

Comunilife, Inc. and Subsidiaries

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2020 and 2019



Comunilife, Inc. and Subsidiaries

June 30, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Comunilife, Inc. and Subsidiaries
New York, New York

We have audited the accompanying consolidated financial statements of Comunilife, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of H.I.R.E. Housing Development Fund Corporation, a wholly owned subsidiary, which statements reflect total assets constituting 1.68 percent and 2.05 percent of consolidated total assets at June 30, 2020 and 2019, respectively, and total revenues constituting 0.82 percent and 1.04 percent, respectively, of consolidated total revenue for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for H.I.R.E. Housing Development Fund Corporation, is based solely on the report of the other auditors. 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 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, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Comunilife, Inc. and Subsidiaries as of June 30, 2020 and 2019, and the 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.

Emphasis of Matters

As described in *Note 2* to the financial statements, in 2020, Comunilife, Inc. and Subsidiaries adopted ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash* and ASU 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Comunilife, Inc. and Subsidiaries as a whole. The supplementary information in the Consolidating Schedule – Statement of Financial Position Information, Consolidating Schedule – Statement of Activities Information and Consolidating Schedule – Statement of Functional Expenses Information is presented for purposes of additional analysis and is not a required part 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditors, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

New York, New York
December 22, 2020

Comunilife, Inc. and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 17,590,226	\$ 12,766,149
Grants and contracts receivable	8,743,231	8,543,330
Accounts receivable - net	2,137,166	1,017,134
Current maturities of note receivable	71,762	68,181
Due from affiliated entities	925,125	848,930
Prepaid expenses and other current assets	<u>232,397</u>	<u>224,735</u>
Total current assets	<u>29,699,907</u>	<u>23,468,459</u>
Noncurrent Assets		
Note receivable, net of current portion	1,288,884	1,360,646
Assets limited as to use	7,684,436	7,512,017
Investments held for retirement plans	110,334	106,333
Other assets	921,924	505,517
Property and equipment - net	<u>89,360,604</u>	<u>74,025,014</u>
Total noncurrent assets	<u>99,366,182</u>	<u>83,509,527</u>
Total assets	<u><u>\$ 129,066,089</u></u>	<u><u>\$ 106,977,986</u></u>

Comunilife, Inc. and Subsidiaries
Consolidated Statements of Financial Position (Continued)
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 3,283,466	\$ 183,799
Accounts payable and accrued expenses	4,434,556	3,284,263
Accrued construction costs	6,849,406	4,959,947
Accrued benefits payable	3,958,206	2,588,336
Due to government funders	7,627,032	9,475,749
Due to affiliated entities	<u>152,595</u>	<u>-</u>
Total current liabilities	<u>26,305,261</u>	<u>20,492,094</u>
Long-Term Liabilities		
Deferred compensation payable	110,334	106,333
Deferred interest payable	1,234,395	984,118
Long-term debt	<u>77,201,851</u>	<u>65,470,536</u>
Total long-term liabilities	<u>78,546,580</u>	<u>66,560,987</u>
Total liabilities	<u>104,851,841</u>	<u>87,053,081</u>
Net Assets		
Without donor restrictions		
Undesignated	5,587,000	6,033,866
Board designated	558,567	558,567
Noncontrolling interests	<u>15,376,612</u>	<u>10,943,005</u>
Total net assets without donor restrictions	21,522,179	17,535,438
With donor restrictions	<u>2,692,069</u>	<u>2,389,467</u>
Total net assets	<u>24,214,248</u>	<u>19,924,905</u>
Total liabilities and net assets	<u><u>\$ 129,066,089</u></u>	<u><u>\$ 106,977,986</u></u>

Comunilife, Inc. and Subsidiaries
Consolidated Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Government grants and contracts	\$ 40,334,762	\$ -	\$ 40,334,762	\$ 34,196,668	\$ -	\$ 34,196,668
Medicaid	993,150	-	993,150	1,007,756	-	1,007,756
Other program fees	1,922,567	-	1,922,567	410,604	-	410,604
Client rental income	7,688,086	-	7,688,086	6,630,868	-	6,630,868
Contributions and special event	669,351	398,111	1,067,462	486,764	224,511	711,275
Less direct costs of special event	(140,841)	-	(140,841)	(114,411)	-	(114,411)
Other income	192,387	-	192,387	931,980	-	931,980
Investment income	3,772	-	3,772	31,566	-	31,566
Net assets released from restriction	95,509	(95,509)	-	188,253	(188,253)	-
	<u>51,758,743</u>	<u>302,602</u>	<u>52,061,345</u>	<u>43,770,048</u>	<u>36,258</u>	<u>43,806,306</u>
Expenses						
Program services						
Supported housing - OMH	12,251,526	-	12,251,526	11,420,997	-	11,420,997
Scatter site housing for PWA-HRA	11,921,517	-	11,921,517	11,346,954	-	11,346,954
Transitional housing for PWA-HRA	1,516,902	-	1,516,902	1,391,194	-	1,391,194
Congregate housing for PWA-HRA	6,558,949	-	6,558,949	3,728,613	-	3,728,613
Congregate housing - DOHMH	1,517,139	-	1,517,139	973,554	-	973,554
Safe Haven	4,345,524	-	4,345,524	3,650,894	-	3,650,894
Other programs	11,063,047	-	11,063,047	7,291,642	-	7,291,642
	<u>49,174,604</u>	<u>-</u>	<u>49,174,604</u>	<u>39,803,848</u>	<u>-</u>	<u>39,803,848</u>
Supporting services						
Management and general	4,748,659	-	4,748,659	4,221,274	-	4,221,274
Fundraising	262,804	-	262,804	266,405	-	266,405
	<u>54,186,067</u>	<u>-</u>	<u>54,186,067</u>	<u>44,291,527</u>	<u>-</u>	<u>44,291,527</u>

Comunilife, Inc. and Subsidiaries
Consolidated Statements of Activities (Continued)
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in net assets before other changes	\$ (2,427,324)	\$ 302,602	\$ (2,124,722)	\$ (521,479)	\$ 36,258	\$ (485,221)
Earnings from limited partnerships	-	-	-	631,478	-	631,478
Change in net assets attributable to noncontrolling interests	1,980,458	-	1,980,458	1,113,583	-	1,113,583
Change in Net Assets	(446,866)	302,602	(144,264)	1,223,582	36,258	1,259,840
Net Assets, Beginning of Year	6,592,433	2,389,467	8,981,900	5,368,851	2,353,209	7,722,060
Net Assets, End of Year	<u>\$ 6,145,567</u>	<u>\$ 2,692,069</u>	<u>\$ 8,837,636</u>	<u>\$ 6,592,433</u>	<u>\$ 2,389,467</u>	<u>\$ 8,981,900</u>
Noncontrolling interests, beginning of year	\$ 10,943,005	\$ -	\$ 10,943,005	\$ 10,123,852	\$ -	\$ 10,123,852
Contribution to noncontrolling interests	6,414,065	-	6,414,065	1,932,736	-	1,932,736
Change in net assets attributable to noncontrolling interests	(1,980,458)	-	(1,980,458)	(1,113,583)	-	(1,113,583)
Noncontrolling interests, end of year	<u>\$ 15,376,612</u>	<u>\$ -</u>	<u>\$ 15,376,612</u>	<u>\$ 10,943,005</u>	<u>\$ -</u>	<u>\$ 10,943,005</u>

Comunilife, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

Years Ended June 30, 2020 and 2019

	2020											
	Program Services								Supporting Services			
	Supported Housing OMH	Scatter Site Housing for PWA-HRA	Transitional Housing for PWA-HRA	Congregate Housing for PWA-HRA	Congregate Housing DOHMH	Safe Haven	Other Programs	Total	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 3,180,818	\$ 2,443,190	\$ 326,006	\$ 2,845,248	\$ 805,701	\$ 1,363,848	\$ 1,761,921	\$ 12,726,732	\$ 2,267,450	\$ 129,717	\$ 2,397,167	\$ 15,123,899
Payroll taxes and employee benefits	953,679	675,508	86,996	788,797	219,066	373,816	628,443	3,726,305	651,181	38,915	690,096	4,416,401
Total personnel costs	4,134,497	3,118,698	413,002	3,634,045	1,024,767	1,737,664	2,390,364	16,453,037	2,918,631	168,632	3,087,263	19,540,300
Client rent	6,261,638	7,476,259	-	679,788	-	-	-	14,417,685	-	-	-	14,417,685
Client telephone and utilities	-	118,200	-	30,688	-	-	-	148,888	-	-	-	148,888
Client travel	6,632	3,554	-	635	-	4,202	10,903	25,926	-	-	-	25,926
Client food	33,496	-	47,432	111,622	-	360,730	109,426	662,706	-	-	-	662,706
Client supplies	167,634	82,439	9,448	318,672	18,202	44,341	109,839	750,575	-	-	-	750,575
Client expenses - other	14,363	29,720	1,910	678	-	6,524	10,399	63,594	1,131	-	1,131	64,725
Consultants	191,922	59,528	228,025	627,113	333,438	1,095,351	799,773	3,335,150	-	491	491	3,335,641
Professional fees	112,219	156,883	7,212	716,889	34,912	27,077	457,274	1,512,466	586,959	92,000	678,959	2,191,425
Consumable supplies	61,321	25,827	8,675	117,132	28,963	66,623	58,549	367,090	42,278	377	42,655	409,745
Staff expenses	10,819	13,110	172	11,509	4,742	1,801	4,986	47,139	45,393	592	45,985	93,124
Rent	420,789	445,561	600,000	-	-	625,684	1,013,270	3,105,304	582,543	-	582,543	3,687,847
Repairs and maintenance	105,141	61,800	38,493	8,471	2,673	111,893	1,030,901	1,359,372	12,081	-	12,081	1,371,453
Telephone and utilities	155,991	87,473	91,730	44,235	17,425	143,816	1,218,429	1,759,099	85,718	-	85,718	1,844,817
Insurance	195,264	105,805	27,580	28,583	7,304	59,431	471,776	895,743	32,040	-	32,040	927,783
Car maintenance	55,656	43,573	4,773	23,053	8,883	10,811	52	146,801	6,070	-	6,070	152,871
Equipment	75,456	72,250	7,458	121,950	11,464	21,729	30,531	340,838	40,069	120	40,189	381,027
Dues and subscriptions	20,041	2,880	298	1,801	524	661	75	26,280	18,490	-	18,490	44,770
Catering and entertainment	-	-	-	-	-	-	-	-	-	140,841	140,841	140,841
Other expenses	34,745	16,626	30,694	82,085	23,842	27,186	88,839	304,017	211,821	592	212,413	516,430
Bad debt expense	-	-	-	-	-	-	126,536	126,536	-	-	-	126,536
Interest	73,218	-	-	-	-	-	1,061,856	1,135,074	21,260	-	21,260	1,156,334
Depreciation	120,684	1,331	-	-	-	-	2,069,269	2,191,284	144,175	-	144,175	2,335,459
Total expenses	12,251,526	11,921,517	1,516,902	6,558,949	1,517,139	4,345,524	11,063,047	49,174,604	4,748,659	403,645	5,152,304	54,326,908
Less direct costs of special event deducted directly on the consolidated statement of activities	-	-	-	-	-	-	-	-	-	(140,841)	(140,841)	(140,841)
Total expenses reported by function on the consolidated statement of activities	\$ 12,251,526	\$ 11,921,517	\$ 1,516,902	\$ 6,558,949	\$ 1,517,139	\$ 4,345,524	\$ 11,063,047	\$ 49,174,604	\$ 4,748,659	\$ 262,804	\$ 5,011,463	\$ 54,186,067

Comunilife, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses (Continued)

