

**Neighborhood Housing Services of Queens CDC, Inc.**

**Audited Financial Statements**

**December 31, 2019 and 2018**

**Bart L. Fooden & Associates, CPA, PC**  
**PO Box 562**  
**Point Lookout, NY 11569**  
**Telephone: (516) 665-3338**

Neighborhood Housing Services of Queens, CDC, Inc.  
Queens, NY

We have examined the accompanying statement of financial condition of Neighborhood Housing Services of Queens, CDC, Inc. as of December 31, 2019 and 2018 and the related statements of activities, cash flows for each of the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Housing Services of Queens CDC, Inc. at December 31, 2019 and 2018 and results of activities and cash flows for the period then ended, in conformity with accounting principles generally accepted in the United States.

*Bart L. Fooden*

Bart L. Fooden & Associates, PC

Point Lookout, New York  
April 30, 2020

**Neighborhood Housing Services of Queens CDC, Inc.**  
**Statement of Financial Condition**  
**December 31,**

	<u>Assets</u>	<u>2019</u>	<u>2018</u>
<b><u>Current assets</u></b>			
Cash and cash equivalents		\$ 408,381	\$ 346,569
Grants and Contract Services receivable			3,609
Prepaid expenses and other receivables		351	30,000
Total Current Assets		408,732	380,178
<b><u>Fixed assets</u></b>			
Fixtures and office equipment (net of depreciation)		8,356	5,477
<b>Total assets</b>		<b>\$ 417,088</b>	<b>\$ 385,655</b>
<b><u>Liabilities and Net Assets</u></b>			
<b><u>Current liabilities</u></b>			
Accounts payable		\$ 22,992	\$ 12,718
Accrued salaries and expenses		23,119	9,610
Deferred revenue		-	27,192
Sterling National Bank line of credit		2,145	3,008
Total liabilities		48,256	52,528
<b><u>Net assets</u></b>			
Net assets without restriction		217,399	176,484
Net assets with granor/donor restrictions		151,433	156,643
<b>Total liabilities and net assets</b>		<b>\$ 417,088</b>	<b>\$ 385,655</b>

**The auditor's opinion letter and attached notes  
are an integral part of these financial statements.**

**Neighborhood Housing Services of Queens CDC, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the twelve months ended December 31, 2019**

	<u>Net assets without restriction</u>	<u>Net assets with restrictions</u>	<u>Totals</u>
<b><u>Revenue and support</u></b>			
Contributions	\$ 314,398		\$ 314,398
Government grants and contracted services	460,866	\$ 145,581	606,447
Program services	19,391		19,391
Gala and special events	101,049		101,049
Transfer of funds from restricted to unrestricted upon attainment of grant conditions	150,791	(150,791)	-
Other income	3,612	-	3,612
	<u>1,050,107</u>	<u>(5,210)</u>	<u>1,044,897</u>
<b><u>Expenses</u></b>			
Program services	820,362	-	820,362
Management and administrative services	161,914	-	161,914
Fund raising services	26,916	-	26,916
	<u>1,009,192</u>	<u>-</u>	<u>1,009,192</u>
Increase in net assets	40,915	(5,210)	35,705
Net assets - beginning of year	<u>176,484</u>	<u>156,643</u>	<u>333,127</u>
Net assets - end of year	<u>\$ 217,399</u>	<u>\$ 151,433</u>	<u>\$ 368,832</u>

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**Neighborhood Housing Services of Queens CDC, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the twelve months ended December 31, 2018**

	<u>Net assets without restriction</u>	<u>Net assets with restrictions</u>	<u>Totals</u>
<b><u>Revenue and support</u></b>			
Contributions	\$ 228,489	\$ 32,000	\$ 260,489
Government grants and contracted services	471,106	245,540	716,646
Program services	30,535		30,535
Transfer of funds from restricted to unrestricted upon attainment of grant conditions	180,745	(180,745)	-
Gala and special events	90,600	-	90,600
	<u>1,001,475</u>	<u>96,795</u>	<u>1,098,270</u>
<b><u>Expenses</u></b>			
Program services	763,935	-	763,935
Management and administrative services	159,046	-	159,046
Fund raising services	24,183	-	24,183
	<u>947,164</u>	<u>-</u>	<u>947,164</u>
Increase in net assets from operations	54,311	96,795	151,106
Other income	5,136	-	5,136
Increase in net assets	59,447	96,795	156,242
Net assets - beginning of year	<u>117,037</u>	<u>59,848</u>	<u>176,885</u>
Net assets - end of year	<u>\$ 176,484</u>	<u>\$ 156,643</u>	<u>\$ 333,127</u>

