

**Corporation for Supportive Housing and
its Subsidiaries**

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

December 31, 2020 and 2019

Corporation for Supportive Housing and its Subsidiaries

Index

	<u>Page</u>
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	6
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplementary Information	
Consolidating Statements of Financial Position	27
Consolidating Statements of Activities	31
Schedule of Expenditures of Federal Awards	33
Notes to Schedule of Expenditures of Federal Awards	34
Independent Auditor's 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>	35
Independent Auditor's Report on Compliance for Major Federal Programs and on Internal Control over Compliance Required by the Uniform Guidance	37
Schedule of Findings and Questioned Costs	39

To the Board of Directors
Corporation for Supportive Housing

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Corporation for Supportive Housing and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of certain subsidiaries were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Corporation for Supportive Housing and its Subsidiaries as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 and consolidating statements of activities are presented for purposes of additional analysis of the consolidating financial statements rather than to present the financial position and the changes in net assets of the individual organizations and are not a required part of the consolidated financial statements. 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 purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 April 29, 2021, 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 to solely 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.



Bethesda, Maryland
April 29, 2021

Corporation for Supportive Housing and its Subsidiaries

**Consolidated Statements of Financial Position
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 24,977,925	\$ 45,310,044
Cash restricted - administrative agent cash	9,259,033	8,828,994
Investments	27,049,358	11,418,633
Grants and contributions receivable, net	4,050,345	5,163,795
Contracts receivable, net	8,483,623	8,277,368
Loans receivable, net	35,887,029	32,539,842
Other receivables, net	1,035,329	1,779,709
Prepaid expenses and other assets	<u>402,474</u>	<u>455,002</u>
Total current assets	<u>111,145,116</u>	<u>113,773,387</u>
Noncurrent assets		
Investments	10,424,720	10,599,921
Grants and contributions receivable, net	4,191,358	3,315,557
Loans receivable, net	47,854,299	66,447,151
Other receivables, net	896,651	651,319
Property and equipment, net	84,208	80,909
Investments in limited liability companies	<u>24,370</u>	<u>17,340</u>
Total noncurrent assets	<u>63,475,606</u>	<u>81,112,197</u>
Total assets	<u><u>\$ 174,620,722</u></u>	<u><u>\$ 194,885,584</u></u>

Corporation for Supportive Housing and its Subsidiaries

**Consolidated Statements of Financial Position
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 4,320,172	\$ 4,473,870
Advances on contracts	572,625	2,096,545
Grants payable	7,853,099	8,293,795
Loans payable	3,935,000	1,435,845
Administrative agent cash distributable	<u>9,259,033</u>	<u>8,828,994</u>
Total current liabilities	<u>25,939,929</u>	<u>25,129,049</u>
Noncurrent liabilities		
Grants payable	5,367,547	3,850,698
Loans payable, net of current maturities	<u>90,641,322</u>	<u>122,949,718</u>
Total noncurrent liabilities	<u>96,008,869</u>	<u>126,800,416</u>
Total liabilities	<u>121,948,798</u>	<u>151,929,465</u>
Net assets		
Without donor restrictions	24,448,615	21,789,743
With donor restrictions	<u>28,223,309</u>	<u>21,166,376</u>
Total net assets	<u>52,671,924</u>	<u>42,956,119</u>
Total liabilities and net assets	<u>\$ 174,620,722</u>	<u>\$ 194,885,584</u>

See Notes to Consolidated Financial Statements.

Corporation for Supportive Housing and its Subsidiaries

**Consolidated Statements of Activities
Years Ended December 31, 2020 and 2019**

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support and revenue:						
Grants and contributions	\$ 1,643,868	\$ 14,901,510	\$ 16,545,378	\$ 1,355,426	\$ 6,771,857	\$ 8,127,283
In-kind contributions	2,974,717	-	2,974,717	2,276,048	-	2,276,048
Total public support and revenue	4,618,585	14,901,510	19,520,095	3,631,474	6,771,857	10,403,331
Contract services	19,282,764	-	19,282,764	18,209,367	-	18,209,367
Interest and dividend income	400,689	-	400,689	447,237	-	447,237
Interest income - loans	6,031,843	-	6,031,843	7,224,552	-	7,224,552
Fee income - loans	1,157,136	-	1,157,136	1,730,644	-	1,730,644
New market tax credit program fees	2,770,815	-	2,770,815	1,635,919	-	1,635,919
Other income	823,023	-	823,023	1,048,510	-	1,048,510
	35,084,855	14,901,510	49,986,365	33,927,703	6,771,857	40,699,560
Net assets released from restrictions	7,844,577	(7,844,577)	-	8,083,203	(8,083,203)	-
Total public support and revenue	42,929,432	7,056,933	49,986,365	42,010,906	(1,311,346)	40,699,560
Expenses:						
Program services	33,863,727	-	33,863,727	33,787,524	-	33,787,524
Management and general	6,117,566	-	6,117,566	5,883,572	-	5,883,572
Fundraising	562,425	-	562,425	437,927	-	437,927
Total expenses	40,543,718	-	40,543,718	40,109,023	-	40,109,023
Changes in net assets before net realized and unrealized gains (losses) on investments	2,385,714	7,056,933	9,442,647	1,901,883	(1,311,346)	590,537
Net realized and unrealized gains on investments	273,158	-	273,158	393,940	-	393,940
Changes in net assets	2,658,872	7,056,933	9,715,805	2,295,823	(1,311,346)	984,477
Net assets - beginning of year	21,789,743	21,166,376	42,956,119	19,493,920	22,477,722	41,971,642
Net assets - end of year	<u>\$ 24,448,615</u>	<u>\$ 28,223,309</u>	<u>\$ 52,671,924</u>	<u>\$ 21,789,743</u>	<u>\$ 21,166,376</u>	<u>\$ 42,956,119</u>

See Notes to Consolidated Financial Statements.

