

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

Consolidating Financial Statements

and

Supplementary Information

June 30, 2020

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	1
Consolidating Statements of Financial Position as of June 30, 2020	2
Consolidating Statements of Activities for the Year Ended June 30, 2020	3
Consolidating Statements of Functional Expenses for the Year Ended June 30, 2020	4
Consolidating Statements of Cash Flows for the Year Ended June 30, 2020	5
Notes to Consolidating Financial Statements	6-20
<u>Supplementary Information</u>	21
Supplementary Schedules to the New York State Homes and Community Renewal (Unaudited)	22-27
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2020	28-29
Notes to Schedule of Expenditures of Federal Awards	30
<u>Reporting Under Government Auditing Standards</u>	31
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	32-33
<u>Reporting Under the Uniform Guidance</u>	34
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	35-37
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2020	38



INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Northern Manhattan Improvement Corporation and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Northern Manhattan Improvement Corporation and Affiliates (the “Organization”), which comprise the consolidating statements of financial position as of June 30, 2020, and the related consolidating statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidating financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating 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 consolidating financial statements based on our audit. We did not audit the financial statements of the affiliated organizations, NMIC Lead Safe House HDFC, 453 West 166th Street HDFC, NMIC Arden HDFC and 618 West 187th Street HDFC. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for NMIC Lead Safe House HDFC, 453 West 166th Street HDFC, NMIC Arden HDFC and 618 West 187th Street HDFC, is based solely on the reports of the other auditors. 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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, based on our audit and the reports of the other auditors, the consolidating financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northern Manhattan Improvement Corporation and Affiliates as of June 30, 2020, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Also, in our opinion, the consolidating financial statements referred to in the first paragraph present fairly, in all material respects, the individual financial position of Northern Manhattan Improvement Corporation other than NMIC Lead Safe House HDFC, 453 West 166th Street HDFC, NMIC Arden HDFC and 618 West 187th Street HDFC (as to which we express no opinion because those statements were audited by other auditors as indicated in the third paragraph), as of June 30, 2020, and the results of its individual operations and its individual cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating 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 consolidating financial statements as a whole. In addition, the accompanying supplementary information listed in the index on pages 22 to 27, which is the responsibility of management, is also presented for purposes of additional analysis and is not a required part of the consolidating financial statements. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the consolidating financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021 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 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.

A handwritten signature in black ink that reads "Mayer Hoffman McCann CPAs". The signature is written in a cursive, flowing style.

New York, New York
March 12, 2021

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Consolidating Statements of Financial Position
June 30, 2020

	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street HDFC	NMIC Arden HDFC	618 West 187th Street HDFC	Eliminations	Total
ASSETS							
Cash and cash equivalents	\$ 2,195,903	\$ 78,333	\$ 181,337	\$ 10,063	\$ 22,315	\$ -	\$ 2,487,951
Cash - client escrows	8,934	-	-	-	-	-	8,934
Cash - restricted	255,397	-	-	-	600,000	-	855,397
Government grants and contracts receivable	5,313,763	-	-	-	-	-	5,313,763
Rent receivable	-	-	15,872	-	97,124	-	112,996
Due from NMIC Lead Safe House HDFC	36,750	-	-	-	-	(36,750)	-
Due from 453 West 166th Street HDFC	11,000	-	-	-	-	(11,000)	-
Due from NMIC Arden HDFC	186,906	-	-	-	-	(186,906)	-
Due from 618 West 187th Street HDFC	9,000	-	-	-	-	(9,000)	-
Prepaid expenses and other assets	136,841	9,912	8,644	12,084	34,882	-	202,363
Security deposits	400,545	-	2,420	-	21,746	-	424,711
Reserves and mortgage escrows	-	9,354	82,423	54,449	86,278	-	232,504
Property and equipment, net	218,656	509,328	196,409	1,875,942	5,327,884	-	8,128,219
Total assets	\$ 8,773,695	\$ 606,927	\$ 487,105	\$ 1,952,538	\$ 6,190,229	\$ (243,656)	\$ 17,766,838
LIABILITIES AND NET ASSETS (DEFICIT)							
Liabilities:							
Accounts payable and accrued expenses	\$ 2,320,959	\$ 29,465	\$ 24,943	\$ 311,601	\$ 666,456	\$ -	\$ 3,353,424
Unearned revenue	437,552	-	-	-	-	-	437,552
Client escrows payable	8,934	-	-	-	-	-	8,934
Due to NMIC	-	36,750	11,000	186,906	9,000	(243,656)	-
Deferred rent	2,396,082	-	-	-	-	-	2,396,082
PPP loan payable	1,499,458	-	-	-	-	-	1,499,458
Mortgages payable, net of closing costs of \$425,073	-	1,730,600	1,083,717	2,096,659	5,871,613	-	10,782,589
Total liabilities	6,662,985	1,796,815	1,119,660	2,595,166	6,547,069	(243,656)	18,478,039
Commitments and contingencies (Note 13)							
Net assets (deficit) without donor restrictions	2,110,710	(1,189,888)	(632,555)	(642,628)	(356,840)	-	(711,201)
Total liabilities and net assets (deficit)	\$ 8,773,695	\$ 606,927	\$ 487,105	\$ 1,952,538	\$ 6,190,229	\$ (243,656)	\$ 17,766,838

See accompanying notes.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Consolidating Statements of Activities
For the Year Ended June 30, 2020

	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street HDFC	NMIC Arden HDFC	618 West 187th Street HDFC	Total
Support and revenue:						
Government grants and contracts	\$ 15,033,577	\$ -	\$ -	\$ -	\$ -	\$ 15,033,577
Contributions	771,253	-	-	-	-	771,253
Program revenue	115,204	-	-	-	-	115,204
PPP loan forgiveness	74,972	-	-	-	-	74,972
Rental income	12,080	217,751	157,837	-	446,712	834,380
Other income	145,663	-	1,649	-	489	147,801
Total support and revenue	16,152,749	217,751	159,486	-	447,201	16,977,187
Expenses:						
Program services	12,680,279	166,699	81,206	57,458	96,558	13,082,200
Administrative	3,051,057	65,191	59,037	92,232	110,635	3,378,152
Fundraising	170,616	-	-	-	-	170,616
Total expenses	15,901,952	231,890	140,243	149,690	207,193	16,630,968
Change in net assets	250,797	(14,139)	19,243	(149,690)	240,008	346,219
Net assets (deficit) - beginning of year	1,859,913	(1,175,749)	(651,798)	(492,938)	(596,848)	(1,057,420)
Net assets (deficit) - end of year	\$ 2,110,710	\$ (1,189,888)	\$ (632,555)	\$ (642,628)	\$ (356,840)	\$ (711,201)

