

**Corporation for Supportive Housing and  
its Subsidiaries**

**Consolidated Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**December 31, 2021 and 2020**

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# Corporation for Supportive Housing and its Subsidiaries

## Index

	<u>Page</u>
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	7
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10
Supplementary Information	
Consolidating Statements of Financial Position	30
Consolidating Statements of Activities	34
Schedule of Expenditures of Federal Awards	36
Notes to Schedule of Expenditures of Federal Awards	37
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	40
Schedule of Findings and Questioned Costs	43

## Independent Auditor's Report

To the Board of Directors  
Corporation for Supportive Housing

Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the consolidated financial statements of Corporation for Supportive Housing and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Corporation for Supportive Housing and its Subsidiaries as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Corporation for Supportive Housing and its Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of certain subsidiaries were not audited in accordance with Government Auditing Standards.

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

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Corporation for Supportive Housing and its Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Corporation for Supportive Housing and its Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Corporation for Supportive Housing and its Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position, consolidating statements of activities, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for the purpose 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, the

supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2022 on our consideration of Corporation for Supportive Housing and its Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Corporation for Supportive Housing and its Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Corporation for Supportive Housing and its Subsidiaries' internal control over financial reporting and compliance.

*CohnReznick LLP*

Bethesda, Maryland  
June 27, 2022

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidated Statements of Financial Position  
December 31, 2021 and 2020**

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 29,563,502	\$ 40,414,040
Cash restricted - administrative agent cash	15,830,460	9,259,033
Investments	27,498,882	11,613,243
Grants and contributions receivable, net	2,971,214	4,050,345
Contracts receivable, net	6,886,652	8,483,623
Loans receivable, net	25,228,478	35,887,029
Other receivables, net	1,690,514	1,035,329
Prepaid expenses and other assets	595,984	402,474
	<u>110,265,686</u>	<u>111,145,116</u>
Total current assets		
Noncurrent assets		
Investments	9,750,775	10,424,720
Grants and contributions receivable, net	322,435	4,191,358
Loans receivable, net	71,228,942	47,854,299
Other receivables, net	311,583	896,651
Property and equipment, net	14,110	84,208
Investments in limited liability companies	28,750	24,370
	<u>81,656,595</u>	<u>63,475,606</u>
Total noncurrent assets		
Total assets	<u>\$ 191,922,281</u>	<u>\$ 174,620,722</u>

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidated Statements of Financial Position  
December 31, 2021 and 2020**

	<u>Liabilities and Net Assets</u>	
	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 4,012,184	\$ 4,320,172
Advances on contracts	777,131	572,625
Grants payable	8,506,992	7,853,099
Loans payable	17,252,112	3,935,000
Administrative agent cash distributable	15,830,460	9,259,033
	<hr/>	<hr/>
Total current liabilities	46,378,879	25,939,929
	<hr/>	<hr/>
Noncurrent liabilities		
Grants payable	4,688,246	5,367,547
Loans payable, net of current maturities	81,039,389	90,641,322
	<hr/>	<hr/>
Total noncurrent liabilities	85,727,635	96,008,869
	<hr/>	<hr/>
Total liabilities	132,106,514	121,948,798
	<hr/>	<hr/>
Net assets		
Without donor restrictions	29,116,573	24,448,615
With donor restrictions	30,699,194	28,223,309
	<hr/>	<hr/>
Total net assets	59,815,767	52,671,924
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 191,922,281</u>	<u>\$ 174,620,722</u>

See Notes to Consolidated Financial Statements.

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidated Statements of Activities  
Years Ended December 31, 2021 and 2020**

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support and revenue:						
Grants and contributions	\$ 2,001,641	\$ 10,761,317	\$ 12,762,958	\$ 1,643,868	\$ 14,901,510	\$ 16,545,378
In-kind contributions	3,130,022	-	3,130,022	2,974,717	-	2,974,717
<b>Total public support and revenue</b>	<b>5,131,663</b>	<b>10,761,317</b>	<b>15,892,980</b>	<b>4,618,585</b>	<b>14,901,510</b>	<b>19,520,095</b>
Contract services	19,051,183	-	19,051,183	19,282,764	-	19,282,764
Interest and dividend income	241,434	-	241,434	400,689	-	400,689
Interest income - loans	6,501,526	-	6,501,526	6,031,843	-	6,031,843
Fee income - loans	2,386,212	-	2,386,212	1,157,136	-	1,157,136
New market tax credit program fees	2,611,114	-	2,611,114	2,770,815	-	2,770,815
Other income	1,314,880	-	1,314,880	823,023	-	823,023
	37,238,012	10,761,317	47,999,329	35,084,855	14,901,510	49,986,365
Net assets released from restrictions	8,285,432	(8,285,432)	-	7,844,577	(7,844,577)	-
<b>Total public support and revenue</b>	<b>45,523,444</b>	<b>2,475,885</b>	<b>47,999,329</b>	<b>42,929,432</b>	<b>7,056,933</b>	<b>49,986,365</b>
Expenses:						
Program services	33,072,540	-	33,072,540	33,863,727	-	33,863,727
Management and general	6,645,606	-	6,645,606	6,117,567	-	6,117,567
Fundraising	646,634	-	646,634	562,424	-	562,424
<b>Total expenses</b>	<b>40,364,780</b>	<b>-</b>	<b>40,364,780</b>	<b>40,543,718</b>	<b>-</b>	<b>40,543,718</b>
Changes in net assets before net realized and unrealized (losses) gains on investments	5,158,664	2,475,885	7,634,549	2,385,714	7,056,933	9,442,647
Net realized and unrealized (losses) gains on investment	(490,706)	-	(490,706)	273,158	-	273,158
<b>Changes in net assets</b>	<b>4,667,958</b>	<b>2,475,885</b>	<b>7,143,843</b>	<b>2,658,872</b>	<b>7,056,933</b>	<b>9,715,805</b>
Net assets - beginning of year	24,448,615	28,223,309	52,671,924	21,789,743	21,166,376	42,956,119
<b>Net assets - end of year</b>	<b>\$ 29,116,573</b>	<b>\$ 30,699,194</b>	<b>\$ 59,815,767</b>	<b>\$ 24,448,615</b>	<b>\$ 28,223,309</b>	<b>\$ 52,671,924</b>

See Notes to Consolidated Financial Statements.



**Corporation for Supportive Housing and its Subsidiaries**

**Consolidated Statements of Functional Expenses  
Years Ended December 31, 2021 and 2020**

	2021				2020			
	Program services	Management and general	Fund-raising	Total	Program services	Management and general	Fund-raising	Total
Expenses								
Salaries and wages	\$ 10,491,412	\$ 3,896,127	\$ 447,418	\$ 14,834,957	\$ 10,454,496	\$ 3,644,896	\$ 386,675	\$ 14,486,067
Employee benefits and payroll taxes	2,809,695	1,024,170	125,286	3,959,151	2,755,547	969,447	104,022	3,829,016
Consultants	3,795,857	216,163	10,000	4,022,020	3,399,683	220,067	10,000	3,629,750
Professional fees	294,955	169,664	-	464,619	289,797	321,322	-	611,119
Rent, utilities and maintenance	667,211	391,322	44,608	1,103,141	786,532	344,381	51,031	1,181,944
Management information system	45,920	316,831	12,347	375,098	62,726	109,361	948	173,035
Telephone	109,667	41,388	4,993	156,048	111,628	40,618	4,384	156,630
Supplies	18,170	12,012	570	30,752	32,300	8,789	780	41,869
Equipment repairs and maintenance	44,765	108,672	-	153,437	61,901	82,871	-	144,772
Postage and messenger services	13,046	4,671	564	18,281	9,418	3,170	322	12,910
Duplication	17,194	6,360	773	24,327	33,175	12,124	2,312	47,611
Staff travel	12,924	2,516	-	15,440	129,356	33,023	-	162,379
Insurance	2,015	109,271	-	111,286	2,473	56,840	-	59,313
Other administrative expenses	192,466	228,134	-	420,600	187,814	151,674	1,950	341,438
Conferences, meetings and seminars	113,067	58,590	75	171,732	152,074	56,826	-	208,900
Grants and direct support	9,453,488	3,394	-	9,456,882	9,877,120	140	-	9,877,260
Depreciation and amortization	-	25,298	-	25,298	-	41,501	-	41,501
Interest	1,975,117	30,987	-	2,006,104	2,489,861	20,426	-	2,510,287
In-kind interest and services	3,130,022	-	-	3,130,022	2,974,717	-	-	2,974,717
(Recovery of) Provision for bad debt expense	(114,451)	36	-	(114,415)	53,109	91	-	53,200
	<u>\$ 33,072,540</u>	<u>\$ 6,645,606</u>	<u>\$ 646,634</u>	<u>\$ 40,364,780</u>	<u>\$ 33,863,727</u>	<u>\$ 6,117,567</u>	<u>\$ 562,424</u>	<u>\$ 40,543,718</u>

See Notes to Consolidated Financial Statements.

