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, 2020 and 2019

MARKS PANETH

ACCOUNTANTS & ADVISORS

PROJECT RENEWAL, INC. AND AFFILIATES

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

YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

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, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Morison KSi
Independent member

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 24, 2020

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents (Notes 2E and 20)	$ 6,072,485	$ 6,494,893
Investments (Notes 2F and 6)	119,245	92,380
Accounts and grants receivable, net (Notes 2K and 7)	31,053,094	19,714,952
Contributions receivable, net (Notes 2K and 8)	1,728,423	1,309,041
Rent receivable, net	222,761	171,810
Due from affiliates, net (Note 11)	-	175,086
Prepaid expenses	842,763	870,427
Security deposits and other assets	389,854	254,890
Mortgage receivable (Note 12)	12,500,000	12,500,000
Restricted cash (Notes 2E and 4)	1,911,072	1,816,453
Assets held for others (Note 5)	162,986	110,921
Investments in rental property, net (Note 9)	26,496,454	27,985,613
Property, equipment and leasehold improvements, net (Notes 2J and 10)	66,684,291	56,665,926
TOTAL ASSETS	$ 148,183,428	$ 128,162,392
LIABILITIES		
Accounts payable and accrued expenses (Notes 2L, 5 and 19)	$ 15,124,031	$ 13,413,004
Accrued salaries and related liabilities (Note 17)	3,219,576	2,056,146
Accrued interest (Note 13)	4,219,659	3,338,042
Construction accounts payable	1,854,401	1,666,895
Due to affiliates, net (Note 11)	4,986,072	3,613,121
Deferred revenue / due to funding source (Note 2K)	13,686,320	9,943,832
Deferred developer's fee revenue (Note 2H)	786,750	786,750
Deferred rent (Note 2M)	20,172	169,632
Line of credit (Note 14)	3,000,000	-
Loans payable, net (Notes 13)	81,430,758	72,706,004
Enforcement note payable (Note 12)	12,500,000	12,500,000
TOTAL LIABILITIES	140,827,739	120,193,426
COMMITMENTS AND CONTINGENCIES (Note 19)		
NET ASSETS (Notes 2D, 15 and 21)		
Without donor restrictions:		
Operating (Note 21)	195,144	(385,421)
Noncontrolling interest (Notes 2I and 18)	2,209,361	3,620,456
Total without donor restrictions	2,404,505	3,235,035
With donor restrictions (Notes 2D and 15)	4,951,184	4,733,931
TOTAL NET ASSETS	7,355,689	7,968,966
TOTAL LIABILITIES AND NET ASSETS	$ 148,183,428	$ 128,162,392

