Community Access, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information

Year Ended June 30, 2020

Community Access, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information
Year Ended June 30, 2020

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Independent Auditor's Report

The Board of Directors
Community Access, Inc. and Subsidiaries
New York, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community Access, Inc. and Subsidiaries (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 Community Access, Inc. and Subsidiaries as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the consolidated financial statements, the Organization discontinued operations for 347 East 4th Street Housing Development Fund Company in 2019. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Community Access, Inc. and Subsidiaries' consolidated financial statements and our report dated November 26, 2019 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not required parts of the 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 information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and to 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 to 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.

BDO USA, LLP

December 15, 2020

Community Access, Inc. and Subsidiaries

Statement of Financial Position
(with comparative totals for 2019)

June 30,		2020		2019
Assets				
Current				
Cash and cash equivalents (Note 2)	$	**5,581,635**	$	7,199,707
Restricted cash and funded reserve (Notes 2 and 9)		**10,960,135**		11,491,407
Investments at fair value (Notes 2 and 4)		**11,621**		11,621
Due from government funding sources, net (Notes 2 and 5)		**6,423,407**		4,610,130
Rent receivables, net		**821,645**		359,677
Pledges receivable – current portion (Notes 2 and 8)		**2,044,912**		1,310,213
Due from related parties (Notes 1 and 6)		**30,963**		22,264
Prepaid expenses and other current assets		**1,504,072**		2,202,528
Total Current Assets		**27,378,390**		27,207,547
Property and Equipment, Net (Notes 2 and 7)		**254,384,778**		206,454,546
Pledges Receivable, net of current portion (Notes 2 and 8)		**-**		115,000
Security Deposits and Other Assets		**1,176,879**		847,048
Assets Held-for-Sale (Note 14)		**298,675**		335,320
Total Assets	$	**283,238,722**	$	234,959,461
Liabilities and Net Assets and Non-Controlling Interest				
Current Liabilities				
Accounts payable, accrued expenses and taxes	$	**9,942,788**	$	12,062,855
Accrued compensated absences (Note 2)		**1,409,435**		1,011,465
Deferred revenue and due to government funding sources (Note 2)		**4,877,396**		6,023,964
Mortgages and notes payable, current portion (Note 10)		**958,316**		247,706
Loans payable, current portion (Note 11)		**804,902**		762,162
Total Current Liabilities		**17,992,837**		20,108,152
Security Deposits and Other Liabilities		**223,626**		198,451
Accrued Lease Obligation (Note 12)		**297,152**		232,388
Developer's Fee Payable		**1,386,814**		1,347,129
Mortgage and Loan Interest Payable		**5,413,934**		1,980,322
Mortgages and Notes Payable, net of current portion and unamortized mortgage costs (Note 10)		**64,201,187**		64,422,059
Loans Payable, net of current portion and unamortized loan issuance costs (Note 11)		**152,254,367**		115,270,661
Liabilities Held-for-Sale (Note 14)		**13,247**		6,985
Total Liabilities		**241,783,164**		203,566,147
Commitments and Contingencies (Notes 3, 10, 11, 12, and 13)				
Net Assets (Notes 2, 14, and 15)				
Without donor restrictions		**21,723,275**		6,292,471
With donor restrictions		**-**		10,890
Non-Controlling Interest in Affiliates		**19,732,283**		25,089,953
Total Net Assets and Non-Controlling Interest		**41,455,558**		31,393,314
Total Liabilities and Net Assets and Non-Controlling Interest	$	**283,238,722**	$	234,959,461

See accompanying notes to consolidated financial statements.

Community Access, Inc. and Subsidiaries

Statement of Activities
(with comparative totals for 2019)

Year ended June 30,	Without Donor Restrictions	With Donor Restrictions	**2020**	2019
Public Support and Revenue				
Operating revenues:				
Contract revenue	$ 24,969,509	$ -	**$ 24,969,509**	$ 19,750,927
Medicaid income	6,846,112	-	**6,846,112**	6,687,611
Clients' fees (net of client allowance of $233,873 and $252,432 in 2020 and 2019, respectively)	1,449,539	-	**1,449,539**	1,541,873
Rental income	6,965,324	-	**6,965,324**	6,355,992
Contributions - foundations and corporations	1,170,360	-	**1,170,360**	916,423
Contributions - individuals	1,007,202	-	**1,007,202**	602,938
Special events (net of direct benefit expenses of $4,805 and $22,796 in 2020 and 2019, respectively)	98,629	-	**98,629**	775,806
Net assets released from restrictions	10,890	(10,890)	**-**	-
Total Operating Revenues	42,517,565	(10,890)	**42,506,675**	36,631,570
Other operating revenues:				
Property management fee	357,047	-	**357,047**	283,459
Developer's fee	17,278,221	-	**17,278,221**	-
Total Public Support and Revenue	60,152,833	(10,890)	**60,141,943**	36,915,029
Operating Expenses				
Program services:				
Housing programs	22,433,983	-	**22,433,983**	20,710,968
Education and training programs	801,822	-	**801,822**	861,307
Other programs	8,151,053	-	**8,151,053**	6,061,862
Total Program Services	31,386,858	-	**31,386,858**	27,634,137
Supporting services:				
Management and general	5,402,215	-	**5,402,215**	4,228,039
Fundraising	862,308	-	**862,308**	1,057,607
Total Supporting Services	6,264,523	-	**6,264,523**	5,285,646
Subsidiaries' Operating Expenses	13,550,374	-	**13,550,374**	9,077,266
Total Operating Expenses	51,201,755	-	**51,201,755**	41,997,049
Change in Net Assets from Operating Activities	8,951,078	(10,890)	**8,940,188**	(5,082,020)
Non-Operating Activities				
Interest and other income	985,884	-	**985,884**	1,779,576
Change in Net Assets, before discontinued operations	9,936,962	(10,890)	**9,926,072**	(3,302,444)
Loss on Discontinued Operations	(88,068)	-	**(88,068)**	(198,352)
Change in Net Assets	$ 9,848,894	$ (10,890)	**$ 9,838,004**	$ (3,500,796)

See accompanying notes to consolidated financial statements.

Community Access, Inc. and Subsidiaries

Statement of Changes in Net Assets
(with comparative totals for 2019)

Year ended June 30, 2020

	Controlling Interest			
	CAI and Affiliates Net Assets (Without Donor Restrictions)	CAI and Affiliates Net Assets (With Donor Restrictions)	Non-Controlling Interest in Affiliates	Total
Net Assets, July 1, 2019	6,292,471	10,890	25,089,953	31,393,314
Change in net assets	15,430,782	(10,890)	(5,581,888)	9,838,004
Capital contributions	30	-	299,970	300,000
Capital downward adjuster	(8)	-	(75,752)	(75,760)
Transfer of net assets	-	-	-	-
Net Assets, June 30, 2020	$ 21,723,275	$ -	$ 19,732,283	$ 41,455,558

See accompanying notes to consolidated financial statements.

Community Access, Inc. and Subsidiaries

Statement of Functional Expenses
(with comparative totals for 2019)

Year ended June 30,

	Program Services						Supporting Services						Total	
	Housing						Management and General							
	CAI	HDFC Entities	Total Housing	Education and Training Programs - CAI	Other Programs - CAI	Total Program Services	CAI	HDFC Entities	Total Management and General	Fundraising - CAI	Total Supporting Services	Subsidiaries' Operating Expenses	**2020**	2019
Salaries and Related Expenses														
Salaries	$ 8,325,991	$ 211,357	$ 8,537,348	$ 398,220	$ 4,803,450	$ 13,739,018	$ 2,228,402	$ -	$ 2,228,402	$ 357,253	$ 2,585,655	$ 559,001	**$ 16,883,674**	$ 14,188,335
Fringe benefits	2,084,306	61,293	2,145,599	100,767	1,270,215	3,516,581	381,652	-	381,652	108,856	490,508	162,109	**4,169,198**	3,830,663
Total Salaries and Related Expenses	10,410,297	272,650	10,682,947	498,987	6,073,665	17,255,599	2,610,054	-	2,610,054	466,109	3,076,163	721,110	**21,052,872**	18,018,998
Other Expenses														
Contracted and professional fees	1,892,773	17,560	1,910,333	29,522	630,667	2,570,522	1,371,534	31,953	1,403,487	186,860	1,590,347	961,215	**5,122,084**	3,881,593
Supplies and equipment	555,552	-	555,552	18,498	113,761	687,811	343,737	-	343,737	98,740	442,477	42,708	**1,172,996**	1,023,249
Occupancy and insurance	1,041,958	962,812	2,004,770	185,472	515,751	2,705,993	565,468	-	565,468	-	565,468	3,965,029	**7,236,490**	6,688,711
Participant expense	4,061,477	3,727	4,065,204	64,159	653,698	4,783,061	13,609	-	13,609	89	13,698	43,148	**4,839,907**	3,959,505
Staff expense	50,395	-	50,395	2,278	111,147	163,820	88,753	-	88,753	53,051	141,804	-	**305,624**	340,035
Events and other fundraising costs	-	-	-	-	493	493	10,851	-	10,851	8,050	18,901	-	**19,394**	308,858
Vehicle expenses	6,832	-	6,832	-	-	6,832	13,699	-	13,699	-	13,699	-	**20,531**	19,840
Fees and other expenses	17,779	325,613	343,392	2,906	51,871	398,169	127,170	-	127,170	49,409	176,579	499,103	**1,073,851**	649,862
Interest expense	-	1,226,607	1,226,607	-	-	1,226,607	-	-	-	-	-	1,919,761	**3,146,368**	1,611,122
Provision for allowance	-	752,010	752,010	-	-	752,010	-	-	-	-	-	200,233	**952,243**	1,274,397
Depreciation and amortization	-	835,941	835,941	-	-	835,941	225,387	-	225,387	-	225,387	5,198,067	**6,259,395**	4,220,879
Total Expenses	$ 18,037,063	$ 4,396,920	$ 22,433,983	$ 801,822	$ 8,151,053	$ 31,386,858	$ 5,370,262	$ 31,953	$ 5,402,215	$ 862,308	$ 6,264,523	$ 13,550,374	**$ 51,201,755**	$ 41,997,049

See accompanying notes to consolidated financial statements.