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidated Statements of Cash Flows  
Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,143,843	\$ 9,715,805
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of loans payable	-	(4,000,000)
Impairment of property and equipment	44,800	-
Depreciation and amortization	25,298	41,501
Provision for bad debt (recovery) expense	(651,966)	46,693
Net realized and unrealized losses (gains) on investments	490,706	(273,158)
Grants receivable discount	(232,162)	(26,775)
Changes in:		
Grants and contributions receivable	5,180,216	214,424
Contracts receivable	1,310,355	(237,337)
Other receivables	48,932	499,048
Prepaid expenses and other assets	(193,510)	52,528
Accounts payable and accrued expenses	(307,988)	(153,698)
Advances on contracts	204,506	(1,523,920)
Grants payable	(25,408)	1,076,153
Administrative agent cash distributable	6,571,427	430,039
Net cash provided by operating activities	<u>19,609,049</u>	<u>5,861,303</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(44,800)
Purchases of investments	(18,968,020)	(4,444,738)
Proceeds from sales of investments	3,261,240	4,691,457
Cash payments under loan obligations	(59,647,146)	(47,158,551)
Cash collections under loan obligations	47,750,587	62,438,605
Net cash (used in) provided by investing activities	<u>(27,603,339)</u>	<u>15,481,973</u>
Cash flows from financing activities:		
Proceeds from loans payable	20,525,001	6,958,939
Payments on loans payable	(16,809,822)	(32,768,180)
Net cash provided by (used in) financing activities	<u>3,715,179</u>	<u>(25,809,241)</u>
Net decrease in cash and cash equivalents and restricted cash	(4,279,111)	(4,465,965)
Cash and cash equivalents and restricted cash - beginning of year	<u>49,673,073</u>	<u>54,139,038</u>
Cash and cash equivalents and restricted cash - end of year	<u>\$ 45,393,962</u>	<u>\$ 49,673,073</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 1,904,848</u>	<u>\$ 2,931,880</u>
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents	\$ 29,563,502	\$ 40,414,040
Cash restricted - administrative agent cash	<u>15,830,460</u>	<u>9,259,033</u>
Total cash and cash equivalents and restricted cash presented in the statement of cash flows	<u>\$ 45,393,962</u>	<u>\$ 49,673,073</u>
Significant noncash investing and financing activities		
Loans receivable written off against the allowance for loan loss	<u>\$ 300,000</u>	<u>\$ -</u>
Write-off of loans receivable offset against forgiveness of loans payable	<u>\$ 36,893</u>	<u>\$ -</u>
Loans payable converted to contribution	<u>\$ -</u>	<u>\$ 4,000,000</u>

See Notes to Consolidated Financial Statements.

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

#### Note A - Organization and its significant accounting policies

##### Organization

The Corporation for Supportive Housing ("CSH") is a publicly supported not-for-profit organization, incorporated in the State of Delaware on January 25, 1991.

It is CSH's mission to advance housing solutions that deliver three powerful outcomes: (i) improve lives for the most vulnerable people; (ii) maximize public resources; and (iii) foster strong, healthy communities across the country. CSH is working to solve some of the most complex and costly social problems our country faces like those related to homelessness. It offers capital, expertise, information and innovation that allow partners to use supportive housing to achieve stability, strength and success for the people in most need. CSH blends 30 years of experience and dedication with a practical and entrepreneurial spirit, making it the source for housing solutions. CSH is an industry leader with national and local influence. CSH is headquartered in New York City with staff stationed in more than 25 states around the country. CSH's primary sources of financial support come from grants, contributions and contract service revenue as well as fees and interest income earned on originating and managing loans receivable.

In 2011, CSH became certified as a Community Development Entity ("CDE") under the New Markets Tax Credit ("NMTC") Program of the United States Department of Treasury and, as of December 31, 2021, has been awarded \$320,000,000 in NMTC allocations to support the innovative financing of supportive housing projects throughout the United States. To assist in administering the NMTC Program, during 2011, CSH formed a wholly-owned Delaware Holding Company (the "HC"). In addition, CSH formed four Delaware limited liability companies (the "LLCs") in 2011, six LLCs in 2015, five LLCs in 2017, five LLCs in 2018, five LLCs in 2019 and five LLCs in 2020 to obtain designated equity investments from investors and to make qualified low-income community investments under the terms of the NMTC program. CSH is the managing member of each LLC. As of December 31, 2021, of the thirty LLCs that have been formed, twenty-five have entered into NMTC based agreements. Of these twenty-five agreements, three reached the end of their seven-year compliance period during 2019 and unwound the NMTC structure. The LLCs relating to these investments were dissolved in 2019 leaving twenty-two active NMTC investments as of December 31, 2021. As the managing member, CSH will be entitled to 0.01% of any income earned by each LLC. In addition, as the managing member, CSH is also entitled to upfront suballocation fees and annual management fees related to any NMTC-qualified equity investment.

During 2013, CSH formed The Supportive Housing Solutions Fund (the "Solutions Fund"), a wholly-owned single member LLC, incorporated in the State of Delaware. The Solutions Fund was created in order to attract loan capital from investors that would enjoy a greater degree of flexibility in terms and conditions and the dollar amounts of secondary loans made by the Solutions Fund; the geographic location of the Solutions Fund's ultimate borrowers; and in the amount of the loan loss reserves required to be carried by the Solutions Fund.

During 2016, CSH formed The Denver PFS, LLC, special-purpose vehicle ("Denver PFS SPV") in partnership with Enterprise Community Partners, Inc. and incorporated in the State of Delaware. CSH has a 50% ownership of Denver PFS SPV and serves as project manager. Denver PFS SPV was created for the purposes of entering into a Social Impact Bond Contract with the City and County of Denver, in which if certain outcomes are achieved, Denver PFS SPV will receive success payments and funds will be distributed to lenders to repay loans made to Denver PFS SPV for the project.

## **Corporation for Supportive Housing and its Subsidiaries**

### **Notes to Consolidated Financial Statements December 31, 2021 and 2020**

During 2017, CSH formed JIR PFS, LLC, special-purpose vehicle ("JIR PFS SPV") in partnership with National Council on Crime and Delinquency and incorporated in the State of Delaware. CSH has a 50% ownership of the JIR PFS SPV and serves as the fiscal agent. The JIR PFS SPV was created for the purposes of entering into a Pay for Success Contract with the County of Los Angeles, in which if certain outcomes are achieved, JIR PFS SPV will receive success payments and funds will be distributed to lenders to repay loans made to JIR PFS SPV for the project.

#### **Principles of consolidation**

The accompanying consolidated financial statements of CSH include the accounts of CSH, the Solutions Fund and the HC (collectively, the "Organization"). CSH's investments in the LLCs are accounted for using the equity method. All significant intercompany balances and transactions are eliminated in consolidation.

#### **Basis of accounting**

The accompanying consolidated financial statements of CSH and its Subsidiaries have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("US GAAP"), as applicable to not-for-profit entities.

#### **Use of estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and revenue and expenses, as well as the disclosure of contingent estimates.

#### **Cash equivalents**

For financial reporting purposes, CSH considers all highly-liquid investments purchased with maturities of three months or less to be cash equivalents, with the exception of cash and short-term investments that are designated to be part of CSH's long-term investment portfolio.

#### **Loans receivable**

Loans receivable are carried at their unpaid principal balance, less an allowance for loan losses. Interest on loans is generally recognized over the term of the loan and is calculated using the simple-interest method on the principal amounts outstanding.

Additionally, CSH has entered into certain loan participation agreements with other organizations as the lead lender and generally accounts for these loan participations as sales by derecognizing the participation interest sold. No gain or loss on sale is incurred. CSH accounts for the transfer and servicing of financial assets based on the financial and servicing assets it controls and liabilities it has incurred. CSH retains the servicing rights on these participations. Since the benefits of servicing approximate the costs, no servicing asset or liability is recognized. As of December 31, 2021 and 2020, the balance of loan participations serviced was \$28,906,398 and \$48,810,926, respectively, and is included as an offset component of loans receivable, net on the accompanying consolidated statements of financial position.

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

#### **Allowance for loan loss**

The allowance for loan loss is maintained at a level that, in management's judgment, is adequate to absorb potential losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, reflecting the nature of the portfolio, credit concentrations, trends in historical loss experience, and general economic conditions. The allowance is increased by an annual provision for loan losses, which is reported as an expense and is reduced by any loan write-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the loan portfolio, and the related allowance, may change in future periods.

#### **Investments**

CSH's investments in fixed-income securities are reported at their quoted fair market values. Included in fixed-income securities are corporate, government and agency bonds, and bond mutual funds which are reported at their fair market values, as determined by the related investment managers. Money market funds held by investment advisors as a part of the portfolio are reported as investments in the accompanying consolidated statements of financial position. Net realized and unrealized gains and losses are reported in the accompanying consolidated statements of activities.

