

**Long Island Housing Partnership, Inc.  
and Affiliates**

Combined Financial Statements and  
Supplementary Information

December 31, 2017 and 2016



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# Long Island Housing Partnership, Inc. and Affiliates

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December 31, 2017 and 2016

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## **Independent Auditors' Report**

Board of Directors  
Long Island Housing Partnership, Inc. and Affiliates

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Long Island Housing Partnership, Inc. and Affiliates, which comprise the combined statements of financial position as of December 31, 2017 and 2016, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Combined Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Long Island Housing Partnership, Inc. and Affiliates as of December 31, 2017 and 2016, 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**

### **Report on Combining and Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining and supplementary information on pages 20 to 27 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the combined 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 combined financial statements. The combining and supplementary information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Melville, New York  
April 25, 2018

# Long Island Housing Partnership, Inc. and Affiliates

## Combined Statements of Financial Position

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 7,310,451	\$ 7,245,484
Investments	4,538,018	4,170,442
Accounts receivable, net of allowance	680,034	1,054,172
Due from escrow agent	19,353	5,183
Prepaid expenses and other	40,720	35,272
Notes receivable	508,983	547,483
Capitalized project costs	2,736,418	2,797,440
Fixed assets, net	134,801	186,744
	<u>134,801</u>	<u>186,744</u>
Total assets	<u>\$ 15,968,778</u>	<u>\$ 16,042,220</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 509,510	\$ 474,150
Loan payable	840,000	840,000
Project grant advances - governmental	1,232,679	1,449,806
Project grant advances - private	882,109	-
Lines of credit	205,500	244,000
Home buyers' deposits held in escrow	-	5,183
Deferred revenue	27,000	27,000
Construction reserve	20,375	20,375
Funds held as program agent	2,125,583	2,862,971
	<u>2,125,583</u>	<u>2,862,971</u>
Total liabilities	<u>5,842,756</u>	<u>5,923,485</u>
<b>Commitments and Contingencies</b>		
<b>Net Assets</b>		
Unrestricted	9,252,228	9,002,251
Temporarily restricted	858,294	1,100,984
Permanently restricted	15,500	15,500
	<u>15,500</u>	<u>15,500</u>
Total net assets	<u>10,126,022</u>	<u>10,118,735</u>
Total liabilities and net assets	<u>\$ 15,968,778</u>	<u>\$ 16,042,220</u>

See notes to combined financial statements

# Long Island Housing Partnership, Inc. and Affiliates

## Combined Statements of Activities and Changes in Net Assets

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Changes in Unrestricted Net Assets</b>		
<b>Support and Revenue</b>		
Contributions	\$ 117,282	\$ 127,707
Receipts and government grants on transfer of homes	1,860,312	1,385,422
Government grants	419,933	194,528
Private grants	370,968	-
Special events	103,050	93,650
Direct expenses of special events	(33,724)	(31,934)
Mortgage counseling	190,890	157,900
Technical assistance program	630,290	613,635
Interest	14,817	15,379
Investment interest and dividends	103,610	117,614
Realized and unrealized gains	279,975	90,831
Other income	460,245	349,358
Net assets released from restrictions, Satisfaction of program restrictions	242,690	682,071
Total support and revenue	<u>4,760,338</u>	<u>3,796,161</u>
<b>Expenses</b>		
Program services:		
Project costs	1,744,569	1,177,738
Program support services	1,675,726	1,805,411
Supporting services:		
Management and general	1,059,082	997,752
Fundraising	30,984	30,890
Total expenses	<u>4,510,361</u>	<u>4,011,791</u>
Increase (decrease) in unrestricted net assets	<u>249,977</u>	<u>(215,630)</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Grants	-	744,330
Net assets released from restrictions	(242,690)	(682,071)
(Decrease) increase in temporarily restricted net assets	<u>(242,690)</u>	<u>62,259</u>
Increase (decrease) in net assets	7,287	(153,371)
<b>Net Assets, Beginning of Year</b>	<u>10,118,735</u>	<u>10,272,106</u>
<b>Net Assets, End of Year</b>	<u>\$ 10,126,022</u>	<u>\$ 10,118,735</u>

See notes to combined financial statements

## Long Island Housing Partnership, Inc. and Affiliates

Combined Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 7,287	\$ (153,371)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	51,943	61,044
Realized and unrealized gains	(279,975)	(90,831)
Change in allowance for doubtful accounts	(1,721)	-
Provision for deferred rent	4,068	7,207
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	375,859	(356,782)
Due from escrow agent	(14,170)	4,315
Prepaid expenses and other	(5,448)	15,101
Capitalized project costs	61,022	831,872
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	31,292	81,223
Funds held as program agent	(737,388)	300,478
Project grant advances - governmental	(217,127)	(1,186,342)
Project grant advances - private	882,109	-
Home buyers' deposits held in escrow	(5,183)	(4,315)
Deferred revenue	-	6,000
Construction reserve	-	(175,645)
Total adjustments	<u>145,281</u>	<u>(506,675)</u>
Net cash provided by (used in) operating activities	<u>152,568</u>	<u>(660,046)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(355,893)	(446,639)
Sales of investments	268,292	345,114
Repayments (borrowings) of notes receivable	38,500	(244,000)
Purchase of fixed assets	-	(83,397)
Net cash used in investing activities	<u>(49,101)</u>	<u>(428,922)</u>
<b>Cash Flows from Financing Activities</b>		
Repayments of line of credit	(279,000)	-
Proceeds from line of credit	<u>240,500</u>	<u>244,000</u>
Net cash (used in) provided by financing activities	<u>(38,500)</u>	<u>244,000</u>
Net increase (decrease) in cash and cash equivalents	64,967	(844,968)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>7,245,484</u>	<u>8,090,452</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 7,310,451</u>	<u>\$ 7,245,484</u>

See notes to combined financial statements

# **Long Island Housing Partnership, Inc. and Affiliates**

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Notes to Combined Financial Statements

December 31, 2017 and 2016

## **1. Description of Organization and Summary of Significant Accounting Policies**

Long Island Housing Partnership, Inc. and its affiliated entities, Long Island Partnership Housing Development Fund Company, Inc., Nassau/Suffolk Partnership Housing Development Fund Company, Inc., Long Island Partnership Community Development Corporation, Community Development and Disaster Relief Corporation, Long Island Housing Partnership Community Development Financial Institution, Inc., Long Island Partnership CLT Housing Development Fund Company, Inc. and HG Housing Development Fund Company, Inc. are not-for-profit corporations. Two other entities (wholly-owned subsidiaries of Long Island Housing Partnership, Inc.), Long Island Senior Citizen Housing at Broadway West, Inc., and Long Island Senior Housing at Medford Landing, Inc., are for-profit corporations. The individual entities have certain directors in common and share common facilities and personnel. Long Island Housing Partnership, Inc. is reimbursed by its affiliated entities for managerial and administrative support services, including salaries and occupancy costs, based upon services rendered by common personnel and usage of common facilities.

Long Island Housing Partnership, Inc. ("LIHP") was created to address the need for and to provide affordable housing opportunities on Long Island for those who are unable to afford homes, through development, technical assistance, mortgage counseling, home buyer education, and lending programs.

Long Island Partnership Housing Development Fund Company, Inc. ("LIPHDFC") was formed for the purpose of acquiring and holding title to land from government and private sources, securing financing through various government and private grants for predevelopment and construction activities, constructing homes, and transferring land and completed units to home buyers.

Nassau/Suffolk Partnership Housing Development Fund Company, Inc. ("NSPHDFC") was organized exclusively to develop housing for persons of low income where no adequate housing exists for such persons in Nassau and/or Suffolk Counties, New York.

