PROJECT RENEWAL

Renewing lives. Reclaiming hope.

PROJECT RENEWAL, INC. AND AFFILIATES

Consolidated Financial Statements and Supplementary Information (Together with Independent Auditors' Report)

Years Ended June 30, 2021 and 2020

MARKS PANETH

ACCOUNTANTS & ADVISORS

PROJECT RENEWAL, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
and Supplementary Information
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2021 AND 2020

CONTENTS

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Trustees of
Project Renewal, Inc. and Affiliates

We have audited the accompanying consolidated financial statements of Project Renewal, Inc. and Affiliates (the “Corporation"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

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

Auditors’ Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Project Renewal, Inc. and Affiliates as of June 30, 2021 and 2020, 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

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information shown on pages 24-27 is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, changes in net assets and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
November 30, 2021

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents (Notes 2E and 21)	$ 16,941,420	$ 6,072,485
Investments (Notes 2F and 6)	199,944	119,245
Accounts and grants receivable, net (Notes 2K and 7)	32,787,172	31,053,094
Contributions receivable, net (Notes 2K and 8)	1,271,377	1,728,423
Rent receivable, net	260,773	222,761
Due from affiliates, net (Note 11)	91,192	-
Prepaid expenses	916,431	842,763
Security deposits and other assets	375,916	389,854
Mortgage receivable (Note 12)	12,500,000	12,500,000
Restricted cash (Notes 2E and 4)	2,032,427	1,911,072
Assets held for others (Note 5)	127,339	162,986
Investments in rental property, net (Notes 2J and 9)	25,119,802	26,496,454
Property, equipment and leasehold improvements, net (Notes 2J and 10)	82,668,619	66,684,291
TOTAL ASSETS	$ 175,292,412	$ 148,183,428
LIABILITIES		
Accounts payable and accrued expenses (Notes 2L, 5 and 20B)	$ 29,321,783	$ 15,124,031
Accrued salaries and related liabilities (Note 18)	2,957,274	3,219,576
Accrued interest (Note 13)	4,996,369	4,219,659
Construction accounts payable	-	1,854,401
Due to affiliates, net (Note 11)	4,438,394	4,986,072
Retainage payable	136,454	-
Deferred revenue / due to funding source (Note 2K)	15,027,624	13,686,320
Deferred developer's fee revenue (Note 2H)	740,432	786,750
Deferred rent (Note 2M)	7,064,136	20,172
Line of credit (Note 15)	-	3,000,000
Loans payable, net (Note 13)	83,580,416	81,430,758
Paycheck protection program loan (Note 14)	8,263,870	-
Enforcement note payable (Note 12)	12,500,000	12,500,000
TOTAL LIABILITIES	169,026,752	140,827,739
COMMITMENTS AND CONTINGENCIES (Note 20)		
NET ASSETS (Notes 2D, 16 and 22)		
Without donor restrictions:		
Operating (Note 22)	1,494,233	195,144
Non-controlling interest (Notes 2I and 19)	673,698	2,209,361
Total without donor restrictions	2,167,931	2,404,505
With donor restrictions (Notes 2D and 16)	4,097,729	4,951,184
TOTAL NET ASSETS	6,265,660	7,355,689
TOTAL LIABILITIES AND NET ASSETS	$ 175,292,412	$ 148,183,428

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	For the Year Ended June 30,			For the Year Ended June 30,		
	Without Donor Restrictions	With Donor Restrictions	2021 Total	Without Donor Restrictions	With Donor Restrictions	2020 Total
REVENUES AND SUPPORT:						
Government grants (Note 2K)	$ 87,090,754	$ -	$ 87,090,754	$ 79,952,841	$ -	$ 79,952,841
Third party revenue (Note 2K)	3,468,088	-	3,468,088	3,686,559	-	3,686,559
Social purpose ventures (Notes 2K and 17)	6,790,215	-	6,790,215	7,012,568	-	7,012,568
Rental income (Note 2K)	2,936,108	-	2,936,108	3,237,104	-	3,237,104
Special events (net of direct expenses of $72,795 and $24,452 for 2021 and 2020, respectively)	1,224,385	-	1,224,385	699,122	-	699,122
Contributions	1,342,109	1,150,293	2,492,402	1,021,893	2,288,014	3,309,907
Developer's fee income (Note 2H)	-	-	-	1,233,935	-	1,233,935
Miscellaneous income (Note 6)	808,379	-	808,379	516,972	-	516,972
Net assets released from restrictions (Notes 2D and 16)	2,003,748	(2,003,748)	-	2,070,761	(2,070,761)	-
TOTAL REVENUES AND SUPPORT	105,663,786	(853,455)	104,810,331	99,431,755	217,253	99,649,008
EXPENSES (Note 2N):						
Program Services:						
Outreach	471,700	-	471,700	445,743	-	445,743
Treatment and transitional housing	67,537,632	-	67,537,632	62,863,149	-	62,863,149
Medical services	9,615,179	-	9,615,179	8,687,397	-	8,687,397
Employment services	8,035,917	-	8,035,917	9,697,742	-	9,697,742
Permanent housing	8,347,139	-	8,347,139	8,319,140	-	8,319,140
Total program services	94,007,567	-	94,007,567	90,013,171	-	90,013,171
Supporting services:						
Management and general	11,055,394	-	11,055,394	9,392,953	-	9,392,953
Fundraising	837,399	-	837,399	856,161	-	856,161
Total supporting services	11,892,793	-	11,892,793	10,249,114	-	10,249,114
TOTAL EXPENSES	105,900,360	-	105,900,360	100,262,285	-	100,262,285
CHANGES IN NET ASSETS	(236,574)	(853,455)	(1,090,029)	(830,530)	217,253	(613,277)
Net assets - beginning of year	2,404,505	4,951,184	7,355,689	3,235,035	4,733,931	7,968,966
NET ASSETS - END OF YEAR	$ 2,167,931	$ 4,097,729	$ 6,265,660	$ 2,404,505	$ 4,951,184	$ 7,355,689

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

	Program Services						Supporting Services				
	Outreach	**Treatment and Transitional Housing**	**Medical Services**	**Employment Services**	**Permanent Housing**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total 2021**	**Total 2020**
Salaries	$ 285,434	$ 25,249,528	$ 5,364,284	$ 3,065,256	$ 2,779,817	$ 36,744,319	$ 5,091,864	$ 523,542	$ 5,615,406	$ 42,359,725	$ 39,969,428
Payroll taxes and benefits (Note 18)	68,030	6,017,979	1,278,534	729,195	662,992	8,756,730	1,387,671	124,782	1,512,453	10,269,183	9,468,806
Total salaries and related costs	353,464	31,267,507	6,642,818	3,794,451	3,442,809	45,501,049	6,479,535	648,324	7,127,859	52,628,908	49,438,234
Food and kitchen supplies	-	2,508,164	693	3,423,700	71,380	6,003,937	18,276	-	18,276	6,022,213	6,573,743
Client supplies	59,789	959,497	304,535	64,973	77,065	1,465,859	96,509	-	96,509	1,562,368	1,693,852
Lab fees	-	45	59,888	-	-	59,933	21,240	-	21,240	81,173	103,015
Office rent and occupancy expense (Note 20C)	24,254	8,716,627	92,121	304,065	2,783,842	11,920,909	965,599	-	965,599	12,886,508	12,384,054
Utilities	2,249	1,082,637	6,424	19,171	299,117	1,409,598	25,489	-	25,489	1,435,087	1,044,159
Facility maintenance	2,011	3,063,963	30,286	6,793	155,522	3,258,575	17,951	-	17,951	3,276,526	2,839,786
Telephone	3,991	344,736	86,747	25,062	41,521	502,057	79,914	3,488	83,402	585,459	563,815
Office expense	22	956,189	476,219	76,871	72,947	1,582,248	1,023,592	74,588	1,098,180	2,680,428	2,634,919
Staff travel	-	8,789	32,780	3,909	339	45,817	69,149	205	69,354	115,171	136,401
Printing	120	2,867	4,590	853	574	9,004	1,604	686	2,290	11,294	13,822
Professional fees	-	137,912	118,826	3,843	25,596	286,177	637,633	167,303	804,936	1,091,113	1,100,001
Security fees	-	15,335,242	-	-	79,990	15,415,232	-	-	-	15,415,232	12,343,099
Temporary help	-	9,759	908,221	-	-	917,980	100,671	-	100,671	1,018,651	1,030,082
Vehicle expense	11,043	139,570	310,652	184,112	1,486	646,863	130,807	-	130,807	777,670	757,153
Insurance	14,757	1,185,022	304,754	113,435	87,865	1,705,833	325,263	-	325,263	2,031,096	1,634,815
Recruiting	-	-	30,000	147	-	30,147	15,084	-	15,084	45,231	13,978
Bad debt expense	-	4,020	-	-	46,195	50,215	54,423	11,830	66,253	116,468	417,795
Data processing	-	-	-	14,532	-	14,532	352,947	-	352,947	367,479	385,175
Interest expense and amortization of debt issuance costs	-	601,066	-	-	259,681	860,747	178,735	-	178,735	1,039,482	910,593
Depreciation and amortization	-	1,116,627	205,625	-	880,185	2,202,437	460,973	-	460,973	2,663,410	2,060,362
Construction buildout (Note 2J)	-	-	-	-	-	-	-	-	-	-	2,126,070
Miscellaneous	-	97,393	-	-	21,025	118,418	-	3,770	3,770	122,188	81,814
Total OTPS	118,236	36,270,125	2,972,361	4,241,466	4,904,330	48,506,518	4,575,859	261,870	4,837,729	53,344,247	50,848,503
Direct costs of fundraising events	-	-	-	-	-	-	-	(72,795)	(72,795)	(72,795)	(24,452)
TOTAL EXPENSES	$ 471,700	$ 67,537,632	$ 9,615,179	$ 8,035,917	$ 8,347,139	$ 94,007,567	$ 11,055,394	$ 837,399	$ 11,892,793	$ 105,900,360	$ 100,262,285