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, 2020 AND 2019

	For the Year Ended June 30,			For the Year Ended June 30,		
	Without Donor Restrictions	**With Donor Restrictions**	**2020 Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**2019 Total**
REVENUES AND SUPPORT:						
Government grants (Note 2K)	$ 79,952,841	$ -	$ 79,952,841	$ 70,656,683	$ -	$ 70,656,683
Third party revenue (Note 2K)	3,686,559	-	3,686,559	4,170,163	-	4,170,163
Social purpose ventures (Notes 2K and 16)	7,012,568	-	7,012,568	7,581,540	-	7,581,540
Rental income (Note 2K)	3,237,104	-	3,237,104	3,216,946	-	3,216,946
Special events (net of direct expenses of $24,452 and $321,882 for 2020 and 2019, respectively)	699,122	-	699,122	1,261,768	-	1,261,768
Contributions	1,021,893	2,288,014	3,309,907	34,923	2,237,530	2,272,453
Developer's fee income (Note 2H)	1,233,935	-	1,233,935	1,513,250	-	1,513,250
Miscellaneous income (Note 11)	516,972	-	516,972	953,923	-	953,923
Net assets released from restrictions (Notes 2D and 15)	2,070,761	(2,070,761)	-	929,406	(929,406)	-
TOTAL REVENUES AND SUPPORT	99,431,755	217,253	99,649,008	90,318,602	1,308,124	91,626,726
EXPENSES (Note 2N)**:**						
Program Services:						
Outreach	445,743	-	445,743	391,055	-	391,055
Treatment and transitional housing	62,863,149	-	62,863,149	56,130,733	-	56,130,733
Medical services	8,687,397	-	8,687,397	7,896,941	-	7,896,941
Employment services	9,697,742	-	9,697,742	9,327,438	-	9,327,438
Permanent housing	8,319,140	-	8,319,140	8,047,437	-	8,047,437
Total program services	90,013,171	-	90,013,171	81,793,604	-	81,793,604
Supporting services:						
Management and general	9,392,953	-	9,392,953	7,865,102	-	7,865,102
Fundraising	856,161	-	856,161	801,896	-	801,896
Total supporting services	10,249,114	-	10,249,114	8,666,998	-	8,666,998
TOTAL EXPENSES	100,262,285	-	100,262,285	90,460,602	-	90,460,602
CHANGES IN NET ASSETS	(830,530)	217,253	(613,277)	(142,000)	1,308,124	1,166,124
Net assets - beginning of year	3,235,035	4,733,931	7,968,966	3,377,035	3,425,807	6,802,842
NET ASSETS - END OF YEAR	$ 2,404,505	$ 4,951,184	$ 7,355,689	$ 3,235,035	$ 4,733,931	$ 7,968,966

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
(With Comparative Totals for June 30, 2019)

	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**	**Total 2019**
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	$ 35,162,002
Payroll taxes and benefits (Note 17)	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	8,845,342
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	44,007,344
Food and kitchen supplies	-	2,342,384	5,107	4,136,841	82,076	6,566,408	7,335	-	7,335	6,573,743	6,048,377
Client supplies	19,319	1,217,672	234,326	124,664	97,871	1,693,852	-	-	-	1,693,852	1,659,100
Lab fees	9,361	145	93,426	-	83	103,015	-	-	-	103,015	89,381
Office rent and occupancy expense (Note 19)	28,823	8,536,204	252,793	195,590	2,698,681	11,712,091	671,963	-	671,963	12,384,054	11,671,469
Utilities	2,567	758,152	2,224	16,407	227,021	1,006,371	37,788	-	37,788	1,044,159	1,238,324
Facility maintenance	781	2,672,086	23,937	1,633	130,982	2,829,419	10,367	-	10,367	2,839,786	2,872,786
Telephone	3,033	342,775	62,819	25,507	39,220	473,354	88,003	2,458	90,461	563,815	449,565
Office expense	418	1,291,691	323,249	75,611	86,995	1,777,964	821,539	35,416	856,955	2,634,919	2,426,306
Staff travel	-	5,877	13,318	7,289	970	27,454	105,188	3,759	108,947	136,401	131,841
Printing	-	4,415	4,001	664	540	9,620	4,202	-	4,202	13,822	42,757
Professional fees	-	200,739	90,901	22,618	51,756	366,014	580,372	153,615	733,987	1,100,001	2,159,595
Security fees	-	12,261,703	-	-	81,396	12,343,099	-	-	-	12,343,099	11,119,397
Temporary help	12,210	169,227	757,677	1,459	19,194	959,767	70,315	-	70,315	1,030,082	867,674
Vehicle expense	2,844	166,068	271,032	167,700	6,238	613,882	143,271	-	143,271	757,153	793,159
Insurance	125	888,119	214,537	188,093	123,552	1,414,426	220,389	-	220,389	1,634,815	1,497,834
Recruiting	-	3,060	2,640	504	700	6,904	7,049	25	7,074	13,978	59,487
Bad debt expense	-	4,289	7,500	305,836	79,820	397,445	-	20,350	20,350	417,795	100,567
Data processing	-	75	-	7,708	175	7,958	377,217	-	377,217	385,175	337,336
Interest expense and amortization of debt issuance costs	-	618,887	-	-	265,143	884,030	26,563	-	26,563	910,593	914,513
Depreciation and amortization	-	964,624	176,437	-	880,456	2,021,517	38,845	-	38,845	2,060,362	2,001,710
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	293,962
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	46,775,140
Direct costs of fundraising events	-	-	-	-	-	-	-	(24,452)	(24,452)	(24,452)	(321,882)
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	$ 90,460,602