Community Access, Inc. and Subsidiaries

Statement of Cash Flows
(with comparative totals for 2019)

Year ended June 30,		2020		2019
Cash Flows from Operating Activities				
Change in net assets	$	**9,838,004**	$	(3,500,796)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation and amortization		**6,259,395**		4,220,879
Interest expense related to deferred financing cost		**55,662**		67,513
Forgiveness of debt		**(1,193,969)**		(860,373)
Provision for allowance		**928,057**		1,274,397
Decrease (increase) in assets:				
Due from funding sources		**(1,773,737)**		231,138
Rent receivable		**(672,392)**		(89,927)
Pledges receivable		**(619,699)**		(148,938)
Due from related parties		**(8,698)**		90,801
Prepaid expenses		**698,456**		(303,219)
Security deposits and other assets		**(304,656)**		58,817
Increase (decrease) in liabilities:				
Accounts payable		**(8,624,705)**		(8,352,824)
Accrued compensated absences		**397,970**		5,749
Deferred revenue and due to government funding sources		**(1,146,568)**		2,811,964
Accrued lease obligation		**64,764**		82,894
Security deposits and other liabilities		**25,175**		-
Mortgages and loan interest		**3,485,778**		420,300
Net Cash Provided by (Used in) Operating Activities - Continuing Operations		**7,408,837**		(3,991,625)
Net Cash Provided by Operating Activities - Discontinued Operations		**47,935**		42,273
Net Cash Provided by (Used in) Operating Activities		**7,456,772**		(3,949,352)
Cash Flows from Investing Activities				
Purchase of property and equipment		**(50,174,844)**		(38,479,353)
Redemption of investments		**-**		250,374
Net Cash Used in Investing Activities - Continuing Operations		**(50,174,844)**		(38,228,979)
Net Cash Used in Investing Activities - Discontinued Operations		**(5,300)**		(5,388)
Net Cash Used in Investing Activities		**(50,180,144)**		(38,234,367)
Cash Flows from Financing Activities				
Capital contributions		**300,000**		-
Capital downward adjuster		**(75,760)**		-
Proceeds from loan payable		**52,758,343**		37,733,523
Proceeds from mortgages payable		**1,490,879**		8,125,806
Principal payments on loans payable		**(13,765,039)**		(6,676)
Principal payments on mortgages payable		**(134,667)**		(58,674)
Net Cash Provided by Financing Activities - Continuing Operations		**40,573,756**		45,793,979
Net Cash Provided by Financing Activities		**40,573,756**		45,793,979
Net (Decrease) Increase in Cash, Cash Equivalents, Restricted Cash and Funded Reserve		**(2,149,616)**		3,610,260
Cash, Cash Equivalents, Restricted Cash and Funded Reserve, beginning of year		**18,744,854**		15,134,594
Cash, Cash Equivalents, Restricted Cash and Funded Reserve, end of year		**16,595,238**		18,744,854
Less: Cash, Cash Equivalents, Restricted Cash and Funded Reserve of Discontinued Operations, end of year		**(53,468)**		(53,740)
Cash, Cash Equivalents, Restricted Cash and Funded Reserve of Continued Operations, end of year	$	**16,541,770**	$	18,691,114
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	**3,017,883**	$	1,777,223
Supplemental Disclosure for Non-Cash Transactions				
Capitalized interest	$	**2,808,420**	$	1,831,508
Capitalized construction cost		**6,595,652**		9,726,878

See accompanying notes to consolidated financial statements.

1. Organization

Organization

Community Access, Inc. (CAI) is a not-for-profit organization founded in 1974 for the purpose of developing housing and providing support and training to clients with mental health issues attempting to achieve a transition to community life in the New York City metropolitan area.

In furtherance of this mission, CAI has formed various corporations and partnerships to develop and to own and operate affordable supportive housing for formerly homeless adults with mental health issues and low-income families and individuals.

Principles of Consolidation

The consolidated financial statements include the accounts of CAI and its subsidiaries (collectively, the Organization). All material intercompany transactions and balances have been eliminated. The following entities are included in the consolidated financial statements:

- Access House, Inc. (Access House) owns and operates a 15-unit community residence for adults with mental health issues. The directors of Access House are required to be directors of CAI or to have been approved by the directors of CAI. As a result, CAI controls Access House.
- 347 East 4th Street Housing Development Fund Company, Inc. (Libby House) - (Discontinued Operations) owns and operates a 12-bed community residence for adults with mental health issues. CAI is the sole member of 347 East 4th Street Housing Development Fund Company, Inc. As a result, CAI controls Libby House. As further discussed in Note 14, on February 14, 2019, Libby House entered into an agreement with a purchaser to sell the property.
- 202 West 108th Street Housing Development Fund Company, Inc. (202 West 108th St) owns and operates a five-unit supportive housing project for adults with mental health issues. The directors of 202 West 108th St are required to be directors of CAI or to have been appointed or elected directors by CAI. As a result, CAI controls 202 West 108th St.
- Community Recovery Houses Housing Development Fund Company, Inc. (Community Recovery Houses) owns and operates three residential buildings. Two of the buildings serve as community residences for adults with mental health issues. The third building is used as a short-stay respite center for individuals experiencing an emotional or mental crisis. The directors of Community Recovery Houses are required to be directors of CAI or to have been appointed or elected directors by CAI. As a result, CAI controls Community Recovery Houses.
- Community Access Housing Development Fund Company, Inc. (Community Access HDFC) owns a residential condominium unit used as housing for adults with mental health issues. CAI is the sole member of Community Access HDFC. As a result, CAI controls Community Access HDFC. On August 27, 2019, Community Access HDFC purchased land at 1861 Carter Avenue, Bronx, NY for a new housing development.

- 107-109 Avenue, Limited Partnership (107-109 Ave LP) owns and operates a 45-unit supportive housing facility located at 107-109 Avenue D, New York, NY for low-income adult and adults with mental health issues. A wholly owned subsidiary of CAI is the sole limited partner of 107-109 Ave LP. As a result, CAI controls 107-109 Ave LP.
- 258 East 4th Street Limited Partnership (258 East 4th Street LP) owns and operates a 51-unit housing facility located at 258 East 4th Street, New York, NY for low-income families and adults with mental health issues. A wholly owned subsidiary of CAI is the sole limited partner of 258 East 4th Street LP. As a result, CAI controls 258 East 4th Street LP.
- 1854 Cedar Avenue Housing Development Fund Company, Inc. (1854 Cedar Ave HDFC) owns land at 1854 Cedar Avenue to 1854 Cedar Avenue, LLC (1854 Cedar Ave LLC). A majority of the directors of 1854 Cedar Ave HDFC are required to be directors of CAI or to have been appointed or elected directors by CAI. As a result, CAI control 1854 Cedar Ave HDFC.
- 1710 Vyse Avenue Housing Development Fund Company, Inc. (1710 Vyse Ave HDFC) has a nominee agreement with 1710 Vyse Avenue Limited Partnership (Vyse Ave LP) under which 1710 Vyse Ave HDFC retains legal title to the property. The directors of 1710 Vyse Ave HDFC are required to be directors of CAI or to have been appointed or elected directors by CAI. As a result, CAI controls 1710 Vyse Ave HDFC.
- Gouverneur Court Housing Development Fund Company, Inc. (Gouverneur Court HDFC) owns and operates a 124-unit housing facility located at 621 Water Street, New York, NY for low-income adults and adults with mental health issues. The directors of Gouverneur Court HDFC are required to be directors of CAI or to have been appointed or elected directors by CAI. As a result, CAI controls Gouverneur Court HDFC.
- 111 East 172nd Street Housing Development Fund Company, Inc. (111 East 172nd Street HDFC) owns a site with a 126-unit housing facility for adults with psychiatric disabilities and low-income families. 111 East 172nd Street HDFC has a nominee agreement with 111 East 172nd Street Owners LLC (111 East 172nd Street LLC) under which 111 East 172nd Street HDFC retains legal title to the property. The directors of 111 East 172nd Street HDFC are required to be directors of CAI or to have been appointed or elected directors by CAI. As a result, CAI controls 111 East 172nd Street HDFC.
- 985 Bruckner Boulevard Housing Development Fund Company, Inc. (985 Bruckner Blvd HDFC) owns a site with a 215-unit housing facility for adults with psychiatric disabilities, families that have experienced chronic homelessness, and low-income adults and families. On December 28, 2017, 985 Bruckner Blvd HDFC transferred all beneficial and equitable interest in the property to 985 Bruckner Boulevard Owners, LLC (985 Bruckner Blvd LLC) under a nominee agreement pursuant to which 985 Bruckner Blvd HDFC retains legal title to the property. The directors of 985 Bruckner Blvd HDFC are required to be directors of CAI or to have been appointed or elected directors by CAI. As a result, CAI controls 985 Bruckner Blvd HDFC.
- 1159 River Avenue Housing Development Fund Company, Inc. (1159 River Ave HDFC) owns a site on which it is building and plans to operate rental housing for adults with psychiatric disabilities, families that have experienced chronic homelessness, and low-income adults and families. On December 18, 2019, 1159 River Ave HDFC entered into a nominee agreement with 1159 River Avenue Owners LLC (1159 River Ave LLC) under which 1159 River Ave HDFC retains legal title to the property. The directors of 1159 River Ave HDFC are required to be directors of CAI or to have been appointed or elected directors by CAI. As a result, CAI controls 1159 River Ave HDFC.

CAI has investments in stock ownership for the following entities, which, by themselves or through partnerships, develop and manage rental apartment buildings that provide housing to low-income individuals, families and adults with mental health issues. The ownership interest in these entities is reported as controlling and non-controlling interest in the consolidated financial statements. These entities and a description of their operations are as follows:

- 910 DeKalb Avenue, Inc. is the general partner of 910 DeKalb Avenue Limited Partnership (910 Dekalb Ave LP), which owns and operates a 64-unit housing facility located at 910 DeKalb Avenue, Brooklyn, NY for low-income families and adults with mental health issues. 910 Dekalb Ave LP has completed its 15-year compliance period. Management is in the process of change in ownership.
- 1363 Franklin Avenue, Inc. is the general partner of 1363 Franklin Avenue Limited Partnership (1363 Franklin Ave LP), which owns and operates a 66-unit housing facility located at 1363 Franklin Avenue, Bronx, NY for low-income families and adults with mental health issues. 1363 Franklin Ave LP will complete its 15-year compliance period in 2020. Management has not commenced the process for change in ownership.
- CHICA, Inc. is the general partner of CHICA Limited Partnership (CHICA LP or 1022 Rev. James Polite Avenue), which owns and operates a 68-unit housing facility located at 1022 Reverend James A. Polite Avenue, Bronx, NY for low income-adults and adults with mental health issues. CHICA LP has completed its 15-year compliance period. Management is in the process of change in ownership and refinancing.
- 772 East 168th Street Corporation is the managing member of 772 East 168th Street LLC (Tinton Ave), which owns and operates a 60-unit housing facility located at 772 East 168th Street, Bronx, NY for low-income adults and adults with mental health issues.
- 29 East 2nd Street Corporation is the general partner of 29 East 2nd Street Limited Partnership (29 East 2nd Street LP), which owns and operates a 54-unit housing facility located at 29 East 2nd Street, New York, NY for low-income adults and adults with mental health issues.
- 1750 Davidson Avenue GP, Inc. is the general partner of 1750 Davidson Avenue Limited Partnership (1750 Davidson Ave LP), which owns a 74-unit housing facility located at 1750 Davidson Avenue, Bronx, NY for low-income adults and adults with mental health issues.
- 1854 Cedar Avenue Managers, LLC is the managing member of 1854 Cedar Avenue LLC (1854 Cedar Ave LLC), which operates a 106-unit housing facility located at 1854 Cedar Avenue, Brooklyn, NY for low-income families and adults with mental health issues.
- 1710 Vyse Avenue GP Corp. is the general partner of 1710 Vyse Avenue Limited Partnership (1710 Vyse Ave LP), which owns and operates a 65-unit housing facility located at 1710 Vyse Avenue, Bronx, NY for adults with mental health issues.
- CA 172nd Street, Inc. is the managing member of East 172nd Street MM LLC, which is the managing member of 111 East 172nd Street LL, which owns and operates a 126-unit housing facility for adults with mental health issues and low-income families.
- CA Bruckner Boulevard, Inc. is the managing member of Bruckner Boulevard MM LLC, which is the managing member of 985 Bruckner Blvd LLC, which owns and operates a 215-unit housing facility for adults with mental health issues, families that have experienced chronic homelessness, and low-income adults and families.

