

**NEW DESTINY HOUSING CORPORATION
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017**



NEW DESTINY HOUSING CORPORATION AND AFFILIATES

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YEARS ENDED JUNE 30, 2018 AND 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Destiny Housing Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of New Destiny Housing Corporation and affiliates, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated 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 auditors' 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 auditors consider 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Destiny Housing Corporation and affiliates as of June 30, 2018 and 2017, and the results of their operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating additional schedules on Pages 29 to 50 are presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Certified Public Accountants

New York, New York
January 25, 2019

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

| | 2018 | 2017 |
|------------------------------------|---------------|---------------|
| ASSETS | | |
| ASSETS: | | |
| Real estate | \$ 61,710,121 | \$ 56,304,408 |
| Cash - operations | 4,218,818 | 4,596,328 |
| Restricted cash | 300,715 | 372,809 |
| Rent receivable | 334,192 | 391,774 |
| Grants receivable | 360,030 | 258,136 |
| Deferred rent receivable | 57,064 | 60,667 |
| Prepaid expenses and other assets | 197,457 | 203,736 |
| Tenant security deposits | 137,071 | 148,364 |
| Escrows and reserves | 2,622,619 | 2,930,152 |
| Predevelopment costs | 773,373 | 326,475 |
| Deposits | 66,915 | 69,455 |
| Deferred costs - net | 153,618 | 169,469 |
| TOTAL ASSETS | \$ 70,931,993 | \$ 65,831,773 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Long-term debt - net | \$ 32,310,617 | \$ 28,378,824 |
| Construction costs payable | - | 19,433 |
| Recoverable grant | 80,000 | 65,000 |
| Accrued interest payable | 2,815,638 | 2,144,278 |
| Accounts payable | 1,481,808 | 1,195,974 |
| Prepaid rent | 89,642 | - |
| Tenant security deposits payable | 147,732 | 152,000 |
| TOTAL LIABILITIES | 36,925,437 | 31,955,509 |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS: | | |
| Controlling interest: | | |
| Unrestricted | 12,290,165 | 12,303,273 |
| Temporarily restricted | 1,811,963 | 1,985,877 |
| | 14,102,128 | 14,289,150 |
| Noncontrolling ownership interests | 19,904,428 | 19,587,114 |
| TOTAL NET ASSETS | 34,006,556 | 33,876,264 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 70,931,993 | \$ 65,831,773 |

The accompanying notes to consolidated financial statements are an integral part of these statements.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

| | 2018 | 2017 |
|---|---------------------|-------------------|
| UNRESTRICTED NET ASSETS: | | |
| PUBLIC SUPPORT AND REVENUE: | | |
| Grants and contributions | \$ 1,318,669 | \$ 989,372 |
| Special events (net of expenses of \$32,164 in 2018 and \$37,067 in 2017) | 214,538 | 209,003 |
| Rental income | 2,750,027 | 2,709,290 |
| Developer fees | - | 652,453 |
| Interest income | 8,065 | 4,154 |
| Other income | <u>71,522</u> | <u>80,229</u> |
| | 4,362,821 | 4,644,501 |
| Net assets released from restrictions | <u>186,642</u> | <u>540,881</u> |
| TOTAL PUBLIC SUPPORT AND REVENUE | <u>4,549,463</u> | <u>5,185,382</u> |
| FUNCTIONAL EXPENSES: | | |
| Program expenses: | | |
| Housing and management services | 4,545,464 | 4,075,687 |
| Social services | <u>1,108,137</u> | <u>1,119,194</u> |
| Total program expenses | <u>5,653,601</u> | <u>5,194,881</u> |
| Supporting services: | | |
| Management and general | 283,356 | 214,176 |
| Fund-raising | <u>211,713</u> | <u>241,175</u> |
| Total supporting services | <u>495,069</u> | <u>455,351</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>6,148,670</u> | <u>5,650,232</u> |
| CHANGE IN UNRESTRICTED IN NET ASSETS | <u>(1,599,207)</u> | <u>(464,850)</u> |
| TEMPORARILY RESTRICTED NET ASSETS: | | |
| Grants | 12,728 | 94,897 |
| Net assets released from restrictions | <u>(186,642)</u> | <u>(540,881)</u> |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | <u>(173,914)</u> | <u>(445,984)</u> |
| CHANGE IN NET ASSETS | (1,773,121) | (910,834) |
| CHANGE IN NET ASSETS ATTRIBUTED TO NONCONTROLLING OWNERSHIP INTERESTS | <u>1,586,099</u> | <u>1,194,444</u> |
| CHANGE IN NET ASSETS ATTRIBUTED TO CONTROLLING INTERESTS | <u>\$ (187,022)</u> | <u>\$ 283,610</u> |

The accompanying notes to consolidated financial statements are an integral part of these statements.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>TOTAL</u> | <u>TEMPORARILY RESTRICTED</u> | <u>UNRESTRICTED</u> | |
|-------------------------|----------------------|-----------------------------------|----------------------------------|-------------------------------------|
| | | | <u>CONTROLLING INTERESTS</u> | <u>NONCONTROLLING INTERESTS</u> |
| BALANCE - JULY 1, 2016 | \$ 32,171,120 | \$ 2,431,861 | \$ 11,573,679 | \$ 18,165,580 |
| Capital contributions | 2,617,478 | - | - | 2,617,478 |
| Capital distributions | (1,500) | - | - | (1,500) |
| Change in net assets | <u>(910,834)</u> | <u>(445,984)</u> | <u>729,594</u> | <u>(1,194,444)</u> |
| BALANCE - JUNE 30, 2017 | 33,876,264 | 1,985,877 | 12,303,273 | 19,587,114 |
| Capital contributions | 1,903,413 | - | - | 1,903,413 |
| Change in net assets | <u>(1,773,121)</u> | <u>(173,914)</u> | <u>(13,108)</u> | <u>(1,586,099)</u> |
| BALANCE - JUNE 30, 2018 | <u>\$ 34,006,556</u> | <u>\$ 1,811,963</u> | <u>\$ 12,290,165</u> | <u>\$ 19,904,428</u> |

The accompanying notes to consolidated financial statements are an integral part of these statements.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (1,773,121) | \$ (910,834) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,484,878 | 1,542,823 |
| Bad debt expense | 160,750 | 12,737 |
| Mortgage cost amortization (included in interest expense) | 3,326 | - |
| Changes in operating assets and liabilities: | | |
| Rent receivable | (103,169) | (168,031) |
| Grants receivable | (101,894) | (50,822) |
| Prepaid expenses and other assets | 6,278 | (137,336) |
| Tenant security deposits | 11,293 | 3,011 |
| Escrows and operating reserves | 315,564 | (891,039) |
| Deposits | 2,540 | - |
| Rents received in advance | 89,642 | - |
| Straight-line rental expense | 3,603 | - |
| Accrued interest payable | 671,360 | 176,720 |
| Accounts payable | 285,835 | 763,265 |
| Tenant security deposits payable | (4,268) | (2,175) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>1,052,617</u> | <u>338,319</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of building improvements | (75,803) | (51,014) |
| Acquisition of furniture and equipment | (3,262) | (8,795) |
| Construction-in-progress | (6,757,284) | (3,222,233) |
| Replacement reserves | (8,032) | (118,216) |
| Deferred costs | - | (47,904) |
| Decrease (increase) in restricted cash | 72,094 | (372,809) |
| (Increase) in predevelopment costs | (485,287) | (279,044) |
| (Increase) in rent subsidy reserves | - | (45,000) |
| NET CASH (USED IN) INVESTING ACTIVITIES | <u>(7,257,574)</u> | <u>(4,145,015)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Mortgage costs | - | 34,212 |
| Proceeds from long-term debt | 3,968,467 | 4,966,840 |
| Long-term debt repayment | (25,000) | (2,860,410) |
| Construction costs payable | (19,433) | (9,667) |
| Capital distributions - limited partners | - | (1,500) |
| Capital contributions - limited partners | 1,903,413 | 2,617,478 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | <u>5,827,447</u> | <u>4,746,953</u> |
| NET (DECREASE) INCREASE IN CASH | (377,510) | 940,257 |
| CASH - BEGINNING OF YEAR | <u>4,596,328</u> | <u>3,656,071</u> |
| CASH - END OF YEAR | <u>\$ 4,218,818</u> | <u>\$ 4,596,328</u> |

The accompanying notes to consolidated financial statements are an integral part of these statements.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

| | 2018 | 2017 |
|--|-----------------|------------------|
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for interest | \$ <u>8,720</u> | \$ <u>49,285</u> |
| SUPPLEMENTAL DISCLOSURE OF OF NONCASH INVESTING AND FINANCING ACTIVITIES: | | |
| Noncash transactions resulting from changes in reporting entities: | | |
| Land | \$ 1,326 | \$ (150,687) |
| Buildings and improvements | \$ 3,754 | \$ (2,744,647) |
| Furniture and equipment | \$ - | \$ (2,601) |
| Construction-in-progress | \$ (43,469) | \$ (53,416) |
| Accumulated depreciation | \$ - | \$ 2,467,405 |
| Predevelopment costs | \$ 38,389 | \$ (292,008) |
| Deferred costs | \$ - | \$ (19,962) |
| Long-term debt | \$ - | \$ 494,541 |

The accompanying notes to consolidated financial statements are an integral part of these statements.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>HOUSING</u> | <u>SOCIAL SERVICES</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>MANAGEMENT AND GENERAL</u> | <u>FUND-RAISING</u> | <u>TOTAL SUPPORTING SERVICES</u> | <u>TOTAL FUNCTIONAL EXPENSES</u> |
|---|---------------------|----------------------------|---------------------------------------|-----------------------------------|---------------------|--|--|
| OPERATING EXPENSES: | | | | | | | |
| Salaries | \$ 269,068 | \$ 666,272 | \$ 935,340 | \$ 170,369 | \$ 127,293 | \$ 297,662 | \$ 1,233,002 |
| Fringe benefits | 40,204 | 110,395 | 150,599 | 28,229 | 21,091 | 49,320 | 199,919 |
| Building repairs | 12,334 | 484 | 12,818 | 124 | 93 | 217 | 13,035 |
| Building and office maintenance | 48,649 | 6,215 | 54,864 | 1,589 | 1,188 | 2,777 | 57,641 |
| Water and sewer | 7,480 | 663 | 8,143 | 169 | 127 | 296 | 8,439 |
| Management and support services | 271,522 | 43,122 | 314,644 | 11,027 | 8,239 | 19,266 | 333,910 |
| Office rent | 32,682 | 89,742 | 122,424 | 22,947 | 17,146 | 40,093 | 162,517 |
| Utilities | 14,735 | 2,996 | 17,731 | 766 | 572 | 1,338 | 19,069 |
| Telephone | 2,348 | 6,447 | 8,795 | 1,649 | 1,231 | 2,880 | 11,675 |
| Insurance | 29,105 | 4,817 | 33,922 | 1,232 | 920 | 2,152 | 36,074 |
| Professional fees | 29,282 | 16,304 | 45,586 | 4,169 | 3,115 | 7,284 | 52,870 |
| Consultant fees | 13,696 | 37,607 | 51,303 | 9,616 | 7,185 | 16,801 | 68,104 |
| Training and staff development | 1,502 | 4,124 | 5,626 | 1,055 | 788 | 1,843 | 7,469 |
| Tenant activities | 24,482 | 67,224 | 91,706 | 17,190 | 12,843 | 30,033 | 121,739 |
| Membership and subscriptions | 1,933 | 5,308 | 7,241 | 1,357 | 1,014 | 2,371 | 9,612 |
| Travel | 1,204 | 3,307 | 4,511 | 846 | 631 | 1,477 | 5,988 |
| Equipment repairs and maintenance | 1,103 | 3,029 | 4,132 | 774 | 579 | 1,353 | 5,485 |
| Grant writer | 7,125 | 19,563 | 26,688 | 5,002 | 3,738 | 8,740 | 35,428 |
| Supplies | 2,499 | 6,863 | 9,362 | 1,755 | 1,311 | 3,066 | 12,428 |
| Postage | 851 | 2,336 | 3,187 | 597 | 446 | 1,043 | 4,230 |
| Printing | 750 | 2,059 | 2,809 | 527 | 393 | 920 | 3,729 |
| Payroll services | 1,063 | 2,919 | 3,982 | 746 | 558 | 1,304 | 5,286 |
| Bad debt expense | 6,327 | - | 6,327 | - | - | - | 6,327 |
| Real estate taxes | 100 | - | 100 | - | - | - | 100 |
| Real estate properties | 1,604,741 | - | 1,604,741 | - | - | - | 1,604,741 |
| Miscellaneous | <u>22,673</u> | <u>4,920</u> | <u>27,593</u> | <u>1,258</u> | <u>940</u> | <u>2,198</u> | <u>29,791</u> |
| OPERATING EXPENSES BEFORE INTEREST EXPENSE, AND DEPRECIATION AND AMORTIZATION | 2,447,458 | 1,106,716 | 3,554,174 | 282,993 | 211,441 | 494,434 | 4,048,608 |
| INTEREST EXPENSE | 615,184 | - | 615,184 | - | - | - | 615,184 |
| DEPRECIATION AND AMORTIZATION | <u>1,482,822</u> | <u>1,421</u> | <u>1,484,243</u> | <u>363</u> | <u>272</u> | <u>635</u> | <u>1,484,878</u> |
| TOTAL EXPENSES | <u>\$ 4,545,464</u> | <u>\$ 1,108,137</u> | <u>\$ 5,653,601</u> | <u>\$ 283,356</u> | <u>\$ 211,713</u> | <u>\$ 495,069</u> | <u>\$ 6,148,670</u> |