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, 2019

	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 2019
Salaries	$ 249,951	$ 20,185,652	$ 4,466,981	$ 3,365,242	$ 2,606,966	$ 30,874,792	$ 3,996,457	$ 290,753	$ 4,287,210	$ 35,162,002
Payroll taxes and benefits (Note 17)	62,845	5,075,209	1,122,703	843,511	657,080	7,761,348	1,010,890	73,104	1,083,994	8,845,342
Total salaries and related costs	312,796	25,260,861	5,589,684	4,208,753	3,264,046	38,636,140	5,007,347	363,857	5,371,204	44,007,344
Food and kitchen supplies	-	1,737,599	2,377	4,213,805	84,208	6,037,989	10,388	-	10,388	6,048,377
Client supplies	1,418	1,200,591	162,502	188,767	105,822	1,659,100	-	-	-	1,659,100
Lab fees	264	1,655	87,462	-	-	89,381	-	-	-	89,381
Office rent and occupancy expense (Note 19)	24,006	8,193,190	206,014	189,972	2,550,473	11,163,655	507,814	-	507,814	11,671,469
Utilities	2,448	877,794	432	17,184	272,912	1,170,770	67,554	-	67,554	1,238,324
Facility maintenance	1,147	2,653,674	43,009	3,189	153,917	2,854,936	17,850	-	17,850	2,872,786
Telephone	3,880	257,832	44,166	16,902	49,787	372,567	75,950	1,048	76,998	449,565
Office expense	1,255	1,145,079	306,725	96,298	82,883	1,632,240	648,063	146,003	794,066	2,426,306
Staff travel	12	17,409	26,881	11,939	1,018	57,259	73,969	613	74,582	131,841
Printing	-	7,125	6,741	1,068	1,615	16,549	4,653	21,555	26,208	42,757
Professional fees	-	357,241	289,942	9,097	399,406	1,055,686	564,907	539,002	1,103,909	2,159,595
Security fees	-	11,012,073	-	-	107,324	11,119,397	-	-	-	11,119,397
Temporary help	15,263	259,625	470,452	53,127	21,738	820,205	47,469	-	47,469	867,674
Vehicle expense	12,359	182,687	290,373	182,238	6,096	673,753	119,406	-	119,406	793,159
Insurance	16,182	874,363	213,788	126,400	118,750	1,349,483	148,351	-	148,351	1,497,834
Recruiting	25	1,175	5,630	646	100	7,576	51,911	-	51,911	59,487
Bad debt expense	-	4,543	-	-	44,324	48,867	-	51,700	51,700	100,567
Data processing	-	225	-	7,029	50	7,304	330,032	-	330,032	337,336
Interest expense and amortization of debt issuance costs	-	636,103	-	-	278,410	914,513	-	-	-	914,513
Depreciation and amortization	-	1,337,011	150,763	1,024	464,242	1,953,040	48,670	-	48,670	2,001,710
Miscellaneous	-	112,878	-	-	40,316	153,194	140,768	-	140,768	293,962
Total OTPS	78,259	30,869,872	2,307,257	5,118,685	4,783,391	43,157,464	2,857,755	759,921	3,617,676	46,775,140
Direct costs of fundraising events	-	-	-	-	-	-	-	(321,882)	(321,882)	(321,882)
TOTAL EXPENSES	$ 391,055	$ 56,130,733	$ 7,896,941	$ 9,327,438	$ 8,047,437	$ 81,793,604	$ 7,865,102	$ 801,896	$ 8,666,998	$ 90,460,602