- CAI is the managing member of 1159 River Ave. JV LLC, which is the managing member of 1159 River Ave LLC, which is building a mixed-use project that will include 245 residential units for adults with mental health issues, families that have experience chronic homelessness, and low-income adults and families, together with ground floor commercial space.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit organizations. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Non-Controlling Interests

In accordance with Accounting Standards Codification (ASC) 810, *Consolidation*, the Organization reports non-controlling interests, sometimes referred to as minority interests, as part of total net assets in the consolidated statement of financial position. Furthermore, the Organization reports the changes in net assets of both the controlling and non-controlling interests, for the period presented, in the consolidated statement of changes in net assets.

Consolidated Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets with Donor Restrictions – Net assets with donor restrictions consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

At June 30, 2020, there were no net assets with donor restrictions that are perpetual in nature.

Measure of Operations

The Organization includes in its measure of operations:

- All revenues and expenses that are an integral part of its programs and supporting activities
- Net assets released from restrictions to support operating expenditures

The Organization excludes from its measure of operations:

- Interest income, net of expenses
- Other income resulting from non-operating activities
- Discontinued operations

Revenue Recognition

The Organization receives funding from Medicaid, the New York State Office of Mental Health (OMH), New York City Department of Mental Health (DMH), New York City Department of Homeless Services (DHS), HIV/AIDS Services Administration (HASA), U.S. Department of Housing and Urban Development (HUD), New York State Office of Vocational and Educational Services for Individuals with Disabilities (VESID), and donations from individuals, grants from foundations and corporations. Contract revenues are recognized when reimbursable expenses are incurred, Medicaid revenues are recognized when the services have been performed, and unconditional promises to give in the form of contributions and grants are recognized in the period received, unless conditional. Client fees are recognized when earned. Rental income is recognized as income when earned. Rentals are generally under annual lease arrangements. Tenant leases are for periods not exceeding one year and are accounted for as operating leases. Payments by OMH for loans payable are recognized as income when made.

CAI acts as a developer for several Low-Income Housing Tax Credit (LIHTC) projects in New York City and oversees the construction and development of these projects. In return for the services provided, CAI is entitled to developer's fees. Developer fees earned in accordance with terms detailed for each specific developer agreement are performance obligations that are satisfied over time.

Reimbursements are subject to audit and retroactive adjustment by respective third-party fiscal intermediaries. Revenue from retroactive adjustments is recognized in the year the adjustments are made.

Gross receivables are shown unless documentation is received from the funder stating that the claims are approved, and advances will be recouped.

Deferred revenue and due to funding sources represent advances received from governmental agencies, where these agencies have not notified the Organization that the claims were approved, and advances will be recouped against those claims.

Promises to Give

Unconditional promises-to-give (pledges) that are expected to be collected within one year are recorded at estimated net realizable value, while those that are expected to be collected beyond one year are recorded at the present value of estimated future cash flows. Discount rates are applied using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. As of June 30, 2020, there were no discounted pledges recorded.

Conditional promises to give are recognized when the conditions on which they depend upon are substantially met. Until that point, any amounts received are recorded as refundable advances.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (ASU 2016-18). ASU 2016-18 requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2018. The Organization has adopted this ASU and has applied the retrospective transition method for each period presented.

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Cash, cash equivalents, restricted cash and funded reserve consist of the following:

June 30, 2020	
Cash and cash equivalents	$ 5,581,635
Restricted cash and funded reserve	10,960,135
Total	$ 16,541,770

For financial reporting purposes, the Organization considers all highly liquid securities, purchased with a maturity of three months or less, to be cash equivalents. Cash and cash equivalents are maintained at a level to meet anticipated operating needs and are held in Federal Deposit Insurance Corporation (FDIC)-insured accounts at credit-qualified financial institutions. At times, such accounts may exceed the FDIC insurance limits. The Organization has not experienced any losses on such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash and Funded Reserve

Restricted cash and funded reserve includes tenant security deposits and operating and replacement reserves, which are deposited in separate bank accounts. These funds are carried at cost plus interest, which approximates fair value. Withdrawals of operating and replacement reserves can only be made with the prior approval from the custodian.

Fair Value Measurements

ASC 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market-corroborated, or unobservable. ASC 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and its placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by ASC 820, as follows:

Level 1 - Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Net investment income (including realized and unrealized gains on trading investments, interest and dividends) is included in the consolidated statement of activities.

Use of Estimates

In preparing the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and revenue and expenses during the reported period. Actual results could differ from those estimates.

Deferred Financing Costs

Deferred financing costs represent the costs incurred in connection with obtaining financing. Deferred financing costs are amortized over the life of the mortgage and loan and netted with the mortgage and loan liability.

Property and Equipment

Property and equipment are stated at cost. Donations of property and equipment are stated at the estimated fair value at the date of the donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the Organization's fixed assets are as follows:

Building and building improvements	27.5-40 years
Furniture and equipment	3-10 years
Leasehold improvements	Lesser of 5-15 years or the life of the lease

Provision for Bad Debts

Accounts receivable consists primarily of amounts due from government funding sources.

The Organization maintains an allowance for doubtful accounts for the contracts, rent and pledge receivables that are specifically identified by management as to their uncertainty in regard to collectability. The allowance for doubtful accounts for the contracts, rent, and pledge receivables was $1,070,145 at June 30, 2020.

Accrued Compensated Absences

The Organization's policy is to accrue all vested vacation benefits as earned by employees.

Income Taxes

CAI and certain affiliated entities were incorporated in the state of New York and are exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and therefore have made no provision for income taxes in the accompanying consolidated financial statements. CAI and those affiliated entities have been determined by the Internal Revenue Service (IRS) not to be "private foundations" within the meaning of Section 509(a) of the Code. Community Recovery Houses HDFC filed an application for tax-exempt status under 501(c)(3) of the Code and was denied. 1710 Vyse Avenue HDFC, 111 East 172nd Street HDFC, and 985 Bruckner Blvd HDFC have not filed for tax-exempt status under 501(c)(3) of the Code. As a result, Community Recovery Houses HDFC, 1710 Vyse Avenue HDFC, 111 East 172nd Street HDFC, 985 Bruckner Blvd HDFC, and 1159 River Ave HDFC could be for-profit entities and subject to U.S. federal, state and local income tax provisions.

Certain CAI-affiliated entities are for-profit entities and are subject to federal, state and local taxes. The income tax regulations associated with these entities provide that all taxes on income of the limited partnership or limited liability company are payable by the partners or members.

Except for the matters noted above for Community Recovery Houses HDFC, 1710 Vyse Avenue HDFC, 111 East 172nd Street HDFC, 985 Bruckner Boulevard HDFC, and 1159 River Ave HDFC, the Organization has not taken an uncertain tax position that would require provision of a liability under ASC 740, *Income Taxes*. Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize the financial statement effects for unrecognized tax positions. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required.

Impairment of Long-Lived Assets to Be Disposed of

Professional standards provide a single accounting model for long-lived assets to be disposed of. The standard also changes the criteria for classifying an asset as held-for-sale and broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations. In accordance with the standard, long-lived assets, such as property, building and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the consolidated statement of financial position. For the year ended June 30, 2020, there were no impairments recorded in the consolidated financial statements.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalent accounts in financial institutions, which, from time to time, exceed the FDIC limit. The Organization does not believe the credit risk related to these deposits to be significant.

Functional Classification of Expenses

The cost of providing the Organization’s programs and other activities has been summarized on a functional basis and by natural classification in the consolidated statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based upon the rates listed in the chart below. Management and general expenses include those costs that are not directly identifiable with any specific program, but that provide for the overall support and direction of the Organization. A portion of the management and general costs has been allocated to housing and education programs in the consolidated statement of functional expenses. The amount of administrative expense allocated from management and general to the programs represents the portion of administration costs funded by the Organization’s contracts. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Most expenses are charged to individual programs as actually incurred. Salaries and fringe of certain personnel who work on multiple programs are allocated, as are certain expenses recorded as part of agency-wide purchasing programs. Such allocations are determined by management on an equitable basis and are disclosed to and audited by program funders. Costs that are allocated include the following:

Expense	Allocation Methodology
Salaries and fringe	Based on the number of beds in the program as a percentage of the total number of beds in the program for which the employee is responsible, adjusted for the percentage of time that the employee dedicates to other functions. Allocation for certain contracts is reduced based on available funding.
Rent	Based on square footage occupied by program as percent of total rental space.
Insurance	Based on premium information provided by insurer and insurance broker, which are based on size of program and historical claims and loss experience.
Subscriptions/Dues	Based on number of staffs at program and available funding.

Reclassifications

Certain amounts included in the fiscal year 2019 consolidated financial statements have been reclassified to conform to the fiscal year 2020 presentation.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information. The consolidated statement of activities is presented in total rather than by net asset class. With respect to the consolidated statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2019.

Assets and Liabilities Held-for-Sale

The assets and liabilities for Libby House that meet accounting requirements to be classified as held-for-sale are presented as single asset and liability amounts in the consolidated statement of financial position.

The determination of fair value for assets and liabilities involved judgments and assumptions.