Corporation for Supportive Housing and its Subsidiaries

**Consolidated Statements of Functional Expenses
Years Ended December 31, 2020 and 2019**

	2020				2019			
	Program services	Management and general	Fund raising	Total	Program services	Management and general	Fund raising	Total
Expenses								
Salaries and wages	\$ 10,454,495	\$ 3,644,894	\$ 386,675	\$ 14,486,064	\$ 10,294,879	\$ 3,316,693	\$ 303,515	\$ 13,915,087
Employee benefits and payroll taxes	2,755,547	969,447	104,022	3,829,016	2,688,140	862,461	82,991	3,633,592
Consultants	3,399,683	220,067	10,000	3,629,750	2,457,213	172,982	7,500	2,637,695
Professional fees	289,797	321,322	-	611,119	224,512	291,006	-	515,518
Rent, utilities, and maintenance	786,532	344,381	51,031	1,181,944	795,325	374,611	33,680	1,203,616
Management information system	62,726	109,361	948	173,035	68,840	105,683	-	174,523
Telephone	111,628	40,618	4,384	156,630	118,454	38,964	3,662	161,080
Supplies	32,300	8,789	780	41,869	32,491	13,956	877	47,324
Equipment repairs and maintenance	61,901	82,871	-	144,772	46,383	86,779	-	133,162
Postage and messenger services	9,418	3,170	322	12,910	13,943	4,329	399	18,671
Duplication	33,175	12,124	2,312	47,611	52,650	15,472	1,479	69,601
Staff travel	129,356	33,023	-	162,379	882,497	206,690	330	1,089,517
Insurance	2,473	56,840	-	59,313	5,287	76,110	-	81,397
Other administrative expenses	187,815	151,675	1,951	341,441	150,990	193,341	2,824	347,155
Conferences, meetings and seminars	152,074	56,826	-	208,900	639,143	61,955	670	701,768
Grants and direct support	9,877,120	140	-	9,877,260	9,098,090	-	-	9,098,090
Depreciation and amortization	-	41,501	-	41,501	-	62,540	-	62,540
Interest	2,489,861	20,426	-	2,510,287	3,808,923	-	-	3,808,923
In-kind interest and services	2,974,717	-	-	2,974,717	2,276,048	-	-	2,276,048
Provision for bad debt expense	53,109	91	-	53,200	133,716	-	-	133,716
	<u>\$ 33,863,727</u>	<u>\$ 6,117,566</u>	<u>\$ 562,425</u>	<u>\$ 40,543,718</u>	<u>\$ 33,787,524</u>	<u>\$ 5,883,572</u>	<u>\$ 437,927</u>	<u>\$ 40,109,023</u>

See Notes to Consolidated Financial Statements.

Corporation for Supportive Housing and its Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 9,715,805	\$ 984,477
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Conversion of loans payable to contribution	(4,000,000)	-
Depreciation and amortization	41,501	62,540
Provision for bad debt expense	46,693	395,658
Net realized and unrealized (gains)	(273,158)	(393,940)
Grants receivable discount	(26,775)	(66,598)
Changes in:		
Grants and contributions receivable	214,424	1,187,287
Contracts receivable	(237,337)	(508,924)
Other receivables	499,048	(495,211)
Prepaid expenses and other assets	52,528	(91,192)
Accounts payable and accrued expenses	(153,698)	(158,826)
Advances on contracts	(1,523,920)	(427,663)
Grants payable	1,076,153	1,869,884
Administrative agent cash distributable	430,039	(441,779)
Net cash provided by operating activities	5,861,303	1,915,713
Cash flows from investing activities:		
Purchases of property and equipment	(44,800)	(14,177)
Purchases of investments	(19,880,853)	(3,167,979)
Proceeds from sales of investments	4,691,457	2,803,824
Cash payments under loan obligations	(47,158,551)	(84,161,371)
Cash collections under loan obligations	62,438,605	98,991,929
Net cash provided by investing activities	45,858	14,452,226
Cash flows from financing activities:		
Proceeds from loans payable	6,958,939	18,070,000
Payments on loans payable	(32,768,180)	(2,000,000)
Net cash (used in) provided by financing activities	(25,809,241)	16,070,000
Net (decrease) increase in cash, cash equivalents and restricted cash	(19,902,080)	32,437,939
Cash and cash equivalents and restricted cash - beginning of year	54,139,038	21,701,099
Cash and cash equivalents and restricted cash - end of year	\$ 34,236,958	\$ 54,139,038
Supplemental cash flow information:		
Cash paid for interest	\$ 2,931,880	\$ 3,883,121
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 24,977,925	\$ 45,310,044
Cash restricted - administrative agent cash	9,259,033	8,828,994
Total cash, cash equivalents and restricted cash presented in the statements of cash flows	\$ 34,236,958	\$ 54,139,038
Significant noncash investing and financing activities		
Loans receivable written off against the allowance for loan loss	\$ -	\$ 25,000
Loans payable converted to contribution	\$ 4,000,000	\$ -

