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# **FUND FOR PUBLIC HOUSING, INC.**

Audited Financial Statements

December 31, 2021

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Opinion***

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FPH and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

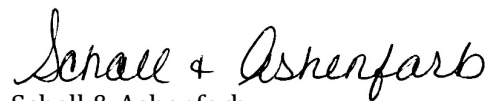
In performing an audit in accordance with generally accepted auditing standards, we:

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

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

***Report on Summarized Comparative Information***

We have previously audited FPH's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

September 2, 2022

**FUND FOR PUBLIC HOUSING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2021**  
(With comparative totals at December 31, 2020)

	<u>12/31/21</u>	<u>12/31/20</u>
<b>Assets</b>		
Cash and cash equivalents	\$954,328	\$775,604
Pledges receivable, net (Note 3)	<u>58,793</u>	<u>179,745</u>
 Total assets	 <u><u>\$1,013,121</u></u>	 <u><u>\$955,349</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$73,339	\$112,913
Conditional contributions	<u>0</u>	<u>29,852</u>
Total liabilities	<u><u>73,339</u></u>	<u><u>142,765</u></u>
Net assets:		
Without donor restrictions	26,909	19,934
With donor restrictions (Note 4)	<u>912,873</u>	<u>792,650</u>
Total net assets	<u><u>939,782</u></u>	<u><u>812,584</u></u>
 Total liabilities and net assets	 <u><u>\$1,013,121</u></u>	 <u><u>\$955,349</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**FUND FOR PUBLIC HOUSING, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With comparative totals for the year ended December 31, 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total <u>12/31/21</u>	Total <u>12/31/20</u>
Public support and revenue:				
Contributions	\$625,937	\$861,163	\$1,487,100	\$1,285,142
In-kind contributions (Note 2f)	703,300		703,300	548,980
Forgiveness of non-refundable grant payable			0	150,000
Forgiveness of recoverable grant payable			0	19,999
Interest income	135		135	515
Net assets released from restrictions (Note 4)	<u>740,940</u>	<u>(740,940)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>2,070,312</u>	<u>120,223</u>	<u>2,190,535</u>	<u>2,004,636</u>
Expenses:				
Program services	<u>1,828,198</u>		<u>1,828,198</u>	<u>736,313</u>
Supporting services:				
Management and general	179,995		179,995	47,828
Fundraising	<u>55,144</u>		<u>55,144</u>	<u>18,106</u>
Total supporting services	<u>235,139</u>	<u>0</u>	<u>235,139</u>	<u>65,934</u>
Total expenses	<u>2,063,337</u>	<u>0</u>	<u>2,063,337</u>	<u>802,247</u>
Change in net assets	6,975	120,223	127,198	1,202,389
Net assets - beginning of year	<u>19,934</u>	<u>792,650</u>	<u>812,584</u>	<u>(389,805)</u>
Net assets - end of year	<u><u>\$26,909</u></u>	<u><u>\$912,873</u></u>	<u><u>\$939,782</u></u>	<u><u>\$812,584</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**FUND FOR PUBLIC HOUSING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With comparative totals for the year ended December 31, 2020)

	Supporting Services			Total Expenses 12/31/21	Total Expenses 12/31/20*
	Program Services	Management and General	Fundraising		
Salaries and fringe benefits (Note 5)	\$28,896	\$131,560	\$55,144	\$186,704	\$70,830
Administrative fees (Note 5)		21,560		21,560	7,083
Grant expenses	207,653			0	99,713
Food	52,520			0	0
Contract labor, landscaping and park equipment	702,010			0	0
In-kind goods for NYCHA residents (Note 2f)	121,300			0	548,980
In-kind mobile hotspots for NYCHA residents (Note 2f)	582,000			0	0
Professional fees	133,500	16,150		16,150	72,002
Office supplies and equipment				0	620
Liability insurance		1,491		1,491	575
Other expenses	319	9,234		9,234	2,444
<b>Total expenses</b>	<b>\$1,828,198</b>	<b>\$179,995</b>	<b>\$55,144</b>	<b>\$235,139</b>	<b>\$802,247</b>

