COMMUNITY HOUSING INNOVATIONS, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT,
SUPPLEMENTARY INFORMATION AND
AUDIT REPORT RELATED TO THE UNIFORM GUIDANCE

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

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CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT, SUPPLEMENTARY INFORMATION AND AUDIT REPORT RELATED TO THE UNIFORM GUIDANCE FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Community Housing Innovations, Inc. and its subsidiaries
75 South Broadway Suite 340
White Plains, NY 10601

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Community Housing Innovations, Inc. (a "nonprofit organization") and its subsidiaries (hereinafter collectively the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, including the consolidating statements of financial position as of December 31, 2021 and 2020 and the consolidating statements of activities for the years ended December 31, 2021 and 2020 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects in relation to the consolidated financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the consolidated 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 May 26, 2022 on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Cerini & Associates LLP

May 26, 2022
Bohemia, New York

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 11,213,575	$ 7,174,835
Accounts receivable and accrued revenue, net of allowance for doubtful accounts	3,231,763	4,701,610
Prepaid expenses and other current assets	8,471	91,073
TOTAL CURRENT ASSETS	14,453,809	11,967,518
Security deposits and other assets	136,110	132,938
Property and equipment, net of accumulated depreciation	14,158,030	14,841,122
Operating lease right-of use-assets	39,986,671	43,589,032
TOTAL ASSETS	$ 68,734,620	$ 70,530,610
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of mortgages payable, net of deferred financing fees	$ 180,060	$ 168,620
Current portion of notes payable	-	102,663
Current portion of grants payable	1,401,168	227,438
Current portion of operating lease liability	8,796,519	8,659,330
Contract advances and due to government agencies	874,046	628,954
Accounts payable and accrued expenses	2,900,078	3,279,673
Employee Retention Tax Credits payable	1,908,998	-
Deposits payable	82,915	60,107
TOTAL CURRENT LIABILITIES	16,143,784	13,126,785
Mortgages payable, net of current portion and deferred financing fees	4,262,279	3,997,817
Notes payable, net of current portion	-	84,291
Operating lease liability, net of current portion	33,033,784	36,849,260
Grants payable, net of current portion	6,562,341	8,531,595
TOTAL LIABILITIES	60,002,188	62,589,748
Net Assets:		
Without donor restrictions	8,714,806	7,817,631
With donor restrictions	17,626	123,231
TOTAL NET ASSETS	8,732,432	7,940,862
TOTAL LIABILITIES AND NET ASSETS	$ 68,734,620	$ 70,530,610

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Rental income	$ 2,138,729	$ -	$ 2,138,729
Scattered site housing/shelters	25,166,473	-	25,166,473
Revenue from government contracts	1,853,444	-	1,853,444
CARES Act Funding:			
Employee Retention Tax Credits	252,053	-	252,053
Paycheck Protection Program - grant advance	-	-	-
Interest	3,215	-	3,215
Contributions	213,486	129,174	342,660
Loss on sales/disposal of property and equipment	(345,700)	-	(345,700)
Other	320,211	-	320,211
Release of restrictions on grants payable	795,524	-	795,524
Net assets released from restriction	234,779	(234,779)	-
TOTAL REVENUE AND SUPPORT	30,632,214	(105,605)	30,526,609
FUNCTIONAL EXPENSES:			
Program Services:			
County funded emergency shelters	22,097,507	-	22,097,507
Permanent housing	2,310,657	-	2,310,657
Home grant programs	885,080	-	885,080
Other programs	714,401	-	714,401
TOTAL PROGRAM SERVICES	26,007,645	-	26,007,645
Supporting Services:			
Management and general	3,580,436	-	3,580,436
Fundraising	146,958	-	146,958
TOTAL SUPORTING SERVICES	3,727,394	-	3,727,394
TOTAL EXPENSES	29,735,039	-	29,735,039
CHANGE IN NET ASSETS	897,175	(105,605)	791,570
Net assets, beginning of year	7,817,631	123,231	7,940,862
Total net assets, end of year	$ 8,714,806	$ 17,626	$ 8,732,432

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Rental income	$ 1,784,245	$ -	$ 1,784,245
Scattered site housing/shelters	26,998,455	-	26,998,455
Revenue from government contracts	1,402,347	-	1,402,347
CARES Act Funding:			
Employee Retention Tax Credits	-	-	-
Paycheck Protection Program - grant advance	2,057,046	-	2,057,046
Interest	35,598	-	35,598
Contributions	65,817	153,592	219,409
Gain on sales/disposal of property and equipment	305,215	-	305,215
Other	168,638	-	168,638
Release of restrictions on grants payable	529,903	-	529,903
Net assets released from restriction	217,273	(217,273)	-
TOTAL REVENUE AND SUPPORT	33,564,537	(63,681)	33,500,856
FUNCTIONAL EXPENSES:			
Program Services:			
County funded emergency shelters	25,104,061	-	25,104,061
Permanent housing	2,348,227	-	2,348,227
Home grant programs	1,010,464	-	1,010,464
Other programs	386,320	-	386,320
TOTAL PROGRAM SERVICES	28,849,072	-	28,849,072
Supporting Services:			
Management and general	3,930,246	-	3,930,246
Fundraising	103,474	-	103,474
TOTAL SUPPORTING SERVICES	4,033,720	-	4,033,720
TOTAL EXPENSES	32,882,792	-	32,882,792
CHANGE IN NET ASSETS	681,745	(63,681)	618,064
Net assets, beginning of year	7,135,886	186,912	7,322,798
Total net assets, end of year	$ 7,817,631	$ 123,231	$ 7,940,862

