



**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

Consolidating Financial Statements

and

Supplementary Information

June 30, 2021



**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

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INDEPENDENT AUDITORS' 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, 2021, 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.

Auditors' 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 auditors' 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 auditors consider 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, 2021, 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, 2021, 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 June 28, 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 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
June 28, 2022

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Consolidating Statements of Financial Position
June 30, 2021

	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street HDFC	NMIC Arden HDFC	618 West 187th Street HDFC	Eliminations	Total
<u>ASSETS</u>							
Cash and cash equivalents	\$ 798,063	\$ 28,611	\$ 168,391	\$ 3,270	\$ -	\$ -	\$ 998,335
Cash - client escrows	8,934	-	-	-	-	-	8,934
Cash - restricted	401,246	-	-	-	-	-	401,246
Government grants and contracts receivable	6,285,880	-	-	-	-	-	6,285,880
Rent receivable	-	8,793	35,601	-	-	-	44,394
Due from NMIC Lead Safe House HDFC	37,750	-	-	-	-	(37,750)	-
Due from 453 West 166th Street HDFC	17,000	-	-	-	-	(17,000)	-
Due from NMIC Arden HDFC	202,106	-	-	-	-	(202,106)	-
Prepaid expenses and other assets	88,219	13,547	8,074	457	51,328	-	161,625
Security deposits	424,591	-	2,420	-	-	-	427,011
Reserves and mortgage escrows	-	9,354	83,490	50,488	-	-	143,332
Property and equipment, net	187,641	446,397	187,334	4,680,079	-	-	5,501,451
Total assets	\$ 8,451,430	\$ 506,702	\$ 485,310	\$ 4,734,294	\$ 51,328	\$ (256,856)	\$ 13,972,208
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>							
Liabilities:							
Accounts payable and accrued expenses	\$ 1,794,836	\$ 31,585	\$ 26,877	\$ 845,964	\$ 51,328	\$ -	\$ 2,750,590
Unearned revenue	598,158	-	-	-	-	-	598,158
Client escrows payable	8,934	-	-	-	-	-	8,934
Due to NMIC	-	37,750	17,000	202,106	-	(256,856)	-
Deferred rent	2,746,573	-	-	-	-	-	2,746,573
Mortgages payable, net of closing costs of \$76,770	-	1,730,600	1,083,717	4,476,176	-	-	7,290,493
Total liabilities	5,148,501	1,799,935	1,127,594	5,524,246	51,328	(256,856)	13,394,748
Commitments and contingencies (Note 14)							
Net assets (deficit) without donor restrictions	3,302,929	(1,293,233)	(642,284)	(789,952)	-	-	577,460
Total liabilities and net assets (deficit)	\$ 8,451,430	\$ 506,702	\$ 485,310	\$ 4,734,294	\$ 51,328	\$ (256,856)	\$ 13,972,208

See accompanying notes.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Consolidating Statements of Activities
For the Year Ended June 30, 2021

	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	\$ 14,821,584	\$ -	\$ -	\$ -	\$ -	\$ 14,821,584
Contributions	1,233,963	-	-	-	-	1,233,963
Program revenue	225,924	-	-	-	-	225,924
PPP grant revenue	1,499,458	-	-	-	-	1,499,458
Rental income	9,021	218,302	161,339	-	257,822	646,484
Gain on exchange	-	-	-	-	278,714	278,714
Other income	223,193	7	743	-	186,469	410,412
Total support and revenue	18,013,143	218,309	162,082	-	723,005	19,116,539
Expenses:						
Program services	12,560,205	253,809	108,430	53,224	133,441	13,109,109
Administrative	3,916,445	67,846	63,380	94,100	232,724	4,374,495
Fundraising	344,274	-	-	-	-	344,274
Total expenses	16,820,924	321,655	171,810	147,324	366,165	17,827,878
Change in net assets	1,192,219	(103,346)	(9,728)	(147,324)	356,840	1,288,661
Net assets (deficit) - beginning of year	2,110,710	(1,189,887)	(632,556)	(642,628)	(356,840)	(711,201)
Net assets (deficit) - end of year	\$ 3,302,929	\$ (1,293,233)	\$ (642,284)	\$ (789,952)	\$ -	\$ 577,460