Years Ended June 30, 2020 and 2019

	2019											
	Program Services								Supporting Services			
	Supported Housing OMH	Scatter Site Housing for PWA-HRA	Transitional Housing for PWA-HRA	Congregate Housing for PWA-HRA	Congregate Housing DOHMH	Safe Haven	Other Programs	Total	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 2,843,593	\$ 2,157,847	\$ 298,349	\$ 1,823,239	\$ 458,749	\$ 1,151,217	\$ 1,343,298	\$ 10,076,292	\$ 1,521,259	\$ 124,622	\$ 1,645,881	\$ 11,722,173
Payroll taxes and employee benefits	847,854	647,354	89,504	546,972	136,882	344,969	487,161	3,100,696	423,462	37,387	460,849	3,561,545
Total personnel costs	3,691,447	2,805,201	387,853	2,370,211	595,631	1,496,186	1,830,459	13,176,988	1,944,721	162,009	2,106,730	15,283,718
Client rent	6,054,023	7,383,667	-	297,487	-	-	-	13,735,177	7,036	-	7,036	13,742,213
Client telephone and utilities	1,227	139,830	-	8,217	-	-	-	149,274	-	-	-	149,274
Client travel	9,141	5,738	1,304	124	-	5,641	19,203	41,151	-	-	-	41,151
Client food	34,149	-	39,876	115,415	-	333,341	38,435	561,216	-	-	-	561,216
Client supplies	174,306	67,739	11,874	164,550	88,196	18,358	10,492	535,515	-	-	-	535,515
Client expenses - other	14,682	4,171	2,857	51,296	5,798	6,298	38,159	123,261	-	-	-	123,261
Consultants	159,465	49,307	142,400	374,560	170,836	838,014	268,013	2,002,595	408,024	468	408,492	2,411,087
Professional fees	125,535	84,915	11,596	71,783	12,976	10,112	476,211	793,128	647,106	102,825	749,931	1,543,059
Consumable supplies	76,768	54,348	14,472	70,451	28,729	52,185	45,445	342,398	41,601	92	41,693	384,091
Staff expenses	16,717	21,428	938	10,209	4,198	2,924	13,578	69,992	64,002	981	64,983	134,975
Rent	332,262	364,914	600,000	-	-	558,537	58,866	1,914,579	589,735	-	589,735	2,504,314
Repairs and maintenance	78,400	59,979	45,319	7,730	1,388	97,283	686,569	976,668	13,093	-	13,093	989,761
Telephone and utilities	137,192	79,240	93,320	64,567	24,651	141,220	1,103,837	1,644,027	117,398	30	117,428	1,761,455
Insurance	128,057	70,294	19,315	23,005	6,371	49,686	279,692	576,420	28,835	-	28,835	605,255
Car maintenance	74,190	54,448	6,034	18,588	4,384	13,309	140	171,093	5,578	-	5,578	176,671
Equipment	72,930	76,533	11,353	74,485	28,424	23,700	8,503	295,928	48,181	-	48,181	344,109
Dues and subscriptions	22,549	3,787	380	1,741	284	161	-	28,902	14,212	-	14,212	43,114
Catering and entertainment	-	-	-	-	-	-	-	-	-	114,411	114,411	114,411
Other expenses	20,653	16,713	2,303	4,194	1,688	3,939	51,164	100,654	173,087	-	173,087	273,741
Bad debt expense	-	-	-	-	-	-	161,497	161,497	-	-	-	161,497
Interest	76,620	-	-	-	-	-	538,604	615,224	18	-	18	615,242
Depreciation	120,684	4,702	-	-	-	-	1,662,775	1,788,161	118,647	-	118,647	1,906,808
Total expenses	11,420,997	11,346,954	1,391,194	3,728,613	973,554	3,650,894	7,291,642	39,803,848	4,221,274	380,816	4,602,090	44,405,938
Less direct costs of special event deducted directly on the consolidated statement of activities	-	-	-	-	-	-	-	-	-	(114,411)	(114,411)	(114,411)
Total expenses reported by function on the consolidated statement of activities	\$ 11,420,997	\$ 11,346,954	\$ 1,391,194	\$ 3,728,613	\$ 973,554	\$ 3,650,894	\$ 7,291,642	\$ 39,803,848	\$ 4,221,274	\$ 266,405	\$ 4,487,679	\$ 44,291,527

Comunilife, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ (144,264)	\$ 1,259,840
Items not requiring (providing) operating cash flows		
Depreciation	2,335,459	1,906,808
Amortization of debt issuance costs included in interest expense	15,723	15,723
Write off of debt issuance costs	64,503	-
Unrealized gain	(672)	(251)
Gain attributable to noncontrolling interests	(1,980,458)	(1,113,583)
Provision for doubtful accounts	126,536	161,497
Changes in		
Grants and contracts receivable	(199,901)	(2,553,651)
Accounts receivable	(1,246,568)	(499,447)
Due from affiliated entities	(76,195)	(135,655)
Prepaid expenses and other current assets	(7,662)	(24,393)
Other assets	(416,407)	(82,109)
Accounts payable and accrued expenses	1,150,293	452,446
Accrued benefits payable	1,369,870	450,376
Due to government funders	(1,848,717)	5,302
Due to affiliated entities	152,595	(3,742)
Deferred compensation payable	4,001	25,090
Net cash (used in) operating activities	<u>(701,864)</u>	<u>(135,749)</u>
Investing Activities		
Payments on note receivable	68,181	64,777
Purchase of property and equipment	(15,781,590)	(14,617,242)
Purchase of investments	(3,329)	(24,839)
Net cash used in investing activities	<u>(15,716,738)</u>	<u>(14,577,304)</u>
Financing Activities		
Capital contributions from limited partners	6,414,065	1,932,736
Proceeds from long-term debt	18,455,414	10,665,219
Repayment of long-term debt	(3,704,658)	(140,507)
Deferred interest payable	250,277	124,190
Net cash provided by financing activities	<u>21,415,098</u>	<u>12,581,638</u>
Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	4,996,496	(2,131,415)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning of Year	<u>20,278,166</u>	<u>22,409,581</u>
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, End of Year	<u><u>\$ 25,274,662</u></u>	<u><u>\$ 20,278,166</u></u>
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents Consist of:		
Cash and cash equivalents	\$ 17,590,226	\$ 12,766,149
Assets limited as to use	<u>7,684,436</u>	<u>7,512,017</u>
	<u><u>\$ 25,274,662</u></u>	<u><u>\$ 20,278,166</u></u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 914,206	\$ 500,393
Change in acquisition of property and equipment included in accounts payable	\$ 1,889,459	\$ 3,720,184

Comunilife, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Comunilife, Inc. is an organization exempt from federal income tax under the Internal Revenue Code Section 501(c)(3) organized on June 19, 1989 under the laws of the State of New York to provide housing and services to persons with mental illness and/or who are living with HIV/AIDS. The primary sources of revenue include government grants and contracts, Medicaid and client rental income.

These consolidated financial statements also include several affiliated entities which are related by common management as well as common board members. These consolidated affiliated entities include: H.I.R.E. Housing Development Fund Corporation (HIRE-HDFC); H.I.R.E. -Dona Rosita II Housing Development Fund Corporation (HIRE-HDFC II); Comunilife Prospect Housing Development Fund Corporation (PROSPECT-HDFC); El Rio Housing Development Fund Corporation (El Rio HDFC); Comunilife Woodhull Housing Development Fund Corporation (Woodhull HDFC); El Rio II Housing Development Fund Corporation (El Rio II-HDFC); 280 Burnside Housing Development Fund Corporation (Burnside HDFC); 1815 West Farms Housing Development Fund Corporation (1815 HDFC), LaCentral Supportive HDFC (LaCentral HDFC) and Comunilife Third Avenue Housing Development Fund Corporation (Third Ave-HDFC). Comunilife, Inc. is the sole member of these corporations. HIRE-HDFC, HIRE-HDFC II, PROSPECT-HDFC, El Rio HDFC, Burnside HDFC, 1815 HDFC, Woodhull HDFC, LaCentral HDFC and El Rio II-HDFC each have formed for-profit corporations, of which they are either individually the sole shareholders or partial shareholders of these corporations. These affiliate-owned corporations have each invested in limited partnerships for the purposes of developing rental housing for qualified low-income individuals with special needs. Comunilife, Inc. provides services to these affiliates as well as to the aforementioned limited partnerships.

Collectively these organizations are referred to as “Comunilife.”

HIRE-HDFC was incorporated in 1992 under Section 402 of the Not-for-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. In 2011, the Corporation acquired a building containing 40 residential apartment units located in the Bronx, New York. HIRE-HDFC leases all the residential apartment units to homeless persons with AIDS or HIV-related illnesses.

HIRE-HDFC II was incorporated in 2003 under Section 402 of the Not-for-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. HIRE-HDFC II provides programs for assistance to homeless persons with AIDS or HIV-related illnesses at a 60-unit supportive housing facility located in Brooklyn, New York. The consolidated financial statements of HIRE-HDFC II include the accounts of its wholly owned, for-profit subsidiary, Dona Rosita Two, Inc. as well as the accounts of Dona Rosita Two, Limited Partnership (Dona Rosita Two), for which Dona Rosita Two, Inc. is the 0.01 percent General Partner. The remaining 99.99 percent of Dona Rosita Two is owned by U.S.A. Institutional Tax Credit Fund XLIII L.P., the Limited Partner. In accordance with U.S. GAAP, as Dona Rosita Two is controlled by the General Partner, Dona Rosita Two, Inc., the financial position, results of operations and cash flows of Dona Rosita Two were consolidated into the accounts of HIRE-HDFC II. All material intercompany accounts and transactions were eliminated. The portion of net assets and income attributable to the 99.99 percent noncontrolling interest of the Limited Partner has been recorded in the consolidated statements of financial position and statements of activities as noncontrolling interests and change in net assets attributable to noncontrolling interests, respectively.

Comunilife, Inc. and Subsidiaries

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PROSPECT-HDFC was incorporated in 2009 under Section 402 of the Not-for-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. PROSPECT-HDFC provides programs for assistance to homeless persons with AIDS or HIV-related illnesses and low income seniors at a 60-unit supportive housing facility located in the Bronx, New York. The consolidated financial statements of PROSPECT-HDFC include the accounts of its wholly owned, for-profit subsidiary, Comunilife Prospect, Inc. as well as the accounts of Comunilife Prospect Associates Limited Partnership (Prospect), for which Comunilife Prospect, Inc. is the 0.009 percent General Partner. The remaining 99.991 percent of Prospect is owned by RBC Tax Credit Equity, LLC, the Limited Partner which has a 99.99 percent ownership interest in Prospect and RBC Tax Credit Manager II, Inc., the Special Limited Partner, which has a 0.001 percent ownership interest. In accordance with U.S. GAAP, as Prospect is controlled by the General Partner, Comunilife Prospect, Inc., the financial position, results of operations, and cash flows of Prospect were consolidated into the accounts of PROSPECT-HDFC. All material intercompany accounts and transactions were eliminated. The portion of net assets and income attributable to the 99.991 percent noncontrolling interests of the Limited Partner and Special Limited Partner has been recorded in the consolidated statements of financial position and statements of activities as noncontrolling interests and change in net assets attributable to noncontrolling interests, respectively.