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services			
	Outreach	Treatment and Transitional Housing	Medical Services	Employment Services	Permanent Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2020
Salaries	$ 296,024	$ 22,857,976	$ 4,972,206	$ 3,572,294	$ 2,785,604	$ 34,484,104	$ 4,959,215	$ 526,109	$ 5,485,324	$ 39,969,428
Payroll taxes and benefits (Note 18)	70,238	5,421,332	1,179,267	847,324	660,667	8,178,828	1,165,200	124,778	1,289,978	9,468,806
Total salaries and related costs	366,262	28,279,308	6,151,473	4,419,618	3,446,271	42,662,932	6,124,415	650,887	6,775,302	49,438,234
Food and kitchen supplies	-	2,342,384	5,107	4,136,841	82,076	6,566,408	7,335	-	7,335	6,573,743
Client supplies	19,319	1,217,672	234,326	124,664	97,871	1,693,852	-	-	-	1,693,852
Lab fees	9,361	145	93,426	-	83	103,015	-	-	-	103,015
Office rent and occupancy expense (Note 20C)	28,823	8,536,204	252,793	195,590	2,698,681	11,712,091	671,963	-	671,963	12,384,054
Utilities	2,567	758,152	2,224	16,407	227,021	1,006,371	37,788	-	37,788	1,044,159
Facility maintenance	781	2,672,086	23,937	1,633	130,982	2,829,419	10,367	-	10,367	2,839,786
Telephone	3,033	342,775	62,819	25,507	39,220	473,354	88,003	2,458	90,461	563,815
Office expense	418	1,291,691	323,249	75,611	86,995	1,777,964	821,539	35,416	856,955	2,634,919
Staff travel	-	5,877	13,318	7,289	970	27,454	105,188	3,759	108,947	136,401
Printing	-	4,415	4,001	664	540	9,620	4,202	-	4,202	13,822
Professional fees	-	200,739	90,901	22,618	51,756	366,014	580,372	153,615	733,987	1,100,001
Security fees	-	12,261,703	-	-	81,396	12,343,099	-	-	-	12,343,099
Temporary help	12,210	169,227	757,677	1,459	19,194	959,767	70,315	-	70,315	1,030,082
Vehicle expense	2,844	166,068	271,032	167,700	6,238	613,882	143,271	-	143,271	757,153
Insurance	125	888,119	214,537	188,093	123,552	1,414,426	220,389	-	220,389	1,634,815
Recruiting	-	3,060	2,640	504	700	6,904	7,049	25	7,074	13,978
Bad debt expense	-	4,289	7,500	305,836	79,820	397,445	-	20,350	20,350	417,795
Data processing	-	75	-	7,708	175	7,958	377,217	-	377,217	385,175
Interest expense and amortization of debt issuance costs	-	618,887	-	-	265,143	884,030	26,563	-	26,563	910,593
Depreciation and amortization	-	964,624	176,437	-	880,456	2,021,517	38,845	-	38,845	2,060,362
Construction buildout (Note 2J)	-	2,126,070	-	-	-	2,126,070	-	-	-	2,126,070
Miscellaneous	-	9,579	-	-	-	9,579	58,132	14,103	72,235	81,814
Total OTPS	79,481	34,583,841	2,535,924	5,278,124	4,872,869	47,350,239	3,268,538	229,726	3,498,264	50,848,503
Direct costs of fundraising events	-	-	-	-	-	-	-	(24,452)	(24,452)	(24,452)
TOTAL EXPENSES	$ 445,743	$ 62,863,149	$ 8,687,397	$ 9,697,742	$ 8,319,140	$ 90,013,171	$ 9,392,953	$ 856,161	$ 10,249,114	$ 100,262,285

The accompanying notes are an integral part of these consolidated financial statements.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (1,090,029)	$ (613,277)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,663,410	2,060,362
Amortization of debt issuance costs	22,460	22,452
Bad debt expense	116,468	417,795
Unrealized gain on investments	(80,699)	(26,865)
Non-cash loan principal repayment	(439,272)	(421,322)
Non-cash loan principal borrowings	2,606,470	9,043,624
Non-cash increase in property and equipment	(13,439,722)	(6,791,943)
Deferred rent	7,043,964	(149,460)
	(2,596,950)	3,541,366
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts and grants receivable	(1,850,546)	(11,755,937)
Contributions receivable	457,046	(419,382)
Rent receivable	(38,012)	(50,951)
Prepaid expenses	(73,668)	27,664
Security deposits and other assets	13,938	(134,964)
Assets held for others	35,647	(52,065)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	14,197,752	1,711,027
Accrued salaries and related liabilities	(262,302)	1,163,430
Accrued interest	776,710	881,617
Retainage payable	136,454	-
Deferred revenue / due to funding source	1,341,304	3,742,488
Deferred developer's fee revenue	(46,318)	-
Due to / from affiliates	(638,870)	1,548,037
Net Cash Provided by Operating Activities	11,452,185	202,330
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,831,364)	(3,797,625)
Net Cash Used in Investing Activities	(3,831,364)	(3,797,625)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	8,263,870	-
Proceeds from line of credit	-	3,000,000
Proceeds from loans	-	120,000
Repayment of line of credit	(3,000,000)	-
Repayment of loans	(40,000)	(40,000)
Construction accounts payable	(1,854,401)	187,506
Net Cash Provided by Financing Activities	3,369,469	3,267,506
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	10,990,290	(327,789)
Cash and cash equivalents and restricted cash - beginning of year	7,983,557	8,311,346
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 18,973,847	$ 7,983,557
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	$ 605,816	$ 547,398
Loan principal repayment - non-cash	$ (439,272)	$ 421,322
Loan principal borrowings - non-cash	$ 2,606,470	$ 9,043,624
Property and equipment - non-cash	$ (13,439,722)	$ 6,791,943

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 — CORPORATION AND NATURE OF ACTIVITIES

Project Renewal, Inc. and Affiliates operate facilities in New York State that offer a variety of services in accessible settings to homeless and formerly homeless people suffering from mental illness, alcoholism and substance abuse. Project Renewal, Inc. receives substantial grant awards from various Federal, New York State and City agencies. The consolidated financial statements include Project Renewal, Inc. and the following entities, collectively referred to as the "Corporation":

A. Project Renewal Housing Development Fund Corporation ("PRI HDFC"), whose sole member is Project Renewal, Inc., provides housing for low-income persons with mental illness and/or chemical dependency in the Bronx, New York, called the Fletcher Place Residence (the "Project").

B. Washington OMH Corporation ("Washington OMH GP") is the general partner of Washington Fletcher OMH LP. ("Washington Fletcher"), a limited partnership controlled by PRI HDFC. Washington OMH GP has a 0.01% interest in Washington Fletcher. Washington Fletcher owns investments in real property and the provision of low-income housing through the construction, renovation, rehabilitation, operation and leasing of an apartment complex. The apartment complex is an 80-unit, multifamily rental housing development in the Bronx, New York, for low-income residents. Occupancy commenced in December 2011.

C. Bronx Boulevard Housing Development Fund Corporation ("Bronx Boulevard HDFC"), whose sole member is Project Renewal, Inc., is developing housing for men with mental illness.

D. PRI Villa Avenue GP, Inc., the general partner of PRI Villa Avenue L.P., a limited partnership controlled by PRI Villa HDFC., has a 0.01% interest in PRI Villa Avenue L.P. PRI Villa Avenue L.P. owns investments in real property and the provision of low-income housing through the construction and operation of an apartment complex. The apartment complex is a 56-unit, multifamily rental housing development in the Bronx, New York, for low-income residents. Construction was completed in August 2015 and occupancy commenced in October 2015.

E. 10 Minerva Place GP, Inc., the general partner of 10 Minerva Place LP, Inc., is a limited partnership controlled by 10 Minerva Place HDFC. 10 Minerva Place GP, Inc. has a 0.01% interest in 10 Minerva Place LP. 10 Minerva Place LP owns investments in real property and the provision of low-income housing through construction and the operation of a 13-story residential building, located in the Bronx, New York. The residential building will have approximately 120 dwelling units. Construction has begun and is still in the development stage.