Development of estimates of fair values in this circumstance is dependent upon, among other factors, the nature of the potential sale transaction, composition of assets and liabilities, the comparability to market transactions, negotiations with purchaser, etc. Such factors bear directly on the range of potential fair values and the selection of the best estimates.

The Organization reviews all assets held-for-sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to estimated fair values.

The activities for Libby House are presented as a single line item in the consolidated statement of activities and consolidated statement of cash flows that meet accounting requirements to be classified as held-for-sale.

Accrued Lease Obligation

The difference between rent expenses incurred by the Organization on an accrual basis and the rent amounts paid in cash is reported as accrued lease obligation.

Recently Adopted Accounting Pronouncements

Contributions Received and Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether the organization follows contribution guidance or exchange-transaction guidance in the revenue recognition and other applicable standards. The ASU also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. Management has adopted the ASU as of and for the year ended June 30, 2020. There was no significant impact on the consolidated financial statements.

Statement of Cash Flows (Topic 230): Restricted Cash

As discussed further above, within cash and cash equivalents, the Organization has adopted ASU 2016-18 for all periods presented.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2019. Earlier adoption is permitted, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior-reporting period presented or with the cumulative effect being recognized at the date of initial application. The Organization is currently evaluating the impact of the pending adoption of ASU 2014-09.

Leases (Topic 842)

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021, and the Organization is currently evaluating the impact of the pending adoption of ASU 2016-02.

3. Liquidity and Availability of Resources

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

Year ended June 30, 2020		
Cash and cash equivalents	$	5,581,635
Investments at fair value		11,621
Due from government funding sources, net of allowance for uncollectable accounts		6,423,407
Rent receivables, net of allowance for uncollectable accounts		821,645
Pledges receivable - current portion		2,044,912
Due from related parties		30,963
Total Financial Assets Available to Meet General Expenditure Within One Year	$	14,914,183

Liquidity Management

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization also has a committed line of credit in the amount of $3,000,000, which was undrawn at June 30, 2020. The Organization has restricted cash and funded reserve which is available for use with approval from the custodian. The Organization primarily funds its housing development with construction loans and investor limited partner capital contributions. The Organization's goal is to maintain Liquid Unrestricted Net Assets (LUNA) of CAI to meet 90 days of that entity's expenses. LUNA includes unrestricted cash and amounts undrawn and available under the line of credit.

4. Investments and Fair Value Measurement

Cost and fair value of investments are as follows:

June 30, 2020		Cost		Fair Value
Mutual funds	$	8,594	$	11,621

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with ASC 820. See Note 2 for a discussion of the Organization's policies regarding this hierarchy. A description of the valuation techniques applied to the Organization's major categories of assets and liabilities measured at fair value is as follows:

Mutual Funds - For the Organization's investments in mutual funds, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. These mutual funds are invested primarily in equity securities. Mutual funds are valued at the net asset value (NAV) of each share (which is actively traded on national securities exchanges) and are classified as Level 1.

There were no transfers between levels during the year ended June 30, 2020.

5. Amounts Due from Government Funding Sources

The Organization had amounts reimbursable under the terms of agreements signed with various governmental agencies, totaling $6,423,407, comprising the following:

June 30, 2020		
New York City Department of Homeless Services	$	545,212
New York City Department of Health and Mental Hygiene		4,456,520
New York City Department of Human Resources Administration		326,642
New York State Department of Health - Medicaid Reimbursement		954,292
New York State Office of Mental Health		553,603
U.S. Department of Housing and Urban Development		125,536
Other		47,414
		7,009,219
Less: allowance for uncollectable accounts		(585,812)
Due from Government Funding Sources, net of allowance	$	6,423,407

6. Related-Party Transactions

Reimbursements

The Organization made certain payments on behalf of the affiliated entities. The amounts due from the unconsolidated affiliated entity were as follows:

Year ended June 30, 2020		
29 East 2nd Street LLC	$	30,963

Loans

On August 15, 2018, 1159 River Ave HDFC entered into a loan agreement with an employee of CAI to borrow $850,000 (Note 11) to finance a portion of the down payment in connection with a purchase for 1159 River Avenue. The loan bears an interest rate at 1.75% and matures on September 1, 2020. The entire loan principal balance was fully repaid with accrued interest on December 16, 2019.

On June 15, 2019, Community Access HDFC entered into a loan agreement with an employee of CAI to borrow $600,000 (Note 11) to finance a portion of the down payment in connection with the purchase for 1861 Carter Avenue. The loan bears an interest rate at 1.75% and matures on August 31, 2021 unless the maturity has been extended. The entire loan principal balance remains outstanding at June 30, 2020.

Contributions

The Organization receives contributions from its employees and members of the Board from time to time.

7. Property and Equipment, Net

Major classes of property and equipment, net, consist of the following:

June 30, 2020	
Land	$ 23,166,070
Building and building improvements	252,589,706
Leasehold improvements	2,106,985
Office furniture and equipment	789,917
Apartment furniture and equipment	537,634
Construction-in-progress*	33,091,882
	312,282,194
Less: accumulated depreciation	(57,897,416)
Net Property and Equipment	$ 254,384,778

* At June 30, 2020, the estimated cost to complete construction-in-progress, which related primarily to construction of the 1159 River Avenue Owners LLC, was $125.9 million.

Depreciation and amortization expense for the year ended June 30, 2020 was $6,259,395.

8. Pledges Receivable

Pledges receivable are unconditional promises to give.

At June 30, 2020, the pledge receivable balance collectible within one year was $2,044,912.

In July 2015, CAI received a conditional $4,400,000 four-year pledge for fiscal years 2016 through 2020 for new affordable housing development and related expenditures. As of June 30, 2020, CAI had collected $3,000,000 of that pledge. At June 30, 2020, the Organization has a total conditional pledge in the amount of $1,400,000. A corresponding pledge receivable has not been recorded on the consolidated statement of financial position, as the conditional pledge is contingent upon incurring qualifying expenditures and fulfilling milestones.

9. Restricted Cash and Funded Reserve

Replacement and Operating Reserves

Under regulatory and operating agreements, the Organization is required to establish and fund amounts for the replacement of property and other project expenditures, such as major repairs, approved by HUD, NYC Department of Housing Preservation and Development (HPD), the Housing Trust Fund Corporation (HTFC), and The Community Preservation Corporation (CPC). The replacement reserves totaled $4,915,299 at June 30, 2020. In addition to the replacement reserves, the Organization is required to maintain operating reserves to fund operating deficits in the respective projects financed by HPD and HTFC. The operating reserves totaled $4,592,039 at June 30, 2020. Replacement reserves and operating reserves are held in separate accounts and are not available for operating purposes without prior regulatory approval.

985 Bruckner Boulevard Owners LLC held deposits in an equity escrow account made in connection with the construction of 985 Bruckner Boulevard. The balance in the escrow account was $819,496 at June 30, 2020.

Community Access HDFC held deposits in an interest reserve account made in connection with the interest expense incurred on the building and land acquisition loan for 1861 Carter Avenue housing project. The balance in the interest reserve account was $434,850 at June 30, 2020.

Tenant Security Deposits

Under rental agreements with tenants, the Organization collects security deposits at the inception of the rental agreement, which will be subsequently repaid to the tenants when the rental term ends. The security deposits are held in separate accounts and are not available for operating purposes. The tenant security deposits totaled $198,451 at June 30, 2020.

10. Mortgages and Notes Payable

Access House, Inc.

In August 2013, Access House executed a mortgage note agreement with CPC to borrow $973,190 to refinance an outstanding mortgage. The mortgage note is secured by related property. The new mortgage is payable in monthly installments of $7,130 and bears interest at 3.86% per annum. At June 30, 2020, the outstanding principal was $603,733. Mortgage interest expense for the year ended June 30, 2020 was $33,153.

In October 2014, Access House entered into a mortgage note agreement with the City of New York (the City), acting through HPD, in the amount of $93,788. The loan was made in response to Superstorm Sandy funds from HUD under the Disaster Recovery Loans Program for Sandy. The note bears no interest rate and shall be deemed satisfied on October 24, 2019, subject to Access

House compliance with all terms, covenants and conditions contained in the loan documents. The outstanding balance as of June 30, 2020 was $0.

Community Recovery Houses

In November 2010, CAI acquired three sites from an unrelated not-for-profit organization. As part of the purchase and sale agreement, CAI assumed the unpaid principal of the mortgages payable to OMH and the Dormitory Authority of the State of New York (DASNY). Subsequent to the acquisition, title to the properties was transferred and the mortgages were assumed by Community Recovery Houses HDFC. These mortgages, which bear interest rates ranging from 4.83% to 7.40% per annum, are payable in semi-annual installments ranging from $7,801 to $70,924 and have maturity dates ranging from February 2016 to June 2035. As of June 30, 2020, the outstanding principal was $703,898. Mortgage interest expense for the year ended June 30, 2020 was $39,062. The mortgages are secured by the related buildings and land.

Gouverneur Court HDFC

In October 1992, Gouverneur Court HDFC acquired a building from 107-109 HDFC (a related party at the time of acquisition) through the assumption of the building loan contract under financing provided by HPD. The entire principal balance of $8,253,369 is due and payable in March 2022. Interest was payable monthly at the rate of 1% per year. In addition, an annual service fee of 0.25% was required. In July 2006, HPD reduced the outstanding mortgage balance by $234,343, which represents the unspent construction funds. As a result, the monthly interest payment has been reduced from $8,597 to $8,353. All other terms of the mortgage loan remain the same. During 2006, HPD agreed to amend the terms of the HPD loan to defer payment of interest, service and replacement reserve deposits for a period of two years. In July 2012, Gouverneur Court HDFC and HPD modified the terms of the agreement. The mortgage, as restated, bears no interest and requires no service fees. The new principal balance of $8,180,548 is due on May 1, 2039. As part of the modified financing agreement, HPD transferred the balance of the sinking fund under the old agreement in the amount of $1,327,076 to Gouverneur Court HDFC's replacement and operating reserves. There is no liability to repay the funds to HPD at maturity of the mortgage. The outstanding balance on the mortgage as of June 30, 2020 was $8,180,548. The mortgage is secured by the related land and building.

On October 24, 2014, Gouverneur Court HDFC entered into a mortgage note agreement with the City, acting through its HPD, in the amount of $196,477. The loan was made in response to Superstorm Sandy funds from HUD under the Disaster Recovery Loans Program for Sandy. The note bears no interest rate and shall be deemed satisfied on October 24, 2019, subject to Gouverneur Court HDFC's compliance with all terms, covenants and conditions contained in the loan documents. The outstanding balance as of June 30, 2020 was $0.