CSH's investment in an alternative security, consisting of a limited liability company, is reported at its fair value. This alternative investment may have restrictions as to its marketability that could affect CSH's ability to liquidate the investment quickly. Estimated fair value may differ significantly from the value that would have been used had a ready market for this security existed.

CSH's primary investment objective is to maximize total return with minimal risk. The stated goal is to preserve capital that is intended for CSH's charitable mission, while also generating cash flow to support its operations. CSH's various types of investment securities are subject to various risks, such as an interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

#### **Property and equipment**

Property and equipment are stated at their original costs, less accumulated depreciation or amortization. Donated assets are recorded at their related fair market values on the dates of the gifts. CSH's policy is to capitalize all acquisitions in excess of \$5,000 and with useful lives in excess of one year. Furniture and office equipment are depreciated using the straight-line method over their estimated useful lives or the respective lease terms, whichever is shorter. Leasehold improvements are amortized over their estimated useful lives or the respective lease terms, whichever is shorter.

#### **Accrued paid time off**

CSH's employees are entitled to be paid for unused personal time off ("PTO") if they leave CSH's employ. Accordingly, at each fiscal year-end, CSH must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave their employ. At December 31, 2021 and 2020, this accrued vacation obligation was approximately \$1,547,237 and \$1,517,507, respectively, and is included as a component of accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

#### Deferred rent

CSH records rent expense on a straight-line basis on its office leases that have material fixed annual rental increases. The difference between rent expense and payments made under such leases is reflected as deferred rent and is recorded as a component of accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

#### Net assets

**Basis of presentation** - The financial statements of CSH have been prepared in accordance with US GAAP, which require CSH to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CSH's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CSH or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

#### Grants and contributions

Contributions to CSH are recognized as revenue in the accompanying consolidated statements of activities upon the receipt either of cash, other assets or of unconditional pledges. Grant revenue is recognized based on the terms of each individual grant. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Grants and contributions are considered available for unrestricted use, unless specifically restricted by the donor. Grants and contributions to be received over periods longer than one year are discounted at an interest rate commensurate with the risk involved.

#### Contract services

Revenue from cost-reimbursement contracts is recognized when reimbursable expenses are incurred under the terms of the contracts. Contract proceeds received in advance are recorded as advances from federal, state, local, and private agencies and are presented on the accompanying consolidated statements of financial position as a component of advances on contracts.

#### Allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services based on reasonable allocations determined by management.

The expenses that are allocated and the method of allocation include the following:

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

Expense	Method of Allocation
Salaries and benefits	Time and effort
Rent, utilities, and maintenance	Full time equivalent
Telephone	Time and effort
Supplies	Time and effort
Insurance	Time and effort

#### Grants and direct support

Grants and direct support to others are recognized as expenses in the period the grants are approved. At December 31, 2021, the majority of outstanding grants payable are expected to be paid within one year.

#### Income taxes

CSH is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "IRC") and from state and local taxes under comparable laws.

The HC uses the asset and liability method to account for deferred income taxes. Under this method, assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts and the respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in the period that includes the enactment date. Deferred tax assets are only recognized to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors.

As of December 31, 2021 and 2020, the HC did not engage in activity requiring the recognition of a deferred tax asset or liability or recording a current provision for income taxes.

CSH is the single member of the Solutions Fund. As such, the Solutions Fund is treated as a disregarded entity under the IRC and CSH reports the activities of the Solutions Fund and the existence of its controlling interest in the Solutions Fund on CSH's tax return.

CSH and the HC are required to file and do file tax returns with the Internal Revenue Service ("IRS") and other taxing authorities. Income tax returns filed by CSH and the HC are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2018 remain open.

#### Fair value measurement

CSH reports a fair value measurement for all applicable financial assets and liabilities including investments, grants and contributions receivable, loans receivable, short-term payables and loans payable. (For fair valuation of investments, see Note G.)

#### Administrative agent cash

During 2012, in connection with its working relationship with the Connecticut Housing Finance Authority (the "CHFA"), CSH was appointed as an agent for the administration of operating reserve accounts for several projects into which the CHFA and various limited-liability companies (the "Companies") had entered. As a result, CSH maintains control of the funds deposited by the CHFA to each of the Companies' operating reserve accounts to assist in the operation of these projects. Under the terms of its agreement with the CHFA, CSH will process the corresponding drawdown requests and payments.

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

The funds received for distribution from the CHFA are reported as a restricted cash asset and corresponding liability in the accompanying consolidated financial statements. CSH receives an annual fee from each of the Companies for the administration of these operating reserve accounts.

During 2020, in connection with its working relationship with the Connecticut Department of Housing (the "DOH"), CSH was appointed as an agent for the administration of operating reserve accounts for several projects into which the DOH and various limited-liability companies (the "Companies") had entered. As a result, CSH maintains control of the funds deposited by the DOH to each of the Companies' operating reserve accounts to assist in the operation of these projects. Under the terms of its agreement with the DOH, CSH will process the corresponding drawdown requests and payments.

The funds received for distribution from the DOH are reported as a restricted cash asset and corresponding liability in the accompanying consolidated financial statements. CSH receives compensation from DOH for the administration of these operating reserve accounts under a separate contract.

#### **Reclassification of prior year presentation**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported net assets. An adjustment has been made to the consolidated statements of financial position, consolidated statement of cash flows and consolidating statements of financial position for fiscal year ended December 31, 2020, to reclassify cash equivalents from current investments.

#### **Subsequent events**

Material subsequent events have been considered for recognition and disclosure in these consolidated financial statements through June 27, 2022, the date the consolidated financial statements were available to be issued and the Organization has concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

#### **New Authoritative Pronouncements Not Yet Adopted by CSH**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, Leases (ASU 842). ASU 842 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. ASU 842 is effective for annual reporting periods that begin after December 15, 2021 for nonpublic entities and any interim periods within annual reporting periods that begin after December 15, 2022. The new guidance is expected to have a material effect on the financial statements due to the recognition of a ROU asset and related liability on the consolidated statement of financial position, which CSH is currently in the process of quantifying.



**Corporation for Supportive Housing and its Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021 and 2020**

**Note B - Liquidity and availability**

The table below represents financial assets available for general expenditures within one year at December 31, 2021 and 2020:

Financial assets at year end:	2021	2020
Cash and cash equivalents	\$ 29,563,502	\$ 40,414,040
Cash restricted - administrative agent cash	15,830,460	9,259,033
Investments	27,498,882	11,613,243
Grants and contributions receivable, net	2,971,214	4,050,345
Contracts receivable, net	6,886,652	8,483,623
Loans receivable, net	25,228,478	35,887,029
Other receivables, net	1,690,514	1,035,329
Total financial assets	109,669,702	110,742,642
Less amounts not available to be used within one year:		
Cash restricted - administrative agent cash	(15,830,460)	(9,259,033)
Cash and cash equivalents	(4,754,424)	(9,906,732)
Net assets with donor restrictions net of current grants and contributions receivable	(27,727,980)	(24,172,964)
Loans receivable, net	(11,735,499)	(16,061,611)
Financial assets not available to be used within one year	(60,048,363)	(59,400,340)
Financial assets available to meet general expenditures within one year	\$ 49,621,339	\$ 51,342,302

As of December 31, 2021, CSH has a working capital of \$110,588 and average days (based on normal expenditures) cash on hand of approximately 267 days. Additionally, CSH has an internal policy of maintaining six months of operating reserves.

As discussed in Note A, CSH was appointed as an agent for the administration of operating reserve accounts for several projects into the CHFA, DOH and various LLCs. As a result, CSH maintains control of the funds deposited by the CHFA and DOH to each of the company's operating reserve accounts to assist in the operations of these projects and therefore these amounts are not available for general expenditures.

Cash and cash equivalents not available for use consist of the amounts of cash and cash equivalents of Solutions Fund which are designated by policy to be utilized by the Solutions Fund in accordance with its mission. However, these amounts could be made available to CSH for general expenditures if necessary. Loans receivable not available for use consist of the amounts of loans receivable of the Solutions Fund that are funded by various loans payable of the Solutions Fund which are designated by those related loans payable agreements to be utilized by the Solutions Fund in accordance with its mission.

**Corporation for Supportive Housing and its Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021 and 2020**

**Note C - Grants and contributions receivable**

At each year-end, grants and contributions receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Gross amounts due in:		
One year	\$ 2,971,214	\$ 4,050,345
One to five years	<u>351,691</u>	<u>4,452,777</u>
	3,322,905	8,503,122
 Less reduction of grants and contributions due in excess of one year, at a discount rate of 2.25% and 1.5% for years ending 2021 and 2020, respectively	 <u>(29,256)</u>	 <u>(261,419)</u>
	<u><u>\$ 3,293,649</u></u>	<u><u>\$ 8,241,703</u></u>

Based on its communications with donors and a review of its donor base, management expects all of the grants and contracts receivable to be fully collected.