The accompanying notes to consolidated financial statements are an integral part of this statement.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>HOUSING</u> | <u>SOCIAL SERVICES</u> | <u>TOTAL PROGRAM SERVICES</u> | <u>MANAGEMENT AND GENERAL</u> | <u>FUND-RAISING</u> | <u>TOTAL SUPPORTING SERVICES</u> | <u>TOTAL FUNCTIONAL EXPENSES</u> |
|--|---------------------|------------------------|-------------------------------|-------------------------------|---------------------|----------------------------------|----------------------------------|
| OPERATING EXPENSES: | | | | | | | |
| Salaries | \$ 299,310 | \$ 646,516 | \$ 945,826 | \$ 123,721 | \$ 139,319 | \$ 263,040 | \$ 1,208,866 |
| Fringe benefits | 41,074 | 100,909 | 141,983 | 19,311 | 21,744 | 41,055 | 183,038 |
| Building repairs | 13,950 | 512 | 14,462 | 98 | 110 | 208 | 14,670 |
| Building and office maintenance | 56,292 | 5,636 | 61,928 | 1,079 | 1,215 | 2,294 | 64,221 |
| Water and sewer | 28,501 | 662 | 29,163 | 127 | 142 | 269 | 29,432 |
| Management and support services | 304,548 | 44,626 | 349,174 | 8,540 | 9,616 | 18,156 | 367,330 |
| Office rent | 32,084 | 78,823 | 110,907 | 15,084 | 16,986 | 32,070 | 142,977 |
| Utilities | 23,220 | 3,162 | 26,382 | 605 | 681 | 1,286 | 27,669 |
| Telephone | 3,341 | 6,064 | 9,405 | 1,160 | 1,307 | 2,467 | 11,872 |
| Insurance | 38,011 | 4,128 | 42,139 | 790 | 890 | 1,680 | 43,819 |
| Professional fees | 24,214 | 12,156 | 36,370 | 2,326 | 2,620 | 4,946 | 41,316 |
| Consultant fees | 30,999 | 76,158 | 107,157 | 14,574 | 16,412 | 30,986 | 138,143 |
| Grant writer | 7,841 | 19,265 | 27,106 | 3,687 | 4,151 | 7,838 | 34,944 |
| Service contract | 12,083 | - | 12,083 | - | - | - | 12,083 |
| Training and staff development | 2,616 | 6,428 | 9,044 | 1,230 | 1,385 | 2,615 | 11,659 |
| Tenant activities | 25,915 | 63,667 | 89,582 | 12,184 | 13,719 | 25,903 | 115,485 |
| Membership and subscriptions | 1,606 | 3,947 | 5,553 | 755 | 851 | 1,606 | 7,159 |
| Travel | 1,199 | 2,945 | 4,144 | 564 | 634 | 1,198 | 5,342 |
| Equipment repairs and maintenance | 2,249 | 5,457 | 7,706 | 1,044 | 1,176 | 2,220 | 9,926 |
| Supplies | 7,870 | 5,928 | 13,798 | 1,134 | 1,277 | 2,411 | 16,209 |
| Employment and advertising fees | 830 | 2,038 | 2,868 | 390 | 439 | 829 | 3,697 |
| Postage | 1,057 | 2,444 | 3,501 | 468 | 526 | 994 | 4,496 |
| Printing | 466 | 1,145 | 1,611 | 219 | 247 | 466 | 2,077 |
| Payroll services | 881 | 2,163 | 3,044 | 414 | 466 | 880 | 3,924 |
| Bad debt expense | - | - | - | - | - | - | - |
| Real estate properties | 1,045,915 | - | 1,045,915 | - | - | - | 1,045,915 |
| Real estate taxes | 3,822 | - | 3,822 | - | - | - | 3,822 |
| Miscellaneous | 11,847 | 22,219 | 34,066 | 4,252 | 4,789 | 9,041 | 43,107 |
| OPERATING EXPENSES BEFORE INTEREST EXPENSE, AND DEPRECIATION AND AMORTIZATION | 2,021,741 | 1,116,998 | 3,138,739 | 213,756 | 240,702 | 454,458 | 3,593,197 |
| INTEREST EXPENSE | 514,212 | - | 514,212 | - | - | - | 514,212 |
| DEPRECIATION AND AMORTIZATION | 1,539,734 | 2,196 | 1,541,930 | 420 | 473 | 893 | 1,542,823 |
| TOTAL EXPENSES | <u>\$ 4,075,687</u> | <u>\$ 1,119,194</u> | <u>\$ 5,194,881</u> | <u>\$ 214,176</u> | <u>\$ 241,175</u> | <u>\$ 455,351</u> | <u>\$ 5,650,232</u> |

The accompanying notes to consolidated financial statements are an integral part of this statement.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

New Destiny Housing Corporation ("New Destiny") was organized as a not-for-profit organization under the nonprofit laws of the State of New York and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC). New Destiny's mission is to end the cycle of violence for low-income families and individuals at risk of homelessness and domestic violence by connecting them to safe, permanent housing and services.

To achieve its mission, New Destiny builds and manages housing with on-site services; offers innovative programs that empower victims of abuse to find and retain affordable housing; and expands access to permanent housing resources for low-income families. New Destiny pursues the following activities in furtherance of its mission:

- New Destiny develops, owns, and manages housing for low-income domestic violence survivors
- New Destiny provides on-site social services and support to tenants in its permanent housing.
- New Destiny, through its HousingLink and Project HOME programs, provides housing training workshops; a housing helpline; housing research information; a housing resource website; and technical assistance to domestic violence survivors and to social service and legal providers seeking information and assistance with permanent housing issues. The Project HOME program ceased to operate as of June 30, 2017.
- New Destiny, through HousingLink, continues to link domestic violence shelter residents with affordable permanent housing that is safe, well maintained, and sustainable.
- New Destiny educates the public about the housing and service needs of low-income domestic violence survivors and advocates for increasing the resources available to this population.

New Destiny owns and operates Park Place, which consists of five cooperative apartments in Brooklyn, New York. New Destiny also owned and operated Bridge Community, which consisted of 12 low-income residential units in Brooklyn, New York. Bridge Community was sold to Citywide Supportive Housing Development Fund Corporation ("HDFC"), an affiliate through common board control and ownership, in October 2016.

To achieve its goals and strengthen its mission, New Destiny has investments in various low-income housing entities through general partner interests in limited partnerships, managing member interests in limited liability companies, and other affordable housing organizations.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION (Continued)

New Destiny is affiliated through common board control and ownership of the following entities (collectively, the "Company"):

- CityWide Supportive Housing, Inc. ("CityWide") was incorporated as a not-for-profit organization in the State of New York and is tax-exempt under Section 501(c)(3) of the IRC. CityWide owns the Prelude Project, a 35-bed emergency facility in Staten Island, New York, and Lily House (aka Bronx House), containing 27 transitional units, in the Bronx, New York, both shelters for domestic violence survivors.
- HDFC was incorporated as a not-for-profit organization in the State of New York and is tax-exempt under Section 501(c)(3) of the IRC. HDFC owned and operated 281 Bainbridge Street ("281 Bainbridge"), which consists of eight low-income residential units in Brooklyn, New York, and Bridge Towers, which consists of 16 low-income residential units at 283-285 Bainbridge Street in Brooklyn, New York. HDFC received the total assets of the property at 307 E. 54th Street, New York, New York, from New Destiny on January 15, 2015. New Destiny owned and operated the property to that date. HDFC began to operate the property after the assets were transferred. The property consists of eight low-income residential units. In October 2016, HDFC acquired Bridge Community from New Destiny. On October 28, 2016, HDFC sold Bridge Community, 281 Bainbridge and Bridge Towers to Bridge Community Associates LLC ("BCA"), an affiliate through common board control and ownership. For internal reporting purposes, HDFC Corporate, which is a wholly-owned component of HDFC, was established in July 2017 to segregate assets that formerly belonged to buildings previously owned by HDFC.
- Andrews Avenue Associates L.P. ("Andrews LP") is a limited partnership organized on July 7, 2006 under the laws of the State of New York.
- Citywide Andrews Associates, Inc. ("Citywide Andrews") is a New York corporation organized under Section C of the IRC.

Citywide Andrews was formed to act as the corporate general partner of Andrews LP and is 100% owned by HDFC. Citywide Andrews owns .01% of Andrews LP. Andrews LP was formed for the purpose of providing low-income housing through the construction of 37 residential units and one superintendent's unit in the Bronx, New York, in a building known as Marcello Manor.

- 1070 Anderson Avenue Limited Partnership (the "Anderson") is a limited partnership organized on December 8, 2009 under the laws of the State of New York.
- 1070 Anderson Avenue GP Corp. ("1070 GP") is a New York corporation organized under Section C of the IRC.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION (Continued)

1070 GP was formed to act as the corporate general partner of the Anderson and is 100% owned by 1070 Anderson Housing Development Fund Corporation, all the directors of which are appointed by New Destiny. 1070 GP owns .01% of the Anderson. The Anderson was formed for the purpose of providing low-income housing through the construction of 40 residential units and one superintendent's unit in the Bronx, New York, in a building known as The Anderson.

- 291 Bainbridge Limited Partnership ("291 LP") is a limited partnership organized on October 18, 2011 under the laws of the State of New York.
- 291 Bainbridge GP Corp. ("291 GP") is a New York corporation organized under Section C of the IRC.

291 GP was formed to act as the corporate general partner of 291 LP and is 78% owned by 291 Bainbridge Housing Development Fund Corporation, all the directors of which are appointed by New Destiny in its capacity as sole member of the corporation. 291 GP owns .01% of 291 LP. 291 LP was formed for the purpose of providing low-income housing through the construction of 23 residential units in Brooklyn, New York, in a building known as Bainbridge Manor.

- 2017 Morris Avenue Owner LLC ("2017 LLC") is a limited liability company organized on December 9, 2013 under the laws of the State of New York.
- 2017 Morris Avenue Corp. ("2017 GP") is a New York corporation organized under Section C of the IRC.

2017 GP was formed to act as the corporate managing member of 2017 LLC and is 100% owned by 2017 Morris Housing Development Fund Corporation, all the directors of which are appointed by New Destiny in its capacity as sole member of the corporation. 2017 GP owns .01% of 2017 LLC. 2017 LLC was formed for the purpose of providing low-income through the construction of 38 residential units, and one superintendent's unit in the Bronx, New York, in a building known as The Morris.

- BCA is a limited liability company organized in September 2015 under the laws of the State of New York.
- Bridge Community Associates MM Inc. ("BCA MM") is a New York corporation organized under Section C of the IRC.

BCA MM was formed to act as the corporate managing member of BCA and is 100% owned by HDFC, all the directors of which are appointed by New Destiny in its capacity as sole member of the corporation. BCA MM owns .01% of BCA. BCA was formed for the purpose of providing low-income housing through acquisition, rehabilitation, and operation of an affordable housing project. On October 28, 2016, BCA acquired four multifamily buildings from HDFC which contain 36 residential units, including one superintendent's unit, in Brooklyn, New York (the "BCA Project").

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION (Continued)

- 902 Jennings Street Housing Development Fund Corporation ("902 HDFC") was incorporated in the State of New York on May 5, 2015 and is tax-exempt under Section 501(c)(4) of the IRC. 902 HDFC was formed to acquire the vacant site at 902 Jennings Street, Bronx, New York ("902 Jennings"). On June 28, 2017, this vacant site was sold to 902 Jennings Street Owner LLC ("902 Owner").
- 902 Owner is a limited liability company organized on February 13, 2017 under the laws of the State of New York.
- 902 Jennings Street MM Inc. ("902 MM") is a limited liability company organized on February 27, 2017 under the laws of the State of New York.

902 MM was formed to act as the managing member of 902 Owner and is 100% owned by 902 HDFC, all the directors of which are appointed by New Destiny in its capacity as sole member of the Company. 902 MM LLC owns .01% of 902 Owner. 902 Owner was formed for the purpose of providing low-income housing through the construction of 43 residential units at 902 Jennings Street ("902 Jennings") in the Bronx, New York. On June 28, 2016, 902 Owner acquired the vacant site for this construction from 902 HDFC.

New Destiny provides ongoing tenant support services at Marcello Manor, The Anderson, Bainbridge Manor, The Morris, Bridge Towers, BCA Project, and 281 Bainbridge Street.

Throughout these notes, references to the general partner, partner or partnership should be interpreted as including the corresponding entity in a limited liability company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

(b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies, if any, at the date of the financial statements, and the reported amounts of support and revenue and expenses during the period then ended. Actual results could differ from those estimates.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

The accompanying consolidated financial statements of the Company include the accounts of New Destiny, its corporate affiliates, and partnerships that are commonly controlled by New Destiny's board of directors. The general partnership interests held by New Destiny equal .01% of the respective limited partnership's equity, with the remainder held by the limited partners. The portion of the limited partnership not owned by a New Destiny affiliated entity is presented in the consolidated financial statements as noncontrolling ownership interests, in an aggregate amount. All material intercompany accounts have been eliminated in consolidation.

(d) Presentation of Net Assets

The net assets of the Company and changes therein are classified as unrestricted, temporarily restricted and permanently restricted based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets represent contributions with donor-imposed restrictions that have not yet been satisfied or are time restricted. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are those which are established by donor gifts to provide a permanent endowment. There were no permanently restricted net assets at June 30, 2018 and 2017.

(e) Revenue Recognition

(i) Public Donations, Special Events and Program Fees

Public donations, special events and program fees are reported at estimated net realizable amounts from public and corporate donors and program services. Special event revenue is recognized on the date the event is held.

The Company follows GAAP guidance on accounting for contributions received and contributions made. Accordingly, contributed assets are recorded at fair value at date of donation. Donated services are recognized as revenue and assets or expenses at fair value if those services (i) create or enhance nonfinancial assets, (ii) would typically need to be purchased by the Company if they had not been provided by contribution, or (iii) require specialized skills and are provided by individuals with those skills.

(ii) Grants

Revenue from grants and contracts is recognized as revenue when expenditures are incurred for such grant purposes. Cash received in excess of expenditures incurred is recorded as refundable contractual advances and is recognized as revenue in the period the expenditure is incurred. Any unspent amounts might be returned to the granting agency, or the granting agency can approve that those amounts be applied to a future grant period. As of June 30, 2018 and 2017, the Company had \$360,030 and \$258,136, respectively, of grants receivable.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Rental Revenue

Rental income is recognized as rentals become due, net of provisions for uncollectible amounts. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants are one-year or two-year renewable leases considered to be operating leases.

(iv) Subsidies

Park Place, Andrews LP, Anderson, 291 LP, 2017 LLC, and BCA MM receive rent supplement payments under various government programs for eligible lower-income families in the six properties. The supplements are included in rental income in the accompanying financial statements. The subsidy income was \$824,429 for the year ended June 30, 2018.

(v) Program Service Revenue

New Destiny receives fees from its affiliated entities for administrative, social service, supervisory and management services, as well as from nonaffiliates. The fees are recognized as revenue when earned.

(vi) Development Fees Revenue

Development fees are recognized as revenue, as the milestones in the development agreements are achieved.

(vii) Deferred Revenue

Funds received in advance for which qualifying expenditures have not been incurred are reflected as deferred revenue from grants in the accompanying consolidated statements of financial position.

(f) Rents and Accounts Receivable

Rents and accounts receivable are reported at their net realizable value. Management's estimate of the allowance is based on historical collection experience and a review of the current status of amounts outstanding. It is likely that actual results will differ from management's estimate of the allowance. As of June 30, 2018 and 2017, there is no allowance for doubtful accounts, as all receivables are deemed collectible.

(g) Cash

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

(h) Restricted Cash

Restricted cash consists of cash required to be used for certain construction projects.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Escrow and Reserves

Escrow and reserves are accounts that are required to be maintained by the Company in accordance with regulatory or debt agreements.

(j) Property and Equipment

Property and equipment is stated at cost unless donated. Donated assets are capitalized at the estimated fair value at date of receipt. Expenditures that substantially increase estimated useful lives are capitalized. Items with an acquisition cost of less than \$1,000 or a useful life of less than one year are expensed in the year purchased. Maintenance, repairs and minor renewals are expensed as incurred. Depreciation is provided for by the straight-line method over the estimated useful life of the related asset. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts, and the resulting gains and losses are included in operations. Buildings and improvements are being depreciated over 30 years to 40 years, and furniture and equipment is being depreciated over five years to 20 years.

The Company reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There was no impairment loss recognized in 2018 or 2017.

(k) Deferred Financing Costs

Deferred financing costs consist of professional fees and costs related to obtaining financing, and are amortized on the interest method over the life of the related debt.

(l) Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management to be reasonable. Management and general expense includes expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Company.

(m) Income Taxes

New Destiny and its not-for-profit affiliates are exempt from federal income tax under Section 501(c)(3) or 501(c)(4) of the IRC, as well as state and local income taxes.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other affiliates of New Destiny are treated as partnerships and as corporations for income tax purposes. Partnership taxable income or loss passes through to, and is reportable by, the partners, individually. The corporations either have had zero taxable income or have been carrying losses that are available for future netting against taxable income. These losses are carried forward for a period of time, as defined by the Internal Revenue Service, and then expire if unused. Losses carried forward should be computed as assets using the applicable tax rate and reported on the consolidating statements of financial position, subject to valuation allowance. In the case of the corporations, it is more likely than not that the respective asset will never be realized as the possibility of net income or gain is unlikely. Therefore, no asset has been recognized in this financial report, as the valuation allowance would equal 100% of the asset value.

