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FUND FOR PUBLIC HOUSING, INC.

Audited Financial Statements

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fund for Public Housing, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Fund for Public Housing, Inc. ("FPH"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

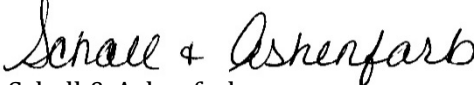
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fund for Public Housing, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited FPH's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

May 25, 2021

FUND FOR PUBLIC HOUSING, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2020
(With comparative totals at December 31, 2019)

	<u>12/31/20</u>	<u>12/31/19</u>
Assets		
Cash and cash equivalents	\$775,604	\$634,457
Pledges receivable, net (Note 3)	<u>179,745</u>	<u>98,919</u>
 Total assets	 <u><u>\$955,349</u></u>	 <u><u>\$733,376</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$112,913	\$898,034
Conditional contributions (Note 4)	29,852	0
Non-refundable grants payable (Note 5)	0	205,148
Recoverable grant payable (Note 6)	<u>0</u>	<u>19,999</u>
Total liabilities	<u><u>142,765</u></u>	<u><u>1,123,181</u></u>
Net assets:		
Without donor restrictions	19,934	(1,041,449)
With donor restrictions (Note 7)	<u>792,650</u>	<u>651,644</u>
Total net assets	<u><u>812,584</u></u>	<u><u>(389,805)</u></u>
 Total liabilities and net assets	 <u><u>\$955,349</u></u>	 <u><u>\$733,376</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

FUND FOR PUBLIC HOUSING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total 12/31/20 <u> </u>	Total 12/31/19 <u> </u>
Public support and revenue:				
Contributions	\$918,427	\$366,715	\$1,285,142	\$657,462
In-kind contributions (Note 2f)	548,980		548,980	0
Forgiveness of non-refundable grant payable (Note 5)	150,000		150,000	0
Forgiveness of recoverable grant payable (Note 6)	19,999		19,999	0
Interest income	515		515	4,289
Net assets released from restrictions (Note 7)	<u>225,709</u>	<u>(225,709)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>1,863,630</u>	<u>141,006</u>	<u>2,004,636</u>	<u>661,751</u>
Expenses:				
Program services	<u>736,313</u>		<u>736,313</u>	<u>598,926</u>
Supporting services:				
Management and general	47,828		47,828	52,549
Fundraising	<u>18,106</u>		<u>18,106</u>	<u>1,064</u>
Total supporting services	<u>65,934</u>	<u>0</u>	<u>65,934</u>	<u>53,613</u>
Total expenses	<u>802,247</u>	<u>0</u>	<u>802,247</u>	<u>652,539</u>
Change in net assets	1,061,383	141,006	1,202,389	9,212
Net assets - beginning of year	<u>(1,041,449)</u>	<u>651,644</u>	<u>(389,805)</u>	<u>(399,017)</u>
Net assets - end of year	<u><u>\$19,934</u></u>	<u><u>\$792,650</u></u>	<u><u>\$812,584</u></u>	<u><u>(\$389,805)</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

FUND FOR PUBLIC HOUSING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	Supporting Services			Total Supporting Services	Total Expenses 12/31/20	Total Expenses 12/31/19
	Program Services	Management and General	Fundraising			
Salaries and fringe benefits (Note 4)	\$30,175	\$22,549	\$18,106	\$40,655	\$70,830	\$10,639
Administrative fees (Note 4)		7,083		7,083	7,083	1,062
Grant expenses (including \$548,980 of in-kind goods)	648,693			0	648,693	310,017
Food				0	0	19,650
Professional fees	57,002	15,000		15,000	72,002	298,197
Office supplies & equipment		620		620	620	0
Liability insurance		575		575	575	1,151
Other expenses	443	2,001		2,001	2,444	11,823
Total expenses	\$736,313	\$47,828	\$18,106	\$65,934	\$802,247	\$652,539

The attached notes and auditor's report are an integral part of these financial statements.