F. PRI Villa Avenue Housing Development Fund Corporation ("PRI Villa HDFC"), whose sole member is Project Renewal, Inc., developed housing for low income persons with substance and mental illness in the Bronx, New York, called Villa Avenue Residence. 2880 Jerome Avenue GP, Inc., the general partner of 2880 Jerome Avenue LP, Inc., is a limited partnership controlled by 2880 Jerome Avenue HDFC. 2880 Jerome Avenue GP, Inc. has a 0.01% interest in 2880 Jerome Avenue LP. Construction has not begun and is still in the development stage.

G. 2880 Jerome Avenue GP, Inc. ("2880 Jerome Avenue") the general partner of 2880 Jerome Avenue LP, Inc. is a limited partnership controlled by 2880 Jerome Avenue HDFC. 2880 Jerome Avenue has a 0.01% interest in 2880 Jerome Avenue LP, Inc. Jerome Avenue LP owns investments in real estate property and the provision of low-income housing through construction and the operation of a 17-story residential building, located in the Bronx, New York. The residential building will have approximately 116 dwelling units. Construction has not begun and is still in the development stage.

H. 161 Lexington Housing Development Fund Company ("161 Lexington HDFC"), whose sole member is Project Renewal, Inc., is redeveloping a former 117 room hotel on Lexington Ave. into 117 studio housing units for formerly homeless individuals. Construction has not begun and is still in the development stage.

I. New Providence Housing Development Fund Company ("New Providence HDFC"), whose sole member is Project Renewal, Inc., is redeveloping existing buildings in the Turtle Bay-East Midtown neighborhood of New York City into supportive housing and shelter space. Construction has not begun and is still in the development stage.

NOTE 1 — CORPORATION AND NATURE OF ACTIVITIES (Continued)

Entities shown in items A through I above are further referred to as ("Housing Affiliates").

Other related entities which are not included:

A. Project Renewal Fund Inc. ("PRF") a not-for-profit entity that is the sole member of Project Renewal, Inc. and other non-profit entities.

B. The Corporation shares certain common facilities and management personnel with Manhattan Bowery Management Corporation ("MBMC"), a not-for-profit entity. PRF is the sole member of MBMC.

C. MRG Partners, L.P. ("MRG"), operates the Geffner House (formerly the Holland House), a low-income rental housing project. The general partner is Starting Homes, Inc., a for-profit corporation controlled by a housing development fund corporation that is owned by PRF.

D. St. Nicholas House L.P. ("St. Nicholas") operates the St. Nicholas House project for occupancy by low income tenants. The general partner is St. Nicholas House GP Corporation, a for-profit corporation controlled by a housing development fund corporation that is owned by PRF.

E. North Star Housing, Inc. ("NSH"), a not-for-profit entity develops and manages affordable housing. PRF is the sole member of NSH.

Project Renewal, Inc., PRI HDFC, Bronx Boulevard HDFC, PRI Villa HDFC, 161 Lexington HDFC and New Providence HDFC are exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (the "Code") and from state and local taxes under comparable laws. Washington OMH GP, PRI Villa Avenue GP, 10 Minerva Place GP, Inc. and HDFC and 2880 Jerome Avenue, are for-profit Corporations subject to Federal income tax and applicable state and local taxes.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting –*** The Corporation's consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany transactions have been eliminated during consolidation.

B. ***Principles of Consolidation*** – These financial statements are prepared on a consolidated basis and include the activities as of and for the years ended June 30, 2021 and 2020 of entities controlled by Project Renewal, Inc. through its sole membership in not-for-profit entities or its controlling interest in for-profit entities. The assets, liabilities, and net assets of Washington Fletcher, PRI Villa Avenue L.P., and 10 Minerva Place L.P. have been consolidated into Washington OMH GP, PRI Villa Avenue GP, and 10 Minerva Place GP and HDFC, respectively, due to the controlling influence the general partners have over the limited partnerships. The consolidated entity is collectively referred to as the "Corporation."

C. ***Use of Estimates –*** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

D. ***Net Assets –*** The Corporation maintains its net assets in accordance with the following:

Without Donor Restrictions - represents resources available for support of the Corporation's operations over which the Board of Trustees has discretionary control.

With Donor Restrictions - represents assets that are subject to donor-imposed stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions are released from donor restrictions by incurring expenses, thereby satisfying the restricted purposes of providing program services as specified by the donors. Unconditional promises to give that are due in future periods to support the current-period activities are reported as unrestricted support.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ***Cash and Cash Equivalents and Restricted Cash*** – Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the time of purchase, except restricted cash held for reserves on construction projects.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the Consolidated Statements of Financial Position the sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	June 30, 2021	June 30, 2020	June 30, 2019
Cash and cash equivalents	$ 16,941,420	$ 6,072,485	$ 6,494,893
Restricted cash	2,032,427	1,911,072	1,816,453
Total in the statements of cash flows	$ 18,973,847	$ 7,983,557	$ 8,311,346

F. ***Investments and Fair Value Measurements*** – Investments are reported at fair value. Investment income consisting of interest, dividends, realized and unrealized gains or losses is classified as operating revenue and is available to support operations. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.

G. ***Impairment of Long-Lived Assets*** – The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to aggregate future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value. No impairment loss has been recognized during the years ended June 30, 2021 and 2020.

H. ***Deferred Developer's Fee Revenue*** – Deferred developer's fee revenue refers to fees indirectly received in the form of an investment by the developer in connection with the development and construction of the Fletcher Street Project. Revenue will be recognized as certain milestones are achieved and receipts will be used for the establishment of required reserves.

I. ***Non-Controlling Limited Partners' Interests*** – Capital contributions from non-controlling limited partners in the consolidated statements of activities represent the capital contributions of the Limited Partnerships allocated to limited partners for that period. Non-controlling limited partners' interests in the consolidated statements of financial position represent the cumulative capital contributions and the limited partners' interest in profits or losses of the Limited Partnerships.

J. ***Property and Equipment and Investments in Rental Property*** – Property and equipment and investments in rental property are stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. The Corporation capitalizes all owned property and equipment having a useful life of greater than one year and a cost of $5,000 or more. There may be instances where certain expenditures for property and equipment are included in the consolidated financial statements as expenses because the cost of these items was reimbursed by certain governmental funding sources and/or the contractual agreement specifies that title to these assets, rests with the funding sources rather than the Corporation.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. ***Revenue Recognition*** – Principal support for the programs operated by the Corporation is derived directly from various federal, state and local governmental agencies. Laws and regulations governing Medicaid and Medicare programs are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid and Medicare programs. There are occasions when funding source reimbursements for prior years are adjusted in the current period. The Corporation records receivables and revenue when earned based on established rates or contracts for services provided. Revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing the contracted services. Generally, the Corporation bills the government entities, third-party payors and individuals after the services are performed or when the Corporation has completed its portion of the contract.

Government grants are nonexchange transactions and accounted for under Accounting Standards Update ("ASU") 2018-08 "*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made"* (Topic 958). Government grants are recognized as revenue when barriers within the contract are overcome, and there is no right of return. There are instances when the Corporation receives advances from the governmental funding sources and/or foundations. Such advances are recorded as deferred revenue / due to funding source in the accompanying consolidated statements of financial position.

As of and June 30, 2021 and 2020, the Corporation received conditional grants and contracts from government agencies in the aggregate amount of approximately $102 MM and $135 MM, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

Third party revenues are derived from services provided under contracts with national social insurance programs and managed care organizations where the Corporation is reimbursed by an entity other than the beneficiary of the services provided. The revenue is recognized when it is earned.

Social purpose ventures revenues are derived from programs designed to end the cycle of homelessness by preparing formerly homeless individuals to succeed in culinary and food preparation industries. Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and tenants are operating leases with terms between one and two years.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Corporation in accordance with the contract. Revenue for performance obligations are satisfied at a point in time at which services are provided. The Corporation believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Corporation measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-50-l 4(a), *Revenue from Contracts with Customers* and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation determines the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction price is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. The Corporation has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Financing Component

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18, *Revenue from Contracts with Customers* and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

Contract Costs

The Corporation has applied the practical expedient provided by FASB ASC 340-40-25-4, *Other Assets and Deferred Costs*, and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Corporation otherwise would have recognized is one year or less in duration.

L. ***Contract Disallowances*** – The contractual agreements with various funding sources include provisions for claims and program audits in subsequent years. These audits may result in disallowance and repayment of costs previously reimbursed by the funding sources. Management estimates potential disallowances based on past experiences. Accordingly, management has established a contingency reserve to cover the cost of future disallowances, if any. As of both June 30, 2021 and 2020, the contingency reserve amounted to approximately $247,600, and is reflected in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

M. ***Operating Leases*** – U.S. GAAP requires that the Corporation account for free rent and landlord credits. This accounting treatment is commonly referred to as “straight-lining of rent.” The difference between rent expense, under this method, and the lower rental amounts actually paid to the landlord are reported as a “deferred rent” obligation in the accompanying consolidated statements of financial position. The change in the deferred rent liability is reflected in the accompanying consolidated statements of activities.