In July 2012, El Rio GP, Inc. and El Rio Residences LP were formed. In January 2013, El Rio HDFC was incorporated under Section 402 of the Not-for-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. El Rio HDFC includes the accounts of its wholly owned for-profit subsidiary, El Rio GP, Inc. as well as the accounts of El Rio Residences LP, for which El Rio GP, Inc. is the 0.009 percent General Partner. RS Rio, LLC is the limited partner, and Red Stone Equity Manager, LLC, special limited partner, collectively referred to as Red Stone, acquired 99.991 percent of El Rio Residences LP for a total capital contribution of \$11,313,867 was funded. In accordance with U.S. GAAP, as El Rio Residences LP is controlled by the General Partner, El Rio GP, the financial position, results of operations, and cash flows of El Rio Residences LP were consolidated into the accounts of EL RIO HDFC. All material intercompany accounts and transactions were eliminated. The portion of net assets and income attributable to the 99.991 percent noncontrolling interests of the Limited Partner and Special Limited Partner has been recorded in the consolidated statements of financial position and statements of activities as noncontrolling interests and change in net assets attributable to noncontrolling interests, respectively.

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In January 2017, Woodhull HDFC was incorporated under Section 402 of the Not-for-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. In January 2017, Comunilife Woodhull Associates GP, Inc. and Comunilife Woodhull Associated LP were formed. Woodhull HDFC includes the accounts of its wholly owned for-profit subsidiary, Comunilife Woodhull Associates GP, Inc. as well as the accounts of Comunilife Woodhull Associated LP, for which Comunilife Woodhull Associates GP, Inc. is the 0.01 percent General Partner. The remaining 99.99 percent of Comunilife Woodhull Associated LP is owned by Hudson Housing Capital, the Limited Partner. In accordance with U.S. GAAP, as Woodhull Associated LP is controlled by the General Partner, Comunilife Woodhull Associates GP, Inc., the financial position, results of operations and cash flows of Comunilife Woodhull Associates GP were consolidated into the accounts of Woodhull HDFC. All material intercompany accounts and transactions were eliminated. The portion of net assets and income attributable to the 99.99 percent noncontrolling interest of the Limited Partner has been recorded in the consolidated statements of financial position and statements of activities as noncontrolling interests and change in net assets attributable to noncontrolling interests, respectively.

In September 2017, El Rio II-HDFC was incorporated under Section 402 of the Not-for-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. In November 2018 Comunilife El Rio II GP, Inc. and Comunilife El Rio II, LP were formed. El Rio II-HDFC includes the accounts of its wholly owned for-profit subsidiary, Comunilife El Rio II GP, Inc. as well as the accounts of Comunilife El Rio II LP, for which Comunilife El Rio II GP, Inc. is the 0.01 percent General Partner. The remaining 99.99 percent of Comunilife El Rio II LP is owned by RedStone-Fund 42, the Limited Partner.

On June 29, 2018, El Rio II LP closed on the financing of \$22,637,329 of construction financing for the development of 78 studio units of supportive and affordable housing. Construction began during 2019. The results of the transaction were reflected in the consolidated financial statements at June 30, 2019.

In November 2013, Comunilife, Inc. entered into a joint venture with Walison Corp., a New York corporation, for the purpose of ownership, development, construction, and management of 33 units of supportive housing, a community room and an office for social services located in Bronx, NY. As part of the agreement, Comunilife formed Burnside HDFC, a New York not-for-profit corporation pursuant to Article XI of the Private Housing Finance Law. A limited partnership named 280 East Burnside Associates L.P. serves as the beneficial owner and borrower for the project. The general partner is 280 East Burnside Corp., which owns 0.01 percent of the partnership. The general partner is owned 51 percent by Burnside HDFC, a subsidiary of Comunilife, and 49 percent by Walison or its subsidiary. In June 2014, the limited partnership agreement was amended and restated to admit RJ HOP 280 East Burnside LLC to the partnership and withdraw the initial limited partner, Walison Corp. If Comunilife elects to terminate services prior to the expiration of the tax credit compliance period, then it needs to transfer all of its rights, title and interest in the project to Walison, or another not-for-profit chosen by Walison for \$1. The joint venture can be dissolved upon satisfying certain conditions in the agreement. In accordance with the terms of joint venture agreement, Burnside HDFC does not have an economic interest or control of 280 East Burnside Corp. and accordingly 280 East Burnside Corp. is not consolidated in these financial statements.

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In March 2016, Comunilife formed 1815 HDFC, a New York not-for-profit corporation pursuant to Article XI of the Private Housing Finance Law for the purpose of ownership, development, construction, and management of 80 units of supportive housing located in the Bronx, NY. A limited partnership, 1815 West Farms Associates L.P., serves as the beneficial owner and borrower for the project. The general partner is 1815 West Farms Managers LLC, which will own 0.01 percent of the partnership. The general partner is owned 51 percent by 1815 West Farms HDFC (member), a subsidiary of Comunilife, and 49 percent by Walison (managing member). Construction loan closing occurred January 19, 2017, at which point the partnership was amended and assigned to admit Hudson 1815 West Farms LLC (Investment partner) and Hudson SLP LLC (special limited partner) as the sole limited partners owning 99.99 percent of the project. In accordance with the terms of joint venture agreement, 1815 HDFC does not have an economic interest or controlling interest in 1815 West Farms Managers, LLC and accordingly 1815 West Farms Managers, LLC is not consolidated in these financial statements.

In 2014, Comunilife entered into a joint venture agreement with Common Ground Community II Housing Development Fund Corporation, a New York corporation, for the desire to construct, develop and operate a supportive rental housing project that will be comprised of approximately 160 units of supportive and low income housing and approximately 5,000 square feet of ground floor community facility space located in the Bronx, N.Y. Common Ground Community II Housing Development Corporation Fund is a 70 percent managing member of LaCentral Supportive Housing LLC. Comunilife is a 30 percent member owner of LaCentral Supportive Housing LLC. LaCentral Supportive Housing LLC is a general partnership with 99.9 percent ownership of LaCentral Supportive L.P. As part of the agreement, Comunilife does not have an economic interest or control of LaCentral Supportive Housing LLC and accordingly is not consolidated in these financial statements.

On June 26, 2017, Comunilife entered a contract for purchase of a property located at 3395-3401 Third Avenue, Bronx N.Y. for the purchase price of \$3,200,000 for the purpose to construct, develop and operate a 115-unit apartment building to house 78 supportive housing units and 37 community housing units. In March 2018, Third Avenue-HDFC was incorporated under Section 402 of the Not-for-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. In June 2018, Third Avenue-HDFC closed on the property. In June 2019, Comunilife Third Avenue GP, Inc. and Comunilife Third Avenue LP were formed. Third Avenue-HDFC includes the accounts of its wholly owned for-profit subsidiary, Comunilife Third Avenue GP, Inc. as well as the accounts of Comunilife Third Avenue LP, for which Comunilife Third Avenue GP, Inc. is the 0.009 percent General Partner. The remaining 99.99 percent of Comunilife Third Avenue LP is owned by RedStone-Fund 47, the Limited Partner 99.99 percent RedStone Equity Manager, LLC, .001 percent. On December 18, 2019, Comunilife Third Ave LP closed on the financing of \$54,834,786 of construction financing for the development of the building noted above.

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These consolidated financial statements do not include the activities of Home Assistance Technicians, Inc. (HAT), an affiliate of Comunilife, Inc. through common management, but which has a separate board. HAT had formed three for-profit corporations (Hughes Avenue Corporation, Crotona Avenue Corporation and Jennings Street Corporation), of which HAT was the sole shareholder. These affiliate-owned corporations have each invested in limited partnerships (Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP) for the purposes of developing rental housing for qualified low-income individuals. Comunilife, Inc. provides services to these affiliates as well as to the aforementioned limited partnerships. In June 2018, Comunilife, Inc. acquired the 100 percent partnership interest in the Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP and Hughes Avenue Associates GP, Crotona Avenue Associates GP and Jennings Street Associates GP and they are consolidated into these financial statements.

Comunilife, Inc.'s mission is to improve the quality of life and create a healthier tomorrow for children, adolescents, adults, families, and seniors living with mental illness (SAMI) and/or HIV/AIDS (PWA) in New York City's underserved, diverse communities. Funding for these programs is provided by the City of New York Human Resources Administration (HRA) and Department of Homeless Services (DHS); the New York State Office of Mental Health (OMH); the City of New York Department of Health and Mental Hygiene (DOHMH); the United States Department of Housing and Urban Development (HUD); and the United States Department of Health and Human Services Substance Abuse and Mental Health Services Administration (SAMHSA). The services provided by Comunilife, Inc. include the following:

Supported Housing–OMH: Comunilife, Inc. provides housing and case management services to 642 chronically mentally ill adults referred from State psychiatric institutions, hospitals, and other mental health agencies. In addition, Comunilife operates two community residences for up to twenty adults with chronic mental illness.

Scatter Site Housing for PWA-HRA: Comunilife, Inc. provides 438 housing units as well as on-site social services for persons living with HIV/AIDS.

Transitional Housing for PWA-HRA: Comunilife, Inc. provides transitional housing for 48 persons living with HIV/AIDS along with case management services.

Congregate Housing for PWA-HRA: Comunilife, Inc. provides congregate housing for 287 persons living with HIV/AIDS.

Congregate Housing–DOHMH: Comunilife, Inc. provides congregate housing for 90 persons with mental illness.

Safe Haven: Comunilife is contracted to provide transitional residential services for 108 homeless individuals with serious mental illness.

Other Programs: Included in other programs is the Life is Precious program. This program is an innovative nontraditional family-centered and culturally appropriate mental health and youth development program whose purpose is to reduce suicide risk in Latina adolescents. Comunilife's Medical Respite Program is a short-term residential program for patients who no longer require hospitalization but do not have suitable housing in which to complete their recovery. While in Respite Program, patients are still able to access medical care and other supportive services

Comunilife, Inc. and Subsidiaries

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HIRE-HDFC, HIRE-HDFC II, PROSPECT-HDFC, El Rio HDFC, Woodhull HDFC, 1815 HDFC, 280 Burnside HDFC, WoodHull-HDFC, El Rio II-HDFC, LaCentral HDFC and Third Avenue-HDFC are each exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and are publicly supported, as described in Section 509(a). These entities are also exempt from state and local taxes.

Dona Rosita Two, Inc. has elected to be treated as an S Corporation for federal income tax purposes and, accordingly, any taxable income or loss passes through to, and is reportable by, HIRE-HDFC II. Any New York State and City taxes are paid as incurred. Comunilife Prospect, Inc., El Rio GP and Comunilife Woodhull Associates GP, Inc. are for-profit corporations, and are subject to federal, state and local income taxes. In 2020 and 2019, there was no tax expense incurred in these organizations.

Dona Rosita Two Limited Partnership, Comunilife Prospect Associates Limited Partnership, El Rio Residences LP, Comunilife Woodhull Associated LP, Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP are treated as partnerships for federal, state, and local income taxes and therefore any taxable income or loss passes through to, and is reportable by, the Partners individually. The portion of taxable income or loss attributable to Dona Rosita Two, Inc. and Comunilife Prospect, Inc. has been recorded in these consolidated financial statements.

Principles of Consolidation

All material intercompany transactions and balances have been eliminated in the consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, Comunilife considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investments are not considered to be cash and cash equivalents. Uninvested cash and cash equivalents included in assets limited as to use are considered to be cash and cash equivalents.

At June 30, 2020, Comunilife's cash accounts exceeded federally insured limits by approximately \$18,486,000.

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Notes to Consolidated Financial Statements

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Accounts, Grants and Contracts Receivable and Allowances for Doubtful Accounts

Comunilife bills clinic fees when services are performed based upon standard rates established by Medicaid or other insurance companies. Comunilife records grants and contracts receivable based on established contracts with funding agencies. Management believes substantially all grants and contracts receivables are collectible, as all services billed have been conducted under the various agency guidelines. Receivables are charged to bad debt when they are determined to be uncollectible based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end, and other factors. Interest income is not accrued or recorded on outstanding receivables. At June 30, 2020 and 2019, management identified specific receivables aged greater than 90 days and has recorded an allowance for doubtful accounts for past-due accounts receivable of \$412,093 and \$489,290, respectively.