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**Neighborhood Housing Services of Queens CDC, Inc.**  
**Statement of Cash Flows**  
**For the twelve months ended December 31,**

	<u>2019</u>	<u>2018</u>
<b><u>Cash flow from operating activities</u></b>		
Increase (decrease) in net assets	\$ 35,705	\$ 156,242
Adjustment to reconcile net loss to cash flow from operating activities		
Depreciation and amortization	1,081	685
Changes in operating assets and liabilities		
Decrease in government grants and contracted services receivable	3,609	21,125
Decrease (increase) in prepaid expenses and security deposit	29,649	(23,793)
Increase in accounts payable	10,274	2,529
Increase (decrease) in accrued expenses	13,509	(12,299)
Increase (decrease) in deferred revenue	<u>(27,192)</u>	<u>27,192</u>
<b>Net cash flow from operations</b>	<u>66,635</u>	<u>171,681</u>
 <b><u>Cash flow used for investing activities</u></b>		
Purchase of furniture and equipment	<u>(3,960)</u>	<u>-</u>
<b>Net cash flow used for investing activities</b>	<u>(3,960)</u>	<u>-</u>
 <b><u>Cash flow from financing activities</u></b>		
(Decrease) increase in Sterling National Bank line of credit	<u>(863)</u>	<u>(1,391)</u>
<b>Net cash flow from financing activities</b>	<u>(863)</u>	<u>(1,391)</u>
Net increase (decrease) in cash	61,812	170,290
Cash and cash equivalents - beginning of year	<u>346,569</u>	<u>176,279</u>
Cash and cash equivalents - December 31,	<u>\$ 408,381</u>	<u>\$ 346,569</u>

**The auditor's opinion letter and attached notes  
are an integral part of these financial statements.**

**Neighborhood Housing Services of Queens CDC, Inc.**  
**Statement of Functional Expenses**  
**For the twelve months ended December 31, 2019**

	<b><u>Program Services</u></b>	<b>-----Support Services-----</b>		<b><u>Total Program and Support Expenses</u></b>
		<b><u>Management</u></b>	<b><u>Fund Raising</u></b>	
Salaries and fringe benefits	\$ 439,078	\$ 43,203	\$ 5,362	\$ 487,643
Occupancy costs	157,831	39,458		197,289
Administrative and office expenses	10,393	17,395		27,788
Equipment related costs	23,809	5,952		29,761
Program related costs	161,654			161,654
Professional and consulting fees	5,000	51,615		56,615
Board and staff related expenses	7,488	4,291		11,779
Gala and special events	15,109	-	21,554	36,663
	<u>\$ 820,362</u>	<u>\$ 161,914</u>	<u>\$ 26,916</u>	<u>\$ 1,009,192</u>

**For the twelve months ended December 31, 2018**

	<b><u>Program Services</u></b>	<b>-----Support Services-----</b>		<b><u>Total Program and Support Expenses</u></b>
		<b><u>Management</u></b>	<b><u>Fund Raising</u></b>	
Salaries and fringe benefits	\$ 390,051	\$ 53,913	\$ 11,231	\$ 455,195
Occupancy costs	101,024	25,256		126,280
Administrative and office expenses	11,220	15,034		26,254
Equipment related costs	22,546	5,636		28,182
Program related costs	221,758			221,758
Professional and consulting fees	5,925	58,167		64,092
Board and staff related expenses	7,911	1,040	-	8,951
Gala and special events	3,500	-	12,952	16,452
	<u>\$ 763,935</u>	<u>\$ 159,046</u>	<u>\$ 24,183</u>	<u>\$ 947,164</u>

**The auditor's opinion letter and attached notes  
are an integral part of these financial statements.**

**Neighborhood Housing Services of Queens CDC, Inc.**  
**Notes to financial statements**  
**December 31, 2019 and 2018**

Note 1 – Nature of Organization and Mission Statement

Neighborhood Housing Services of Queens CDC, INC., Inc. (the organization) a non-profit corporation, provides a range of services to lower income individuals and families in the New York City metropolitan area, primarily within the county/borough of Queens. The organization's mission is to create, develop and maintain programs designed to provide affordable, decent and safe housing and communities.

The organization was incorporated in 2014 and began operating independently in 2016 after being spun off from Neighborhood Housing Services of New York City network.