See accompanying notes.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Consolidating Statements of Functional Expenses
For the Year Ended June 30, 2021

	Program Services						Administrative Expenses						Fundraising Expenses	Total 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	
Salaries	\$ 6,650,247	\$ -	\$ -	\$ -	\$ -	\$ 6,650,247	\$ 1,710,571	\$ 23,420	\$ 18,529	\$ -	\$ 16,703	\$ 1,769,223	\$ 198,472	\$ 8,617,942
Payroll taxes and fringe benefits	2,080,470	-	-	-	-	2,080,470	542,924	4,171	2,286	-	1,940	551,321	63,511	2,695,302
Professional fees and consultants	116,044	-	-	-	-	116,044	375,963	34,312	29,063	92,159	206,715	738,212	30,700	884,956
Occupancy costs	1,222,563	-	-	28,511	-	1,251,074	1,026,567	-	-	-	-	1,026,567	24,496	2,302,137
Repairs and maintenance	69,072	129,582	49,109	-	6,238	254,001	77,209	-	-	-	-	77,209	2,968	334,178
Program food, supplies and stipends	208,969	-	-	-	-	208,969	19,906	-	-	-	-	19,906	814	229,689
Office supplies	87,697	-	-	-	-	87,697	19,629	4,225	1,338	-	3,536	28,728	3,599	120,024
Telephone	47,490	-	-	-	-	47,490	13,500	-	-	-	1,094	14,594	777	62,861
Utilities	68,114	45,584	34,158	-	40,391	188,247	6,494	-	-	-	-	6,494	-	194,741
Subcontractor	1,631,560	-	-	-	-	1,631,560	-	-	-	-	-	-	-	1,631,560
Insurance	157,625	14,582	13,611	24,713	20,620	231,151	10,891	-	-	-	-	10,891	1,803	243,845
Meetings, conferences and training	18,324	-	-	-	-	18,324	7,056	-	-	-	662	7,718	-	26,042
Travel (including client travel)	382	-	-	-	-	382	1,686	-	-	-	-	1,686	-	2,068
Printing and publications	16,792	-	-	-	-	16,792	4,081	-	258	-	273	4,612	453	21,857
Equipment purchase and leasing	64,482	1,130	1,659	-	-	67,271	5,163	-	-	-	-	5,163	1,068	73,502
Books and subscriptions	17,722	-	-	-	-	17,722	80	-	-	-	-	80	298	18,100
Interest expense	-	-	-	-	-	-	-	-	11,906	-	-	11,906	-	11,906
Miscellaneous other costs	78,770	-	818	-	66,192	145,780	87,592	1,718	-	1,941	1,801	93,052	15,315	254,147
Total expenses before depreciation and amortization	12,536,323	190,878	99,355	53,224	133,441	13,013,221	3,909,312	67,846	63,380	94,100	232,724	4,367,362	344,274	17,724,857
Depreciation and amortization	23,882	62,931	9,075	-	-	95,888	7,133	-	-	-	-	7,133	-	103,021
Total expenses	\$ 12,560,205	\$ 253,809	\$ 108,430	\$ 53,224	\$ 133,441	\$ 13,109,109	\$ 3,916,445	\$ 67,846	\$ 63,380	\$ 94,100	\$ 232,724	\$ 4,374,495	\$ 344,274	\$ 17,827,878

See accompanying notes.

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
Consolidating Statements of Cash Flows
For the Year Ended June 30, 2021