Management has determined that the Company had no uncertain tax positions that would require financial statement recognition. The Company is no longer subject to income tax examination by federal, state or local tax authorities in the United States for years before 2015.

(n) Predevelopment Project Costs

New Destiny incurs costs in connection with properties it is considering for development, as well as costs associated with properties in the initial stages of development. Predevelopment project costs are capitalized and recorded as predevelopment costs until such time as the project is either abandoned as not feasible or becomes an approved project with independent funding sources. Predevelopment costs are charged to operations at the time a potential project is no longer considered feasible. When a project has been approved and funded for development, some of these costs are reimbursed to New Destiny and some become part of New Destiny's operating expenses. Predevelopment costs totaled \$773,373 and \$326,475 at June 30, 2018 and 2017, respectively.

(o) Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities." Under the new guidance, the existing three-category classification of net assets will be collapsed into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) will be classified in net assets with donor restrictions and expanded disclosures will be required. Additional requirements include disclosure of board-designated net assets, expanded reporting to present expenses by function and natural classification, and eliminating the disclosure of investment expenses that are netted against investment returns. ASU 2016-14 is effective for the fiscal years beginning after December 15, 2017 and early adoption is permitted. The Company has not yet evaluated the impact this adoption will have on the consolidated financial statements.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." The guidance in this ASU supersedes the leasing guidance in Topic 840, "Leases." Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows, with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 will be effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Company is currently evaluating the impact the adoption of this guidance will have on its consolidated statements of cash flows.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)," which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for fiscal years beginning after December 15, 2018. ASU 2016-18 must be applied using a retrospective transaction method with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

(p) Subsequent Events

Management has evaluated subsequent events occurring after June 30, 2018 through January 25, 2019, which is the date the consolidated financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events have occurred which require disclosure in the consolidated financial statements.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - SALE OF PROPERTY

In October 2016, HDFC acquired Bridge Community from New Destiny. On October 28, 2016, HDFC sold Bridge Community, 281 Bainbridge and Bridge Towers, consisting of 36 residential units and one superintendent's unit, to BCA for \$3,290,000, which was used to pay the following: approximately \$668,000 of closing taxes, fees and charges, New York City Employee Retirement System (NYCERS) loans of approximately \$210,000 for Bridge Community and \$198,000 for 281 Bainbridge (Note 7), NYC Department of Housing Preservation and Development ("HPD") loan of approximately \$90,000 for 281 Bainbridge (Note 7), and approximately \$526,000 to reserve and escrow accounts (Note 5). The remaining balance of \$1,598,000 was repaid to HDFC for additional rehabilitation costs of the properties sold to BCA.

In conjunction with the sale, BCA assumed a purchase money note payable to New Destiny (Note 12).

The net sales price of approximately \$3,290,000, less the net book value of assets sold of \$1,668,000, resulted in a deferred gain on sale of approximately \$1,622,000. The deferred gain on sale has been eliminated in consolidation.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property and equipment consists of the following:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|----------------------|----------------------|
| Land | \$ 4,642,528 | \$ 4,643,854 |
| Buildings and improvements | 53,953,694 | 53,881,643 |
| Furniture and equipment | 664,420 | 661,158 |
| Construction-in-progress | <u>12,791,283</u> | <u>5,990,530</u> |
| | 72,051,925 | 65,177,185 |
| Less, accumulated depreciation | <u>(10,341,804)</u> | <u>(8,872,777)</u> |
| | <u>\$ 61,710,121</u> | <u>\$ 56,304,408</u> |

Depreciation expense for the years ended June 30, 2018 and 2017 was \$1,484,878 and \$1,542,823, respectively.

NOTE 5 - ESCROWS AND RESERVES

New Destiny, Citywide, HDFC, Andrews LP, The Anderson, 291 LP, 2017 LLC, and BCA are required to maintain certain escrow and reserve accounts. Operating reserves are used for funding operating deficits of the projects and replacement reserves are used for the future improvements and replacements for the rental properties. Additionally, BCA is required to fund a construction escrow, which is held by the financial institution that services the construction loans.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - ESCROWS AND RESERVES (Continued)

Pursuant to a development agreement, New Destiny funded, for the benefit of Andrews LP, a social service reserve of \$300,000 and an operating reserve of \$135,000 from the proceeds of its developer's fees.

Escrows and reserves consist of the following as of June 30, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|------------------------|---------------------|---------------------|
| Escrows | \$ 131,518 | \$ 688,905 |
| Operating reserves | 1,054,439 | 813,541 |
| Social service reserve | 308,539 | 307,615 |
| Replacement reserves | 1,083,123 | 1,075,091 |
| Rent subsidy reserve | <u>45,000</u> | <u>45,000</u> |
| | <u>\$ 2,622,619</u> | <u>\$ 2,930,152</u> |

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017 are related to the following purposes:

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|---------------------|---------------------|
| 307 E. 54th Street | 1,731,351 | 1,794,311 |
| Marcello Manor building upgrades | 67,884 | 67,883 |
| Bridge Community building upgrades | - | 14,500 |
| Family Support Services | 7,396 | 39,897 |
| HousingLink | <u>5,332</u> | <u>69,286</u> |
| | <u>\$ 1,811,963</u> | <u>\$ 1,985,877</u> |

307 E. 54th Street was donated to New Destiny in 2006, pursuant to New York City inclusionary zoning laws, which require the building to remain as low-income housing in perpetuity. The building is being depreciated over 40 years by the Company.

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following:

| | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| Corporation for Supportive Housing (CSH), through its Supportive Housing Solutions Fund LLC, has provided a loan of up to \$400,000 for predevelopment expenditures related to the future construction of a 59-unit supportive housing development at 1071-1075 Bryant Avenue, Bronx, New York, to be known as The Bryant. The loan term ends the earlier of the closing of construction financing or August 1, 2019 and accrues interest at 6% per annum, due at maturity. | \$ 300,000 | \$ - |
| New York State Homeless Housing and Assistance Program ("HHAP") has provided a mortgage to Andrews LP which bears interest at 1% per annum. All accrued interest and principal are due on October 2058. | 3,732,450 | 3,732,450 |
| HPD has provided a mortgage to Andrews LP which bears interest at 1% per annum. All accrued interest and principal are due on October 2058. | 1,600,000 | 1,600,000 |
| HTF has provided a mortgage to The Anderson, bearing interest at 1% per annum, payable from available cash flows. The principal and any unpaid interest are due in June 2044. | 1,624,232 | 1,624,232 |
| New York State Homeless Housing and Assistance Corporation ("HHAC") has provided a mortgage to The Anderson bearing interest at 1% per annum. The principal and all accrued interest are due in August 2062. | 4,668,565 | 4,668,565 |
| HPD has provided a mortgage to The Anderson, bearing interest at 1% per annum. The principal and accrued interest are due in August 2062. | 1,000,000 | 1,000,000 |
| Federal Home Loan Bank has provided a mortgage to The Anderson, bearing interest at 1% per annum. The principal and accrued interest are due in August 2062. | 615,000 | 615,000 |
| HHAC has provided a mortgage to 291 LP, bearing interest at 6.25% per annum. The principal and any unpaid interest are due in November 2063. | 2,402,490 | 2,354,591 |
| HTF has provided to 291 LP a mortgage of \$871,987, requiring payments from available cash flows of interest only at 1% per annum, with principal and any unpaid interest due in March 2045. | 871,987 | 871,987 |

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (Continued)

| | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| HPD has provided a mortgage to 291 LP, bearing interest at .5% per annum, with principal and any unpaid interest due in June 2045. | 1,380,000 | 1,380,000 |
| HHAC has provided \$3,179,128 for construction of The Morris. The loan bears 6% interest per annum and will be due in December 2044. | 3,179,128 | 3,179,128 |
| HPD has provided \$574,830 for the construction of The Morris. The loan bears 1.25% interest per annum, with principal and accrued interest due in June 2046. | 574,830 | 574,830 |
| HPD has provided \$1,026,000 for the construction of The Morris. The loan bears .25% interest per annum, with principal and accrued interest due in June 2046. | 1,026,000 | 1,026,000 |
| HPD has provided \$1,000,000 for the construction of The Morris. The loan bears no interest, with principal due in June 2046. | 1,000,000 | 1,000,000 |
| TD Bank has committed \$8,048,436 for the construction of 902 Jennings. The loan bears interest at 2.5% above the monthly LIBOR per annum and will be due in December 2019. | 583,752 | 391,683 |
| HHAC has provided \$5,060,000 for the construction of 902 Jennings. The loan bears 1% interest per annum, with principal and accrued interest due on the 40th anniversary of the date building is approved as ready for occupancy. | 3,489,925 | 2,325,420 |
| HPD has provided \$3,424,755 for the construction of 902 Jennings. The loan bears interest at 0.25% per annum during construction. At permanent conversion, the loan will bear interest at 2.81%, and all principal and accrued interest will be due in 50 years. | 1,621,700 | - |
| Low Income Investment Fund has provided \$1,999,760 for the construction of the BCA Project. The loan bears 5.75% interest per annum during construction. At permanent closing, \$156,000 will be converted to a mortgage and \$1,843,760 will be repaid from capital contributions. The mortgage will require monthly payments of \$1,254, including interest at 5.25% per annum, with final payment due in 15 years from permanent closing. | 1,464,589 | 1,190,952 |

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (Continued)

| | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|
| HPD has committed \$365,174 for the construction and permanent financing of the BCA Project. The loan bears 1.25% interest per annum during construction. After permanent closing, the mortgage will bear interest at 1.93% per annum, compounded monthly, with annual payments of \$913 and the balance of the interest accrued and deferred. The principal and accrued interest will be due in 30 years from permanent closing. | 328,657 | - |
| HPD has provided another \$500,000 for the construction and permanent financing of the BCA Project. The loan bears .25% interest per annum during construction. After permanent closing, the mortgage will bear interest at 1.93% per annum, compounded monthly, with no annual payments. The principal and accrued interest will be due in 30 years from permanent closing. | 500,000 | 500,000 |
| HTF has provided \$439,844 for the construction and permanent financing of the BCA Project. The loan bears interest at 1.95% per annum both during construction and after permanent closing. The principal and accrued interest will be due in 30 years from permanent closing. | <u>439,844</u> | <u>439,844</u> |
| | 32,403,149 | 28,474,682 |
| Less, deferred financing costs | <u>(92,532)</u> | <u>(95,858)</u> |
| | <u>\$ 32,310,617</u> | <u>\$ 28,378,824</u> |

Currently, no mortgages have terms that require monthly payments to be made. The mortgages are collateralized by the assets of the respective properties. There are no mortgages coming due within the next five years. Interest expense for the years ended June 30, 2018 and 2017 was \$615,184 and \$514,212, respectively. For the year ended June 30, 2018, interest expense included \$3,328 of mortgage financing cost amortization.

For the fiscal year ended June 30, 2017, a \$440,000 second mortgage from HTF was converted into a grant, which is included in grants and contributions on the consolidated statement of activities.

NOTE 8 - COMMITMENT - OFFICE LEASE

New Destiny leases an office facility pursuant to a lease that expires June 30, 2020. The lease calls for initial minimum monthly payments of \$10,833, with annual increases of approximately 3% beginning in August 2011. The lease is subject to escalations and requires payment of increases in real estate taxes, and a fixed monthly water and sewer charge. Rental expense was \$162,517 and \$142,977 in 2018 and 2017, respectively.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - COMMITMENT - OFFICE LEASE (Continued)

The future minimum rental commitments are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2019 | \$ 162,249 |
| 2020 | <u>165,861</u> |
| | <u>\$ 328,110</u> |

NOTE 9 - COMMITMENT - CONSTRUCTION CONTRACTS

Entities consolidated into the Company have entered into various construction contracts totaling approximately \$22,688,000, excluding change orders, relating to capital improvements and repair work. Approximately \$7,829,000 of work has been completed as of June 30, 2018.

NOTE 10 - MANAGEMENT AGREEMENTS

New Destiny had agreements with an unrelated company for the management of Park Place, Bridge Towers, Bridge Community, 307 E 54th Street and 281 Bainbridge, which provide for payment of fees of 5% of gross rental collections. These agreements ended on May 31, 2017. For 2017 the management fee expense to this unrelated Company was \$19,046.

Andrews LP had entered into a property-management agreement with New Destiny, which provided for rental management, marketing, and repairs supervision. The fee for these services was 8% of rents collected. This agreement ended on May 31, 2017. From this fee, New Destiny paid 8% to an unrelated managing agent and the remaining 3% has been eliminated in consolidation. Management fee expense to New Destiny for 2017 was \$36,733.

The Anderson had an agreement with an unrelated managing agent for certain rental management and administrative services. The fee for these services was 5% of rents collected. This agreement ended on May 31, 2017. Management fee expense to these unrelated managing agents for 2017 was \$23,236.

291 LP had an agreement with an unrelated managing agent for certain rental management and administrative services. The fee for these services was 5% of rents collected. This agreement ended on May 31, 2017. Management fee expense to this unrelated managing agent for 2017 was \$15,022.

2017 LLC had an agreement with an unrelated managing agent for certain rental management and administrative services. The fee for these services was 5% of rents collected. This agreement ended on May 31, 2017. Management fee expense to this unrelated managing agent for 2017 was \$24,440.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - MANAGEMENT AGREEMENTS (Continued)

The Company has entered into management agreements with an unrelated company beginning on June 1, 2017, which provide for rental management and administrative services. The agreements were made for 307 E 54th Street, Andrews LP, The Anderson, 291 LP, 2017 LLC, Park Place and BCA. The fees for these services is 8% of rents collected. Management fee expense to this unrelated company for 2018 and 2017 was \$193,536 and \$15,439, respectively.

NOTE 11 - HOUSING LEASES

CityWide has entered into an operating lease for the Prelude property with Safe Horizon, a not-for-profit corporation. The lease provided for monthly payments of \$18,750 beginning June 2012, with a 2% increase every two years through May 2022.

CityWide also entered into an operating lease for the Lily House property with Safe Horizon. The lease provides for monthly payments of \$6,110 beginning November 2005, with a 2% increases every two years through October 2019.

Minimum rental payments due from Safe Horizon are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2019 | \$ 321,352 |
| 2020 | 322,853 |
| 2021 | 271,652 |
| 2022 | <u>223,278</u> |
| | <u>\$ 1,139,135</u> |

The accompanying consolidated statements of activities reflect rental income from Safe Horizon on a straight-line basis over the terms of the leases. Rental income for the years ended June 30, 2018 and 2017 was \$312,784 and \$306,397, respectively.

NOTE 12 - RELATED PARTY TRANSACTIONS

New Destiny receives development, property management and related fees for its services from Citywide, HDFC, Andrews LP, The Anderson, 291 LP, 2017 LLC, BCA and 902 Owner. All of the following related party transactions are eliminated in consolidation.

Andrews LP is required to pay New Destiny a partnership management fee of \$20,000 per annum, beginning in 2008 and increasing 3% each year, payable from available cash flows. For the years ended June 30, 2018 and 2017, fees of \$26,095 and \$25,715, respectively, have been incurred.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - RELATED PARTY TRANSACTIONS (Continued)

The Anderson is required to pay 1070 GP a noncumulative partnership management fee equal to \$3,000 per annum, commencing in 2012. The fee is paid from available cash flows and is adjusted annually by the increase in the consumer price index. For the years ended June 30, 2018 and 2017, fees of \$3,218 and \$-, respectively, have been incurred. The Anderson is also required to pay New Destiny a noncumulative administrative service fee equal to \$12,000 per annum, commencing in 2016. For each of the years ended June 30, 2018 and 2017, a fee of \$12,000 has been incurred.