N. ***Functional Allocation of Expenses*** – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and insurance which are allocated on a square footage basis, as well as salaries, wages and benefits, payroll taxes, professional services, information technology and other expenses, which are allocated mainly on the basis of estimates of time and effort. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

NOTE 3 — LIQUIDITY AND AVAILABILITY

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and line of credit that provides funding for operations and capital expenditures as needed.

NOTE 3 — LIQUIDITY AND AVAILABILITY (Continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation expects and anticipates collecting sufficient revenue to cover general expenditures.

As of June 30, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, include the following:

	2021	2020
Cash and cash equivalents	$ 16,941,420	$ 6,072,485
Investments	199,944	119,245
Accounts and grants receivable	32,787,172	31,053,094
Contributions receivable	1,271,377	1,728,423
Rent receivable	260,773	222,761
Due from affiliates	91,192	-
Total	51,551,878	39,196,008
Less those unavailable for general expenditures within one year		
Net assets with donor restrictions	(4,097,729)	(4,951,184)
Less contributions receivable due more than one year	(776,703)	(461,515)
Total	$ 46,677,466	$ 33,783,309

To help manage unanticipated liquidity needs, the Corporation has a line of credit of $5,000,000 which can be drawn upon as needed. In addition, the Corporation has access to certain Limited Partnerships' financial assets.

NOTE 4 — RESTRICTED CASH

The Corporation receives funding for PRI Villa Avenue, L.P. which is to be used for the operating and replacement reserves of the construction project (Note 13). The funds are related to debt agreements and were deposited into an escrow account held by New York City Housing Development Corporation. At June 30, 2021 and 2020, the remaining balances amounted to $614,523 and $599,837, respectively.

In addition, at June 30, 2021 and 2020, the Corporation had $1,417,904 and $1,311,235, respectively, held in escrow accounts for real estate tax, insurance payments and operating reserves.

NOTE 5 — ASSETS HELD FOR OTHERS

Assets held for others consist of custodial and other funds required to be maintained in separate accounts for other organizations. The corresponding liability is reflected in accounts payable and accrued expenses.

NOTE 6 — INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

NOTE 6 — INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk (or other parties such as counterparty in a swap) in its assessment of fair value.

Investments in the consolidated statements of financial position, consisted of common stock, are stated at fair value as of June 30, 2021 and 2020, are valued using market prices in active markets in Level 1, and amounted to $199,944 and $119,245, respectively.

Investments are subject to market volatility that could substantially change their value in the near term.

Investment activity included in miscellaneous income in the accompanying consolidated statements of activities consisted of the following for the years ended June 30:

	2021	2020
Unrealized gain on investments	$ 80,699	$ 26,865

NOTE 7 – ACCOUNTS AND GRANTS RECEIVABLE, NET

Accounts and grants receivable consisted of the following as of June 30:

	2021	2020
Accounts receivable	$ 3,300,120	$ 3,610,554
Grants receivable		
Federal	2,736,787	2,034,550
New York State	1,608,556	2,572,361
New York City	25,525,846	23,234,008
Total	33,171,309	31,451,473
Less: Allowance for doubtful accounts	(384,137)	(398,379)
Accounts and grants receivable, net	$ 32,787,172	$ 31,053,094

Accounts receivable mostly represent amounts due to the Corporation from other not-for-profit agencies and private companies for services provided by one of the Corporation's social purpose ventures.

At both June 30, 2021 and 2020, approximately 70% of grants receivable due from New York City were due from a single agency.

NOTE 8 — CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consisted of the following as of June 30:

	2021	2020
Receivables due within one year	$ 681,275	$ 1,453,508
Receivables due in one to five years	776,702	461,515
	1,457,977	1,915,023
Less: Allowance for doubtful accounts	(186,600)	(186,600)
Contributions receivable, net	$ 1,271,377	$ 1,728,423

NOTE 9 — INVESTMENTS IN RENTAL PROPERTY, NET

Investments in rental property, net consist of the following as of June 30:

	2021		
	Washington OMH GP	PRI Villa Avenue GP	Total
Land and land improvements	$ 1,235,040	$ 1,325,000	$ 2,560,040
Building and building improvements	20,187,008	13,534,396	33,721,404
Equipment	-	432,076	432,076
Furniture and fixtures	548,600	157,139	705,739
Total	21,970,648	15,448,611	37,419,259
Less: accumulated depreciation	(8,832,277)	(3,467,180)	(12,299,457)
Investment in rental property, net	$ 13,138,371	$ 11,981,431	$ 25,119,802

	2020		
	Washington OMH GP	PRI Villa Avenue GP	Total
Land and land improvements	$ 1,235,040	$ 1,325,000	$ 2,560,040
Building and building improvements	20,187,008	13,534,396	33,721,404
Equipment	-	432,076	432,076
Furniture and fixtures	548,600	157,139	705,739
Total	21,970,648	15,448,611	37,419,259
Less: accumulated depreciation	(7,972,652)	(2,950,153)	(10,922,805)
Investment in rental property, net	$ 13,997,996	$ 12,498,458	$ 26,496,454

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to $1,376,651 and $1,489,159, respectively. Estimated useful lives of assets in investments in rental property follow the same lives as property, equipment and leasehold improvements (see Note 10).

NOTE 10 — PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment and leasehold improvements consisted of the following as of June 30:

	2021	2020	Estimated Useful Lives
Land	$ 4,616,250	$ 4,616,250	
Buildings	15,250,927	14,593,568	25-30 Years
Equipment	4,858,579	4,858,579	4-7 Years
Automobiles	3,066,767	3,066,767	5-7 Years
Building and leasehold improvements	8,131,293	1,874,032	7-15 Years
Construction-in-progress	64,067,148	54,013,342	
Total	99,990,964	83,022,538	
Accumulated depreciation and amortization	(17,322,345)	(16,338,247)	
Property, equipment and leasehold improvements, net	$ 82,668,619	$ 66,684,291	

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to $984,098 and $571,203, respectively.

As of June 30, 2021, construction-in-progress primarily consisted of approximately $53.5 MM related to construction of Bedford Green House. The expected date of completion is December 2021, and the expected future cost will be approximately $11 MM (see Note 13). In addition, construction-in-progress includes early-stage renovations being done at 161 Lexington HDFC and New Providence HDFC.

NOTE 11 — RELATED PARTY TRANSACTIONS

The Corporation conducts transactions with certain related and other affiliated organizations. A description of these transactions follows:

A. For each of the years ended June 30, 2021 and 2020, the Corporation charged MBMC rent of $96,000, and management fees of $200,000.

B. During each of the years ended June 30, 2021 and 2020, NSH charged the Corporation $447,457 for rental expense.

Amounts due (to)/from affiliates are non-interest bearing, payable on demand and consisted of the following as of June 30:

	2021	2020
MBMC	$ (1,767,872)	$ (2,234,046)
NSH	(499,704)	(523,144)
MRG	(414,269)	(438,061)
St. Nicholas	(1,019,462)	(1,144,926)
Total	(3,701,307)	(4,340,177)
Allowance for doubtful accounts	(645,895)	(645,895)
Total due (to)/from affiliates, net	$ (4,347,202)	$ (4,986,072)

NOTE 12 — MORTGAGE RECEIVABLE AND ENFORCEMENT NOTE PAYABLE

The Corporation is the sponsor of the Geffner House Project, which is operated and owned by MRG. The Corporation has a $12,500,000 mortgage note receivable from MRG as a result of transferring land to the Geffner House property for use in the Project.

This mortgage receivable is subordinated to a $12,500,000 enforcement note held by the City of New York. The enforcement note may be forgiven if the Corporation operates certain social service programs at the Geffner House site during the term of the agreement. The enforcement note shall not bear interest and matures on December 30, 2026. Once the enforcement note is satisfied, the mortgage receivable shall be forgiven.