	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	\$ 1,192,219	\$ (103,346)	\$ (9,728)	\$ (147,324)	\$ 356,840	\$ -	\$ 1,288,661
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:							
Depreciation and amortization	31,015	62,931	9,075	-	-	-	103,021
Bad debt expense	65,207	-	-	-	-	-	65,207
Gain on exchange	-	-	-	-	(278,714)	-	(278,714)
Deferred rent	350,491	-	-	-	-	-	350,491
Change in assets and liabilities:							
Government grants and contracts receivable	(1,037,324)	-	-	-	-	-	(1,037,324)
Rent receivable	-	(8,793)	(19,730)	-	(65,661)	-	(94,184)
Due from NMIC Lead Safe House HDFC	(1,000)	-	-	-	-	1,000	-
Due from 453 West 166th Street HDFC	(6,000)	-	-	-	-	6,000	-
Due from NMIC Arden HDFC	(15,200)	-	-	-	-	15,200	-
Due from 618 West 187th Street HDFC	9,000	-	-	-	-	-	9,000
Prepaid expenses and other assets	48,622	(3,635)	570	11,627	(51,328)	-	5,856
Security deposits	(24,046)	-	-	-	-	-	(24,046)
Reserves and mortgage escrows	-	-	(1,066)	3,961	-	-	2,895
Accounts payable and accrued expenses	(526,123)	2,121	1,933	534,363	(301,768)	-	(289,474)
Unearned revenue	160,606	-	-	-	-	-	160,606
Due to NMIC	-	1,000	6,000	15,200	-	(22,200)	-
PPP loan payable	(1,499,458)	-	-	-	-	-	(1,499,458)
Net cash provided by (used in) operating activities	(1,251,991)	(49,722)	(12,946)	417,827	(340,631)	-	(1,237,463)
Cash used in investing activities:							
Purchase of property and equipment	-	-	-	(2,804,137)	(146,671)	-	(2,950,808)
Cash flows from financing activities:							
Proceeds from mortgages	-	-	-	2,379,517	487,302	-	2,866,819
Transfer of cash net assets	-	-	-	-	(622,315)	-	(622,315)
Net cash provided by (used in) financing activities	-	-	-	2,379,517	(135,013)	-	2,244,504
Net decrease in cash and cash equivalents	(1,251,991)	(49,722)	(12,946)	(6,793)	(622,315)	-	(1,943,767)
Cash, cash equivalents and restricted cash, beginning of year	2,460,234	78,333	181,337	10,063	622,315	-	3,352,282
Cash, cash equivalents and restricted cash, end of year	\$ 1,208,243	\$ 28,611	\$ 168,391	\$ 3,270	\$ -	\$ -	\$ 1,408,515
Supplemental Disclosure of Cash Flow Information							
Cash paid during the year for:							
Interest	\$ -	\$ -	\$ 11,906	\$ -	\$ -	\$ -	\$ 11,906
Supplemental Schedule of Non-Cash Investing and Financing Activities							
Transfer of non-cash net assets	\$ -	\$ -	\$ -	\$ -	\$ 901,029	\$ -	\$ 901,029

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. Two members of the Board of Directors are also members of NMIC’s management.

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. Two members of the Board of Directors are also members of NMIC’s management.

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. Two members of the Board of Directors are also members of NMIC’s management.

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. Two members of the Board of Directors are also members of NMIC’s management. The property was completed and transferred to an Article XI apartment corporation during the year ended June 30, 2021 (see Note 12).

**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, 2021.

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, 2021, 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, including unconditional promises to give, and grants are recognized as revenue as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses are recorded as net assets with restrictions and reclassified to net assets without donor restrictions when such time or purpose restriction has been satisfied.

Contribution revenue earned on grants is recognized as revenue without donor restrictions as related costs are incurred. Revenue on contracts is recognized as value is transferred to customers, which generally is indicated via the incurring of allowable costs under the contract.

Conditional contributions are recorded as revenue when such amounts become unconditional, which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers. Contributions received pending designation by the donor are considered revenue with donor restrictions, until known, at which time such contributions are reclassified if required.

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.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Advertising Expense

Advertising expenses are charged to operations in the period in which they are incurred. Advertising expense for the year ended June 30, 2021 was approximately \$28,000.

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 2018 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, 2021. The HDFCs' returns from the year 2018 and thereafter are still subject to examination by various jurisdictions.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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 \$13,000 as of June 30, 2021 and has been included in accounts payable and accrued expenses on the consolidating statements of financial position as of June 30, 2021.