**Note D - Loans receivable**

Loans receivable represent short-term and long-term loans made to developers of supportive housing. Loans support the borrowers' predevelopment, acquisition, construction, and "mini-perm" cash flow requirements related to the establishment of permanent supportive housing for individuals and families with special needs. The loan portfolio contains loans with interest rates ranging from 0% to 7.0% and with repayment terms of up to eight years.

Loans receivable consist of the following four primary classes: Acquisition and predevelopment loans, Predevelopment loans, Project Initiation Loans ("PILS") and Mini Permanent loans.

Acquisition and predevelopment loans are made available to provide financing for real estate acquisition in connection with the development of permanent supportive housing. Acquisition and predevelopment loans are offered alone as just an acquisition loan or in combination with both acquisition and predevelopment loans. Predevelopment loans are made available to fund predevelopment costs - such as architect, engineering and permit fees - incurred prior to the start of construction. PILS are early stage loans designed to encourage real estate developers to take on permanent supportive housing projects by financing the costs related to a project's feasibility stage. Mini-Permanent loans are made available for projects that have completed construction.

**Corporation for Supportive Housing and its Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021 and 2020**

Loans receivable, by class, as of December 31, 2021 and 2020, were as follows:

	2021		2020	
Acquisition and predevelopment	30	\$ 82,612,084	43	\$ 71,006,671
Predevelopment	31	12,392,477	29	11,970,166
Project initiation loans	13	750,000	15	653,045
Mini permanent	3	2,310,272	3	2,347,285
Other	-	-	-	-
<b>Total loans receivable</b>	<b>77</b>	<b>98,064,833</b>	<b>90</b>	<b>85,977,167</b>
Less: Allowance for uncollectible loans		<u>(1,607,413)</u>		<u>(2,235,838)</u>
<b>Loans receivable, net</b>		<b>\$ 96,457,420</b>		<b>\$ 83,741,328</b>

An aging of loans receivable, by class, as of December 31, 2021 and 2020, is as follows:

December 31, 2021	Beginning Balance	(Recovery of)		Recoveries	Total
		Provision for loan loss	Write-off		
Acquisition and predevelopment	\$ 1,614,273	\$ (990,695)	\$ -	\$ 528,000	\$ 1,151,578
Predevelopment	553,443	128,802	(300,000)	-	382,245
Project initiation loans	22,000	6,000	-	-	28,000
Mini permanent	46,122	(532)	-	-	45,590
Other	-	-	-	-	-
	<u>\$ 2,235,838</u>	<u>\$ (856,425)</u>	<u>\$ (300,000)</u>	<u>\$ 528,000</u>	<u>\$ 1,607,413</u>
December 31, 2020	Beginning Balance	(Recovery of)		Recoveries	Total
		Provision for loan loss	Write-off		
Acquisition and predevelopment	\$ 1,972,359	\$ (358,086)	\$ -	\$ -	\$ 1,614,273
Predevelopment	241,718	311,725	-	-	553,443
Project initiation loans	16,000	6,000	-	-	22,000
Mini permanent	40,200	5,922	-	-	46,122
Other	-	-	-	-	-
	<u>\$ 2,270,277</u>	<u>\$ (34,439)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,235,838</u>

As of December 31, 2021 and 2020, the allowance for loan loss, by class, is as follows:

December 31, 2021	Beginning Balance	(Recovery of)		Recoveries	Total
		Provision for loan loss	Write-off		
Acquisition and predevelopment	\$ 1,614,273	\$ (990,695)	\$ -	\$ 528,000	\$ 1,151,578
Predevelopment	553,443	128,802	(300,000)	-	382,245
Project initiation loans	22,000	6,000	-	-	28,000
Mini permanent	46,122	(532)	-	-	45,590
Other	-	-	-	-	-
	<u>\$ 2,235,838</u>	<u>\$ (856,425)</u>	<u>\$ (300,000)</u>	<u>\$ 528,000</u>	<u>\$ 1,607,413</u>
December 31, 2020	Beginning Balance	(Recovery of)		Recoveries	Total
		Provision for loan loss	Write-off		
Acquisition and predevelopment	\$ 1,972,359	\$ (358,086)	\$ -	\$ -	\$ 1,614,273
Predevelopment	241,718	311,725	-	-	553,443
Project initiation loans	16,000	6,000	-	-	22,000
Mini permanent	40,200	5,922	-	-	46,122
Other	-	-	-	-	-
	<u>\$ 2,270,277</u>	<u>\$ (34,439)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,235,838</u>

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

CSH maintains a loan monitoring committee to review various economic conditions which may affect its loan program. The loan monitoring committee meets periodically throughout the year to review CSH's loan portfolio, its inherent risks, the risk rating of specific loans, the strategies intended to facilitate timely loan repayment, and assignments to staff members for follow-up and collection. Generally, the risk rating for loans provides for a measurement of the credit quality of the loan portfolio through the following five categories: strong, good, acceptable, weak and doubtful. Loans receivable are written off when the near-term prospects for collection appear remote and it is doubtful that a loan is considered partially or fully collectible.

Loans receivable, by class and credit quality category, as of December 31, 2021 and 2020, are as follows:

December 31, 2021	Strong	Good	Acceptable	Weak	Doubtful	Total
Acquisition and predevelopment	\$ 5,797,604	\$ 61,069,326	\$ 14,305,854	\$ 1,439,300	\$ -	\$ 82,612,084
Predevelopment	1,114,160	8,496,577	2,550,000	231,740	-	12,392,477
Project initiation loans	-	-	750,000	-	-	750,000
Mini permanent	434,514	1,875,758	-	-	-	2,310,272
	<u>\$ 7,346,278</u>	<u>\$ 71,441,661</u>	<u>\$ 17,605,854</u>	<u>\$ 1,671,040</u>	<u>\$ -</u>	<u>\$ 98,064,833</u>

December 31, 2020	Strong	Good	Acceptable	Weak	Doubtful	Total
Acquisition and predevelopment	\$ 8,289,986	\$ 53,474,583	\$ 5,606,535	\$ 3,670,000	\$ -	\$ 71,041,104
Predevelopment	1,114,160	8,228,035	2,050,000	277,971	300,000	11,970,166
Project initiation loans	-	-	653,045	-	-	653,045
Mini permanent	-	2,312,852	-	-	-	2,312,852
	<u>\$ 9,404,146</u>	<u>\$ 64,015,470</u>	<u>\$ 8,309,580</u>	<u>\$ 3,947,971</u>	<u>\$ 300,000</u>	<u>\$ 85,977,167</u>

Additionally, to further mitigate its risk, CSH secured a \$5,000,000 restricted grant from the City of Los Angeles to cover loan losses in its Los Angeles loan fund. It also secured a \$435,000 loan from the State of Indiana Housing and Community Development Authority (as disclosed in Note I), and a \$171,300 loan from the Ohio Housing Finance Authority (as disclosed in Note I), with a provision that CSH will not repay any actual losses resulting from providing project-initiation loans underwritten in either of those two states. CSH had a loss on a project-initiation loan in Indiana of \$36,863 in 2021 which reduced the State of Indiana Housing and Community Development Authority loan to \$398,107 (as disclosed in Note I).

During the years ended December 31, 2021 and 2020, \$19,062,819 and \$30,209,103, respectively, of loans receivable were modified to include extensions of maturity dates, ranging from one to two years at similar terms for those organizations. As of December 31, 2021 and 2020, \$29,919,517 and \$30,209,103, respectively, of outstanding loans receivable have been restructured in this manner.

As of December 31, 2021, there were two loans receivable that were considered impaired. There were three loans receivable that were considered impaired along with one additional loan placed on non-accrual (total of two non-accrual loans outstanding in the portfolio) status at December 31, 2020.

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

During the year ended December 31, 2021, there was a recovery of a loan receivable written off in 2018 for \$528,000. Subsequent to the year ended December 31, 2021, there was an additional recovery of a \$300,000 loan receivable written off in 2021.

CSH has lending policies and procedures in place to underwrite and monitor loans for its portfolio. For each loan, CSH conducts a risk rating analysis based on the loan type (acquisition and predevelopment, predevelopment, project initiation loans, mini permanent, and other) by reviewing the following criteria: management rating, financial condition, real estate development capacity and experience, project viability, collateral, take-out financing status and the local real estate market. Each criterion is rated. The five rating categories are: strong, good, acceptable, weak and doubtful. When the risk rating on a loan has been listed as doubtful, it is considered to be a partially or fully uncollectable loan. The Organization conducts a comprehensive review of all outstanding loans at least annually.

As part of CSH's risk rating analysis, a corresponding reserve has been allocated to each loan in the loan portfolio. The total of these reserves as indicated by CSH's risk rating analysis for the years ended December 31, 2021 and 2020 was \$1,607,413 (1.6% of the loan portfolio) and \$2,235,838 (2.6% of the loan portfolio), respectively.