Long Island Partnership Community Development Corporation ("LIPCDC") was created to develop, promote, and facilitate employment, business, and educational and housing opportunities (including securing financing through various government grants for the development and construction of homes to be transferred to home buyers) for low income residents of Suffolk County, New York, and to administer various state and federally funded programs on behalf of local municipalities.

Community Development and Disaster Relief Corporation ("CDDRC") was formed to promote and support, financially and administratively, community development and redevelopment programs, including disaster relief, for the construction of new single and multi-family homes, rehabilitation of existing residences and construction and rehabilitation of community buildings and related infrastructure, through cooperation with local, state and federal levels of government and private partners.

Long Island Housing Partnership Community Development Financial Institution, Inc. ("CDFI") was created to lessen the burdens of government and to enhance the wellbeing of communities by increasing the supply of newly constructed and rehabilitated residences (homeownership and/or rental) for community development or redevelopment programs. CDFI's mission will be met primarily through the issuance of construction, predevelopment and permanent financing loans and ancillary development services for the development of affordable housing in eligible target markets (investment areas with poverty rates of at least 20%) in Nassau and Suffolk Counties, New York.



# **Long Island Housing Partnership, Inc. and Affiliates**

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## Notes to Combined Financial Statements

December 31, 2017 and 2016

HG Housing Development Fund Company, Inc. ("HGDFC") was created as a single-purpose entity. HGDFC holds a nominal membership interest in an umbrella tax credit entity, Highland Green Residence, LLC ("HGR LLC"). HGR LLC was organized exclusively to develop, finance, construct and maintain the Highland Green Project ("HG Project"), a 118-unit affordable limited-equity cooperative development in Suffolk County. In connection with the HG Project, HGDFC holds fee title to real property, as nominee for the beneficial owner, HGR LLC. HGDFC does not control the development, construction or operation of the HG Project or the business affairs of the HGR LLC, and has provided no guarantees related to any construction and subsidy financing associated with the HG Project.

Long Island Partnership CLT Housing Development Fund Company, Inc. ("LIPCLTHDFC") was established to develop housing, for persons of low income, which is located within Nassau and Suffolk Counties.

Long Island Senior Citizen Housing at Broadway West, Inc. ("LISCHBW"), under a Limited Partnership agreement, acts as co-general partner of Broadway West, L.P. (the partnership), which has constructed two developments aggregating 114 rental units for low-income senior citizens in Brentwood, Town of Islip, New York.

Long Island Senior Housing at Medford Landing, Inc. ("LISHML"), under a Limited Partnership agreement, acts as co-general partner of Medford Landing, L.P. (the "partnership"), which has constructed a development of 112 rental units for low-income senior citizens in Medford, Town of Brookhaven, New York.

### **Principles of Combination**

The combined financial statements reflect the financial position and changes in net assets and cash flows of LIHP consolidated (LIHP and its wholly-owned subsidiaries, LISCHBW and LISHML) and its affiliated entities, LIPHDFC, NSPHDFC, LIPCDC, CDDRC, CDFI, HGDFC and LIPCLTHDFC ("LIHP and Affiliates"). All intercompany transactions have been eliminated.

The consolidation of the wholly-owned subsidiaries in LIHP resulted in an increase in unrestricted net assets of approximately \$250,000 and \$163,500 in 2017 and 2016, respectively.

### **Basis of Accounting**

The combined financial statements are prepared on the accrual basis in accordance with United States generally accepted accounting principles.

### **Use of Estimates**

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Long Island Housing Partnership, Inc. and Affiliates

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Notes to Combined Financial Statements

December 31, 2017 and 2016

## Revenue Recognition

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

LIHP and Affiliates report contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities and changes in net assets, as net assets released from restrictions. Donor restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated that such restrictions will be met in the current reporting period.

LIHP and Affiliates recognizes revenue on government grants up to contracted levels when services are provided. LIHP and Affiliates records cash received for grants as advances until related services are performed, at which time they are recognized as revenue. Fee for service revenue is recognized when services are performed.

Receipts and government grants on transfer of homes represent the cost of homes built or renovated. Revenue is recognized at the time when funds are spent.

## Tax Status

LIHP and its affiliated entities, LIPHDFC, NSPHDFC, LIPCDC, CDDRC, CDFI and LIPCLTHDFC are not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualify as not-for-profit organizations under New York State law. No provision for federal or state income taxes is required.

HGHDFC is a New York State not-for-profit organization exempt from New York State income taxes. No provision for federal or state income taxes is required.

LISCHBW and LISHML are for-profit corporations. Provisions for federal and state income taxes have been included in management and general expenses in the combined financial statements.

## Investments

Investments, consisting primarily of fixed income securities and equities are carried at fair value. Investments subject to the provisions of Accounting Standards Update 2009-12, *"Investments in Certain Entities That Calculate Net Asset Value per Share"*, with no readily determinable fair values are recorded at net asset value per share as a practical expedient to estimating fair value. Gains and losses on investments are reported in the combined statements of activities and changes in net assets as increases and decreases in unrestricted net assets unless their use is temporarily restricted by explicit donor stipulation or by law.

# **Long Island Housing Partnership, Inc. and Affiliates**

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Notes to Combined Financial Statements

December 31, 2017 and 2016

## **Fixed Assets**

Fixed assets consist of furniture, equipment, leasehold improvements, and computer software which are recorded at cost. Depreciation of furniture and equipment is provided over the estimated useful lives (ranging from three to ten years) of the assets using the straight-line method. Amortization of leasehold improvements is provided over the shorter of their useful lives or the remainder of the lease period using the straight-line method. Amortization of software development costs is provided over five years, the estimated useful lives of the software programs. Upon disposal, the cost and related accumulated depreciation or amortization is removed from the respective accounts and any resulting gain or loss is included in revenues or expenses. LIHP and Affiliates capitalizes all purchases of property and equipment in excess of \$500.

## **Deferred Revenue**

Deferred revenue represents fees that have been received by LIHP and Affiliates for monitoring services. Monitoring fees are earned proportionately on an annual basis over the term of the monitoring period, up to 120 months. Amounts not yet earned by the end of the fiscal year are reported as deferred revenue.

## **Donated Services, Property and Interest**

Donated services and property are recorded at estimated fair value when received. For funds borrowed by LIHP and Affiliates at no or below fair value interest rate, donated interest income is included in contributions and offset by imputed interest expense, included in project costs/program expenses. Interest is calculated using the borrowing rate of LIHP and Affiliates.

## **Capitalized Project Costs**

Costs related to the construction or renovation of homes are capitalized until such time as they are transferred to home buyers. Indirect costs for construction projects are also capitalized until transferred to home buyers.

## **Combined Statements of Cash Flows**

For purposes of the combined statements of cash flows, LIHP and Affiliates consider all highly liquid debt instruments with an original maturity of three months or less, when purchased, to be cash equivalents.

## **Concentration of Credit Risk**

Financial instruments which potentially subject LIHP and Affiliates to concentrations of credit risk consist of cash accounts in high credit quality financial institutions. From time to time, the cash balances exceed the Federal Deposit Insurance Corporation coverage limit.

## **Allowance for Doubtful Accounts**

Periodically, the accounts receivable and notes receivable balances are reviewed and evaluated as to their collectability. If necessary, an allowance is recorded based on these evaluations. A receivable balance is considered past due once it has not been received by its scheduled due date. As of December 31, 2017 and 2016, LIHP accounts receivable were shown net of an allowance of approximately \$60,500 and \$62,000, respectively.