291 LP is required to pay 291 GP a cumulative partnership management fee equal to \$10,000 per annum, commencing in 2014. The fee is paid from available cash flows. For each of the years ended June 30, 2018 and 2017, a fee of \$10,000 has been incurred. 291 LP is also required to pay New Destiny a noncumulative administrative service fee equal to \$9,300 per annum, commencing in 2016. For each of the years ended June 30, 2018 and 2017, a fee of \$9,300 has been incurred.

2017 LLC is required to pay 2017 GP a noncumulative company administrative fee equal to \$10,000 per annum, commencing in 2015. The fee is paid from available cash flows and is adjusted annually by the increase in the consumer price index. For the years ended June 30, 2018 and 2017, fees of \$10,000 and \$- have been incurred. 2017 LLC is also required to pay New Destiny a noncumulative administrative services fee equal to \$15,000 per annum, commencing in 2016. For each of the years ended June 30, 2018 and 2017, a fee of \$15,000 has been incurred. 2017 LLC also pays New Destiny a social service fee of \$22,500 per annum and a noncumulative fee up to \$67,790 from available cash flows, commencing in 2015 and increasing by CPI each year. For the years ended June 30, 2018 and 2017, social service fees of \$95,113 and \$81,189, respectively, have been incurred.

BCA incurred a purchase money note payable to New Destiny in the amount of \$2,750,414 which was used for the acquisition of the Project's four buildings. The note bears interest at 1.95% per annum, compounded annually. The principal and accrued interest will be due in 30 years from permanent closing. The principal balance of \$2,750,414, due June 30, 2018, is included in long-term debt. Interest capitalized for the years ended June 30, 2018 and 2017 was \$36,220 and \$35,755, respectively.

BCA is required to pay New Destiny a development fee of \$800,000, of which \$200,000 has been earned and paid at June 30, 2017. The balance of the fee will be earned at construction completion. Future investor members' capital contributions will pay \$485,000 of the remaining fee, and \$115,000 will be deferred and bear interest at 8%, to be paid from available cash flow by December 31, 2032.

BCA is required to pay BCA MM a company administrative fee of \$11,000 per annum, increasing 3% annually. For the years ended June 30, 2018 and 2017, fees of \$11,495 and \$7,498, respectively, have been incurred.

(continued)

NEW DESTINY HOUSING CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - RELATED PARTY TRANSACTIONS (Continued)

902 Owner is required to pay New Destiny a development fee of \$2,014,810, of which \$774,298 has been earned as of June 30, 2018. The balance of the fee will be earned incrementally based on the percentage of construction completed. Future investor members' capital contributions will pay \$1,035,512 of the remaining fee, and \$205,000 will be deferred and bear interest at 8%, to be paid from available cash flow by December 31, 2032. 902 Owner incurred a note payable to New Destiny for ongoing construction costs. As of June 30, 2018, \$64,050 is payable. No interest was incurred for the year ended June 30, 2018.

New Destiny charges an asset management fee on the Prelude Project and Lily House for the ongoing tenant support service provided.

NOTE 13 - CONTINGENCY

307 E. 54th Street was donated to New Destiny in 2006, pursuant to New York City inclusionary zoning laws, which require the building to remain as low-income housing in perpetuity.

The New York State Office of Temporary and Disability Assistance (NYSOTDA) has perfected its beneficial interest in Lily House by having CityWide execute a grant enforcement note for \$4,000,000 secured by a mortgage lien on the property. Under the terms of the enforcement lien, the property must remain as low-income housing during the restriction period, which ends August 2030.

HPD has perfected its interest in Lily House by having CityWide execute a grant enforcement note for \$1,000,000 secured by a mortgage lien on the property. Under the terms of the enforcement lien the property must remain low-income housing until June 2033.

New Destiny is contingency liable for certain construction completion and operating performance benchmarks as regards their general partner interest in certain limited partnerships.

New Destiny contracted to pay a consulting fee to New Hope Morris Housing Development Fund Corporation, in an amount equal to \$392,500, which represents 50% of the developer fees earned on 2017 LLC. For the year ended June 30, 2017, the remaining balance of \$107,500 was paid.

SUPPLEMENTARY FINANCIAL INFORMATION

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

| | NEW DESTINY HOUSING CORPORATION | CITYWIDE SUPPORTIVE HOUSING, INC. | CITYWIDE SUPPORTIVE HOUSING DEVELOPMENT FUND CORPORATION | REAL ESTATE AFFILIATES | ELIMINATIONS | TOTAL |
|---|---------------------------------------|---|---|---------------------------|-----------------------|----------------------|
| REAL ESTATE | | | | | | |
| Land | \$ - | \$ 369,267 | \$ - | \$ 4,696,400 | \$ (423,139) | \$ 4,642,528 |
| Buildings and improvements | 155,739 | 7,331,529 | 2,547,600 | 45,116,603 | (1,197,777) | 53,953,694 |
| Furniture and equipment | 87,019 | 963 | 36,429 | 540,009 | - | 664,420 |
| Construction-in-progress | - | - | - | 13,113,128 | (321,845) | 12,791,283 |
| Less, accumulated depreciation | (164,891) | (2,718,991) | (832,267) | (6,675,562) | 49,907 | (10,341,804) |
| Net Real Estate | <u>77,867</u> | <u>4,982,768</u> | <u>1,751,762</u> | <u>56,790,578</u> | <u>(1,892,854)</u> | <u>61,710,121</u> |
| OTHER ASSETS | | | | | | |
| Cash - operations | 1,939,357 | 62,004 | 99,817 | 2,117,640 | - | 4,218,818 |
| Restricted cash | - | - | - | 300,715 | - | 300,715 |
| Rent receivable | 13,641 | - | 10,392 | 310,159 | - | 334,192 |
| Deferred rent receivable | - | 57,064 | - | - | - | 57,064 |
| Fees receivable | 665,588 | - | - | - | (665,588) | - |
| Grants receivable | 360,030 | - | - | - | - | 360,030 |
| Note receivable | - | - | 2,750,414 | - | (2,750,414) | - |
| Prepaid expenses and other assets | 38,516 | - | 6,700 | 152,241 | - | 197,457 |
| Tenant security deposits | 5,787 | 14,155 | 5,061 | 112,068 | - | 137,071 |
| Escrows | - | - | - | 552 | - | 552 |
| Rent subsidy reserve | - | - | - | 45,000 | - | 45,000 |
| Construction escrows | - | - | - | 130,966 | - | 130,966 |
| Replacement reserves | 7,472 | 522,905 | 8,275 | 544,471 | - | 1,083,123 |
| Operating reserves | 466,150 | - | 250,288 | 646,540 | - | 1,362,978 |
| Predevelopment costs | 773,373 | - | - | - | - | 773,373 |
| Deposits | 40,000 | - | 8,771 | 18,144 | - | 66,915 |
| Deferred costs, less accumulated amortization | - | - | - | 153,618 | - | 153,618 |
| Loans receivable - related party | 1,731,593 | 24,928 | 480,866 | 66 | (2,237,453) | - |
| TOTAL ASSETS | <u>\$ 6,119,374</u> | <u>\$ 5,663,824</u> | <u>\$ 5,372,346</u> | <u>\$ 61,322,758</u> | <u>\$ (7,546,309)</u> | <u>\$ 70,931,993</u> |

LIABILITIES AND NET ASSETS

| | | | | | | |
|---|---------------------|---------------------|---------------------|----------------------|-----------------------|----------------------|
| LIABILITIES | | | | | | |
| Long-term debt - net | \$ 300,000 | \$ - | \$ - | \$ 32,010,617 | \$ - | \$ 32,310,617 |
| Construction costs payable | - | - | - | - | - | - |
| Due to developer | - | - | - | 1,361,104 | (1,361,104) | - |
| Recoverable grant | 80,000 | - | - | - | - | 80,000 |
| Loans payable - related parties | (13,535) | 46,093 | 430,266 | 431,019 | (893,843) | - |
| Accrued interest payable | 17,050 | - | - | 2,798,588 | - | 2,815,638 |
| Note payable - related parties | - | - | - | 2,814,464 | (2,814,464) | - |
| Accounts payable | 50,741 | 85,203 | 9,010 | 1,804,464 | (467,610) | 1,481,808 |
| Prepaid rent | 5,050 | - | - | 84,592 | - | 89,642 |
| Deferred gain | - | - | 1,620,916 | - | (1,620,916) | - |
| Tenant security deposits payable | 5,787 | 14,936 | 14,455 | 112,554 | - | 147,732 |
| Total Liabilities | <u>445,093</u> | <u>146,232</u> | <u>2,074,647</u> | <u>41,417,402</u> | <u>(7,157,937)</u> | <u>36,925,437</u> |
| NET ASSETS (DEFICIT) | | | | | | |
| Unrestricted | 5,593,669 | 5,517,592 | 1,566,348 | 928 | (388,372) | 12,290,165 |
| Unrestricted noncontrolling ownership interests | - | - | - | 19,904,428 | - | 19,904,428 |
| Temporarily restricted | 80,612 | - | 1,731,351 | - | - | 1,811,963 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 6,119,374</u> | <u>\$ 5,663,824</u> | <u>\$ 5,372,346</u> | <u>\$ 61,322,758</u> | <u>\$ (7,546,309)</u> | <u>\$ 70,931,993</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

| | NEW DESTINY HOUSING CORPORATION | CITYWIDE SUPPOSTIVE HOUSING, INC. | CITYWIDE SUPPOSTIVE HOUSING DEVELOPMENT FUND CORPORATION | REAL ESTATE AFFILIATES | ELIMINATIONS | TOTAL |
|---|---------------------------------------|---|---|---------------------------|---------------------|----------------------|
| UNRESTRICTED NET ASSETS: | | | | | | |
| PUBLIC SUPPORT AND REVENUES: | | | | | | |
| Grants and contributions | \$ 1,318,669 | \$ - | \$ - | \$ - | \$ - | \$ 1,318,669 |
| Special events, net of expenses of \$32,164 | 214,538 | - | - | - | - | 214,538 |
| Rental income | 71,120 | 312,784 | 100,018 | 2,266,105 | - | 2,750,027 |
| Property management | 312,396 | - | - | - | (312,396) | - |
| Developer fees | 321,845 | - | - | - | (321,845) | - |
| Interest income | 3,372 | - | - | 4,693 | - | 8,065 |
| Other income | 112,598 | - | 34,483 | 36,319 | (111,878) | 71,522 |
| | <u>2,354,538</u> | <u>312,784</u> | <u>134,501</u> | <u>2,307,117</u> | <u>(746,119)</u> | <u>4,362,821</u> |
| Net assets released from restrictions | 123,683 | - | 62,959 | - | - | 186,642 |
| Total Public Support and Revenue | <u>2,478,221</u> | <u>312,784</u> | <u>197,460</u> | <u>2,307,117</u> | <u>(746,119)</u> | <u>4,549,463</u> |
| FUNCTIONAL EXPENSES: | | | | | | |
| Housing and management services | 466,657 | 471,266 | 168,383 | 3,893,377 | (454,219) | 4,545,464 |
| Social services | 1,108,137 | - | - | - | - | 1,108,137 |
| Management and general | 283,356 | - | - | - | - | 283,356 |
| Fund-raising | 211,713 | - | - | - | - | 211,713 |
| Total Functional Expenses | <u>2,069,863</u> | <u>471,266</u> | <u>168,383</u> | <u>3,893,377</u> | <u>(454,219)</u> | <u>6,148,670</u> |
| CHANGE IN UNRESTRICTED NET ASSETS | <u>408,358</u> | <u>(158,482)</u> | <u>29,077</u> | <u>(1,586,260)</u> | <u>(291,900)</u> | <u>(1,599,207)</u> |
| TEMPORARILY RESTRICTED NET ASSETS | | | | | | |
| Grants | 12,728 | - | - | - | - | 12,728 |
| Net assets released from restrictions | (123,683) | - | (62,959) | - | - | (186,642) |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | <u>(110,955)</u> | <u>-</u> | <u>(62,959)</u> | <u>-</u> | <u>-</u> | <u>(173,914)</u> |
| TOTAL CHANGE IN NET ASSETS | <u>297,403</u> | <u>(158,482)</u> | <u>(33,882)</u> | <u>(1,586,260)</u> | <u>(291,900)</u> | <u>(1,773,121)</u> |
| NONCONTROLLING OWNERSHIP INTERESTS | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,586,099)</u> | <u>-</u> | <u>(1,586,099)</u> |
| CONTROLLING INTEREST | <u>297,403</u> | <u>(158,482)</u> | <u>(33,882)</u> | <u>(161)</u> | <u>(291,900)</u> | <u>(187,022)</u> |
| Beginning of year | <u>5,376,878</u> | <u>5,676,074</u> | <u>3,331,581</u> | <u>1,089</u> | <u>(96,472)</u> | <u>14,289,150</u> |
| End of year | <u>\$ 5,674,281</u> | <u>\$ 5,517,592</u> | <u>\$ 3,297,699</u> | <u>\$ 928</u> | <u>\$ (388,372)</u> | <u>\$ 14,102,128</u> |
| NONCONTROLLING OWNERSHIP INTERESTS | | | | | | |
| Beginning of year | \$ - | \$ - | \$ - | \$ 19,587,114 | \$ - | \$ 19,587,114 |
| Capital contribution | - | - | - | 1,903,413 | - | 1,903,413 |
| Capital distribution | - | - | - | - | - | - |
| End of year | \$ - | \$ - | \$ - | \$ 19,904,428 | \$ - | \$ 19,904,428 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF FINANCIAL POSITION BY PROJECT
NEW DESTINY HOUSING CORPORATION

JUNE 30, 2018

ASSETS

| | GENERAL | PARK PLACE | BRIDGE COMMUNITY | ELIMINATIONS | TOTAL |
|------------------------------------|---------------------|-------------------|---------------------|--------------------|---------------------|
| REAL ESTATE | | | | | |
| Land | \$ - | \$ - | \$ - | \$ - | \$ - |
| Buildings and improvements | 64,528 | 91,211 | - | - | 155,739 |
| Furniture and equipment | 84,534 | 2,485 | - | - | 87,019 |
| Less, accumulated depreciation | <u>(100,665)</u> | <u>(64,226)</u> | <u>-</u> | <u>-</u> | <u>(164,891)</u> |
| Net Real Estate | <u>48,397</u> | <u>29,470</u> | <u>-</u> | <u>-</u> | <u>77,867</u> |
| OTHER ASSETS | | | | | |
| Cash | 1,892,124 | 47,233 | - | - | 1,939,357 |
| Cash transfers | - | - | - | - | - |
| Rent receivable | - | 13,641 | - | - | 13,641 |
| Fees receivable | 665,588 | - | - | - | 665,588 |
| Grants receivable | 360,030 | - | - | - | 360,030 |
| Prepaid expenses and other assets | 38,517 | (1) | - | - | 38,516 |
| Tenant security deposits | - | 5,787 | - | - | 5,787 |
| Replacement reserves | - | 7,472 | - | - | 7,472 |
| Operating reserves | 466,150 | - | - | - | 466,150 |
| Predevelopment costs | 773,373 | - | - | - | 773,373 |
| Deposits | 40,000 | - | - | - | 40,000 |
| Loans receivable - related parties | <u>1,773,719</u> | <u>1</u> | <u>-</u> | <u>(42,127)</u> | <u>1,731,593</u> |
| TOTAL ASSETS | <u>\$ 6,057,898</u> | <u>\$ 103,603</u> | <u>\$ -</u> | <u>\$ (42,127)</u> | <u>\$ 6,119,374</u> |