See Notes to Consolidated Financial Statements.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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 38 locations 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, 2020, has been awarded \$280,000,000 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 LLC's 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, 2020, of the thirty LLCs that have been formed, twenty-one have entered into NMTC based agreements. Of these twenty-one 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 eighteen active NMTC investments as of December 31, 2020. 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 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, 2020 and 2019

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 an original maturity 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, 2020 and 2019, the balance of loan participations serviced was \$48,810,926 and \$45,110,547, respectively, and is included as an offset component of loans receivable, net on the accompanying consolidated statements of financial position.

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.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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 values 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") time 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, 2020 and 2019, this accrued vacation obligation was approximately \$1,517,507 and \$1,359,305, respectively, and is included as a component of accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

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.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Net assets

Basis of presentation - The financial statements of CSH have been prepared in accordance with U.S. generally accepted accounting principles "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:

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

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Grants and direct support

Grants and direct support to others are recognized as expenses in the period the grants are approved. At December 31, 2020, 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, 2020 and 2019, 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 2017 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.

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

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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.

Subsequent events

Material subsequent events have been considered for recognition and disclosure in these consolidated financial statements through April 29, 2021, 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.

Note B - Liquidity and availability

The table below represents financial assets available for general expenditures within one year at December 31, 2020 and 2019:

Financial assets at year end:	2020	2019
Cash and cash equivalents	\$ 24,977,925	\$ 45,310,044
Cash restricted - administrative agent cash	9,259,033	8,828,994
Investments	27,049,358	11,418,633
Grants and contributions receivable, net	4,050,345	5,163,795
Contracts receivable, net	8,483,623	8,277,368
Loans receivable, net	35,887,029	32,539,842
Other receivables, net	1,035,329	1,779,709
Total financial assets	110,742,642	113,318,385
Less amounts not available to be used within one year:		
Cash restricted - administrative agent cash	(9,259,033)	(8,828,994)
Cash and cash equivalents	(9,906,732)	(22,653,968)
Net assets with donor restrictions net of current grants and contributions receivable	(24,172,964)	(16,002,581)
Loans receivable, net	(16,061,611)	(20,012,541)
Financial assets not available to be used within one year	(59,400,340)	(67,498,084)
Financial assets available to meet general expenditures within one year	\$ 51,342,302	\$ 45,820,301

As of December 31, 2020, CSH has a working capital of \$111,079 and average days (based on normal expenditures) cash on hand of approximately 225 days. Additionally, CSH has an internal policy of maintaining 6 months of operating reserves. E

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 limited-liability companies had entered. 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.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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.

Note C - Grants and contributions receivable

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

	2020	2019
Gross amounts due in:		
One year	\$ 4,050,345	\$ 5,163,795
One to five years	4,452,777	3,603,751
	8,503,122	8,767,546
Less reduction of grants and contributions due in excess of one year, at a discount rate of 1.5%	(261,419)	(288,194)
	<u>\$ 8,241,703</u>	<u>\$ 8,479,352</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, 2020 and 2019

Loans receivable, by class, as of December 31, 2020 and 2019, were as follows:

		2020		2019
Acquisition and predevelopment	43	\$ 71,006,670	46	\$ 86,440,198
Predevelopment	29	11,970,166	38	12,448,883
Project initiation loans	15	653,045	9	400,500
Mini permanent	3	2,347,285	3	1,958,009
Other	-	-	1	9,680
Total loans receivable	90	85,977,166	97	101,257,270
Less: Allowance for uncollectible loans		(2,235,838)		(2,270,277)
Loans receivable, net		<u>\$ 83,741,328</u>		<u>\$ 98,986,993</u>

An aging of loans receivable, by class, as of December 31, 2020 and 2019, is as follows:

December 31, 2020	Current	31-60 Days Past Due	61-90 Days Past Due	91-180 Days Past Due	181+ Days Past Due	Total
Acquisition and predevelopment	\$ 71,006,670	\$ -	\$ -	\$ -	\$ -	\$ 71,006,670
Predevelopment	11,970,166	-	-	-	-	11,970,166
Project initiation loans	653,045	-	-	-	-	653,045
Mini permanent	2,347,285	-	-	-	-	2,347,285
Other	-	-	-	-	-	-
	<u>\$ 85,977,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,977,166</u>