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services					Supporting Services			
	County Funded Emergency Shelters	**Permanent Housing**	**Home Grant Programs**	**Other Programs**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries	$ 6,835,807	$ 221,839	$ 243,003	$ 285,888	$ 7,586,537	$ 1,969,952	$ 67,732	$ 2,037,684	$ 9,624,221
Fringe benefits and payroll taxes	1,533,671	51,740	48,380	66,408	1,700,199	462,481	3,570	466,051	2,166,250
Advertising	14,923	136	4,962	1,225	21,246	10,587	11,117	21,704	42,950
Continuing education	-	-	-	-	-	-	-	-	-
Depreciation and amortization	280,813	601,182	-	-	881,995	4,854	-	4,854	886,849
Conference, dues and subscriptions	7,237	250	595	3,794	11,876	26,857	6,808	33,665	45,541
Food	1,167,114	-	-	-	1,167,114	316	-	316	1,167,430
Interest expense	95,711	132,245	-	-	227,956	-	-	-	227,956
Interest expense - debt issuance costs	-	-	-	-	-	21,787	-	21,787	21,787
Insurance	444,824	323,598	-	47,136	815,558	36,032	-	36,032	851,590
Licenses and permits	1,177	8,643	-	-	9,820	966	30	996	10,816
Office expense	141,862	5,355	3,838	9,074	160,129	52,942	999	53,941	214,070
Professional fees	69,070	56,220	3,660	75,669	204,619	392,733	13,420	406,153	610,772
Rent	8,143,004	27,246	25,364	149,796	8,345,410	177,316	7,496	184,812	8,530,222
Equipment rental	28,529	6,272	724	721	36,246	46,043	598	46,641	82,887
Repairs and maintenance	1,235,422	551,471	203	66,961	1,854,057	183,730	6,770	190,500	2,044,557
Security	910,680	2,059	-	-	912,739	8,869	452	9,321	922,060
Real estate taxes	312,028	62,827	268	35	375,158	7,602	153	7,755	382,913
Telephone	56,357	5,365	2,522	1,767	66,011	15,549	403	15,952	81,963
Training	26,390	457	655	1,296	28,798	4,985	4,628	9,613	38,411
Travel	41,212	11,873	1,933	763	55,781	19,523	6,320	25,843	81,624
Utilities	724,450	229,712	4,330	2,916	961,408	57,652	1,196	58,848	1,020,256
Bad debt expense	-	-	-	-	-	50,000	-	50,000	50,000
Grant expenses pass through	-	-	544,115	-	544,115	-	-	-	544,115
Other expenses	27,226	12,167	528	952	40,873	29,660	15,266	44,926	85,799
TOTAL EXPENSES	$ 22,097,507	$ 2,310,657	$ 885,080	$ 714,401	$ 26,007,645	$ 3,580,436	$ 146,958	$ 3,727,394	$ 29,735,039

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services					Supporting Services			
	County Funded Emergency Shelters	**Permanent Housing**	**Home Grant Programs**	**Other Programs**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries	$ 8,181,045	$ 284,677	$ 253,554	$ 178,042	$ 8,897,318	$ 2,666,067	$ 66,752	$ 2,732,819	$ 11,630,137
Fringe benefits and payroll taxes	1,848,127	56,794	57,491	48,562	2,010,974	415,085	8,245	423,330	2,434,304
Advertising	17,111	28	2,079	402	19,620	20,695	937	21,632	41,252
Continuing education	-	-	-	65	65	-	-	-	65
Depreciation and amortization	253,423	608,298	-	40	861,761	4,000	-	4,000	865,761
Conference, dues and subscriptions	200	-	-	4,965	5,165	6,104	3,346	9,450	14,615
Food	1,236,047	-	-	-	1,236,047	430	-	430	1,236,477
Interest expense	91,710	137,317	-	-	229,027	-	-	-	229,027
Interest expense - debt issuance costs	-	-	-	-	-	21,661	-	21,661	21,661
Insurance	470,828	282,365	-	3,509	756,702	36,581	-	36,581	793,283
Licenses and permits	4,362	3,123	595	1,158	9,238	-	-	-	9,238
Office expense	159,590	3,471	2,801	3,316	169,178	48,887	357	49,244	218,422
Professional fees	53,128	20,411	4,404	37,367	115,310	210,904	9,225	220,129	335,439
Rent	8,902,405	29,273	17,632	89,426	9,038,736	189,142	7,587	196,729	9,235,465
Equipment rental	25,043	6,469	-	4,619	36,131	29,065	586	29,651	65,782
Repairs and maintenance	1,735,426	593,115	4,569	5,030	2,338,140	164,124	2,405	166,529	2,504,669
Security	761,271	467	-	3	761,741	488	23	511	762,252
Real estate taxes	302,301	72,488	-	-	374,789	-	-	-	374,789
Telephone	83,850	8,484	3,054	2,502	97,890	14,303	386	14,689	112,579
Training	27,592	898	690	228	29,408	4,434	315	4,749	34,157
Travel	34,502	10,849	4,245	210	49,806	9,948	1,142	11,090	60,896
Utilities	843,502	222,164	3,230	2,510	1,071,406	51,300	721	52,021	1,123,427
Bad debt expense	-	-	-	-	-	-	-	-	-
Grant expenses pass through	-	-	654,795	-	654,795	-	-	-	654,795
Other expenses	72,598	7,536	1,325	4,366	85,825	37,028	1,447	38,475	124,300
TOTAL EXPENSES	$ 25,104,061	$ 2,348,227	$ 1,010,464	$ 386,320	$ 28,849,072	$ 3,930,246	$ 103,474	$ 4,033,720	$ 32,882,792

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 791,570	$ 618,064
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	50,000	-
Depreciation and amortization	886,849	865,761
Noncash operating lease expense	3,602,361	4,156,962
Interest expense - debt issuance costs	21,787	21,661
Release of restrictions on grants payable	(795,524)	(529,903)
Loss/(gain) on sales/disposal of property and equipment	345,700	(305,215)
Paycheck Protection Program - grant advance	-	(2,057,046)
Drawdown of project funds	-	130,208
Changes in operating assets and liabilities:		
Accounts receivable and accrued revenues	1,419,847	221,576
Prepaid expenses and other current assets	82,602	3,584
Security deposits and other assets	(3,172)	30,225
Operating lease liability	(3,678,287)	(4,218,814)
Contract advances and due to government agencies	245,092	(13,335)
Accounts payable and accrued expenses	(379,595)	(66,325)
Employee Retention Tax Credits payable	1,908,998	-
Deposits payable	22,808	(17,286)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,521,036	(1,159,883)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property	-	358,257
Purchases of property and equipment	(549,457)	(1,089,922)
NET CASH USED IN INVESTING ACTIVITIES	(549,457)	(731,665)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	2,244,000
Proceeds from notes payable	-	(24,835)
Repayments of notes payable	(186,954)	-
Proceeds from mortgages payable	450,000	-
Repayments of mortgages payable	(195,885)	(192,396)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	67,161	2,026,769
Net change in cash and cash equivalents	4,038,740	135,221
Cash and cash equivalents, beginning of year	7,174,835	7,039,614
Cash and cash equivalents, end of year	$ 11,213,575	$ 7,174,835
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 227,956	$ 229,027

NOTE 1 – ORGANIZATION

Community Housing Innovations, Inc. ("CHI") was organized in New York in 1991 as a nonprofit corporation for the purpose of establishing, maintaining, and operating transitional housing and to develop permanent housing for homeless and low-income individuals and families. CHI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, it is publicly supported, as described in Section 509(a) of the Internal Revenue Code.

The consolidated financial statements of CHI include assets, liabilities, net assets and results of operations of CHI and its subsidiaries, as shown below:

CHI Mount Vernon, Inc.

This entity is a nonprofit organization established to undertake activities that provide low-and moderate-income families and individuals with affordable rental and homeownership opportunities in the City of Mount Vernon, New York. All 2021 and 2020 transactions for CHI Mt. Vernon Inc. are included within CHI.