LIABILITIES AND NET ASSETS

| | | | | | |
|----------------------------------|---------------------|-------------------|-------------|--------------------|---------------------|
| LIABILITIES | | | | | |
| Long-term debt - net | \$ 300,000 | \$ - | \$ - | \$ - | \$ 300,000 |
| Recoverable grant | 80,000 | - | - | - | 80,000 |
| Loans payable - related parties | - | 28,592 | - | (42,127) | (13,535) |
| Accrued interest payable | 17,050 | - | - | - | 17,050 |
| Accounts payable | 49,412 | 1,329 | - | - | 50,741 |
| Prepaid rent | - | 5,050 | - | - | 5,050 |
| Tenant security deposits payable | <u>-</u> | <u>5,787</u> | <u>-</u> | <u>-</u> | <u>5,787</u> |
| Total Liabilities | 446,462 | 40,758 | - | (42,127) | 445,093 |
| NET ASSETS | | | | | |
| Unrestricted | 5,530,824 | 62,845 | - | - | 5,593,669 |
| Temporarily restricted | <u>80,612</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>80,612</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 6,057,898</u> | <u>\$ 103,603</u> | <u>\$ -</u> | <u>\$ (42,127)</u> | <u>\$ 6,119,374</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF ACTIVITIES BY PROJECT
NEW DESTINY HOUSING CORPORATION

FOR THE YEAR ENDED JUNE 30, 2018

| | GENERAL | PARK PLACE | BRIDGE COMMUNITY | ELIMINATIONS | TOTAL |
|--|---------------------|------------------|---------------------|--------------|---------------------|
| UNRESTRICTED NET ASSETS: | | | | | |
| PUBLIC SUPPORT AND REVENUES: | | | | | |
| Grants and contributions | \$ 1,318,669 | \$ - | \$ - | \$ - | \$ 1,318,669 |
| Special events, net of expenses of \$32,164 | 214,538 | - | - | - | 214,538 |
| Rental income | - | 71,120 | - | - | 71,120 |
| Property management | 312,396 | - | - | - | 312,396 |
| Developer fees | 321,845 | - | - | - | 321,845 |
| Interest income | 3,372 | - | - | - | 3,372 |
| Other income | 95,831 | - | 16,767 | - | 112,598 |
| | <u>2,266,651</u> | <u>71,120</u> | <u>16,767</u> | <u>-</u> | <u>2,354,538</u> |
| Net assets released from restrictions | 123,683 | - | - | - | 123,683 |
| Total Public Support and Revenue | <u>2,390,334</u> | <u>71,120</u> | <u>16,767</u> | <u>-</u> | <u>2,478,221</u> |
| FUNCTIONAL EXPENSES | | | | | |
| Housing and management services | 403,561 | 63,096 | - | - | 466,657 |
| Social services | 1,108,137 | - | - | - | 1,108,137 |
| Management and general | 283,356 | - | - | - | 283,356 |
| Fund-raising | 211,713 | - | - | - | 211,713 |
| Total Functional Expenses | <u>2,006,767</u> | <u>63,096</u> | <u>-</u> | <u>-</u> | <u>2,069,863</u> |
| CHANGE IN UNRESTRICTED NET ASSETS | <u>383,567</u> | <u>8,024</u> | <u>16,767</u> | <u>-</u> | <u>408,358</u> |
| TEMPORARILY RESTRICTED NET ASSETS | | | | | |
| Grants | 12,728 | - | - | - | 12,728 |
| Net assets released from restrictions | (123,683) | - | - | - | (123,683) |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | <u>(110,955)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(110,955)</u> |
| NET ASSETS | | | | | |
| Beginning of year | 5,338,824 | 54,821 | (16,767) | - | 5,376,878 |
| End of year | <u>\$ 5,611,436</u> | <u>\$ 62,845</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,674,281</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF FINANCIAL POSITION BY PROJECT
CITYWIDE SUPPORTIVE HOUSING, INC.

JUNE 30, 2018

ASSETS

| | PRELUDE | LILY HOUSE | ELIMINATIONS | TOTAL |
|------------------------------------|-------------------|---------------------|--------------------|---------------------|
| REAL ESTATE | | | | |
| Land | \$ 175,000 | \$ 194,267 | \$ - | \$ 369,267 |
| Buildings and improvements | 1,263,502 | 6,068,027 | - | 7,331,529 |
| Furniture and equipment | 963 | - | - | 963 |
| Less, accumulated depreciation | (848,480) | (1,870,511) | - | (2,718,991) |
| Net Real Estate | <u>590,985</u> | <u>4,391,783</u> | <u>-</u> | <u>4,982,768</u> |
| OTHER ASSETS | | | | |
| Cash | 51,594 | 10,410 | - | 62,004 |
| Deferred rent receivable | 27,365 | 29,699 | - | 57,064 |
| Tenant security deposits | - | 14,155 | - | 14,155 |
| Replacement reserves | 146,805 | 376,100 | - | 522,905 |
| Loans receivable - related parties | 12,160 | 24,928 | (12,160) | 24,928 |
| TOTAL ASSETS | <u>\$ 828,909</u> | <u>\$ 4,847,075</u> | <u>\$ (12,160)</u> | <u>\$ 5,663,824</u> |

LIABILITIES AND NET ASSETS

| | | | | |
|----------------------------------|-------------------|---------------------|--------------------|---------------------|
| LIABILITIES | | | | |
| Loans payable - related parties | \$ 14,408 | \$ 43,845 | \$ (12,160) | \$ 46,093 |
| Accounts payable | 61,640 | 23,563 | - | 85,203 |
| Tenant security deposits payable | - | 14,936 | - | 14,936 |
| Total Liabilities | <u>76,048</u> | <u>82,344</u> | <u>(12,160)</u> | <u>146,232</u> |
| NET ASSETS | | | | |
| Unrestricted | <u>752,861</u> | <u>4,764,731</u> | <u>-</u> | <u>5,517,592</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 828,909</u> | <u>\$ 4,847,075</u> | <u>\$ (12,160)</u> | <u>\$ 5,663,824</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF ACTIVITIES BY PROJECT
CITYWIDE SUPPORTIVE HOUSING, INC.

FOR THE YEAR ENDED JUNE 30, 2018

| | PRELUDE | LILY HOUSE | ELIMINATIONS | TOTAL |
|--------------------------------------|-------------------|---------------------|--------------|---------------------|
| UNRESTRICTED NET ASSETS: | | | | |
| PUBLIC SUPPORT AND REVENUES: | | | | |
| Rental income | \$ 234,486 | \$ 78,298 | \$ - | \$ 312,784 |
| Total Public Support and Revenue | <u>234,486</u> | <u>78,298</u> | <u>-</u> | <u>312,784</u> |
| FUNCTIONAL EXPENSES | | | | |
| Housing and management services | 258,602 | 212,664 | - | 471,266 |
| Total Functional Expenses | <u>258,602</u> | <u>212,664</u> | <u>-</u> | <u>471,266</u> |
| CHANGE IN UNRESTRICTED NET ASSETS | <u>(24,116)</u> | <u>(134,366)</u> | <u>-</u> | <u>(158,482)</u> |
| NET ASSETS | | | | |
| Beginning of the year | <u>776,977</u> | <u>4,899,097</u> | <u>-</u> | <u>5,676,074</u> |
| End of year | <u>\$ 752,861</u> | <u>\$ 4,764,731</u> | <u>\$ -</u> | <u>\$ 5,517,592</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF FINANCIAL POSITION BY PROJECT
CITYWIDE SUPPORTIVE HOUSING DEVELOPMENT FUND CORPORATION

JUNE 30, 2018

ASSETS

| | 281 BAINBRIDGE | BRIDGE TOWERS | 307 EAST 54TH STREET | BRIDGE COMMUNITY | HDFC CORPORATE | ELIMINATIONS | TOTAL |
|---|-------------------|-------------------|-------------------------|---------------------|-------------------|--------------------|---------------------|
| REAL ESTATE | | | | | | | |
| Land | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Buildings and improvement | - | - | 2,547,600 | - | - | - | 2,547,600 |
| Furniture and equipment | - | 35,429 | - | 1,000 | - | - | 36,429 |
| Construction-in-progress | - | - | - | - | - | - | - |
| Less, accumulated depreciator | - | (33,377) | (798,340) | (550) | - | - | (832,267) |
| Net Real Estate | - | 2,052 | 1,749,260 | 450 | - | - | 1,751,762 |
| OTHER ASSETS | | | | | | | |
| Cash-operations | - | - | 99,817 | - | - | - | 99,817 |
| Rent receivable | - | - | 10,392 | - | - | - | 10,392 |
| Notes receivable | - | - | - | 2,750,414 | - | - | 2,750,414 |
| Prepaid expenses and other assets | - | - | 6,700 | - | - | - | 6,700 |
| Tenant security deposits | - | - | 5,061 | - | - | - | 5,061 |
| Escrows | - | - | - | - | - | - | - |
| Replacement reserves | - | - | 8,275 | - | - | - | 8,275 |
| Operating reserves | - | - | - | - | 250,288 | - | 250,288 |
| Deposits | 1,500 | 2,195 | 5,076 | - | - | - | 8,771 |
| Deferred costs, less accumulated amortization | - | - | - | - | - | - | - |
| Loans receivables - related parties | 184,242 | 141,330 | 10,198 | 80,072 | 83,000 | (17,976) | 480,866 |
| TOTAL ASSETS | \$ 185,742 | \$ 145,577 | \$ 1,894,779 | \$ 2,830,936 | \$ 333,288 | \$ (17,976) | \$ 5,372,346 |

LIABILITIES AND NET ASSETS

| | | | | | | | |
|---|-------------------|-------------------|---------------------|---------------------|-------------------|--------------------|---------------------|
| LIABILITIES | | | | | | | |
| Long-term debt - net | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Loans payable - related parties | 40,839 | (58,403) | 93,114 | 39,404 | 333,288 | (17,976) | 430,266 |
| Accounts payable | - | - | 8,495 | - | 515 | - | 9,010 |
| Deferred gain | (650,065) | (594,145) | - | 2,865,126 | - | - | 1,620,916 |
| Tenant security deposits payable | 9,379 | - | 5,076 | - | - | - | 14,455 |
| Total Liabilities: | (599,847) | (652,548) | 106,685 | 2,904,530 | 333,803 | (17,976) | 2,074,647 |
| NET ASSETS | | | | | | | |
| Unrestricted | 785,589 | 798,125 | 56,743 | (73,594) | (515) | - | 1,566,348 |
| Temporarily restricted | - | - | 1,731,351 | - | - | - | 1,731,351 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 185,742 | \$ 145,577 | \$ 1,894,779 | \$ 2,830,936 | \$ 333,288 | \$ (17,976) | \$ 5,372,346 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF ACTIVITIES BY PROJECT
CITYWIDE SUPPORTIVE HOUSING DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED JUNE 30, 2018

| | 281 BAINBRIDGE | BRIDGE TOWERS | 307 EAST 54TH STREET | BRIDGE COMMUNITY | HDFC CORPORATE | ELIMINATIONS | TOTAL |
|--|-------------------|-------------------|-------------------------|---------------------|-------------------|--------------|------------------|
| UNRESTRICTED NET ASSETS: | | | | | | | |
| PUBLIC SUPPORT AND REVENUES | | | | | | | |
| Rental income | \$ - | \$ - | \$ 100,018 | \$ - | \$ - | \$ - | 100,018 |
| Grant income | - | - | - | - | - | - | - |
| Other income | 10,518 | 16,922 | 1,281 | 5,762 | - | - | 34,483 |
| Total Public Support and Revenue | 10,518 | 16,922 | 101,299 | 5,762 | - | - | 134,501 |
| Net assets released from restrictions | | | 62,959 | | | | 62,959 |
| | 10,518 | 16,922 | 164,258 | 5,762 | - | - | 197,460 |
| FUNCTIONAL EXPENSES | | | | | | | |
| Housing and management services | 2,059 | 655 | 148,289 | 16,865 | 515 | - | 168,383 |
| Total Functional Expenses | 2,059 | 655 | 148,289 | 16,865 | 515 | - | 168,383 |
| CHANGE IN UNRESTRICTED NET ASSETS | 8,459 | 16,267 | 15,969 | (11,103) | (515) | - | 29,077 |
| TEMPORARILY RESTRICTED NET ASSETS | | | | | | | |
| Net assets released from restrictions | - | - | (62,959) | | | | (62,959) |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | - | - | (62,959) | | - | - | (62,959) |
| NET ASSETS | | | | | | | |
| Beginning of year | 777,130 | 781,858 | 1,835,084 | (62,491) | - | - | 3,331,581 |
| End of year | <u>\$ 785,589</u> | <u>\$ 798,125</u> | <u>\$ 1,788,094</u> | <u>\$ (73,594)</u> | <u>\$ (515)</u> | <u>\$ -</u> | <u>3,297,699</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES
SCHEDULE OF FINANCIAL POSITION OF REAL ESTATE AFFILIATES

JUNE 30, 2018

ASSETS

| | ANDREWS AVE ASSOCIATES, L.P. | CITYWIDE ANDRES ASSOCIATES, INC. | 1070 ANDERSON AVENUE LP | 1070 ANDERSON AVE. GP | 291 BAINBRIDGE LP | 291 BAINBRIDGE GP CORP. | 2017 MORRIS AVE. OWNER LLC | 2017 MORRIS AVE. CORP. | 902 JENNINGS STREET HDFC | 902 JENNINGS STREET OWNER LLC | 902 JENNINGS GP | BRIDGE COMMUNITY ASSOCIATES LLC | BRIDGE COMMUNITY ASSOCIATES MM INC. | ELIMINATIONS | TOTAL |
|---|------------------------------------|--|-------------------------------|-----------------------------|-------------------------|-------------------------------|----------------------------------|------------------------------|--------------------------------|-------------------------------------|--------------------|---------------------------------------|---|--------------------|----------------------|
| REAL ESTATE | | | | | | | | | | | | | | | |
| Land | \$ 541,500 | \$ - | \$ 1,588,310 | \$ - | \$ 693,090 | \$ - | \$ 928,500 | \$ - | \$ - | \$ - | \$ - | \$ 945,000 | \$ - | \$ - | \$ 4,696,400 |
| Buildings and improvements | 9,746,387 | - | 12,364,394 | - | 8,834,756 | - | 11,496,156 | - | - | - | - | 2,675,000 | - | - | 45,116,603 |
| Furniture and equipment | 296,091 | - | 29,793 | - | 11,560 | - | 202,565 | - | - | - | - | - | - | - | 540,009 |
| Construction-in-progress | - | - | - | - | - | - | - | - | - | 8,373,073 | - | 4,740,055 | - | - | 13,113,128 |
| Less, accumulated depreciation | (2,384,068) | - | (1,819,223) | - | (1,117,636) | - | (1,215,169) | - | - | - | - | (139,466) | - | - | (6,675,562) |
| Net Real Estate | 8,199,910 | - | 12,163,184 | - | 8,421,770 | - | 11,412,052 | - | - | 8,373,073 | - | 8,220,589 | - | - | 56,790,578 |
| OTHER ASSETS | | | | | | | | | | | | | | | |
| Cash - operations | 603,143 | - | 614,802 | - | 271,432 | - | 456,833 | - | - | - | - | 171,430 | - | - | 2,117,640 |
| Restricted cash | - | - | - | - | - | - | - | - | - | - | - | 19,943 | - | - | 300,715 |
| Rent receivable | 76,941 | - | 56,072 | - | 35,703 | - | 47,476 | - | - | 280,772 | - | 93,967 | - | - | 310,159 |
| Fees receivable | - | 20,000 | - | - | - | 20,000 | - | - | - | - | - | - | - | (40,000) | - |
| Prepaid expenses and other assets | - | 152,138 | - | (128) | - | (166) | - | - | - | - | - | - | (2) | 593 | 152,241 |
| Tenant security deposits | 29,946 | - | 17,637 | - | 11,538 | - | 25,515 | (194) | - | - | - | 27,432 | - | - | 112,068 |
| Construction escrows | - | - | - | - | - | - | - | - | - | - | - | 130,966 | - | - | 130,966 |
| Escrows | - | - | - | - | - | - | - | - | - | 552 | - | - | - | - | 552 |
| Replacement reserves | 128,864 | - | 223,755 | - | 160,022 | - | 31,830 | - | - | - | - | - | - | - | 544,471 |
| Operating reserves | 114,347 | - | 221,901 | - | 130,968 | - | 179,324 | - | - | - | - | - | - | - | 646,540 |
| Rent subsidy reserve | - | - | - | - | - | - | 45,000 | - | - | - | - | - | - | - | 45,000 |
| Predevelopment costs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits | 15,105 | - | 70 | - | (296) | - | 3,060 | - | - | - | - | 205 | - | - | 18,144 |
| Deferred costs, less accumulated amortization | 11,281 | - | 45,379 | - | 66,803 | - | 30,155 | - | - | - | - | - | - | - | 153,618 |
| Loans receivable - related party | (7,838) | - | 3,135 | - | 3,700 | - | - | - | - | - | - | 1,069 | - | - | 66 |
| TOTAL ASSETS | \$ 9,171,699 | \$ 172,138 | \$ 13,345,935 | \$ (128) | \$ 9,101,640 | \$ 19,834 | \$ 12,231,245 | \$ (194) | \$ - | \$ 8,654,397 | \$ - | \$ 8,665,601 | \$ (2) | \$ (39,407) | \$ 61,322,758 |