# Long Island Housing Partnership, Inc. and Affiliates

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Notes to Combined Financial Statements

December 31, 2017 and 2016

## Uncertain Tax Positions

Management has evaluated LIHP and Affiliates' tax positions and concluded that LIHP and Affiliates have not taken any uncertain tax positions that require adjustment to the combined financial statements to comply with the provisions of Accounting Standards Codification 740.

## Subsequent Events

LIHP and Affiliates have evaluated all subsequent events from the date of the combined statements of financial position through April 25, 2018, which represents the date these combined financial statements are available to be issued. There were no events or transactions occurring during the subsequent event reporting period which require recognition or disclosure in the combined financial statements.

## Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value ("NAV") per share practical expedient under ASC 820. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Reporting entities are required to disclose the amount of investments measured at net asset value (or its equivalent) using the practical expedient to reconcile total investments in the fair value hierarchy to total investments measured at fair value. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016 and should be applied retrospectively to all periods presented. LIHP and Affiliates adopted the guidance retrospectively, which removes investments measured using the NAV per share as a practical expedient from the fair value hierarchy in all periods presented. The adoption of this accounting guidance did not have a material impact on LIHP and Affiliates' combined financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for the Organization for fiscal years beginning after December 15, 2018, with early adoption permitted. Management has concluded that the adoption of ASU 2014-09 will not materially impact the LIHP and Affiliates' combined financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of ASU 2016-14 on the LIHP and Affiliates' combined financial statements.

## Long Island Housing Partnership, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

### 2. Fair Value Measurements

The following tables represent the fair value hierarchy for the LIHP and Affiliates' financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability.

LIHP and Affiliates invests in open-end dynamic asset allocation funds (the "Funds") that have no readily determinable fair value. The Funds are recorded at net asset value, which represented fair value, and are based on the values provided by the general partner/funds manager of the Funds. The Funds' investment objectives are to moderate the volatility of equity and fixed income oriented asset allocations over the long term. The Funds may invest in a diversified portfolio of securities and other financial instruments, including derivative instruments that provide investment exposure to a variety of asset classes. At December 31, 2017 and 2016, the Funds did not have any unfunded commitments and had total net asset values of approximately \$1,356,000 and \$1,245,000, respectively.

The following tables represent the fair value hierarchy for the LIHP and Affiliates' financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016:

	Fair Value Measurements at December 31, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Bonds	\$ 2,109,331	\$ -	\$ -	\$ 2,109,331
Equity securities	1,071,883	-	-	1,071,883
Total	<u>\$ 3,181,214</u>	<u>\$ -</u>	<u>\$ -</u>	3,181,214
Cash				849
Investments measured at net asset value (a)				<u>1,355,955</u>
Total investments				<u>\$ 4,538,018</u>

# Long Island Housing Partnership, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

<b>Fair Value Measurements at December 31, 2016</b>				
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total Fair Value</b>
<b>Assets:</b>				
Bonds	\$ 2,044,143	\$ -	\$ -	\$ 2,044,143
Equity securities	877,198	-	-	877,198
<b>Total</b>	<b>\$ 2,921,341</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,921,341</b>
Cash				4,002
Investments measured at net asset value (a)				1,245,099
<b>Total investments</b>				<b>\$ 4,170,442</b>

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position.

Realized and unrealized gains (losses) include the following:

	<b>2017</b>	<b>2016</b>
Unrealized gains	\$ 262,845	\$ 107,084
Realized gains (losses)	17,130	(16,253)
<b>Total</b>	<b>\$ 279,975</b>	<b>\$ 90,831</b>

### 3. Capitalized Project Costs

Capitalized project costs consist of the following:

	<b>2017</b>	<b>2016</b>
Neighborhood Stabilization Program (a)	\$ 1,285,654	\$ 1,659,093
Islip IX - Brentwood (b)	104,384	73,518
Islip Housing Authority (c)	405,871	372,723
Rebuild Long Island (d)	240,538	111,775
Brookhaven Scattered Sites (e)	177,622	164,755
Suffolk County Scattered Sites (f)	226,486	99,693
Other (g)	295,863	315,883
<b>Total</b>	<b>\$ 2,736,418</b>	<b>\$ 2,797,440</b>

## Long Island Housing Partnership, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

- a) **Neighborhood Stabilization Program** - LIHP and Affiliates were awarded federal funds for the purchase and rehabilitation of foreclosed and abandoned homes on Long Island, New York, which are to be transferred to eligible home buyers. 2 units and 4 units were transferred to eligible home buyers in 2017 and 2016, respectively.
- b) **Islip IX - Brentwood** - NSPHDFC has 11 homes being constructed on scattered sites in Brentwood. The properties were transferred to NSPHDFC from the Islip Community Development Agency who received the properties from Suffolk County through the 72-H program. Construction was completed on three homes at the end of 2016 with closings taking place in early 2017. \$440,000 in funding was provided by the New York State Affordable Housing Corporation ("NYS AHC") and \$264,000 in funding was provided through the Federal HOME Investment Partnership Program ("HOME").
- c) **Islip Housing Authority** - LIPCDC was awarded \$390,000 by the Town of Islip Housing Authority for the purchase and rehabilitation of foreclosed homes in the Town of Islip, New York. One home was transferred in 2013 and two homes remain.
- d) **Rebuild Long Island** - NSPHDFC acquired 9 and 14 homes from New York State in 2017 and 2016, respectively, which were damaged by Hurricane Sandy. NSPHDFC was awarded \$415,000 in grants to rehabilitate and transfers homes to eligible home buyers.
- e) **Brookhaven Scattered Sites** - This program consists of 24 affordable units on scattered sites within the hamlets of Bellport, East Patchogue, and Medford in the Township of Brookhaven. All of these homes will be sold to persons earning at or below 80% of the Area Median Income ("AMI"). The LIPHDFC and the LIPCDC will develop all the units. It is anticipated that NYS AHC funding will be utilized, as well as Federal HOME funds through Suffolk County.
- f) **Suffolk County Scattered Sites** - This program consists of 15 affordable homes on scattered sites in the Townships of Babylon, Brookhaven and Smithtown. All of these homes will be sold to persons earning at or below 80% of the AMI. The LIPHDFC and the LIPCDC will develop all the units.
- g) **Other** - Includes predevelopment costs, principally for several Partnerships for New Homes Programs - Inwood, North Bellport V, Babylon IV, Mastic/Shirley, Suffolk County and Southampton scattered sites.