December 31, 2019	Current	31-60 Days Past Due	61-90 Days Past Due	91-180 Days Past Due	181+ Days Past Due	Total
Acquisition and predevelopment	\$ 84,745,580	\$ -	\$ 1,190,000	\$ 504,618	\$ -	\$ 86,440,198
Predevelopment	12,448,883	-	-	-	-	12,448,883
Project initiation loans	400,500	-	-	-	-	400,500
Mini permanent	1,958,009	-	-	-	-	1,958,009
Other	9,680	-	-	-	-	9,680
	<u>\$ 99,562,652</u>	<u>\$ -</u>	<u>\$ 1,190,000</u>	<u>\$ 504,618</u>	<u>\$ -</u>	<u>\$ 101,257,270</u>

As of December 31, 2020 and 2019, the allowance for loan loss by class, is as follows:

December 31, 2020	Beginning Balance	(Recovery of) Provision for loan loss	Write-off	Recoveries	Total
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>

December 31, 2019	Beginning Balance	(Recovery of) Provision for loan loss	Write-off	Recoveries	Total
Acquisition and predevelopment	\$ 2,201,155	\$ (228,796)	\$ -	\$ -	\$ 1,972,359
Predevelopment	169,959	71,759	-	-	241,718
Project initiation loans	39,700	1,300	(25,000)	-	16,000
Mini permanent	88,754	(48,554)	-	-	40,200
Other	-	-	-	-	-
	<u>\$ 2,499,568</u>	<u>\$ (204,291)</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ 2,270,277</u>

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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, 2020 and 2019, are as follows:

December 31, 2020	Strong	Good	Acceptable	Weak	Doubtful	Total
Acquisition and predevelopment	\$ 8,289,986	\$ 53,440,149	\$ 5,606,535	\$ 3,670,000	\$ -	\$ 71,006,670
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	-	2,347,285	-	-	-	2,347,285
Other	-	-	-	-	-	-
	<u>\$ 9,404,146</u>	<u>\$ 64,015,469</u>	<u>\$ 8,309,580</u>	<u>\$ 3,947,971</u>	<u>\$ 300,000</u>	<u>\$ 85,977,166</u>
December 31, 2019	Strong	Good	Acceptable	Weak	Doubtful	Total
Acquisition and predevelopment	\$ 1,431,577	\$ 65,722,983	\$ 15,111,021	\$ 4,174,617	\$ -	\$ 86,440,198
Predevelopment	500,000	7,642,050	4,306,833	-	-	12,448,883
Project initiation loans	-	-	400,500	-	-	400,500
Mini permanent	-	1,908,009	50,000	-	-	1,958,009
Other	9,680	-	-	-	-	9,680
	<u>\$ 1,941,257</u>	<u>\$ 75,273,042</u>	<u>\$ 19,868,354</u>	<u>\$ 4,174,617</u>	<u>\$ -</u>	<u>\$ 101,257,270</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.

During the years ended December 31, 2020 and 2019, \$30,209,103 and \$23,136,523, 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, 2020 and 2019, \$31,696,967 and \$32,426,170, respectively, of outstanding loans receivable have been restructured in this manner.

As of December 31, 2020, there were three loans receivable that were considered impaired along with one additional loan placed on non-accrual (two non-accrual loans outstanding in the portfolio). There were two loan receivables that was considered impaired or placed on non-accrual status at December 31, 2019.

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

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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, 2020 and 2019 was \$2,235,838 (2.6% of the loan portfolio) and \$2,270,277 (2.2% of the loan portfolio), respectively.

Note E - Contracts receivable

Contracts receivable consists 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, 2020 and 2019, CSH has not recorded an allowance for uncollectible receivables.

Contracts are recorded as revenue to the extent that expenses have been incurred for the purposes specified by the underlying contract agreements. For 2020 and 2019, advances on contracts received in excess of amounts spent were \$572,625 and \$2,096,545, 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, 2020 and 2019, CSH has recorded an allowance for uncollectible receivables of approximately \$149,346 and \$142,839, respectively.

Note G - Investments

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

	2020		2019	
	Fair value	Cost	Fair value	Cost
Corporate and government fixed-income securities	\$ 21,297,557	\$ 19,780,625	\$ 20,926,577	\$ 20,387,859
Money market funds	15,676,521	15,676,521	591,977	591,977
Limited liability company	500,000	500,000	500,000	500,000
	<u>\$ 37,474,078</u>	<u>\$ 35,957,146</u>	<u>\$ 22,018,554</u>	<u>\$ 21,479,836</u>

During each year, investment income consisted of the following:

	2020	2019
Interest and dividends	\$ 400,689	\$ 447,237
Net unrealized gains on investments	257,179	372,727
Net realized gains on sales of investments	15,979	21,213
	<u>\$ 673,847</u>	<u>\$ 841,177</u>

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Corporate and government fixed-income securities	\$ -	\$ 21,297,557	\$ -	\$ 21,297,557
Money market funds	15,676,521	-	-	15,676,521
Limited liability company	-	-	500,000	500,000
	<u>\$ 15,676,521</u>	<u>\$ 21,297,557</u>	<u>\$ 500,000</u>	<u>\$ 37,474,078</u>
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Corporate and government fixed-income securities	\$ -	\$ 20,926,577	\$ -	\$ 20,926,577
Money market funds	591,977	-	-	591,977
Limited liability company	-	-	500,000	500,000
	<u>\$ 591,977</u>	<u>\$ 20,926,577</u>	<u>\$ 500,000</u>	<u>\$ 22,018,554</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 the Pay for Success Homeless Initiative. The valuation of this investment is based on the best available success rate at the date of the financial statements, at which time no impairment existed.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Note H - Property and equipment