Investments and Net Investment Return

Investments are carried at fair value.

Investments in pooled separate accounts are recorded at net asset value (NAV).

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Property and Equipment

Property and equipment over \$5,000 are stated at original cost less accumulated depreciation and amortization or estimated fair value at the time of donation if donated. Property and equipment acquired by Comunilife are considered to be owned by Comunilife. However, funding sources may maintain an equitable interest in the assets as well as determine the use of any proceeds from the sale of these assets acquired with their funding.

Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the applicable lease term. Depreciation is computed using the straight-line method over the assets' estimated useful lives when placed in service as follows:

	<u>Years</u>
Buildings	27.5
Building and leasehold improvements	15-27.5
Vehicles	5
Equipment	5
Furniture and fixtures	5-9

Comunilife, Inc. and Subsidiaries

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Impairment of Long-Lived Assets

Comunilife reviews its long-lived assets, including buildings, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses for assets to be held and used are recognized in operating results in the event that the undiscounted expected future cash flows to be generated by the related asset are less than the carrying value of the asset. In such instances, an impairment charge would be recognized to the extent the estimated fair value of the asset is less than the asset's net book value. Comunilife's assessment of recoverability is subject to estimates such as future contract revenues and future economic conditions. Comunilife does not believe that any impairment currently exists related to its long-lived assets as of June 30, 2020 and 2019.

Assets Limited as to Use

Assets limited as to use are assets set aside under the terms of certain financing agreements, to be used for capital purposes, the paydown of the outstanding long-term debt, social service purposes and operating purposes.

Debt Issuance Costs

Debt issuance costs are reflected as a reduction of the carrying amount of the related debt and are amortized over the life of the associated debt. Amortization of debt issuance costs is included in interest expense.

Contributions

Contributions are provided to Comunilife either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Comunilife, Inc. overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value

Comunilife, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
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Nature of the Gift	Value Recognized
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Revenue Recognition and Due to Government Funders

Comunilife recognizes revenue on government grants when reimbursable expenditures under qualified programs are incurred. Revenue received under government grants is restricted as to the use specified in the grant agreement. Grant contracts are typically fully expended within a one-year cycle. Comunilife records grant awards accounted for as exchange transactions as advances from funding sources until related services are performed, at which time they are recognized as revenue. Fee-for-service revenue is recognized when service is provided. Community residence revenue and rental income are recognized in the month that the units were occupied.

Other Income

Other income includes developers fees earned by Comunilife, Inc. for partnering in the development of various housing projects. For the year ended June 30, 2020 and 2019, Comunilife, Inc. earned \$202,783 and \$778,685, respectively, in developers fees.

Donated Services

Comunilife benefits from volunteer services in program, fundraising, and administrative duties from Board members and other volunteers. Even though these donated services are valuable to Comunilife, and help to advance Comunilife's mission, no amounts have been reflected in the consolidated financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the consolidated financial statements, nor do they create or enhance nonfinancial assets.

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Third-Party Reimbursements

Comunilife receives substantially all of its fee-for-service revenues from Medicaid. In addition, Comunilife receives funding from federal, state, and local agencies in connection with the provision of services. These revenues are comprised of fee-based billings and amounts based, in part, on cost reimbursements. All grants and contracts, and billings to Medicaid, are subject to review, audit, and adjustment by the funding sources. Laws and regulations governing Comunilife's programs are extremely complex and subject to interpretation. As a result, there is a reasonable possibility that recorded estimates may change. Additionally, noncompliance with such laws and regulations could result in fines and penalties.

Functional Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fund raising categories based on the square footage, salaries and other methods.

Operating Leases

Operating lease expense has been recorded on the straight-line basis over the term of the lease. Deferred rent has been recorded for the difference between the fixed payment and the rent expense.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for general operations.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Fair Value Measurements

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

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- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2020 are described below. There have been no changes in the methodologies used at June 30, 2020 as compared to June 30, 2019.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Comunilife believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date (see *Note 8*).

Revisions

The June 30, 2019 consolidated statements of activities has been revised for a clerical immaterial error by correcting the net assets beginning of the year balance that was incorrectly flowing through on the statement of activities but did not affect the consolidated statements of financial position.

The June 30, 2019 leases footnote has been revised for an immaterial error by correcting the amount disclosed from \$237,667 to \$412,558.

The June 30, 2019 consolidated statements of cash flows has been revised for an immaterial error whereby \$124,190 of deferred interest payable was adjusted from operating activities to financing activities.

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Note 2: Changes in Accounting Principles

ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

During 2020, Comunilife adopted the Financial Accounting Standards Board's (FASB) ASU 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The core guidance in ASU 2018-08 is to clarify existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. As a result of adoption of the standard, there was no change on the previously reported net assets or change in net assets.

ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash

In 2020, Comunilife adopted the new accounting guidance in ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The new accounting guidance in ASU 2016-18 requires balances generally described as restricted cash or restricted cash equivalents to be included with cash when reconciling beginning and end-of-period balances on the statements of cash flows. This change was applied retrospectively to all periods presented, which resulted in the following changes within the consolidated statements of cash flows:

	As Adjusted	As Previously Reported	Effect of Change
Decrease in assets limited as to use	\$ -	\$ (589,668)	\$ 589,668
Net cash used in investing activities	(14,577,304)	(15,166,972)	589,668
Net decrease in cash, cash equivalents			
cash and restricted cash equivalents	(2,131,415)	(2,721,083)	589,668
Cash, cash equivalents, restricted			
cash and restricted cash equivalents,			
beginning of year	22,409,581	15,487,232	6,922,349
Cash, cash equivalents, restricted			
cash and restricted cash equivalents,			
end of year	20,278,166	12,766,149	7,512,017

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Note 3: Property and Equipment

Property and equipment at June 30, 2020 and 2019 consists of:

	<u>2020</u>	<u>2019</u>
Land	\$ 7,395,729	\$ 7,562,752
Buildings and improvements	69,801,863	68,233,621
Leasehold improvements	777,431	715,463
Furniture, fixtures and equipment	2,599,714	2,204,139
Vehicles	401,238	401,238
Construction in progress	<u>23,607,128</u>	<u>7,771,440</u>
	104,583,103	86,888,653
Accumulated depreciation and amortization	<u>(15,222,499)</u>	<u>(12,863,639)</u>
Total	<u><u>\$ 89,360,604</u></u>	<u><u>\$ 74,025,014</u></u>

Note 4: Assets Limited as to Use

Comunilife presents restricted deposits and funded reserves in the consolidated statements of financial position at fair value. All of the restricted deposits and funded reserves held at June 30, 2020 and 2019 were in money market accounts which are classified as Level 1 assets on the fair value hierarchy described in *Note 1*.

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Restricted deposits and funded reserves consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Operating Reserve Account that may be used to pay the operating costs and expenses of HIRE-HDFC to the extent that HIRE-HDFC's collected gross receipts are insufficient.	\$ 758,340	\$ 748,878
Replacement Reserve Account that may be used only to pay for substantial repairs and/or replacement of the capital assets of HIRE-HDFC. This reserve account requires monthly payments to be made.	74,126	63,967
Sinking Fund Account that may be used to fund additional operating reserve and replacement reserves to ensure HIRE-HDFC's successful operations as very low and low income housing.	<u>321,943</u>	<u>315,051</u>
Subtotal	1,154,409	1,127,896
Pursuant to the operating, loan and regulatory agreements, Prospect LP is required to deposit into a replacement reserve account, commencing upon substantial completion, the amount of \$15,250, increasing 3% annually.	377,553	358,183
Pursuant to Prospect LP's loan and regulatory agreements, Prospect LP is required to maintain an operating reserve account. The account is to be funded from the sixth installment of the limited partner's capital contribution in the amount of \$600,000. The account shall be maintained and funded from available cash flow, to the extent possible, to maintain the balance at a minimum of \$600,000 at all times. Any withdrawals from the account require the consent of the limited partner.	<u>818,150</u>	<u>780,687</u>
Subtotal	1,195,703	1,138,870
Pursuant to Dona Rosita Two's loan and regulatory agreements, Dona Rosita Two is required to maintain an operating Reserve Account that may be used to pay the operating costs and expenses of Dona Rosita Two to the extent that Dona Rosita Two's collected gross receipts are insufficient.	848,702	849,262
Pursuant to Dona Rosita Two's loan and regulatory agreements, Dona Rosita Two is required to maintain a capital Replacement Reserve Account that may be used by Dona Rosita Two to purchase capital assets.	33,819	34,590

Comunilife, Inc. and Subsidiaries
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	<u>2020</u>	<u>2019</u>
Pursuant to Dona Rosita Two's loan and regulatory agreements, Dona Rosita Two is required to maintain a replacement Reserve Account that may be used only to pay for substantial repairs and/or replacement of the capital assets of Dona Rosita Two. This reserve account requires monthly payments to be made.	\$ 169,463	\$ 158,361
The Partnership is required to fund a social service reserve account from the limited partner's capital contributions.	<u>305,886</u>	<u>305,824</u>
Subtotal	1,357,870	1,348,037
El Rio Residences, LP was holding restricted reserves which represent funds provided by the equity partners to be used to fund construction.	-	39,015
An operating reserve in the minimum amount of \$455,000 was established for the benefit of the El Rio Residences, LP in a segregated account during 2019. Any release of funds from the operating reserve will be subject to Red Stone's consent, which cannot be unreasonably withheld. Upon the expiration of the tax credit compliance period, any amounts remaining in this reserve account may be released to the General Partner, subject to El Rio project's approval.	458,168	457,013
A social services reserve in the minimum amount of \$200,000 was established for the benefit of El Rio Residences, L.P. in a segregated account during 2019. In addition, this reserve may also be made available to fund any operating deficits incurred by El Rio project in the event the operating reserve account has been depleted. Any release of funds from the social service reserve is subject to Red Stone's consent, which cannot be reasonably withheld. Upon the expiration of the tax credit compliance period, any amounts remaining in this reserve account may be released to the General Partner, subject to El Rio project's approval.	201,832	201,323
El Rio project's operating expenses include the funding of the replacement reserve in the amount of \$250 per unit annually, increasing at 3% annually, or such greater amount as specified by the project lenders. Any release of funds from the replacement reserve will be subject to Red Stone's consent, which cannot be unreasonably withheld. Replacement reserve commencing after final closing, the Partnership is required to fund a replacement reserve account in an annual amount of \$16,250, increased by 3% per annum.	<u>28,754</u>	<u>12,366</u>
Subtotal	688,754	709,717

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	<u>2020</u>	<u>2019</u>
Pursuant to the loan and regulatory agreement, Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP are required to maintain escrow deposits equal to one-twelfth of the estimated insurance premiums and water and sewer taxes. The escrow deposits are held by the mortgagee, New York City Housing Development Corporation. The escrow account requires monthly deposits.	\$ 471,842	\$ 445,796
Pursuant to the loan and regulatory agreement, Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP are required to maintain a building reserve fund. The building reserve was required to be funded with an initial monthly deposits of \$6,050. The building reserve fund was funded by a \$724,000 deposit. The building reserve fund is to be used for capital improvement and extraordinary renovations to the mortgaged property. The building reserve fund is held by the mortgagee, New York City Housing Development Corporation. The escrow account requires monthly deposits.	931,366	825,096
Pursuant to the loan and regulatory agreement, Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP are required to maintain an operating reserve fund. The operating reserve fund is held by the mortgagee, New York City Housing Development Corporation.	242,000	242,000
Pursuant to the loan and regulatory agreement, Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP are required to maintain a reserve for replacement fund. The reserve for replacement fund is held by the mortgagee, New York City Housing Development Corporation. The escrow account requires monthly deposits.	1,219,863	1,581,150
Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP maintain escrow deposits with the management company, Fordham Bedford Housing Corporation.	<u>47,711</u>	<u>93,455</u>
Subtotal	2,912,782	3,187,497
Pursuant to Comunilife Woodhull Associates, LP loan and regulatory agreement, an operating reserve in the minimum amount of \$287,976 was established for the benefit of the Comunilife Woodhull Associates , LP in a segregated account during 2020. Upon the expiration of the tax credit compliance period, any amounts remaining in this reserve account may be released to the General Partner, subject to Woodhull project's approval.	288,128	-

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	2020	2019
Pursuant to Comunilife Woodhull Associates, LP loan and regulatory agreements, Comunilife Woodhull is required to maintain a replacement Reserve Account that may be used only to pay for substantial repairs and/or replacement of the capital assets of Comunilife Woodhull. This reserve account requires annual contribution of \$22,250. Such deposits shall be made in amounts equal to one-twelfth of the annual amount	\$ 86,790	\$ -
Subtotal	374,918	-
Total assets limited as to use	\$ 7,684,436	\$ 7,512,017

Note 5: Due to Government Funders

Comunilife provides behavioral health services that were reimbursed primarily under Medicaid's Comprehensive Outpatient Programs (COPS). Comunilife was subject to a dollar threshold limitation for the reimbursement it could receive under COPS through June 30, 2008. Any reimbursement received in excess of this threshold was required to be returned to Medicaid, subject to final review by Medicaid. COPS funding was effectively eliminated as of October 1, 2010. Subsequent to October 1, 2010, Comunilife was advanced funding for the clinic programs that is subject to partial recoupment. Comunilife has recorded a liability for the funds that will be recouped. During 2014, Comunilife received a final audit report for the COPS program. As of June 30, 2020 and 2019, the total outstanding liability was \$199,032 in both years.