LIABILITIES AND NET ASSETS

| | | | | | | | | | | | | | | | |
|---|---------------------|-------------------|----------------------|-----------------|---------------------|------------------|----------------------|-----------------|-------------|---------------------|-------------|---------------------|---------------|--------------------|----------------------|
| LIABILITIES | | | | | | | | | | | | | | | |
| Long-term debt - net | \$ 5,315,832 | \$ - | \$ 7,885,936 | \$ - | \$ 4,638,686 | \$ - | \$ 5,741,696 | \$ - | \$ - | \$ 5,695,377 | \$ - | \$ 2,733,090 | \$ - | \$ - | \$ 32,010,617 |
| Construction costs payable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Due to developer | 255,192 | - | 390,827 | - | 314,095 | - | 79,145 | - | - | 321,845 | - | - | - | - | 1,361,104 |
| Loans payable - related parties | (26,416) | 150,939 | (366) | - | 8,925 | - | 46,033 | - | (1,067) | - | - | 252,971 | - | - | 431,019 |
| Accrued interest payable | 542,216 | - | 360,794 | - | 797,995 | - | 972,738 | - | - | 31,139 | - | 93,706 | - | - | 2,798,588 |
| Notes payable - related parties | - | - | - | - | - | - | - | - | - | 64,050 | - | 2,750,414 | - | - | 2,814,464 |
| Accounts payable | 75,330 | 20,444 | 48,954 | 162 | 23,274 | 20,108 | 108,763 | 54 | (100) | 1,140,663 | - | 406,812 | - | (40,000) | 1,804,464 |
| Prepaid rent | 7,595 | - | 3,117 | - | 10,632 | - | 39,276 | - | - | 23,972 | - | 23,972 | - | - | 84,592 |
| Tenant security deposits payable | 29,946 | - | 17,619 | - | 11,538 | - | 25,829 | - | - | - | - | 27,622 | - | - | 112,554 |
| Total Liabilities | 6,199,695 | 171,383 | 8,706,881 | 162 | 5,805,145 | 20,108 | 7,013,480 | 54 | (1,167) | 7,253,074 | - | 6,288,587 | - | (40,000) | 41,417,402 |
| NET ASSETS (DEFICIT) | | | | | | | | | | | | | | | |
| Unrestricted | 355 | 755 | 403 | (290) | (167) | (274) | (195) | (248) | - | - | - | (2) | (2) | 593 | 928 |
| Unrestricted noncontrolling ownership interests | 2,971,649 | - | 4,638,651 | - | 3,296,662 | - | 5,217,960 | - | 1,167 | 1,401,323 | - | 2,377,016 | - | - | 19,904,428 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 9,171,699 | \$ 172,138 | \$ 13,345,935 | \$ (128) | \$ 9,101,640 | \$ 19,834 | \$ 12,231,245 | \$ (194) | \$ - | \$ 8,654,397 | \$ - | \$ 8,665,601 | \$ (2) | \$ (39,407) | \$ 61,322,758 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES
SCHEDULE OF ACTIVITIES OF REAL ESTATE AFFILIATE:
FOR THE YEAR ENDED JUNE 30, 2018

| | ANDREWS AVE. ASSOCIATES, LP | CITYWIDE ANDREWS ASSOCIATES, INC. | 1070 ANDERSON AVE. LP | 1070 ANDERSON AVE. GP CORP. | 291 BAINBRIDGE LP | 291 BAINBRIDGE GP CORP. | 2017 MORRIS AVE. OWNER LLC | 2017 MORRIS AVE. CORP. | BRIDGE COMMUNITY ASSOCIATES LLC | BRIDGE COMMUNITY ASSOCIATES MM INC. | 902 JENNINGS STREET HDFC | 902 JENNINGS STREET OWNER LLC | ELIMINATIONS | TOTAL |
|--------------------------------------|-----------------------------------|---|-----------------------------|-----------------------------------|-------------------------|-------------------------------|----------------------------------|------------------------------|---------------------------------------|---|--------------------------------|-------------------------------------|--------------|---------------|
| UNRESTRICTED NET ASSETS: | | | | | | | | | | | | | | |
| PUBLIC SUPPORT AND REVENUES: | | | | | | | | | | | | | | |
| 7300 Rental income | \$ 476,690 | \$ - | \$ 554,402 | \$ - | \$ 317,824 | \$ - | \$ 513,737 | \$ - | \$ 403,452 | \$ - | \$ - | \$ - | \$ - | \$ 2,266,105 |
| 7400 Property management | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7500 Interest income | 31 | - | 2,010 | - | 1,498 | - | 1,154 | - | - | - | - | - | - | 4,693 |
| 7600 Other income | 5,316 | - | 27,865 | - | 2,852 | - | - | - | 286 | - | - | - | - | 36,319 |
| Total Public Support and Revenue | 482,037 | - | 584,277 | - | 322,174 | - | 514,891 | - | 403,738 | - | - | - | - | 2,307,117 |
| FUNCTIONAL EXPENSES | | | | | | | | | | | | | | |
| 8100 Housing and management services | 751,526 | 27 | 897,268 | 32 | 748,534 | 43 | 1,082,518 | 57 | 413,531 | 2 | - | - | (161) | 3,893,377 |
| CHANGE IN UNRESTRICTED NET ASSETS | (269,489) | (27) | (312,991) | (32) | (426,360) | (43) | (567,627) | (57) | (9,793) | (2) | - | - | 161 | (1,586,260) |
| NONCONTROLLING OWNERSHIP INTERESTS | (269,462) | | (312,959) | | (426,317) | | (567,570) | | (9,791) | | - | - | | (1,586,099) |
| CONTROLLING INTEREST | (27) | (27) | (32) | (32) | (43) | (43) | (57) | (57) | (2) | (2) | - | - | 161 | (161) |
| Beginning of year | 382 | 782 | 435 | (258) | (124) | (231) | (138) | (191) | | | - | - | 432 | 1,089 |
| End of year | \$ 355 | \$ 755 | \$ 403 | \$ (290) | \$ (167) | \$ (274) | \$ (195) | \$ (248) | \$ (2) | \$ (2) | \$ - | \$ - | \$ 593 | \$ 928 |
| NONCONTROLLING OWNERSHIP INTERESTS | | | | | | | | | | | | | | |
| Beginning of year | \$ 3,241,111 | \$ - | \$ 4,951,610 | \$ - | \$ 3,722,979 | \$ - | \$ 5,785,530 | \$ - | \$ 483,394 | \$ - | \$ 1,167 | \$ 1,401,323 | \$ - | \$ 19,587,114 |
| Capital contribution | | | | | | | | | 1,903,413 | - | | | | 1,903,413 |
| Capital distribution | | | | | | | | | | | | | | - |
| End of year | \$ 2,971,649 | \$ - | \$ 4,638,651 | \$ - | \$ 3,296,662 | \$ - | \$ 5,217,960 | \$ - | \$ 2,377,016 | \$ - | \$ 1,167 | \$ 1,401,323 | \$ - | \$ 19,904,428 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

CONSOLIDATED SCHEDULE OF CHANGES IN NET ASSETS BY PROJECT

FOR THE YEAR ENDED JUNE 30, 2018

| | CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION | DEPRECIATION AND AMORTIZATION | CHANGE IN NET ASSETS |
|---------------------------------|--|-------------------------------------|-------------------------|
| General | \$ 275,186 | \$ 2,574 | \$ 272,612 |
| Park Place | 10,466 | 2,442 | 8,024 |
| Bridge Community - NDHC | 16,767 | - | 16,767 |
| HDFC Corporate | (515) | - | (515) |
| Bridge Towers | 16,922 | 655 | 16,267 |
| 307 E 54th Street | 16,802 | 63,792 | (46,990) |
| Bridge Community - HDFC | (11,003) | 100 | (11,103) |
| 281 Bainbridge | 8,459 | - | 8,459 |
| Prelude | 17,451 | 41,567 | (24,116) |
| Lily House | 20,149 | 154,515 | (134,366) |
| 1070 Anderson Avenue | 4,800 | 317,791 | (312,991) |
| 2017 Morris Avenue | (222,635) | 344,992 | (567,627) |
| 291 Bainbridge | (175,921) | 250,439 | (426,360) |
| Andrews Ave | (15,986) | 253,503 | (269,489) |
| Bridge Community Associates | 72,659 | 82,452 | (9,793) |
| | <u>\$ 33,601</u> | <u>\$ 1,514,822</u> | <u>\$ (1,481,221)</u> |
| Less, consolidated eliminations | (321,844) | (29,944) | (291,900) |
| | <u>\$ (288,243)</u> | <u>\$ 1,484,878</u> | <u>\$ (1,773,121)</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

| | NEW DESTINY HOUSING CORPORATION | CITYWIDE SUPPORTIVE HOUSING, INC. | CITYWIDE SUPPORTIVE HOUSING DEVELOPMENT FUND CORPORATION | REAL ESTATE AFFILIATES | ELIMINATIONS | TOTAL |
|---|---------------------------------------|---|---|---------------------------|-----------------------|----------------------|
| REAL ESTATE | | | | | | |
| Land | \$ - | \$ 369,267 | \$ - | \$ 4,697,726 | \$ (423,139) | \$ 4,643,854 |
| Buildings and improvements | 155,739 | 7,270,992 | 2,547,600 | 45,105,089 | (1,197,777) | 53,881,643 |
| Furniture and equipment | 83,757 | 963 | 36,429 | 540,009 | - | 661,158 |
| Construction-in-progress | - | - | - | 5,990,530 | - | 5,990,530 |
| Less, accumulated depreciation | (159,875) | (2,522,909) | (767,720) | (5,442,236) | 19,963 | (8,872,777) |
| Net Real Estate | 79,621 | 5,118,313 | 1,816,309 | 50,891,118 | (1,600,953) | 56,304,408 |
| OTHER ASSETS | | | | | | |
| Cash - operations | 2,002,469 | 60,364 | 327,110 | 2,206,385 | - | 4,596,328 |
| Restricted cash | - | - | - | 372,809 | - | 372,809 |
| Rent receivable | 10,571 | - | 11,430 | 369,773 | - | 391,774 |
| Deferred rent receivable | - | 60,667 | - | - | - | 60,667 |
| Fees receivable | 593,832 | - | - | - | (593,832) | - |
| Grants receivable | 258,136 | - | - | - | - | 258,136 |
| Note receivable | - | - | 2,750,414 | - | (2,750,414) | - |
| Prepaid expenses and other assets | 37,593 | - | 6,699 | 159,444 | - | 203,736 |
| Tenant security deposits | 6,600 | 14,155 | 46,468 | 81,141 | - | 148,364 |
| Escrows | - | - | 21,537 | 141,113 | - | 162,650 |
| Rent subsidy reserve | - | - | - | 45,000 | - | 45,000 |
| Construction escrows | - | - | - | 526,256 | - | 526,256 |
| Replacement reserves | 7,472 | 522,334 | 140,998 | 404,286 | - | 1,075,090 |
| Operating reserves | 462,779 | - | 47,161 | 611,216 | - | 1,121,156 |
| Predevelopment costs | 288,086 | - | - | 38,389 | - | 326,475 |
| Deposits | 40,000 | - | 8,771 | 20,684 | - | 69,455 |
| Deferred costs, less accumulated amortization | - | - | - | 169,469 | - | 169,469 |
| Loans receivable - related party | 1,781,587 | 24,927 | 123,576 | (112,742) | (1,817,348) | - |
| TOTAL ASSETS | \$ 5,568,746 | \$ 5,800,760 | \$ 5,300,473 | \$ 55,924,341 | \$ (6,762,548) | \$ 65,831,773 |