CHI Yonkers, Inc.

This entity is a nonprofit organization established to undertake activities that provide low-and moderate-income families and individuals with affordable rental and homeownership opportunities in the City of Yonkers, New York. All 2021 and 2020 transactions for CHI Yonkers, Inc. are included within CHI.

CHI West I Management Corporation

This entity is a for-profit corporate subsidiary of CHI, whose purpose is to provide management services to CHI. There was no activity during 2021 and 2020. The entity was dissolved in 2021.

CHI Realty Division, Inc.

This entity provides property management services for other corporations and may engage in real estate services that help facilitate CHI in carrying out its missions and objectives.

Mayfair Housing Development Fund Company, Inc.

This entity is a nonprofit organization established to develop a housing project for persons of low income in the State of New York. During 2021, CHI began to receive a development fee for the occupied units. There was no activity in 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Community Housing Innovations, Inc. and its subsidiaries (hereinafter, collectively, "the Organization"), as defined above, is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Organization as discussed above. Accordingly, all intercompany transactions and accounts have been eliminated in consolidation.

Basis of Presentation and Use of Estimates: The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. These consolidated financial statements have been prepared on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Recent Accounting Pronouncements: During the year ended December 31, 2021, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, *Leases* (*Topic 842) Section A – Leases: Amendments To The FASB Accounting Standards Codification* using the modified retrospective approach. Under the modified retrospective approach, the guidance is applied to the most current period presented, recognizing a cumulative effect of the adoption change as an adjustment to beginning net assets. Under ASU 2016-02, the Organization is required to recognize leases on its consolidated statements of financial position and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; and ASU 2018-11, *Targeted Improvements*. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the statements on financial position for all leases with a term longer than twelve months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities. As a result of the adoption of this ASU, the Organization has recorded a ROU asset and a corresponding lease liability, as well as an adjustment to net assets, as outlined in Note 12.

During the year ended December 31, 2020, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, using the modified retrospective approach. ASU 2018-08 amends ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU were intended to assist entities in (1) evaluating whether (reciprocal) transactions subject to other guidance (i.e., ASC 606) and (2) determining whether a contribution(s) is conditional. The Organization has determined that there is no impact to the consolidated financial statements as a result of the adoption of this ASU.

Under the modified retrospective approach, the guidance is applied to the most current period presented, recognizing a cumulative effect of the adoption change as an adjustment to beginning net assets. The Organization has determined that there is no change to the timing of revenue recognition under ASU 2018-08.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Effective for the year ended December 31, 2022, the Organization will be required to adopt ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU applies to not-for-profit entities that receive contributed nonfinancial assets. Contribution revenue may be presented in the consolidated financial statements using different terms (for example, gifts, donations, grants, gifts in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. Nonfinancial assets include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

Consolidated Financial Statement Presentation: The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Cash and Cash Equivalents: The Organization considers all highly liquid fixed income investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable and Accrued Revenues: Accounts receivable and accrued revenues consist primarily of amounts owed to the Organization for the provision of transitional housing and other types of housing for the homeless in Suffolk, Nassau, Dutchess, Westchester, and Orange counties and various other receivables. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for estimated uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. As of December 31, 2021 and 2020, the total allowance for doubtful accounts was $57,837 and $12,169, respectively.

Property and Equipment: Fixed assets are stated at cost. Furniture and equipment as well as improvements to the buildings with a cost of $5,000 or more are capitalized. Fixed assets other than land are depreciated utilizing the straight-line method over the estimated useful lives of the related assets. Useful lives are determined based on the Suffolk County Reimbursable Cost Manual and other appropriate schedules as follows, which in the opinion of management, approximate the economic lives of the assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Buildings and building improvements	10-40 years
Furniture and fixtures	5-7 years
Computer equipment	3-5 years
Vehicles	5 years

The Organization's governmental contracts through Suffolk County permit the expensing of furniture and equipment up to $25,000. These contracts are generally funded annually by Suffolk County and therefore furniture and equipment purchases are deemed to have a useful life of one year or less and therefore are expensed.

Debt Issuance Costs: Debt issuance costs are reported on the consolidated statements of financial position as a direct deduction from the face amount of related debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the effective interest method. The Organization reflects amortization of debt issuance costs with interest expense, in accordance with U.S. GAAP.

Contributions: Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met.

Rental Income and Prepaid Rent: Rental income is recorded at the fair market value of each unit less implicit price concessions based on historical collections and/or cash receipts. Revenue is recorded when received and adjusted for any outstanding receivables within sixty days of the end of the reporting period. The year-end accounts receivable approximates the total amount collectible and there is no allowance for doubtful accounts on rental receivables, due to the implicit price concessions and adjustments to the accounts receivable throughout the year. The remaining outstanding receivables are not expected to be collected and therefore are not recorded as revenue.

In-kind Contributions: Donated services are reported in the consolidated financial statements at fair value, if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and that would typically be purchased if not provided by donation. The Organization benefits from volunteer services in program, fundraising, and administrative duties from Board members and other volunteers. Even though these donated services are valuable to the Organization, and help to advance the Organization's mission, no amounts have been reflected in the consolidated financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the consolidated financial statements, nor do they create or enhance nonfinancial assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition (Including Government Grants): The Organization receives substantially all of its funding from governmental agencies. These revenues are comprised of fee-based billings and amounts based, in part, on cost reimbursements, and are subject to audit by the United States Department of Housing and Urban Development ("HUD"), and other federal, state, and local agencies. Provisions for estimated settlements are provided in the period the related services are rendered. Settlements with third-party payers for retroactive revenue adjustments due to audits, review, or investigations are considered variable consideration and are included in the determination of the estimated transaction prices for providing services using the most likely outcome method. These settlements are estimated based on the terms of the payment agreements and rate methodologies with the payers, cost reports filed with the payers, correspondence from the payers and historical rates and settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, (that is, new information becomes available), or as years are reconciled or no longer subject to such audits, reviews, and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

In the opinion of management, any possible disallowances by any related governmental agencies resulting from an audit will not have a material effect on the accompanying consolidated financial statements.

The Organization recognizes revenue from government grants as revenue when eligible costs are incurred, or services are provided. A receivable is recognized to the extent revenue earned receives cash advances. Conversely, contract advances and due to government agencies are recorded when cash advances exceed support and revenue earned.

Operating Leases: In accordance with ASC 842, for all operating leases, the Organization has recognized a ROU asset and a lease liability at the commencement date. The lease liability was calculated based on the present value of the lease payments not yet paid, discounted using an appropriate discount rate at the commencement date. The ROU asset will initially be equal to the lease liability plus any initial direct costs and prepaid lease payments less any lease incentives received.