See accompanying notes.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Consolidating Statements of Functional Expenses
For the Year Ended June 30, 2020

	Program Services						Administrative Expenses						Fundraising Expenses	
	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street HDFC	NMIC Arden HDFC	618 West 187th Street HDFC	Total	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street HDFC	NMIC Arden HDFC	618 West 187th Street HDFC	Total	Northern Manhattan Improvement Corporation	Total Expenses
Salaries	\$ 6,335,721	\$ -	\$ -	\$ -	\$ -	\$ 6,335,721	\$ 1,354,697	\$ 20,870	\$ 15,179	\$ -	\$ 22,500	\$ 1,413,246	\$ 88,287	\$ 7,837,254
Payroll taxes and fringe benefits	1,980,728	-	-	-	-	1,980,728	426,961	3,975	3,376	-	4,172	438,484	28,252	2,447,464
Professional fees and consultants	224,163	-	-	-	-	224,163	310,854	33,888	26,950	88,464	67,302	527,458	30,860	782,481
Occupancy costs	1,736,455	-	-	31,092	-	1,767,547	562,252	-	-	-	-	562,252	9,536	2,339,335
Repairs and maintenance	70,863	45,424	31,769	-	6,271	154,327	31,261	-	-	-	-	31,261	184	185,772
Program food, supplies and stipends	264,043	-	-	-	-	264,043	16,879	-	-	-	-	16,879	1,227	282,149
Office supplies	117,347	-	-	-	-	117,347	119,851	3,409	1,407	-	4,777	129,444	685	247,476
Telephone	41,764	-	-	-	-	41,764	7,709	-	-	-	1,700	9,409	41	51,214
Utilities	88,049	43,486	29,965	-	47,320	208,820	8,463	-	-	-	-	8,463	-	217,283
Subcontractor	1,454,655	-	-	-	-	1,454,655	74,132	-	-	-	-	74,132	-	1,528,787
Insurance	170,902	14,403	9,729	26,366	22,932	244,332	11,992	-	-	-	-	11,992	87	256,411
Meetings, conferences and training	17,419	-	-	-	-	17,419	3,793	-	-	-	-	3,793	-	21,212
Travel (including client travel)	18,490	-	-	-	-	18,490	9,902	-	-	-	-	9,902	-	28,392
Printing and publications	62,920	-	-	-	-	62,920	2,368	45	219	-	328	2,960	175	66,055
Equipment purchase and leasing	-	455	65	-	-	520	13,550	-	-	-	-	13,550	1,833	15,903
Books and subscriptions	13,103	-	-	-	-	13,103	226	-	-	-	-	226	23	13,352
Interest expense	-	-	-	-	-	-	2,241	-	11,906	-	-	14,147	-	14,147
Miscellaneous other costs	57,318	-	603	-	20,035	77,956	86,059	3,004	-	3,768	9,856	102,687	9,426	190,069
Total expenses before depreciation and amortization	12,653,940	103,768	72,131	57,458	96,558	12,983,855	3,043,190	65,191	59,037	92,232	110,635	3,370,285	170,616	16,524,756
Depreciation and amortization	26,339	62,931	9,075	-	-	98,345	7,867	-	-	-	-	7,867	-	106,212
Total expenses	\$ 12,680,279	\$ 166,699	\$ 81,206	\$ 57,458	\$ 96,558	\$ 13,082,200	\$ 3,051,057	\$ 65,191	\$ 59,037	\$ 92,232	\$ 110,635	\$ 3,378,152	\$ 170,616	\$ 16,630,968

See accompanying notes.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Consolidating Statements of Cash Flows
For the Year Ended June 30, 2020

	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street HDFC	NMIC Arden HDFC	618 West 187th Street HDFC	Eliminations	Total
Cash flows from operating activities:							
Change in net assets	\$ 250,797	\$ (14,139)	\$ 19,243	\$ (149,690)	\$ 240,008	\$ -	\$ 346,219
Adjustments to reconcile change in net assets to net cash provided by operating activities:							
Depreciation and amortization	34,206	62,931	9,075	-	-	-	106,212
Deferred rent	377,647	-	-	-	-	-	377,647
Change in assets and liabilities:							
Government grants and contracts receivable	317,825	-	-	-	-	-	317,825
Rent receivable	-	1,000	(15,431)	-	(34,488)	-	(48,919)
Due from NMIC Lead Safe House HDFC	(12,250)	-	-	-	-	12,250	-
Due from 453 West 166th Street HDFC	10,500	-	-	-	-	(10,500)	-
Due from NMIC Arden HDFC	(1,932)	-	-	-	-	1,932	-
Due from 618 West 187th Street HDFC	6,000	-	-	-	-	(6,000)	-
Prepaid expenses and other assets	(60,967)	2,543	4,951	26,366	17,576	-	(9,531)
Reserves and mortgage escrows	-	-	(261)	-	(34,008)	-	(34,269)
Accounts payable and accrued expenses	(350,742)	(22,050)	1,636	142,644	607,876	-	379,364
Unearned revenue	(312,357)	-	-	-	-	-	(312,357)
Due to NMIC	-	12,250	(10,500)	1,932	(6,000)	2,318	-
PPP loan payable	1,499,458	-	-	-	-	-	1,499,458
Net cash provided by operating activities	1,758,185	42,535	8,713	21,252	790,964	-	2,621,649
Cash used in investing activities:							
Purchase of property and equipment	-	-	-	(1,048,912)	(274,027)	-	(1,322,939)
Cash provided by financing activities:							
Proceeds from mortgages	-	-	-	1,025,080	84,101	-	1,109,181
Net increase (decrease) in cash and cash equivalents	1,758,185	42,535	8,713	(2,580)	601,038	-	2,407,891
Cash and cash equivalents and restricted cash, beginning of year	702,049	35,798	172,624	12,643	21,277	-	944,391
Cash and cash equivalents and restricted cash, end of year	\$ 2,460,234	\$ 78,333	\$ 181,337	\$ 10,063	\$ 622,315	\$ -	\$ 3,352,282
Supplemental Disclosure of Cash Flow Information							
Cash paid during the year for:							
Interest	\$ 2,076	\$ -	\$ 11,906	\$ -	\$ -	\$ -	\$ 13,982

