

The Partnership for the Homeless, Inc. and Affiliate

Combined Financial Statements

June 30, 2021 and 2020

Independent Auditors' Report

Board of Directors

The Partnership for the Homeless, Inc. and Affiliate

We have audited the accompanying combined financial statements of The Partnership for the Homeless, Inc. and Affiliate (the "Organizations"), which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

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Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of June 30, 2021 and 2020, and the combined changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

December 2, 2021

The Partnership for the Homeless, Inc. and Affiliate

Combined Statements of Financial Position

	June 30,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 2,895,570	\$ 2,877,952
Due from governmental agencies	422,970	254,037
Prepaid expenses and other assets	39,006	31,590
Grants receivable, net	75,000	147,282
Client custodial funds	70,995	100,474
Security deposits and other	29,500	29,500
Property and equipment, net	357,671	410,129
	\$ 3,890,712	\$ 3,850,964
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 130,663	\$ 85,757
Accrued payroll and related liabilities	62,282	82,996
Client custodial funds	70,995	100,474
Contract program advances payable	771,666	301,703
Loan payable	209,687	369,247
Mortgage payable	8,311	118,334
Total Liabilities	1,253,604	1,058,511
Net Assets		
Without Donor Restrictions		
Undesignated	1,356,905	1,283,043
Board designated	500,000	500,000
Total Without Donor Restrictions	1,856,905	1,783,043
With donor restrictions	780,203	1,009,410
Total Net Assets	2,637,108	2,792,453
	\$ 3,890,712	\$ 3,850,964

See notes to combined financial statements

The Partnership for the Homeless, Inc. and Affiliate

Combined Statements of Activities

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contract and service fees from governmental agencies	\$ 681,418	\$ -	\$ 681,418	\$ 870,864	\$ -	\$ 870,864
Client service dollars	558,148	-	558,148	557,842	-	557,842
Contributions and grants	974,878	742,710	1,717,588	728,254	1,133,977	1,862,231
Paycheck Protection Program loan forgiveness	369,247	-	369,247	-	-	-
In-kind contributions	30,014	-	30,014	405,436	-	405,436
Interest and other	19,462	-	19,462	21,438	-	21,438
Net assets released from restrictions	971,917	(971,917)	-	305,849	(305,849)	-
Total Revenue and Support	<u>3,605,084</u>	<u>(229,207)</u>	<u>3,375,877</u>	<u>2,889,683</u>	<u>828,128</u>	<u>3,717,811</u>
EXPENSES						
Program services	<u>2,824,861</u>	<u>-</u>	<u>2,824,861</u>	<u>2,454,845</u>	<u>-</u>	<u>2,454,845</u>
Support Services						
Management and general	531,604	-	531,604	496,046	-	496,046
Fundraising	174,757	-	174,757	175,213	-	175,213
Total Support Services	<u>706,361</u>	<u>-</u>	<u>706,361</u>	<u>671,259</u>	<u>-</u>	<u>671,259</u>
Total Expenses	<u>3,531,222</u>	<u>-</u>	<u>3,531,222</u>	<u>3,126,104</u>	<u>-</u>	<u>3,126,104</u>
Change in Net Assets	73,862	(229,207)	(155,345)	(236,421)	828,128	591,707
NET ASSETS						
Beginning of year	<u>1,783,043</u>	<u>1,009,410</u>	<u>2,792,453</u>	<u>2,019,464</u>	<u>181,282</u>	<u>2,200,746</u>
End of year	<u>\$ 1,856,905</u>	<u>\$ 780,203</u>	<u>\$ 2,637,108</u>	<u>\$ 1,783,043</u>	<u>\$ 1,009,410</u>	<u>\$ 2,792,453</u>