#### 4. Fixed Assets

Fixed assets consist of the following:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 267,426	\$ 267,426
Leasehold improvements	363,543	363,543
Computer software	<u>115,152</u>	<u>115,152</u>
	746,121	746,121
Less accumulated depreciation and amortization	<u>(611,320)</u>	<u>(559,377)</u>
Total	<u>\$ 134,801</u>	<u>\$ 186,744</u>

## Long Island Housing Partnership, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2017 and 2016

### 5. Funds Held as Program Agent

LIHP and Affiliates are holding funds which will be paid out to beneficiaries participating in the respective programs. Funds held as program agent consist of the following:

	<u>2017</u>	<u>2016</u>
Neighborhood Stabilization Program ("NSP")	\$ 579,122	\$ 704,174
Smart Growth Development and Community Stabilization Program ("HELP Phase II")	936,804	1,595,990
Homeownership and Economic Stabilization for Long Island Program ("HELP Phase I")	163,100	184,750
Nassau County Down Payment Assistance Program	250,081	208,981
Employer Assisted Housing Program	196,427	169,027
New York State Affordable Housing Corporation Home Improvement Program ("NYS AHC HIP")	49	49
	<u>49</u>	<u>49</u>
Total	<u>\$ 2,125,583</u>	<u>\$ 2,862,971</u>

### 6. Project Grant Advances

Project grant advances are funds received from various funding sources for which the related project services have not yet been completed. Project grant advances consist of the following:

	<u>2017</u>	<u>2016</u>
Governmental:		
Neighborhood Stabilization Program ("NSP")	\$ 788,149	\$ 1,146,216
Homeowner Protection Program ("HOPP")	14,901	38,957
Islip Housing Authority Stabilization Program	264,633	264,633
Rebuild Long Island - Nassau County HOME funding	164,996	-
	<u>164,996</u>	<u>-</u>
Total	<u>\$ 1,232,679</u>	<u>\$ 1,449,806</u>
Private:		
Rebuild Long Island	\$ 644,017	\$ -
North Belpport IV	200,000	-
Other	38,092	-
	<u>38,092</u>	<u>-</u>
Total	<u>\$ 882,109</u>	<u>\$ -</u>



## **Long Island Housing Partnership, Inc. and Affiliates**

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Notes to Combined Financial Statements

December 31, 2017 and 2016

### **7. Loan Payable**

Loan payable consists of amounts provided to the New York State Housing Development Fund in the amount of \$840,000 at December 31, 2017 and 2016, respectively. The loan was provided to LIPHDFC to finance predevelopment costs under a disbursement agreement with New York State DHCR. In December 2004, LIPHDFC executed a loan agreement to provide interim financing of up to \$300,000, to another unaffiliated not-for-profit corporation, to develop an affordable housing project. As of December 31, 2017 and 2016, non-interest-bearing notes receivable for \$300,000 were collateralized by a mortgage on the development property. The due date of the loan is December 2018.

### **8. Lines of Credit**

In December 2014, CDFI closed on a three-year, unsecured, revolving line of credit agreement with a bank in the amount of \$1,000,000, guaranteed by NSPHDFC which was extended for one year in November 2017. The line will be used as capital to fund anticipated CDFI pre-development loans on affordable housing projects controlled by LIHP and Affiliates. Borrowings on the line accrue interest at an annual fixed rate of 2% and interest expense amounted to \$2,263 and \$1,600 in 2017 and 2016, respectively. As of December 31, 2017 and 2016, there was \$40,000 and \$244,000 outstanding on the line, respectively.

In March 2017, CDFI closed on a two-year, unsecured, revolving line of credit agreement with a bank in the amount of \$1,000,000, guaranteed by LIHP. The line will be used as capital to fund anticipated CDFI pre-development loans on affordable housing projects controlled by LIHP and Affiliates. Borrowings on the line accrue interest at an annual rate of prime (4%) minus .5% through February 2018 (prime thereafter) and interest expense amounted to \$254 and \$-0- for the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, there was \$165,500 and \$-0- outstanding on the line, respectively.

In December 2017, CDFI closed on a five-year, unsecured, revolving line of credit agreement with a bank in the amount of \$1,000,000, guaranteed by LIHP. The line will be used as capital to fund anticipated CDFI pre-development loans on affordable housing projects controlled by LIHP and Affiliates. Borrowings on the line accrue interest at an annual fixed rate of 2.5%. As of December 31, 2017, there was no balance outstanding on the line and no interest expense incurred.

## Long Island Housing Partnership, Inc. and Affiliates

Notes to Combined Financial Statements  
December 31, 2017 and 2016

### 9. Net Assets

Temporarily restricted net assets are available for the following program activities:

	<u>2017</u>	<u>2016</u>
Home Ownership Development - Education, Training and Development	\$ 405,042	\$ 647,732
HEMAP Program - Gap Mortgage Payment Assistance (a)	<u>453,252</u>	<u>453,252</u>
Total	<u>\$ 858,294</u>	<u>\$ 1,100,984</u>

- (a) The HEMAP program provides gap mortgage payment assistance to homeowners (not to exceed \$20,000 to a qualified applicant) who have suffered financial hardship beyond their control. The HEMAP program shall utilize at least 80% of the funds to provide short-term revolving loans to qualified applicants, and for the remaining 20% of the funds, the program may issue soft mortgages to qualified applicants (so that applicants may avoid foreclosure). Funds advanced under the program are subject to recapture upon the sale, rental, or refinancing of the home or upon the failure to occupy the home as a principal residence. Funds advanced under the program aggregated approximately \$47,000 as of December 31, 2017 and 2016, and are subject to recapture.

Permanently restricted net assets of \$15,500 represent endowment funds, the income of which are unrestricted and support operations once appropriated for expenditures.

### 10. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. For the years ended December 31, 2017 and 2016, net assets released from restrictions related to home ownership development, education, and training programs, aggregating approximately \$243,000 and \$682,000, respectively.

### 11. Pension Plan

Effective January 1, 2011, LIHP established a 403(b) Thrift Plan (the "Plan"). All employees with at least six months of continuous service, who are at least 21 years of age, are eligible to participate. Benefits are fully vested after three years. The Plan provides for a matching contribution up to 4% of salary, and an additional discretionary non-matching annual contribution, as approved by the board of directors. During the years ended December 31, 2017 and 2016, LIHP contributed 3% of participants' salaries (approximately \$43,500 and \$46,500, respectively) in discretionary contributions.

### 12. Donated Services

Donated professional services included in the combined statements of activities and changes in net assets as contributions and expenses were \$13,845 and \$10,985 for the years ended December 31, 2017 and 2016, respectively.

## **Long Island Housing Partnership, Inc. and Affiliates**

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Notes to Combined Financial Statements

December 31, 2017 and 2016

### **13. Commitments and Contingencies**

#### **Highland Green Project ("HG Project")**

LIHP established HG Housing Development Fund Company, Inc. ("HGHDFC"), a non-profit affiliate in connection with the HG Project, a 118 unit affordable limited-equity cooperative complex in Suffolk County. In December 2014, HGR LLC and a third-party co-developer closed on the real property purchase and related construction and subsidy financing. Pursuant to a Declaration of Interest and Nominee Agreement between HGR LLC and HGHDFC, HGHDFC holds title to the property solely as a nominee for HGR LLC, but holds no equitable, beneficial or other interest in the property acquired.

#### **Employer Assisted Housing Program ("EAHP")**

EAHP assists Long Island businesses to recruit and retain qualified employees by providing financial assistance and housing counseling to eligible employees. Grants were awarded by the NYS AHC to assist these employees by providing down payment assistance of \$5,000 and rehabilitation funds up to \$15,000 to each of the eligible participants. At December 31, 2017 and 2016, funds advanced under the program aggregated approximately \$6,933,600 and \$5,995,900, respectively.

#### **Homeownership and Economic Stabilization for Long Island Program ("HELP Phase I")**

In October 2006, LIHP was awarded a New York Economic Development Capital Program ("NYEDCP") grant of \$25,000,000 to administer the HELP Phase I program. Funds advanced under either component of the HELP Phase I program are subject to recapture over the grant period upon the sale, rental, or refinancing of the home or upon the failure to occupy the home as a principal residence. As of December 31, 2017 and 2016, funds advanced under the program, aggregating approximately \$21,690,000 and \$19,789,400, respectively, are subject to recapture.

The HELP Phase I program has two components:

##### **Employer Assisted Housing Program**

An employer with one or more non-related employees who has or creates a recognized housing assistance benefit program as part of an employee benefit package may receive matching funds from HELP Phase I for each of their qualified employees.