Note 2 – Summary of Significant Accounting Policies

In accordance with generally accepted auditing standards, it is recommended that audited financial statements present prior period prior year and current year Statements of Financial Condition, Results of Activities, Cash Flows and other information in order to make the financial statements more informative for the reader by providing comparative information and trend analysis.

Net Assets without Restrictions and Restricted Net Assets

The Organization has prepared these financial statements in accordance with guidelines provided in the recently issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Specifically, the guidelines provide for two classifications of net assets, Net Assets without (donor) restrictions and Net Assets with (donor) restrictions. Previously, there were three categories of Net Assets, Unrestricted, Temporarily Restricted and Permanently Restricted. The Organization does not and has not previously reported any Permanently Restricted Net Assets. The Statement of Financial Condition and the Statement of Activities and Changes in Net Assets have been presented in accordance with the prescribed guidelines for the years ended December 31, 2019 and December 31, 2018 in these financial statements.

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**Neighborhood Housing Services of Queens CDC, Inc.**  
**Notes to financial statements**  
**December 31, 2019 and 2018**

Note 2 – Summary of Significant Accounting Policies (continued)

Income taxes

As a nonprofit organization exempt under Internal Revenue Code Section 501(c) (3), the Organization is not subject to federal, state or city income taxes. Accordingly, no provision for income taxes is reflected in the financial statements.

Recognition of donor restrictions

Support that is restricted by a donor or pursuant to a government grant is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor/grantor-restricted support is reported as an increase in restricted net assets until such time as the organization has performed all conditions under the contract that permit the funds to be dispersed. When a restriction expires, restricted net assets are reclassified to net assets without restriction.

**See Notes 8 and 9 below for restrictions on government grants.**

Revenue Recognition

The Organization derives the majority of its revenue from State, City and government funded agencies (hereinafter, agencies). In general, the grant contracts cover the fiscal year July 1 - June 30. Due to the fact that contracts are not normally finalized and approved until well after the commencement of the agencies fiscal years. The Organization does not recognize revenue until the contracts have been approved the Organization has completed all of its services and responsibilities pursuant to the contract are satisfied and invoices have been submitted to and approved by the agencies.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Due to the Covid-19 pandemic which has severely impacted the United States of America, State of New York and City of New York beginning in January 2020, the State of New York has ordered the closure of all non-essential businesses in the State of New York. As a result of this order and social distancing guidelines promulgated for public health and safety, these measures have impacted the ability of management to complete these statements and for the independent auditors to fully and thoroughly complete their examination of these statements without impediment. As a result, certain estimates were necessary to present the results of operations of this organization

**Neighborhood Housing Services of Queens CDC, Inc.**  
**Notes to financial statements**  
**December 31, 2019 and 2018**

Note 3 - Cash and cash equivalents

The Organization recognizes all checking, savings, and petty cash funds as cash equivalents for purposes of the Statement of Cash flows.

Note 4 – Prepaid expenses and other receivables

Prepaid expenses consists of the following as of December 31,	<u>2019</u>	<u>2018</u>
Due from Sterling National Bank	-	\$ 30,000
Health insurance premiums	\$ 351	-
	<hr/>	<hr/>
Total prepaid expenses and advances	\$351	\$ 30,000

The receivable, Due from Sterling National Bank, as of December 31, 2018 includes \$30,000 which were transferred from one of the Organization's bank accounts to another, within the same banking institution, which was not properly credited to the receiving bank account due to bank error. The funds were credited to the Organization's bank account on March 7, 2019.

Note 5– Property and equipment

Property and equipment are stated at cost. Depreciation is provided using the straight line method beginning in the month in which the asset is placed in service over the following estimated useful life.

Furniture and equipment	10 years	
	<u>2019</u>	<u>2018</u>
Furniture and equipment, at cost	\$ 10,807	\$6,847
Less: Accumulated depreciation	<u>(2,451)</u>	<u>(1,370)</u>
Net property and equipment	\$ 8,356	\$ 5,477

Depreciation expense for the years ended December 31, 2019 is \$1,081 and for 2018 was \$685.

**Neighborhood Housing Services of Queens CDC, Inc.**  
**Notes to financial statements**  
**December 31, 2019 and 2018**

Note 6 – Sterling National Bank Line of Credit

The Organization maintains a revolving line of credit with Sterling National Bank to assist with cash flow throughout the year, since state and city government grant payments are unpredictable due to the regulatory approval process and budget approval and payment,

The credit limit on this line of credit is \$50,000 and the interest rate is variable. The balance outstanding as of December 31, 2019 is \$2,145 and the balance outstanding as of December 31, 2018 was \$3,008.