See notes to combined financial statements

The Partnership for the Homeless, Inc. and Affiliate

Combined Statement of Funtional Expenses
Year Ended June 30, 2021

	Program Services							Support Services			Total Expenses	
	Housing and Crisis		Health and Well-Being			Education and Public Narrative		Total Program Services	Management and General	Fundraising		Total Support Services
	Housing	Emergency Services	Mental Health	HIV	OMH	Education	Public Narrative					
PERSONNEL COSTS												
Salaries	\$ 164,828	\$ 6,337	\$ 90,383	\$ 112,106	\$ 30,588	\$ 33,160	\$ 31,015	\$ 468,417	\$ 119,659	\$ 89,524	\$ 209,183	\$ 677,600
Fringe benefits	35,331	1,358	19,374	24,030	6,557	7,108	6,648	100,406	25,649	19,189	44,838	145,244
Total Personnel Costs	<u>200,159</u>	<u>7,695</u>	<u>109,757</u>	<u>136,136</u>	<u>37,145</u>	<u>40,268</u>	<u>37,663</u>	<u>568,823</u>	<u>145,308</u>	<u>108,713</u>	<u>254,021</u>	<u>822,844</u>
OTHER THAN PERSONNEL COSTS												
Professional fees (includes in-kind legal expenses of \$30,014)	93,919	7,009	133,129	84,654	13,225	141,583	143,500	617,019	261,140	48,619	309,759	926,778
Occupancy	19,841	-	29,764	14,881	9,922	-	-	74,408	17,858	6,945	24,803	99,211
Telephone and communications	559	-	1,000	135	-	600	-	2,294	16,612	-	16,612	18,906
Office expenses	11,801	-	17,895	8,946	4,972	-	-	43,614	36,886	4,044	40,930	84,544
Equipment purchase and rental	-	-	-	-	-	-	-	-	-	6,217	6,217	6,217
Travel, conferences and training	-	-	-	-	-	-	-	-	1,295	-	1,295	1,295
Interest	-	-	-	-	-	-	-	-	2,545	-	2,545	2,545
Depreciation and amortization	1,023	85	333	350	348	140	-	2,279	49,960	219	50,179	52,458
Mental health supportive services	693,287	90,027	262,882	2,027	468,201	-	-	1,516,424	-	-	-	1,516,424
Total Other than Personnel Costs	<u>820,430</u>	<u>97,121</u>	<u>445,003</u>	<u>110,993</u>	<u>496,668</u>	<u>142,323</u>	<u>143,500</u>	<u>2,256,038</u>	<u>386,296</u>	<u>66,044</u>	<u>452,340</u>	<u>2,708,378</u>
Total Expenses	<u>\$ 1,020,589</u>	<u>\$ 104,816</u>	<u>\$ 554,760</u>	<u>\$ 247,129</u>	<u>\$ 533,813</u>	<u>\$ 182,591</u>	<u>\$ 181,163</u>	<u>\$ 2,824,861</u>	<u>\$ 531,604</u>	<u>\$ 174,757</u>	<u>\$ 706,361</u>	<u>\$ 3,531,222</u>

See notes to combined financial statements

The Partnership for the Homeless, Inc. and Affiliate

Combined Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services						Support Services			Total Expenses	
	Housing and Crisis		Health and Well-Being			Education	Total Program Services	Management and General	Fundraising		Total Support Services
	Housing	Emergency Services	Mental Health	HIV	OMH	Education Access					
PERSONNEL COSTS											
Salaries	\$ 365,296	\$ 30,216	\$ 119,119	\$ 124,982	\$ 124,512	\$ 50,162	\$ 814,287	\$ 126,977	\$ 78,425	\$ 205,402	\$ 1,019,689
Fringe benefits	113,389	9,379	36,975	38,795	38,649	15,570	252,757	39,414	24,343	63,757	316,514
Total Personnel Costs	<u>478,685</u>	<u>39,595</u>	<u>156,094</u>	<u>163,777</u>	<u>163,161</u>	<u>65,732</u>	<u>1,067,044</u>	<u>166,391</u>	<u>102,768</u>	<u>269,159</u>	<u>1,336,203</u>
Professional fees (includes in-kind legal expenses of \$405,436)	-	-	51,547	39,980	7,676	388,776	487,979	187,135	49,176	236,311	724,290
Occupancy	24,994	-	41,454	20,103	12,980	-	99,531	44,700	9,172	53,872	153,403
Telephone and communications	3,882	-	1,225	-	703	3,785	9,595	11,325	886	12,211	21,806
Office expenses	17,160	-	26,010	13,004	7,436	1,081	64,691	23,242	6,475	29,717	94,408
Equipment purchase and rental	-	-	-	-	-	-	-	-	5,961	5,961	5,961
Travel, conferences and training	443	-	-	1,677	-	949	3,069	4,348	-	4,348	7,417
Interest	-	-	-	-	-	-	-	8,046	-	8,046	8,046
Depreciation and amortization	3,609	299	1,177	1,234	1,230	496	8,045	50,859	775	51,634	59,679
Mental health supportive services	58,504	90,000	90,532	10,063	465,774	18	714,891	-	-	-	714,891
Total Other than Personnel Costs	<u>108,592</u>	<u>90,299</u>	<u>211,945</u>	<u>86,061</u>	<u>495,799</u>	<u>395,105</u>	<u>1,387,801</u>	<u>329,655</u>	<u>72,445</u>	<u>402,100</u>	<u>1,789,901</u>
Total Expenses	<u>\$ 587,277</u>	<u>\$ 129,894</u>	<u>\$ 368,039</u>	<u>\$ 249,838</u>	<u>\$ 658,960</u>	<u>\$ 460,837</u>	<u>\$ 2,454,845</u>	<u>\$ 496,046</u>	<u>\$ 175,213</u>	<u>\$ 671,259</u>	<u>\$ 3,126,104</u>