See accompanying notes.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 1 - Nature of Activities

The accompanying consolidating financial statements of Northern Manhattan Improvement Corporation and Affiliates (the “Organization”) include Northern Manhattan Improvement Corporation (“NMIC”) and its affiliated organizations, NMIC Lead Safe House HDFC (“LSH”), 453 West 166th Street HDFC (“453”), NMIC Arden HDFC (“Arden”) and 618 West 187th Street HDFC (“618”).

NMIC is a community-based, not-for-profit organization incorporated in the State of New York in March 1979. NMIC’s mission is to serve as a catalyst for positive change in the lives of the people in their community on their paths to secure prosperous futures. NMIC preserves affordable housing through legal services, community organizing and building weatherization; promotes economic self-sufficiency through education and career services; and stabilizes families through social services, health education and domestic violence intervention. All NMIC services are free and bilingual in English and Spanish.

LSH is a not-for-profit organization incorporated in February 2001 under the laws of the State of New York to acquire an interest in real property consisting of twelve apartments for the purpose of providing low-income housing for individuals. Eleven apartments are rented as permanent residential units and one unit is designated for use by the building’s superintendent. Rental units are leased to qualified tenants in order for the project to qualify as a low-income housing project under Section 42(g)(I)(b) of the Internal Revenue Code. All members of the Board of Directors are also members of NMIC’s Board of Directors.

453 is a not-for-profit organization incorporated in June 2012 under the laws of the State of New York to acquire an interest in real property consisting of twelve units for the purpose of providing low-income housing for individuals. All members of the Board of Directors are also members of NMIC’s Board of Directors.

Arden is a not-for-profit organization incorporated in March 2013 under the laws of the State of New York for the purpose of developing, managing and sponsoring the cooperative conversion of 21 Arden, a housing project for persons of low income. Upon completion of the property, it will consist of fifteen units and all title to property and improvements and related debt will be transferred to an Article XI apartment corporation organized as a cooperative housing corporation. All members of the Board of Directors are also members of NMIC’s Board of Directors.

618 is a not-for-profit organization incorporated in November 2013 under the laws of the State of New York for the purpose of developing, managing and sponsoring the cooperative conversion of 618 West, a housing project for persons of low income. Upon completion of the property, it will consist of twenty-one units and all title to property and improvements and related debt will be transferred to an Article XI apartment corporation organized as a cooperative housing corporation. All members of the Board of Directors are also members of NMIC’s Board of Directors.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of Presentation

The classification of the Organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets - without donor restrictions and with donor restrictions - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These two classes are defined as follows:

Net Assets With Donor Restrictions - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as changes in net assets. In addition, some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have any net assets with donor restrictions at June 30, 2020.

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

Basis of Consolidation

The entities included in the accompanying consolidating financial statements have common control since officers of NMIC’s Board of Directors sit on the Board of Directors of the affiliates. There is also an element of economic interest since the affiliates hold significant reliance on the management and resources of NMIC. All material inter-organization transactions have been eliminated in consolidation.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of bank checking accounts and cash equivalents. This may include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Property and Equipment

Items capitalized as property and equipment are reported at cost or, if donated, at the approximate fair value at the date of donation. Property and equipment purchases with a cost in excess of \$5,000 are capitalized; all others are expensed as incurred. Depreciation is computed on a straight-line basis over the estimated service lives of the assets. Leasehold improvements are amortized over the shorter of the life of the asset or the term of the lease, using the straight-line method. Repairs and maintenance that do not improve or extend the lives of the property and equipment are charged to expense as incurred.

Grants and Contracts Receivable

Grants and contracts receivable represent amounts due from grantors, based on the terms of the related grant agreements. Management determines the need for an allowance based on history of uncollectible amounts, the level of past due amounts and its relationship with, and economic status of, its grantors. No provision was made for uncollectible amounts since management expects to collect the entire balance.

Unearned Revenue

The Organization, from time to time, receives grant funds in advance. These amounts are recognized when earned and are recorded as a liability on the consolidating statements of financial position.

Client Escrows Payable

The Organization acts as fiscal agent for other entities. As a fiscal agent, the Organization holds cash on behalf of other entities, which is reported as a liability on the consolidating statements of financial position. As of June 30, 2020, the amount of funds held by the Organization for other parties was approximately \$9,000.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue and Support Recognition

Contributions and grants received are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statements of activities as net assets released from restrictions.

Contributed Services

The Board of Directors volunteers a significant amount of time to the Organization. The value of this contributed time is not reflected in the accompanying consolidating financial statements because it does not meet the criteria for recognition provided in U.S. GAAP. In addition, no objective basis is available to measure the value of such services.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Expense

Advertising expenses are charged to operations in the period in which they are incurred. Advertising expense for the year ended June 30, 2020 was approximately \$23,000.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

NMIC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and New York State Not-for-Profit Corporation law, respectively, and qualifies for the charitable contribution deduction. Management accounts for uncertainty in income taxes using a recognition threshold of more likely than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold at the statement of financial position date and no interest or penalties related to unrecognized tax benefits have been recognized in NMIC's financial statements. NMIC files federal Form 990 annually and New York State annual reports as required. NMIC is subject to federal income tax examination by tax authorities for fiscal years ended in 2017 and thereafter. No returns or registrations are presently under examination by the relevant authorities.

