	1,585	2,342		1,096	261	430	8,369	3,445
Subscriptions/Dues	3,620	2,735	2,488		1,486	1,208	1,141	12,678	13,635
Software Expense	357		620	1,100				2,077	708
Telephone	4,406	7,320	7,485		1,631	2,160	828	23,830	23,054
Travel	7,947	7,207	9,103	2,154	7,844	8,708	3,611	46,574	37,692
Wages/Salaries	655,301	465,273	529,257	267,563	391,761	204,012	181,884	2,695,051	2,250,213
Total Expenses	\$ 1,208,092	\$ 1,032,001	\$ 1,910,724	\$ 384,342	\$ 1,800,089	\$ 379,719	\$ 976,491	\$ 7,691,458	\$ 7,849,673

Supplemental Information

RUPCO, Inc.

Statement of Support and Revenue

and Changes in Net Assets

December 31, 2016 & December 31, 2015

	Stuyvesant	Blair	Brede	Hasbrouck	Hunter	Arabio	Park Heights	Total	Total
	\$	\$	\$	\$	\$	\$	\$	2016	2015
Total Public Support and Revenue	462,987	74,887	92,120	66,516	78,801	26,715	307,332	\$ 1,109,358	\$ 1,101,625
Expenditures									
Support Services	416,419	77,331	62,826	44,815	61,613	20,034	273,381	956,419	964,814
Program Services	416,419	77,331	62,826	44,815	61,613	20,034	273,381	956,419	964,814
Total Expenditures Before Depreciation	46,568	(2,444)	29,294	21,701	17,188	6,681	33,951	152,939	136,811
Change in Net Assets Before Depreciation									
Improvements								-	-
Depreciation	(207,719)	(26,442)	(17,895)	(24,354)	(19,233)	(3,340)	(87,186)	(386,169)	(361,388)
Change in Net Assets	(161,151)	(28,886)	11,399	(2,653)	(2,045)	3,341	(53,235)	(233,230)	(224,577)
Net Assets - Beginning	1,909,813	(172,709)	504,107	438,447	324,526	119,531	2,857,220	5,980,935	6,205,512
Net Assets - Ending	\$ 1,748,662	\$ (201,595)	\$ 515,506	\$ 435,794	\$ 322,481	\$ 122,872	\$ 2,803,985	\$ 5,747,705	\$ 5,980,935

RUPCO, Inc.
Statements of Support and Revenue
For the Years Ended December 31, 2016 & December 31, 2015

	Stuyvesant	Blair	Brede	Hasbrouck	Hunter	Arabio	Park Heights	Total 2016	Total 2015
REVENUES:									
Interest Income	\$ 2,108	\$ 844	\$ 238	\$ 511	\$ 356	\$ 7	\$ 431	\$ 431	\$ 423
Late Fees	2,138						229	4,293	2,598
Laundry Income	1,025						3,701	5,839	3,266
Damage/ Vacancy Fees	31,085	10	20	15	20		250	1,025	663
Miscellaneous Income	426,631	74,033	91,862	65,990	78,425	26,708	302,721	31,400	31,450
Rental Income								1,066,370	1,063,225
Total Rental Revenue	\$ 462,987	\$ 74,887	\$ 92,120	\$ 66,516	\$ 78,801	\$ 26,715	\$ 307,332	\$ 1,109,358	\$ 1,101,625

Supplemental Information

RUPCO, Inc.

Schedule of Expenditures

December 31, 2016 & December 31, 2015

	Stuyvesant	Blair	Brede	Hasbrouck	Hunter	Arabio	Park Heights	Total 2016	Total 2015
EXPENSES:									
Advertising	\$ 2,420							\$ 2,420	\$ -
Bad Debt	5,239	\$ 1,936			\$ 1,861			9,036	6,722
Bank Charges							\$ 26	26	3
Capital Expenditures	7,892	2,867	\$ 10,173		3,763		2,994	27,689	28,630
Credit Reports	58	19	77		115		65	334	432
Depreciation	207,719	26,442	17,895	\$ 24,354	19,233	\$ 3,340	87,186	386,169	361,388
Equipment Expense	2,245	322	517	160			1,239	4,483	3,244
Equipment Repairs	380	125	195		189		2,887	3,776	7,255
Insurance - Building	21,014	3,586	3,083	1,736	3,068	1,483	16,841	50,811	49,600
Interest Expense	31,282	16,837					17,588	65,707	69,333
Miscellaneous	202						65	267	377
Mortgage Fees	2,929							2,929	3,250
Office Supplies	1,172	247	245	245	164	164	2,318	4,555	698
Postage							75	75	-
Prof. Fees					1,268		1,706	2,974	5,259
Real Estate Taxes	86,358	5,215	12,292	8,062	7,454	2,616	27,001	148,998	155,508
Refuse Removal	3,937	1,780	1,403		1,291	876	1,613	10,900	19,684
Repairs	35,077	9,046	3,800	6,398	7,585	4,384	23,489	89,779	136,942
Subscriptions & Dues							100	100	400
Telephone	1,305						1,497	2,802	2,343
Travel	241	981	647	85	327	30	1,374	3,685	2,637
Utilities	19,856	3,794	3,613	4,962	4,766	2,109	34,882	73,982	89,808
Wages	181,465	27,721	24,575	19,792	25,635	6,941	121,393	407,522	343,794
Water & Sewer	13,347	2,855	2,206	3,375	4,127	1,431	16,228	43,569	38,895
Total Expenses	\$ 624,138	\$ 103,773	\$ 80,721	\$ 69,169	\$ 80,846	\$ 23,374	\$ 360,567	\$ 1,340,168	\$ 1,326,202