The Partnership for the Homeless, Inc. and Affiliate

Combined Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (155,345)	\$ 591,707
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	52,458	59,679
Paycheck Protection Program loan forgiveness	(369,247)	-
Discount of grants receivable	(2,718)	-
Changes in assets and liabilities		
Due from governmental agencies	(168,933)	70,318
Prepaid expenses and other assets	(7,416)	(10,283)
Grants receivable	75,000	11,763
Accounts payable and accrued expenses	44,906	(15,568)
Accrued payroll and related liabilities	(20,714)	(22,805)
Contract program advances payable	469,963	(1,908)
Net Cash from Operating Activities	(82,046)	682,903
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(6,262)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from loan	209,687	369,247
Mortgage repayment	(110,023)	(121,148)
Net Cash from Investing Activities	99,664	248,099
Change in Cash and Cash Equivalents	17,618	924,740
CASH AND CASH EQUIVALENTS		
Beginning of year	2,877,952	1,953,212
End of year	\$ 2,895,570	\$ 2,877,952
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 2,545	\$ 8,046
NONCASH FINANCING ACTIVITY		
Paycheck Protection Program loan forgiveness	369,247	-

See notes to combined financial statements

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
June 30, 2021 and 2020

1. Organization

The Partnership for the Homeless, Inc. and Affiliate (the “Organizations”) are committed to building a just and equitable society and creating lasting community change through the development of solution-oriented programs and policy initiatives that eliminate the root causes of homelessness.

The accompanying combined financial statements include the assets, liabilities, net assets and activities of The Partnership for the Homeless, Inc. (the “Partnership”) and The Partnership Homeless Facilities Corporation (the “Corporation”). Each affiliated entity is a New York State not-for-profit corporation. The accompanying financial statements are combined based on common board of directors of both entities and the fact that the Corporation’s mission primarily, but not exclusively, is to support the mission of the Partnership.

The Partnership and the Corporation have transactions between each other relating to rental of the Corporation’s condominium units to the Partnership. The income and expense and intercompany liability and receivable balances resulting from these transactions have been eliminated in these combined financial statements.

The Partnership and the Corporation are qualified as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to Federal income taxes. The Internal Revenue Service has classified the Partnership and the Corporation as organizations that are not private foundations as defined in Section 509(a)(2) of the Internal Revenue Code.

The Partnership receives support from individuals, corporations, and foundations, as well as revenue through contracts with various governmental agencies to provide the full suite of housing, health, education and emergency services it offers. The Partnership combines direct services that immediately impact clients’ lives with advocacy and policy interventions in order to address overlapping systemic challenges and drive long-term change that will help end homelessness once and for all.

The Partnership’s services, offered across the five boroughs, are putting the building blocks in place to address immediate housing needs, create stability through important health interventions, disrupt generational homelessness, and change the public narrative about homelessness. This multi-pronged approach is grounded in prevention and partnership, and is realized through the following programmatic objectives and initiatives:

Program Services

Housing and Crisis: The Partnership intervenes to meet immediate needs for clients and families at risk of or experiencing homelessness, and builds infrastructure to prevent crisis for vulnerable New Yorkers – now and for future generations. The Partnership’s critical crisis support touched 50,000 New Yorkers over the past year.

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
June 30, 2021 and 2020

1. Organization (*continued*)

Program Services (continued)

• Housing: Safe and stable housing is an absolute prerequisite for rebuilding one's life and preventing future crisis. At the heart of the Partnership's work is preventing homelessness via eviction prevention, shelters, housing stability and income support services. The Partnership offers financial assistance and landlord mediation, legal referrals, and housing placement supports to focus on preventing a family from entering the shelter system or relocating them to more suitable housing. The Partnership also offers employment training and benefits screening to address support needs and build a family's long-term wellness and economic independence. In the past year alone, the Partnership assisted 1,600 families to avoid eviction and achieve a home of their own.