Under this approach, amortization of ROU assets are charged to lease expense, which is recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis will be used.

The lease liability for an operating lease at any given time is calculated as the present value of the lease payments not yet paid, discounted by using the rate that was established on the lease commencement date.

The ROU asset, at any given time, is measured as the ROU asset balance at the beginning of the period, adjusted by the current-period ROU asset amortization, which is calculated as the current-period lease cost adjusted by the lease liability accretion to the then outstanding lease balance.

Changes in present value discount on operating leases are charged to the respective lease expense based upon the nature of the ROU asset that gave rise to the discount. See Note 10 for additional details on these leases.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

ASC 842 permits a lessee to account for its leases at a portfolio level provided that the leases commenced at or around the same time and the resulting accounting at this level would not differ materially from the accounting at the individual lease level. The Organization has applied this approach for certain leases that are (1) similar in nature (e.g., similar underlying assets) and (2) have identical or nearly identical contract provisions. See Note 10 for additional details on these leases.

Functional Allocation of Expenses: The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, costs have been directly charged to the programs they benefit. Where costs can't be directly charged, they have been allocated among programs and supporting services benefited based on management's assessment of the benefit derived. Allocation methodologies for the most significant expenditures include the following:

- Salaries are allocated based on an estimate of time spent on program related functions and general and administrative activities.
- Fringe benefits and payroll taxes are allocated on an estimate of time spent on program related functions and general and administrative activities.
- Rent and other occupancy costs (e.g. utilities, repairs and maintenance, insurance, real estate taxes, security, etc.) are allocated based upon the space utilized by each program.

Income Taxes: The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization did not conduct unrelated business activities during the years ended December 31, 2021 or 2020.

The Organization files an IRS form 990 and respective state tax returns. These tax returns are subject to review and examination by federal and state taxing authorities. The Organization has determined that it has registered in all states where it is required to be registered.

Events Occurring After the Report Date: The Organization has evaluated events and transactions that occurred between January 1, 2022 and May 26, 2022, which is the date the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements.

NOTE 3 – CONCENTRATION OF CREDIT RISK/DISAGGREGATED REVENUE

The Organization maintains cash and investments in several bank and securities accounts that are insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"). From time to time, the Organization may have cash on deposits and investments with financial institutions that are in excess of FDIC and SIPC limits. The Organization's management does not believe that a significant risk of loss due to failure of a financial institution presently exists.

The Organization disaggregates revenue from contracts with customers by the type of service as this depicts the nature, amount, timing, and uncertainty of its revenue and cash flows as affected by economic factors.

NOTE 3 – CONCENTRATION OF CREDIT RISK/DISAGGREGATED REVENUE *(continued)*

Revenue consists of the following for the years ended December 31,:

	2021		2020	
Funding Source **Revenue Recognized At a Point Time**	**Revenue Amount**	**Percent of Total**	**Revenue Amount**	**Percent of Total**
Scattered Site Housing				
Dutchess County	$ 1,811,769	6%	$ 1,743,900	5%
Westchester County	2,423,372	8%	2,626,780	8%
Suffolk County	18,208,341	60%	20,311,528	61%
Orange County	1,689,918	6%	1,602,279	5%
Nassau County	1,033,073	3%	713,968	2%
Total Scattered Site Housing	25,166,473	83%	26,998,455	81%
Revenue Recognized Over Time				
Rental Income				
Rental income (welfare, tenant, Section 8)	2,138,729	7%	1,784,245	5%
Total Revenue Subject to ASU 606	27,305,202	90%	28,782,700	86%
Government Contracts and CARES Act Funding				
NYS Office of Mental Health	744,327	2%	378,037	1%
NYS Affordable Housing Corporation	544,115	2%	348,030	1%
NYS Office of the Attorney General	134,851	-%	118,371	-%
Employee Retention Tax Credit	252,053	1%	-	-%
Coronavirus Aid, Relief, and Economic Security Act (hereinafter, "CARES Act") Eviction and Foreclosure Prevention	-	-%	306,765	1%
Other government contracts	430,151	1%	251,144	1%
Total Government Contracts and CARES Act Funding	2,105,497	6%	1,402,347	4%
Contributions				
Contributions	342,660	1%	219,409	1%
Other				
Release of restrictions on grants payable	795,524	3%	529,903	2%
(Loss)/gain on sales/disposal of property and equipment	(345,700)	-1%	305,215	1%
Paycheck Protection Program – Grant Advance	-	-%	2,057,046	5%
Miscellaneous	323,426	1%	204,236	1%
Total Other	773,250	3%	3,096,400	9%
Total Revenue not Subject to ASU 606	3,221,407	10%	4,718,156	14%
Total Revenue and Support	$30,526,609		$33,500,856	

NOTE 3 – CONCENTRATION OF CREDIT RISK/DISAGGREGATED REVENUE *(continued)*

The Organization has minimal credit risk with respect to its accounts receivable.

The operations of the Organization's subsidiaries are concentrated in the multifamily and low-and moderate-income real estate markets. These projects operate in a heavily regulated environment. The operations of these projects are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by such regulatory agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

For the years ended December 31, 2021 and 2020, scattered site housing receivables accounted for approximately 88% and 85% of total accounts receivables and accrued revenues, respectively. Approximately 1% of the scattered site receivable is due from client obligations, and the remaining portion of the outstanding scattered site receivables are due from various counties. The remaining receivables are a combination of government grants, contributions, rental income, and more.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31,:

	2021	2020
Land	$ 1,698,004	$ 2,043,704
Buildings and building improvements	23,856,999	23,323,792
Furniture and fixtures	311,880	311,880
Computer equipment	101,919	85,669
Vehicles	73,620	76,942
Total cost	26,042,422	25,841,987
Less: accumulated depreciation	(11,884,392)	(11,000,865)
Property and equipment, net	$ 14,158,030	$ 14,841,122

During the years ended December 31, 2021 and 2020, there were property sales which resulted in a net (loss)/gain of ($345,700) and $305,215, respectively. During the years ended, December 31, 2021 and 2020 the retirement of fully depreciated fixed assets was $3,322 and $348,947, respectively.

NOTE 5 – GRANTS PAYABLE

Grants payable consist of grants provided to the Organization, which the Organization is not required to repay, as long as the properties that were acquired and/or renovated with the grant funds are used to provide qualified housing within the grant requirements for a specified period of time.