#### Note E - Contracts receivable

Contracts receivable consist of amounts due to CSH from federal, state, local and private agencies. All amounts are due within one year. Based on management's evaluation of the collectability of the receivables, at December 31, 2021, CSH recorded an allowance for uncollectible receivables for \$269,036. CSH did not record an allowance for uncollectible receivables as of December 31, 2020.

Contracts are recorded as revenue to the extent that expenses have been incurred for the purposes specified by the underlying contract agreements. For 2021 and 2020, advances on contracts received in excess of amounts spent were \$777,131 and \$572,625, respectively.

#### Note F - Other receivables

Other receivables consist primarily of fees and accrued interest relating to CSH's loan portfolio due from unrelated not-for-profit organizations, as disclosed in Note D. Based on management's evaluation of the collectability of the receivables, at December 31, 2021 and 2020, CSH has recorded an allowance for uncollectible receivables of \$30,296 and \$149,346, respectively.

#### Note G - Investments

At each year-end, investments were reported at their fair values and consisted of the following:

	2021		2020	
	Fair value	Cost	Fair value	Cost
Corporate and government fixed-income securities	\$ 21,252,394	\$ 20,965,169	\$ 21,297,557	\$ 20,497,332
Money market funds	15,997,263	15,997,263	240,406	240,406
Limited liability company	-	-	500,000	500,000
	<u>\$ 37,249,657</u>	<u>\$ 36,962,432</u>	<u>\$ 22,037,963</u>	<u>\$ 21,237,738</u>

**Corporation for Supportive Housing and its Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021 and 2020**

During each year, indchvestment (losses) income consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 241,434	\$ 400,689
Net unrealized (losses) gains on investments	(513,000)	257,179
Net realized gains on sales of investments	<u>22,294</u>	<u>15,979</u>
	<u>\$ (249,272)</u>	<u>\$ 673,847</u>

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value as follows:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for the same or identical assets and liabilities at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar assets or liabilities in active markets; or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.
- Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where: (i) there is little, if any, market activity for the asset or liability; or (ii) the underlying investments of which cannot be independently valued; or (iii) they cannot be immediately redeemed at or near the fiscal year-end.

The following tables summarize the fair values of investments at each year-end, in accordance with the valuation-hierarchy levels:

	<u>December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate and government fixed-income securities	\$ -	\$ 21,252,394	\$ -	\$ 21,252,394
Money market funds	15,997,263	-	-	15,997,263
Limited liability company	-	-	-	-
	<u>\$ 15,997,263</u>	<u>\$ 21,252,394</u>	<u>\$ -</u>	<u>\$ 37,249,657</u>
	<u>December 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate and government fixed-income securities	\$ -	\$ 21,297,557	\$ -	\$ 21,297,557
Money market funds	240,406	-	-	240,406
Limited liability company	-	-	500,000	500,000
	<u>\$ 240,406</u>	<u>\$ 21,297,557</u>	<u>\$ 500,000</u>	<u>\$ 22,037,963</u>

During the year ended December 2015, CSH invested \$500,000 in investment capital in a limited liability company, Massachusetts Alliance for Supportive Housing, LLC ("MASH"), a Massachusetts limited liability company. Massachusetts Housing and Shelter Alliance ("MHSA"), a 501(c)(3) not-for-profit organization, is the 100% owner of MASH. The purpose is to provide investment capital to the Pay for Success Homeless Initiative which provides low threshold permanent supportive housing to high use homeless individuals via a contract with the Commonwealth of Massachusetts. The investment is for a period of six years with a variable rate of interest linked to the success of

**Corporation for Supportive Housing and its Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021 and 2020**

the Pay for Success Homeless Initiative. The valuation of this investment is based on the best available success rate at the date of the consolidated financial statements, at which time no impairment existed. The project ended in November 2021 and the investment capital was returned to CSH.

**Note H - Property and equipment**

At each year-end, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and office equipment	\$ 557,144	\$ 601,944
Leasehold improvements	<u>270,864</u>	<u>270,864</u>
	828,008	872,808
Less accumulated depreciation and amortization	<u>(813,898)</u>	<u>(788,600)</u>
	<u>\$ 14,110</u>	<u>\$ 84,208</u>

**Corporation for Supportive Housing and its Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021 and 2020**

**Note I - Loans payable**

At each year-end, loans payable were uncollateralized and consisted of the following:

	2021	2020
Indiana Housing and Community Development Authority note payable, 0% interest through maturity, September 30, 2022.	\$ 398,107	\$ 435,000
Mercy Investment Services, Inc. note payable, interest is payable quarterly at 2.5% through maturity, December 15, 2026.	1,500,000	1,000,000
Trinity Health Corporation note payable, interest is payable quarterly at 2% through maturity, March 31, 2022.	-	1,500,000
The California Endowment note payable, interest payable quarterly at 2% through maturity, March 31, 2022.	-	2,000,000
CommonSpirir (Catholic Health Initiative) note payable, interest is payable annually at 2% through maturity, June 1, 2022.	-	500,000
Annie E. Casey Foundation line of credit, interest is payable quarterly at 2.0% through maturity, July 31, 2030.	2,376,000	2,350,000
Conrad Hilton Foundation line of credit, interest is payable quarterly at 2.0% through maturity, July 31, 2030.	2,000,000	2,000,000
Deutsche Bank Trust Company America line of credit, interest is payable quarterly based on LIBOR + 2.4% through maturity, July 31, 2025	6,531,000	6,462,500
Amalgamated Bank line of credit, interest is payable quarterly based on LIBOR + 2.4% (2.85% min) through maturity, July 31, 2025	3,325,000	2,350,000
Robert Wood Johnson Foundation line of credit, interest is payable quarterly at 0% for three years, 2.5% thereafter through maturity, July 31, 2030.	3,087,000	3,055,000
Bank of America line of credit, interest is payable quarterly based on LIBOR + 2.0% through maturity, July 31, 2025.	5,583,000	5,522,500
Robert Wood Johnson Foundation line of credit, interest is payable quarterly at 0% for three years, 2.0% thereafter through maturity, July 31, 2030.	4,039,000	3,995,000
Morgan Stanley line of credit, interest is payable quarterly based on LIBOR + 2.0% through maturity, July 31, 2025.	10,096,000	9,987,500
HSBC line of credit, interest is payable quarterly based on LIBOR + 1.75% through maturity, July 31, 2025.	10,096,000	9,987,498
Ohio Housing Finance Agency note payable, 0% note payable principal due October 1, 2025.	171,300	171,300
Conrad N. Hilton Foundation note payable, at 0% through maturity, March 31, 2024.	1,936,085	1,936,085



**Corporation for Supportive Housing and its Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Capital One, NA note payable, interest due quarterly at 1% through maturity, April 1, 2025	1,000,000	1,000,000
CommonSpirit (Dignity Health) note payable, interest is payable quarterly at 2.5% through maturity, May 31, 2024.	3,000,000	3,000,000
California Community Foundation note payable, interest is payable quarterly at 2.0% through maturity, June 30, 2022.	5,000,000	5,000,000
California Community Foundation note payable, interest is payable quarterly at 2.0% through maturity, June 30, 2022.	6,000,000	6,000,000
Weingart Foundation note payable, interest is payable quarterly at 2.0% through maturity, June 30, 2022.	5,000,000	5,000,000
Federal Home Loan Bank of New York note payable, interest is payable monthly at 5.39% through maturity, October 12, 2028.	5,600,000	5,600,000
US Bank line of credit, interest is payable quarterly at LIBOR + 1.75% through maturity, July 30, 2024.	2,500,000	2,500,000
First Republic, NA note payable; interest due quarterly at 2% through maturity, November 12, 2026.	-	-
JPMorgan Chase line of credit, interest is payable quarterly based on LIBOR + 2.125% through maturity, December 10, 2026.	7,600,000	7,600,000
Wells Fargo Bank, N.A. note payable, interest is payable annually at 2% through maturity, April 26, 2031.	2,500,000	2,500,000
van Ameringen Fdn NY note payable; at 0% through maturity, March 15, 2026.	1,000,000	-
Opportunity Finance Network notes payable, at 2% through maturity, July 14, 2026.	5,000,000	-
HSBC CARES ACT PPP Funds Interest is payable at 1.0% through maturity, May 24, 2025.	<u>2,953,009</u>	<u>3,123,939</u>
	<u><u>\$ 98,291,501</u></u>	<u><u>\$ 94,576,322</u></u>

The required principal payments on the above obligations in each of the five years subsequent to 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 17,252,112
2023	866,744
2024	8,311,507
2025	37,159,140
2026	15,100,000

Interest expense for 2021 and 2020 was \$5,065,697 and \$5,485,004, respectively, including \$3,059,593 and \$2,974,717, respectively, of in-kind interest (as disclosed in Note J).

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

During February 2020, the Conrad N. Hilton Foundation ("Hilton") approved the conversion of a \$4,000,000 loan payable, that CSH has had since 2014, to a contribution to continue support of its lending activities in Los Angeles. The conversion was effective beginning January 1, 2020. Accordingly, upon conversion of the loan payable, the contribution was recorded as a component of net assets with donor restrictions.