Note 7 – Donated office space

The Organization maintains its administrative offices within the Sterling National Bank building in Woodside, Queens County, New York. The space is provided at no cost by Sterling National Bank.

The Organization has recognized the fair market rental value of the space as a contribution received and an expense for the corresponding amount in occupancy costs. The fair market rental value of the office space for 2019 and 2018 is deemed to be \$9,165 per month or \$109,980 for the year.

Note 8 – Net assets with restrictions

During the fiscal year ended December 31, 2019, the organization received a New York City grant in the amount of \$145,581 which contained certain restrictions as to the types of housing services for which it was permitted to be used. That amount, along with restricted funds from prior years of \$156,643 was available for the purposes specified in the grant. The organization expended \$150,791 in qualified expenses and that amount reduced net assets with restrictions to \$151,433 as of December 31, 2019.

During the fiscal year ended December 31, 2018, the organization received a New York City grant in the amount of \$245,540, a New York State grant of \$12,000 and a corporate donation in the amount of \$20,000, all of which contained certain restrictions as to the types of purposes for which it was permitted to be used. That amount, along with restricted funds from prior years of \$59,848 was available for the purposes specified in the grants. The organization expended \$180,745 in qualified expenses and that amount reduced net assets with restrictions to \$156,643 as of December 31, 2018.

**Neighborhood Housing Services of Queens CDC, Inc.**  
**Notes to financial statements**  
**December 31, 2019 and 2018**

Note 9 - Government grants and contracted services

The Organization derives the majority of its revenue from State, City and government funded agencies (hereinafter, agencies). In general, the grant contracts cover the fiscal year July 1-June 30. Due to the fact that contracts are not normally finalized and approved until well after the commencement agencies fiscal years. The Organization does not recognize revenue until the contracts have been approved, the Organization has completed all of its services and responsibilities pursuant to the contract and invoices have been submitted to and approved by the agencies.

The Organization recognized the following revenue from Federal, State and City government sources during the year ended December 31,

	<u>2019</u>	<u>2018</u>
Federal government contracts		\$ 23,669
New York State government grants	\$ 280,490	283,219
New York City government grants	48,018	70,039
New York City HPD contracted services	<u>132,358</u>	<u>82,178</u>
	\$ 460,866	\$ 459,105
NYS Department of Finance grant with restrictions	\$ -	\$ 12,000
New York City government Project Help grants with restrictions	<u>145,581</u>	<u>245,540</u>
Total grants with restrictions (See note 8)	\$ 145,581	\$ 257,540

**Bart L. Fooden & Associates, CPA, PC**  
**PO Box 562**  
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Board of Directors and Management  
Neighborhood Housing Services of Queens CDC, Inc.  
Woodside, NY

**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.**

We have examined the financial statements of Neighborhood Housing Services of Queens CDC, Inc. and have issued a report expressing our opinion as to whether the financial statements fairly present the financial condition and results of activities of the Organization as of and for the years ended December 31, 2019 and 2018.

We conducted our examination in accordance with generally accepted auditing standards 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 management of Neighborhood Housing Services of Queens CDC, Inc. is responsible for establishing and maintaining effective internal control over financial reporting systems and procedures. In planning and performing our examination, we considered and evaluated the Organization's internal control effectiveness over financial reporting as a basis for constructing our examination procedures for the purpose of expressing an opinion on the financial statements, however not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not intended or designed to identify all deficiencies in internal control over financial reporting that might be significant or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or application of a control feature 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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, detected and corrected.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention and consideration by those charged with governance.

We have not identified any material weaknesses or significant deficiencies for the Organization for the years ended December 31, 2019 and 2018.

#### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance as to whether the Neighborhood Housing Services of Queens CDC, Inc.'s financial statements are free of 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 determination of amounts reported on the financial statements. We do not provide an opinion and that was not an objective of our engagement. 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 pursuant to Government Auditing Standards.

This report is intended solely for the information of the Organization's Board of Directors, management and Federal, State, County and/or City awarding agencies and is not intended nor should be use by anyone other than those parties.

Respectfully submitted,

*Bart L. Fooden*

Bart L. Fooden & Associates, PC

Point Lookout, New York  
April 30, 2020