NOTE 5 – GRANTS PAYABLE *(continued)*

Grants payable outstanding were from the following sources as of December 31,:

	2021	2020
Homeless Housing Assistance Corporation (A)	$ 5,121,163	$ 5,696,163
HUD Supportive Housing Projects (B)	493,645	714,169
Islip Community Development Agency (C)	1,461,711	1,461,711
Westchester County (D)	688,000	688,000
Other (E)	198,990	198,990
Total outstanding grants payable	$ 7,963,509	$ 8,759,033

(A) Homeless Housing Assistance Corporation ("HHAC") – The Organization received numerous mortgages from the Homeless Housing Assistance Corporation to purchase and renovate properties to be used to provide affordable housing in accordance with agreed occupancy and rent restrictions. The Organization is required to operate these properties under these restrictions for twenty-five years. The Organization is not required to make any payments on these mortgages unless they cease using the properties for their intended purposes, in which case the mortgages would become immediately due in their entirety. After twenty-five years, the mortgages will expire and be forgiven. During 2021, the Office of Temporary and Disability Assistance forgave the mortgage on the project located at 46 DeKalb Avenue in White Plains. The remaining HHAC loans will be forgiven between the years ending December 31, 2022 and 2039.

(B) HUD Supportive Housing Projects - Grants from HUD are to provide scattered site housing in Suffolk and Nassau Counties under the Stewart B, McKinney Homeless Assistance Act. No principal or interest payments are due. The loans on these properties will be forgiven, barring default, over the last ten years of the loans. The amount to be forgiven in each year ending December 31, is listed in the table below.

(C) Islip Community Development Agency ("CDA") – The Organization received funding from the Islip CDA to acquire and renovate two properties in Islip to be used for Housing Opportunities for Persons With AIDS ("HOPWA"). If the loans are utilized for their intended purpose, the loans will be forgiven in 2023 and 2028. If additional HOPWA funds are requested, the loan forgiveness date can be extended for three to ten years based upon the level of funds requested. While a ten-year use period exists for HOPWA, the Town of Islip CDA allows for recoupment of funds even after the ten-year use period expires.

(D) Westchester County - Property acquisition grants were used to purchase and develop a vacant lot located in Westchester County. In 2017, the Organization entered into a grant agreement in the amount of $688,000 with Westchester County that conveyed a property to the Organization restricted for the rehabilitation of four affordable housing rental units that will provide affordable housing in Westchester County for a period of fifty years.

(E) Other – The Organization has grants with several counties that were provided for acquisition and renovation of scattered site supportive housing.

NOTE 5 – GRANTS PAYABLE *(continued)*

As long as these grants are used for the intended purposes, they will be forgiven during the years ending December 31, as follows:

	HHAC	HUD	Islip CDA	Westchester County	Other	Total
2022...........	$ 1,181,419	$ 219,749	$ -	$ -	$ -	$ 1,401,168
2023...........	-	133,845	680,505	-	-	814,350
2024...........	-	93,801	-	-	-	93,801
2025...........	780,000	46,250	-	-	64,590	890,840
2026...........	837,500	-	-	-	-	837,500
Thereafter	2,322,244	-	781,206	688,000	134,400	3,925,850
	$ 5,121,163	$ 493,645	$ 1,461,711	$ 688,000	$ 198,990	$ 7,963,509

In 2021 and 2020, $220,524 and $529,903, respectively, of grants payable for HUD Supporting Housing Projects was recognized as revenue in satisfaction of the terms of the underlying debt. In 2021, $575,000 of grants payable for HHAC projects was recognized as revenue in satisfaction of the terms of the underlying debt.

NOTE 6 – MORTGAGES PAYABLE

CHI and its subsidiaries have purchased properties that were financed with mortgage liabilities from various financial institutions. Interest rates on these obligations range from 3.79% to 7.50% with maturity dates from June 2021 through December 2027. In 2017, the Organization refinanced three of the mortgages through the issuance of a mortgage note in the amount of $2,565,582. During 2021, the Organization received a new mortgage with a total principal amount of $450,000. The property financed by each mortgage serves as collateral.

Annual maturities of the mortgages' principal for the years ending December 31 are as follows:

	Principal Maturities	Amortization of Deferred Financing Fees	Net Maturities
2022	$ 201,294	$ (21,234)	$ 180,060
2023	211,941	(13,520)	198,421
2024	222,882	(12,971)	209,911
2025	234,949	(12,971)	221,978
2026	247,387	(12,971)	234,416
Thereafter...	3,410,522	(12,969)	3,397,553
Totals	$ 4,528,975	$ (86,636)	$ 4,442,339

NOTE 7 – LINE OF CREDIT

On December 5, 2017, the Organization secured a line of credit from a bank totaling $2,450,000, maturing on December 2022. The line of credit interest rate is charged on the outstanding principal balance from the date of issuance until the maturity date at the bank's prime lending rate, which at no time will be less than 3.25%. The Organization had no outstanding balance on the line of credit as of December 31, 2021 and 2020. There was no interest expense for the year ended December 31, 2021 and 2020 related to the line. The Organization has granted the bank a first priority continuing lien on twenty-four of its properties.

NOTE 8 – CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT

As a result of the CARES Act, the Organization was issued a long-term note maturing in twenty-four months for a total of $2,244,000. The note was issued with a six-month deferral period that did not require payments to be made. Interest accrued on the unpaid principal, retroactive to the date of the loan, at a rate of 1.00% per annum. The loan was granted as part of the Paycheck Protection Program (hereinafter, "PPP") to help businesses impacted by the COVID-19 pandemic. Under the terms of the loan, a portion or all of the loan may be forgiven as a grant with the ultimate amount payable depending on the uses of the loan and the criteria set forth in the CARES Act, subsequent guidance and regulations. During the year ended December 31, 2020, the Organization recognized $2,057,046 as a grant advance from the PPP loan, which represented the amount that management anticipated would be forgiven. During the year ended December 31, 2021, the Organization received forgiveness of $2,057,046 in principal. The remaining $186,954 portion that was not forgiven was repaid in full during 2021.

During the year ended December 31, 2021, the Organization received funding for the Employee Retention Tax Credits ("ERTC"). The ERTC allows eligible employers to claim a payroll tax credit per employee for qualified wages paid while closed or having reduced operations due to the COVID-19 pandemic. The Organization received a total amount of $2,161,051. The Organization's deficit contracts covered most of their losses incurred by allowing the Organization to retain deficit funding to cover certain costs while also waiving certain contractual requirements, which resulted in the Organization only being able to retain a portion of the ERTC funding. The Organization recorded revenue of $252,053 and recorded a liability of $1,908,998 for the amount owed back to the Internal Revenue Service ("IRS")/United States Department of Treasury during the year ended and as of December 31, 2021, respectively.

The long-term impact of the COVID-19 pandemic on the Organization's operating results is uncertain and the full financial impact of this matter cannot be estimated at this time.