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

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") released Accounting Standards Update ("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.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standards (Continued)

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 contribution standard addresses inconsistency in revenue recognition when an item should be considered a contribution or an exchange type transaction. Exchanges would be accounted for using the revenue recognition standards above. It also provides guidance as to when a contribution should be considered conditional which, for example, the case is often when funds are received under federal grants and contracts. Conditional contributions have different revenue recognition when compared to non-reciprocal transfers of resources in that amounts are reflected as earned when barriers to entitlement are overcome with any difference being deferred or a receivable as applicable. The Organization adopted the provisions of ASU 2018-08 for transactions in which it serves as the resource provider as of July 1, 2020. The contribution standard was applied using the modified retrospective method. This method was applied to transactions that were not complete or had otherwise already been recognized as of the beginning of fiscal year 2021. Adoption did not have a material impact on the Organization's 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	\$ 798,063	\$ 28,611	\$ 168,391	\$ 3,270	\$ -	\$ 998,335
Government grants and contracts receivable	6,285,880	-	-	-	-	6,285,880
Rent receivable	-	8,793	35,601	-	-	44,394
	<u>\$7,083,943</u>	<u>\$ 37,404</u>	<u>\$ 203,992</u>	<u>\$ 3,270</u>	<u>\$ -</u>	<u>\$ 7,328,609</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 \$1,000,000 line of credit with a financial institution available for any immediate needs.

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.

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

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, 2021:

	<u>NMIC</u>	<u>LSH</u>	<u>453</u>	<u>Arden</u>	<u>618</u>	<u>Total</u>
Cash and cash equivalents	\$ 798,063	\$ 28,611	\$ 168,391	\$ 3,270	\$ -	\$ 998,335
Cash - client escrows	8,934	-	-	-	-	8,934
Cash - restricted	<u>401,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,246</u>
	<u>\$ 1,208,243</u>	<u>\$ 28,611</u>	<u>\$ 168,391</u>	<u>\$ 3,270</u>	<u>\$ -</u>	<u>\$ 1,408,515</u>

Note 5 - Property and Equipment

Property and equipment as of June 30, 2021 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	-	-	1,980,142	27.5 years
Work-in-progress - rehabilitation	-	-	-	4,680,079	-	4,680,079	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	4,680,079	-	7,237,487	
Less: Accumulated depreciation and amortization	<u>(388,974)</u>	<u>(1,284,204)</u>	<u>(62,858)</u>	<u>-</u>	<u>-</u>	<u>(1,736,036)</u>	
	<u>\$ 187,641</u>	<u>\$ 446,397</u>	<u>\$ 187,334</u>	<u>\$ 4,680,079</u>	<u>\$ -</u>	<u>\$ 5,501,451</u>	

Depreciation and amortization expense for the year ended June 30, 2021 was approximately \$103,000 and is included in the consolidating statements of functional expenses.

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

Note 5 - Property and Equipment (Continued)

Arden property is undergoing an in-place rehabilitation and is stated at cost. Upon completion, the property will be transferred to an Article XI housing development fund organized as a cooperative housing corporation. As a result, no depreciation is taken by Arden. Arden capitalizes interest cost as a component of the cost of work-in-progress. Capitalized interest during the year ended June 30, 2021 was approximately \$49,000. 618 completed an in-place rehabilitation during the year ended June 30, 2021 and the property was transferred to an Article XI housing development fund organized as a cooperative housing corporation (see Note 12).

Note 6 - Mortgages Payable

Mortgages payable is comprised of the following as of June 30, 2021:

NMIC Lead Safe House HDFC	\$ 1,730,600
NMIC Arden HDFC	4,552,946
453 West 166th Street HDFC	<u>1,083,717</u>
	7,367,263
Less: Debt issuance costs	<u>(76,770)</u>
	<u>\$ 7,290,493</u>

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>

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

Note 6 - Mortgages Payable (Continued)

NMIC Lead Safe House HDFC (Continued)

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, 2021, all regulations and covenants were adhered to.