As of June 30, 2020 and 2019, Comunilife also had outstanding advances from OMH of \$5,857,223 and \$8,957,030, respectively, for use in its programs. As of June 30, 2020 and 2019, additional advances from other funding sources amounted to \$1,570,777 and \$319,687, respectively.

Note 6: Grant Reimbursements Receivable and Future Commitments

Comunilife receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of Comunilife are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2020 have been recorded as receivables. Following are the grant commitments that extend beyond June 30, 2020:

Grant	Term	Grant Amount	Earned Through June 30 2020	Forfeited Through June 30 2020	Funding Available
Department of Health AIDS Institute	6/1/19-5/31/24	\$ 6,374,949	\$ 811,801	\$ 452,695	\$ 5,110,453
Office of Mental Health	7/1/17-6/30/24	61,606,017	16,409,041	869,614	44,327,362
Office of Temporary & Disability Assistance	1/1/16-12/31/20	2,053,260	1,828,925	26,695	197,640
NYC Resources Administration - Department of Social Services	1/1/11-3/31/26	126,757,709	80,883,806	1,043,111	44,830,792
New York City Department of Health and Mental Hygiene	7/1/17-6/30/21	6,034,381	4,173,187	307,796	1,553,398
NYC Resources Administration - Department of Homeless Services	4/1/16-6/30/23	20,455,774	11,471,797	195,952	8,788,025
		<u>\$ 223,282,090</u>	<u>\$ 115,578,557</u>	<u>\$ 2,895,863</u>	<u>\$ 104,807,670</u>

Comunilife, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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Note 7: Due From Affiliated Entities

Comunilife had the following amounts due from affiliated entities at June 30, 2019 and 2018:

	<u>2020</u>	<u>2019</u>
HAT	\$ 903,906	\$ 771,402
1815 West Farms LP	<u>21,219</u>	<u>77,528</u>
Total due from related entities	<u>\$ 925,125</u>	<u>\$ 848,930</u>

These entities are related through common management, but are not controlled by Comunilife, Inc. The above amounts due from related entities are non-interest-bearing and there are no definitive payment terms.

Note 8: Pension Plans

Comunilife offers a 401(k) and 403(b) plan for which most employees are eligible. The 403(b) plan is a contributory plan covering employees of Comunilife and its related subsidiaries. Employees are eligible to participate in the 401(k) and 403(b) plans and have elective deferrals made on their behalf immediately upon being employed by Comunilife and its related affiliates. All contributions made to the plans are 100 percent vested and may be invested in diversified investment options at each participant's discretion.

The 401(k) plan also provides for employer profit sharing contributions. In order to be eligible for the profit-sharing portion of the plan, the employee must have completed two years (twenty-four consecutive months and credited with 1,000 hours each year) of service and are age twenty-one or older. The plan entry dates are January 1 and July 1 following the satisfaction of eligibility requirements. Vesting in participants' accounts is based on years of continuous service with 100 percent vesting occurring after two years of service. Expense for this plan for the years ended June 30, 2020 and 2019 was \$695,241 and \$564,682, respectively.

Comunilife has implemented the Comunilife, Inc. 457(b) Deferred Compensation Plan. The purpose of this plan is to enable employees who become covered under the plan to enhance their retirement security by permitting them to enter into agreements with Comunilife, Inc. to defer a portion of their compensation and receive benefits at retirement, separation from service, death, or in the event of financial hardship due to unforeseeable emergencies.

Comunilife, Inc. and Subsidiaries

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Investments held for 457(b) retirement plan and associated liabilities shown below have been recorded on the consolidated statements of financial position.

	Level 2	
	2020	2019
Money market fund	\$ 110,334	\$ 13,028
Pooled separate accounts		
Balanced/asset allocation	-	93,305
Total	<u>\$ 110,334</u>	<u>\$ 106,333</u>

Note 9: Long-Term Debt

Long-term debt consisted of the following at June 30, 2020 and 2019:

	2020	2019
<i>Line of credit</i> - Comunilife, Inc. maintains a line of credit with Citibank. The line of credit was increased on April 24, 2020 from \$2,500,000 to \$3,500,000 and expires on January 31, 2021. The interest rate was 3.75% and 5.50% at June 30, 2020 and 2019, respectively, which is at the prime rate plus 0.50% per annum. The line of credit is secured by all assets of Comunilife, Inc.	\$ -	\$ -
<i>Mortgage payable</i> - On October 13, 2009, Comunilife, Inc. entered into a mortgage agreement with the Dormitory Authority of the State of New York (DASNY) in the amount of \$1,948,900, which bears interest at the rate of 5.18% per annum. The mortgage requires semiannual payments of principal and interest in the amount of \$70,699 until the maturity date of the mortgage, December 1, 2033, at which time any unpaid principal and s will become due and payable. The mortgage is secured by certain real and personal property at 550 W. 173rd Street, New York. Simultaneous with the execution of this mortgage, Comunilife, Inc. entered into a note receivable agreement with OMH pursuant to which OMH agreed to pay the semiannual mortgage principal and interest payments to DASNY. As a result, Comunilife, Inc. has established a note receivable in the same amount as the mortgage payable.	1,360,646	1,428,827

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	2020	2019
<i>Loan agreement</i> - On June 18, 2020, Comunilife, Inc. entered into a loan agreement with the Nonprofit Finance Fund (NFF) in the amount of \$2,000,0000, which is interest free and matures on June 18, 2021.	\$ 2,000,000	\$ -
<i>Loan agreement</i> - On April 19, 2020, Comunilife, Inc. entered into a loan agreement with Citibank through the U.S. Small Business Administrations Paycheck Protection Program. The amount of the loan agreement is \$2,565,100, which bears interest at a rate of 1% per annum. The loan agreement matures on April 19, 2022. Through the Paycheck Protection Program, the loan is eligible for forgiveness in the amount equal to eligible costs incurred over a 24 week period.	2,565,100	-
<i>Loan agreement</i> - In November 2019, Comunilife entered into grant with Deutsche Bank Americas Foundation with a recoverable portion of \$120,000. The recoverable portion bears no interest and is to be paid in annual installment of \$40,000 on November 30, 2022, 2023, and 2024.	40,000	-
<i>Construction loan payable</i> - On May 16, 2006, Dona Rosita Two entered into a construction loan with HPD for the construction of a building located in Brooklyn, New York in an amount not to exceed \$4,739,056. Upon completion of the project, this loan converted to permanent financing over a term of 30 years bearing interest at the rate of 1% per annum. The principal balance together with any accrued and unpaid interest shall be due and payable upon the maturity date of the agreement. The construction loan payable is collateralized by the building.	4,739,056	4,739,056
<i>Mortgage payable</i> - In May 2007, Dona Rosita Two entered into a 30-year mortgage agreement with the New York Homeless Housing Assistance Corporation (HHAC) in an amount of \$2,340,000, which bears interest at the rate of 1% per annum. The interest is payable upon demand by HHAC. The mortgage will be forgiven upon maturity if the building in Brooklyn, New York is used for its intended purpose for the 30-year term of the mortgage. The mortgage payable is collateralized by the building.	2,340,000	2,340,000
<i>Mortgage payable</i> - On May 26, 2011, HIRE-HDFC entered into a debt with HPD in the amount of \$2,153,805, which bears interest at 1.25% per annum and is a non-amortizing mortgage, which matures and is payable in June 2041. There are no required principal payments prior to maturity. The mortgage requires monthly payments of interest only. The mortgage is secured by certain real and personal property in Bronx, New York.	2,153,805	2,153,805

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	2020	2019
<i>Mortgage payable</i> - In May 1996, Rosita entered into a 30-year mortgage agreement with HUD under the HOPWA Program in an original amount of \$145,000, which bears interest at the rate of 1% per annum. The mortgage requires the accrual of interest until the maturity date of the mortgage, May 10, 2026, at which time the entire unpaid principal and any accrued and unpaid interest were scheduled to become due and payable. On May 26, 2011, the debt of \$145,000 was refinanced by HPD and the debt was transferred to HIRE-HDFC. This debt bears interest at 1% per annum and is a non-amortizing mortgage, which matures and is payable in May 2041. The mortgage is secured by certain real and personal property in the Bronx, New York.	\$ 145,000	\$ 145,000
<i>Construction loan payable</i> - On June 30, 2009, Prospect entered into a construction loan with HPD for the construction of a building located in Bronx, New York in an amount not to exceed \$7,600,683, which includes an enforcement lien mortgage in the amount of \$1,020,000 attached to the property. The enforcement lien mortgage bears no interest, and the note shall be deemed satisfied on June 30, 2059 if all of the terms under the enforcement lien are satisfied. Upon completion of the project, the construction loan will convert to permanent financing over a term of 50 years bearing interest at the rate of 0.25% per annum. The principal balance together with any accrued and unpaid interest shall be due and payable upon the maturity date of the agreement, which is June 30, 2061. The construction loan payable is collateralized by the building.	7,593,836	7,593,836
<i>Construction loan payable</i> - On June 27, 2013, El Rio Residences HDFC entered into a loan agreement with HPD in the amount of \$7,966,005. The agreement provides that upon closing, the loan will convert to an interest-only permanent financing. The loan will bear interest at one percent with principal and unpaid interest due in 60 years from conversion. The construction loan payable is collateralized by the building. This loan was converted to permanent financing in October 2018.	7,966,005	7,966,005