NOTE 9 – RETIREMENT PLAN

The Organization has an IRS-approved 401(k) profit sharing plan and trust for all eligible employees. To qualify for the plan, employees must be at least twenty-one years of age and have completed 1,000 hours of service. Employees are entitled to a 3% safe harbor contribution regardless of whether they contribute to the plan or not. Employees are fully vested upon completing their first year of employment. In 2021 and 2020, the Organization has recorded a safe harbor pension expense of $222,587 and $234,475, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Organization leases numerous sites of real property for the housing of its constituents. The Organization has elected to adopt the practical expedient for accounting of non-lease costs embedded within leases by allocating non-lease costs to the total transaction price. Rent expense for facilities was $10,049,857 and $10,741,469 for the years ended December 31, 2021 and 2020, respectively. Included within rent expense for the year ended December 31, 2021 was $8,620,230 in rent and $1,429,627 in embedded costs (i.e. real property taxes, utilities, repairs, security expense, etc.). Included within rent expense for the year ended December 31, 2020 was $9,308,243 in rent and $1,433,226 in embedded costs (i.e. real property taxes, utilities, repairs, security expense, etc.).

For the years ended December 31, 2021 and 2020, rent expense for facilities was:

	2021	2020
Operating lease cost	$ 9,825,842	$ 9,659,191
Short-term lease cost	224,015	1,082,278
Total lease cost	$ 10,049,857	$ 10,741,469

As of December 31, 2021, the future minimum commitments under the above leases were as follows for the years ending December 31,:

2022	$ 9,214,353
2023	8,686,221
2024	8,193,614
2025	8,019,488
2026	7,832,709
Thereafter	6,811,160
Total	48,757,545
Less: present value discount	(6,927,242)
Present value of future lease payments	41,830,303
Less: short-term lease liabilities	(8,796,519)
Long-term lease liabilities	$ 33,033,784
Months remaining	1,296
Discount rate at commencement	4.75%

NOTE 10 – COMMITMENTS AND CONTINGENCIES *(continued)*

As of December 31, 2020, the future minimum commitments under the above leases are as follows for the years ending December 31,:

2021	$	9,070,649
2022		7,984,977
2023		7,720,062
2024		7,566,409
2025		7,652,074
Thereafter		14,216,075
Total		54,210,246
Less: present value discount		(8,701,656)
Present value of future lease payments		45,508,590
Less: short-term lease liabilities		(8,659,330)
Long-term lease liabilities	$	36,849,260
Months remaining		1,701
Discount rate at commencement		4.75%

(a) During February of 2017, the Organization entered into a ten-year lease for a scattered site housing shelter at 450 Moreland Road, Commack, New York, expiring in December of 2027. This lease calls for monthly payments ranging from $304,167 to $335,825 with escalations at various points during the lease term. As of December 31, 2021 and 2020, the lease liability for this property comprised approximately 49% and 51% of the Organization's total lease liability, respectively.

(b) During January of 2017, the Organization entered into a ten-year lease at 3240 Route 112, Medford, New York, expiring December 31, 2026. This lease calls for monthly payments ranging from $152,083 to $161,392 with escalations at various points during the lease term. As of December 31, 2021 and 2020, the lease liability for this property comprised approximately 20% and 21% of the Organization's total lease liability, respectively.

(c) During September of 2013, the Organization entered into a five-year lease at 5890 Route 25, Wading River, New York, expiring in 2018. The Organization extended the lease beginning in October 2018 and concluding in September of 2023. This lease calls for monthly payments ranging from $83,950 to $112,975 with escalations at various points during the lease term. As of December 31, 2021 and 2020, the lease liability for this property comprised approximately 18% and 19% of the Organization's total lease liability, respectively.

(d) During July of 2017, the Organization entered into a ten-year lease at 44 Grand Street, Newburgh, New York, expiring June of 2027. This lease calls for monthly payments ranging from $21,000 to $22,947 with escalations of 3% on the anniversary date of the third, sixth, and ninth year. As of December 31, 2021 and 2020, the lease liability for this property comprised approximately 3% of the Organization's total lease liability.

NOTE 10 – COMMITMENTS AND CONTINGENCIES *(continued)*

(e) The Organization entered into many leases for its Emergency Housing Apartment Program ("EHAP") at various locations. Each EHAP lease has a term of approximately one to three years. As of December 31, 2021 and 2020, the lease liability for all of the EHAP leases comprises approximately 2% and 3% of the Organization's total lease liability, respectively.

During the year ended December 31, 2021, the Organization entered into two new leases. One of the new leases is for administrative office space and another lease is for a new program that was opened. As of December 31, 2021, the nine remaining leases comprise approximately $3,557,630 of the ROU liability, which is approximately 8% of the total lease liability. As of December 31, 2020, the seven remaining leases comprise approximately $1,626,823 of the ROU liability, which is approximately 4% of the Organization's total lease liability.

In accordance with ASC 842, the Organization reflected a short-term lease obligation within its statement of financial position of $8,796,519 and $8,659,330 as of December 31, 2021 and 2020, respectively.

Several debt agreements entered into by the Organization include certain minimum ratio requirements. These agreements were entered into prior to the adoption of ASC 842. The Organization will discuss revising the debt agreements to modify the financial covenants to consider the impact of ASC 842. The calculation of revised financial ratios are as follows:

The Organization had a current ratio at December 31, of:

	2021	2020
Without short-term lease obligation................................	1.96	2.69
With short-term lease obligation.....................................	.89	.91

In addition, the Organization had a debt service coverage ratio at December 31, of:

	2021	2020
Without short-term lease obligation................................	3.14	2.30
With short-term lease obligation	.13	.09

Employee Contract:

During 2019, the Organization's Board agreed to provide a retirement supplement totaling $750,000 to the Organization's long-time Executive Director. Pursuant to the plan, the Organization paid the Executive Director a retirement bonus of $750,000 over two-years, with $375,000 payable in both 2019 and 2020. The Executive Director met all criteria to receive such bonus as of December 31, 2020.

Litigation:

The Organization is subject to several lawsuits/claims in the normal course of operating its business. The Organization has retained legal counsel to assist with these matters. Management does not believe these matters will have a material impact on the Organization's consolidated financial position or operations.