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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (613,277)	$ 1,166,124
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,060,362	2,001,710
Amortization of debt issuance costs	22,452	22,452
Bad debt expense	417,795	100,567
Unrealized gain on investments	(26,865)	(8,158)
Non-cash loan principal repayment	(421,322)	(404,106)
Non-cash loan principal borrowings	9,043,624	24,172,940
Non-cash increase in property and equipment	(6,791,943)	(25,088,632)
Deferred rent	(149,460)	(151,324)
	3,541,366	1,811,573
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts and grants receivable	(11,755,937)	(1,543,964)
Contributions receivable	(419,382)	161,306
Rent receivable	(50,951)	7,894
Prepaid expenses	27,664	(232,009)
Security deposits and other assets	(134,964)	1,799
Assets held for others	(52,065)	328,323
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,711,027	1,502,252
Accrued salaries and related liabilities	1,163,430	120,933
Accrued interest	881,617	673,645
Deferred developer's fee revenue	-	(1,513,250)
Deferred revenue / due to funding source	3,742,488	(3,735,029)
Due to / from affiliates	1,548,037	943,900
Net Cash Provided by (Used in) Operating Activities	202,330	(1,472,627)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,797,625)	(308,687)
Net Cash Used in Investing Activities	(3,797,625)	(308,687)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	3,000,000	-
Proceeds from loans	120,000	-
Repayment of loans	(40,000)	-
Construction accounts payable	187,506	764,428
Net Cash Provided by Financing Activities	3,267,506	764,428
NET DECREASE IN CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH	(327,789)	(1,016,886)
Cash and cash equivalents, and restricted cash - beginning of year	8,311,346	9,328,232
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 7,983,557	$ 8,311,346
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	$ 547,398	$ 560,895
Loan principal repayment - non-cash	$ 421,322	$ 404,106
Loan principal borrowings - non-cash	$ 9,043,624	$ 24,172,940
Property and equipment - non-cash	$ 6,791,943	$ 25,088,632

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.

Entities shown in items A through G 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.

NOTE 1 — CORPORATION AND NATURE OF ACTIVITIES (Continued)

C. MRG Partners, L.P. ("MRG"), operates the Geffner House (formally 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 and PRI Villa 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 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 for the years ended June 30, 2020 and 2019 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 restricted cash reported within the Statements of Financial Position the sum to the total of the same such amounts shown in the Statements of Cash Flows:

	June 30, 2020	June 30, 2019	June 30, 2018
Cash and cash equivalents	$ 6,072,485	$ 6,494,893	$ 7,966,452
Restricted cash	1,911,072	1,816,453	1,361,780
Total in the statements of cash flows	$ 7,983,557	$ 8,311,346	$ 9,328,232

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, 2020 and 2019.

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 Investment in Rental Property*** – Property and equipment and investment 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. Government grants amounted to $79,952,841 and $70,656,683 for the years ended June 30, 2020 and 2019, respectively, and are included in the consolidated statements of activities. 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, 2020 and 2019, the Corporation received conditional grants and contracts from government agencies in the aggregate amount of approximately $135 MM and $185 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, 2020 and 2019, 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.

O. ***Reclassifications*** – Certain line items in the June 30, 2019 consolidated financial statements were reclassified to conform to the 2020 presentation. Such reclassifications had no effect on net assets as previously reported.

P. ***Recent Accounting Pronouncements*** –

FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) was adopted for the year ended June 30, 2020. ASU 2014-09 and subsequently issued ASUs provide guidance on costs to obtain or fulfill a contract with a customer; specifically related to incremental costs of obtaining a contract and costs to fulfill a contract. It also requires disclosures to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Corporation has analyzed the provisions of ASC Topic 606 and has concluded that no changes to the revenue recognition policies are necessary.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FASB ASU 2018-08, C*larifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) was also adopted by the Corporation for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as described in Note 2K.

