

**Urban Homesteading Assistance
(UHAB), Inc.**

Financial Statements

June 30, 2018 and 2017



Independent Auditors' Report

Board of Directors Urban Homesteading Assistance (UHAB), Inc.

We have audited the accompanying financial statements of Urban Homesteading Assistance (UHAB), Inc. ("UHAB") which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Basis for Qualified Opinion

As discussed in Note 3, UHAB has not consolidated in the accompanying financial statements certain corporations in which UHAB is the sole member. Accounting principles generally accepted in the United States of America require organizations that another not-for-profit entity has controlling financial interest or an economic interest and control be included in the general-purpose financial statements of the primary reporting entity. If the related organizations were consolidated with the accompanying financial statement, the financial position of UHAB as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended would be significantly different than the balances presented.

Qualified Opinion

In our opinion, except for the effect of not consolidating certain affiliates in which UHAB is the sole member as referred to in the preceding paragraph the financial statements referred to above present fairly, in all material respects, the financial position of Urban Homesteading Assistance (UHAB), Inc. as of June 30, 2018 and 2017, 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.

November 30, 2018
Harrison, New York

Urban Homesteading Assistance (U-HAB), Inc.

Statements of Financial Position

	June 30,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 416,760	\$ 656,498
Accounts receivable, net	717,216	797,331
Loans receivable	7,403	7,403
Security deposit and other assets	59,978	60,826
Property and equipment, net	118,616	145,565
Investment in Homeownership Lending, LLC	5,391,817	871,178
Limited use assets - New York State Housing Trust Fund		
Cash	30,614	30,614
Loans receivable	<u>14,455,432</u>	<u>14,455,432</u>
	<u>\$ 21,197,836</u>	<u>\$ 17,024,847</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 130,599	\$ 146,589
Due to affiliates	22,129	46,190
Loans payable to New York State Housing Trust Fund	14,486,046	14,486,046
Due to New York City Department of Housing Preservation and Development	<u>5,000</u>	<u>5,000</u>
Total Liabilities	<u>14,643,774</u>	<u>14,683,825</u>
Net Assets		
Unrestricted		
Undesignated	6,254,062	2,041,022
Board designated	<u>300,000</u>	<u>300,000</u>
Total Net Assets	<u>6,554,062</u>	<u>2,341,022</u>
	<u>\$ 21,197,836</u>	<u>\$ 17,024,847</u>

See notes to financial statements

Urban Homesteading Assistance (U-HAB), Inc.

Statements of Activities

	Year Ended June 30,	
	2018	2017
SUPPORT AND REVENUES		
Technical assistance contracts	\$ 349,909	\$ 908,983
Development services	829,504	1,047,297
Cooperative services	1,145,766	936,991
Grants and contributions	491,013	426,802
Investment income - Homeownership Lending LLC	4,520,639	588
Other revenues	33,458	28,722
In-kind contributions	144,855	-
Total Support and Revenues	7,515,144	3,349,383
EXPENSES		
Program Services		
Organizing, research and policy	409,133	493,659
Development services	714,395	585,275
Cooperative services	1,363,688	1,436,329
Total Program Services	2,487,216	2,515,263
Supporting Services		
Management and general	729,393	785,484
Fundraising	85,495	151,642
Total Expenses	3,302,104	3,452,389
Change in Net Assets	4,213,040	(103,006)
NET ASSETS		
Beginning of year	2,341,022	2,444,028
End of year	\$ 6,554,062	\$ 2,341,022

See notes to financial statements

Urban Homesteading Assistance (U-HAB), Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,213,040	\$ (103,006)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	26,949	17,751
Investment in Homeownership Lending, LLC	(4,520,639)	(588)
Bad debt expense	-	16,260
Changes in operating assets and liabilities		
Accounts receivable	80,115	31,876
Security deposit and other assets	848	7,591
Accounts payable and accrued expenses	(15,990)	23,503
Due to affiliates	<u>(24,061)</u>	<u>(27,049)</u>
Net Cash from Operating Activities	<u>(239,738)</u>	<u>(33,662)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>-</u>	<u>(73,000)</u>
 Net Change in Cash	 (239,738)	 (106,662)
 CASH		
Beginning of year	<u>656,498</u>	<u>763,160</u>
 End of year	 <u>\$ 416,760</u>	 <u>\$ 656,498</u>

See notes to financial statements

Urban Homesteading Assistance (U-HAB), Inc.