107-109 Ave LP

In June 1992, the 107-109 Ave LP acquired a building through assumption of the mortgage with HPD representing all costs incurred during construction. The entire principal balance of $2,833,520 is due and payable in July 2022. In January 2006, HPD agreed to amend the terms of the loan to defer payment of interest and replacement reserve deposits until January 1, 2008. The deferred interest payments were to be paid on the maturity date of the mortgage. Effective June 15, 2009, HPD and 107-109 LP agreed to modify the terms of the mortgage. The deferred interest in the amount of $70,838 was added to the principal balance to form a new principal amount of $2,903,768. The new principal amount bears no interest. The new principal amount is due and payable on July 15, 2037. On June 15, 2009, as part of the new financing, HPD transferred $403,775 to 107-109 Ave LP's operating reserve account with the understanding that the funds will be repaid to HPD at maturity of the mortgage. The amount, which is included in amounts due to HPD, is noninterest-bearing. At June 30, 2020, the outstanding principal under the mortgage was $2,903,768.

1710 Vyse Ave LP

In December 2010, 1710 Vyse Ave LP entered into a note payable agreement with 1710 Vyse Ave HDFC and signed a promissory note in the amount of $10,576,577. The note bears interest at 0% per annum, and the entire balance is due in December 2050. The note is secured by the low-income housing project (Project) and is subject to a regulatory agreement, which was entered into by HDFC and OMH. The intent of HDFC is to forgive the loan to 1710 Vyse Ave LP once the 15-year compliance period for low-income housing tax credit is over, which is expected to be in December 2025, and the related OMH loan payable is repaid.

29 East 2nd Street LP

On June 12, 2002, 29 East 2nd Street LP entered into an agreement with HPD and signed a promissory note in the amount of $5,897,934 to cover costs during construction. The entire principal balance is due and payable in June 2032. The loan is non-interest-bearing and is secured by the Project. As of June 30, 2020, $5,889,933 has been advanced to 29 East 2nd Street LP.

In August 2002, 29 East 2nd Street LP received a 30-year loan from the sponsors, affiliates of the general partner, in the amount of $379,762. The note bears interest at 1% per annum. The entire principal balance plus accrued interest is due and payable in January 31, 2021.

29 East 2nd Street Housing Development Fund Company, Inc. (a related party with the general partner through common Board of Directors) acquired the land for the Project from the City and issued a $1 million promissory note to the City. The land, along with the promissory note obligation, was assigned to 29 East 2nd Street LP. 29 East 2nd Street Housing Development Fund Company, Inc. will continue to hold legal title to the land and 29 East 2nd Street LP will have all the beneficial and equitable interest in the land. The note is non-interest-bearing and is due and payable in June 2032.

1363 Franklin Ave LP

In June 2005, 1363 Franklin Ave LP entered into a permanent financing agreement with HTFC and signed a promissory note in the amount of $2,000,000. The note bears interest at 1% per annum and matures in June 2035. The note is secured by the Project and a Regulatory Agreement. Interest is accrued annually and paid on April 30 of the following year out of excess income prior to distribution of any return of equity, as defined. As of June 30, 2020, interest totaling $90,000 has been accrued and is included in interest payable on the consolidated statement of financial position. Loan costs, included in deferred costs, totaling $20,015 at June 30, 2020 are being amortized over the term of the related loan using the straight-line method over the life of the loan. Amortization for the year ended June 30, 2020 was $667, which is included in interest expense on the consolidated statement of activities. At June 30, 2020, accumulated amortization was $10,229.

1750 Davidson Ave LP

In February 2008, 1750 Davidson Ave LP entered into a permanent financing agreement with HTFC and signed a promissory note in the amount of $1,940,000, of which the entire amount was drawn down as of December 31, 2009. The note bears interest at 1% per annum and matures in February 2038. The note is secured by the Project and a regulatory agreement. Interest is accrued annually and paid in April 30 of the following year out of excess income prior to distribution of any return of equity, as defined. As of June 30, 2020, interest totaling $66,399 has been accrued and is included in interest payable on the consolidated statement of financial position. Loan costs, included in deferred costs, totaling $12,693 at June 30, 2020 are being amortized over the term of the related loan using the straight-line method over the life of the loan. Amortization for the year ended June 30, 2020 was $1,058, which is included in interest expense on the consolidated statement of activities. At June 30, 2020, accumulated amortization was $12,163.

772 East 168th Street LLC (Tinton Ave)

In October 2004, 772 East 168th Street LLC entered into an agreement with HPD and signed a promissory note in the amount of $6,000,000. The entire principal balance is due and payable in October 2034. Interest is accrued at a rate of 0.25% per annum and is payable on the maturity date of the loan. In addition, an annual service fee of $3,000 increasing by 3% each year is required. The loan is secured by the property. As of December 31, 2013, $6,000,000 has been advanced to the 772 East 168th Street LLC. As of June 30, 2020, interest totaling $198,288 has been accrued and is included in interest payable on the consolidated statement of financial position. Deferred financing costs totaling $60,000 at June 30, 2020 are being amortized over the term of the related loan using the straight-line method. Amortization for the year ended June 30, 2020 was $2,000. At June 30, 2020, the accumulated amortization was $27,000.

CHICA LP (1022 Rev. James Polite Avenue)

On May 27, 2003, CHICA LP acquired a building on 1022 Rev James Polite Avenue through the assumption of a building loan agreement with the New York City Housing Development Corporation (HDC). Through December 31, 2009, $7,323,632 has been advanced to CHICA LP. During 2014, the loan was transferred to HPD. Interest accrues monthly at a rate of 0.25% per year. The entire mortgage balance and accrued interest is due and payable in May 2033. As of June 30, 2020, interest totaling $279,833 has been accrued and is included in interest payable on the consolidated statement of financial position. Deferred financing costs totaling $73,236 at June 30, 2020 are being amortized over the term of the related loan using the straight-line method. Amortization for the year ended June 30, 2020 was $2,442. At June 30, 2020, the accumulated amortization was $36,617.

910 Dekalb Ave LP

In June 2004, 910 Dekalb Ave LP entered into a permanent financing agreement with HTFC and signed a promissory note in the amount of $2,000,000. The note bears interest at 1% per annum and matures in June 2034. The note is secured by the Project and a regulatory agreement. Interest is accrued annually and paid on April 30 of the following year out of excess income prior to distribution of any return of equity, as defined. As of June 30, 2020, interest expense totaling $69,020 for each year has been accrued and is included in interest payable on the consolidated statement of financial position.

111 East 172nd Street LLC

On September 22, 2016, 111 East 172nd Street LLC entered into a mortgage agreement with the New York State Housing Finance Agency (HFA) in the amount of $25,400,000 to finance the costs of acquiring and constructing a 126-unit housing project. The loan includes both the short-term principal amount of $5,050,000 and the long-term principal amount of $20,350,000. The loan bears an interest rate at 2.5% for short term portion of the loan. The long-term portion of the loan bears interest rate of 5.35% from the date until the conversion from construction to permanent financing, and 4.10% per annum on the outstanding principal amount until payment in full. Prior to the loan conversion date, in addition to payments of principal and interest, 111 East 172nd Street LLC is obligated for monthly equal installment of the HFA Serving Fee equal to 0.75% per annum on the maximum principal amount of the short-term loan and 0.25% per annum on the original principal amount of the long-term loan. Upon the loan conversion date, 111 East 172nd Street LLC is also obligated for the State of New York Mortgage Agency (SONYMA) premium in the amount of 0.50% per annum of the outstanding principal amount of the loan. As of June 30, 2020, 111 East 172nd Street LLC has not drawn the entire amount of the loan. The outstanding amount of principal at June 30, 2020 was $23,806,448. As discussed further in Note 16, the short-term portion of the loan totaling $5,050,000 was repaid when the project completed permanent financing on August 12, 2020.

Principal maturities on the related obligations are as follows:

Year ending June 30,		
2021	$	958,316
2022		602,672
2023		562,878
2024		514,880
2025		539,745
Thereafter		62,981,181
Total		66,159,672
Less:		
Current portion		(958,316)
Unamortized mortgage costs		(1,000,169)
Total Mortgage Payable, net of current portion and deferred financing costs	$	64,201,187

11. Loans Payable

CAI

On April 22, 2020, CAI received a loan under the Paycheck Protection Program (PPP) in the amount of $2,482,000 from BankUnited, N.A. The loan bears a fixed interest at 1.00% per annum and matures on April 22, 2022. The outstanding amount of principal balance at June 30, 2020 was $2,482,000.

On September 14, 2016, CAI entered into a Sponsor Loan Agreement with OMH pursuant to which OMH agreed to lend up to $15,000,000 to CAI, and CAI agreed to advance those funds to 111 East 172nd Street Owners LLC, to finance costs of constructing the housing project. The loan bears interest at 5.10% and matures on the construction loan conversion date. The outstanding amount of principal balance at June 30, 2020 was $13,517,881. As discussed further in Note 16, the entire loan principal balance totaling $13,517,881 was repaid when the 111 East 172nd Street Owners LLC completed its permanent financing on August 12, 2020.

Access House

On October 7, 2016, Access House executed a loan agreement with the CPC in the amount of $1,119,121. The loan was made in response to Superstorm Sandy. The City, acting by and through its HPD, awarded funds (the CDBG-DR Funds) under the CDBG Disaster Recovery Program for Sandy. The mortgage bears no interest rate and shall be deemed satisfied on March 7, 2028, subject to Access House's compliance with all terms, covenants and conditions contained in the loan documents. The advanced disbursement as of June 30, 2020 was $925,212.

Community Access HDFC

On June 15, 2019, Community Access HDFC entered into a loan agreement with an employee of CAI to borrow $600,000 (Note 6) to finance a portion of the down payment in connection with a purchase of 1861 Carter Avenue. The loan bears an interest rate at 1.75% and matures on August 31, 2022. The entire loan principal balance remains outstanding at June 30, 2020.

On August 27, 2019, Community Access HDFC entered into a loan agreement with Mercy Loan Fund in the amount of $6,650,000 to finance costs in connection with a purchase for 1861 Carter Avenue. The loan bears interest at 5.50% per annum and matures on August 27, 2021. The outstanding amount of principal balance at June 30, 2020 was $6,650,000.

Gouverneur Court HDFC

On October 7, 2016, Gouverneur Court HDFC executed a mortgage agreement with CPC in the amount of $1,426,557. The loan was made in response to Superstorm Sandy. The City, acting by and through HPD, awarded the CDBG-DR Funds under the CDBG Disaster Recovery Program for Sandy. The mortgage bears no interest rate and shall be deemed satisfied on December 7, 2027, subject to Gouverneur Court HDFC's compliance with all terms, covenants and conditions contained in the loan documents. The advanced disbursement as of June 30, 2020 was $998,342.