NMIC Arden HDFC

During the year ended June 30, 2021, Arden entered into several construction loans for a total commitment of \$6,309,450, of which \$4,552,946 has been borrowed and is outstanding at June 30, 2021, with interest ranging from 0.25% to the greater of 5.0% plus LIBOR or 6% (6% at June 30, 2021). 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, 2021. These costs will begin to amortize upon conversion of the loan to a permanent loan. The loan will mature on May 1, 2022, 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. Arden has applied for and received an extension of maturity that will run through January 1, 2023. 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.

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. 453 applied for an extension and it has not yet been approved as of the date of this report. 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 14). These mortgages mature in 2044.

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

Note 6 - Mortgages Payable (Continued)

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, with interest ranging from 0.75% to the greater of 5.3% plus LIBOR or 6% (6% at June 30, 2021). During the year ended June 30, 2021, the property was converted into Housing Development Fund Corporation co-op units, whereby the loan was converted to a permanent loan with principal due in thirty years from the conversion date. Concurrent with the conversion to permanent financing, 618 transferred title to the property and related debt to a cooperative housing corporation, which would become responsible for repayment of the debt (see Note 12).

Note 7 - Line of Credit

NMIC has a \$1,000,000 line of credit, which matures on June 11, 2022 and bears interest at prime plus 2.5% (5.75% at June 30, 2021). As of June 30, 2021, NMIC has no outstanding balance on the line of credit.

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%. During the years ended June 30, 2021 and 2020, NMIC has used approximately \$1,499,000 and \$75,000, respectively, of the proceeds on qualified costs and such amounts have been reported as PPP grant revenue with an offsetting reduction to the PPP loan payable on the consolidating statements of financial position. As of June 30, 2021, NMIC had incurred total qualified costs of \$1,574,430. Subsequent to June 30, 2021, NMIC received full forgiveness of the principal amount of \$1,574,430.

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

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, 2021 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	\$ 272,000	\$ 86,000	\$ 213,000	\$ -	\$ 571,000
Depreciation	-	147,000	-	-	147,000
	<u>272,000</u>	<u>233,000</u>	<u>213,000</u>	<u>-</u>	<u>718,000</u>
Less: Valuation allowance	<u>272,000</u>	<u>233,000</u>	<u>213,000</u>	<u>-</u>	<u>718,000</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, 2021, the total valuation allowance decreased by approximately \$28,000. As of June 30, 2021, the HDFCs had net operating losses for federal income tax purposes of approximately \$2,116,000, of which approximately \$1,533,000 will expire in years ranging from 2032 through 2037.

Note 10 - Concentration of Credit Risk and Major Grantors

Cash and Cash Equivalents

As of June 30, 2021, 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, 2021.

Major Grantors

During the year ended June 30, 2021, one government grantor accounted for approximately 15% of total revenue and one grantor accounted for approximately 10% of NMIC's outstanding government grants and contracts receivable at June 30, 2021.

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

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, 2021 was approximately \$1,045,000, and is included in payroll taxes and fringe benefits on the consolidating statements of functional expenses.

Note 12 - Contract of Exchange

On February 4, 2021 ("Closing Date") and in accordance with the contract of exchange, 618's debt was assumed by the cooperative housing corporation and the title to the property was transferred to the cooperative housing corporation in exchange for the shares in the cooperative housing corporation and related proprietary leases. 618 will hold the shares attributable to one of the apartments until a sale is consummated with a third party to sell that apartment. The unpaid developer fee of \$51,328 will be received from proceeds of the apartment sale. 618 does not and will not receive consideration from the sale of any unit as all economic benefits are with the cooperative housing corporation. 618's rental activities continued through February 3, 2021, the day before the Closing Date. Cash, rent receivable and accounts payable and accrued expenses existing at the Closing Date were for the benefit of, and settled by, the cooperative housing corporation. As a result of the exchange and transfer of the property and mortgage, 618 recognized a non-cash gain on exchange of property and mortgage of \$278,714.

Note 13 - 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, which was fully forgiven subsequent to June 30, 2021.

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 14 - 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>	
2022	\$ 1,477,700
2023	1,508,500
2024	1,534,000
2025	1,499,100
2026	1,529,100
Thereafter	<u>41,384,900</u>
	<u>\$ 48,933,300</u>

Occupancy expense, including real estate taxes, charged to operations for the year ended June 30, 2021 amounted to approximately \$2,169,000 and is included in occupancy costs on the consolidating statements of functional expenses, which includes a deferred rent adjustment of approximately \$350,000.