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services				Supporting Services		Total
	Organizing, Research and Policy	Development Services	Cooperative Services	Total	Management and General	Fund- raising	
Salaries	\$ 187,620	\$ 285,269	\$ 700,356	\$ 1,173,245	\$ 421,741	\$ 30,091	\$ 1,625,077
Fringe benefits	62,625	137,925	312,057	512,607	129,894	13,198	655,699
Total Salaries and Fringe Benefits	250,245	423,194	1,012,413	1,685,852	551,635	43,289	2,280,776
Professional fees and contract service payments (including \$144,855 of pro-bono legal services)	30,995	187,673	63,095	281,763	46,510	599	328,872
Occupancy	76,311	79,532	213,033	368,876	73,215	3,889	445,980
Office supplies and expenses	12,388	7,245	28,674	48,307	17,809	575	66,691
Postage	1,180	835	6,256	8,271	2,768	127	11,166
Staff travel	13,062	6,826	14,044	33,932	799	93	34,824
Membership fees	5,294	4,100	449	9,843	2,269	126	12,238
Marketing	-	899	3,119	4,018	383	716	5,117
Insurance	3,200	4,091	9,785	17,076	6,657	270	24,003
Interest	-	-	-	-	201	1,592	1,793
Stipends	16,130	-	12,820	28,950	-	-	28,950
Depreciation	-	-	-	-	26,949	-	26,949
Fundraising	150	-	-	150	-	34,219	34,369
Miscellaneous	178	-	-	178	198	-	376
Total Expenses	\$ 409,133	\$ 714,395	\$ 1,363,688	\$ 2,487,216	\$ 729,393	\$ 85,495	\$ 3,302,104

Urban Homesteading Assistance (U-HAB), Inc.

Statement of Functional Expenses
Year Ended June 30, 2017

	Organizing, Research and Policy			Development Services		Cooperative Services		Supporting Services		Total
	Organizing, Research and Policy	Development Services	Cooperative Services	Management and General	Fund-raising					
Salaries	\$ 237,374	\$ 271,637	\$ 752,713	\$ 498,157	\$ 62,760	\$ 1,822,641				\$ 1,822,641
Fringe benefits	77,275	135,688	367,334	128,229	27,691	736,217				736,217
Total Salaries and Fringe Benefits	314,649	407,325	1,120,047	626,386	90,451	2,558,858				2,558,858
Professional fees and contract service payments	58,821	50,090	36,402	12,999	315	158,627				158,627
Occupancy	89,132	90,306	210,345	86,960	5,844	482,587				482,587
Office supplies and expenses	8,206	8,700	28,496	12,559	1,238	59,199				59,199
Postage	1,401	3,703	10,388	2,457	658	18,607				18,607
Membership fees	4,167	4,167	100	2,667	-	11,101				11,101
Staff travel	13,108	8,096	15,049	1,027	-	37,280				37,280
Insurance	4,175	12,888	11,627	4,571	206	33,467				33,467
Interest	-	-	-	269	59	328				328
Stipends	-	-	3,875	-	-	3,875				3,875
Depreciation	-	-	-	17,751	-	17,751				17,751
Fundraising	-	-	-	1,578	52,871	54,449				54,449
Bad debt	-	-	-	16,260	-	16,260				16,260
Total Expenses	\$ 493,659	\$ 585,275	\$ 1,436,329	\$ 785,484	\$ 151,642	\$ 3,452,389				\$ 3,452,389

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

1. Organization

UHAB believes that residents are the best able to determine their own housing solutions, whether as renters or co-op shareholders. When residents are properly informed and organized they are able to strengthen their neighborhoods by building healthy communities that begin with their own homes.

Urban Homesteading Assistance (UHAB), Inc. ("UHAB") is an affordable housing nonprofit organization that works nationally to support and expand cooperative housing opportunities. In New York, UHAB supports low-income residents in the development, governance, and preservation of their tenant and shareholder associations. UHAB also supports shared-equity cooperative corporations through a variety of programs, workshops and services specially tailored to meet each building's particular needs.