\*Reclassified for comparative purposes

*The attached notes and auditors' report are an integral part of these financial statements.*

**FUND FOR PUBLIC HOUSING, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With comparative totals for the year ended December 31, 2020)

	<u>12/31/21</u>	<u>12/31/20</u>
Cash flows from operating activities:		
Change in net assets	\$127,198	\$1,202,389
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Pledges receivable	120,952	(80,826)
Accounts payable and accrued expenses	(39,574)	(785,121)
Conditional contributions	(29,852)	29,852
Non-refundable grants payable	0	(205,148)
Recoverable grant payable	0	(19,999)
Net cash provided by operating activities/ net increase in cash and cash equivalents	<u>178,724</u>	<u>141,147</u>
Cash and cash equivalents - beginning of year	<u>775,604</u>	<u>634,457</u>
Cash and cash equivalents - end of year	<u><u>\$954,328</u></u>	<u><u>\$775,604</u></u>
Supplemental information:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**FUND FOR PUBLIC HOUSING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 1 - 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.

FPH 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

FPH reports information regarding their financial position and activities according to the following classes of net assets:

- *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 Codification ("ASC") 958-605 for recording contributions, which 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 as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

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.

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 a 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, 2021, FPH received donated hotspots valued at \$582,000 and computer tablets valued at \$121,300 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.

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 accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. 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, 2018 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, 2020 from which the summarized information was derived.

k. New Accounting Pronouncements

FASB issued Accounting Standards Update ("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. 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, 2022	\$15,264
	December 31, 2023	15,000
	December 31, 2024	15,000
	December 31, 2025	15,000
	December 31, 2026	<u>5,000</u>
		65,264
Less: Discount to fair value (1.5%)		<u>(6,471)</u>
Pledges receivable, net		<u>\$58,793</u>

**Note 4 - Net Assets With Donor Restrictions**

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

	Beginning Balance <u>1/1/21</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Ending Balance <u>12/31/21</u>
Program restricted:				
Youth program	\$49,743	\$137,394	(\$85,749)	\$101,388
Connected communities	289,320	0	(289,320)	0
Electrician aptitude test	143	0	(0)	143
Food business pathways	11,662	0	(0)	11,662
Youth leadership	16,482	0	(2,880)	13,602
Food access and affordability pilot	52,130	0	(0)	52,130
Access solar	5,245	0	(0)	5,245
Market access contractor	10,503	0	(10,503)	0
Construction business pathways & mentorship	0	297,750	(52,685)	245,065
Resident training academy	0	150,000	(33,200)	116,800
Scholarship	32,257	150,340	(4,000)	178,597
Family self-sufficiency	0	75,000	(3,750)	71,250
Executive search	0	50,000	(0)	50,000
Food assistance	<u>106,020</u>	<u>0</u>	<u>(86,520)</u>	<u>19,500</u>
Total program restricted	573,505	860,484	(568,607)	865,382
Time restricted – admin	163,333	0	(163,333)	0
Time restricted – scholarship	<u>55,812</u>	<u>679</u>	<u>(9,000)</u>	<u>47,491</u>
Total	<u>\$792,650</u>	<u>\$861,163</u>	<u>(\$740,940)</u>	<u>\$912,873</u>

	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>

**Note 5 - Shared Services Agreements**

On August 7, 2015, FPH entered into a shared service agreement with 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 \$215,600 and \$70,830 for 2021 and 2020, respectively plus \$21,560 and \$7,083 of overhead for the same periods. A total balance of \$1,174 and \$77,913 was due to NYCHA for such costs at December 31, 2021 and 2020, respectively.

**Note 6 - 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	\$954,328	
Pledges receivable – due in one year	<u>15,264</u>	
Total financial assets		\$969,592
Less amounts not available for general expenditures:		
Donor-imposed program restrictions		<u>(845,382)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$124,210</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 7 - Subsequent Events**

Subsequent events have been evaluated through September 2, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

**Note 8 - 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 impact on the economies and financial markets of many countries, including the geographical area in which FPH operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.