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 15 - Subsequent Events

The Organization has evaluated subsequent events through June 28, 2022, which is the date the consolidating financial statements were available to be issued.

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, 2021
(Unaudited)

Completed Units Information	Grant C093410/2019 Contract Period 4/1/2019 - 3/31/2021
Total number of units contracted for	301
Total number of units completed per client files as of June 30, 2021	301
Total number of units certified as acceptable and completed by the New York State Homes and Community Renewal as of June 30, 2021	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 C093410/2019

As of June 30, 2021

(Unaudited)

ASSETS

Cash	\$ 28,465
Grant receivable - NYS Homes and Community Renewal	306,443
Inventory	<u>5,023</u>
	<u>\$ 339,931</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 334,908
Net assets:	
Restricted net assets - inventory	<u>5,023</u>
	<u>\$ 339,931</u>

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

(Supplementary Information)
New York State Homes and Community Renewal
Weatherization Assistance
Grant Number C093410/2019
Schedule of Accounts Payable
As of June 30, 2021
(Unaudited)

Invoice Date	Vendor	Amount Due
1/6/2021	1 STOP Electronic Center	\$ 1,200
1/28/2021	1 STOP Electronic Center	1,260
1/28/2021	1 STOP Electronic Center	1,260
3/31/2021	1 STOP Electronic Center	3,000
3/31/2021	1 STOP Electronic Center	2,400
3/31/2021	1 STOP Electronic Center	3,000
3/31/2021	1 STOP Electronic Center	1,260
1/21/2021	A&C Heating Services Inc.	42,458
3/31/2021	A&C Heating Services Inc.	14,152
3/31/2021	A&C Heating Services Inc.	13,304
3/31/2021	A&C Heating Services Inc.	13,304
3/30/2021	Ace Hardware	4,320
3/31/2021	American Express (CPC)	154
3/31/2021	American Express (CPC)	112
3/31/2021	Association for Energy Affordability	1,000
3/15/2021	Consolidated Environmental Inc.	17,641
3/15/2021	Consolidated Environmental Inc.	10,985
3/15/2021	Consolidated Environmental Inc.	20,735
3/15/2021	Consolidated Environmental Inc.	7,291
3/17/2021	Consolidated Environmental Inc.	1,620
3/29/2021	Consolidated Environmental Inc.	5,600
3/29/2021	Consolidated Environmental Inc.	11,200
3/29/2021	Consolidated Environmental Inc.	3,630
3/29/2021	Consolidated Environmental Inc.	1,720
3/31/2021	Consolidated Environmental Inc.	2,441
3/31/2021	Consolidated Environmental Inc.	3,920
3/31/2021	Consolidated Environmental Inc.	4,608
3/31/2021	Home Depot Credit Services	78
3/31/2021	IPFS Corporation	7,413
3/31/2021	NMIC Lead Safe House	500
3/31/2021	NYS DHCR	133,342
		<u>\$ 334,908</u>

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**

(Supplementary Information)

New York State Homes and Community Renewal

Weatherization Assistance

Grant Number C093410/2019

Schedule of Revenue and Expenditures

Project Period April 1, 2019 to March 31, 2021

(Unaudited)