Organizing, Research and Policy

UHAB's Organizing, Research and Policy programs empower tenants and tenant associations to hold their landlords accountable, improve their living conditions, and to become decision-makers and influencers within their communities.

UHAB's Organizing & Policy team is at the forefront of fighting tenant displacement in transitional neighborhoods and researching, exposing, and directly challenging real estate practices that threaten residents' rights to decent and affordable housing. This work is done through the combined efforts of on-the-ground organizing in distressed multifamily buildings and public advocacy campaigns. We empower residents to gain control over their affordable housing by creating a strong base of tenants and community members who are mobilized to educate their neighbors around their rights, and are willing to fight to enforce those rights. UHAB tenant leaders are also invested in demanding stronger protections and more tenant control over housing at all levels

Organizing & Policy works with tenants in rent stabilized housing overleveraged by predatory financing and HUD subsidized housing. We also work with troubled and at risk housing where there are preservation opportunities and the tenants are interested in organizing to change the ownership of their buildings, whether as affordable cooperatives (HDFCs), or other ownership structures focusing on resident participation, such as nonprofit rentals, mutual housing associations, or community land trusts

Development Services

UHAB is the only group in New York City that specializes in developing affordable housing cooperatives. In many cases, UHAB guides buildings from struggling rentals to healthy affordable co-ops, providing more homeownership opportunities and stable housing solutions for lower-income people. All ownership and control by UHAB is temporary. Because we are neither a landlord nor a management company, at the end of our development process, all properties are conveyed to the building's new shareholders when construction and paperwork is complete.

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

1. Organization (continued)

Development Services (continued)

Initially, UHAB's priority was to promote and enable others to develop affordable housing co-ops. However, shifting city housing policies have sped up the disposal or transfer of buildings that used to go into city ownership because of overdue property taxes. This opened up new possibilities for affordable co-op creation. Since beginning development ourselves in 2002, we have rehabilitated over 75 buildings. Our development role has now expanded to include: 1) Interim owner and manager through HPD Programs; 2) Development partner overseeing renovations; 3) Securer of financing for rehabilitation and repair; 4) Provider of technical assistance and training of residents.

UHAB also provides third party developers of affordable housing with cooperative conversion services.

Training Programs

UHAB assists tenants throughout their transition from renters to homeowners, by providing thorough support on topics such as co-op board elections, legal matters, and budgeting and finance. Fourteen courses, created and provided by UHAB, are required by the City as part of the development process for all future co-op members taking part in City funded cooperative conversion programs. Our classes are taught one project at a time, are interactive, and are conducted in small groups in order to maximize participation and adult learning styles. Courses are also accompanied by technical support components that dive deeper into specific issues affecting individual buildings and their residents.

In addition, UHAB conducts more than 200 educational workshops a year for affordable co-op shareholders, building managers and other interested leaders on managing and maintaining their buildings. UHAB's trainings are available to residents directly and to third party developers of affordable housing. Classes are taught in English and Spanish. Other languages may be available upon special request.

Cooperative Support and Preservation Services

In order to protect and preserve long term financial and physical viability, UHAB assists HDFC co-op shareholders and boards of directors in regaining and maintaining their affordability and structural stability. We do this by performing financial analyses, packaging loans for debt consolidation and capital improvements, monitoring annual elections, and revising governing documents among other services. These services are provided on a fee-for-service basis and are priced to be affordable to the clients we serve. We bring our 45 years of experience supporting all manner of affordable housing co-ops to every scenario, working across departments if necessary.

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

1. Organization (continued)

Cooperative Services (continued)

In addition, UHAB provides comprehensive resources to promote the social stability and strength of the community of shareholders in each HDFC co-op, and across the City, by organizing general forums and seminars, providing educational tools, and creating platforms for communication and assistance.

HDFC co-ops also benefit from UHAB's affordable services available to participating member co-ops. These services include various programs that also foster stability and community in buildings and neighborhoods. UHAB's Membership Services address numerous concerns and issues through programs designed to help maintain energy efficiency, to lower operating costs, bolster democratic participation, empower residents through education, and to inspire fiscal responsibility.

Not-for-profit, and for-profit, developers, lenders and government agencies look to UHAB to provide and execute programs, act as an administering agent, perform regulatory compliance monitoring, stewardship and other services to affordable homeownership and rental projects.