LIABILITIES AND NET ASSETS

| | | | | | | |
|---|---------------------|---------------------|---------------------|----------------------|-----------------------|----------------------|
| LIABILITIES | | | | | | |
| Long-term debt - net | \$ - | \$ - | \$ - | \$ 28,378,824 | \$ - | \$ 28,378,824 |
| Construction costs payable | - | - | - | 19,433 | - | 19,433 |
| Due to developer | - | - | - | 1,217,631 | (1,217,631) | - |
| Recoverable grant | 65,000 | - | - | - | - | 65,000 |
| Loans payable - related parties | 1,025 | 46,329 | 247,993 | 243,129 | (538,475) | - |
| Accrued interest payable | - | - | - | 2,144,278 | - | 2,144,278 |
| Note payable - related parties | - | - | - | 2,750,414 | (2,750,414) | - |
| Accounts payable | 121,343 | 63,690 | 50,025 | 1,499,552 | (538,637) | 1,195,974 |
| Deferred gain | - | - | 1,620,916 | - | (1,620,916) | - |
| Tenant security deposits payable | 4,500 | 14,667 | 49,957 | 82,876 | - | 152,000 |
| Total Liabilities | 191,868 | 124,686 | 1,968,891 | 36,336,136 | (6,666,073) | 31,955,509 |
| NET ASSETS (DEFICIT) | | | | | | |
| Unrestricted | 5,185,312 | 5,676,074 | 1,537,272 | 1,091 | (96,476) | 12,303,273 |
| Unrestricted noncontrolling ownership interests | - | - | - | 19,587,114 | - | 19,587,115 |
| Temporarily restricted | 191,566 | - | 1,794,310 | - | 1 | 1,985,877 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 5,568,746 | \$ 5,800,760 | \$ 5,300,473 | \$ 55,924,341 | \$ (6,762,547) | \$ 65,831,773 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

| | NEW DESTINY HOUSING CORPORATION | CITYWIDE SUPPOSTIVE HOUSING, INC. | CITYWIDE SUPPOSTIVE HOUSING DEVELOPMENT FUND CORPORATION | REAL ESTATE AFFILIATES | ELIMINATIONS | TOTAL |
|---|---------------------------------------|---|---|---------------------------|--------------------|----------------------|
| UNRESTRICTED NET ASSETS: | | | | | | |
| PUBLIC SUPPORT AND REVENUES: | | | | | | |
| Grants and contributions | \$ 989,372 | \$ - | \$ - | \$ - | \$ - | \$ 989,372 |
| Special events, net of expenses of \$32,225 | 209,003 | - | - | - | - | 209,003 |
| Rental income | 115,130 | 306,396 | 194,650 | 2,093,114 | - | 2,709,290 |
| Property management | 399,157 | - | - | - | (399,157) | - |
| Developer fees | 652,453 | - | - | - | - | 652,453 |
| Interest income | 3,541 | - | - | 614 | - | 4,154 |
| Other income | 190,184 | - | 789 | 26,289 | (137,034) | 80,229 |
| | <u>2,558,840</u> | <u>306,396</u> | <u>195,439</u> | <u>2,120,017</u> | <u>(536,191)</u> | <u>4,644,501</u> |
| Net assets released from restrictions | <u>477,923</u> | <u>-</u> | <u>62,958</u> | <u>-</u> | <u>-</u> | <u>540,881</u> |
| Total Public Support and Revenue | <u>3,036,763</u> | <u>306,396</u> | <u>258,397</u> | <u>2,120,017</u> | <u>(536,191)</u> | <u>5,185,382</u> |
| FUNCTIONAL EXPENSES: | | | | | | |
| Housing and management services | 575,683 | 489,961 | 251,619 | 3,314,580 | (556,156) | 4,075,687 |
| Social services | 1,119,194 | - | - | 0 | - | 1,119,194 |
| Management and general | 214,176 | - | - | - | - | 214,176 |
| Fund-raising | 241,175 | - | - | - | 0 | 241,175 |
| Total Functional Expenses | <u>2,150,228</u> | <u>489,961</u> | <u>251,619</u> | <u>3,314,580</u> | <u>(556,156)</u> | <u>5,650,232</u> |
| CHANGE IN UNRESTRICTED NET ASSETS | <u>886,535</u> | <u>(183,565)</u> | <u>6,778</u> | <u>(1,194,563)</u> | <u>19,965</u> | <u>(464,850)</u> |
| TEMPORARILY RESTRICTED NET ASSETS | | | | | | |
| Grants | 94,897 | - | - | - | - | 94,897 |
| Net assets released from restrictions | <u>(477,923)</u> | <u>-</u> | <u>(62,958)</u> | <u>-</u> | <u>-</u> | <u>(540,881)</u> |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | <u>(383,026)</u> | <u>-</u> | <u>(62,958)</u> | <u>-</u> | <u>-</u> | <u>(445,984)</u> |
| ASSETS TRANSFER | <u>62,491</u> | <u>-</u> | <u>(62,491)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL CHANGE IN NET ASSETS | <u>566,000</u> | <u>(183,565)</u> | <u>(118,671)</u> | <u>(1,194,563)</u> | <u>19,965</u> | <u>(910,834)</u> |
| NONCONTROLLING OWNERSHIP INTERESTS | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,194,444)</u> | <u>-</u> | <u>(1,194,444)</u> |
| CONTROLLING INTEREST | <u>566,000</u> | <u>(183,565)</u> | <u>(118,671)</u> | <u>(119)</u> | <u>19,965</u> | <u>283,610</u> |
| Beginning of year | <u>4,810,879</u> | <u>5,859,639</u> | <u>3,450,252</u> | <u>1,208</u> | <u>(116,437)</u> | <u>14,005,540</u> |
| End of year | <u>\$ 5,376,879</u> | <u>\$ 5,676,074</u> | <u>\$ 3,331,581</u> | <u>\$ 1,089</u> | <u>\$ (96,472)</u> | <u>\$ 14,289,150</u> |
| NONCONTROLLING OWNERSHIP INTERESTS | | | | | | |
| Beginning of year | \$ - | \$ - | \$ - | \$ 18,165,580 | \$ - | \$ 18,165,580 |
| Capital contribution | - | - | - | 2,617,478 | - | 2,617,478 |
| Capital distribution | - | - | - | (1,500) | - | (1,500) |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,587,114</u> | <u>\$ -</u> | <u>\$ 19,587,114</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF FINANCIAL POSITION BY PROJECT
NEW DESTINY HOUSING CORPORATION

JUNE 30, 2017

ASSETS

| | GENERAL | PARK PLACE | BRIDGE COMMUNITY | ELIMINATIONS | TOTAL |
|---|---------------------|-------------------|---------------------|--------------------|---------------------|
| REAL ESTATE | | | | | |
| Land | \$ - | \$ - | \$ - | \$ - | \$ - |
| Buildings and improvements | 64,528 | 91,211 | - | - | 155,739 |
| Furniture and equipment | 81,272 | 2,485 | - | - | 83,757 |
| Less, accumulated depreciation | (98,091) | (61,784) | - | - | (159,875) |
| Net Real Estate | 47,709 | 31,912 | - | - | 79,621 |
| OTHER ASSETS | | | | | |
| Cash | 1,942,160 | 60,309 | - | - | 2,002,469 |
| Rent receivable | - | 10,571 | - | - | 10,571 |
| Fees receivable | 593,832 | - | - | - | 593,832 |
| Grants receivable | 258,136 | - | - | - | 258,136 |
| Prepaid expenses and other assets | 37,593 | - | - | - | 37,593 |
| Tenant security deposits | - | 6,600 | - | - | 6,600 |
| Replacement reserves | - | 7,472 | - | - | 7,472 |
| Operating reserves | 462,779 | - | - | - | 462,779 |
| Predevelopment costs | 288,086 | - | - | - | 288,086 |
| Deposits | 40,000 | - | - | - | 40,000 |
| Deferred costs, less accumulated amortization | - | - | - | - | - |
| Loans receivable - related parties | 1,840,481 | - | (16,767) | (42,127) | 1,781,587 |
| TOTAL ASSETS | \$ 5,510,776 | \$ 116,864 | \$ (16,767) | \$ (42,127) | \$ 5,568,746 |
| LIABILITIES AND NET ASSETS | | | | | |
| LIABILITIES | | | | | |
| Long-term debt - net | \$ - | \$ - | \$ - | \$ - | \$ - |
| Recoverable grant | 65,000 | - | - | - | 65,000 |
| Loans payable - related parties | (1) | 43,153 | - | (42,127) | 1,025 |
| Accounts payable | 106,953 | 14,390 | - | - | 121,343 |
| Tenant security deposits payable | - | 4,500 | - | - | 4,500 |
| Total Liabilities | 171,952 | 62,043 | - | (42,127) | 191,868 |
| NET ASSETS | | | | | |
| Unrestricted | 5,147,258 | 54,821 | (16,767) | - | 5,185,312 |
| Temporarily restricted | 191,566 | - | - | - | 191,566 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 5,510,776 | \$ 116,864 | \$ (16,767) | \$ (42,127) | \$ 5,568,746 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF ACTIVITIES BY PROJECT
NEW DESTINY HOUSING CORPORATION

YEAR ENDED JUNE 30, 2017

| | GENERAL | PARK PLACE | BRIDGE COMMUNITY | ELIMINATIONS | TOTAL |
|--|---------------------|------------------|---------------------|--------------|---------------------|
| UNRESTRICTED NET ASSETS: | | | | | |
| PUBLIC SUPPORT AND REVENUES: | | | | | |
| Grants and contributions | \$ 989,372 | \$ - | \$ - | \$ - | \$ 989,372 |
| Special events, net of expenses of \$32,225 | 209,003 | - | - | - | 209,003 |
| Rental income | - | 71,500 | 43,630 | - | 115,130 |
| Property management | 399,157 | - | - | - | 399,157 |
| Developer fees | 652,453 | - | - | - | 652,453 |
| Interest income | 3,541 | - | - | - | 3,541 |
| Other income | 189,966 | 18 | 200 | - | 190,184 |
| | <u>2,443,492</u> | <u>71,518</u> | <u>43,830</u> | <u>-</u> | <u>2,558,840</u> |
| Net assets released from restrictions | <u>477,923</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>477,923</u> |
| Total Public Support and Revenue | <u>2,921,415</u> | <u>71,518</u> | <u>43,830</u> | <u>-</u> | <u>3,036,763</u> |
| FUNCTIONAL EXPENSES | | | | | |
| Housing and management services | 455,551 | 59,536 | 60,596 | - | 575,683 |
| Social services | 1,119,194 | - | - | - | 1,119,194 |
| Management and general | 214,176 | - | - | - | 214,176 |
| Fundraising | 241,175 | - | - | - | 241,175 |
| Total Functional Expenses | <u>2,030,096</u> | <u>59,536</u> | <u>60,596</u> | <u>-</u> | <u>2,150,228</u> |
| CHANGE IN UNRESTRICTED NET ASSETS | <u>891,319</u> | <u>11,982</u> | <u>(16,766)</u> | <u>-</u> | <u>886,535</u> |
| TEMPORARILY RESTRICTED NET ASSETS | | | | | |
| Grants | 94,897 | - | - | - | 94,897 |
| Net assets released from restrictions | <u>(477,923)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(477,923)</u> |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | <u>(383,026)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(383,026)</u> |
| NET ASSETS | | | | | |
| Beginning of year | 4,830,531 | 42,839 | (62,491) | - | 4,810,879 |
| Transfer assets to HDFC | <u>-</u> | <u>-</u> | <u>62,491</u> | <u>-</u> | <u>62,491</u> |
| End of year | <u>\$ 5,338,824</u> | <u>\$ 54,821</u> | <u>\$ (16,766)</u> | <u>\$ -</u> | <u>\$ 5,376,879</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF FINANCIAL POSITION BY PROJECT
CITYWIDE SUPPORTIVE HOUSING, INC.

JUNE 30, 2017

ASSETS

| | PRELUDE | LILY HOUSE | ELIMINATIONS | TOTAL |
|------------------------------------|-------------------|---------------------|--------------------|---------------------|
| REAL ESTATE | | | | |
| Land | \$ 175,000 | \$ 194,267 | \$ - | \$ 369,267 |
| Buildings and improvements | 1,209,832 | 6,061,160 | - | 7,270,992 |
| Furniture and equipment | 963 | - | - | 963 |
| Less, accumulated depreciation | (806,913) | (1,715,996) | - | (2,522,909) |
| Net Real Estate | <u>578,882</u> | <u>4,539,431</u> | <u>-</u> | <u>5,118,313</u> |
| OTHER ASSETS | | | | |
| Cash | 56,368 | 3,996 | - | 60,364 |
| Deferred rent receivable | 27,365 | 33,302 | - | 60,667 |
| Tenant security deposits | - | 14,155 | - | 14,155 |
| Replacement reserves | 175,175 | 347,159 | - | 522,334 |
| Loans receivable - related parties | 11,931 | 24,927 | (11,931) | 24,927 |
| TOTAL ASSETS | <u>\$ 849,721</u> | <u>\$ 4,962,970</u> | <u>\$ (11,931)</u> | <u>\$ 5,800,760</u> |

LIABILITIES AND NET ASSETS

| | | | | |
|----------------------------------|-------------------|---------------------|--------------------|---------------------|
| LIABILITIES | | | | |
| Loans payable - related parties | \$ 14,644 | \$ 43,616 | \$ (11,931) | \$ 46,329 |
| Accounts payable | 58,100 | 5,590 | - | 63,690 |
| Tenant security deposits payable | - | 14,667 | - | 14,667 |
| Total Liabilities | <u>72,744</u> | <u>63,873</u> | <u>(11,931)</u> | <u>124,686</u> |
| NET ASSETS | | | | |
| Unrestricted | <u>776,977</u> | <u>4,899,097</u> | <u>-</u> | <u>5,676,074</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 849,721</u> | <u>\$ 4,962,970</u> | <u>\$ (11,931)</u> | <u>\$ 5,800,760</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF ACTIVITIES BY PROJECT
CITYWIDE SUPPORTIVE HOUSING, INC.

FOR THE YEAR ENDED JUNE 30, 2017

| | PRELUDE | LILY HOUSE | ELIMINATIONS | TOTAL |
|--------------------------------------|------------|---------------|--------------|--------------|
| UNRESTRICTED NET ASSETS: | | | | |
| PUBLIC SUPPORT AND REVENUES: | | | | |
| Rental income | \$ 234,096 | \$ 72,300 | \$ - | \$ 306,396 |
| Total Public Support and Revenue | 234,096 | 72,300 | - | 306,396 |
| FUNCTIONAL EXPENSES | | | | |
| Housing and management services | 273,905 | 216,056 | - | 489,961 |
| Total Functional Expenses | 273,905 | 216,056 | - | 489,961 |
| CHANGE IN UNRESTRICTED NET ASSETS | (39,809) | (143,756) | - | (183,565) |
| NET ASSETS | | | | |
| Beginning of the year | 816,786 | 5,042,853 | - | 5,859,639 |
| End of year | \$ 776,977 | \$ 4,899,097 | \$ - | \$ 5,676,074 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF FINANCIAL POSITION BY PROJECT
CITYWIDE SUPPORTIVE HOUSING DEVELOPMENT FUND CORPORATION

JUNE 30, 2017

ASSETS

| | 281 BAINBRIDGE | BRIDGE TOWERS | 307 EAST 54TH STREET | BRIDGE COMMUNITY | ELIMINATIONS | TOTAL |
|-------------------------------------|-------------------|-------------------|-------------------------|---------------------|--------------------|---------------------|
| REAL ESTATE | | | | | | |
| Land | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Buildings and improvements | - | - | 2,547,600 | - | - | 2,547,600 |
| Furniture and equipment | - | 35,429 | - | 1,000 | - | 36,429 |
| Less, accumulated depreciation | - | (32,722) | (734,548) | (450) | - | (767,720) |
| Net Real Estate | - | 2,707 | 1,813,052 | 550 | - | 1,816,309 |
| OTHER ASSETS | | | | | | |
| Cash-operations | 52,452 | 158,934 | 67,516 | 48,208 | - | 327,110 |
| Rent receivable | - | - | 11,430 | - | - | 11,430 |
| Notes receivable | - | - | - | 2,750,414 | - | 2,750,414 |
| Prepaid expenses and other assets | - | - | 6,699 | - | - | 6,699 |
| Tenant security deposits | 10,203 | 13,766 | 11,919 | 10,580 | - | 46,468 |
| Escrows | 2,446 | - | - | 19,091 | - | 21,537 |
| Replacement reserves | 55,905 | 29,335 | 5,608 | 50,150 | - | 140,998 |
| Operating reserves | 29,676 | - | - | 17,485 | - | 47,161 |
| Deposits | 1,500 | 2,195 | 5,076 | - | - | 8,771 |
| Loans receivables - related parties | 34,843 | 112,505 | 10,198 | (15,994) | (17,976) | 123,576 |
| TOTAL ASSETS | \$ 187,025 | \$ 319,442 | \$ 1,931,498 | \$ 2,880,484 | \$ (17,976) | \$ 5,300,473 |