258 East 4th Street LP

In May 1993, the 258 East 4th Street LP entered into a permanent financing agreement with HTFC and signed a promissory note in the amount of $5,923,192. In 1995 and 1997, pursuant to the agreement, 258 East 4th Street LP made mortgage principal payments of $520,363 and $221,876, respectively, as a result of 258 East 4th Street LP's sale of limited partnership interests. The balance of the note in the amount of $5,180,953 bore interest at 1.4% per annum and matured in April 2008. In 1995, 258 East 4th Street LP elected to prepay the entire interest on the mortgage, which amounted to $997,719, as provided in the mortgage agreement. Interest expense was recognized over the initial 15-year term of the mortgage. During 2010, 258 East 4th Street LP made a payment of $4,623 towards the mortgage payable. On March 13, 2012, based on the terms of the original agreement, HTFC has exercised the option to extend the principal balance of the loan to December 6, 2092. The note bears interest at the annual uncompounded rate of 1% of the outstanding principal of the loan. The interest obligation is limited by the extent of excess income calculated annually. If at any time excess income is insufficient to pay all or a portion of any payment of interest due, that amount of interest which exceeds excess income will be forgiven.

The outstanding principal under the mortgage was $5,176,330 for June 30, 2020. The interest accrued as of June 30, 2020 was $188,505.

1854 Cedar Ave LLC

In May 2009, 1845 Cedar Ave LLC obtained financing of $10,100,000 (the Senior Leasehold Loan) for the construction of the Project from New York State Housing Finance Agency (HFA). The loan required monthly payments of interest at a fixed rate of 5.75% on loan principal amount of $2,400,000 and 4.5% on loan principal amount of $7,700,000. The loan requires an annual HFA Servicing Fee of 0.25%, as well as an annual premium on a SONYMA policy. The loan is secured by the Project and has an outstanding balance of $2,046,621 for the year ended June 30, 2020. Interest expense for the year ended June 30, 2020 is $119,216.

In May 2009, 1845 Cedar LLC also obtained a "Subsidy Loan" from the HFA. The principal amount of $2,951,000 was made available during the construction period. The amount borrowed required interest at 6% per annum through February 15, 2012. Deferred interest in the amount of $317,308 during this period was not payable but added to the outstanding principal amount of the Subsidy Loan. The new loan payable amounted to $3,268,308. Effective February 16, 2012, the loan bears interest at 1% per annum. Monthly payments of $5,030 are to commence on January 1, 2027. The payments are to be applied first to the current interest due and then to the outstanding principal. The balance of the Subsidy Loan and any unpaid interest is payable on the earlier of July 1, 2041, the prepayment in full of the portion of the Senior Leasehold Loan, any default under the credit terms of the portion of the Senior Leasehold Loan, or at the option of the holder in event of default. Interest expense for the year ended June 30, 2020 was $32,683. As of June 30, 2020, interest totaling $274,544 has been accrued and is included in mortgage and loan interest payable on the consolidated statement of financial position. The outstanding loan balance was $3,268,308 for the year ended June 30, 2020.

Also, in May 2009, 1845 Cedar LLC obtained additional financing from the HTFC. The principal amount of $2,951,000 was made available during the construction period. The amount borrowed required interest at 6% per annum through February 15, 2012. Deferred interest in the amount of $83,572 during this period was not payable but added to the outstanding principal amount of the HTFC loan. The new loan amount is $3,034,572. Effective February 16, 2012, the loan bears interest at 1% per annum. The deferred interest is not currently payable. Beginning on February 15, 2028, annual payments of $60,356 are due. The payments are to be applied first to the deferred interest due, then to the current interest due and finally to the outstanding principal. The balance of the loan and any unpaid interest is due and payable on February 15, 2042. Interest expense for the year ended June 30, 2020 was $30,346. As of June 30, 2020, interest totaling $254,547 has been accrued and is included in mortgage and loan interest payable on the consolidated statement of financial position. The outstanding balance was $3,034,572 for the year ended June 30, 2020.

985 Bruckner Blvd LLC

In December 2017, 985 Bruckner Boulevard Owners LLC entered into loan agreements with HDC in the amount of $71,400,000 to finance the construction of a 215-unit housing project. Prior to the conversion to permanent financing, the loan bears interests at 2.4% and 5% on 61.27% and 38.73% of the outstanding principal amount, respectively. After conversion, the loan bears an interest rate of 5.7% per annum and matures in September 2051. As of June 30, 2020, the principal amount of the loan was not fully drawn. The outstanding principal amount for the year ended June 30, 2020 was $64,196,954. Pursuant to the terms of the loan, a financial institution issued a letter of credit to HDC for the account of 985 Bruckner Boulevard Owners LLC in the amount of $42,854,167 for the construction of the projects.

111 East 172nd Street LLC

On September 22, 2016, 111 East 172nd Street LLC entered into a loan agreement with HPD in the amount of $3,300,000 to finance the costs of constructing the housing project. The loan bears an interest rate at 0.25% and matures on August 12, 2050. As of June 30, 2020, the outstanding balance was $3,300,000.

On September 22, 2016, 111 East 172nd Street LLC entered into a Subordinate Loan Agreement with Citibank, N.A. in the amount of $2,000,000 to finance costs of constructing the housing project. The loan bears interest at 1% per annum and matures on September 22, 2071. The outstanding amount of principal balance at June 30, 2020 was $2,000,000.

1159 River Ave HDFC

On August 15, 2018, 1159 River Ave HDFC entered into a loan agreement with an employee of CAI to borrow $850,000 (Note 6) to finance a portion of the down payment in connection with a purchase of 1159 River Avenue. The loan bears an interest rate at 1.75% and matures on September 1, 2020. The entire loan principal balance was repaid with accrued interest on December 18, 2019.

On August 15, 2018, 1159 River Ave HDFC entered into an acquisition loan agreement with New York City Acquisition Fund LLC in the amount of $10,275,000 to finance the purchase of the property, net of the deposit already paid, and related closing costs. Simultaneously with the making of the loan, New York City Acquisition Fund LLC has agreed to lend 1159 River Ave HDFC a building loan in the amount of $1,110,000 and a project loan in the amount of $2,215,000, to fund pre-fund interest on the acquisition loan and other pre-development costs. The loans bear an interest rate at the one-month London Inter-Bank Offered Rate (LIBOR) rate plus 3.75% and mature on September 1, 2020. The loan was repaid on December 18, 2019.

1159 River Ave LLC

On December 18, 2019, 1159 River Ave LLC entered into a loan agreement with HFA in the amount of $65,265,000 to finance the costs of acquiring and constructing three-unit condominium housing project. During the construction period, the short-term loans bear interest rates at 2.00% and 3.25%, respectively, and the long-term portion of the loan bears interest rate of 4.00%. Upon completion of construction, the entire outstanding loan balance will be converted into permanent financing and bear an interest rate of 4.00% per annum until payment in full. 1159 River Ave LLC is also obligated for the HFA Serving Fee in the amount of 0.25% per annum of the outstanding principal amount of the loan. The loan has a maturity date at July 1, 2053. As of June 30, 2020, 1159 River Ave LLC has not drawn the entire amount of the loan. The outstanding amount of principal at June 30, 2020 was $21,485,969.

On December 18, 2019, 1159 River Ave LLC entered into a Subsidy Loan agreement with HFA in the amount of $15,925,000 to finance the construction of the project. The loan bears interest rate of 1.92% and 0.50% per annum accrued on a monthly basis, beginning the first month after the first advance of Subsidy Loan proceeds, and continuing through the conversion date. As of June 30, 2020, 1159 River Ave LLC has not drawn the entire amount of the loan. The outstanding amount of principal at June 30, 2020 was $1,172,510.

On December 18, 2019, 1159 River Ave LLC entered into a loan agreement with HPD in the amount of $25,950,000 to finance the costs of constructing the project. The loan bears an interest rate at 0.25% and matures on February 18, 2024. As of June 30, 2020, the outstanding balance was $313,708.

BankUnited N.A. Line of Credit

In February 2016, CAI entered into a loan agreement with BankUnited, N.A. to provide a $2,000,000 line of credit. Borrowings under the line of credit bear interest at the one-month LIBOR rate plus 2.5%. The line of credit was subsequently increased to $3,000,000. At June 30, 2020, there were no outstanding borrowings under the line of credit.

Principal maturities on the loans payable are as follows:

Year ending June 30,		
2021	$	804,902
2022		3,927,461
2023		7,538,129
2024		933,016
2025		974,677
Thereafter		141,343,568
Total		155,521,753
Less:		
Current portion		(804,902)
Unamortized loan issuance costs		(2,462,484)
Total Loan Payable, net of current portion and deferred financing costs	$	152,254,367

12. Commitments and Contingencies

Operating Leases

The Organization leases office space under various leases expiring at various dates through May 2033.

Future minimum payments under noncancelable operating leases with initial or remaining terms of one year or more at June 30, 2020 are as follows:

Year ending June 30,		
2021	$	940,604
2022		773,984
2023		752,523
2024		750,260
2025		574,817
Thereafter		5,003,711
Total	$	8,795,899

For consolidated financial statement purposes, base rent is expensed on the straight-line basis over the term of the lease. Rent expense was approximately $1,052,000 for the year ended June 30, 2020.

In addition to rents paid to related parties (Note 6), the Organization rents apartments for clients and office space under arrangements accounted for as operating leases.

The rental commitment presented above does not include operating leases with terms of one year or less. Rent expense under all operating leases for the year ended June 30, 2020, which includes leases with month-to-month terms and related-party transactions, amounted to approximately $3,300,000.

Federal, State and City Funding

The Organization participates in various state and city programs for the benefit of clients with mental health issues. These programs have strict requirements for participation and, accordingly, the Organization is subject to government program reviews covering compliance with laws and regulations.

The expenses of programs that have been reimbursed pursuant to state and city government contracts and grants are subject to audit by the respective granting agencies.

Developer Guarantees

CAI acted as developer or co-developer of the housing projects owned or controlled by CAI and its subsidiaries. As the developer, CAI acts as guarantor of various obligations of the development entities, principally the timely completion of building construction (Completion Guarantees) and the ability of a building to achieve break-even operations within a certain period after completion (Operating Deficit Guarantees). These guarantees are generally limited to the amount of the cash developer's fee CAI expects to receive in connection with the project. At June 30, 2020, CAI had outstanding Completion Guarantees and Operating Deficit Guarantees in connection with the construction-in-progress at 1159 River Ave LLC. CAI also acts as guarantor of certain continuing obligations of the development entities with respect to potential tax credit adjustments. (See *Low-Income Housing Tax Credits* below.)