• Emergency Services: The Partnership intervenes when clients are struggling to make ends meet and are faced with a rent increase, domestic violence, illness, or other unexpected emergency to access the lifeline supports and services they need to address immediate needs and remain safely housed. The programs focus on communities that sit at the center of New York City's homeless crisis and feature a disproportionate number of low-income families that are at-risk of homelessness, living in shelters, or struggling after leaving a shelter. The Partnership provides emergency services through its numerous community partners and strategic alliances. In the past year alone, the Partnership provided 35,000 meals and basic supplies to families in need through work with food pantry partners, and offered emergency financial assistance, critical health services, and more to support clients on the road to regain life stability amidst a crisis.

Health and Well-Being: The Partnership prevents people from cycling in and out of the crisis that can lead to homelessness by providing basic health, mental health, and well-being services.

• Mental Health: The people who rely on the organization are often navigating layers of trauma in addition to the brick and mortar issues of affordable housing. With an onsite clinical staff team, the Partnership provides in-house clinical services and emotional well-being training, and applies a trauma-informed lens across the organization to identify clients in need of interventions to make appropriate referrals for long-term care and therapeutic services. More than 3,000 received comprehensive support services from the Partnership in the past year.

• HIV: The Partnership supports its clients living with HIV/AIDS through a partnership with the New York State Department of Health AIDS Institute, to strengthen the provision of HIV prevention, health care, and supportive services across the City. The Partnership provides community based case management and health education services to help clients adhere to treatment plans and manage their condition, as well as peer navigation services and linkages to a robust resource and referral network to provide wide-ranging supports for vulnerable clients.

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
June 30, 2021 and 2020

1. Organization (*continued*)

Program Services (continued)

• OMH: The Partnership addresses clients' clinical and emotional well-being needs to ensure that they are less likely to transition in and out of homelessness. The Partnership supports the New York State Office of Mental Health ("NYS OMH") by overseeing and monitoring fund reimbursements to intensive case managers employed by that governmental agency, to help make certain that those exiting psychiatric care can access the range of supports they need to live independently and safely, and build roots in their community.

Education Access: The Partnership disrupts the generational cycle of homelessness by ensuring the more than 100,000 children who are living in shelters or at risk of experiencing homelessness have continuous access to school and that their educational needs are met in classrooms, whether virtual or in-person. The Partnership supports families as they navigate issues pertaining to their child's education, including ensuring that children are placed in shelters near their schools. Likewise, the organization provides financial education trainings and tenant's rights/responsibilities workshops to parents and other adults to promote long term financial independence and family stability. Last year, 44,000 benefitted from ongoing advocacy in the City's family shelters to safeguard children's right to quality education.

Public Narrative: The Partnership will be partnering with leading journalists, to launch an educational video series to change the public understanding of what homelessness is, and to highlight that it is mostly women of color and children who are impacted by the housing and homelessness crisis in New York City (the "City") and across the United States. In addition, the Partnership will engage candidates and elected officials to advance that the City provide full payments of rent arrears instead of partial payments, in keeping with the Partnership's approach, and implement a move at a citywide level to a common application process for rental assistance. Lastly, the Partnership will collaborate with state and national organizations and ensure that the eviction moratoria stay in place, rental assistance funding increases and emergency rental assistance payment distribution of funds is streamlined and expedited.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amount of revenues and expenses recognized during the reporting period. Accordingly, actual results could differ from those estimates.

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

The Organizations report information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organizations. These net assets may be used at the discretion of the Organizations' management and Board of Directors.

With donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organizations or by the passage of time. Other donor restrictions are permanent in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase. At times cash deposits may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. The Organizations believe they are not exposed to any significant risk of loss on these funds. At June 30, 2021 and 2020, approximately \$1,944,000 and \$2,047,000 of cash deposits were maintained with institutions in excess of FDIC limits.

Due from Government Agencies and Grants Receivable

Due from government agencies and grants receivables are stated at the amount that management expects to collect from outstanding balances. Management provides an allowance for doubtful accounts based on prior experience and its assessment of the collectability of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance account and a reduction to the receivable. Management has concluded that no allowance is necessary at June 30, 2021 and 2020.