##### **Smart Growth Development Assistance for Workforce Housing Program**

Any developer building five or more workforce homes in downtown areas, hamlet centers, or redeveloped properties using "Smart Growth" principles can obtain a grant of up to \$25,000 (per home).

## Long Island Housing Partnership, Inc. and Affiliates

Notes to Combined Financial Statements  
December 31, 2017 and 2016

### Neighborhood Stabilization Program ("NSP")

The Neighborhood Stabilization Program is a U.S. Department of Housing and Urban Development ("HUD") funded program which provides for the purchase and rehabilitation of homes in targeted communities on Long Island, New York. In 2009, LIHP and Affiliates was awarded a total of approximately \$10,403,000 by various state and local municipalities. As of December 31, 2017 and 2016, outstanding funds advanced under this program aggregated approximately \$1,064,400 and \$1,355,700, respectively.

### HELP Phase II Smart Growth Development and Community Stabilization Program ("HELP Phase II")

In April 2008, LIHP was awarded a grant of \$6,000,000 for this program as a component of the existing HELP program, through a Memorandum of Understanding with the New York State Housing Finance Agency ("HFA"). Funds advanced under HELP Phase II are subject to a recapture provision in the event of sale, refinance or failure to occupy the home as a principal residence. Grants of up to \$50,000 are given for community stabilization projects, providing qualified applicants with down payment assistance, as well as funds for the rehabilitation of homes purchased. Grants of \$25,000 per home are available for qualified applicants purchasing homes within a smart growth development. As of December 31, 2017 and 2016, funds disbursed under the program, aggregating approximately \$4,590,900 and \$4,150,900, respectively, are subject to recapture.

### Operating Lease

LIHP and Affiliates lease office space under an operating lease expiring in 2023. The lease provides for escalations for certain operating expenses and real estate taxes, and scheduled base rent increases over the lease term. Rent expense is recognized on a straight-line basis over the term of the lease. Minimum future rental payments under the lease are approximately as follows:

Years ending December 31:	
2018	\$ 85,000
2019	88,000
2020	92,000
2021	95,500
2022	99,500
Thereafter	<u>59,000</u>
Total	<u>\$ 519,000</u>

Rent expense (including charges for operating expenses) amounted to approximately \$100,000 and \$101,500 for the years ended December 31, 2017 and 2016, respectively.

## **Long Island Housing Partnership, Inc. and Affiliates**

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Notes to Combined Financial Statements

December 31, 2017 and 2016

### **Notes and Mortgages**

In December, 2008, TOICDA transferred to NSPHDFC nine parcels of land in consideration of a nominal fee, for the construction of affordable homes in the Town of Islip. In connection therewith, NSPHDFC entered into nine separate non-interest-bearing grant enforcement non-recourse notes payable and mortgage agreements with TOICDA (collateralized by the land) in the aggregate amount of \$900,000. At closings, when the homes are transferred to eligible home buyers, the related grant enforcement notes payable and mortgage agreements will be cancelled. The eligible home buyers will concurrently enter into replacement grant enforcement notes payable and mortgage agreements with TOICDA, in an amount representing the recapture obligation, as defined by TOICDA. If NSPHDFC does not construct homes on the land, the parcels revert to TOICDA and the notes will be satisfied and the mortgages released. The combined financial statements at December 31, 2017 and 2016 do not include the land and the notes payable (\$900,000), as the notes payable represent the recapture obligation, which is cancelled upon transfer of homes by NSPHDFC to the eligible home buyers.

Under the Federal Home Loan Bank ("FHLB") Affordable Housing Program, LIHP, as Broadway West, L.P.'s ("BW") project sponsor, has received Affordable Housing Program subsidies (conditional grants) in the amounts of approximately \$1,283,000 from a member bank, that it has passed on (as required by the FHLB) to BW for the development of two senior rental projects, Broadway West I and Broadway West II, respectively. At December 31, 2017 and 2016, the member bank is holding one non-interest-bearing note, executed by LIHP, which is collateralized by BW's projects' real estate. One note in the amount of \$758,000 matured on April 30, 2016. The remaining note in the amount of \$525,000 matures December 31, 2018. The grant funds are subject to recapture by FHLB, if the project is not maintained as affordable housing for 15 years, at the end of which period, the note shall be deemed satisfied and the mortgage released.

### **Litigation**

LIHP and Affiliates are subject to lawsuits and claims with respect to matters arising in the normal course of business. All claims have been forwarded to the insurance carriers' counsel for disposition. In the opinion of management, the ultimate liabilities, if any, from these lawsuits and claims will not materially affect the combined financial position of LIHP and Affiliates. Nevertheless, due to the uncertainty of the settlement process, management's view of the outcome may be modified in the future.

**Long Island Housing Partnership, Inc. and Affiliates**

Combining Statement of Financial Position  
December 31, 2017

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Long Island Partnership CLT Housing Development Fund Company, Inc.	Eliminations	Combined
<b>Assets</b>										
Cash and cash equivalents	\$ 3,747,256	\$ 1,581,561	\$ 616,361	\$ 30,480	\$ 5,729	\$ 1,325,746	\$ 3,318	\$ -	\$ -	\$ 7,310,451
Investments	4,538,018	-	-	-	-	-	-	-	-	4,538,018
Accounts receivable, net of allowance	313,882	338,445	35,000	-	70,540	1,435	-	-	79,268	680,034
Interest in net assets of affiliate	-	7,449	-	-	-	-	-	-	7,449	-
Due from affiliates	(2,986,330)	626,207	2,997,024	(264,272)	(18,425)	(358,826)	(1,532)	6,154	-	-
Due from escrow agent	-	-	19,353	-	-	-	-	-	-	19,353
Prepaid expenses and other	35,954	448	3,322	498	-	249	-	249	-	40,720
Notes receivable	300,000	-	-	-	-	208,983	-	-	-	508,983
Capitalized project costs	5,344	1,912,916	344,922	473,236	-	-	-	-	-	2,736,418
Fixed assets, net	134,801	-	-	-	-	-	-	-	-	134,801
<b>Total assets</b>	<b>\$ 6,088,925</b>	<b>\$ 4,467,026</b>	<b>\$ 4,015,982</b>	<b>\$ 239,942</b>	<b>\$ 57,844</b>	<b>\$ 1,177,587</b>	<b>\$ 1,786</b>	<b>\$ 6,403</b>	<b>\$ 86,717</b>	<b>\$ 15,968,778</b>
<b>Liabilities and Net Assets (Deficit)</b>										
<b>Liabilities</b>										
Accounts payable and accrued expenses	\$ 346,843	\$ 71,819	\$ 80,408	\$ 4,090	\$ 79,268	\$ 1,674	\$ 3,000	\$ 1,676	\$ 79,268	\$ 509,510
Loan payable	-	840,000	-	-	-	-	-	-	-	840,000
Project grant advances - governmental	179,897	788,149	-	264,633	-	-	-	-	-	1,232,679
Project grant advances - private	882,109	-	-	-	-	-	-	-	-	882,109
Lines of credit	-	-	-	-	-	205,500	-	-	-	205,500
Deferred revenue	27,000	-	-	-	-	-	-	-	-	27,000
Construction reserve	-	-	-	20,375	-	-	-	-	-	20,375
Funds held as program agent	1,543,398	579,122	-	-	-	-	3,063	-	-	2,125,583
<b>Total liabilities</b>	<b>2,979,247</b>	<b>2,279,090</b>	<b>80,408</b>	<b>289,098</b>	<b>79,268</b>	<b>207,174</b>	<b>6,063</b>	<b>1,676</b>	<b>79,268</b>	<b>5,842,756</b>
<b>Net Assets (Deficit)</b>										
Unrestricted	2,235,884	2,169,848	3,935,574	(38,517)	(21,424)	970,413	(4,277)	4,727	-	9,252,228
Temporarily restricted	858,294	18,088	-	(10,639)	-	-	-	-	7,449	858,294
Permanently restricted	15,500	-	-	-	-	-	-	-	-	15,500
<b>Total net assets (deficit)</b>	<b>3,109,678</b>	<b>2,187,936</b>	<b>3,935,574</b>	<b>(49,156)</b>	<b>(21,424)</b>	<b>970,413</b>	<b>(4,277)</b>	<b>4,727</b>	<b>7,449</b>	<b>10,126,022</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,088,925</b>	<b>\$ 4,467,026</b>	<b>\$ 4,015,982</b>	<b>\$ 239,942</b>	<b>\$ 57,844</b>	<b>\$ 1,177,587</b>	<b>\$ 1,786</b>	<b>\$ 6,403</b>	<b>\$ 86,717</b>	<b>\$ 15,968,778</b>