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	2020	2019
<i>Construction loan payable</i> - On June 27, 2013, New York State Homeless Housing and Assistance Corporation (HHAC) has provided a second construction loan to El Rio Residences HDFC in the amount of \$1,677,469. As of June 30, 2018, \$315,370 is held in an escrow account with HPD to be released at final closing. The loan bears no interest during construction and will bear interest at 1% per annum after final closing, with principal and any unpaid interest due in 30 years from the date of permanent conversion. The construction loan payable is collateralized by the building. This loan was converted to permanent financing in October 2018.	\$ 1,677,469	\$ 1,677,469
<i>Acquisition loan payable</i> - In May 2017, Comunilife Woodhull LP entered into a debt with HPD in the amount of \$2,000,000 to finance the acquisition of a leasehold estate located in Brooklyn, New York. The loan payable bears no interest from the date of the loan. The loan was converted to permanent financing on May 8, 2020. The loan payable bears interest of 2.71 from the conversion date to maturity date. The loan has a maturity date of the 50th anniversary of the conversion date.	2,000,000	2,000,000
<i>Construction loan payable</i> - In May 2017, Comunilife Woodhull LP entered into a construction loan agreement with Housing Trust Fund Corporation for the construction of a building located in Brooklyn, New York in the amount not to exceed \$5,996,299. The loan was converted to permanent financing on May 8, 2020. The loan bears interest of 1% from conversion date and has a maturity date of 15 years from conversion date.	5,996,299	4,546,381
<i>Construction loan payable</i> - In May 2017, Comunilife Woodhull LP entered into a project and building loan with JP Morgan Chase for the construction of a building located in Brooklyn, New York in the amount not to exceed \$9,732,799. The loan payable bears interest at prime during the construction period commencing July 12, 2017 until the maturity date of May 12, 2020 or the conversion date.	9,377,008	9,044,957
<i>Construction loan payable</i> - In May 2017, Comunilife Woodhull LP entered into a building loan with HPD for the construction of a building located in Brooklyn, New York in the amount not to exceed \$7,773,552. The loan payable bears interest at .25% during the construction period commencing July 12, 2017 until the maturity date of August 12, 2019 or the conversion date.	7,773,552	7,773,552

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	2020	2019
<i>Acquisition loan payable</i> - In May 2017, Comunilife Third Avenue Housing Development Fund Corporation entered into an Acquisition, Building and Project loan agreement totaling \$4,300,000 to acquire and develop the property located at 3395-3401 Third Avenue, Bronx, N.Y. The loan payable bears interest at 6.0% per annum. The loan was paid off as part of the closing of construction/permanent financing that occurred December 2019.	\$ -	\$ 3,556,753
<i>Letter of credit</i> - In December 2019, Comunilife Third Avenue L.P. entered into a building and project letter of credit agreement with J.P. Morgan Chase for the construction of a building located in the Bronx, New York. The letter of credit bears interest of prime plus 0.5%. The letter of credit expires 37 months after closing which occurred in December 2019.	2,571,237	-
<i>Construction loan payable</i> - In June 2018, Comunilife El Rio II, LP entered into a construction loan agreement with Housing Trust Fund Corporation for the construction of a building located in the Bronx, New York in the amount not to exceed \$9,640,000. The loan payable bears interest at .01% during the construction period commencing June 28, 2018 until the maturity date of June 29, 2019 or the conversion date.	8,676,000	3,961,635
<i>Building and Project loan payable</i> - In June 2018, Comunilife El Rio II, LP entered into a building and project loan agreement with Capital One for the construction of a building located in the Bronx, New York in the amount not to exceed \$12,997,329. The loan payable bears interest at 4.89% during the construction period commencing June 29, 2018 until the maturity date of June 29, 2021.	4,814,876	32,133
<i>Mortgage payable</i> - In June 2018, Hughes Avenue Associates LP, Crotona Avenue Associates LP and Jennings Street Associates LP entered into a 35-year mortgage agreement with New York City Housing Development Corporation for \$7,240,000 which bears interest at the rate of 5.5% per annum. The mortgage requires monthly payments of principal and interest. The mortgage is secured by certain real and personal property in the Bronx, New York. The mortgage payable is collateralized by the building.	7,084,545	7,164,269
Total long-term debt	80,874,434	66,123,678
Less: current portion of long-term debt	(3,283,466)	(183,799)
Less: unamortized debt issuance costs	(389,117)	(469,343)
Total long-term debt, net of current portion	\$77,201,851	\$65,470,536

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Principal payments as of June 30, 2020 are as follows:

2021	\$ 3,283,466
2022	1,600,475
2023	212,115
2024	181,175
2025	190,711
Thereafter	<u>75,406,492</u>
Total	<u>\$ 80,874,434</u>

As part of the long-term debt, Comunilife previously incurred deferred financing costs in the amount of \$483,100, which are being amortized using effective interest ranging from 0.52 percent to 2.13 percent.

Note 10: Leases

On May 26, 2017, Comunilife entered a ten-year noncancelable lease agreement for new office space in midtown Manhattan to house Comunilife's corporate headquarters. The lease agreement, which commenced on September 1, 2017, provides for four months of fixed rent (\$40,260 per month) abatement totaling \$161,040. Commencing on January 1, 2018, the lease agreement requires monthly installments of \$40,260 expiring August 31, 2028. The lease contains escalation clauses of 2-3 percent per annum for all years except for 2022, which provides for an escalation clause of 10 percent. Comunilife has adopted the provisions within U.S. GAAP for accounting for leases, which requires rent expense from long-term leases with escalation clauses to be allocated evenly over the life of the lease. Accordingly, for the years ended June 30, 2020 and 2019, Comunilife has recorded rent expense of \$505,522 and \$503,192, respectively. As of June 30, 2020 and 2019, Comunilife recorded a cumulative deferred rent liability of \$307,317 and \$266,623, respectively, which is included with accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

On January 9, 2018, Comunilife entered a ten-year noncancelable lease agreement for new office space in the Bronx to house Comunilife's Bronx program staff. The lease agreement requires monthly installments of \$29,708 commencing on the date that is four months after the commencement date. Comunilife took possession of the property in July 2018 with work still needing to be completed by the landlord. A commencement date of July 3, 2018 has been determined. The lease contains escalation clauses of 3 percent per annum for all years. Comunilife has adopted the provisions within U.S. GAAP for accounting for leases, which requires rent expense from long-term leases with escalation clauses to be allocated evenly over the life of the lease. Accordingly, for the years ended June 30, 2020 and 2019, Comunilife has recorded rent expense of \$412,588 in each of the years. As of June 30, 2020 and 2019, Comunilife recorded a cumulative deferred rent liability of \$178,134 and \$151,157, respectively, which is included with accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

Comunilife has ten additional cancelable leases for office space and housing from various lessors that expire at various dates through February 2030.

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In addition, Comunilife leases certain equipment and vehicles under various noncancelable operating lease agreements that expire through March 31, 2025.

The future minimum commitments under these leases are as follows for the year ended June 30, 2020:

	Offices and Housing	Equipment and Vehicles	Total
2021	\$ 2,703,688	\$ 114,974	\$ 2,818,662
2022	2,357,523	91,233	2,448,756
2023	2,443,291	83,506	2,526,797
2024	1,862,530	29,153	1,891,683
2025	1,803,128	5,066	1,808,194
Thereafter	5,768,571	-	5,768,571
Total	<u>\$ 16,938,731</u>	<u>\$ 323,932</u>	<u>\$ 17,262,663</u>

In connection with its Scattered Site program, Comunilife has entered into cancelable lease agreements for approximately 950 apartments. Lease terms range from one to two years. The monthly rent for each apartment ranges from \$612 to \$2,500. Residents contribute 30 percent of their monthly income towards the payment of rent, which is included within rental income in the accompanying consolidated statements of activities.

Total rent expense for the years ended June 30, 2020 and 2019 was \$18,105,532 and \$16,563,450, respectively.

Note 11: Commitments and Contingencies

From time to time, Comunilife is subject to certain claims or litigation in the normal course of its operations. Management of Comunilife is of the opinion that any claims are either without merit or that the present insurance coverage is sufficient to meet the financial obligations, if any, arising out of such claims or proceedings, and that the outcome of any such claims or lawsuits will not have a material impact on Comunilife's financial condition.

Dona Rosita Two, El Rio Residences LP, Prospect LP, Crotona Avenue Associates LP, Hughes Avenue Associates LP, Jennings Street Associates LP and Comunilife Woodhull Associates LP's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest.

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El Rio Residences L.P. has entered into a Construction Contract Agreement dated June 27, 2013 for construction services in connection with the El Rio property project. At June 30, 2020 and 2019, construction costs and change orders in the amount of \$15,713,180 and \$15,283,179 have been paid and \$-0- and \$508,751 remains payable, respectively. In 2019, the construction company agreed to release and waive any and all rights and demands which it has or may have on account of labor performed or materials or equipment furnished for the project related to the construction contract.

Woodhull LP has entered into a construction contract agreement dated May 11, 2017 for construction services in connection with the project in the amount of \$19,830,000. At June 30, 2020 and 2019, construction costs and change orders were in the amount of \$19,830,000 and \$19,153,625, respectively.

El Rio II HDFC and Comunilife EL Rio II have entered into a construction contract agreement dated June 29, 2018 for construction services in connection with the project. The contract amount including change orders at June 30, 2020 was \$18,056,974. At June 30, 2020 and 2019, construction contract including change orders in the amount of \$14,073,030 and \$2,038,114 was completed, of which \$3,450,703 and \$225,912 remains unpaid, respectively.

Comunilife Third Avenue HDFC has entered into a construction contract agreement dated December 18, 2019 for construction services in connection with the project in the amount of \$39,572,000. At June 30, 2020, construction costs and change orders in the amount of \$3,971,650 have been paid and \$35,600,350 is outstanding commitment.

Comunilife Third Avenue, L.P. (the Borrower) and Comunilife, Inc. (the Sponsor), entered into a financing and commitment agreement for a multi-family project financed by the New York State Housing Finance Agency(HFA). HFA commits funds of \$31,300,000 to be funded through the issuance of one or more series of tax-exempt bonds. HFA also commits funds of \$6,000,000 through HFA's 100 percent affordable loan program and another \$3,670,000 through HFA's supportive housing opportunities program. As discussed in note 9, Comunilife Third Avenue, L.P. obtained letter of credit.

Under the terms of the agreement with HPD, Dona Rosita Two, LP has an enforcement lien mortgage in the amount of \$225,000 attached to the property. The enforcement lien mortgage bears no interest, and the note shall be deemed satisfied on October 15, 2037, if all of the terms under the enforcement lien are satisfied.

Under the terms of the agreement with HPD, Prospect Associates, LP has an enforcement lien mortgage in the amount of \$1,020,000 attached to the property. The enforcement lien mortgage bears no interest, and the note shall be deemed satisfied on June 30, 2059, if all of the terms under the enforcement lien are satisfied.

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Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 12: Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes and/or time restrictions:

	<u>2020</u>	<u>2019</u>
Community residences	\$ 1,360,646	\$ 1,428,826
Life is Precious	1,196,028	917,908
Food for Crotona	10,000	10,000
Prospect Residents Computer Lab	5,000	10,000
Respite Program	102,890	-
Workforce Development (DRII)	4,297	9,525
Balance Calories Initiative	13,208	13,208
	<u>\$ 2,692,069</u>	<u>\$ 2,389,467</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	<u>2020</u>	<u>2019</u>
Community residences	\$ 68,180	\$ 64,778
Life is Precious	7,100	100,000
Food for Crotona	10,000	-
Prospect Residents Computer Lab	5,000	-
Workforce Development (DRII)	5,229	23,475
Total	<u>\$ 95,509</u>	<u>\$ 188,253</u>

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

For both years ended June 30, 2020 and 2019, Comunilife, Inc. received approximately 77 percent and 82 percent of its government grant and contract revenue from HRA and OMH, respectively.

At June 30, 2020 and 2019, approximately 70 percent and 66 percent, respectively, of outstanding grants and contracts receivable were due from HRA.

Comunilife, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Investments

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could affect the amounts reported in the consolidated financial statements.