NOTE 11 – LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows at December 31,:

	2021	2020
Cash and cash equivalents	$ 11,213,575	$ 7,174,835
Accounts receivable and accrued revenues net of allowance for doubtful accounts	3,231,763	4,701,610
Total financial assets available within one year	14,445,338	11,876,445
Less: Net assets with donor restrictions	(17,626)	(123,231)
Total financial assets available within one year for general expenditures	$ 14,427,712	$ 11,753,214

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

During the year ended December 31, 2021, the Organization elected to adopt ASU 2016-02, *Leases*, using the modified retrospective approach. Under the modified retrospective approach, the adoption of the ASU was applied to the consolidated financial position and results of activities as of and for the years ended December 31, 2021 and 2020, and a cumulative effect of the adoption change resulted in a reduction to the net assets without donor restrictions as of January 1, 2020 in the amount of $1,981,410. In addition to the cumulative adjustment to the Organization's net assets, the Organization recognized a ROU asset of $47,745,994 and a ROU liability of $49,727,404. See Note 10 for further details regarding the adoption of ASU 2016-02.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to year-end, the Organization began the process of negotiating to open five additional shelters sometime during the year ending December 31, 2022. As of May 26, 2022, three shelters have opened. The first new shelter opened in February of 2022 in Suffolk County to provide services for single and adult couples with a capacity of 42 people (annual budget of $2.4 million). Two shelters located in Brooklyn opened on April 1, 2022. One of these shelters is a men's single shelter with mental health services. This shelter has a capacity of 188 beds (annual budget of $10 million). The second shelter in Brooklyn is for men ages fifty-five and up with a total of 95 beds (annual budget of $5 million). The final two shelters are projected to open by the third quarter of 2022.

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	Community Housing Innovations, Inc.	CHI Realty, Inc.	Consolidated
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 11,165,228	$ 48,347	$ 11,213,575
Accounts receivable and accrued revenue, net of allowance for doubtful accounts	3,231,763	-	3,231,763
Prepaid expenses and other current assets	6,333	2,138	8,471
TOTAL CURRENT ASSETS	14,403,324	50,485	14,453,809
Security deposits and other assets	136,110	-	136,110
Property and equipment, net of accumulated depreciation	14,158,030	-	14,158,030
Operating lease right-of-use assets	39,986,671	-	39,986,671
TOTAL ASSETS	$ 68,684,135	$ 50,485	$ 68,734,620
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Current portion of mortgages payable, net of deferred financing fees	$ 180,060	$ -	$ 180,060
Current portion of notes payable	-	-	-
Current portion of grants payable	1,401,168	-	1,401,168
Current portion of operating lease liability	8,796,519	-	8,796,519
Contract advances and due to government agencies	874,046	-	874,046
Accounts payable and accrued expenses	2,900,078	-	2,900,078
Employee Retention Tax Credits payable	1,908,998	-	1,908,998
Deposits payable	82,915	-	82,915
TOTAL CURRENT LIABILITIES	16,143,784	-	16,143,784
Mortgages payable, net of current portion and deferred financing fees	4,262,279	-	4,262,279
Notes payable, net of current portion	-	-	-
Operating lease liability, net of current portion	33,033,784	-	33,033,784
Grants payable, net of current portion	6,562,341	-	6,562,341
TOTAL LIABILITIES	60,002,188	-	60,002,188
Net Assets:			
Without donor restrictions	8,664,321	50,485	8,714,806
With donor restrictions	17,626	-	17,626
TOTAL NET ASSETS	8,681,947	50,485	8,732,432
TOTAL LIABILITIES AND NET ASSETS	$ 68,684,135	$ 50,485	$ 68,734,620

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Community Housing Innovations, Inc.	CHI Realty, Inc.	Consolidated
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 7,145,167	$ 29,668	$ 7,174,835
Accounts receivable and accrued revenue, net of allowance for doubtful accounts	4,701,610	-	4,701,610
Prepaid expenses and other current assets	89,414	1,659	91,073
TOTAL CURRENT ASSETS	11,936,191	31,327	11,967,518
Security deposits and other assets	132,938	-	132,938
Property and equipment, net of accumulated depreciation	14,841,122	-	14,841,122
Operating lease right-of-use assets	43,589,032	-	43,589,032
TOTAL ASSETS	$ 70,499,283	$ 31,327	$ 70,530,610
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Current portion of mortgages payable, net of deferred financing fees	$ 168,620	$ -	$ 168,620
Current portion of notes payable	102,663	-	102,663
Current portion of grants payable	227,438	-	227,438
Current portion of operating lease liability	8,659,330	-	8,659,330
Contract advances and due to government agencies	628,954	-	628,954
Accounts payable and accrued expenses	3,279,673	-	3,279,673
Employee Retention Tax Credits payable	-	-	-
Deposits payable	60,107	-	60,107
TOTAL CURRENT LIABILITIES	13,126,785	-	13,126,785
Mortgages payable, net of current portion and deferred financing fees	3,997,817	-	3,997,817
Notes payable, net of current portion	84,291	-	84,291
Operating lease liability, net of current portion	36,849,260	-	36,849,260
Grants payable, net of current portion	8,531,595	-	8,531,595
TOTAL LIABILITIES	62,589,748	-	62,589,748
Net Assets:			
Without donor restrictions	7,786,304	31,327	7,817,631
With donor restrictions	123,231	-	123,231
TOTAL NET ASSETS	7,909,535	31,327	7,940,862
TOTAL LIABILITIES AND NET ASSETS	$ 70,499,283	$ 31,327	$ 70,530,610

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions			With Donor Restrictions		
	Community Housing Innovations, Inc.	**CHI Realty, Inc.**	**Consolidated Total**	**Community Housing Innovations, Inc.**	**CHI Realty, Inc.**	**Consolidated Total**
REVENUE AND SUPPORT:						
Rental income	$ 2,138,729	$ -	$ 2,138,729	$ -	$ -	$ -
Scattered site housing/shelters	25,166,473	-	25,166,473	-	-	-
Revenue from government contracts	1,853,444	-	1,853,444	-	-	-
CARES Act Funding:						
Employee Retention Tax Credits	252,053	-	252,053	-	-	-
Paycheck Protection Program - grant advance	-	-	-	-	-	-
Interest	3,215	-	3,215	-	-	-
Contributions	213,486	-	213,486	129,174	-	129,174
(Loss) on sales/disposal of property and equipment	(345,700)	-	(345,700)	-	-	-
Other	279,776	40,435	320,211	-	-	-
Release of restrictions on grants payable	795,524	-	795,524	-	-	-
Net assets released from restriction	234,779	-	234,779	(234,779)	-	(234,779)
TOTAL REVENUE AND SUPPORT	30,591,779	40,435	30,632,214	(105,605)	-	(105,605)
FUNCTIONAL EXPENSES:						
Program Services:						
County funded emergency shelters	22,097,507	-	22,097,507	-	-	-
Permanent housing	2,310,657	-	2,310,657	-	-	-
Home grant programs	885,080	-	885,080	-	-	-
Other programs	693,124	21,277	714,401	-	-	-
TOTAL PROGRAM SERVICES	25,986,368	21,277	26,007,645	-	-	-
Supporting Services:						
Management and general	3,580,436	-	3,580,436	-	-	-
Fundraising	146,958	-	146,958	-	-	-
TOTAL SUPPORTING SERVICES	3,727,394	-	3,727,394	-	-	-
TOTAL EXPENSES	29,713,762	21,277	29,735,039	-	-	-
CHANGE IN NET ASSETS	878,017	19,158	897,175	(105,605)	-	(105,605)
Net assets, beginning of year	7,786,304	31,327	7,817,631	123,231	-	123,231
Total net assets, end of year	$ 8,664,321	$ 50,485	$ 8,714,806	$ 17,626	$ -	$ 17,626