**Long Island Housing Partnership, Inc. and Affiliates**

 Combining Statement of Financial Position  
 December 31, 2016

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
<b>Assets</b>									
Cash and cash equivalents	\$ 2,510,671	\$ 1,777,390	\$ 668,230	\$ 129,790	\$ 500	\$ 1,156,654	\$ 1,002,249	\$ -	\$ 7,245,484
Investments	4,170,442	-	-	-	-	-	-	-	4,170,442
Accounts receivable, net of allowance	391,207	481,642	35,000	-	144,886	1,437	-	-	1,054,172
Interest in net assets of affiliate	-	98,188	-	-	-	-	-	98,188	-
Due from affiliates	-	437,324	2,967,887	-	-	-	-	3,405,211	-
Due from escrow agent	-	5,183	-	-	-	-	-	-	5,183
Prepaid expenses and other	24,613	3,189	6,209	1,261	-	-	-	-	35,272
Notes receivable	300,000	-	-	-	-	247,483	-	-	547,483
Capitalized project costs	14,015	2,179,992	185,296	418,137	-	-	-	-	2,797,440
Fixed assets, net	186,744	-	-	-	-	-	-	-	186,744
<b>Total assets</b>	<b>\$ 7,597,692</b>	<b>\$ 4,982,908</b>	<b>\$ 3,862,622</b>	<b>\$ 549,188</b>	<b>\$ 145,386</b>	<b>\$ 1,405,574</b>	<b>\$ 1,002,249</b>	<b>\$ 3,503,399</b>	<b>\$ 16,042,220</b>
<b>Liabilities and Net Assets (Deficit)</b>									
<b>Liabilities</b>									
Accounts payable and accrued expenses	\$ 325,564	\$ 115,196	\$ 20,824	\$ 4,066	\$ 3,500	\$ 3,500	\$ 1,500	\$ -	\$ 474,150
Loan payable	-	840,000	-	-	-	-	-	-	840,000
Project grant advances	38,957	1,146,216	-	264,633	-	-	-	-	1,449,806
Due to affiliates	2,870,134	-	-	247,373	159,729	127,975	-	3,405,211	-
Line of credit	-	-	-	-	-	244,000	-	-	244,000
Home buyers' deposits held in escrow	-	5,183	-	-	-	-	-	-	5,183
Deferred revenue	27,000	-	-	-	-	-	-	-	27,000
Construction reserve	-	-	-	20,375	-	-	-	-	20,375
Funds held as program agent	1,156,548	704,174	-	-	-	-	1,002,249	-	2,862,971
<b>Total liabilities</b>	<b>4,418,203</b>	<b>2,810,769</b>	<b>20,824</b>	<b>536,447</b>	<b>163,229</b>	<b>375,475</b>	<b>1,003,749</b>	<b>3,405,211</b>	<b>5,923,485</b>
<b>Net Assets</b>									
Unrestricted	2,063,005	2,073,951	3,841,798	12,741	(17,843)	1,030,099	(1,500)	-	9,002,251
Temporarily restricted	1,100,984	98,188	-	-	-	-	-	98,188	1,100,984
Permanently restricted	15,500	-	-	-	-	-	-	-	15,500
<b>Total net assets (deficit)</b>	<b>3,179,489</b>	<b>2,172,139</b>	<b>3,841,798</b>	<b>12,741</b>	<b>(17,843)</b>	<b>1,030,099</b>	<b>(1,500)</b>	<b>98,188</b>	<b>10,118,735</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,597,692</b>	<b>\$ 4,982,908</b>	<b>\$ 3,862,622</b>	<b>\$ 549,188</b>	<b>\$ 145,386</b>	<b>\$ 1,405,574</b>	<b>\$ 1,002,249</b>	<b>\$ 3,503,399</b>	<b>\$ 16,042,220</b>

**Long Island Housing Partnership, Inc. and Affiliates**

Combining Statement of Activities and Changes in Net Assets

Year Ended December 31, 2017

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Long Island Partnership CLT Housing Development Fund Company, Inc.	Eliminations	Combined
<b>Changes in Unrestricted Net Assets</b>										
<b>Support and Revenue</b>										
Contributions	\$ 108,442	\$ 355	\$ 355	\$ 355	\$ -	\$ 355	\$ -	\$ 7,420	\$ -	\$ 117,282
Receipts and government grants on transfer of homes	311,982	750,979	797,351	-	-	-	-	-	-	1,860,312
Government grants	419,933	-	-	-	195,956	-	-	-	195,956	419,933
Private grants	181,408	58,342	104,285	4,600	-	-	-	22,333	-	370,968
Special events	103,050	-	-	-	-	-	-	-	-	103,050
Direct expenses of special events	(33,724)	-	-	-	-	-	-	-	-	(33,724)
Mortgage counseling	190,890	-	-	-	-	-	-	-	-	190,890
Technical assistance program	630,290	-	-	-	-	-	-	-	-	630,290
Interest	5,725	1,773	2,292	23	-	4,749	255	-	-	14,817
Investment interest and dividends	16,922	12,304	74,384	-	-	-	-	-	-	103,610
Realized and unrealized gains	45,727	33,247	201,001	-	-	-	-	-	-	279,975
Other income	459,995	-	-	-	-	250	-	-	-	460,245
Reimbursement from affiliates	561,248	-	-	-	-	-	-	-	561,248	-
Net assets released from restrictions, Satisfaction of program restrictions	242,690	80,100	55,285	10,639	-	-	-	19,882	165,906	242,690
Total support and revenue	3,244,578	937,100	1,234,953	15,617	195,956	5,354	255	49,635	923,110	4,760,338
<b>Expenses</b>										
Program service:										
Project costs	269,100	733,000	733,577	8,892	-	-	-	-	-	1,744,569
Program support services	1,672,913	54,065	27,647	6,768	195,955	37,012	-	5,107	323,741	1,675,726
Supporting services:										
Management and general	932,796	54,138	379,953	51,215	3,582	28,028	3,032	39,801	433,463	1,059,082
Fundraising	30,984	-	-	-	-	-	-	-	-	30,984
Distribution to beneficiaries	165,906	-	-	-	-	-	-	-	165,906	-
Total expenses	3,071,699	841,203	1,141,177	66,875	199,537	65,040	3,032	44,908	923,110	4,510,361
Increase (decrease) in unrestricted net assets	172,879	95,897	93,776	(51,258)	(3,581)	(59,686)	(2,777)	4,727	-	249,977
<b>Changes in Temporarily Restricted Net Assets</b>										
Grants	-	-	-	-	-	-	-	19,882	19,882	-
Interest in net assets of affiliate	-	-	55,285	-	-	-	-	-	-	55,285
Net assets released from restrictions	(242,690)	(80,100)	(55,285)	(10,639)	-	-	-	(19,882)	(165,906)	(242,690)
Decrease in temporarily restricted net assets	(242,690)	(80,100)	-	(10,639)	-	-	-	-	(90,739)	(242,690)
(Decrease) increase in net assets	(69,811)	15,797	93,776	(61,897)	(3,581)	(59,686)	(2,777)	4,727	(90,739)	7,287
<b>Net Assets (Deficit), Beginning of Year</b>	3,179,489	2,172,139	3,841,798	12,741	(17,843)	1,030,099	(1,500)	-	98,188	10,118,735
<b>Net Assets (Deficit), End of Year</b>	\$ 3,109,678	\$ 2,187,936	\$ 3,935,574	\$ (49,156)	\$ (21,424)	\$ 970,413	\$ (4,277)	\$ 4,727	\$ 7,449	\$ 10,126,022