FUND FOR PUBLIC HOUSING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	<u>12/31/20</u>	<u>12/31/19</u>
Cash flows from operating activities:		
Change in net assets	\$1,202,389	\$9,212
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Pledges receivable	(80,826)	29,915
Accounts payable and accrued expenses	(785,121)	84,562
Conditional contributions	29,852	0
Non-refundable grants payable	(205,148)	55,148
Recoverable grant payable	<u>(19,999)</u>	<u>0</u>
Net cash provided by operating activities/ net increase in cash and cash equivalents	141,147	178,837
Cash and cash equivalents - beginning of year	<u>634,457</u>	<u>455,620</u>
Cash and cash equivalents - end of year	<u><u>\$775,604</u></u>	<u><u>\$634,457</u></u>
Supplemental information:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

FUND FOR PUBLIC HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Nature of Organization

Fund for Public Housing, Inc. (“FPH”) is a not-for-profit organization dedicated to investing in the well-being of New York City Housing Authority (NYCHA) residents and their communities. The organization collaborates with public and private partners to dramatically improve the way public housing in New York City works.

The organization develops a variety of programs to achieve its goal: Help residents thrive and reach their full potential, reimagine the public housing “campus” to connect and enhance the surrounding community, and establish new models to generate and leverage resident talent opportunities and economic security.

FPH has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

As a not-for-profit organization, net assets are maintained under the following two classes:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – relates to activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities.

c. Revenue Recognition

FPH follows the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) 2018-08 (“Topic 605”) for recording contributions. Contributions are reported as an increase in net assets without donor restrictions, unless they contain a restriction by the donor for a specific program or time period, in which case they are reported in the net asset class 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 statement of activities as net assets released from restrictions. However, if a restriction is satisfied in the period the contribution has been made, it is recorded as net assets without donor restrictions.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments or release from obligations.

Unconditional promises to give are recorded at net realizable value if expected to be received in one year or at fair value using a risk-adjusted discount rate if expected to be received after one year if material. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional contributions of \$29,852 as of December 31, 2020 will be recognized when qualifying payments have been made.

Management reviews receivables to determine if any are unlikely to be collected based on historical experience and a review of activity subsequent to the statement of financial position date. Based on knowledge of specific donors and a review of historical experience, management has determined that no reserve is necessary.

d. Cash and Cash Equivalents

FPH considers all liquid investments that have an initial maturity of three months or less to be cash and cash equivalents.

e. Significant Concentrations

Financial instruments which potentially subject FPH to concentration of credit risk consist of cash and money market accounts which are placed with financial institutions that management deems to be creditworthy. At certain times during the year and at year end, cash balances exceeded Federal Deposit Insurance Corporation ("FDIC") insurance levels; however, FPH has not experienced any losses due to the failure of any financial institution.

During the year ended December 31, 2020, FPH received approximately 74% of its total support and revenue (excluding in-kind) from NYCHA.

f. In-Kind Contributions

FPH records donated goods and services if they create or enhance non-financial assets or if the service requires specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

During the year ended December 31, 2020, FPH received donated face masks valued at \$480,000 and computer tablets valued at \$68,980 for public housing residents living in the five boroughs of New York City, which were reported as program expenses on the statement of functional expenses.

Board members and other individuals volunteer their time and perform a variety of services that assist FPH. These services do not meet the criteria to be recorded and have not been included in the financial statements.

g. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Salaries and fringe benefits were allocated using time and effort as the basis. All other expenses have been charged directly to the applicable program or supporting services.

h. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

i. Accounting for Uncertainty of Income Taxes

FPH does not believe its financial statements include any uncertain tax positions. Tax filings for periods ending December 31, 2017 and later are subject to examination by applicable taxing authorities.

j. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with FPH's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

k. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

FPH is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Pledges Receivable

Pledges receivable at year end are due in the following periods:

Year ending:	December 31, 2021	\$121,110
	December 31, 2022	15,000
	December 31, 2023	15,000
	December 31, 2024	15,000
	December 31, 2025	15,000
	Thereafter	<u>5,000</u>
		186,110
Less: Discount to fair value (1.5%)		<u>(6,365)</u>
Net pledges receivable		<u>\$179,745</u>

Note 4 - Shared Services Agreements

On August 7, 2015, FPH entered into a shared service agreement with New York City Housing Authority (“NYCHA”), where FPH pays to receive certain support services, resources, and staff expertise that are provided by NYCHA and its employees. This agreement was superseded by a fee for services agreement effective August 7, 2020. The scope and quantity of the services within each of these agreements may change over time as FPH grows, hires its own employees, independent contractors, and third-party service providers, and procures its own resources. Under this agreement, NYCHA invoices the operational services provided to FPH as either direct or indirect costs. Direct costs are those that can be readily identified, and indirect costs are general administrative and overhead costs, which are 10% of the direct costs identified.