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

	<u>2020</u>	<u>2019</u>
Furniture and office equipment	\$ 601,944	\$ 557,145
Leasehold improvements	<u>270,864</u>	<u>278,364</u>
	872,808	835,509
Less accumulated depreciation and amortization	<u>(788,600)</u>	<u>(754,600)</u>
	<u><u>\$ 84,208</u></u>	<u><u>\$ 80,909</u></u>

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

Note I - Loans payable

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

	2020	2019
Wells Fargo Bank, N.A. note payable, interest is payable annually at 2% through maturity, June 26, 2020.	\$ -	\$ 375,000
Indiana Housing and Community Development Authority note payable; 0% interest through maturity, September 30, 2021.	435,000	435,000
Mercy Investment Services, Inc. note payable, interest is payable quarterly at 2.5% through maturity, May 25, 2021.	1,000,000	1,000,000
Trinity Health Corporation note payable, interest is payable quarterly at 2% through maturity, July 1 2021.	1,500,000	1,500,000
The California Endowment note payable, interest payable quarterly at 2% through maturity, March 31, 2022.	2,000,000	2,000,000
CommonSpirir (Catholic Health Initiative) note payable, interest is payable annually at 2% through maturity, June 1, 2022.	500,000	500,000
Opportunity Finance Network note payable, interest is payable quarterly at 3% through maturity, October 31, 2023. Principal is due in annual installments of \$454,545 commencing October 31, 2020 through maturity.	-	1,818,180
Annie E. Casey Foundation line of credit, interest is payable quarterly at 2.0% through maturity, July 31, 2030.	2,350,000	3,000,000
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.	6,462,500	11,500,000
Amalgamated Bank line of credit, interest is payable quarterly based on LIBOR + 2.4% (2.85% min) through maturity, July 31, 2025.	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.	3,055,000	1,500,000
Bank of America line of credit, interest is payable quarterly based on LIBOR + 2.0% through maturity, July 31, 2025.	5,522,500	9,600,000
Robert Wood Johnson Foundation line of credit, interest is payable quarterly at 0% for three years, 2.0% thereafter through maturity, July 31, 2030.	3,995,000	8,500,000
Morgan Stanley line of credit, interest is payable quarterly based on LIBOR + 2.0% through maturity, July 31, 2025.	9,987,500	16,675,000
HSBC line of credit, interest is payable quarterly based on LIBOR + 1.75% through maturity, July 31, 2025.	9,987,498	16,674,998

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

	2020	2019
Ohio Housing Finance Agency note payable, 0% note payable principal due October 1, 2025.	171,300	171,300
Conrad N. Hilton Foundation payable at 0% through maturity, March 31, 2024.	1,936,085	1,936,085
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
Conrad N. Hilton Foundation note payable, interest is payable quarterly at 2% through maturity, June 30, 2027 (converted to contribution during 2020)	-	4,000,000
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 LIBOR + 1.75% through maturity, July 30, 2022.	2,500,000	2,500,000
First Republic, NA note payable, interest due quarterly at 2% through maturity, November 12, 2021.	-	3,000,000
JPMorgan Chase line of credit, interest is payable quarterly based on LIBOR + 2.125% through maturity, March 12, 2022.	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
HSBC CARES ACT Paycheck Protection Program loan Interest is payable at 1.0% deferred payment until 8/16/2021. Matures May 1, 2022.	3,123,939	-
	<u>\$ 94,576,322</u>	<u>\$ 124,385,563</u>

The required principal payments on the above obligations in each of the five years subsequent to 2020 are as follows:

Year Ending December 31,	Amount
2021	\$ 3,935,000
2022	30,723,939
2023	-
2024	4,936,085
2025	35,481,298

Interest expense for 2020 and 2019 was \$5,485,404 and \$6,084,971, respectively, including \$2,974,717 and \$2,276,048, respectively, of in-kind interest (as disclosed in Note J).

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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.

As of December 31, 2020 and 2019, the Solutions Fund had \$95,000,000 and \$69,450,000, respectively, in open lines of credit available to it, of which \$45,710,000 and \$69,450,000, 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 \$7,700,000 as of December 31, 2020, 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, 2020, CSH and the Solutions Fund were in compliance with all covenants. Additionally, the loans payable held by the Solutions Fund are guaranteed by CSH. However, as of December 31, 2020, 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. The PPP loan is included as a component of noncurrent loans payable on the accompanying consolidated statements 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 is included in the accompanying consolidated statements of activities as an in-kind contribution and corresponding expense. This amount was determined to be \$2,974,717 and \$2,276,048 for 2020 and 2019, respectively.