Affiliations

UHAB is the sole member of the following development entities whose holdings and activities for the years ended June 30, 2018 and 2017 are disclosed in Note 3:

UHAB Housing Development Fund Corporation ("HDFC")
Homeownership Lending LLC ("HOL")
GP-UHAB Housing Development Fund Corporation

UHAB is also the sole member of the following development entities which are currently inactive and hold no assets:

Manhattan 203B-UHAB HDFC	Round IV East 101 st Street HDFC
508 West 135 th Street HDFC	Round IV 85 th Avenue HDFC
186 East 104 th Street HDFC	Round IV Second Avenue HDFC
Round V-2 West 135 th Street HDFC	West 145 th Street HDFC
ELVA-UHAB HDFC	
Broadway-UHAB HDFC	

UHAB and its affiliates are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and are publicly supported organizations as described in Section 509(a).

In July 2018 GP-UHAB HDFC begin handling the project at 640 Riverside Drive.

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

Except as described in Note 3, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include the allowance for doubtful accounts receivable and depreciation.

Financial Statement Presentation

Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Unrestricted Board designated net assets have been set aside by the Board for future working capital purposes. Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose. Permanently restricted net assets are limited by donors in perpetuity. UHAB has no temporarily or permanently restricted net assets.

Accounts receivable and allowance for doubtful accounts

UHAB records receivables based on established rates for contracts for services provided. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Interest is not charged on outstanding receivables.

Loans Receivable

Loans receivable are reported net of any anticipated losses due to uncollectible accounts. UHAB reviews the loans for collectability on an annual basis to determine if an allowance for doubtful accounts should be established using factors such as repayment history, including subsequent receipts and economic conditions. No allowances have been established as of June 30, 2018 and 2017. Interest is accrued on the notes as it is earned. Loans receivable are considered past due if full principal payments are not received in accordance with the terms of the loan agreement.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase. At times cash deposits may exceed the federally insured limits of the financial institution and expose UHAB to credit risk. UHAB believes it is not exposed to any significant risk of loss of these funds.

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Equipment and furniture are recorded at cost. Items in excess of \$1,000 with useful lives that exceed one year are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, ranging between 3 to 5 years. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful life of the leasehold improvement.

Refundable Advances

Refundable advances represent funds from grantors whose proceeds are contractually obligated to be returned at the request of the funder.

Revenues from Development and Cooperative Services

Revenues are recorded when earned as services are provided during the transition phase of the buildings to co-ops.

Revenues from Government Agencies

Revenues from government agencies are subject to audit by the agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same year are reflected as unrestricted revenues.

In-kind Contributions

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized.

Functional Allocation of Expenses

The costs of providing UHAB's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain items from the 2017 financial statements have been reclassified to be in conformity with the 2018 financial statement presentation.

Accounting for Uncertainty in Income Taxes

UHAB recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the UHAB had no uncertain tax positions that would require financial statement recognition or disclosure. UHAB is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2015.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 30, 2018.

3. Unconsolidated Related Parties

As discussed in Note 1, UHAB is the sole member of various housing development fund corporations as well as Homeownership Lending, LLC ("HOL"). U.S. GAAP requires UHAB to consolidate these entities. The assets, liabilities, net assets and changes in net assets of each entity and in total as would be consolidated as of June 30, 2018 and 2017 are presented below. Such amounts were derived from the audited and internal financial statements of each entity, as appropriate.

Related Entity	June 30, 2017				
	Assets	Liabilities	Equity (Deficit)	Revenue	Expenses
UHAB HDFC (audited)	\$ -	\$ -	\$ -	\$ -	\$ -
Homeownership Lending, LLC (audited)	5,441,817	50,000	5,391,817	4,736,887	216,248
**Elimination of intercompany activity	(4,022,129)	-	(5,391,817)	-	-
	<u>\$ 1,419,688</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 4,736,887</u>	<u>\$ 216,248</u>

Related Entity	June 30, 2017				
	Assets	Liabilities	Equity (Deficit)	Revenue	Expenses
UHAB HDFC (audited)	\$ 13,688,408	\$ 12,080,741	\$ 1,607,667	\$ 1,437,876	\$ 1,088,062
Homeownership Lending, LLC (audited)	921,178	50,000	871,178	27,738	27,150
**Elimination of intercompany activity	(921,957)	(50,779)	(926,066)	(54,888)	-
	<u>\$ 13,687,629</u>	<u>\$ 12,079,962</u>	<u>\$ 1,552,779</u>	<u>\$ 1,410,726</u>	<u>\$ 1,115,212</u>

** Represents intercompany activity that would be eliminated had the entities been consolidated with UHAB. Had the entities been consolidated with UHAB, its assets, liabilities, net assets, revenue and expenses as of and for the years ended June 30, 2018 and 2017 would have been increased by the amounts above.