Salaries and fringe benefits expense was \$70,830 and \$10,639 for 2020 and 2019, respectively plus \$7,083 and \$1,062 of overhead for the same periods. A total balance of \$77,913 and \$770,148 was due to NYCHA for such costs at December 31, 2020 and 2019, respectively. In 2020, a \$1,100,000 contribution was received by FPH of which \$800,000 was stipulated to be used to repay NYCHA for the \$770,148 due as of December 31, 2019. The difference of \$29,852 is reflected as a conditional contribution on the statement of financial position as of December 31, 2020.

Note 5 - Grants Payable

On June 21, 2017, FPH entered into a contract to collaborate on the construction of five new playgrounds to be built in or around certain NYCHA public housing developments. The agreement, which ran through October 31, 2018, called for a non-refundable contribution of \$250,000 to be made by FPH (\$50,000 per playground). Through December 31, 2019, a total of \$100,000 of payments had been made, leaving an outstanding balance of \$150,000, which was included in the total grants payable of \$205,148 on the statement of financial position as of December 31, 2019. During the year ended December 31, 2020, this liability was formally forgiven, and this liability was written off and income was recognized.

Note 6 - Recoverable Grant Payable

On September 9, 2016, FPH obtained a recoverable grant from Enterprise Community Partners, Inc. in the amount of \$19,999 with an initial repayment date of December 31, 2017. This agreement was later amended to extend the due date to June 30, 2019. No interest was charged under this agreement. During the year ended December 31, 2020, this amount was fully forgiven, and this liability was written off and income was recognized.

Note 7 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	Beginning Balance <u>1/1/20</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Ending Balance <u>12/31/20</u>
Program restricted:				
Virtual VITA	\$25,950	\$0	(\$25,950)	\$0
Youth program	31,101	19,085	(443)	49,743
Connected communities	323,414	0	(34,094)	289,320
Electrician aptitude test	1,907	0	(1,764)	143
Pre-homebuyer workshops	6,991	0	(6,991)	0
Food business pathways	9,662	5,000	(3,000)	11,662
Youth leadership	16,482	0	(0)	16,482
Food access and affordability pilot	30,127	73,020	(51,017)	52,130
Access Solar	5,245	0	(0)	5,245
Market access contractor	24,254	0	(13,751)	10,503
NYCHA mobile boiler	80,199	0	(80,199)	0
Scholarship	35,000	257	(3,000)	32,257
Food assistance	<u>0</u>	<u>106,020</u>	<u>(0)</u>	<u>106,020</u>
Total program restricted	590,332	203,382	(220,209)	573,505
Time restricted – admin	0	163,333	(0)	163,333
Time restricted – scholarship	<u>61,312</u>	<u>0</u>	<u>(5,500)</u>	<u>55,812</u>
Total	<u>\$651,644</u>	<u>\$366,715</u>	<u>(\$225,709)</u>	<u>\$792,650</u>

	Beginning Balance <u>1/1/19</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Ending Balance <u>12/31/19</u>
Program restricted:				
Virtual VITA	\$25,950	\$0	(\$0)	\$25,950
Youth program	31,451	0	(350)	31,101
Connected communities	132,775	400,000	(209,361)	323,414
Electrician aptitude test	2,537	0	(630)	1,907
Pre-homebuyer workshops	6,991	0	(0)	6,991
Food business pathways	21,057	5,000	(16,395)	9,662
Youth leadership	13,482	3,000	(0)	16,482
Food access and affordability pilot	19,717	120,000	(109,590)	30,127
Access Solar	5,245	0	(0)	5,245
Market access contractor	98,145	0	(73,891)	24,254
NYCHA mobile boiler	0	80,199	(0)	80,199
Scholarship	<u>40,000</u>	<u>0</u>	<u>(5,000)</u>	<u>35,000</u>
Total program restricted	397,350	608,199	(415,217)	590,332
Time restricted – scholarship	<u>71,312</u>	<u>0</u>	<u>(10,000)</u>	<u>61,312</u>
Total	<u>\$468,662</u>	<u>\$608,199</u>	<u>(\$425,217)</u>	<u>\$651,644</u>

Note 8 - Liquidity and Availability of Financial Resources

Financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$775,604	
Pledges receivable – due in one year	<u>121,110</u>	
Total financial assets		\$896,714
Less amounts not available for general expenditures:		
Donor-imposed program restrictions		<u>(573,505)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$323,209</u>

FPH maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management plan, FPH operates its programs within an approved budget and relies on contributions to fund its operations.

Note 9- Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which FPH operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.

Note 10 - Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through May 25, 2021, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.