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies *(continued)*

Contributions and Pledges Receivable

Unconditional contributions, including promises to give cash and other assets, are reported at net realizable value at the date the contribution is received. Gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Property and Equipment

The Organizations follow the practice of capitalizing all expenditures for property and equipment with a cost in excess of \$1,000 and a useful life of at least five years. Property and equipment are recorded at cost and depreciation is recognized using the straight-line method over the estimated useful lives of such assets using a half-year convention in the year of acquisition. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease, including renewal periods which are considered to be reasonably assured. The estimated useful lives are as follows:

Condominium unit	40 years
Condominium improvements	10 years
Leasehold improvements	10 years
Furniture, fixtures and equipment	5 years

The Partnership's governmental contracts generally provide that title to depreciable assets remain with the government agency and, accordingly, such equipment purchases are charged to expense.

Impairment of Long-Lived Assets

U.S. GAAP guidance, *Accounting for the Impairment or Disposal of Long-Lived Assets* requires long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, impairment would then be measured as the difference between the fair value of the asset and its carrying value to determine the amount of the impairment. The Organizations generally determine fair value by using the undiscounted cash flow method. No impairment losses have been recognized during the years ended June 30, 2021 and 2020.

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Client Custodial Funds

Funds are held by the Partnership on behalf of clients. Such funds represent amounts received by clients and other client funds deposited with the Partnership for safekeeping. These funds are disbursed by the Partnership at the request of, or on behalf of, clients for their personal use.

Revenue Recognition

Contract program revenue and client service dollars are accrued when earned to the extent that expenses related to that contract program have been incurred. Any unexpended funds are considered refundable advances and reported as contract program advances payable. Revenue earned on these contracts for expenses incurred is subject to audit by the contract agency.

In-Kind Contributions

Contributions of donated services that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, and donated goods, are recorded at their fair values in the period received.

Functional Expense Allocation

The financial statements report categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of time and effort. Direct program costs such as relief and other program expenses, mental health supportive services, office supplies and expense, food expense, postage, client travel, dues and subscriptions, and program-related professional fees are allocated directly to programs. All other costs that are not charged directly to a program are allocated by percentage of overall salary allocation.

Accounting for Uncertainty in Income Taxes

The Organizations recognize the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organizations had no uncertain tax positions that would require financial statement recognition or disclosure. The Organizations are no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2018.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the combined financial statements through the date that the combined financial statements were available to be issued, which date is December 2, 2021.

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
June 30, 2021 and 2020

3. Grants Receivable

In 2019, the Partnership received a multi-year contribution from a foundation for general support. Grants receivable at June 30, 2021 due within one year are \$75,000.

4. Property and Equipment

Property and equipment consisted of the following at June 30:

	2021	2020
Condominium unit	\$ 890,267	\$ 890,267
Condominium improvements	366,197	366,197
Leasehold improvements	125,205	125,205
Furniture, fixtures and equipment	62,877	62,877
	<u>1,444,546</u>	<u>1,444,546</u>
Accumulated depreciation and amortization	<u>(1,086,875)</u>	<u>(1,034,417)</u>
	<u>\$ 357,671</u>	<u>\$ 410,129</u>

5. Loan Payable

On May 1, 2020, the Partnership received loan proceeds in the amount of \$369,247 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. During the year ended June 30, 2021, the Partnership received the notification of forgiveness and consequently recognized \$369,247 as income from the forgiveness of the PPP loan.

On January 28, 2021, the Partnership received additional loan proceeds in the amount of \$209,687 under the PPP. Loan principal and accrued interest is forgivable under the same conditions as previously described. The unforgiven portion of the PPP loan, if any, is payable within five years from the date of the PPP loan with a deferral of payments of principal and interest until the amount of loan forgiveness is approved by the SBA. If the Partnership does not apply for forgiveness, payments begin approximately 16 months after the loan date. As of June 30, 2021, the PPP loan is recognized as debt on the statement of financial position. The Partnership will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from the SBA in accordance with Accounting Standards Codification ("ASC") 470, Debt.

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
June 30, 2021 and 2020

5. Loan Payable (continued)

The approximate annual maturities of the PPP loan over the next four years are payable as follows (provided the PPP loan is not forgiven) for fiscal years ending June 30:

2023	\$ 57,187
2024	57,187
2025	57,187
2026	<u>38,126</u>
	<u>\$ 209,687</u>

6. Mortgage Payable

Mortgage payable consists of a 20 year commercial mortgage, which commenced in June 2001, in the amount of \$1,500,000. During 2021, the mortgage interest rate was 3%. The mortgage agreement provides for the interest rate to be reset every five years, which rate is 225 basis points above the five year Federal Home Loan Bank rate rounded to the next highest one-eighth percent for each succeeding five year interval. This mortgage is secured by a first mortgage lien on the Corporation's property located at 305 Seventh Avenue, New York, NY. Interest expense for the years ended June 30, 2021 and 2020 was \$2,545 and \$8,046. Future principal payments of \$8,311 of the mortgage are due in full in fiscal year ending June 30, 2022.

7. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions consist of the following for the years ended June 30:

Purpose / Restriction	2021			
	Beginning of Year	Additions	Net Assets Released	End of Year
Restricted by Purpose				
Housing	\$ 360,561	\$ 650,000	\$ (889,788)	\$ 120,773
Financial program	4,166	-	-	4,166
Mental wellbeing program	314,342	45,000	(82,129)	277,213
Education fund	258,059	44,992	-	303,051
Restricted by time	<u>72,282</u>	<u>2,718</u>	-	<u>75,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,009,410</u>	<u>\$ 742,710</u>	<u>\$ (971,917)</u>	<u>\$ 780,203</u>
Purpose / Restriction	2020			
	Beginning of Year	Additions	Net Assets Released	End of Year
Restricted by Purpose				
Housing	\$ 9,000	\$ 370,000	\$ (18,439)	\$ 360,561
Financial program	25,000	-	(20,834)	4,166
Mental wellbeing program	-	487,187	(172,845)	314,342
Education fund	-	276,790	(18,731)	258,059
Restricted by time	<u>147,282</u>	-	<u>(75,000)</u>	<u>72,282</u>
Total Net Assets with Donor Restrictions	<u>\$ 181,282</u>	<u>\$ 1,133,977</u>	<u>\$ (305,849)</u>	<u>\$ 1,009,410</u>

The Partnership for the Homeless, Inc. and Affiliate

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8. Contributed Services

The Partnership receives contributions of professional services from the general public and businesses. The professional services received related to legal services was estimated to be \$30,014 and \$405,436 for the years ended June 30, 2021 and 2020.

9. Retirement Benefit

The Partnership participates in a tax sheltered annuity defined contribution plan for all employees who have completed one year of service. The Partnership contributes two percent (2%) of annual salary for eligible participants. Expense for the years ended June 30, 2021 and 2020 was \$- and \$9,454.

10. Board Designated Fund

A board designated fund has been established to provide ongoing financing for initiatives set forth in the Partnership's strategic plan, but can be used for operating expenses as needed with board approval.

11. Concentration of Credit Risk

The Partnership receives funding from various governmental sources to operate its programs. Receivables from these governmental agencies totaled \$422,970 and \$254,037 at June 30, 2021 and 2020. Collection of these receivables is expected in the normal course of business.

The percentage of receivables from governmental agencies at June 30 is as follows:

	2021	2020
Federal	12%	0%
State	64%	74%
Local	24%	26%

12. Economic Dependency

The Partnership receives a substantial portion of its revenue from contracts negotiated with various governmental agencies. The Partnership is economically dependent on these revenues to provide service and continue operations.

The percentage of revenue from governmental agencies for the years ended June 30 is as follows:

	2021	2020
Federal	8%	5%
State	79%	82%
Local	13%	13%

The Partnership for the Homeless, Inc. and Affiliate

Notes to Combined Financial Statements
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13. Liquidity and Availability of Resources

The following reflects the Organizations' financial assets as of June 30, reduced by amounts not available per general use within one year of that date because of contractual, board or donor-imposed restrictions. Amounts available include donor restricted amounts that are available for general expenditure in the following year:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 2,895,570	\$ 2,877,952
Due from governmental agencies	422,970	254,037
Grants receivable, net	<u>75,000</u>	<u>147,282</u>
Total financial assets	3,393,540	3,279,271
Less contractual, board or donor imposed restrictions amounts:		
Restricted by donor with time or purpose restrictions	(780,203)	(1,009,410)
Board designated	(500,000)	(500,000)
Add: time or purpose restriction expected to release over the next twelve months	<u>75,000</u>	<u>75,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,188,337</u>	<u>\$ 1,844,861</u>

The Organizations structure their financial assets to be available to meet their general expenditures and obligations as they come due. As part of its liquidity plan, the Organizations rely on reimbursements from government contracts and contributions from donors. Additionally, the board designated amount of \$500,000 can be used if necessary.

14. Contingencies

The Coronavirus outbreak may have an adverse effect on operations. Given the uncertainty around the extent and timing of the potential spread or migration of the Coronavirus and around imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

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