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements June 30, 2018 and 2017

4. Accounts Receivable

Accounts receivable consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 769,291	\$ 849,406
Allowance for doubtful accounts	<u>(52,075)</u>	<u>(52,075)</u>
Accounts receivable, net	<u>\$ 717,216</u>	<u>\$ 797,331</u>

5. Due to Affiliates

From time to time funds are advanced to or from and expenses are paid on behalf of entities related to UHAB. Below is a summary of those balances by affiliate.

	<u>2018</u>	<u>2017</u>
Homeownership Lending, LLC	<u>\$ 22,129</u>	<u>\$ 46,190</u>

6. Loans Receivable

Loans receivable of \$7,403, represent funds due from 1104 Clay Avenue HDFC, which were advanced to them to pay real estate taxes, water charges and loan fees. Payments are due monthly, including interest at 6% and the note matured July 2016. As the loan is currently in default for non-payment, UHAB is in the process of pursuing action against 1104 Clay Avenue HDFC.

7. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 421,427	\$ 421,427
Leasehold improvements	356,670	356,670
Furniture	<u>87,965</u>	<u>87,965</u>
	866,062	866,062
Accumulated depreciation and amortization	<u>(747,446)</u>	<u>(720,497)</u>
	<u>\$ 118,616</u>	<u>\$ 145,565</u>

8. Investment in Homeownership Lending, LLC

During the year ended June 30, 2013, UHAB created HOL, and funded it during June 30, 2015, of which it is the sole member. HOL was created to provide loans to purchasers of shares in cooperative housing entities formed and developed by UHAB HDFC, a related entity. In connection with the funding of HOL in 2015, UHAB was granted loan receivables totaling \$745,280 from UHAB HDFC and Broadway-UHAB HDFC which consisted of loans previously made to purchasers. UHAB subsequently invested these loans into HOL.

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

9. Loans Payable to New York State Housing Trust Fund and Limited Use Assets

UHAB has entered into various program agreements with the State of New York Housing Trust Fund Corporation ("HTF"). Under these agreements, UHAB provides an oversight function with respect to certain low-income housing projects ("Projects"). HTF advances funds to UHAB for approved Projects and UHAB advances the funds to pay rehabilitation costs incurred by the Projects. All funds advanced to and by UHAB in relation to this program are non-interest bearing. During the construction period, there is no repayment requirement. Funds received by UHAB from HTF but not yet advanced to Projects are presented as limited use cash as any funds not advanced to projects are to be returned to HTF, thereby reducing the related loan payable to HTF.

Upon completion of a Project, the funds advanced are converted to permanent loans. As long as the Projects are operated in accordance with the terms of the agreements, there is no requirement to repay and at the end of each loan term, providing that the Project completes the required paperwork, the loans will be forgiven by UHAB and the associated loan payable will be forgiven by HTF.

In the event of a default by the projects, UHAB has the right to foreclose on the associated property to recover its losses. As of June 30, 2018 and 2017 no projects have been found in default and no forgiveness has occurred.

Below is the schedule of Housing Trust Funds loans:

<u>Project</u>	<u>HTF Closing Date</u>	<u>HTF Awarded</u>	<u>Maturity</u>
<u>120-22 East 107th Street HDFC</u>			
120-22 East 107th Street New York, NY 10031	June 1, 1995	\$ 375,000 **	N/A
** (\$30,614 has not yet been advanced to this project and the loan has not yet converted to permanent financing)			
<u>515 West 151st Street HDFC</u>			
515 West 151st Street New York, NY 10031	December 11, 1989	484,000	Pending
<u>Pueblo en Marcha HDFC</u>			
401 East 145th Street Bronx, NY 10455	April 24, 1991	440,000	Pending
<u>Green House Artist HDFC</u>			
527 East 4th Street New York, NY 10009	June 26, 1989	188,103	Pending
<u>309 East 4th Street HDFC</u>			
309 East 4th Street New York, NY 10009	February 1, 1990	445,000	Pending