Low-Income Housing Tax Credits

The Projects' low-income housing tax credits are contingent on their ability to maintain compliance with applicable provisions of Section 42, which primarily relate to occupant eligibility and unit gross rent. Failure to maintain compliance or to correct non-compliance within a specified time period could result in a reduction in tax credits for which the Projects are eligible, and recapture of tax credits previously taken plus accrued interest, which could also require an adjustment to the capital contributed by the investing members. If such non-compliance is due to events within the control of the managing members, then the managing members shall compensate the investing members for any resulting tax credit reduction and/or recapture. If such non-compliance is not due to events within the control of the managing members, then the limited partnerships or limited liability companies may be required to compensate the investing members for any resulting tax credit reduction and/or recapture out of operating cash flow or from the proceeds of a refinancing or sale of the Projects.

Third-Party Vendor Ransomware Attack

On July 16, 2020, CAI was notified by its third-party vendor that manages its donor information that a ransomware attack occurred in May 2020 on the third-party vendor's back-up system in which certain data was exfiltrated. The third-party vendor took immediate and decisive action to address the incident. The vendor does not receive or store any donor protected information (such as credit card or social security numbers). This incident has had no impact on CAI's operations or the data on CAI's system. As of the date of this report, CAI cannot estimate the financial impact this event will have on its financial position, if any, and as a result, CAI has not accrued any liability.

13. Employee Benefit Plan

In January 2004, the Organization established a 403(b) retirement plan (the Plan) covering all eligible employees. Employees are eligible to participate if they have completed one year of service. Participating employees may contribute a percentage of their pay to the Plan up to the maximum amount allowed by the IRS. The Plan provides for a discretionary basic contribution that can vary year to year. For the year ended June 30, 2020, contributions to the Plan totaled $169,885.

14. Discontinued Operations

On February 14, 2019, Libby House entered into an agreement with a purchaser to sell the property for $2,650,000. The agreement was subsequently amended to reduce the sale price to $2,385,000. The sale is expected to close by the end of 2020.

As a result of the intended sale, in accordance with U.S. GAAP, the Organization has prepared its consolidated financial statements with Libby House reported as discontinued operations for the year presented.

Included in the consolidated statement of financial position within assets held-for-sale, liabilities held-for-sale and net deficit without donor restrictions held-for-sale are the following:

June 30, 2020		
Assets		
Cash and cash equivalents	$	564
Restricted cash		52,904
Prepaid expenses and other current assets		488
Property and equipment, net (Notes 2 and 6)		242,154
Security deposits and other assets		2,565
Total Assets Held-for-Sale	$	298,675
Liabilities		
Accounts payable, accrued expenses and taxes	$	13,247
Total Liabilities Held-for-Sale	$	13,247

Included in the change in net assets from discontinued operations within the consolidated statement of activities and consolidated statement of changes in net assets are the following:

June 30, 2020		
Loss on Discontinued Operations		
Housing programs	$	86,188
Management and general		6,860
Total Expenses and Loss on Discontinued Operations	$	93,048

15. Risks and Uncertainties

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Organization's operations are heavily dependent on grants and contracts from federal, state, and local governments to provide services to the public. Additionally, funding from governmental sources may be subject to budget modifications depending on appropriations by the source. Despite the pandemic and CAI canceling its annual fundraising Gala as a result of pandemic, the Organization experienced increases in revenue from new programs and program billing rates during the fiscal year. This increase, together with the developer fee income during the year and corresponding increase in expenses for new programs, attributed to an increase in net assets. The Organization has incurred, and it is expected to incur for the foreseeable future, incremental and other COVID-19 pandemic-related expenses. The Organization continues to experience growth in its housing development.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to the Organization, its performance, and its financial results.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, it may have an adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2021.

CARES Act

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

As discussed further above in Note 11, on April 22, 2020, the Organization has received funds under the PPP in the amount of $2,482,000. This balance is reflected in long term loan payable balance on the statement of financial position. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The Organization intends to apply for loan forgiveness under the PPP.

16. Subsequent Events

On August 12, 2020, 111 East 172nd Street Owners LLC completed its permanent financing conversion. During the permanent financing conversion, the short-term portion of the HFA loan totaling $5,050,000 and CAI’s OMH Sponsor loan totaling $13,517,381 were repaid with HFA permanent loan drawdowns and the investor limited partner capital contributions. The HPD construction supportive loan in the amount of $3,300,000 was converted into a long-term debt that matures on August 12, 2050.

The Organization has evaluated subsequent events through December 15, 2020, which is the date these consolidated financial statements were available to be issued. Other than as noted in the preceding paragraph above, there were no other subsequent events requiring adjustments or disclosures to the consolidated financial statements.

Supplementary Information

Community Access, Inc. and Subsidiaries

Consolidating Schedule of Financial Position
(with comparative totals for 2019)

June 30, 2020

	CAI	Access House	202 West 108th St	1710 Vyse Ave HDFC	1854 Cedar Ave HDFC	Community Access HDFC	Community Recovery Houses	Gouverneur Court HDFC	258 East 4th Street LP	107-109 Ave LP	111 East 172nd Street HDFC	1159 River Ave HDFC	Subsidiaries in Syndication	Libby House (Discontinued Operations)	Eliminations	Total 2020	Total 2019
Assets																	
Current																	
Cash and cash equivalents (Note 2)	$ 2,527,504	$ 45,437	$ 3,990	$ -	$ -	$ 215,134	$ 952	$ 761,423	$ 28,099	$ 15,094	$ 1	$ 12,723	$ 1,971,278	$ -	$ -	**$ 5,581,635**	$ 7,199,707
Restricted cash and funded reserve (Notes 2 and 9)	155,783	463,194	143,830	-	-	434,850	-	1,663,651	564,339	774,959	-	-	6,759,529	-	-	**10,960,135**	11,491,407
Investments at fair value (Notes 2 and 4)	11,621	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**11,621**	11,621
Due from government funding sources, net (Notes 2 and 5)	6,423,407	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**6,423,407**	4,610,130
Rent receivables, net	-	-	4,777	-	-	-	-	66,974	32,781	6,219	-	-	710,894	-	-	**821,645**	359,677
Pledges receivable - current portion (Notes 2 and 8)	2,044,912	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2,044,912**	1,310,213
Loan receivable - current portion	13,517,381	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,517,381)	**-**	-
Due from related parties (Notes 1 and 6)	5,218,665	-	-	-	-	-	-	303,759	-	-	201	3,213	30,957	-	(5,525,832)	**30,963**	22,264
Prepaid expenses and other current assets	1,247,710	3,087	-	-	55,833	4,586	-	35,422	9,592	1,769	-	-	146,073	-	-	**1,504,072**	2,202,528
Total Current Assets	31,146,983	511,718	152,597	-	55,833	654,570	952	2,831,229	634,811	798,041	202	15,936	9,618,731	-	(19,043,213)	**27,378,390**	27,207,547
Property and Equipment, Net (Notes 2 and 7)	1,018,155	1,577,795	1,091,952	-	4,000,000	6,724,246	2,355,563	4,823,842	718,269	1,002,121	-	-	231,072,835	-	-	**254,384,778**	206,454,546
Pledges Receivable, net of current portion (Notes 2 and 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	115,000
Security Deposits and Other Assets	834,965	670	265	-	-	-	-	13,285	6,255	140	367	-	320,932	-	-	**1,176,879**	847,048
Developer's Fee Receivable, Net	10,560,408	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,560,408)	**-**	-
Loans Receivable, Net	1,500,000	-	-	7,553,847	10,326,349	-	-	-	-	-	-	-	-	-	(19,380,196)	**-**	-
Assets Held-for-Sale (Note 14)	-	-	-	-	-	-	-	-	-	-	-	-	-	298,675	-	**298,675**	335,320
Total Assets	$ 45,060,511	$ 2,090,183	$ 1,244,814	$ 7,553,847	$ 14,382,182	$ 7,378,816	$ 2,356,515	$ 7,668,356	$ 1,359,335	$ 1,800,302	$ 569	$ 15,936	$ 241,012,498	$ 298,675	$ (48,983,817)	**$ 283,238,722**	$ 234,959,461
Liabilities and Net Assets (Deficit) and Non-Controlling Interest																	
Current Liabilities																	
Accounts payable, accrued expenses and taxes	$ 2,220,853	$ 38,844	$ 30,195	$ -	$ 238	$ 21,799	$ -	$ 104,979	$ 81,343	$ 26,111	$ -	$ 15,956	$ 7,402,470	$ -	$ -	**$ 9,942,788**	$ 12,062,855
Accrued compensated absences (Note 2)	1,409,435	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,409,435**	1,011,465
Due to related parties (Notes 1 and 6)	307,173	-	140,856	-	-	91,915	-	312,199	273,437	62,445	-	-	3,902,161	-	(5,090,186)	**-**	-
Deferred revenue and due to government funding sources (Note 2)	4,877,396	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**4,877,396**	6,023,964
Mortgages and notes payable, current portion (Note 10)	-	63,375	-	-	-	-	135,087	-	-	-	-	-	759,854	-	-	**958,316**	247,706
Loans payable, current portion (Note 11)	-	-	-	391,000	362,164	-	-	-	-	-	-	-	51,738	-	-	**804,902**	762,162
Total Current Liabilities	8,814,857	102,219	171,051	391,000	362,402	113,714	135,087	417,178	354,780	88,556	-	15,956	12,116,223	-	(5,090,186)	**17,992,837**	20,108,152
Security Deposits and Other Liabilities	-	-	908	-	-	-	-	18,701	15,318	9,342	-	-	179,357	-	-	**223,626**	198,451
Accrued Lease Obligation (Note 12)	297,152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**297,152**	232,388
Developer's Fee Payable	-	-	-	-	-	-	-	-	-	-	-	-	18,517,036	-	(17,130,222)	**1,386,814**	1,347,129
Mortgage and Loan Interest Payable	-	-	-	-	-	-	-	5,998	188,505	79,854	-	-	5,139,577	-	-	**5,413,934**	1,980,322
Mortgages and Notes Payable, net of current portion and unamortized mortgage costs (Note 10)	-	493,882	-	-	-	-	568,811	8,180,548	-	3,307,543	-	-	59,454,250	-	(7,803,847)	**64,201,187**	64,422,059
Loans Payable, net of current portion and unamortized loan issuance costs (Note 11)	15,999,381	925,212	-	7,162,847	13,964,185	7,250,000	-	998,342	5,176,330	-	-	-	125,871,800	-	(25,093,730)	**152,254,367**	115,270,661
Liabilities Held-for-Sale (Note 14)	-	-	-	-	-	-	-	-	-	-	-	-	-	448,893	(435,646)	**13,247**	6,985
Total Liabilities	25,111,390	1,521,313	171,959	7,553,847	14,326,587	7,363,714	703,898	9,620,767	5,734,933	3,485,295	-	15,956	221,278,243	448,893	(55,553,631)	**241,783,164**	203,566,147
Commitments and Contingencies (Notes 3, 10, 11, 12 and 13)																	
Net Assets (Deficit) (Notes 2, 14, and 15)																	
Without donor restrictions	19,949,121	568,870	1,072,855	-	55,595	15,102	1,652,617	(1,952,411)	(4,375,598)	(1,684,993)	569	(20)	1,972	(150,218)	6,569,814	**21,723,275**	6,292,471
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	10,890
Non-Controlling Interest in Affiliates	-	-	-	-	-	-	-	-	-	-	-	-	19,732,283	-	-	**19,732,283**	25,089,953
Total Net Assets (Deficit) and Non-Controlling Interest	19,949,121	568,870	1,072,855	-	55,595	15,102	1,652,617	(1,952,411)	(4,375,598)	(1,684,993)	569	(20)	19,734,255	(150,218)	6,569,814	**41,455,558**	31,393,314
Total Liabilities and Net Assets (Deficit) and Non-Controlling Interest	$ 45,060,511	$ 2,090,183	$ 1,244,814	$ 7,553,847	$ 14,382,182	$ 7,378,816	$ 2,356,515	$ 7,668,356	$ 1,359,335	$ 1,800,302	$ 569	$ 15,936	$ 241,012,498	$ 298,675	$ (48,983,817)	**$ 283,238,722**	$ 234,959,461