NOTE 13 — LOANS PAYABLE

Loans payable consisted of the following at June 30:

	2021	2020
A. Washington OMH GP		
New York State Housing Finance Agency (HFA)	$ 10,965,000	$ 10,965,000
New York State Homeless Housing and Assistance Corporation (HHAC)	4,238,094	4,238,094
B. Bronx Boulevard HDFC		
The Community Preservation Corporation (CPC)	8,044,315	8,483,578
C. PRI Villa Avenue GP, Inc.		
New York City Housing Preservation and Development (HPD)	4,475,000	4,475,000
NYS Office of Temporary and Disability Assistance (OTDA)	3,231,500	3,231,500
D. PRI Villa HDFC / 2880 Jerome Avenue		
Corporation for Supportive Housing	3,320,724	3,320,724
E. 10 Minerva Place L.P., Inc.		
New York City Housing Development Corporation (HDC)	34,012,277	32,303,305
New York State Homeless Housing and Assistance Corporation (HHAC)	6,221,812	5,858,293
New York City Department of Housing Preservation and Development (HPD)	8,850,000	8,850,000
F. Project Renewal, Inc.		
Deutsche Bank Recoverable Grant Funds	160,000	200,000
G. 161 Lexington HDFC		
Corporation for Supportive Housing	337,200	-
H. New Providence HDFC		
Leviticus Alternative Fund, Inc	196,770	-
Subtotal	84,052,692	81,925,494
Less: unamortized debt issuance costs	(472,276)	(494,736)
Total loans payable, net	$ 83,580,416	$ 81,430,758

A. Washington OMH GP

Construction on the Fletcher Street Project is being financed using the proceeds provided to PRI HDFC of (1) a construction / permanent mortgage loan from the New York State Housing Finance Agency ("HFA") in the amount not to exceed $14,250,000 to be financed with funds from the proceeds of tax exempt Affordable Housing Revenue Bonds 2009 Series B Bonds, (2) a subordinate loan from HFA in the approximate principal amount of $200,000 (together with (1) the "HFA Loan"), (3) a building and project loan from New York State Homeless Housing and Assistance Corporation in the principal amount of $4,632,300 ("HHAC Loan"), and (4) an equity investment in the amount of $8,132,569 made in connection with the sale of Federal low-income housing tax credits generated by the Project.

As a condition of the HFA Loan, Washington Fletcher secured an irrevocable standby letter of credit from JP Morgan Chase Bank, N.A. Also, as a condition of the HFA Loan, Washington Fletcher was required to enter into an agreement with HFA that regulates the rents and income of eligible occupants of the Project for a period of at least 30 years.

The construction loan portion of the financing was converted to permanent financing and the letter of credit from JP Morgan Chase Bank, N.A. for the Project was released on October 12, 2012.

The project is eligible to receive certain operating subsidies from Washington OMH GP for management and operation of the Project and provide special services to tenants. In addition, the Corporation is eligible for debt service subsidies for payments on the HFA loan.

As of both June 30, 2021 and 2020, HFA advanced $10,965,000, of which $10,765,000 is outstanding on the construction/permanent mortgage loan and $200,000 is outstanding on the subordinate loan. The HFA mortgage loan bears interest of 2% per year and is payable on July 1, 2041. The HFA subordinate loan bears interest of 1% per year and has a maturity date of July 1, 2041. Total interest expense accrued at June 30, 2021 and 2020 for both loans was $2,114,525 and $1,897,225, respectively.

NOTE 13 — LOANS PAYABLE (Continued)

As of both June 30, 2021 and 2020, HHAC advanced $4,238,094 to the Corporation. The HHAC loan bears interest of 1% per year and is payable on December 1, 2041. Total interest expense accrued at June 30, 2021 and 2020 was $495,944 and $453,563, respectively.

Washington Fletcher has entered into a commitment with PRI HDFC to receive a loan of $759,205. The loan has a stated interest rate of 3.5% per annum with the entire principal balance and accrued interest due on September 30, 2039. No amounts have been advanced as of June 30, 2021 and 2020.

B. Bronx Boulevard HDFC

Construction on the Bronx Boulevard project was financed by JP Morgan Chase Bank, N.A. and Contact Fund loans for $10,222,649 and $404,747, respectively. The interest rate is 2.75% per annum plus the adjusted LIBOR rate for JP Morgan Chase Bank, N.A. and 1.75% plus prime rate for Contact Fund. Both loans matured on May 3, 2014. The Corporation obtained a six-month extension for both loans, with a new maturity date of November 3, 2014.

In October 2014, the Corporation refinanced its loans with JP Morgan Chase Bank, N.A. and Contact Fund with The Community Preservation Corporation. The new loan has a principal balance of $10,627,396 and matures on November 1, 2034. The loan has an interest rate of 4.15% per annum, and requires monthly payments of $77,230, of which $65,243 is for principal and interest and $11,987 is for insurance escrow and taxes. At June 30, 2021 and 2020, the outstanding loan balance was $8,044,315 and $8,483,578, respectively, and the escrow balance was $498,487 and $454,056, respectively.

C. PRI Villa Avenue GP

Construction on the PRI Villa Avenue project was financed by (1) New York City Department of Housing Preservation and Development (NYC HPD) in the amount of $4,475,000, (2) New York State Office of Temporary & Disability Assistance in the amount of $3,250,000, and (3) an equity investment in the amount of $8,344,280 made in connection with the sale of Federal low-income housing tax credits generated by the project.

As of both June 30, 2021 and 2020, NYC HPD advanced $4,475,000 to the Corporation. When the conditions outlined in the Building and Project Loan Contract are met, the construction loan will be converted to a permanent mortgage with a maturity date of 60 years from the date of the conversion. The loan is non-interest bearing until the conversion date, at which time interest begins to accrue at a rate of 2.5% per annum through the maturity date. The loan has not yet been converted and the maturity date has been extended to March 21, 2078. As of June 30, 2021 and 2020, there was no accrued interest on this loan.

As of both June 30, 2021 and 2020, New York State Office of Temporary & Disability Assistance advanced $3,231,500 to the Corporation. The loan accrues interest at a rate of 4.5% per annum. No payments of principal are due on the loan until maturity on October 28, 2075. As of June 30, 2021 and 2020, the Corporation accrued interest of $1,375,821 and $1,118,528, respectively, of which $206,443 was capitalized in 2016 prior to the completion of the Project.

D. PRI Villa Ave HDFC / 2880 Jerome Avenue

On July 30, 2015, the Corporation closed on the acquisition of two adjoining sites in the Bedford Park area of the Bronx, New York: Minerva Place and Jerome Avenue (collectively "Bedford Green House"). The acquisitions were financed by a Pre-development and Acquisition loan from the Corporation for Supportive Housing. Bedford Green House offers over 200 units of supportive and affordable housing for families and singles. Phase I Minerva Place was completed and loan the was repaid.

At both June 30, 2021 and 2020, the principal balance of Phase II Jerome Avenue was $3,320,724. For the years ended June 30, 2021 and 2020, the Corporation accrued interest, due upon repayment, of $859,212 and $599,476, respectively.

NOTE 13 — LOANS PAYABLE (Continued)

E. 10 Minerva Place GP

On June 29, 2017, the Corporation finalized the permanent financing for the construction on the Bedford Green House. The Project is being financed using the proceeds provided to 10 Minerva Place HDFC of (1) a construction / permanent mortgage loan from the New York City Housing Development Corporation ("HDC Loan") in the amount not to exceed $30,000,000 to be financed with funds from the proceeds of tax exempt New York City Housing Development Corporation (HDC), (2) a subordinate loan from HDC in the principal amount of $6,960,000 ("HDC Subordinate Loan"), (3) a building and project loan from New York City Department of Housing Preservation and Development in the principal amount of $8,850,000 ("HPD Loan"), (4) a subordinate loan from New York State Homeless Housing and Assistance Corporation ("HHAC Loan") in the principal amount of $6,222,012 and (5) an equity investment by Bank of America in the amount of $23,989,019 made in connection with the sale of Federal low-income housing tax credits generated by the Project.

During fiscal year 2017, HDC advanced $3,029,744, of which the principal balances of $2,044,068 and $985,676 bear interest at a rate of 2.35% and 5.25%, respectively. These HDC Loans were payable on April 20, 2020 (extended to March 1, 2022) and October 31, 2060. In addition, during fiscal year 2017, HDC advanced $3,636,734 ("HDC Subordinate Loan") to the Corporation. The HDC Subordinate Loan bears interest of 2.85% per year and is payable on October 31, 2060.

During fiscal year 2018, HDC advanced $4,459,498, of which the principal balances of $3,008,675 and $1,450,823 bear interest at a rate of 2.35% and 5.25%, respectively. This HDC Loan is payable on April 20, 2020 (extended to March 1, 2022) and October 31, 2060. In addition, during fiscal year 2018, HDC advanced $2,827,058 ("HDC Subordinate Loan") to the Corporation. The HDC Subordinate Loan bears interest of 2.85% per year and is payable on October 31, 2060. Also, during fiscal year 2018, HHAC advanced $1,168,046 (HHAC Loan) to the Corporation. The HHAC Loan bears interest of 1% and payments of interest and principal are deferred until the end of the 30th year of the contract compliance period, which is estimated to be 2047.

During fiscal year 2019, HDC advanced $14,430,216 of which the principal balances of $9,735,585 and $4,694,631 bear interest at a rate of 2.35% and 5.25%, respectively. These HDC Loans were payable on April 20, 2020 (extended to March 1, 2022) and October 31, 2060. In addition, during fiscal year 2019, HPD advanced $5,052,477 ("HPD Loan") to the Corporation. The HPD Loan bears interest of 0% per annum plus a servicing fee equal to 0.20% per annum on the outstanding principal amount which shall be payable monthly through and including April 29, 2020 (extended to October 29, 2021), and in no event shall the term of this loan be earlier than the release date of the HDC Loan. Also, during fiscal 2019, HHAC advanced $4,690,247 (HHAC Loan) to the Corporation. The HHAC Loan bears interest of 1% and payments of interest and principal are deferred until the end of the 30th year of the contract compliance period, which is estimated to be 2047.