In 2021, CSH entered into subordinated loan agreements with the Annie E. Casey Foundation, Conrad Hilton Foundation and Robert Wood Johnson Foundation. These loan agreements are unsecured and subordinated to CSH's obligations to other creditors. Interest rates with these loans range from 0% - 2.5% and maturing on July 31, 2030. As of December 31, 2021, outstanding balance of these loans amounted to \$7,463,000.

As of December 31, 2021 and 2020, the Solutions Fund had \$97,000,000 and \$95,000,000, respectively, in open lines of credit available to it, of which \$47,133,000 and \$45,710,000, respectively, was drawn and is included as a component of loans payable on the accompanying consolidated statements of financial position. Except for its loan payable with the Federal Home Loan Bank of New York which is collateralized with investments in government fixed-income securities valued at approximately \$7,471,000 as of December 31, 2021, CSH's loans payable are unsecured. Certain of the loans payable contain covenants that require CSH and the Solutions Fund to provide reporting on a periodic basis and to meet and maintain specific financial ratios. As of December 31, 2021, CSH and the Solutions Fund were in compliance with all covenants. Additionally, certain loans payable held by the Solutions Fund are guaranteed by CSH. However, as of December 31, 2021, no events have occurred with the loans payable of the Solutions Fund that would require CSH to perform under its guarantee obligations.

On May 1, 2020, CSH obtained a promissory note totaling \$3,123,939 under the Small Business Administration ("SBA")'s Paycheck Protection Program ("PPP") that is part of The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") stimulus relief. The note bears interest at 1% and requires monthly payments of principal and interest on the outstanding principal balance, unless otherwise forgiven in whole or part by the SBA under the CARES Act. CSH has up to 10 months after the end of the covered period, which is currently 24 weeks, to apply for full forgiveness. Forgiveness requests after that period would forfeit any P&I payments already paid. If the note is not forgiven, payments will begin the later of 10 months after the date the covered period ends or the date the SBA remits the forgiveness amount. The terms of the promissory note are subject to change depending on final regulation or legislation enacted. CSH did not apply for forgiveness of the loan and began making P&I payments in October 2021. The PPP loan balances of \$854,006 and \$2,099,003 were included in current loan payables and noncurrent loan payables, respectively, in the accompanying consolidated statement of financial position as of December 31, 2021. As of December 31, 2020, CSH reported the PPP loan balance of \$3,123,939 as noncurrent loan payable in the accompanying consolidated statement of financial position.

#### **Note J - In-kind contributions**

As disclosed in Note I, loans payable consist of loans that bear either no interest or interest at below-market rates. The difference between interest computed at a reasonable fair-market rate (5%) and at the stated interest rates was included in the accompanying consolidated statements of activities as an in-kind contribution and corresponding expense. This amount was determined to be \$3,059,593 and \$2,974,717 for 2021 and 2020, respectively.

**Corporation for Supportive Housing and its Subsidiaries**

**Notes to Consolidated Financial Statements  
December 31, 2021 and 2020**

Additionally, during the years ended December 31, 2021 and 2020, CSH received contributed consulting (legal) services, with a fair value on the date of donation, of \$70,429 and \$0 for 2021 and 2020, respectively.

**Note K - Concentration of credit risk**

CSH places its temporary cash investments with high-credit-quality financial institutions. At times, such investments may exceed federally insured limits. Management does not believe that CSH has a significant risk of loss related to the failure of these financial institutions.

CSH makes loans to not-for-profit organizations that are primarily engaged in residential real-estate development funded by state agencies. The ability of these organizations to honor their contracts may be impaired by a downturn in the economy or by a reduction in the availability of government funding and support for projects. Management continually evaluates the collectability of the loan portfolio and believes the allowance for uncollectible loans is adequate to absorb potential losses.

**Note L - Net assets with donor restrictions**

At each year-end, net assets with donor restrictions were available to satisfy the following purposes:

	December 31,	
	2021	2020
	<u>                    </u>	<u>                    </u>
Specific programs:		
Lead supportive housing industry	\$ 824,739	\$ 785,763
Expand access to supportive housing	6,406,569	8,048,272
Deploy and leverage capital	18,066,716	13,733,187
Improve and sustain quality	5,401,170	5,656,087
	<u>                    </u>	<u>                    </u>
	<u>\$ 30,699,194</u>	<u>\$ 28,223,309</u>

During each year, net assets released from restrictions consisted of the following:

	December 31,	
	2021	2020
	<u>                    </u>	<u>                    </u>
Specific programs:		
Lead supportive housing industry	\$ 893,323	\$ 1,624,776
Expand access to supportive housing	2,990,487	2,665,271
Deploy and leverage capital	2,115,035	1,562,455
Improve and sustain quality	2,286,587	1,992,075
	<u>                    </u>	<u>                    </u>
	<u>\$ 8,285,432</u>	<u>\$ 7,844,577</u>

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

#### Note M - Retirement plan

CSH maintains a Section 403(b) tax-deferred retirement savings plan for the benefit of its employees. Contributions by CSH are discretionary and can be made only with the approval of the Board of Directors. Contributions by CSH during 2021 and 2020 were \$516,545 and \$563,698, respectively, and are included as a component of employee benefits and payroll taxes on the accompanying consolidated statements of functional expenses.

#### Note N - New markets tax credit program

As disclosed in Note A, in conjunction with its role as the managing member of the LLCs, CSH earns a fee based on 0.01% of any income earned by each LLC. CSH is also entitled to administrative fees and annual management fees related to any NMTC qualified investment. During the years ended December 31, 2021 and 2020, CSH earned fees totaling \$1,328,614 and \$1,065,815 relating to such qualified equity investments, respectively, and are included as a component of new market tax credit program fees on the accompanying consolidated statements of activities. During the years ended December 31, 2021 and 2020, CSH also closed on new Qualified Low-Income Community Investment ("QLICI") loans to three and four projects, which earned \$1,282,500 and \$1,705,000, respectively, in sub allocation fees, which are also included as a component of new market tax credit program fees on the accompanying consolidated statements of activities.

#### Note O - Commitments and contingencies

##### Litigation

In the ordinary course of business, CSH can be party to certain legal proceedings. In the opinion of management and legal counsel, the resolution of such matters will not have a material impact on CSH's operations or financial condition.

##### Lease commitments

At December 31, 2021, CSH was obligated under various non-cancelable operating real estate leases expiring through 2027. For years subsequent to 2021, minimum annual future rental commitments under the lease agreements are as follows:

Year Ending December 31,	Amount
2022	\$ 1,075,935
2023	1,026,156
2024	354,744
2025	220,056
2026	152,712
Thereafter	<u>101,808</u>
Total	<u>\$ 2,931,411</u>

Total rent expense for 2021 and 2020 was \$1,100,184 and \$1,180,313, respectively, and is included as a component of rent, utilities, and maintenance on the accompanying consolidated statements of functional expenses.

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2021 and 2020

#### **Loan commitments**

As of December 31, 2021, CSH's Board of Directors had approved loan commitments totaling \$48,024,490. These amounts are expected to be disbursed as loans in 2022.

#### **Grant commitments**

As of December 31, 2020, CSH's Board of Directors had approved a grant commitment totaling \$1,497,500 where contingent commitments have been issued to the grantee. The grant was fully awarded in 2021.

#### **COVID-19**

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to CSH's financial position, results of operations, and cash flows. CSH is not able to reliably estimate the length or severity of this outbreak and the related financial impact.

## **Supplementary Information**

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

Assets

	<u>CSH</u>	<u>Solutions Fund</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current assets					
Cash and cash equivalents	\$ 24,809,078	\$ 4,754,424	\$ 29,563,502	\$ -	\$ 29,563,502
Cash restricted - administrative agent cash	15,830,460	-	15,830,460	-	15,830,460
Investments	27,379,864	119,018	27,498,882	-	27,498,882
Grants and contributions receivable, net	2,971,214	-	2,971,214	-	2,971,214
Contracts receivable, net	7,736,225	4,506,645	12,242,870	(5,356,218)	6,886,652
Loans receivable, net	13,492,979	11,735,499	25,228,478	-	25,228,478
Other receivables, net	853,351	837,163	1,690,514	-	1,690,514
Prepaid expenses and other assets	595,984	-	595,984	-	595,984
Total current assets	<u>93,669,155</u>	<u>21,952,749</u>	<u>115,621,904</u>	<u>(5,356,218)</u>	<u>110,265,686</u>
Noncurrent assets					
Investments	9,750,775	-	9,750,775	-	9,750,775
Grants and contributions receivable, net	322,435	-	322,435	-	322,435
Loans receivable, net	34,381,138	38,274,804	72,655,942	(1,427,000)	71,228,942
Other receivables, net	73,367	238,216	311,583	-	311,583
Property and equipment, net	14,110	-	14,110	-	14,110
Investments in limited liability companies	28,750	-	28,750	-	28,750
Total noncurrent assets	<u>44,570,575</u>	<u>38,513,020</u>	<u>83,083,595</u>	<u>(1,427,000)</u>	<u>81,656,595</u>
Total assets	<u>\$ 138,239,730</u>	<u>\$ 60,465,769</u>	<u>\$ 198,705,499</u>	<u>\$ (6,783,218)</u>	<u>\$ 191,922,281</u>