Additionally, during the years ended December 31, 2020 and 2019, CSH received contributed consulting services, with a fair value on the date of donation, of \$0 and \$5,000 for 2020 and 2019, 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.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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:

	2020	2019
Specific programs:		
Lead supportive housing industry	\$ 785,763	\$ 2,099,215
Expand access to supportive housing	8,048,272	4,130,633
Deploy and leverage capital	13,733,187	13,000,365
Improve and sustain quality	5,656,087	1,936,163
	<u>\$ 28,223,309</u>	<u>\$ 21,166,376</u>

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

	2020	2019
Specific programs:		
Lead supportive housing industry	\$ 1,624,776	\$ 4,012,020
Expand access to supportive housing	2,665,271	2,276,600
Deploy and leverage capital	1,562,455	780,677
Improve and sustain quality	1,992,075	1,013,906
	<u>\$ 7,844,577</u>	<u>\$ 8,083,203</u>

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 2020 and 2019 were \$563,698 and \$520,427, respectively.

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, 2020 and 2019, CSH earned fees totaling \$1,065,815 and \$988,419 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, 2020 and 2019, CSH also closed on new Qualified Low-Income Community Investment ("QLICI") loans to four and two projects, which earned \$1,705,000 and \$647,500, respectively, in sub allocation fees, which is also included as a component of new market tax credit program fees on the accompanying consolidated statements of activities.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2020 and 2019

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, 2020, CSH was obligated under various non-cancelable operating real estate leases expiring through 2027. For years subsequent to 2020, minimum annual future rental commitments under the lease agreements are as follows:

Year Ending December 31,	Amount
2021	\$ 1,038,729
2022	1,027,324
2023	1,051,118
2024	422,949
2025	219,820
Thereafter	259,305
Total	<u>\$ 4,019,245</u>

Total rent expense for 2020 and 2019 was \$1,180,313 and \$1,198,426, respectively.

Loan commitments

As of December 31, 2020, CSH's Board of Directors had approved loan commitments totaling \$42,367,804. These amounts are expected to be disbursed as loans in 2021.

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. Subject to various closing conditions, this grant is expected to be 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 the Organization's financial position, results of operations, and cash flows. The Organization 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, 2020**

	<u>Assets</u>				
	CSH	Solutions Fund	Total	Eliminations	Consolidated
Current assets					
Cash and cash equivalents	\$ 15,071,193	\$ 9,906,732	\$ 24,977,925	\$ -	\$ 24,977,925
Cash restricted - administrative agent cash	9,259,033	-	9,259,033	-	9,259,033
Investments	25,972,237	1,077,121	27,049,358	-	27,049,358
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**

Liabilities and Net Assets

	<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
Total current liabilities	<u>25,752,529</u>	<u>1,234,510</u>	<u>26,987,039</u>	<u>(1,047,110)</u>	<u>25,939,929</u>
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
Total noncurrent liabilities	<u>50,298,871</u>	<u>48,059,998</u>	<u>98,358,869</u>	<u>(2,350,000)</u>	<u>96,008,869</u>
Total liabilities	<u>76,051,400</u>	<u>49,294,508</u>	<u>125,345,908</u>	<u>(3,397,110)</u>	<u>121,948,798</u>
Commitments and contingencies (Note O)	-	-	-	-	-
Net assets					
Without donor restrictions	16,807,517	7,641,098	24,448,615	-	24,448,615
With donor restrictions	28,223,309	-	28,223,309	-	28,223,309
Total net assets	<u>45,030,826</u>	<u>7,641,098</u>	<u>52,671,924</u>	<u>-</u>	<u>52,671,924</u>
Total liabilities and net assets	<u>\$ 121,082,226</u>	<u>\$ 56,935,606</u>	<u>\$ 178,017,832</u>	<u>\$ (3,397,110)</u>	<u>\$ 174,620,722</u>

See Independent Auditor's Report.

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statement of Financial Position
December 31, 2019**

Assets

	CSH	Solutions Fund	Total	Eliminations	Consolidated
Current assets					
Cash and cash equivalents	\$ 22,656,076	\$ 22,653,968	\$ 45,310,044	\$ -	\$ 45,310,044
Cash restricted - administrative agent cash	8,828,994	-	8,828,994	-	8,828,994
Investments	11,418,633	-	11,418,633	-	11,418,633
Grants and contributions receivable, net	5,163,795	-	5,163,795	-	5,163,795
Contracts receivable, net	9,291,137	-	9,291,137	(1,013,769)	8,277,368
Loans receivable, net	12,527,301	20,012,541	32,539,842	-	32,539,842
Other receivables, net	715,707	1,064,002	1,779,709	-	1,779,709
Prepaid expenses and other assets	455,002	-	455,002	-	455,002
Total current assets	<u>71,056,645</u>	<u>43,730,511</u>	<u>114,787,156</u>	<u>(1,013,769)</u>	<u>113,773,387</u>
Noncurrent assets					
Investments	10,599,921	-	10,599,921	-	10,599,921
Grants and contributions receivable, net	3,315,557	-	3,315,557	-	3,315,557
Loans receivable, net	32,301,067	39,696,084	71,997,151	(5,550,000)	66,447,151
Other receivables, net	414,965	236,354	651,319	-	651,319
Property and equipment, net	80,909	-	80,909	-	80,909
Investments in limited liability companies	17,340	-	17,340	-	17,340
Total noncurrent assets	<u>46,729,759</u>	<u>39,932,438</u>	<u>86,662,197</u>	<u>(5,550,000)</u>	<u>81,112,197</u>
Total assets	<u>\$ 117,786,404</u>	<u>\$ 83,662,949</u>	<u>\$ 201,449,353</u>	<u>\$ (6,563,769)</u>	<u>\$ 194,885,584</u>