**Long Island Housing Partnership, Inc. and Affiliates**

Combining Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2016

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
<b>Changes in Unrestricted Net Assets</b>									
<b>Support and Revenue</b>									
Contributions	\$ 126,794	\$ 228	\$ 228	\$ 228	\$ -	\$ 229	\$ -	\$ -	\$ 127,707
Receipts and government grants on transfer of homes	-	1,385,422	-	-	-	-	-	-	1,385,422
Government grants	194,528	-	-	-	126,634	-	-	126,634	194,528
Special events	93,650	-	-	-	-	-	-	-	93,650
Direct expenses of special events	(31,934)	-	-	-	-	-	-	-	(31,934)
Mortgage counseling	157,900	-	-	-	-	-	-	-	157,900
Technical assistance program	579,477	34,158	-	-	-	-	-	-	613,635
Interest	7,214	1,703	1,859	185	-	4,418	-	-	15,379
Investment interest and dividends	19,210	13,963	84,441	-	-	-	-	-	117,614
Realized and unrealized gains	14,835	10,786	65,210	-	-	-	-	-	90,831
Other income	319,370	-	29,038	-	-	950	-	-	349,358
Reimbursement from affiliates	558,094	-	-	-	-	-	-	558,094	-
Net assets released from restrictions, Satisfaction of program restrictions	682,071	59,504	-	-	-	-	-	59,504	682,071
Total support and revenue	2,721,209	1,505,764	180,776	413	126,634	5,597	-	744,232	3,796,161
<b>Expenses</b>									
Program services:									
Project costs	-	1,164,089	7,290	6,359	-	-	-	-	1,177,738
Program support services	1,805,161	62,040	53,887	71,401	-	250	-	187,328	1,805,411
Supporting services:									
Management and general	843,018	341,594	100,030	49,195	148,305	11,510	1,500	497,400	997,752
Fundraising	30,890	-	-	-	-	-	-	-	30,890
Distribution to beneficiaries	59,504	-	-	-	-	-	-	59,504	-
Total expenses	2,738,573	1,567,723	161,207	126,955	148,305	11,760	1,500	744,232	4,011,791
(Decrease) increase in unrestricted net assets	(17,364)	(61,959)	19,569	(126,542)	(21,671)	(6,163)	(1,500)	-	(215,630)
<b>Changes in Temporarily Restricted Net Assets</b>									
Grants	744,330	-	-	-	-	-	-	-	744,330
Interest in net assets of affiliate	-	98,500	-	-	-	-	-	98,500	-
Net assets released from restrictions	(682,071)	(59,504)	-	-	-	-	-	(59,504)	(682,071)
Increase in temporarily restricted net assets	62,259	38,996	-	-	-	-	-	38,996	62,259
Increase (decrease) in net assets	44,895	(22,963)	19,569	(126,542)	(21,671)	(6,163)	(1,500)	38,996	(153,371)
<b>Net Assets, Beginning of Year</b>	3,134,594	2,195,102	3,822,229	139,283	3,828	1,036,262	-	59,192	10,272,106
<b>Net Assets (Deficit), End of Year</b>	\$ 3,179,489	\$ 2,172,139	\$ 3,841,798	\$ 12,741	\$ (17,843)	\$ 1,030,099	\$ (1,500)	\$ 98,188	\$ 10,118,735

**Long Island Housing Partnership, Inc. and Affiliates**

Combining Statement of Cash Flows  
Year Ended December 31, 2017

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Long Island Partnership CLT Housing Development Fund Company, Inc.	Eliminations	Combined
<b>Cash Flows from Operating Activities</b>										
Changes in net assets	\$ (69,811)	\$ 15,797	\$ 93,776	\$ (61,897)	\$ (3,581)	\$ (59,686)	\$ (2,777)	\$ 4,727	\$ (90,739)	\$ 7,287
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:										
Depreciation and amortization	51,943	-	-	-	-	-	-	-	-	51,943
Realized and unrealized gains	(279,975)	-	-	-	-	-	-	-	-	(279,975)
Change in allowance for doubtful accounts	(1,721)	-	-	-	-	-	-	-	-	(1,721)
Provision for deferred rent	4,068	-	-	-	-	-	-	-	-	4,068
Changes in operating assets and liabilities:										
(Increase) decrease in assets:										
Accounts receivable	79,046	143,197	-	-	74,346	2	-	-	(79,268)	375,859
Interest in net assets of affiliate	-	90,739	-	-	-	-	-	-	90,739	-
Due from affiliates	-	(188,883)	(29,137)	-	-	-	-	(6,154)	(224,174)	-
Due from escrow agent	-	5,183	(19,353)	-	-	-	-	-	-	(14,170)
Prepaid expenses and other	(11,341)	2,741	2,887	763	-	(249)	-	(249)	-	(5,448)
Capitalized project costs	8,671	267,076	(159,626)	(55,099)	-	-	-	-	-	61,022
Increase (decrease) in liabilities:										
Accounts payable and accrued expenses	17,211	(43,377)	59,584	24	75,768	(1,826)	1,500	1,676	79,268	31,292
Funds held as program agent	386,850	(125,052)	-	-	-	-	(999,186)	-	-	(737,388)
Project grant advances - governmental	140,940	(358,067)	-	-	-	-	-	-	-	(217,127)
Project grant advances - private	882,109	-	-	-	-	-	-	-	-	882,109
Due to affiliates	116,196	-	-	16,899	(141,304)	230,851	1,532	-	224,174	-
Home buyers' deposits held in escrow	-	(5,183)	-	-	-	-	-	-	-	(5,183)
Total adjustments	1,393,997	(211,626)	(145,645)	(37,413)	8,810	228,778	(996,154)	(4,727)	90,739	145,281
Net cash provided by (used in) operating activities	1,324,186	(195,829)	(51,869)	(99,310)	5,229	169,092	(998,931)	-	-	152,568
<b>Cash Flows from Investing Activities</b>										
Purchases of investments	(355,893)	-	-	-	-	-	-	-	-	(355,893)
Sales of investments	268,292	-	-	-	-	-	-	-	-	268,292
Repayments of notes receivable	-	-	-	-	-	38,500	-	-	-	38,500
Net cash (used in) provided by investing activities	(87,601)	-	-	-	-	38,500	-	-	-	(49,101)
<b>Cash Flows from Financing Activities</b>										
Repayment of line of credit	-	-	-	-	-	(279,000)	-	-	-	(279,000)
Proceeds from line of credit	-	-	-	-	-	240,500	-	-	-	240,500
Net cash used in financing activities	-	-	-	-	-	(38,500)	-	-	-	(38,500)
Net increase (decrease) in cash and cash equivalents	1,236,585	(195,829)	(51,869)	(99,310)	5,229	169,092	(998,931)	-	-	64,967
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,510,671	1,777,390	668,230	129,790	500	1,156,654	1,002,249	-	-	7,245,484
<b>Cash and Cash Equivalents, End of Year</b>	\$ 3,747,256	\$ 1,581,561	\$ 616,361	\$ 30,480	\$ 5,729	\$ 1,325,746	\$ 3,318	\$ -	\$ -	\$ 7,310,451