Note 14: Liquidity and Availability

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position as of June 30, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 17,590,226	\$ 12,766,149
Grants and contracts receivable	8,743,231	8,543,330
Accounts receivable - net	2,137,166	1,017,134
Current maturities of note receivable	71,762	68,181
Due from affiliated entities	<u>925,125</u>	<u>848,930</u>
	29,467,510	23,243,724
Less net assets with donor restrictions	<u>(2,692,069)</u>	<u>(2,389,467)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 26,775,441</u></u>	<u><u>\$ 20,854,257</u></u>

Comunilife receives significant grants and contracts from multiple governmental agencies for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for the general expenditures. Comunilife has various sources of liquidity at its disposal, including cash and cash equivalents and line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Comunilife considers all expenditures related to its ongoing activities of providing services and resources to its clients as well as the conduct of services to support those activities to be general expenditures.

In addition to the financial assets available to meet the general expenditures over the next 12 months, Comunilife operates with a balanced budget and anticipates collecting sufficient revenue to covers it general expenditures. Comunilife manages its liquidity and reserves by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Comunilife, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 15: Economic Uncertainties

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the consolidated financial position, results of operations, changes in net assets and cash flows of Comunilife. The duration of these uncertainties and ultimate financial effects cannot be reasonably estimated at this time.

Note 16: Subsequent Events

Subsequent events have been evaluated through December 22, 2020, which is the date the consolidated financial statements were available to be issued.

Note 17: Future Changes in Accounting Principles

Revenue Recognition

FASB amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2019, and any interim periods within annual reporting periods that begin after December 15, 2020. Comunilife is in the process of evaluating the impact the amendment will have on the consolidated financial statements.

Comunilife, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. Comunilife is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

Supplementary Information

Comunilife, Inc. and Subsidiaries

Consolidating Schedule – Statement of Financial Position Information

June 30, 2020

	Comunilife, Inc.	HIRE- HDFC	Crotona Avenue Associates LP	Hughes Avenue Associates LP	Jennings Street Associates LP	HIRE- HDFC II	Prospect- HDFC	El Rio HDFC	Comunilife Woodhull HDFC	Comunilife Third Avenue HDFC	El Rio II HDFC	Eliminations	Total
Assets													
Current Assets													
Cash and cash equivalents	\$ 14,875,561	\$ 77,167	\$ -	\$ 208,182	\$ 41,666	\$ 353,400	\$ 149,345	\$ 388,627	\$ 507,138	\$ 890,695	\$ 98,445	\$ -	\$ 17,590,226
Grants and contracts receivable	8,743,231	-	-	-	-	-	-	-	-	-	-	-	8,743,231
Accounts receivable - net	3,355,053	29,347	66,136	38,171	82,494	-	13,075	47,472	39,535	-	-	(1,534,117)	2,137,166
Note receivable	71,762	-	-	-	-	-	-	-	-	-	-	-	71,762
Due from affiliated entities	2,056,752	3,038	122,844	320,363	-	-	82,357	190,636	7,869	-	-	(1,858,734)	925,125
Prepaid expenses and other current assets	125,755	24,845	22,748	8,580	50,469	-	-	-	-	-	-	-	232,397
Total current assets	29,228,114	134,397	211,728	575,296	174,629	353,400	244,777	626,735	554,542	890,695	98,445	(3,392,851)	29,699,907
Noncurrent Assets													
Note receivable	1,288,884	-	-	-	-	-	-	-	-	-	-	-	1,288,884
Assets limited as to use	-	1,154,409	886,061	719,523	1,307,198	1,357,870	1,195,703	688,754	374,918	-	-	-	7,684,436
Investments held for retirement plans	110,334	-	-	-	-	-	-	-	-	-	-	-	110,334
Investment in limited partnerships	(2,105,938)	-	-	-	-	-	-	-	-	-	-	2,105,938	-
Other assets	714,308	-	-	-	-	18,769	4,270	106,631	72,096	-	5,850	-	921,924
Property and equipment - net	2,425,296	851,609	1,158,228	179,445	951,451	4,043,494	8,365,419	17,913,674	26,470,660	11,220,769	18,387,122	(2,606,563)	89,360,604
Total noncurrent assets	2,432,884	2,006,018	2,044,289	898,968	2,258,649	5,420,133	9,565,392	18,709,059	26,917,674	11,220,769	18,392,972	(500,625)	99,366,182
Total assets	\$ 31,660,998	\$ 2,140,415	\$ 2,256,017	\$ 1,474,264	\$ 2,433,278	\$ 5,773,533	\$ 9,810,169	\$ 19,335,794	\$ 27,472,216	\$ 12,111,464	\$ 18,491,417	\$ (3,893,476)	\$ 129,066,089
Liabilities and Net Assets													
Current Liabilities													
Current maturities of long-term debt	\$ 3,199,895	\$ -	\$ 29,647	\$ 24,888	\$ 29,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,283,466
Accounts payable and accrued expenses	2,864,600	45,657	378,315	206,712	222,150	63,020	24,587	173,558	248,988	78,857	128,112	-	4,434,556
Accrued construction costs	-	-	-	-	-	-	-	-	2,130,844	1,541,952	4,185,777	(1,009,167)	6,849,406
Accrued benefits payable	3,903,468	8,596	-	-	-	21,020	14,908	10,214	-	-	-	-	3,958,206
Due to government funders	7,627,032	-	-	-	-	-	-	-	-	-	-	-	7,627,032
Due to affiliated entities	131,056	25,410	464,107	-	146,979	545,619	42,624	80,576	2,627	1,060,244	37,037	(2,383,684)	152,595
Total current liabilities	17,726,051	79,663	872,069	231,600	398,165	629,659	82,119	264,348	2,382,459	2,681,053	4,350,926	(3,392,851)	26,305,261
Long-Term Liabilities													
Deferred compensation payable	110,334	-	-	-	-	-	-	-	-	-	-	-	110,334
Deferred interest payable	-	34,920	-	-	-	864,380	141,215	160,725	33,155	-	-	-	1,234,395
Long-term debt	2,765,851	2,227,987	2,400,700	2,015,515	2,351,433	7,052,860	7,573,323	9,605,206	25,146,859	2,571,237	13,490,880	-	77,201,851
Total long-term liabilities	2,876,185	2,262,907	2,400,700	2,015,515	2,351,433	7,917,240	7,714,538	9,765,931	25,180,014	2,571,237	13,490,880	-	78,546,580
Total liabilities	20,602,236	2,342,570	3,272,769	2,247,115	2,749,598	8,546,899	7,796,657	10,030,279	27,562,473	5,252,290	17,841,806	(3,392,851)	104,851,841
Net Assets (Deficit)													
Without donor restrictions													
Undesignated	8,366,693	(202,155)	(1,016,752)	(772,851)	(316,320)	(21,461)	119,150	(7,383)	(2,627)	(978)	876	(625)	6,145,567
Noncontrolling interests	-	-	-	-	-	(2,751,905)	1,894,362	9,312,898	(87,630)	6,860,152	648,735	(500,000)	15,376,612
Total without donor restrictions	8,366,693	(202,155)	(1,016,752)	(772,851)	(316,320)	(2,773,366)	2,013,512	9,305,515	(90,257)	6,859,174	649,611	(500,625)	21,522,179
With donor restrictions	2,692,069	-	-	-	-	-	-	-	-	-	-	-	2,692,069
Total net assets (deficit)	11,058,762	(202,155)	(1,016,752)	(772,851)	(316,320)	(2,773,366)	2,013,512	9,305,515	(90,257)	6,859,174	649,611	(500,625)	24,214,248
Total liabilities and net assets	\$ 31,660,998	\$ 2,140,415	\$ 2,256,017	\$ 1,474,264	\$ 2,433,278	\$ 5,773,533	\$ 9,810,169	\$ 19,335,794	\$ 27,472,216	\$ 12,111,464	\$ 18,491,417	\$ (3,893,476)	\$ 129,066,089

Comunilife, Inc. and Subsidiaries

Consolidating Schedule – Statement of Activities Information

Year Ended June 30, 2020

	Comunilife, Inc.			HIRE-HDFC	Crotona Avenue Associates LP	Hughes Avenue Associates LP	Jennings Street Associates LP	HIRE-HDFC II	Prospect-HDFC	El Rio HDFC	Comunilife Woodhull HDFC	Comunilife Third Avenue HDFC	El Rio II HDFC		Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support																	
Government grants and contracts	\$ 40,334,762	\$ -	\$ 40,334,762	\$ 26,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,923)	\$ 40,334,762	\$ -	\$ 40,334,762
Medicaid	993,150	-	993,150	-	-	-	-	-	-	-	-	-	-	-	993,150	-	993,150
Other program fees	1,922,567	-	1,922,567	-	-	-	-	-	-	-	-	-	-	-	1,922,567	-	1,922,567
Client rental income	1,955,542	-	1,955,542	495,036	861,181	739,311	858,627	547,300	851,525	848,299	1,167,774	-	-	(547,200)	7,689,086	-	7,689,086
Contributions and special event	669,351	398,111	1,067,462	-	-	-	-	-	-	-	-	-	-	-	669,351	398,111	1,067,462
Less direct cost of special event	(140,841)	-	(140,841)	-	-	-	-	-	-	-	-	-	-	-	(140,841)	-	(140,841)
Other income	2,781,933	-	2,781,933	-	4,639	7,764	23,453	63,813	-	1,433	9,950	-	135	(2,700,733)	192,387	-	192,387
Investment income (loss)	(77,378)	-	(77,378)	14,030	22,462	18,806	21,940	61	1,185	1,693	450	220	303	-	3,772	-	3,772
Net assets released from restriction	95,509	(95,509)	-	-	-	-	-	-	-	-	-	-	-	-	-	(95,509)	-
Total revenue and other support	48,534,595	302,602	48,837,197	446,789	888,282	765,881	904,020	611,074	852,710	851,416	1,178,174	220	438	(3,274,856)	51,758,743	302,602	52,061,345
Expenses																	
Program Services																	
Supported housing - OMH	12,251,526	-	12,251,526	-	-	-	-	-	-	-	-	-	-	-	12,251,526	-	12,251,526
Scatter site housing for PWA-HRA	11,921,517	-	11,921,517	-	-	-	-	-	-	-	-	-	-	-	11,921,517	-	11,921,517
Transitional housing for PWA-HRA	1,516,902	-	1,516,902	-	-	-	-	-	-	-	-	-	-	-	1,516,902	-	1,516,902
Congregate housing for PWA-HRA	7,133,072	-	7,133,072	-	-	-	-	-	-	-	-	-	-	(574,123)	6,558,949	-	6,558,949
Congregate housing - DORMH	1,517,139	-	1,517,139	-	-	-	-	-	-	-	-	-	-	-	1,517,139	-	1,517,139
Safe Haven	4,345,524	-	4,345,524	-	-	-	-	-	-	-	-	-	-	-	4,345,524	-	4,345,524
Other programs	3,441,696	-	3,441,696	517,440	895,331	662,903	838,559	872,849	790,187	1,239,925	1,804,157	-	-	-	11,063,047	-	11,063,047
Total program services	42,127,376	-	42,127,376	517,440	895,331	662,903	838,559	872,849	790,187	1,239,925	1,804,157	-	-	(574,123)	49,174,604	-	49,174,604
Management and general	4,495,925	-	4,495,925	18,326	19,654	20,795	15,093	123,740	332,590	124,554	131,096	55,111	5,945	(594,170)	4,748,659	-	4,748,659
Fundraising	262,804	-	262,804	-	-	-	-	-	-	-	-	-	-	-	262,804	-	262,804
Total expenses	46,886,105	-	46,886,105	535,766	914,985	683,698	853,652	996,589	1,122,777	1,364,479	1,935,253	55,111	5,945	(1,168,293)	54,186,067	-	54,186,067
Change in Net Assets Before Other Changes	1,648,490	302,602	1,951,092	(88,977)	(26,703)	82,183	50,368	(385,515)	(270,067)	(513,063)	(757,079)	(54,891)	(5,507)	(2,106,563)	(2,427,324)	302,602	(2,124,722)
Discontinued operations: loss in net assets from operations in discontinued mental health clinic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Initial acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions from limited partnerships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings from limited partnerships	105,848	-	105,848	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in net assets attributable to noncontrolling interests	-	-	-	-	-	-	-	385,515	268,213	510,282	756,152	53,913	6,383	-	1,980,458	-	1,980,458
Change in Net Assets	1,754,338	302,602	2,056,940	(88,977)	(26,703)	82,183	50,368	-	(1,854)	(2,781)	(927)	(978)	876	(2,212,411)	(446,866)	302,602	(144,264)
Net Assets (Deficit), Beginning of Year	6,612,355	2,389,467	9,001,822	(113,178)	(990,049)	(855,034)	(366,688)	(21,461)	121,084	(4,603)	(1,700)	-	-	2,211,786	6,592,433	2,389,467	8,981,900
Net Assets (Deficit), End of Year	\$ 8,366,693	\$ 2,692,069	\$ 11,058,762	\$ (202,155)	\$ (1,016,752)	\$ (772,851)	\$ (316,320)	\$ (21,461)	\$ 119,150	\$ (7,383)	\$ (2,627)	\$ (978)	\$ 876	\$ (625)	\$ 6,145,567	\$ 2,692,069	\$ 8,837,636
Noncontrolling interests - beginning of year								\$ (2,306,390)	\$ 2,162,575	\$ 9,823,180	\$ 668,522	\$ -	\$ 655,118	\$ -	\$ 10,943,005	\$ -	\$ 10,943,005
Contribution to noncontrolling interests								-	-	-	-	6,914,065	-	(500,000)	6,414,065	-	6,414,065
Change in net assets attributable to noncontrolling interests								(385,515)	(268,213)	(510,282)	(756,152)	(53,913)	(6,383)	-	(1,980,458)	-	(1,980,458)
Noncontrolling interests - end of year								\$ (2,751,905)	\$ 1,894,362	\$ 9,312,898	\$ (87,630)	\$ 6,860,152	\$ 648,735	\$ (500,000)	\$ 15,376,612	\$ -	\$ 15,376,612