LSH, 453, Arden and 618 (collectively referred to as the "HDFCs") are considered housing development fund companies formed pursuant to Article XI of the Private Housing Finance Law of the State of New York. Accordingly, HDFCs are exempt from New York State Franchise Tax and New York City Business Corporation Tax. As HDFCs have not applied to the Internal Revenue Service for tax-exempt status, they are subject to tax as corporations for federal purposes.

Deferred taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax rates in effect in the years in which the differences are expected to affect taxable income. Valuation allowances are provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The HDFCs classify any interest or penalty payments relating to uncertain tax positions within operating expenses on the consolidating financial statements. There are no accruals of interest or penalty payments, nor are there any unrecognized tax benefits as of June 30, 2020. The HDFCs' returns from the year 2017 and thereafter are still subject to examination by various jurisdictions.

Compensated Absences

Employees are entitled to fifteen vacation days in the first year of employment and twenty vacation days thereafter upon reaching one year of service. To preserve flexibility for new employees, in any calendar year during which employees accrued vacation time according to the rules governing new employees, they will be allowed to carry over up to ten days of unused accrued vacation time past June 30. All other employees have to use their vacation days between July 1 through June 30 and no carryover is allowed. The liability for vacations earned but not taken for new employees only has been charged to operations. Accrued vacation for this liability totaled approximately \$29,000 as of June 30, 2020 and has been included in accounts payable and accrued expenses on the consolidating statements of financial position as of June 30, 2020.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage of effort based on the full-time equivalent or on the contract budget in relation to the entire agency-wide budget.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated on the basis of estimates of time and effort are salaries, payroll taxes and benefits, repairs and maintenance, occupancy, utilities and telephone. The expenses that are allocated on the basis of the contract budget in relation to the entire agency budget are office supplies, insurance, printing and publications, equipment purchase and leasing, agency audit and payroll processing charges.

Recently Issued Accounting Standards

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that will supersede most current revenue recognition guidance, including industry-specific guidance. In June 2020, the FASB delayed the effective date for not-for-profit entities. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing and uncertainty of revenue that is recognized. The amendments are required to be adopted for the Organization's June 30, 2021 consolidating financial statements. Early adoption is permitted. Transition to the new guidance may be done using either a full or modified retrospective method. The Organization will adopt this standard effective July 1, 2020 using the modified retrospective approach. The Organization has identified its main revenue streams and has substantially completed reviewing contracts and other relevant documents. Based on this preliminary analysis to date, the Organization has not identified a significant impact on its consolidating financial statements, although this is subject to change as the Organization completes the process.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standards (Continued)

Leases

In February 2016, the FASB released ASU 2016-02, *Leases (Topic 842)*, and in June 2020, the FASB delayed the effective date for not-for-profit entities. This update requires that lessees and lessors should apply a right-of-use model in accounting for all leases, with certain exemptions. Under this model, the Organization would recognize an asset representing its right to use the leased property and a liability to make the lease payments. This model could have an impact on the Organization's consolidating statements of financial position and presentation of expenses in its consolidating statements of activities. The amendment is required to be adopted for the Organization's June 30, 2023 consolidating financial statements. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on its consolidating financial statements.

Presentation of Financial Statements for Not-for-Profit Entities

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in ASU 2018-08 are provided to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted the provisions of ASU 2018-08 for transactions in which it serves as the resource recipient as of July 1, 2019. Adoption did not have a material impact on the Organization's consolidating financial statements.

The Organization is to apply the amendments related to transactions in which it serves as the resource provider as of July 1, 2020. The amendments can be applied on a modified prospective basis or retrospectively. The Organization has yet to choose an implementation method and has yet to determine the impact that these amendments may have on its consolidating financial statements.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 3 - Liquidity and Availability

The Organization's financial assets available within one year from the statement of financial position date for general expenses are as follows:

	<u>NMIC</u>	<u>LSH</u>	<u>453</u>	<u>Arden</u>	<u>618</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,195,903	\$ 78,333	\$ 181,337	\$ 10,063	\$ 22,315	\$ 2,487,951
Government grants and contracts receivable	5,313,763	-	-	-	-	5,313,763
Rent receivable	-	-	15,872	-	97,124	112,996
	<u>\$ 7,509,666</u>	<u>\$ 78,333</u>	<u>\$ 197,209</u>	<u>\$ 10,063</u>	<u>\$ 119,439</u>	<u>\$ 7,914,710</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to the financial assets available for general expenses above, NMIC has a \$500,000 line of credit with a financial institution available for any immediate needs and a balanced budget that management reviews and follows on a regular basis to ensure the Organization operates only within approved limits.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of changing people's lives in the community on their paths to secure prosperous futures by providing various services to be general expenditures.

Note 4 - Cash and Restricted Cash

For purposes of the consolidating statements of financial position and cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as time deposits, certificates of deposit and others with an original maturity of three months or less when purchased. Restricted cash on the consolidating statements of financial position includes cash that is required to be established and maintained to hold a portion of the funds received for owners of household dwellings that are being weatherized into energy efficient dwellings. Any funds that are not used for the weatherization of the dwelling are subsequently disbursed to the owners upon completion of the project. These funds are considered to be restricted for program purposes and, therefore, are shown separate of cash and cash equivalents. The following are the cash and restricted cash balances as of June 30, 2020:

	<u>NMIC</u>	<u>LSH</u>	<u>453</u>	<u>Arden</u>	<u>618</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,195,903	\$ 78,333	\$ 181,337	\$ 10,063	\$ 22,315	\$ 2,487,951
Cash - client escrows	8,934	-	-	-	-	8,934
Cash - restricted	<u>255,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>855,397</u>
	<u>\$ 2,460,234</u>	<u>\$ 78,333</u>	<u>\$ 181,337</u>	<u>\$ 10,063</u>	<u>\$ 622,315</u>	<u>\$ 3,352,282</u>

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 5 - Property and Equipment

Property and equipment as of June 30, 2020 consists of:

	<u>NMIC</u>	<u>LSH</u>	<u>453</u>	<u>Arden</u>	<u>618</u>	<u>Total</u>	<u>Estimated Useful Life</u>
Land	\$ -	\$ 1	\$ 650	\$ -	\$ -	\$ 651	N/A
Buildings	-	1,730,600	249,542	-	40,000	2,020,142	27.5 years
Work-in-progress - rehabilitation	-	-	-	1,875,942	5,287,884	7,163,826	N/A
Vehicles	71,451	-	-	-	-	71,451	5 years
Furniture and equipment	208,934	-	-	-	-	208,934	5 to 15 years
Leasehold improvements	<u>296,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,230</u>	Shorter of life of lease or leasehold improvement
	576,615	1,730,601	250,192	1,875,942	5,327,884	9,761,234	
Less: Accumulated depreciation and amortization	<u>(357,959)</u>	<u>(1,221,273)</u>	<u>(53,783)</u>	<u>-</u>	<u>-</u>	<u>(1,633,015)</u>	
	<u>\$ 218,656</u>	<u>\$ 509,328</u>	<u>\$ 196,409</u>	<u>\$1,875,942</u>	<u>\$ 5,327,884</u>	<u>\$ 8,128,219</u>	

Depreciation and amortization expense for the year ended June 30, 2020 was approximately \$106,000 and is included in the consolidating statements of functional expenses.

Properties for 618 and Arden are undergoing an in-place rehabilitation and are stated at cost. Upon completion, the properties will be transferred to an Article XI housing development fund organized as a cooperative housing corporation. As a result, no depreciation is taken by 618 and Arden. Both 618 and Arden capitalize interest cost as a component of the cost of work-in-progress. Capitalized interest during the year ended June 30, 2020 was approximately \$313,000.

Note 6 - Mortgages Payable

Mortgages payable is comprised of the following as of June 30, 2020:

NMIC Lead Safe House HDFC	\$ 1,730,600
NMIC Arden HDFC	2,173,429
453 West 166th Street HDFC	1,083,717
618 West 187th Street HDFC	<u>6,219,916</u>
	11,207,662
Less: Debt issuance costs	<u>(425,073)</u>
	<u>\$ 10,782,589</u>

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 6 - Mortgages Payable (Continued)

NMIC Lead Safe House HDFC

Under the terms of the regulatory agreement, attached to the property is an enforcement lien mortgage. Should the covenants and restrictions be violated within thirty years from the commencement date (June 2001), a mortgage in the amount of \$1,730,600 would be due to the City of New York as of June 30, 2031. If on the 25th anniversary of the debt service date the property is owned by a not-for-profit organization and there has been no default under the regulatory agreement, the unpaid principal will be considered paid in five equal annual installments, as follows:

<u>Anniversary</u>	<u>Percent Deemed Paid</u>
26th	20%
27th	20
28th	20
29th	20
30th	<u>20</u>
	<u>100%</u>

LSH need not make payments on the mortgage so long as the covenants set forth in the regulatory agreement and other loan documents are adhered to. If all regulations and covenants are adhered to for the term of the loan, LSH will not be required to repay any of the loan principal. However, if there is a breach of any regulations or covenants, the City of New York can call the mortgage and repayment will commence. As of June 30, 2020, all regulations and covenants were adhered to.

NMIC Arden HDFC

During the year ended June 30, 2020, Arden entered into several construction loans for a total commitment of \$6,309,450, of which \$2,173,429 has been borrowed and is outstanding at June 30, 2020, with interest ranging from 0.25% to the greater of 5.0% plus LIBOR or 6% (6% at June 30, 2020). Included in the mortgages payable on the accompanying consolidating statements of financial position is approximately \$76,800 of debt issuance costs as of June 30, 2020. These costs will begin to amortize upon conversion of the loan to a permanent loan. The loan will mature on December 17, 2021, unless the property has been converted into Housing Development Fund Corporation co-op units prior to maturity, whereby the loan will convert to a permanent loan with principal due in thirty years from the conversion date. Concurrent with the conversion to permanent financing, Arden will transfer title to the property and related debt to a cooperative housing corporation, which will become responsible for repayment of the debt.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 6 - Mortgages Payable (Continued)

453 West 166th Street HDFC

Financing for the thirteen apartments consists of a mortgage from the New York City Department of Housing Preservation and Development (“NYC HPD”) in the amount of \$952,444, with interest at 1% per annum, together with a servicing fee of 1/4% per annum, and maturing on September 25, 2021. Equal monthly installments of \$992 for interest and service fees are due for the life of the mortgage.

Additionally, as part of the formation of 453, two mortgage note amendments were entered into between the New York City Housing Development Corporation (“NYC HDC”), the NYC HPD and 453 for the Article VIII loan of \$952,444. New mortgages of \$75,603 and \$55,670 were received to finance additional capital improvements to the property and require no additional monthly interest and service fees to the original mortgage (see Note 13). These mortgages mature in 2044.

618 West 187th Street HDFC

During the year ended June 30, 2016, 618 entered into a construction loan for a total commitment of \$6,707,218 between two lenders, of which \$6,219,916 has been borrowed and is outstanding at June 30, 2020, with interest ranging from 0.75% to the greater of 5.3% plus LIBOR or 6% (6% at June 30, 2020). Included in the mortgages payable on the accompanying consolidating statements of financial position is approximately \$348,000 of debt issuance costs as of June 30, 2020. These costs will begin to amortize upon conversion of the loan to a permanent loan. The loan’s maturity has been extended through April 1, 2021, unless the property has been converted into Housing Development Fund Corporation co-op units prior to maturity, whereby the loan will convert to a permanent loan with principal due in thirty years from the conversion date. Concurrent with the conversion to permanent financing, 618 will transfer title to the property and related debt to a cooperative housing corporation, which will become responsible for repayment of the debt.