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statement of Financial Position
December 31, 2019**

Liabilities and Net Assets

	<u>CSH</u>	<u>Solutions Fund</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current liabilities					
Accounts payable and accrued expenses	\$ 3,967,876	\$ 1,519,763	\$ 5,487,639	\$ (1,013,769)	\$ 4,473,870
Advances on contracts	2,096,545	-	2,096,545	-	2,096,545
Grants payable	8,293,795	-	8,293,795	-	8,293,795
Loans payable	1,435,845	-	1,435,845	-	1,435,845
Administrative agent cash distributable	8,828,994	-	8,828,994	-	8,828,994
Total current liabilities	<u>24,623,055</u>	<u>1,519,763</u>	<u>26,142,818</u>	<u>(1,013,769)</u>	<u>25,129,049</u>
Noncurrent liabilities					
Grants payable	3,850,698	-	3,850,698	-	3,850,698
Loans payable, net of current maturities	53,499,720	74,999,998	128,499,718	(5,550,000)	122,949,718
Total noncurrent liabilities	<u>57,350,418</u>	<u>74,999,998</u>	<u>132,350,416</u>	<u>(5,550,000)</u>	<u>126,800,416</u>
Total Liabilities	<u>81,973,473</u>	<u>76,519,761</u>	<u>158,493,234</u>	<u>(6,563,769)</u>	<u>151,929,465</u>
Commitments and contingencies (Note O)	-	-	-	-	-
Net assets					
Without donor restrictions	14,646,555	7,143,188	21,789,743	-	21,789,743
With donor restrictions	21,166,376	-	21,166,376	-	21,166,376
Total net assets	<u>35,812,931</u>	<u>7,143,188</u>	<u>42,956,119</u>	<u>-</u>	<u>42,956,119</u>
Total liabilities and net assets	<u>\$ 117,786,404</u>	<u>\$ 83,662,949</u>	<u>\$ 201,449,353</u>	<u>\$ (6,563,769)</u>	<u>\$ 194,885,584</u>

See Independent Auditor's Report.

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	2,179,470	16,002	2,195,472	(1,372,449)	823,023	-	-	-	823,023
	31,771,521	4,685,783	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	39,616,098	4,685,783	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	6,117,566	-	6,117,566	-	6,117,566	-	-	-	6,117,566
Fundraising	562,425	-	562,425	-	562,425	-	-	-	562,425
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 gains (losses) on	1,887,804	497,910	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	2,160,962	497,910	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	\$ 16,807,517	\$ 7,641,098	\$ 24,448,615	\$ -	\$ 24,448,615	\$ 28,223,309	\$ -	\$ 28,223,309	\$ 52,671,924

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statement of Activities
Year Ended December 31, 2019**

	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	\$ 1,355,426	\$ -	\$ 1,355,426	\$ -	\$ 1,355,426	\$ 6,771,857	\$ -	\$ 6,771,857	\$ 8,127,283
In-kind contributions	1,358,375	917,673	2,276,048	-	2,276,048	-	-	-	2,276,048
Total public support and revenue	2,713,801	917,673	3,631,474	-	3,631,474	6,771,857	-	6,771,857	10,403,331
Contract services	18,209,367	-	18,209,367	-	18,209,367	-	-	-	18,209,367
Interest and dividend income	447,237	-	447,237	-	447,237	-	-	-	447,237
Interest income - loans	3,312,432	3,912,120	7,224,552	-	7,224,552	-	-	-	7,224,552
Fee income - loans	1,041,923	688,721	1,730,644	-	1,730,644	-	-	-	1,730,644
New market tax credit program fees	1,635,919	-	1,635,919	-	1,635,919	-	-	-	1,635,919
Other income	1,912,502	160,898	2,073,400	(1,024,890)	1,048,510	-	-	-	1,048,510
	29,273,181	5,679,412	34,952,593	(1,024,890)	33,927,703	6,771,857	-	6,771,857	40,699,560
Net assets released from restrictions	8,083,203	-	8,083,203	-	8,083,203	(8,083,203)	-	(8,083,203)	-
Total public support and revenue	37,356,384	5,679,412	43,035,796	(1,024,890)	42,010,906	(1,311,346)	-	(1,311,346)	40,699,560
Expenses:									
Program activities									
Program services	31,619,757	3,192,657	34,812,414	(1,024,890)	33,787,524	-	-	-	33,787,524
Management and general	5,767,434	116,138	5,883,572	-	5,883,572	-	-	-	5,883,572
Fundraising	437,927	-	437,927	-	437,927	-	-	-	437,927
Total expenses	37,825,118	3,308,795	41,492,405	(1,024,890)	40,109,023	-	-	-	40,109,023
Changes in net assets before net realized and unrealized gains (losses) on	(468,734)	2,370,617	1,901,883	-	1,901,883	(1,311,346)	-	(1,311,346)	590,537
Net realized and unrealized losses on investments	393,940	-	393,940	-	393,940	-	-	-	393,940
Changes in net assets	(74,794)	2,370,617	2,295,823	-	2,295,823	(1,311,346)	-	(1,311,346)	984,477
Net assets - beginning of year	14,721,349	4,772,571	19,493,920	-	19,493,920	22,477,722	-	22,477,722	41,971,642
Net assets - end of year	\$ 14,646,555	\$ 7,143,188	\$ 21,789,743	\$ -	\$ 21,789,743	\$ 21,166,376	\$ -	\$ 21,166,376	\$ 42,956,119

See Independent Auditor's Report.