During fiscal year 2020, HDC advanced $3,920,055 of which the principal balances of $2,644,730 and $1,275,325 bear interest at a rate of 2.35% and 5.25%, respectively. These HDC Loans are payable on March 1, 2022 and October 31, 2060. In addition, during fiscal 2020, HPD advanced $3,797,523 ("HPD Loan") to the Corporation. The HPD Loan bears interest of 0% per annum plus a servicing fee equal to 0.20% per annum on the outstanding principal amount which shall be payable monthly through and including October 29, 2021, and in no event shall the term of this loan be earlier than the release date of the HDC Loan. There were no advances from HHAC Loan to the Corporation, during fiscal 2020.

During fiscal year 2021, HDC advanced $1,953,613 of which the principal balances of $1,708,972 and $244,641 bear interest at a rate of 2.35% and 5.25%, respectively. These HDC Loans are payable on March 1, 2022 and October 31, 2060. In addition, during fiscal year 2021, HHAC advanced $361,518 (HHAC Loan) to the Corporation. The HHAC Loan bears interest of 1% and payments of interest and principal are deferred until the end of the 30th year of the contract compliance period, which is estimated to be 2047. Accrued interest on HDC loans amounted to $150,867 as of June 30, 2021.

The total estimated maximum borrowing under construction loans is approximately $59,234,000. The outstanding construction loans payable amounted to $49,084,089 and $47,011,598 as of June 30, 2021 and 2020, respectively, with an outstanding balance of $65,547,590 as of November 30, 2021.

As a condition of the HDC Loan, 10 Minerva Place GP secured an irrevocable unsecured standby letter of credit from Bank of America, N.A. not to exceed $30,262,500.

NOTE 13 — LOANS PAYABLE (Continued)

F. Project Renewal, Inc - Recoverable Grant

During the year ended June 30, 2017, the Corporation recognized a $375,000 pledge, of which $255,000 was recognized as a contribution and $120,000 was recognized as a recoverable grant, in accordance with the donor's intentions. The recoverable grant is required to be repaid in three equal installments beginning in fiscal year 2020, without interest. During the year ended June 30, 2020, the Corporation received an additional $120,000 recoverable grant to be repaid in three equal installments beginning fiscal 2022, without interest. As of June 30, 2021 and 2020, the ending balances were $160,000 and $200,000, respectively.

The loan payable balances reported in the accompanying consolidated statements of financial position are presented net of the unamortized balance of debt issuance costs of $472,276 and $494,736 as of June 30, 2021 and 2020, respectively. Amortization of these costs is calculated by the straight-line method, which approximates the effective interest method.

Future annual principal payments are as follows for the five years ending after June 30, 2021 and thereafter:

2022	$ 50,811,463
2023	497,718
2024	517,079
2025	537,259
2026	558,292
Thereafter	31,130,881
Subtotal	84,052,692
Less: unamortized debt issuance costs	(472,276)
Total	$ 83,580,416

The interest expense and amortization of debt issuance costs for the years ended June 30, 2021 and 2020 amounted to $1,039,482 and $910,593, respectively. Unless material, below market interest loans are not discounted to fair value.

Principal and interest payments pertaining to outstanding loans payable, excluding the recoverable grant, are not cash payments made by the Corporation. Those payments are the responsibility of each government agency as the Corporation meets the obligations of the respective contract.

NOTE 14 — PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity's average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) $10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the 24-week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the Corporation's employees. The Corporation applied for this loan in March 2021, through an SBA authorized lender, Capital One and have been approved and funded by the lender in the amount of $8,263,870.

The Corporation is guided by Accounting Standards Codification ("ASC") Topic 470, "Debt." Based on the guidance in ASC 470, the loan would remain recorded as a liability until it is in part or wholly forgiven and legal release is received or the entity pays off the loan. Once the loan is forgiven in part or wholly, and legal release is received, the Corporation will reduce the liability by the amount forgiven and record a gain on extinguishment.

NOTE 15 — BANK LINE OF CREDIT

The Corporation has a $5,000,000 line of credit with a financial institution expiring on December 11, 2021. Interest payments on all borrowings are due monthly. Interest is charged at the financial institution's prime rate (3.25% at June 30, 2021) plus 1%. The line of credit is collateralized by grants and contributions receivable. As of June 30, 2021 and November 30, 2021, there was no outstanding balance on the line of credit.

NOTE 16 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes on June 30:

	2021	2020
Treatment and transitional housing	$ 22,079	$ 48,283
Medical	1,827,461	2,829,171
Employment services	1,140,194	955,321
Permanent housing	1,107,995	1,118,409
	$ 4,097,729	$ 4,951,184

Net assets were released from restrictions during the years ended June 30 by incurring expenses satisfying the restricted purposes as follows:

	2021	2020
Treatment and transitional housing	$ 39,784	$ 53,388
Medical	1,414,561	1,192,831
Employment services	385,527	590,876
Permanent housing	163,876	233,666
	$ 2,003,748	$ 2,070,761

NOTE 17 — SOCIAL PURPOSE VENTURE

The Corporation's Culinary Arts Training Programs offers six months of classroom and internship training in the food service industry to low-income and formerly homeless adults. Students learn basic cooking theory and food preparation in the teaching kitchen. For the years ended June 30, 2021 and 2020, the Corporation's Culinary Arts Training Program I received $49,134 and $97,721, respectively, from New York State Education Department.

NOTE 18 — PENSION PLANS

The Corporation has a defined contribution pension plan under Section 401(a) of the Code. The Corporation may make discretionary contributions to the plan for eligible employees. There were no pension contributions or expense for the years ended June 30, 2021 and 2020.

In addition, the Corporation has a defined contribution plan under Section 403(b) of the Code. The Corporation made matching contributions amounting to $428,381 and $320,722 to this plan for the years ended June 30, 2021 and 2020, respectively.

NOTE 19 — CHANGE IN NON-CONTROLLING LIMITED PARTNERS' INTERESTS

	Total	Controlling Interest	Non-Controlling Interest
Balance, June 30, 2019	$ 3,619,320	$ (1,136)	$ 3,620,456
Net loss	(1,411,237)	(142)	(1,411,095)
Balance, June 30, 2020	2,208,083	(1,278)	2,209,361
Net loss	(1,535,816)	(153)	(1,535,663)
Balance, June 30, 2021	$ 672,267	$ (1,431)	$ 673,698

NOTE 20 — COMMITMENTS AND CONTINGENCIES

A. The Corporation is a defendant in several lawsuits that have arisen in the ordinary course of business. It is management's belief that any settlements that arise from these suits will be within the limits of the Corporation's insurance policies. Therefore, no provision has been made in the accompanying consolidated financial statements.

B. Management has determined that a portion of its billing to the New York State Office of Medicaid may have been incorrect and overstated in fiscal years 2017 and prior. If found to be accurate, this overstatement may result in monies being returned to New York State. At June 30, 2021 and 2020, approximately $460,000 and $63,000 is recorded as due to New York State Office of Medicaid and is included in accounts payable and accrued expenses.

C. The Corporation rents office space at 200 Varick Street, New York under a lease agreement expiring June 30, 2020, with an option to extend the lease for an additional five years. During the year ended June 30, 2020, the Corporation signed a new lease agreement for the same space commencing on July 1, 2020 for a term of 17 years. As part of the new lease agreement, the Corporation will receive approximately $5.4 MM in lease incentives for reconstruction and renovations of the leased space. During fiscal year 2017, the Corporation entered into lease agreements for shelters at 249 Varet Street in Brooklyn, New York and at 175 Blake Avenue in the Bronx, New York, which commenced on September 1, 2016 and February 1, 2017, respectively, and which both expired on June 30, 2020. The lease for 249 Varet Street in Brooklyn was renewed on July 1, 2020 for a period of 5 years expiring on June 30, 2025. In addition, the Corporation leases apartments which are subleased to tenants in the supportive housing program. Rent expense amounted to $12,886,508 and $12,384,054 for the years ended June 30, 2021 and 2020, respectively, and is included in occupancy expense in the accompanying consolidated financial statements.

Future minimum lease payments are as follows for the five years ending after June 30, 2021 and thereafter:

2022	$	7,082,000
2023		6,813,000
2024		6,793,000
2025		6,826,000
2026		3,791,000
Thereafter		22,582,000
	$	53,887,000

D. The Corporation believes it has no uncertain tax positions as of June 30, 2021 and 2020 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

E. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Corporation’s business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Corporation is currently unable to fully determine the extent of COVID-19’s impact on the Corporation’s business in future periods.

NOTE 21 — CONCENTRATIONS

Cash and cash equivalents and restricted cash that potentially subject the Corporation to a concentration of credit risk include cash accounts with three banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits $250,000 by approximately $17,013,000 and $6,289,000 as of June 30, 2021 and 2020, respectively. This excess includes outstanding checks.