Note 7 - Line of Credit

NMIC has a \$500,000 line of credit, which matures on June 11, 2021 and bears interest at 7.50% per annum. As of June 30, 2020, NMIC has an outstanding balance on the line of credit of \$165, which represents accrued interest on the previously outstanding balance that was repaid during the year. The outstanding balance is included in accounts payable and accrued expenses on the consolidating statements of financial position.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 8 - PPP Loan Payable

NMIC applied for and received a forgivable Paycheck Protection Program (“PPP”) loan of \$1,574,430 as provided under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and the loan was funded on May 7, 2020. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 24-week period and that certain employment levels are maintained. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due on May 7, 2022 and carries an interest rate of 1%. Through June 30, 2020, NMIC has used approximately \$75,000 of the proceeds on qualified costs and such amount has been reported as PPP loan forgiveness with an offsetting reduction to the PPP loan payable on the consolidating statements of financial position. NMIC anticipates using a portion or all the proceeds for eligible costs. A formal request for forgiveness will be submitted after the performance period outlined above.

Note 9 - Income Taxes

There is no provision for income taxes because the HDFCs have incurred operating losses since inception. The significant components of the HDFCs’ net deferred tax assets at June 30, 2020 are approximately as follows:

	<u>LSH</u>	<u>453</u>	<u>Arden</u>	<u>618</u>	<u>Total</u>
Non-current deferred tax assets, net:					
Net operating loss carryforwards	\$ 244,000	\$ 79,000	\$ 173,000	\$ 96,000	\$ 592,000
Depreciation	-	<u>154,000</u>	-	-	<u>154,000</u>
	<u>244,000</u>	<u>233,000</u>	<u>173,000</u>	<u>96,000</u>	<u>746,000</u>
Less: Valuation allowance	<u>244,000</u>	<u>233,000</u>	<u>173,000</u>	<u>96,000</u>	<u>746,000</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The HDFCs have provided a full valuation allowance against their deferred tax asset due to the HDFCs’ history of operating losses incurred to date. For the year ended June 30, 2020, the total valuation allowance decreased by approximately \$65,000. As of June 30, 2020, the HDFCs had net operating losses for federal income tax purposes of approximately \$2,195,000, of which approximately \$1,890,000 will expire in years ranging from 2032 through 2037.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 10 - Concentration of Credit Risk and Major Grantors

Cash and Cash Equivalents

As of June 30, 2020, the Organization maintains cash balances at banks which are insured by the Federal Deposit Insurance Corporation for a limit of up to \$250,000 per financial institution. The Organization also maintains funded escrows and reserves. All escrows and reserves are held in trust accounts in the Organization's name. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2020.

Major Grantors

During the year ended June 30, 2020, two government grantors accounted for approximately 24% of total revenue and one grantor accounted for approximately 12% of NMIC's outstanding government grants and contracts receivable at June 30, 2020.

Note 11 - Retirement Plan

NMIC has a 401(k) profit sharing plan and trust covering all eligible employees who have attained the age of twenty-one and completed one year of service with 1,000 hours. Employer contributions include a non-elective safe harbor contribution in an amount equal to 3% of a participant's eligible compensation. Additionally, the plan allows employees to receive an allocation of a discretionary profit sharing contribution, which is determined by management. NMIC's profit sharing contribution for the year ended June 30, 2020 was approximately \$897,000, and is included in payroll taxes and fringe benefits on the consolidating statements of functional expenses.

Note 12 - Uncertainty

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The Organization has implemented certain cost cutting measures as management expects certain program revenue reductions or delays in receiving funding from the state and local sources. In addition, the Organization applied for and received a PPP loan (see Note 8) to assist with short-term payroll, rent and utility costs.

Due to the impact of the pandemic, there are continued economic uncertainties to consider. The Organization's management works closely with its Board of Directors to manage through these uncertainties. However, due to the unknown length of time of the pandemic, the Organization cannot quantify the full impact at this time.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 13 - Commitments and Contingencies

Operating Leases

NMIC leases office facilities under non-cancellable operating leases expiring through June 2047. Minimum aggregate annual lease payments are approximately as follows:

Fiscal Year Ending <u>June 30,</u>	
2021	\$ 1,446,600
2022	1,474,300
2023	1,502,600
2024	1,510,900
2025	1,499,100
Thereafter	<u>42,914,000</u>
	<u>\$ 50,347,500</u>

NMIC leases certain office equipment under non-cancellable operating leases expiring through October 2020. The minimum aggregate annual lease payment for 2021 is approximately \$9,800.

Occupancy expense, including real estate taxes, charged to operations for the year ended June 30, 2020 amounted to approximately \$2,158,000 and is included in occupancy costs on the consolidating statements of functional expenses, which includes a deferred rent adjustment of approximately \$378,000.

Other Contingencies

453's principal asset is a thirteen-unit residential property. Ownership of this property was transferred to 453 on June 29, 2012 from a limited partnership that had been allocated low income tax credits pursuant to Internal Revenue Code, Section 42. The limited partnership that previously owned the residential property passed the fifteen-year compliance period required by Section 42 and, as a result, participated in the NYC HPD "Year 15 Low Income Housing Tax Credit Preservation Program," which resulted in the limited partnership's interest being turned over to the residential property's not-for-profit sponsor (453). The purpose of this program is to ensure the future financial and physical viability and preserve the long-term affordability of city assisted tax credit properties that have reached the end of the initial tax credit compliance period. As part of this transfer, 453 was provided assistance by the NYC HDC and NYC HPD in the form of non-interest bearing loans to finance additional capital improvements to the property. The transfer of ownership interest from the limited partnership to 453, which was approved by the NYC HPD, also resulted in 453 assuming the existing mortgage, as well as operating the residential property in a heavily regulated environment that is subject to the administrative directives, rules and regulations of the NYC HPD.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Consolidating Financial Statements

Note 14 - Subsequent Events

The Organization has evaluated subsequent events through March 12, 2021, which is the date the consolidating financial statements were available to be issued, and has concluded that no events or transactions took place which would require disclosure herein.