**Long Island Housing Partnership, Inc. and Affiliates**

 Combining Statement of Cash Flows  
 Year Ended December 31, 2016

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
<b>Cash Flows from Operating Activities</b>									
Changes in net assets	\$ 44,895	\$ (22,963)	\$ 19,569	\$ (126,542)	\$ (21,671)	\$ (6,163)	\$ (1,500)	\$ 38,996	\$ (153,371)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:									
Depreciation and amortization	61,044	-	-	-	-	-	-	-	61,044
Realized and unrealized gains	(90,831)	-	-	-	-	-	-	-	(90,831)
Provision for deferred rent	7,207	-	-	-	-	-	-	-	7,207
Changes in operating assets and liabilities:									
(Increase) decrease in assets:									
Accounts receivable	(27,773)	(201,358)	-	-	(126,634)	(1,017)	-	-	(356,782)
Interest in net assets of affiliate	-	(38,996)	-	-	-	-	-	(38,996)	-
Due from affiliates	-	86,921	(264,741)	-	-	-	-	(177,820)	-
Due from escrow agent	-	4,315	-	-	-	-	-	-	4,315
Prepaid expenses and other	2,204	15,591	(3,101)	407	-	-	-	-	15,101
Capitalized project costs	(11,648)	687,483	(111,172)	267,209	-	-	-	-	831,872
Increase (decrease) in liabilities:									
Accounts payable and accrued expenses	16,364	64,342	(128)	554	(161)	-	252	-	81,223
Funds held as program agent	317,181	(18,952)	-	-	-	-	2,249	-	300,478
Project grant advances	(225,508)	(655,834)	-	(305,000)	-	-	-	-	(1,186,342)
Due to affiliates	(112,877)	-	-	128,352	148,466	13,879	-	177,820	-
Home buyers' deposits held in escrow	-	(4,315)	-	-	-	-	-	-	(4,315)
Deferred revenue	6,000	-	-	-	-	-	-	-	6,000
Construction reserve	-	(175,645)	-	-	-	-	-	-	(175,645)
Total adjustments	(58,637)	(236,448)	(379,142)	91,522	21,671	12,862	2,501	(38,996)	(506,675)
Net cash (used in) provided by operating activities	(13,742)	(259,411)	(359,573)	(35,020)	-	6,699	1,001	-	(660,046)
<b>Cash Flows from Investing Activities</b>									
Purchases of investments	(446,639)	-	-	-	-	-	-	-	(446,639)
Sales of investments	345,114	-	-	-	-	-	-	-	345,114
Borrowings of notes receivable	-	-	-	-	-	(244,000)	-	-	(244,000)
Purchase of fixed assets	(83,397)	-	-	-	-	-	-	-	(83,397)
Net cash used in investing activities	(184,922)	-	-	-	-	(244,000)	-	-	(428,922)
<b>Cash Flows from Financing Activities</b>									
Proceeds from line of credit	-	-	-	-	-	244,000	-	-	244,000
Net cash provided by financing activities	-	-	-	-	-	244,000	-	-	244,000
Net (decrease) increase in cash and cash equivalents	(198,664)	(259,411)	(359,573)	(35,020)	-	6,699	1,001	-	(844,968)
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,709,335	2,036,801	1,027,803	164,810	500	1,149,955	1,001,248	-	8,090,452
<b>Cash and Cash Equivalents, End of Year</b>	\$ 2,510,671	\$ 1,777,390	\$ 668,230	\$ 129,790	\$ 500	\$ 1,156,654	\$ 1,002,249	\$ -	\$ 7,245,484

## Long Island Housing Partnership, Inc. and Affiliates

Combined Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services*		Supporting Services**		Total
	Project Costs	Program Support Services	Management and General	Fundraising	
Project costs	\$ 1,744,569	\$ -	\$ -	\$ -	\$ 1,744,569
Salaries, payroll taxes and benefits	-	1,221,070	678,792	23,083	1,922,945
Professional services	-	83,327	161,407	2,300	247,034
Rent and utilities	-	76,987	42,828	1,456	121,271
Insurance	-	22,294	39,824	-	62,118
Travel and auto	-	12,854	7,389	-	20,243
Conference and meetings	-	24,346	17,144	-	41,490
Hurricane Sandy distributions	-	50	-	-	50
Postage	-	28,339	16,290	-	44,629
Printing	-	10,843	6,233	1,990	19,066
Office supplies and equipment	-	53,918	31,100	-	85,018
Repairs and maintenance	-	10,018	5,569	189	15,776
Depreciation and amortization	-	32,984	18,959	-	51,943
Telephone	-	8,563	4,781	141	13,485
Outreach	-	25,140	15,021	1,825	41,986
Subscriptions and publications	-	10,445	6,654	-	17,099
Other	-	54,548	7,091	-	61,639
<b>Total expenses</b>	<b>\$ 1,744,569</b>	<b>\$ 1,675,726</b>	<b>\$ 1,059,082</b>	<b>\$ 30,984</b>	<b>\$ 4,510,361</b>

\* Program services are costs related to and directly allocable to the programs that support the mission of LIHP and Affiliates.

\*\* Supporting services are costs related to administering the day-to-day activities of LIHP and Affiliates that can not be allocated to a specific program, such as portions of accounting, legal, management, and other governance.

## Long Island Housing Partnership, Inc. and Affiliates

Combined Statement of Functional Expenses

Year Ended December 31, 2016

	Program Services*		Supporting Services**		Total
	Project Costs	Program Support Services	Management and General	Fundraising	
Project costs	\$ 1,177,738	\$ -	\$ -	\$ -	\$ 1,177,738
Salaries, payroll taxes and benefits	-	1,340,815	634,861	19,583	1,995,259
Professional services	-	77,070	173,408	2,675	253,153
Rent and utilities	-	84,176	39,858	1,229	125,263
Insurance	-	23,879	40,594	-	64,473
Travel and auto	-	14,402	7,030	-	21,432
Conference and meetings	-	29,835	14,563	-	44,398
Hurricane Sandy distributions	-	24,625	-	-	24,625
Postage	-	33,361	16,284	-	49,645
Printing	-	14,465	7,060	1,787	23,312
Office supplies and equipment	-	34,782	16,976	-	51,758
Repairs and maintenance	-	10,725	5,078	157	15,960
Depreciation and amortization	-	41,022	20,022	-	61,044
Telephone	-	11,684	5,532	171	17,387
Outreach	-	9,456	4,616	4,788	18,860
Subscriptions and publications	-	10,286	5,020	-	15,306
Other	-	44,828	6,850	500	52,178
<b>Total expenses</b>	<b>\$ 1,177,738</b>	<b>\$ 1,805,411</b>	<b>\$ 997,752</b>	<b>\$ 30,890</b>	<b>\$ 4,011,791</b>

\* Program services are costs related to and directly allocable to the programs that support the mission of LIHP and Affiliates.

\*\* Supporting services are costs related to administering the day-to-day activities of LIHP and Affiliates that can not be allocated to a specific program, such as portions of accounting, legal, management, and other governance.