Community Access, Inc. and Subsidiaries

Consolidating Schedule of Activities
(with comparative totals for 2019)

Year ended June 30, 2020

	CAI Without Donor Restrictions	CAI With Donor Restrictions	CAI Total	Access House (Without Donor Restrictions)	202 West 108th St (Without Donor Restrictions)
Public Support and Revenue					
Operating revenues:					
Government grants	$ 21,887,197	$ -	$ 21,887,197	$ -	$ -
Medicaid income	6,846,112	-	6,846,112	-	-
Clients' fees (net of client allowance of $233,873 and $252,432 in 2020 and 2019, respectively)	1,449,539	-	1,449,539	-	-
Rental income	-	-	-	421,547	83,309
Contributions - foundations and corporations	1,170,360	-	1,170,360	-	-
Contributions - individuals	1,007,202	-	1,007,202	-	-
Special events (net of direct benefit expenses of $4,805 and $22,796 in 2020 and 2019, respectively)	98,629	-	98,629	-	-
Net assets released from restrictions	10,890	(10,890)	-	-	-
Total Operating Revenues	32,469,929	(10,890)	32,459,039	421,547	83,309
Other operating revenues:					
Property management fee	1,444,438	-	1,444,438	-	-
Developer's fee	17,278,221	-	17,278,221	-	-
Total Public Support and Revenue	51,192,588	(10,890)	51,181,698	421,547	83,309
Operating Expenses					
Program services:					
Housing programs	20,087,182	-	20,087,182	602,297	150,197
Education and training programs	801,822	-	801,822	-	-
Other programs	14,720,867	-	14,720,867	-	-
Total Program Services	35,609,871	-	35,609,871	602,297	150,197
Supporting services:					
Management and general	5,370,262	-	5,370,262	33,611	13,448
Fundraising	862,308	-	862,308	-	-
Total Supporting Services	6,232,570	-	6,232,570	33,611	13,448
Subsidiaries' Operating Expenses	-	-	-	-	-
Total Operating Expenses	41,842,441	-	41,842,441	635,908	163,645
Change in Net Assets from Operating Activities	9,350,147	(10,890)	9,339,257	(214,361)	(80,336)
Non-Operating Activities					
Interest and other income	667,776	-	667,776	21,175	380
Change in Net Assets, before discontinued operations	10,017,923	(10,890)	10,007,033	(193,186)	(79,956)
Loss on Discontinued Operations	-	-	-	-	-
Change in Net Assets	$ 10,017,923	$ (10,890)	$ 10,007,033	$ (193,186)	$ (79,956)

	1710 Vyse Ave HDFC (Without Donor Restrictions)	1854 Cedar Ave HDFC (Without Donor Restrictions	Community Access HDFC (Without Donor Restrictions)	Community Recovery Houses (Without Donor Restrictions)	Gouverneur Court HDFC (Without Donor Restrictions)
Public Support and Revenue					
Operating revenues:					
Government grants	$ 695,398	$ 1,284,767	$ -	$ 167,736	$ -
Medicaid income	-	-	-	-	-
Clients' fees (net of client allowance of $233,873 and $252,432 in 2020 and 2019, respectively)	-	-	-	-	-
Rental income	-	-	13,200	-	1,265,925
Contributions - foundations and corporations	-	-	-	-	-
Contributions - individuals	-	-	-	-	-
Special events (net of direct benefit expenses of $4,805 and $22,796 in 2020 and 2019, respectively)	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-
Total Operating Revenues	695,398	1,284,767	13,200	167,736	1,265,925
Other operating revenues:					
Property management fee	-	-	-	-	-
Developer's fee	-	-	-	-	-
Total Public Support and Revenue	695,398	1,284,767	13,200	167,736	1,265,925
Operating Expenses					
Program services:					
Housing programs	695,398	1,285,005	8,737	116,294	1,538,992
Education and training programs	-	-	-	-	-
Other programs	-	-	-	-	-
Total Program Services	695,398	1,285,005	8,737	116,294	1,538,992
Supporting services:					
Management and general	-	-	2,100	-	196,524
Fundraising	-	-	-	-	-
Total Supporting Services	-	-	2,100	-	196,524
Subsidiaries' Operating Expenses	-	-	-	-	-
Total Operating Expenses	695,398	1,285,005	10,837	116,294	1,735,516
Change in Net Assets from Operating Activities	-	(238)	2,363	51,442	(469,591)
Non-Operating Activities					
Interest and other income	-	5,000	-	45	141,195
Change in Net Assets, before discontinued operations	-	4,762	2,363	51,487	(328,396)
Loss on Discontinued Operations	-	-	-	-	-
Change in Net Assets	$ -	$ 4,762	$ 2,363	$ 51,487	$ (328,396)

Community Access, Inc. and Subsidiaries

Consolidating Schedule of Activities
(with comparative totals for 2019)

Year ended June 30, 2020

	258 East 4th Street LP (Without Donor Restrictions)	107-109 Ave LP (Without Donor Restrictions)	Subsidiaries in Syndication (Without Donor Restrictions)	Subtotal - Continued Operations (Without Donor Restrictions)	Libby House - Discontinued Operations (Without Donor Restrictions)	Eliminations	Total: Without Donor Restrictions	Total: With Donor Restrictions	Total: 2020	Total: 2019
Public Support and Revenue										
Operating revenues:										
Government grants	$ -	$ -	$ 934,411	$ 24,969,509	$ -	$ -	$ 24,969,509	$ -	**$ 24,969,509**	$ 19,750,927
Medicaid income	-	-	-	6,846,112	-	-	6,846,112	-	**6,846,112**	6,687,611
Clients' fees (net of client allowance of $233,873 and $252,432 in 2020 and 2019, respectively)	-	-	-	1,449,539	-	-	1,449,539	-	**1,449,539**	1,541,873
Rental income	541,839	474,710	6,214,913	9,015,443	-	(2,050,119)	6,965,324	-	**6,965,324**	6,355,992
Contributions - foundations and corporations	-	-	-	1,170,360	-	-	1,170,360	-	**1,170,360**	916,423
Contributions - individuals	-	-	-	1,007,202	-	-	1,007,202	-	**1,007,202**	602,938
Special events (net of direct benefit expenses of $4,805 and $22,796 in 2020 and 2019, respectively)	-	-	-	98,629	-	-	98,629	-	**98,629**	775,806
Net assets released from restrictions	-	-	-	10,890	-	-	10,890	(10,890)	**-**	-
Total Operating Revenues	541,839	474,710	7,149,324	44,567,684	-	(2,050,119)	42,517,565	(10,890)	**42,506,675**	36,631,570
Other operating revenues:										
Property management fee	-	-	-	1,444,438	-	(1,087,391)	357,047	-	**357,047**	283,459
Developer's fee	-	-	-	17,278,221	-	-	17,278,221	-	**17,278,221**	-
Total Public Support and Revenue	541,839	474,710	7,149,324	63,290,343	-	(3,137,510)	60,152,833	(10,890)	**60,141,943**	36,915,029
Operating Expenses										
Program services:										
Housing programs	-	-	-	24,484,102	86,188	(2,050,119)	22,433,983	-	**22,433,983**	20,710,968
Education and training programs	-	-	-	801,822	-	-	801,822	-	**801,822**	861,307
Other programs	-	-	-	14,720,867	-	(6,569,814)	8,151,053	-	**8,151,053**	6,061,862
Total Program Services	-	-	-	40,006,791	86,188	(8,619,933)	31,386,858	-	**31,386,858**	27,634,137
Supporting services:										
Management and general	-	-	-	5,615,945	6,860	(213,730)	5,402,215	-	**5,402,215**	4,228,039
Fundraising	-	-	-	862,308	-	-	862,308	-	**862,308**	1,057,607
Total Supporting Services	-	-	-	6,478,253	6,860	(213,730)	6,264,523	-	**6,264,523**	5,285,646
Subsidiaries' Operating Expenses	979,835	573,486	12,865,954	14,419,275	-	(868,901)	13,550,374	-	**13,550,374**	9,077,266
Total Operating Expenses	979,835	573,486	12,865,954	60,904,319	93,048	(9,702,564)	51,201,755	-	**51,201,755**	41,997,049
Change in Net Assets from Operating Activities	(437,996)	(98,776)	(5,716,630)	2,386,024	(93,048)	6,565,054	8,951,078	(10,890)	**8,940,188**	(5,082,020)
Non-Operating Activities										
Interest and other income	4,563	11,567	134,183	985,884	220	-	985,884	-	**985,884**	1,779,576
Change in Net Assets, before discontinued operations	(433,433)	(87,209)	(5,582,447)	3,371,908	-	6,565,054	9,936,962	(10,890)	**9,926,072**	(3,302,444)
Loss on Discontinued Operations	-	-	-	-	(92,828)	4,760	(88,068)	-	**(88,068)**	(198,352)
Change in Net Assets	$ (433,433)	$ (87,209)	$ (5,582,447)	$ 3,371,908	$ (92,828)	$ 6,569,814	$ 9,848,894	$ (10,890)	**$ 9,838,004**	$ (3,500,796)