Corporation for Supportive Housing and its Subsidiaries

Schedule of Expenditures of Federal Awards Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:				
TAC Building Program - Direct	14.259		\$ 393,817	\$ 2,889,270
Continuum of Care (CoC) Programs:				
Pass-through City of Chicago	14.267	IL1637D5T101800	311,639	349,740
Pass-through City of Chicago	14.267	IL1635L5T101800	269,146	384,024
Pass-through City of Chicago	14.267	IL0667L5T101802	335,259	524,082
Pass-through City of Chicago	14.267	IL1637D5T101901	109,382	193,288
Pass-through City of Chicago	14.267	IL1635L5T101901	213,866	273,382
Pass-through City of Chicago	14.267	IL0667L5T101903	-	23,867
Total Continuum of Care Programs			<u>1,239,292</u>	<u>1,748,383</u>
Pay for Success Permanent Supportive Housing Demonstration	14.273		<u>40,918</u>	<u>86,325</u>
Total U.S. Department of Housing and Urban Development			<u>1,674,027</u>	<u>4,723,978</u>
U.S. Department of Justice:				
Second Chance Act Re-entry Initiative				
Pass-through American Institute for Research	16.812	2019-MU-BX-KO15	-	7,926
Total U.S. Department of Justice:			-	7,926
U.S. Department of Treasury:				
Capital Magnet Fund Program	21.011			5,500,000
Community Development Financial Institutions (CDFI) Program	21.020		-	3,644,255
Total U.S. Department of Treasury			-	9,144,255
U.S. Department of Health and Human Services:				
Health Resources and Services Administration Program:				
Technical and Non-Financial Assistance to Health Centers	93.129		54,159	418,618
Child Abuse and Neglect Discretionary Activities				
Pass-through State of New Jersey	93.670	18JGDS	-	68,316
Total U.S. Department of Health and Human Services			<u>54,159</u>	<u>486,934</u>
Total Expenditures of Federal Awards			<u>\$ 1,728,186</u>	<u>\$ 14,363,093</u>

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Corporation for Supportive Housing and its Subsidiaries

Notes to Schedule of Expenditures of Federal Awards December 31, 2020

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, 2020. 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. 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.

Note C - U.S Department of Treasury Programs

CFDA Number 21.020 and 21.011, Community Development Financial Institutions Program and Capital Magnet Fund program, respectively, represent the amount of funds held by CSH as of December 31, 2020, that are utilized through a revolving loan fund program, either as loans outstanding or as the funded portion of an allowance for loan loss and are subject to ongoing compliance requirements from the U.S. Department of the Treasury. During the year ended December 31, 2020, all of the U.S. Department of Treasury Program funding was deployed as loans outstanding.

Independent Auditor's 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 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 consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated REPORT DATE. 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.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered 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 Corporation for Supportive Housing and its Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of 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 Corporation for Supportive Housing and its Subsidiaries' consolidated 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 statement. However, providing an opinion on compliance with these 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 Corporation for Supportive Housing and its Subsidiaries' internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.



Bethesda, Maryland
April 29, 2021

Independent Auditor's 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

We have audited Corporation for Supportive Housing and its Subsidiaries' compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Corporation for Supportive Housing and its Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Corporation for Supportive Housing and its Subsidiaries' compliance with these requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Corporation for Supportive Housing and its Subsidiaries' compliance.

Opinion on Each Major Federal Programs

In our opinion, Corporation for Supportive Housing and its Subsidiaries complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Corporation for Supportive Housing and its Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Corporation for Supportive Housing and its Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Corporation for Supportive Housing and its Subsidiaries' internal control over compliance.

A deficiency in internal control over compliance 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, 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Bethesda, Maryland
April 29, 2021

Corporation for Supportive Housing and its Subsidiaries

Schedule of Findings and Questioned Costs December 31, 2020

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

Federal Grantor/CFDA Number

U.S. Department of Treasury/CFDA #21.020

Name of Federal Program

Community Development Financial Institutions Program

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

Section B - Financial Statement Audit Findings

There were no significant deficiencies, material weaknesses or instances of noncompliance related to the financial statements that are required to be reported in accordance with the Uniform Guidance.

Corporation for Supportive Housing and its Subsidiaries

**Schedule of Findings and Questioned Costs
December 31, 2020**

Section C - Major Federal Award Program Findings and Questioned Costs

There were no significant deficiencies, material weaknesses or instances of noncompliance related to major federal programs that are required to be reported in accordance with the Uniform Guidance



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