SUPPLEMENTARY INFORMATION

**NORTHERN MANHATTAN IMPROVEMENT
 CORPORATION AND AFFILIATES**
 (Supplementary Information)
 New York State Homes and Community Renewal
 Weatherization Assistance
 Schedule in Support of Program Compliance
 For the Year Ended June 30, 2020
(Unaudited)

Completed Units Information	Grant C093041/2019 Contract Period 4/1/2019 - 9/30/2021
Total number of units contracted for	602
Total number of units completed per client files as of June 30, 2020	0
Total number of units certified as acceptable and completed by the New York State Homes and Community Renewal as of June 30, 2020	0

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

(Supplementary Information)

New York State Homes and Community Renewal

Weatherization Assistance

Schedule of Assets, Liabilities and Net Assets

Grant Number C093041/2019

June 30, 2020

(Unaudited)

ASSETS

Inventory	\$ 5,023
Due from other funds	<u>80,118</u>
	<u>\$ 85,141</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 80,118
Net assets:	
Restricted net assets - inventory	<u>5,023</u>
	<u>\$ 85,141</u>

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

(Supplementary Information)

New York State Homes and Community Renewal

Weatherization Assistance

Grant Number C093041/2019

Schedule of Accounts Payable

June 30, 2020

(Unaudited)

Invoice Date	Vendor	Amount Due
3/1/2018	Brooklyn Mechanical Htg Corp.	\$ 10,840
3/6/2020	Brooklyn Mechanical Htg Corp.	15,500
6/23/2020	Brooklyn Mechanical Htg Corp.	6,200
4/5/2019	City Gas Heating Services	5,104
4/5/2019	City Gas Heating Services	9,526
2/3/2020	Consolidated Environmental Inc.	32,868
1/17/2020	Home Depot Credit Services	10
3/13/2020	Home Depot Credit Services	50
6/4/2020	Home Depot Credit Services	20
		<hr/>
		\$ 80,118

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

(Supplementary Information)

New York State Homes and Community Renewal

Weatherization Assistance

Grant Number C093041/2019

Schedule of Revenue and Expenditures

Project Period April 1, 2019 to June 30, 2020

(Unaudited)

	Budgeted Amount	Period		Total 4/1/2019 to 6/30/2020	(Over) Under Budget
		Ended 6/30/2019	Ended 6/30/2020		
REVENUE - GRANT INCOME	\$ 5,202,979	\$ 279,723	\$ 1,923,188	\$ 2,202,911	\$ 3,000,068
EXPENDITURES MATERIAL COSTS:					
Agency	18,000	-	11,863	11,863	6,137
Subcontracted	2,106,508	-	684,022	684,022	1,422,486
	2,124,508	-	695,885	695,885	1,428,623
LABOR COSTS:					
Agency salaries and fringes	1,456,024	183,102	714,846	897,948	558,076
Subcontracted	226,996	-	17,816	17,816	209,180
	1,683,020	183,102	732,662	915,764	767,256
PROGRAM SUPPORT:					
Building maintenance	20,000	30	5,927	5,957	14,043
Office supplies	4,000	-	225	225	3,775
Office space	244,000	24,597	87,368	111,965	132,035
Warehouse	12,000	1,500	6,000	7,500	4,500
Weatherization tools/supplies	7,000	524	2,509	3,033	3,967
Utilities/fuel	24,000	1,039	3,960	4,999	19,001
Vehicle insurance	17,000	-	6,222	6,222	10,778
Office furniture/equipment	2,000	-	-	-	2,000
Vehicle maintenance	11,000	2,246	7,853	10,099	901
Travel	3,000	211	559	770	2,230
Weatherization equipment	2,000	-	-	-	2,000
Telecommunications	12,000	895	5,419	6,314	5,686
Postage and shipping	6,000	312	1,780	2,092	3,908
Advertising/marketing	4,000	-	3,789	3,789	211
Dues/fees	4,000	850	1,550	2,400	1,600
Other allowance	25,000	4,716	15,186	19,902	5,098
	397,000	36,920	148,347	185,267	211,733
HEALTH & SAFETY	492,892	2,489	82,170	84,659	408,233
LIABILITY INSURANCE	166,222	25,897	131,942	157,839	8,383
FINANCIAL AUDIT	13,500	-	-	-	13,500
TRAINING AND TECHNICAL ASSISTANCE	36,651	4,025	7,490	11,515	25,136
ADMINISTRATIVE COSTS:					
Salaries and fringe	289,186	27,290	124,692	151,982	137,204
TOTAL EXPENDITURES	5,202,979	279,723	1,923,188	2,202,911	3,000,068
REVENUE OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
(Supplementary Information)
New York State Homes and Community Renewal
Weatherization Assistance
Grant Number C093041/2019
Schedule of Revenue and Expenditures
Project Period April 1, 2019 to September 30, 2021
(Unaudited)

	Budgeted Amount	Period 7/1/2019 to 6/30/2020	Total 7/1/2019 to 6/30/2020	(Over) Under Budget
REVENUE - GRANT INCOME	\$ 5,202,979	\$ 1,923,188	\$ 1,923,188	\$ 3,279,791
EXPENDITURES MATERIAL COSTS:				
Agency	18,000	11,863	11,863	6,137
Subcontracted	2,106,508	684,022	684,022	1,422,486
	<u>2,124,508</u>	<u>695,885</u>	<u>695,885</u>	<u>1,428,623</u>
LABOR COSTS:				
Agency salaries and fringes	1,456,024	714,846	714,846	741,178
Subcontracted	226,996	17,816	17,816	209,180
	<u>1,683,020</u>	<u>732,662</u>	<u>732,662</u>	<u>950,358</u>
PROGRAM SUPPORT:				
Building maintenance	20,000	5,927	5,927	14,073
Office supplies	4,000	225	225	3,775
Office space	244,000	87,368	87,368	156,632
Warehouse	12,000	6,000	6,000	6,000
Weatherization tools/supplies	7,000	2,509	2,509	4,491
Utilities/fuel	24,000	3,960	3,960	20,040
Vehicle insurance	17,000	6,222	6,222	10,778
Office furniture/equipment	2,000	-	-	2,000
Vehicle maintenance	11,000	7,853	7,853	3,147
Travel	3,000	559	559	2,441
Weatherization equipment	2,000	-	-	2,000
Telecommunications	12,000	5,419	5,419	6,581
Postage and shipping	6,000	1,779	1,779	4,221
Advertising/marketing	4,000	3,789	3,789	211
Dues/fees	4,000	1,550	1,550	2,450
Other allowance	25,000	15,187	15,187	9,813
	<u>397,000</u>	<u>148,347</u>	<u>148,347</u>	<u>248,653</u>
HEALTH & SAFETY	492,892	82,170	82,170	410,722
LIABILITY INSURANCE	166,222	131,942	131,942	34,280
FINANCIAL AUDIT	13,500	-	-	13,500
TRAINING AND TECHNICAL ASSISTANCE	36,651	7,490	7,490	29,161
ADMINISTRATIVE COSTS:				
Salaries and fringe	289,186	124,692	124,692	164,494
TOTAL EXPENDITURES	<u>5,202,979</u>	<u>1,923,188</u>	<u>1,923,188</u>	<u>3,279,791</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