LIABILITIES AND NET ASSETS

| | | | | | | |
|---|-------------------|-------------------|---------------------|---------------------|--------------------|---------------------|
| LIABILITIES | | | | | | |
| Long-term debt - net | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Loans payable - related parties | 40,839 | 99,349 | 66,595 | 59,186 | (17,976) | 247,993 |
| Accounts payable | 9,741 | 17,424 | 16,618 | 6,242 | - | 50,025 |
| Deferred Gain | (650,065) | (594,145) | - | 2,865,126 | - | 1,620,916 |
| Tenant security deposits payable | 9,380 | 14,956 | 13,200 | 12,421 | - | 49,957 |
| Total Liabilities | (590,105) | (462,416) | 96,413 | 2,942,975 | (17,976) | 1,968,891 |
| NET ASSETS | | | | | | |
| Unrestricted | 777,130 | 781,858 | 40,775 | (62,491) | - | 1,537,272 |
| Temporarily restricted | - | - | 1,794,310 | - | - | 1,794,310 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 187,025 | \$ 319,442 | \$ 1,931,498 | \$ 2,880,484 | \$ (17,976) | \$ 5,300,473 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

SCHEDULE OF ACTIVITIES BY PROJECT
CITYWIDE SUPPORTIVE HOUSING DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED JUNE 30, 2017

| | 281 BAINBRIDGE | BRIDGE TOWERS | 307 EAST 54TH STREET | BRIDGE COMMUNITY | ELIMINATIONS | TOTAL |
|--|-------------------|-------------------|-------------------------|---------------------|--------------|---------------------|
| UNRESTRICTED NET ASSETS: | | | | | | |
| PUBLIC SUPPORT AND REVENUES | | | | | | |
| Rental income | \$ 30,411 | \$ 58,378 | \$ 105,861 | \$ - | \$ - | \$ 194,650 |
| Grant income | - | - | - | - | - | - |
| Other income | 419 | 176 | 194 | - | - | 789 |
| Total Public Support and Revenue | 30,830 | 58,554 | 106,055 | - | - | 195,439 |
| Net assets released from restrictions | - | - | 62,958 | - | - | 62,958 |
| | <u>30,830</u> | <u>58,554</u> | <u>169,013</u> | <u>-</u> | <u>-</u> | <u>258,397</u> |
| FUNCTIONAL EXPENSES | | | | | | |
| Housing and management services | 48,197 | 60,249 | 143,173 | - | - | 251,619 |
| Total Functional Expenses | <u>48,197</u> | <u>60,249</u> | <u>143,173</u> | <u>-</u> | <u>-</u> | <u>251,619</u> |
| CHANGE IN UNRESTRICTED NET ASSETS | <u>(17,367)</u> | <u>(1,695)</u> | <u>25,840</u> | <u>-</u> | <u>-</u> | <u>6,778</u> |
| TEMPORARILY RESTRICTED NET ASSETS | | | | | | |
| Net assets released from restrictions | - | - | (62,958) | - | - | (62,958) |
| CHANGE IN TEMPORARILY RESTRICTED NET ASSETS | <u>-</u> | <u>-</u> | <u>(62,958)</u> | <u>-</u> | <u>-</u> | <u>(62,958)</u> |
| NET ASSETS | | | | | | |
| Beginning of year | 794,497 | 783,553 | 1,872,202 | - | - | 3,450,252 |
| Transfer assets from New Destiny | - | - | - | (62,491) | - | (62,491) |
| End of year | <u>\$ 777,130</u> | <u>\$ 781,858</u> | <u>\$ 1,835,084</u> | <u>\$ (62,491)</u> | <u>\$ -</u> | <u>\$ 3,331,581</u> |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES
SCHEDULE OF FINANCIAL POSITION OF REAL ESTATE AFFILIATE:

JUNE 30, 2017

ASSETS

| | ANDREWS AVE ASSOCIATES, L.P. | CITYWIDE ANDRES ASSOCIATES, INC. | 1070 ANDERSON AVENUE LP | 1070 ANDERSON AVE. GP | 291 BAINBRIDGE LP | 291 BAINBRIDGE GP CORP. | 2017 MORRIS AVE. OWNER LLC | 2017 MORRIS AVE. CORP. | 902 JENNINGS STREET HDFC | 902 JENNINGS STREET OWNER LLC | 902 JENNINGS GP | BRIDGE COMMUNITY ASSOCIATES LLC | BRIDGE GP | ELIMINATIONS | TOTAL |
|---|------------------------------------|--|-------------------------------|-----------------------------|-------------------------|-------------------------------|----------------------------------|------------------------------|--------------------------------|-------------------------------------|--------------------|---------------------------------------|-------------|--------------------|----------------------|
| REAL ESTATE | | | | | | | | | | | | | | | |
| Land | \$ 541,500 | \$ - | \$ 1,588,310 | \$ - | \$ 693,090 | \$ - | \$ 928,500 | \$ - | \$ - | \$ - | \$ - | \$ 946,326 | \$ - | \$ - | \$ 4,697,726 |
| Buildings and improvements | 9,746,387 | - | 12,361,084 | - | 8,822,708 | - | 11,496,156 | - | - | - | - | 2,678,754 | - | - | 45,105,089 |
| Furniture and equipment | 296,091 | - | 29,793 | - | 11,560 | - | 202,565 | - | - | - | - | - | - | - | 540,009 |
| Construction-in-progress | - | - | - | - | - | - | - | - | - | 4,187,997 | - | 1,802,533 | - | - | 5,990,530 |
| Less, accumulated depreciation | (2,132,722) | - | (1,506,340) | - | (873,513) | - | (872,647) | - | - | - | - | (57,014) | - | - | (5,442,236) |
| Net Real Estate | 8,451,256 | - | 12,472,847 | - | 8,653,845 | - | 11,754,574 | - | - | 4,187,997 | - | 5,370,599 | - | - | 50,891,118 |
| OTHER ASSETS | | | | | | | | | | | | | | | |
| Cash - operations | 661,928 | - | 640,228 | - | 375,414 | - | 464,026 | - | 1,167 | - | - | 63,622 | - | - | 2,206,385 |
| Restricted cash | - | - | - | - | - | - | - | - | - | - | - | 44,708 | - | - | 372,809 |
| Rent receivable | 77,580 | - | 61,724 | - | 60,960 | - | 48,893 | - | - | 328,101 | - | 120,616 | - | - | 369,773 |
| Fees receivable | - | 20,000 | - | - | - | 20,000 | - | - | - | - | - | - | - | (40,000) | - |
| Prepaid expenses and other assets | - | 152,166 | 6,972 | (96) | 228 | (123) | - | - | - | - | - | - | - | 432 | 159,444 |
| Tenant security deposits | 33,116 | - | 12,992 | - | 9,187 | - | 25,846 | - | - | - | - | - | - | - | 81,141 |
| Construction escrows | - | - | - | - | - | - | - | - | - | - | - | 526,256 | - | - | 526,256 |
| Escrows | - | - | - | - | - | - | - | - | - | 141,113 | - | - | - | - | 141,113 |
| Replacement reserves | 109,233 | - | 184,707 | - | 84,151 | - | 26,195 | - | - | - | - | - | - | - | 404,286 |
| Operating reserves | 105,390 | - | 206,971 | - | 120,562 | - | 178,293 | - | - | - | - | - | - | - | 611,216 |
| Rent subsidy reserve | - | - | - | - | - | - | 45,000 | - | - | - | - | - | - | - | 45,000 |
| Predevelopment costs | - | - | - | - | - | - | - | - | - | - | - | 38,389 | - | - | 38,389 |
| Deposits | 15,105 | - | - | - | 2,129 | - | 3,450 | - | - | - | - | - | - | - | 20,684 |
| Deferred costs, less accumulated amortization | 13,439 | - | 50,287 | - | 73,118 | - | 32,625 | - | - | - | - | - | - | - | 169,469 |
| Loans receivable - related party | (7,838) | - | - | - | - | - | (13,784) | - | - | - | - | (91,120) | - | - | (112,742) |
| TOTAL ASSETS | \$ 9,459,209 | \$ 172,166 | \$ 13,636,728 | \$ (96) | \$ 9,379,594 | \$ 19,877 | \$ 12,565,118 | \$ (135) | \$ 1,167 | \$ 4,657,211 | \$ - | \$ 6,073,070 | \$ - | \$ (39,568) | \$ 55,924,341 |
| LIABILITIES AND NET ASSETS | | | | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | | | | |
| Long-term debt - net | \$ 5,315,363 | \$ - | \$ 7,885,095 | \$ - | \$ 4,590,186 | \$ - | \$ 5,740,281 | \$ - | \$ - | \$ 2,717,103 | \$ - | \$ 2,130,796 | \$ - | \$ - | \$ 28,378,824 |
| Construction costs payable | - | - | - | - | 19,433 | - | - | - | - | - | - | - | - | - | 19,433 |
| Due to developer | 255,192 | - | 495,587 | - | 362,467 | - | 104,385 | - | - | - | - | - | - | - | 1,217,631 |
| Loans payable - related parties | - | 150,939 | - | - | - | - | - | - | - | - | - | 92,190 | - | - | 243,129 |
| Accrued interest payable | 488,891 | - | 243,152 | - | 608,104 | - | 730,460 | - | - | - | - | 73,671 | - | - | 2,144,278 |
| Notes payable - related parties | - | - | - | - | - | - | - | - | - | - | - | 2,750,414 | - | - | 2,750,414 |
| Accounts payable | 125,402 | 20,445 | 48,207 | 162 | 67,362 | 20,108 | 176,421 | 54 | - | 538,785 | - | 542,605 | - | (40,000) | 1,499,552 |
| Tenant security deposits payable | 32,868 | - | 12,642 | - | 9,187 | - | 28,179 | - | - | - | - | - | - | - | 82,876 |
| Total Liabilities | 6,217,716 | 171,384 | 8,684,683 | 162 | 5,656,739 | 20,108 | 6,779,726 | 54 | 0 | 3,255,888 | - | 5,589,676 | - | (40,000) | 36,336,136 |
| NET ASSETS (DEFICIT) | | | | | | | | | | | | | | | |
| Unrestricted | 382 | 782 | 435 | (258) | (124) | (231) | (138) | (189) | - | - | - | - | - | 432 | 1,091 |
| Unrestricted noncontrolling ownership interests | 3,241,111 | - | 4,951,610 | - | 3,722,979 | - | 5,785,530 | - | 1,167 | 1,401,323 | - | 483,394 | - | - | 19,587,114 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 9,459,209 | \$ 172,166 | \$ 13,636,728 | \$ (96) | \$ 9,379,594 | \$ 19,877 | \$ 12,565,118 | \$ (135) | \$ 1,167 | \$ 4,657,211 | \$ - | \$ 6,073,070 | \$ - | \$ (39,568) | \$ 55,924,341 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES
SCHEDULE OF ACTIVITIES OF REAL ESTATE AFFILIATES
FOR THE YEAR ENDED JUNE 30, 2017

| | ANDREWS AVE. ASSOCIATES, LP | CITYWIDE ANDREWS ASSOCIATES, INC. | 1070 ANDERSON AVE. LP | 1070 ANDERSON AVE. GP CORP. | 291 BAINBRIDGE LP | 291 BAINBRIDGE GP CORP. | 2017 MORRIS AVE. OWNER LLC | 2017 MORRIS AVE. CORP. | BRIDGE COMMUNITY ASSOCIATES LLC | 902 JENNINGS STREET HDFC | 902 JENNINGS STREET OWNER LLC | ELIMINATIONS | TOTAL |
|--------------------------------------|-----------------------------------|---|-----------------------------|-----------------------------------|-------------------------|-------------------------------|----------------------------------|------------------------------|---------------------------------------|--------------------------------|-------------------------------------|--------------|---------------|
| UNRESTRICTED NET ASSETS: | | | | | | | | | | | | | |
| PUBLIC SUPPORT AND REVENUES: | | | | | | | | | | | | | |
| 7300 Rental income | \$ 478,742 | \$ - | \$ 507,431 | \$ - | \$ 327,847 | \$ - | \$ 521,007 | \$ - | \$ 258,087 | \$ - | \$ - | \$ - | \$ 2,093,114 |
| 7400 Property management | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7500 Interest income | 56 | - | 127 | - | 371 | - | 60 | - | - | - | - | - | 614 |
| 7600 Other income | 5,561 | - | 5,032 | - | 1,861 | - | 12,280 | - | 1,555 | - | - | - | 26,289 |
| Total Public Support and Revenue | 484,359 | - | 512,590 | - | 330,080 | - | 533,346 | - | 259,642 | - | - | - | 2,120,017 |
| FUNCTIONAL EXPENSES | | | | | | | | | | | | | |
| 8100 Housing and management services | 620,652 | 14 | 673,827 | 16 | 669,561 | 34 | 1,082,592 | 55 | 267,948 | - | - | (119) | 3,314,580 |
| CHANGE IN UNRESTRICTED NET ASSETS | (136,293) | (14) | (161,237) | (16) | (339,482) | (34) | (549,245) | (55) | (8,306) | - | - | 119 | (1,194,563) |
| NONCONTROLLING OWNERSHIP INTERESTS | (136,280) | - | (161,220) | - | (339,447) | - | (549,191) | - | (8,306) | - | - | - | (1,194,444) |
| CONTROLLING INTEREST | (13) | (14) | (17) | (16) | (35) | (34) | (54) | (55) | - | - | - | 119 | (119) |
| Beginning of year | 395 | 796 | 452 | (242) | (89) | (197) | (84) | (136) | - | - | - | 313 | 1,208 |
| End of year | \$ 382 | \$ 782 | \$ 435 | \$ (258) | \$ (124) | \$ (231) | \$ (138) | \$ (191) | \$ - | \$ - | \$ - | \$ 432 | \$ 1,089 |
| NONCONTROLLING OWNERSHIP INTERESTS | | | | | | | | | | | | | |
| Beginning of year | \$ 3,377,391 | \$ - | \$ 5,112,830 | \$ - | \$ 4,063,926 | \$ - | \$ 5,611,433 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 18,165,580 |
| Capital contribution | - | - | - | - | - | - | 723,288 | - | 491,700 | 1,167 | 1,401,323 | - | 2,617,478 |
| Capital distribution | - | - | - | - | (1,500) | - | - | - | - | - | - | - | (1,500) |
| End of year | \$ 3,241,111 | \$ - | \$ 4,951,610 | \$ - | \$ 3,722,979 | \$ - | \$ 5,785,530 | \$ - | \$ 483,394.11 | \$ 1,167 | \$ 1,401,323 | \$ - | \$ 19,587,114 |

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.

NEW DESTINY HOUSING CORPORATION
AND AFFILIATES

CONSOLIDATED SCHEDULE OF CHANGES IN NET ASSETS BY PROJECT

FOR THE YEAR ENDED JUNE 30, 2017

| | CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION | DEPRECIATION AND AMORTIZATION | CHANGE IN NET ASSETS |
|-----------------------------|--|-------------------------------------|-------------------------|
| General | \$ 512,275 | \$ 3,982 | \$ 508,293 |
| Park Place | 14,424 | 2,442 | 11,982 |
| Bridge Towers | 20,216 | 21,911 | (1,695) |
| Bridge Community | 6,756 | 23,522 | (16,766) |
| 307 E 54th Street | 26,907 | 64,023 | (37,116) |
| Prelude | 393 | 40,202 | (39,809) |
| Lily House | 10,347 | 154,102 | (143,755) |
| 281 Bainbridge | 7,031 | 24,398 | (17,367) |
| 1070 Anderson Avenue | 159,060 | 320,297 | (161,237) |
| 2017 Morris Avenue | (202,837) | 346,408 | (549,245) |
| 291 Bainbridge | (88,972) | 250,510 | (339,482) |
| Andrews Ave | 117,681 | 253,974 | (136,293) |
| Bridge Community Associates | 48,708 | 37,052 | 11,656 |
| | <u>\$ 583,281</u> | <u>\$ 1,542,823</u> | <u>\$ (910,834)</u> |

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