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

**9. Loans Payable to New York State Housing Trust Fund and Limited Use Assets
(continued)**

<u>Project</u>	<u>HTF Closing Date</u>	<u>HTF Awarded</u>	<u>Maturity</u>
<u>Los Hijos del Barrio HDFC</u>			
112 East 102nd Street New York, NY 10029	January 14, 1991	440,000	2019
<u>851 Fox Street HDFC</u>			
851 Fox Street Bronx, NY 10459	January 22, 1988	\$ 114,000	2020
<u>105th Street HDFC</u>			
200-214 West 105th Street New York, NY 10025	July 1, 1998	2,099,500	2022
<u>582-592 Rogers Avenue HDFC</u>			
582-592 Rogers Avenue Bronx, NY 11225	July 21, 1993	1,050,000	2024
<u>Urban Oasis HDFC</u>			
517 West 151st Street New York, NY 10031	July 16, 1992	587,347	2024
<u>Casi Alba HDFC</u>			
393 East 10th Street New York, NY 10009	February 23, 1993	373,766	2025
<u>367 East 10th Street HDFC</u>			
367 East 10th Street New York, NY 10003	April 14, 1993	909,296	2025
<u>64 Havemeyer Street HDFC</u>			
64 Havemeyer Street Brooklyn, NY 11211	March 1, 1996	776,210	2027
<u>106-13 7th Street Queens HDFC</u>			
106-13 7th Street Queens, NY 10368	March 3, 1994	178,118	2027
<u>JOR HDFC</u>			
106-3 37th Street Queens, NY 10368	March 3, 1994	186,826	2027
<u>Jeffersonville HDFC</u>			
2170 2nd Avenue New York, NY 10029	May 25, 1993	341,661	2027

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

**9. Loans Payable to New York State Housing Trust Fund and Limited Use Assets
(continued)**

<u>Project</u>	<u>HTF Closing Date</u>	<u>HTF Awarded</u>	<u>Maturity</u>
<u>272 Alexander Avenue HDFC</u>			
272 Alexander Avenue Bronx, NY 10454	June 23, 1993	\$ 431,716	2027
<u>1351 Park Avenue HDFC</u>			
1351 Park Avenue New York, NY 10029	June 26, 1992	533,951	2027
<u>FLOW HDFC</u>			
188 East 3rd Street New York, NY 10009	September 1, 1994	584,413	2027
<u>Alborada HDFC</u>			
11 West 107th Street New York, NY 10025	November 12, 1993	657,139	2027
<u>Joint Approach HDFC</u>			
694 Classon Avenue Brooklyn, NY 11238	August 1, 1995	590,000	2028
<u>Destiny HDFC</u>			
475 Prospect Park Brooklyn, NY 11238	August 1, 1995	600,000	2028
<u>811-27 Fox Street HDFC</u>			
811-27 Fox Street Bronx, NY 10459	October 25, 1988	<u>2,100,000</u>	2029
Total notes payable to New York State Housing Trust Fund		14,486,046	
Cash not yet advanced to projects		<u>(30,614)</u>	
Total Limited Use Asset Loans Receivable		<u>\$14,455,432</u>	

Urban Homesteading Assistance (UHAB), Inc.

Notes to Financial Statements
June 30, 2018 and 2017

10. Operating Leases

UHAB leases various office spaces under operating leases. The leases expire between 2017 and 2022. The commitments over the next five years under these leases are payable as follows:

2019	530,608
2020	530,608
2021	530,608
2022	<u>395,738</u>
Total	<u>\$ 1,987,562</u>

Rent expense, net of reimbursement from the subtenant, for June 30, 2018 and 2017 was \$300,154 and \$348,478.

11. In-Kind Contributions

UHAB received donated legal services amounting to \$144,855 and \$0 for the years ended June 30, 2018 and 2017. Such services are reflected as revenue and expense in the accompanying statement of activities.

12. Retirement Benefits

UHAB has a noncontributory profit-sharing plan covering substantially all of its full time employees. Employees are eligible to participate in the plan the first day of the month after employment and are vested when contributions are made.

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