NOTE 22 — NET OPERATING SURPLUS

The Corporation has net operating surplus of $1,494,233 and $195,144 as of June 30, 2021 and 2020, respectively. One of the underlying factors to these surpluses are changes in net assets without restrictions of ($236,574) and ($830,530) for the years ended June 30, 2021 and 2020, respectively, resulting from operating losses sustained by the housing affiliates. In addition, after removing the Corporation's investment in property and equipment net of related debt, the net operating deficits are significantly higher.

The Housing Affiliates have incurred, and are independently responsible for, a major portion of the unfavorable change in net assets without restrictions. Generally, rental rates permitted in affordable housing projects are designed to sufficiently reimburse project owners for reasonable operating costs and funding of required reserves only. Depreciation, amortization and interest expenses are not reimbursed. Those expenses for the Housing Affiliates amounted to approximately $3MM and $2.7MM for the years ended June 30, 2021 and 2020, respectively.

NOTE 23 — SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events after the date of the consolidated statement of financial position through November 30, 2021, the date the consolidated financial statements were available to be issued.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

	Project Renewal, Inc.	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	2880 Jerome Avenue	161 Lexington HDFC	New Providence	Eliminations	Total 2021	Total 2020
ASSETS													
Cash and cash equivalents	$ 8,897,424	$ -	$ 167,032	$ 66,506	$ 5,142	$ 1,352,272	$ 6,228,691	$ 27,581	$ -	$ 196,772	$ -	$ 16,941,420	$ 6,072,485
Investments	199,944	-	-	-	-	-	-	-	-	-	-	199,944	119,245
Accounts and grants receivable, net	32,772,390	-	6,850	-	-	7,932	-	-	-	-	-	32,787,172	31,053,094
Contributions receivable, net	1,271,377	-	-	-	-	-	-	-	-	-	-	1,271,377	1,728,423
Development fee receivable	786,750	-	-	-	-	-	-	-	-	-	(786,750)	-	-
Rent receivable, net	-	-	230,428	-	-	30,345	-	-	-	-	-	260,773	222,761
Due from affiliates, net	3,844,881	-	1,856	1,300,000	-	-	-	5,150	43,499	-	(5,104,194)	91,192	-
Prepaid expenses	916,431	-	-	-	-	-	-	-	-	-	-	916,431	842,763
Security deposits and other assets	331,833	-	5,306	4,285	-	34,492	-	-	-	-	-	375,916	389,854
Mortgage receivable	12,500,000	15,203,094	-	-	-	-	-	-	-	-	(15,203,094)	12,500,000	12,500,000
Restricted cash	-	-	800,926	498,487	-	614,523	118,491	-	-	-	-	2,032,427	1,911,072
Assets held for others	127,339	-	-	-	-	-	-	-	-	-	-	127,339	162,986
Investments in rental property, net	-	-	13,138,371	-	-	11,981,431	-	-	-	-	-	25,119,802	26,496,454
Property, equipment and leasehold improvements, net	8,319,691	-	-	6,750,714	-	-	62,652,471	4,618,286	296,008	281,449	(250,000)	82,668,619	66,684,291
TOTAL ASSETS	$ 69,968,060	$ 15,203,094	$ 14,350,769	$ 8,619,992	$ 5,142	$ 14,020,995	$ 68,999,653	$ 4,651,017	$ 339,507	$ 478,221	$ (21,344,038)	$ 175,292,412	$ 148,183,428
LIABILITIES													
Accounts payable and accrued expenses	$ 13,605,006	$ -	$ 17,375	$ 70,000	$ -	$ 102,743	$ 15,523,409	$ -	$ 2,307	$ 943	$ -	$ 29,321,783	$ 15,124,031
Accrued salaries and related liabilities	2,957,274	-	-	-	-	-	-	-	-	-	-	2,957,274	3,219,576
Accrued interest	-	-	2,610,469	-	-	1,375,821	150,867	859,212	-	-	-	4,996,369	4,219,659
Construction accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	1,854,401
Due to affiliates, net	4,145,719	1,856	1,356,867	-	5,150	254,988	3,026,419	471,083	-	280,506	(5,104,194)	4,438,394	4,986,072
Retainage payable	136,454	-	-	-	-	-	-	-	-	-	-	136,454	-
Deferred revenue / due to funding source	14,740,424	-	-	287,200	-	-	-	-	-	-	-	15,027,624	13,686,320
Deferred developer's fee revenue	786,750	-	740,432	-	-	-	-	-	-	-	(786,750)	740,432	786,750
Deferred rent	7,041,277	-	2,611	-	-	20,248	-	-	-	-	-	7,064,136	20,172
Line of credit	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000
Loans payable, net	160,000	15,203,094	14,806,214	8,044,315	-	7,631,104	49,084,089	3,320,722	337,200	196,772	(15,203,094)	83,580,416	81,430,758
Paycheck protection program loan	8,263,870	-	-	-	-	-	-	-	-	-	-	8,263,870	-
Enforcement note payable	12,500,000	-	-	-	-	-	-	-	-	-	-	12,500,000	12,500,000
TOTAL LIABILITIES	64,336,774	15,204,950	19,533,968	8,401,515	5,150	9,384,904	67,784,784	4,651,017	339,507	478,221	(21,094,038)	169,026,752	140,827,739
NET ASSETS													
Without donor restrictions:													
Operating	1,533,557	(1,856)	(4,021)	218,477	(8)	(1,916)	-	-	-	-	(250,000)	1,494,233	195,144
Non-controlling interest	-	-	(5,179,178)	-	-	4,638,007	1,214,869	-	-	-	-	673,698	2,209,361
Total without donor restrictions	1,533,557	(1,856)	(5,183,199)	218,477	(8)	4,636,091	1,214,869	-	-	-	(250,000)	2,167,931	2,404,505
With donor restrictions	4,097,729	-	-	-	-	-	-	-	-	-	-	4,097,729	4,951,184
TOTAL NET ASSETS	5,631,286	(1,856)	(5,183,199)	218,477	(8)	4,636,091	1,214,869	-	-	-	(250,000)	6,265,660	7,355,689
TOTAL LIABILITIES AND NET ASSETS	$ 69,968,060	$ 15,203,094	$ 14,350,769	$ 8,619,992	$ 5,142	$ 14,020,995	$ 68,999,653	$ 4,651,017	$ 339,507	$ 478,221	$ (21,344,038)	$ 175,292,412	$ 148,183,428

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2020

	Project Renewal, Inc.	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	2880 Jerome Avenue	Eliminations	Total 2020
ASSETS										
Cash and cash equivalents	$ 5,131,487	$ -	$ 151,213	$ 65,603	$ 5,142	$ 358,583	$ 131,155	$ 229,302	$ -	$ 6,072,485
Investments	119,245	-	-	-	-	-	-	-	-	119,245
Accounts and grants receivable, net	31,038,312	-	6,850	-	-	7,932	-	-	-	31,053,094
Contributions receivable, net	1,728,423	-	-	-	-	-	-	-	-	1,728,423
Development fee receivable	786,750	-	-	-	-	-	-	-	(786,750)	-
Rent receivable, net	-	-	194,925	-	-	27,836	-	-	-	222,761
Due from affiliates, net	738,722	-	1,856	1,300,000	-	498,101	-	5,150	(2,543,829)	-
Prepaid expenses	842,763	-	-	-	-	-	-	-	-	842,763
Security deposits and other assets	343,233	-	6,306	4,285	-	36,030	-	-	-	389,854
Mortgage receivable	12,500,000	15,203,094	-	-	-	-	-	-	(15,203,094)	12,500,000
Restricted cash	-	-	738,889	454,056	-	599,837	118,290	-	-	1,911,072
Assets held for others	162,986	-	-	-	-	-	-	-	-	162,986
Investments in rental property, net	-	-	13,997,996	-	-	12,498,458	-	-	-	26,496,454
Property, equipment and leasehold improvements, net	5,154,925	-	-	7,068,214	-	-	50,431,698	4,279,454	(250,000)	66,684,291
TOTAL ASSETS	$ 58,546,846	$ 15,203,094	$ 15,098,035	$ 8,892,158	$ 5,142	$ 14,026,777	$ 50,681,143	$ 4,513,906	$ (18,783,673)	$ 148,183,428
LIABILITIES										
Accounts payable and accrued expenses	$ 14,831,104	$ -	$ 17,033	$ 70,000	$ -	$ 94,483	$ 111,411	$ -	$ -	$ 15,124,031
Accrued salaries and related liabilities	3,219,576	-	-	-	-	-	-	-	-	3,219,576
Accrued interest	-	-	2,350,788	-	-	1,118,528	150,867	599,476	-	4,219,659
Construction accounts payable	-	-	-	-	-	-	1,854,401	-	-	1,854,401
Due to affiliates, net	5,259,085	1,856	1,319,014	-	5,150	12,867	338,221	593,708	(2,543,829)	4,986,072
Deferred revenue / due to funding source	13,390,237	-	-	296,083	-	-	-	-	-	13,686,320
Deferred developer's fee revenue	786,750	-	786,750	-	-	-	-	-	(786,750)	786,750
Deferred rent	-	-	2,427	-	-	17,745	-	-	-	20,172
Line of credit	3,000,000	-	-	-	-	-	-	-	-	3,000,000
Loans payable, net	200,000	15,203,094	14,786,654	8,483,578	-	7,628,206	47,011,598	3,320,722	(15,203,094)	81,430,758
Enforcement note payable	12,500,000	-	-	-	-	-	-	-	-	12,500,000
TOTAL LIABILITIES	53,186,752	15,204,950	19,262,666	8,849,661	5,150	8,871,829	49,466,498	4,513,906	(18,533,673)	140,827,739
NET ASSETS										
Without donor restrictions:										
Operating	408,910	(1,856)	(3,002)	42,497	(8)	(1,397)	-	-	(250,000)	195,144
Non-controlling interest	-	-	(4,161,629)	-	-	5,156,345	1,214,645	-	-	2,209,361
Total without donor restrictions	408,910	(1,856)	(4,164,631)	42,497	(8)	5,154,948	1,214,645	-	(250,000)	2,404,505
With donor restrictions	4,951,184	-	-	-	-	-	-	-	-	4,951,184
TOTAL NET ASSETS	5,360,094	(1,856)	(4,164,631)	42,497	(8)	5,154,948	1,214,645	-	(250,000)	7,355,689
TOTAL LIABILITIES AND NET ASSETS	$ 58,546,846	$ 15,203,094	$ 15,098,035	$ 8,892,158	$ 5,142	$ 14,026,777	$ 50,681,143	$ 4,513,906	$ (18,783,673)	$ 148,183,428