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2021**

	<u>Liabilities and Net Assets</u>				
	<u>CSH</u>	<u>Solutions Fund</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current liabilities					
Accounts payable and accrued expenses	\$ 8,256,150	\$ 1,112,252	\$ 9,368,402	\$ (5,356,218)	\$ 4,012,184
Advances on contracts	777,131	-	777,131	-	777,131
Grants payable	8,506,992	-	8,506,992	-	8,506,992
Loans payable	17,252,112	-	17,252,112	-	17,252,112
Administrative agent cash distributable	15,830,460	-	15,830,460	-	15,830,460
<b>Total current liabilities</b>	<b>50,622,845</b>	<b>1,112,252</b>	<b>51,735,097</b>	<b>(5,356,218)</b>	<b>46,378,879</b>
Noncurrent liabilities					
Grants payable	4,688,246	-	4,688,246	-	4,688,246
Loans payable, net of current maturities	33,906,391	48,559,998	82,466,389	(1,427,000)	81,039,389
<b>Total noncurrent liabilities</b>	<b>38,594,637</b>	<b>48,559,998</b>	<b>87,154,635</b>	<b>(1,427,000)</b>	<b>85,727,635</b>
<b>Total liabilities</b>	<b>89,217,482</b>	<b>49,672,250</b>	<b>138,889,732</b>	<b>(6,783,218)</b>	<b>132,106,514</b>
Commitments and contingencies (Note O)	-	-	-	-	-
Net assets					
Without donor restrictions	18,323,054	10,793,519	29,116,573	-	29,116,573
With donor restrictions	30,699,194	-	30,699,194	-	30,699,194
<b>Total net assets</b>	<b>49,022,248</b>	<b>10,793,519</b>	<b>59,815,767</b>	<b>-</b>	<b>59,815,767</b>
<b>Total liabilities and net assets</b>	<b>\$ 138,239,730</b>	<b>\$ 60,465,769</b>	<b>\$ 198,705,499</b>	<b>\$ (6,783,218)</b>	<b>\$ 191,922,281</b>

See Independent Auditor's Report.



**Corporation for Supportive Housing and its Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2020**

Assets

	<u>CSH</u>	<u>Solutions Fund</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current assets					
Cash and cash equivalents	\$ 30,507,308	\$ 9,906,732	\$ 40,414,040	\$ -	\$ 40,414,040
Cash restricted - administrative agent cash	9,259,033	-	9,259,033	-	9,259,033
Investments	10,536,122	1,077,121	11,613,243	-	11,613,243
Grants and contributions receivable, net	4,050,345	-	4,050,345	-	4,050,345
Contracts receivable, net	9,530,733	-	9,530,733	(1,047,110)	8,483,623
Loans receivable, net	19,825,418	16,061,611	35,887,029	-	35,887,029
Other receivables, net	541,345	493,984	1,035,329	-	1,035,329
Prepaid expenses and other assets	402,474	-	402,474	-	402,474
Total current assets	<u>84,652,778</u>	<u>27,539,448</u>	<u>112,192,226</u>	<u>(1,047,110)</u>	<u>111,145,116</u>
Noncurrent assets					
Investments	10,424,720	-	10,424,720	-	10,424,720
Grants and contributions receivable, net	4,191,358	-	4,191,358	-	4,191,358
Loans receivable, net	21,381,789	28,822,510	50,204,299	(2,350,000)	47,854,299
Other receivables, net	323,002	573,649	896,651	-	896,651
Property and equipment, net	84,208	-	84,208	-	84,208
Investments in limited liability companies	24,370	-	24,370	-	24,370
Total noncurrent assets	<u>36,429,447</u>	<u>29,396,159</u>	<u>65,825,606</u>	<u>(2,350,000)</u>	<u>63,475,606</u>
Total assets	<u>\$ 121,082,225</u>	<u>\$ 56,935,607</u>	<u>\$ 178,017,832</u>	<u>\$ (3,397,110)</u>	<u>\$ 174,620,722</u>

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2020**

	<u>Liabilities and Net Assets</u>				
	<u>CSH</u>	<u>Solutions Fund</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current liabilities					
Accounts payable and accrued expenses	\$ 4,132,772	\$ 1,234,510	\$ 5,367,282	\$ (1,047,110)	\$ 4,320,172
Advances on contracts	572,625	-	572,625	-	572,625
Grants payable	7,853,099	-	7,853,099	-	7,853,099
Loans payable	3,935,000	-	3,935,000	-	3,935,000
Administrative agent cash distributable	9,259,033	-	9,259,033	-	9,259,033
<b>Total current liabilities</b>	<b>25,752,529</b>	<b>1,234,510</b>	<b>26,987,039</b>	<b>(1,047,110)</b>	<b>25,939,929</b>
Noncurrent liabilities					
Grants payable	5,367,547	-	5,367,547	-	5,367,547
Loans payable, net of current maturities	44,931,324	48,059,998	92,991,322	(2,350,000)	90,641,322
<b>Total noncurrent liabilities</b>	<b>50,298,871</b>	<b>48,059,998</b>	<b>98,358,869</b>	<b>(2,350,000)</b>	<b>96,008,869</b>
<b>Total liabilities</b>	<b>76,051,400</b>	<b>49,294,508</b>	<b>125,345,908</b>	<b>(3,397,110)</b>	<b>121,948,798</b>
Commitments and contingencies (Note O)	-	-	-	-	-
Net assets					
Without donor restrictions	16,807,516	7,641,099	24,448,615	-	24,448,615
With donor restrictions	28,223,309	-	28,223,309	-	28,223,309
<b>Total net assets</b>	<b>45,030,825</b>	<b>7,641,099</b>	<b>52,671,924</b>	<b>-</b>	<b>52,671,924</b>
<b>Total liabilities and net assets</b>	<b>\$ 121,082,225</b>	<b>\$ 56,935,607</b>	<b>\$ 178,017,832</b>	<b>\$ (3,397,110)</b>	<b>\$ 174,620,722</b>

See Independent Auditor's Report.

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidating Statement of Activities  
Year Ended December 31, 2021**

	Without Donor Restrictions					With Donor Restrictions			Consolidated Total
	CSH	Solutions Fund	Total	Eliminations	Consolidated	CSH	Solutions Fund	Consolidated	
Public support and revenue:									
Grants and contributions	\$ 2,001,641	\$ -	\$ 2,001,641	\$ -	\$ 2,001,641	\$ 10,761,317	\$ -	\$ 10,761,317	\$ 12,762,958
In-kind contributions	1,459,977	1,670,045	3,130,022	-	3,130,022	-	-	-	3,130,022
Total public support and revenue	3,461,618	1,670,045	5,131,663	-	5,131,663	10,761,317	-	10,761,317	15,892,980
Contract services	19,051,183	-	19,051,183	-	19,051,183	-	-	-	19,051,183
Interest and dividend income	241,434	-	241,434	-	241,434	-	-	-	241,434
Interest income - loans	2,939,916	3,561,610	6,501,526	-	6,501,526	-	-	-	6,501,526
Fee income - loans	1,778,971	607,241	2,386,212	-	2,386,212	-	-	-	2,386,212
New market tax credit program fees	2,611,114	-	2,611,114	-	2,611,114	-	-	-	2,611,114
Other income	2,495,624	15,000	2,510,624	(1,195,744)	1,314,880	-	-	-	1,314,880
	32,579,860	5,853,896	38,433,756	(1,195,744)	37,238,012	10,761,317	-	10,761,317	47,999,329
Net assets released from restrictions	8,285,432	-	8,285,432	-	8,285,432	(8,285,432)	-	(8,285,432)	-
Total public support and revenue	40,865,292	5,853,896	46,719,188	(1,195,744)	45,523,444	2,475,885	-	2,475,885	47,999,329
Expenses:									
Program activities									
Program services	31,566,808	2,701,476	34,268,284	(1,195,744)	33,072,540	-	-	-	33,072,540
Management and general	6,645,606	-	6,645,606	-	6,645,606	-	-	-	6,645,606
Fundraising	646,634	-	646,634	-	646,634	-	-	-	646,634
Total expenses	38,859,048	2,701,476	41,560,524	(1,195,744)	40,364,780	-	-	-	40,364,780
Changes in net assets before net realized and unrealized (losses) gains on investments	2,006,244	3,152,420	5,158,664	-	5,158,664	2,475,885	-	2,475,885	7,634,549
Net realized and unrealized losses on investments	(490,706)	-	(490,706)	-	(490,706)	-	-	-	(490,706)
Changes in net assets	1,515,538	3,152,420	4,667,958	-	4,667,958	2,475,885	-	2,475,885	7,143,843
Net assets - beginning of year	16,807,516	7,641,099	24,448,615	-	24,448,615	28,223,309	-	28,223,309	52,671,924
Net assets - end of year	\$ 18,323,054	\$ 10,793,519	\$ 29,116,573	\$ -	\$ 29,116,573	\$ 30,699,194	\$ -	\$ 30,699,194	\$ 59,815,767