Comunilife, Inc. and Subsidiaries

Consolidating Schedule – Statement of Functional Expenses Information

Year Ended June 30, 2020

	Comunilife, Inc.											
	Program Services							Supporting Services				
	Supported Housing-OMH	Scatter Site Housing for PWA-HRA	Transitional Housing for PWA-HRA	Congregate Housing for PWA-HRA	Congregate Housing DOHMH	Safe Haven	Other Programs	Total	Management and General	Fund-raising	Total	Total
Salaries and wages	\$ 3,180,818	\$ 2,443,190	\$ 326,006	\$ 2,845,248	\$ 805,701	\$ 1,363,848	\$ 999,426	\$ 11,964,237	\$ 2,267,450	\$ 129,717	\$ 2,397,167	\$ 14,361,404
Payroll taxes and employee benefits	953,679	675,508	86,996	788,797	219,066	373,816	288,558	3,386,420	651,181	38,915	690,096	4,076,516
Total personnel costs	4,134,497	3,118,698	413,002	3,634,045	1,024,767	1,737,664	1,287,984	15,350,657	2,918,631	168,632	3,087,263	18,437,920
Client rent	6,261,638	7,476,259	-	1,253,911	-	-	-	14,991,808	-	-	-	14,991,808
Client telephone and utilities	-	118,200	-	30,688	-	-	-	148,888	-	-	-	148,888
Client travel	6,632	3,554	-	635	-	4,202	10,903	25,926	-	-	-	25,926
Client food	33,496	-	47,432	111,622	-	360,730	109,426	662,706	-	-	-	662,706
Client supplies	167,634	82,439	9,448	318,672	18,202	44,341	109,839	750,575	-	-	-	750,575
Client expenses - other	14,363	29,720	1,910	678	-	6,524	10,399	63,594	1,131	-	1,131	64,725
Consultants	191,922	59,528	228,025	627,113	333,438	1,095,351	308,518	2,843,895	94,795	491	95,286	2,939,181
Professional fees	112,219	156,883	7,212	716,889	34,912	27,077	281,879	1,337,071	338,835	92,000	430,835	1,767,906
Consumable supplies	61,321	25,827	8,675	117,132	28,963	66,623	58,549	367,090	42,278	377	42,655	409,745
Staff expenses	10,819	13,110	172	11,509	4,742	1,801	4,986	47,139	45,393	592	45,985	93,124
Rent	420,789	445,561	600,000	-	-	625,684	1,013,270	3,105,304	582,543	-	582,543	3,687,847
Repairs and maintenance	105,141	61,800	38,493	8,471	2,673	111,893	100,412	428,883	12,081	-	12,081	440,964
Telephone and utilities	155,991	87,473	91,730	44,235	17,425	143,816	39,736	580,406	85,718	-	85,718	666,124
Insurance	195,264	105,805	27,580	28,583	7,304	59,431	28,894	452,861	32,040	-	32,040	484,901
Car maintenance	55,656	43,573	4,773	23,053	8,883	10,811	52	146,801	6,070	-	6,070	152,871
Equipment	75,456	72,250	7,458	121,950	11,464	21,729	30,531	340,838	40,069	120	40,189	381,027
Dues and subscriptions	20,041	2,880	298	1,801	524	661	75	26,280	18,490	-	18,490	44,770
Catering and entertainment	-	-	-	-	-	-	-	-	-	140,841	140,841	140,841
Other expenses	34,745	16,626	30,694	82,085	23,842	27,186	42,103	257,281	112,416	592	113,008	370,289
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Interest	73,218	-	-	-	-	-	-	73,218	21,260	-	21,260	94,478
Depreciation	120,684	1,331	-	-	-	-	4,140	126,155	144,175	-	144,175	270,330
Total expenses	12,251,526	11,921,517	1,516,902	7,133,072	1,517,139	4,345,524	3,441,696	42,127,376	4,495,925	403,645	4,899,570	47,026,946
Less direct costs of special events deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-	(140,841)	(140,841)	(140,841)
Total expenses reported by function on the consolidated statement of activities	\$ 12,251,526	\$ 11,921,517	\$ 1,516,902	\$ 7,133,072	\$ 1,517,139	\$ 4,345,524	\$ 3,441,696	\$ 42,127,376	\$ 4,495,925	\$ 262,804	\$ 4,758,729	\$ 46,886,105

Comunilife, Inc. and Subsidiaries

Consolidating Schedule – Statement of Functional Expenses Information (Continued)

Year Ended June 30, 2020

	HIRE-HDFC			Crotona Avenue Associates LP			Hughes Avenue Associated LP			Jennings Street Associates LP			HIRE-HDFC II			PROSPECT-HDFC			EL RIO-HDFC			Comunilife Woodhull HDFC			Comunilife Third Ave HDFC		El Rio II HDFC					
	Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services	Management and General	Management and General				
	Other Program	General	Total	Other Program	General	Total	Other Program	General	Total	Other Program	General	Total	Other Program	General	Total	Other Program	General	Total	Other Program	General	Total	Other Program	General	Total	Other Program	General	Total	Other Program	General	Eliminations	Total	
Salaries and wages	\$ 94,537	\$ -	\$ 94,537	\$ 71,080	\$ -	\$ 71,080	\$ 75,215	\$ -	\$ 75,215	\$ 74,320	\$ -	\$ 74,320	\$ 138,484	\$ -	\$ 138,484	\$ 195,026	\$ -	\$ 195,026	\$ 122,323	\$ -	\$ 122,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,123,899	
Payroll taxes and employee benefits	38,470	-	38,470	51,680	-	51,680	61,532	-	61,532	67,854	-	67,854	35,651	-	35,651	57,886	-	57,886	37,680	-	37,680	-	-	-	-	-	-	-	-	-	4,416,481	
Total personnel costs	123,007	-	123,007	123,262	-	123,262	136,747	-	136,747	142,174	-	142,174	164,135	-	164,135	253,022	-	253,022	160,003	-	160,003	-	-	-	-	-	-	-	-	-	19,540,300	
Client rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(574,123)	14,417,685	
Client telephone and utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148,888	
Client travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,026	
Client food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	662,706	
Client supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	750,575	
Client expenses - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,725	
Consultants	48,398	-	48,398	77,160	-	77,160	64,404	-	64,404	71,063	-	71,063	95,276	-	95,276	-	308,600	308,020	96,079	96,079	238,048	-	238,048	-	-	-	-	-	-	-	(594,170)	3,335,641
Professional fees	1,396	14,375	15,771	-	19,654	19,654	-	20,795	20,795	-	15,083	15,083	400	28,464	28,864	-	24,570	24,570	67,826	28,475	96,301	105,573	37,489	142,982	54,139	5,150	-	-	-	-	2,191,425	
Consumable supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	408,745	
Staff expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93,124	
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,087,847	
Repairs and maintenance	42,177	-	42,177	237,733	-	237,733	134,068	-	134,068	210,997	-	210,997	122,544	-	122,544	62,330	-	62,330	75,172	-	75,172	45,468	-	45,468	-	-	-	-	-	-	1,371,453	
Telephone and utilities	89,659	-	89,659	191,371	-	191,371	155,384	-	155,384	185,643	-	185,643	138,542	-	138,542	116,849	-	116,849	139,929	-	139,929	161,316	-	161,316	-	-	-	-	-	-	1,844,817	
Insurance	35,545	-	35,545	49,447	-	49,447	44,432	-	44,432	52,764	-	52,764	50,616	-	50,616	43,589	-	43,589	71,020	-	71,020	95,469	-	95,469	-	-	-	-	-	-	927,783	
Car maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	152,871	
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	381,027	
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,770	
Catering and entertainment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,941	
Other expenses	269	3,951	4,220	10,222	-	10,222	5,822	-	5,822	10,709	-	10,709	8,348	-	8,348	1,367	-	1,367	3,206	-	3,206	6,793	93,687	100,480	972	795	-	-	-	-	516,430	
Bad debt expense	28,250	-	28,250	17,708	-	17,708	15,664	-	15,664	14,195	-	14,195	-	-	-	9,464	-	9,464	41,255	-	41,255	-	-	-	-	-	-	-	-	-	126,536	
Interest	31,798	-	31,798	152,587	-	152,587	102,267	-	102,267	123,865	-	123,865	72,689	-	72,689	22,267	-	22,267	152,089	-	152,089	404,284	-	404,284	-	-	-	-	-	-	1,156,334	
Depreciation	124,551	-	124,551	35,611	-	35,611	4,115	-	4,115	27,149	-	27,149	365,065	-	365,065	281,289	-	281,289	528,455	-	528,455	747,214	-	747,214	-	-	-	-	-	-	2,335,459	
Total expenses	517,440	18,326	535,766	895,331	19,654	914,985	662,903	20,795	683,698	838,559	15,083	853,652	872,849	123,740	996,589	790,187	332,590	1,122,777	1,239,925	124,354	1,364,479	1,804,157	131,096	1,935,253	55,111	5,945	(1,168,293)	54,326,988				
Less direct costs of special event deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(140,841)	
Total expenses reported by function on the consolidated statement of activities	\$ 517,440	\$ 18,326	\$ 535,766	\$ 895,331	\$ 19,654	\$ 914,985	\$ 662,903	\$ 20,795	\$ 683,698	\$ 838,559	\$ 15,083	\$ 853,652	\$ 872,849	\$ 123,740	\$ 996,589	\$ 790,187	\$ 332,590	\$ 1,122,777	\$ 1,239,925	\$ 124,354	\$ 1,364,479	\$ 1,804,157	\$ 131,096	\$ 1,935,253	\$ 55,111	\$ 5,945	\$ (1,168,293)	\$ 54,186,067				