See independent auditors' report.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

	Project Renewal, Inc.														
	Without Donor Restrictions	**With Donor Restrictions**	**Total PRI**	**PRI HDFC**	**Washington OMH GP**	**Bronx Boulevard HDFC**	**PRI Villa HDFC**	**PRI Villa Avenue GP**	**10 Minerva Place GP and HDFC**	**2880 Jerome Avenue**	**161 Lexington HDFC**	**New Providence**	**Eliminations**	**Total 2021**	**Total 2020**
REVENUES AND SUPPORT:															
Government grants	$ 87,052,277	$ -	$ 87,052,277	$ -	$ 1,711,200	$ 907,639	$ -	$ 833,587	$ -	$ -	$ -	$ -	$ (3,413,949)	$ 87,090,754	$ 79,952,841
Third party revenue	3,468,088	-	3,468,088	-	-	-	-	-	-	-	-	-	-	3,468,088	3,686,559
Social purpose ventures	6,790,215	-	6,790,215	-	-	-	-	-	-	-	-	-	-	6,790,215	7,012,568
Rental income	2,245,903	-	2,245,903	-	569,390	-	-	798,919	-	-	-	-	(678,104)	2,936,108	3,237,104
Special events	1,224,385	-	1,224,385	-	-	-	-	-	-	-	-	-	-	1,224,385	699,122
Contributions	1,342,109	1,150,293	2,492,402	-	-	-	-	-	-	-	-	-	-	2,492,402	3,309,907
Developer's fee income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,233,935
Miscellaneous income	806,309	-	806,309	-	416	904	-	526	224	-	-	-	-	808,379	516,972
Net assets released from restrictions	2,003,748	(2,003,748)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES AND SUPPORT	104,933,034	(853,455)	104,079,579	-	2,281,006	908,543	-	1,633,032	224	-	-	-	(4,092,053)	104,810,331	99,649,008
EXPENSES:															
Program Services:															
Outreach	471,700	-	471,700	-	-	-	-	-	-	-	-	-	-	471,700	445,743
Treatment and transitional housing	66,653,750	-	66,653,750	-	-	732,563	-	2,151,889	-	-	-	-	(2,000,570)	67,537,632	62,863,149
Medical services	9,615,179	-	9,615,179	-	-	-	-	-	-	-	-	-	-	9,615,179	8,687,397
Employment services	8,035,917	-	8,035,917	-	-	-	-	-	-	-	-	-	-	8,035,917	9,697,742
Permanent housing	7,139,048	-	7,139,048	-	3,299,574	-	-	-	-	-	-	-	(2,091,483)	8,347,139	8,319,140
Total program services	91,915,594	-	91,915,594	-	3,299,574	732,563	-	2,151,889	-	-	-	-	(4,092,053)	94,007,567	90,013,171
Supporting services:															
Management and general	11,055,394	-	11,055,394	-	-	-	-	-	-	-	-	-	-	11,055,394	9,392,953
Fundraising	837,399	-	837,399	-	-	-	-	-	-	-	-	-	-	837,399	856,161
Total supporting services	11,892,793	-	11,892,793	-	-	-	-	-	-	-	-	-	-	11,892,793	10,249,114
TOTAL EXPENSES	103,808,387	-	103,808,387	-	3,299,574	732,563	-	2,151,889	-	-	-	-	(4,092,053)	105,900,360	100,262,285
CHANGES IN NET ASSETS	1,124,647	(853,455)	271,192	-	(1,018,568)	175,980	-	(518,857)	224	-	-	-	-	(1,090,029)	(613,277)
Net assets - beginning of year	408,910	4,951,184	5,360,094	(1,856)	(4,164,631)	42,497	(8)	5,154,948	1,214,645	-	-	-	(250,000)	7,355,689	7,968,966
NET ASSETS - END OF YEAR	$ 1,533,557	$ 4,097,729	$ 5,631,286	$ (1,856)	$ (5,183,199)	$ 218,477	$ (8)	$ 4,636,091	$ 1,214,869	$ -	$ -	$ -	$ (250,000)	$ 6,265,660	$ 7,355,689

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Project Renewal, Inc.					Bronx			10 Minerva			
	Without Donor Restrictions	With Donor Restrictions	Total PRI	PRI HDFC	Washington OMH GP	Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	Place GP and HDFC	2880 Jerome Avenue	Eliminations	Total 2020
REVENUES AND SUPPORT:												
Government grants	$ 79,943,932	$ -	$ 79,943,932	$ -	$ 1,785,362	$ 949,333	$ -	$ 779,360	$ -	$ -	$ (3,505,146)	$ 79,952,841
Third party revenue	3,686,559	-	3,686,559	-	-	-	-	-	-	-	-	3,686,559
Social purpose ventures	7,012,568	-	7,012,568	-	-	-	-	-	-	-	-	7,012,568
Rental income	2,504,647	-	2,504,647	-	573,665	-	-	838,606	-	-	(679,814)	3,237,104
Special events	699,122	-	699,122	-	-	-	-	-	-	-	-	699,122
Contributions	1,021,893	2,288,014	3,309,907	-	-	-	-	-	-	-	-	3,309,907
Developer's fee income	1,233,935	-	1,233,935	-	-	-	-	-	-	-	-	1,233,935
Miscellaneous income	499,326	-	499,326	-	12,108	4,385	-	902	251	-	-	516,972
Net assets released from restrictions	2,070,761	(2,070,761)	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES AND SUPPORT	98,672,743	217,253	98,889,996	-	2,371,135	953,718	-	1,618,868	251	-	(4,184,960)	99,649,008
EXPENSES:												
Program Services:												
Outreach	445,743	-	445,743	-	-	-	-	-	-	-	-	445,743
Treatment and transitional housing	62,204,906	-	62,204,906	-	-	774,821	-	1,992,877	-	-	(2,109,455)	62,863,149
Medical services	8,687,397	-	8,687,397	-	-	-	-	-	-	-	-	8,687,397
Employment services	9,697,742	-	9,697,742	-	-	-	-	-	-	-	-	9,697,742
Permanent housing	6,984,713	-	6,984,713	-	3,409,932	-	-	-	-	-	(2,075,505)	8,319,140
Total program services	88,020,501	-	88,020,501	-	3,409,932	774,821	-	1,992,877	-	-	(4,184,960)	90,013,171
Supporting services:												
Management and general	9,392,953	-	9,392,953	-	-	-	-	-	-	-	-	9,392,953
Fundraising	856,161	-	856,161	-	-	-	-	-	-	-	-	856,161
Total supporting services	10,249,114	-	10,249,114	-	-	-	-	-	-	-	-	10,249,114
TOTAL EXPENSES	98,269,615	-	98,269,615	-	3,409,932	774,821	-	1,992,877	-	-	(4,184,960)	100,262,285
CHANGE IN NET ASSETS	403,128	217,253	620,381	-	(1,038,797)	178,897	-	(374,009)	251	-	-	(613,277)
Net assets - beginning of year	5,782	4,733,931	4,739,713	(1,856)	(3,125,834)	(136,400)	(8)	5,528,957	1,214,394	-	(250,000)	7,968,966
NET ASSETS - END OF YEAR	$ 408,910	$ 4,951,184	$ 5,360,094	$ (1,856)	$ (4,164,631)	$ 42,497	$ (8)	$ 5,154,948	$ 1,214,645	$ -	$ (250,000)	$ 7,355,689