	Budgeted Amount	Period		Total 4/1/2019 to 3/31/2021	Over (Under) Budget
		Ended 6/30/2020	Ended 3/31/2021		
REVENUE - GRANT INCOME	\$ 5,202,979	\$ 2,202,911	\$ 1,286,223	\$ 3,489,134	\$ 1,713,845
EXPENDITURES MATERIAL COSTS:					
Agency	18,000	11,863	2,171	14,034	3,966
Subcontracted	2,106,508	684,022	303,574	987,596	1,118,912
	<u>2,124,508</u>	<u>695,885</u>	<u>305,745</u>	<u>1,001,630</u>	<u>1,122,878</u>
LABOR COSTS:					
Agency salaries and fringes	1,456,024	897,948	525,047	1,422,995	33,029
Subcontracted	226,996	17,816	63,083	80,899	146,097
	<u>1,683,020</u>	<u>915,764</u>	<u>588,130</u>	<u>1,503,894</u>	<u>179,126</u>
PROGRAM SUPPORT:					
Building maintenance	20,000	5,957	5,299	11,256	8,744
Office supplies	4,000	225	1,905	2,130	1,870
Office space	244,000	111,965	30,571	142,536	101,464
Warehouse	12,000	7,500	3,000	10,500	1,500
Weatherization tools/supplies	7,000	3,033	5,172	8,205	(1,205)
Utilities/fuel	24,000	4,999	3,998	8,997	15,003
Vehicle insurance	17,000	6,222	7,143	13,365	3,635
Office furniture/equipment	2,000	-	-	-	2,000
Vehicle maintenance	11,000	10,099	(4,375)	5,724	5,276
Travel	3,000	770	(28)	742	2,258
Weatherization equipment	2,000	-	-	-	2,000
Telecommunications	12,000	6,314	4,710	11,024	976
Postage and shipping	6,000	2,092	352	2,444	3,556
Advertising/marketing	4,000	3,789	-	3,789	211
Dues/fees	4,000	2,400	-	2,400	1,600
Other allowance	25,000	19,902	23,811	43,713	(18,713)
	<u>397,000</u>	<u>185,267</u>	<u>81,558</u>	<u>266,825</u>	<u>130,175</u>
HEALTH & SAFETY	<u>492,892</u>	<u>84,659</u>	<u>172,073</u>	<u>256,732</u>	<u>236,160</u>
LIABILITY INSURANCE	<u>166,222</u>	<u>157,839</u>	<u>84,229</u>	<u>242,068</u>	<u>(75,846)</u>
FINANCIAL AUDIT	<u>13,500</u>	<u>-</u>	<u>13,500</u>	<u>13,500</u>	<u>-</u>
TRAINING AND TECHNICAL ASSISTANCE	<u>36,651</u>	<u>11,515</u>	<u>(959)</u>	<u>10,556</u>	<u>26,095</u>
ADMINISTRATIVE COSTS:					
Salaries and fringe	<u>289,186</u>	<u>151,982</u>	<u>41,947</u>	<u>193,929</u>	<u>95,257</u>
TOTAL EXPENDITURES	<u>5,202,979</u>	<u>2,202,911</u>	<u>1,286,223</u>	<u>3,489,134</u>	<u>1,713,845</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<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 C093410/2021

Schedule of Revenue and Expenditures

Project Period April 1, 2021 to March 31, 2022

(Unaudited)

	Budgeted Amount	Period 4/1/2021 to 6/30/2021	Total 4/1/2021 to 6/30/2021	Over (Under) Budget
REVENUE - GRANT INCOME	\$ 3,034,509	\$ 373,113	\$ 373,113	\$ 2,661,396
EXPENDITURES MATERIAL COSTS:				
Agency	10,000	-	-	10,000
Subcontracted	1,281,629	85,837	85,837	1,195,792
	<u>1,291,629</u>	<u>85,837</u>	<u>85,837</u>	<u>1,205,792</u>
LABOR COSTS:				
Agency salaries and fringes	638,823	169,361	169,361	469,462
Subcontracted	260,000	5,984	5,984	254,016
	<u>898,823</u>	<u>175,345</u>	<u>175,345</u>	<u>723,478</u>
PROGRAM SUPPORT:				
Building maintenance	2,500	2,530	2,530	(30)
Office supplies	2,000	1,423	1,423	577
Office space	150,000	27,575	27,575	122,425
Warehouse	6,000	1,500	1,500	4,500
Weatherization tools/supplies	3,500	182	182	3,318
Utilities/fuel	14,000	1,284	1,284	12,716
Vehicle insurance	9,000	2,203	2,203	6,797
Office furniture/equipment	2,000	-	-	2,000
Vehicle maintenance	6,000	349	349	5,651
Travel	3,000	-	-	3,000
Weatherization equipment	2,000	-	-	2,000
Telecommunications	10,000	1,591	1,591	8,409
Postage and shipping	3,500	129	129	3,371
Advertising/marketing	3,000	-	-	3,000
Dues/fees	4,000	-	-	4,000
Printing and copying	5,000	-	-	5,000
Other allowance	45,500	8,122	8,122	37,378
	<u>271,000</u>	<u>46,888</u>	<u>46,888</u>	<u>224,112</u>
HEALTH & SAFETY	300,000	-	-	300,000
LIABILITY INSURANCE	88,000	23,350	23,350	64,650
FINANCIAL AUDIT	13,500	-	-	13,500
TRAINING AND TECHNICAL ASSISTANCE	5,000	-	-	5,000
ADMINISTRATIVE COSTS:				
Salaries and fringe	166,557	41,693	41,693	124,864
TOTAL EXPENDITURES	<u>3,034,509</u>	<u>373,113</u>	<u>373,113</u>	<u>2,661,396</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 C093410/2019 and C093410/2021