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions			With Donor Restrictions		
	Community Housing Innovations, Inc.	**CHI Realty, Inc.**	**Consolidated Total**	**Community Housing Innovations, Inc.**	**CHI Realty, Inc.**	**Consolidated Total**
REVENUE AND SUPPORT:						
Rental income	$ 1,784,245	$ -	$ 1,784,245	$ -	$ -	$ -
Scattered site housing/shelters	26,998,455	-	26,998,455	-	-	-
Revenue from government contracts	1,402,347	-	1,402,347	-	-	-
CARES Act Funding:						
Employee Retention Tax Credits	-	-	-	-	-	-
Paycheck Protection Program - grant advance	2,057,046	-	2,057,046	-	-	-
Interest	35,598	-	35,598	-	-	-
Contributions	65,817	-	65,817	153,592	-	153,592
Gain on sales/disposal of property and equipment	305,215	-	305,215	-	-	-
Other	142,433	26,205	168,638	-	-	-
Release of restrictions on grants payable	529,903	-	529,903	-	-	-
Net assets released from restriction	217,273	-	217,273	(217,273)	-	(217,273)
TOTAL REVENUE AND SUPPORT	33,538,332	26,205	33,564,537	(63,681)	-	(63,681)
FUNCTIONAL EXPENSES:						
Program Services:						
County funded emergency shelters	25,104,061	-	25,104,061	-	-	-
Permanent housing	2,348,227	-	2,348,227	-	-	-
Home grant programs	1,010,464	-	1,010,464	-	-	-
Other programs	373,757	12,563	386,320	-	-	-
TOTAL PROGRAM SERVICES	28,836,509	12,563	28,849,072	-	-	-
Supporting Services:						
Management and general	3,930,246	-	3,930,246	-	-	-
Fundraising	103,474	-	103,474	-	-	-
TOTAL SUPPORTING SERVICES	4,033,720	-	4,033,720	-	-	-
TOTAL EXPENSES	32,870,229	12,563	32,882,792	-	-	-
CHANGE IN NET ASSETS	668,103	13,642	681,745	(63,681)	-	(63,681)
Net assets, beginning of year	7,118,201	17,685	7,135,886	186,912	-	186,912
Total net assets, end of year	$ 7,786,304	$ 31,327	$ 7,817,631	$ 123,231	$ -	$ 123,231

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Pass through Programs from Family Residences and Essential Enterprises				
Supportive Housing Program	14.235	NY0453L2T031811	N/A	$ 28,831
Pass through Programs from Town of Islip Community Development Agency				
Housing Opportunities for Persons with AIDS	14.241	NYH09F001	N/A	234,377
Housing Opportunities for Persons with AIDS	14.241	NYH10F001	N/A	626,423
Housing Opportunities for Persons with AIDS	14.241	NYH11F001	N/A	131,578
Housing Opportunities for Persons with AIDS	14.241	NYH12F001	N/A	6,574
Housing Opportunities for Persons with AIDS	14.241	NYH13F001	N/A	136,104
Housing Opportunities for Persons with AIDS	14.241	NYH14F001	N/A	175,478
Housing Opportunities for Persons with AIDS	14.241	NYH15F001	N/A	71,661
Housing Opportunities for Persons with AIDS	14.241	NYH16F001	N/A	79,516
Total Housing Opportunities for Persons with AIDS				1,461,711
Pass through Programs from Nassau County				
COVID-19 - Emergency Solutions Grants Coronavirus	14.231	ESG-46-05C	N/A	6,586
Total Expenditures of Federal Awards				$ 1,497,128

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICY

The information in the accompanying schedule of expenditures of federal awards (the "Schedule") of Community Housing Innovations, Inc. ("CHI") has been prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of CHI, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CHI.

NOTE 2 – INDIRECT COST RATE

Many of CHI's federal grants provide for specific allocations for administrative costs. Where administrative costs are not specifically limited by the funding source, CHI has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3 – FEDERAL AWARD ASSISTANCE

CHI has a contract with the United States Department of Housing and Urban Development, under its Housing Opportunities for Persons with AIDS ("HOPWA") program to establish, maintain, and operate transitional housing for homeless low-income individuals and families with an AIDS diagnosis. Between 2012 and 2018, CHI received HOPWA funding to purchase and renovate two properties in Islip, New York. Pursuant to the respective grant agreements, the properties must be used for a period of at least ten years otherwise the grants must be repaid to HOPWA. Furthermore, if additional monies are received from HOPWA for additional renovations to these properties, the forgiveness term of these grants can be extended for three or ten years, depending on if such renovations are non-substantial or substantial, respectively. The grants are set to expire in 2023 and 2028 in the amounts of $680,505 and $781,206, respectively. At December 31, 2021, the outstanding balance of the forgivable HOPWA grants was $1,461,711. There were no expenditures of HOPWA funds during the year ended December 31, 2021.

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors of
Community Housing Innovations, Inc.
75 South Broadway Suite 340
White Plains, NY 10601

We have audited 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, the consolidated financial statements of Community Housing Innovations, Inc. and its subsidiaries (hereinafter collectively the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated May 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's consolidated 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 the Organization's consolidated 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 consolidated 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.*

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.

Cerini & Associates LLP

May 26, 2022
Bohemia, New York

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*

Board of Directors of
Community Housing Innovations, Inc.
75 South Broadway Suite 340
White Plains, NY 10601

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Housing Innovations, Inc. (hereinafter collectively the "CHI's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of CHI's major federal programs for the year ended December 31, 2021. CHI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, CHI complied, in all material respects, with the 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, 2021.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CHI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CHI's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CHI's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CHI's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CHI's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CHI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CHI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CHI's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Cerini & Associates LLP

May 26, 2022
Bohemia, New York

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I: Summary of Auditors' Results

Consolidated Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	_____ Yes	X No
Are any significant deficiencies identified?	_____ Yes	X No
Is any noncompliance material to consolidated financial statements noted?	_____ Yes	X No

Federal Awards

Internal control over major federal program:

Are any material weaknesses identified?	_____ Yes	X No
Are any significant deficiencies identified?	_____ Yes	X No
Type of auditors' report issued on compliance for major federal programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	X No

Identification of major federal programs:

Federal Assistance Listing Number(s)	Name of federal program or cluster
14.241	- United States Department of Housing and Urban Development - Housing Opportunities for Persons with AIDS

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	_____ No