**Corporation for Supportive Housing and its Subsidiaries**

**Consolidating Statement of Activities  
Year Ended December 31, 2020**

	Without Donor Restrictions					With Donor Restrictions			Consolidated Total
	CSH	Solutions Fund	Total	Eliminations	Consolidated	CSH	Solutions Fund	Consolidated	
Public support and revenue:									
Grants and contributions	\$ 1,643,868	\$ -	\$ 1,643,868	\$ -	\$ 1,643,868	\$ 14,901,510	\$ -	\$ 14,901,510	\$ 16,545,378
In-kind contributions	1,383,286	1,591,431	2,974,717	-	2,974,717	-	-	-	2,974,717
Total public support and revenue	3,027,154	1,591,431	4,618,585	-	4,618,585	14,901,510	-	14,901,510	19,520,095
Contract services	19,282,764	-	19,282,764	-	19,282,764	-	-	-	19,282,764
Interest and dividend income	400,689	-	400,689	-	400,689	-	-	-	400,689
Interest income - loans	3,294,882	2,736,961	6,031,843	-	6,031,843	-	-	-	6,031,843
Fee income - loans	815,747	341,389	1,157,136	-	1,157,136	-	-	-	1,157,136
New market tax credit program fees	2,770,815	-	2,770,815	-	2,770,815	-	-	-	2,770,815
Other income	2,179,469	16,003	2,195,472	(1,372,449)	823,023	-	-	-	823,023
	31,771,520	4,685,784	36,457,304	(1,372,449)	35,084,855	14,901,510	-	14,901,510	49,986,365
Net assets released from restrictions	7,844,577	-	7,844,577	-	7,844,577	(7,844,577)	-	(7,844,577)	-
Total public support and revenue	39,616,097	4,685,784	44,301,881	(1,372,449)	42,929,432	7,056,933	-	7,056,933	49,986,365
Expenses:									
Program activities									
Program services	31,048,303	4,187,873	35,236,176	(1,372,449)	33,863,727	-	-	-	33,863,727
Management and general	6,117,567	-	6,117,567	-	6,117,567	-	-	-	6,117,567
Fundraising	562,424	-	562,424	-	562,424	-	-	-	562,424
Total expenses	37,728,294	4,187,873	41,916,167	(1,372,449)	40,543,718	-	-	-	40,543,718
Changes in net assets before net realized and unrealized (losses) gains on investments	1,887,803	497,911	2,385,714	-	2,385,714	7,056,933	-	7,056,933	9,442,647
Net realized and unrealized losses on investments	273,158	-	273,158	-	273,158	-	-	-	273,158
Changes in net assets	2,160,961	497,911	2,658,872	-	2,658,872	7,056,933	-	7,056,933	9,715,805
Net assets - beginning of year	14,646,555	7,143,188	21,789,743	-	21,789,743	21,166,376	-	21,166,376	42,956,119
Net assets - end of year	\$ 16,807,516	\$ 7,641,099	\$ 24,448,615	\$ -	\$ 24,448,615	\$ 28,223,309	\$ -	\$ 28,223,309	\$ 52,671,924

See Independent Auditor's Report.

**Corporation for Supportive Housing and its Subsidiaries**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>				
TAC Building Program - Direct	14.259		\$ 421,916	\$ 2,722,706
Continuum of Care Program:				
Contract #IL1637D5T101901	14.267		283,800	381,585
Contract #IL1635L5T101901	14.267		310,748	320,450
Contract #IL0667L5T101903	14.267		399,627	533,078
Contract #IL1637D5T102002	14.267		129,544	193,872
Contract #IL1635L5T102002	14.267		<u>153,527</u>	<u>259,845</u>
Total Continuum of Care Programs			<u>1,277,246</u>	<u>1,688,830</u>
Pay for Success Permanent Supportive Housing Demonstration	14.273		<u>133,654</u>	<u>165,522</u>
Total U.S. Department of Housing and Urban Development			<u>1,832,816</u>	<u>4,577,058</u>
<b>U.S. Department of Justice:</b>				
Criminal and Juvenile Justice and Mental Health Collaboration Pass-through The Council of State Governments Ltd	16.745	21-SA-161-2977	-	22,458
Second Chance Act Re-entry Initiative Pass-through American Institute for Research	16.812	2019-MU-BX-K015	-	2,508
Pass-through American Institute for Research	16.812	2020-CZ-BX-K002	<u>-</u>	<u>5,649</u>
Total U.S. Department of Justice:			<u>-</u>	<u>30,615</u>
<b>U.S. Department of Treasury:</b>				
Capital Magnet Fund Program	21.011		-	3,874,000
Community Development Financial Institutions Rapid Response Program	21.024		<u>-</u>	<u>1,826,265</u>
Total U.S. Department of Treasury			<u>-</u>	<u>5,700,265</u>
<b>U.S. Department of Health and Human Services:</b>				
National Organizations of State and Local Officials Pass-through National Academy for State Health Policy/Center for Health Policy Development	93.011	U2MOA394670100	-	6,524
Technical and Non-Financial Assistance to Health Centers	93.129		61,647	598,358
Child Abuse and Neglect Discretionary Activities Pass-through State of New Jersey	93.670	18JGDS	-	51,469
Block Grants for Community Mental Health Services Pass-through Ohio Department of Health and Addiction Services	93.958	6B09SM083835-01M001	<u>-</u>	<u>22,531</u>
Total U.S. Department of Health and Human Services			<u>61,647</u>	<u>678,882</u>
Total Expenditures of Federal Awards			<u>\$ 1,894,463</u>	<u>\$ 10,986,820</u>

See Notes to Schedule of Expenditures of Federal Awards.

## Corporation for Supportive Housing and its Subsidiaries

### Notes to Schedule of Expenditures of Federal Awards December 31, 2021

#### **Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Corporation for Supportive Housing and its Subsidiaries under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Corporation for Supportive Housing and its Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Corporation for Supportive Housing and its Subsidiaries.

#### **Note B - Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Note C - Indirect Cost Rate**

Corporation for Supportive Housing and its Subsidiaries has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
Corporation for Supportive Housing

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Corporation for Supportive Housing and its Subsidiaries, which comprise the Corporation for Supportive Housing and its Subsidiaries' consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022. The financial statements of certain subsidiaries were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these subsidiaries.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation for Supportive Housing and its Subsidiaries' internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation for Supportive Housing and its Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation for Supportive Housing and its Subsidiaries' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation for Supportive Housing and its Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

Bethesda, Maryland  
June 27, 2022



Report on Compliance for Each Major Federal Program and on  
Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors  
Corporation for Supportive Housing

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited Corporation for Supportive Housing and its Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Corporation for Supportive Housing and its Subsidiaries' major federal programs for the year ended December 31, 2021. Corporation for Supportive Housing and its Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Corporation for Supportive Housing and its Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Corporation for Supportive Housing and its Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Corporation for Supportive Housing and its Subsidiaries' compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Corporation for Supportive Housing and its Subsidiaries' federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Corporation for Supportive Housing and its Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Corporation for Supportive Housing and its Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Corporation for Supportive Housing and its Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Corporation for Supportive Housing and its Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Corporation for Supportive Housing and its Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CohnReznick LLP*

Bethesda, Maryland  
June 27, 2022

Corporation for Supportive Housing and its Subsidiaries

Schedule of Findings and Questioned Costs  
December 31, 2021

Section A - Summary of Auditor's Results

Financial Statements

- |  |                   |
|--|-------------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP | <u>Unmodified</u> |
| 2. Internal control over financial reporting:  |                   |
| a. Material weakness(es) identified?   | No                |
| b. Significant deficiency(ies) identified?   | None reported     |
| 3. Noncompliance material to the financial statements noted?   | No                |

Federal Awards

- |   |                   |
|---|-------------------|
| 1. Internal control over major federal programs:  |                   |
| a. Material weakness(es) identified?  | No                |
| b. Significant deficiency(ies) identified?  | None reported     |
| 2. Type of auditor's report issued on compliance for major federal programs                           | <u>Unmodified</u> |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No                |
| 4. Identification of major federal programs   |                   |

Assistance Listing Number(s)

Name of Federal Program

21.024

Community Development Financial Institutions Rapid Response Program

14.267

Continuum of Care Program

- |  |           |
|--|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                  | Yes       |

**Corporation for Supportive Housing and its Subsidiaries**

**Schedule of Findings and Questioned Costs  
December 31, 2021**

**Section B - Financial Statement Audit Findings**

No matters were reported.

**Section C - Major Federal Award Program Findings and Questioned Costs**

No matters were reported.



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