Schedule of Questioned Costs

Project Period April 1, 2019 to March 31, 2021 and April 1, 2021 to June 30, 2021

(Unaudited)

NONE

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
(Supplementary Information)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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, Department of Social Services			
Temporary Assistance for Needy Family - Legal Services Initiatives	93.558	CT106920191413568	\$ 405,193
Community Services Block Grant - Legal Services Immigration	93.569	CT106920200002173	18,501
Passed through the New York City Community Service Society			
Children's Health Insurance Program (CHIP)	93.767	N/A	8,843
Medical Assistance Program	93.778	N/A	87,048
Passed through the New York State Housing and Community Renewal			
Low-Income Home Energy Assistance	93.568	C093410-2019	1,060,479
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	<u>51,391</u>
Total U.S. Department of Health and Human Services			<u>1,834,405</u>
U.S. Department of Justice			
Office on Violence Against Women			
Legal Assistance for Victims	16.524	2019-WI-AX-0010	165,104
Passed through the New York State Division of Criminal Justice Services			
STOP Violence Against Women Program	16.588	N/A	<u>37,478</u>
Total U.S. Department of Justice			<u>202,582</u>
U.S. Department of Agriculture			
Passed through the New York State Office of Temporary & Disability Assistance			
Supplemental Nutrition Assistance Program	10.561	C00265	<u>104,750</u>
Total U.S. Department of Agriculture			<u>104,750</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, 2021

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			
Section 8 Housing Choice Vouchers	14.871	CT180620181414656	94,234
Total U.S. Department of Housing and Urban Development			<u>193,984</u>
U.S. Department of Labor			
Passed through the City of New York, Department of Youth and Community Development			
WIOA Youth Activities	17.259	90531A	619,116
Youthbuild	17.274	CT126020228801456	307,000
Total U.S. Department of Labor			<u>926,116</u>
U.S. Department of Homeland Security			
Passed through the United Way of New York City			
Emergency Food and Shelter National Board Program	97.024	N/A	36,794
Total U.S. Department of Homeland Security			<u>36,794</u>
U.S. Department of Energy			
Passed through the New York State Housing and Community Renewal			
Weatherization Assistance for Low-Income Persons	81.042	C093410-2019	225,744
Weatherization Assistance for Low-Income Persons	81.042	C093410-2021	373,113
Total U.S. Department of Energy			<u>598,857</u>
Total Expenditures of Federal Awards			<u>\$ 3,897,488</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, 2021. 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 AUDITORS' 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, 2021, 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 June 28, 2022.

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.

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
June 28, 2022

REPORTING UNDER THE UNIFORM GUIDANCE



**INDEPENDENT AUDITORS' 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, 2021. The Organization's major federal programs are identified in the summary of auditors' 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.

Auditors' 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, 2021.

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
June 28, 2022

**NORTHERN MANHATTAN IMPROVEMENT
CORPORATION AND AFFILIATES**
(Supplementary Information)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Summary of Auditors' Results

Section I - Summary of Auditors' Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditors' 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 auditors' 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 |
| 93.569 | Community Services Block Grant |
| 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.