(Supplementary Information)

New York State Homes and Community Renewal

Weatherization Assistance

Grant Number C093041/2019

Schedule of Questioned Costs

Project Period April 1, 2019 to June 30, 2020

(Unaudited)

NONE

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
(Supplementary Information)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through the City of New York, Human Resource Administration			
Temporary Assistance for Needy Family - Legal Services Initiatives	93.558	N/A	\$ 338,798
Community Services Block Grant - Legal Services Immigration	93.569	N/A	19,555
Passed through the New York City Community Service Society			
Children's Health Insurance Program (CHIP)	93.767	N/A	12,556
Passed through the New York City Community Service Society			
Medical Assistance Program	93.778	N/A	89,163
Passed through the New York State Housing and Community Renewal			
Low-Income Home Energy Assistance	93.568	C091041	1,389,261
Passed through the City of New York, New York City Department of Youth and Community Development			
Community Services Block Grant - Housing	93.569	N/A	104,746
Community Services Block Grant - Immigration	93.569	N/A	98,204
Community Services Block Grant - Adult Literacy	93.569	N/A	51,391
Passed through the City of New York, Mayor's Fund to Advance NYC Connections to Care			
	94.019	15SIHNY001	<u>106,783</u>
Total U.S. Department of Health and Human Services			<u>2,210,457</u>
U.S. Department of Justice			
Office on Violence Against Women			
Legal Assistance for Victims	16.524	N/A	121,964
Passed through the New York State Office of Victim Services			
Victims of Crime Act	16.575	OVS01-C11023GG-1080200	145,670
Passed through the New York State Division of Criminal Justice Services			
STOP Violence Against Women Program	16.588	N/A	<u>82,672</u>
Total U.S. Department of Justice			<u>350,306</u>
U.S. Department of Agriculture			
Passed through the New York State Office of Temporary & Disability Assistance			
Supplemental Nutrition Assistance Program	10.561	N/A	<u>162,625</u>
Total U.S. Department of Agriculture			<u>162,625</u>

See notes to schedule of expenditures of federal awards.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
(Supplementary Information)
Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended June 30, 2020

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through the City of New York Department of Youth and Community Development			
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 99,750
Passed through the City of New York Department of Housing, Preservation and Development			
Community Development Block Grants/Entitlement Grants	14.218	N/A	128,992
Section 8 Housing Choice Vouchers	14.871	N/A	107,045
Total U.S. Department of Housing and Urban Development			<u>335,787</u>
U.S. Department of Labor			
Passed through the City of New York, Department of Youth and Community Development			
WIOA Youth Activities	17.259	N/A	575,308
Youthbuild	17.274	N/A	389,500
Total U.S. Department of Labor			<u>964,808</u>
U.S. Department of Homeland Security			
Passed through the United Way of New York City			
Supplemental Nutrition Assistance Program	97.024	N/A	150,207
Total U.S. Department of Homeland Security			<u>150,207</u>
U.S. Department of Energy			
Passed through the New York State Housing and Community Renewal			
Weatherization Assistance for Low-Income Persons	81.042	N/A	533,927
Total U.S. Department of Energy			<u>533,927</u>
Total Expenditures of Federal Awards			<u>\$ 4,708,117</u>

See notes to schedule of expenditures of federal awards.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Northern Manhattan Improvement Corporation and Affiliates under programs of the federal government for the fiscal year ended June 30, 2020. 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* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Northern Manhattan Improvement Corporation and Affiliates, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Northern Manhattan Improvement Corporation and Affiliates.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance. Wherein certain types of expenditures are not allowable or are limited as to reimbursement, Northern Manhattan Improvement Corporation and Affiliates have elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

REPORTING UNDER GOVERNMENT AUDITING STANDARDS



**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 Directors
Northern Manhattan Improvement Corporation and Affiliates

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 consolidating financial statements of Northern Manhattan Improvement Corporation and Affiliates (the “Organization”), which comprise the consolidating statements of financial position as of June 30, 2020, and the related consolidating statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated March 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating 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 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 the Organization's consolidating 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Mayer Hoffman McCann CPAs". The signature is written in a cursive, flowing style.

New York, New York
March 12, 2021

REPORTING UNDER THE UNIFORM GUIDANCE



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

To the Board of Directors
Northern Manhattan Improvement Corporation and Affiliates

Report on Compliance for Each Major Federal Program

We have audited Northern Manhattan Improvement Corporation and Affiliates’ (the “Organization”) compliance with the types of compliance requirements described in *the OMB Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2020. The Organization’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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’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 requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “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 the Organization’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 the major federal programs. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 June 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 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 the Organization'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.

Mayer Hoffman McCann CPAs

New York, New York
March 12, 2021

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
(Supplementary Information)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Summary of Auditor's Results

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to financial statements noted | None |

Federal Awards

- | | |
|---|---|
| 1. Internal control over major program: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported | None |
| 4. Identification of major program: | Name of Federal Program |
| <u>CFDA Number:</u> | |
| 93.568 | Low-Income Home Energy Assistance |
| 10.561 | Supplemental Nutrition Assistance Program |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

Section II - Financial Statement Findings No matters were reported.

Section III - Federal Award Findings and Questioned Costs No matters were reported.