FASB ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230). The core guidance in ASU is to address diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires restricted cash or restricted cash equivalents to be included in the beginning-of-period and end-of-period total amounts on the statements of cash flows. The Corporation adopted the new guidance retrospectively as of July 1, 2019. As a result, the beginning-of-period amount reported on the consolidated statement of cash flows increased by $1,816,453 to include amounts previously reported as restricted cash.

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.

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 statement of financial position date, include the following:

	2020	2019
Cash and cash equivalents	$ 6,072,485	$ 6,494,893
Investments	119,245	92,380
Accounts and grants receivable	31,053,094	19,714,952
Contributions receivable	1,728,423	1,309,041
Rent receivable	222,761	171,810
Due from affiliates	-	175,086
Total	39,196,008	27,958,162
Less those unavailable for general expenditures within one year		
Net assets with donor restrictions	(4,951,184)	(4,733,931)
Less contributions receivable due more than one year	461,515	756,380
Total	$ 34,706,339	$ 23,980,611

To help manage unanticipated liquidity needs, the Corporation has a line of credit of $3,000,000 which is fully utilized as of June 30, 2020. 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, 2020 and 2019, the remaining balances amounted to $599,837 and $584,637, respectively.

In addition, at June 30, 2020 and 2019, the Corporation had $1,311,235 and $1,231,816, 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.

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, 2020 and 2019, are valued using market prices in active markets in Level 1, and amounted to $119,245 and $92,380, respectively.

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

Investment activity consisted of the following for the years ended June 30:

	2020	2019
Unrealized gain on investment	$ 26,865	$ 8,158

NOTE 7 – ACCOUNTS AND GRANTS RECEIVABLE, NET

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

	2020	2019
Accounts receivable	$ 3,610,554	$ 3,769,755
Grants receivable		
Federal	2,034,550	1,901,173
New York State	2,572,361	442,168
New York City	23,234,008	13,700,235
Total	31,451,473	19,813,331
Less: Allowance for doubtful accounts	(398,379)	(98,379)
Accounts and grants receivable, net	$ 31,053,094	$ 19,714,952

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 June 30, 2020 and 2019, 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:

	2020	2019
Receivable due within one year	$ 1,453,508	$ 739,261
Receivable due in one to five years	461,515	756,380
	1,915,023	1,495,641
Less: Allowance for doubtful accounts	(186,600)	(186,600)
Contributions receivable, net	$ 1,728,423	$ 1,309,041

NOTE 9 — INVESTMENTS IN RENTAL PROPERTY, NET

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

	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	157,140	705,740
Total	21,970,648	15,448,612	37,419,260
Less: accumulated depreciation	(7,972,652)	(2,950,154)	(10,922,806)
Investment in rental property, net	$ 13,997,996	$ 12,498,458	$ 26,496,454

Investments in rental property consisted of the following as of June 30:

	2019		
	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	157,140	705,740
Total	21,970,648	15,448,612	37,419,260
Less: accumulated depreciation	(7,093,497)	(2,340,150)	(9,433,647)
Investment in rental property, net	$ 14,877,151	$ 13,108,462	$ 27,985,613

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to $1,489,159 and $1,450,097, 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:

	2020	2019	Estimated Useful Lives
Land	$ 4,616,250	$ 4,616,250	
Buildings	14,593,568	14,593,568	25-30 Years
Equipment	4,858,579	4,858,579	4-7 Years
Automobiles	3,066,767	2,891,767	5-7 Years
Building and leasehold improvements	1,874,032	1,874,032	7-15 Years
Construction-in-progress	54,013,342	43,598,774	
Total	83,022,538	72,432,970	
Accumulated depreciation and amortization	(16,338,247)	(15,767,044)	
Property and Equipment, net	$ 66,684,291	$ 56,665,926	

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to $571,203 and $551,613, respectively.

As of June 30, 2020, construction in progress primarily consisted of approximately $53 million related to construction of Bedford Green House. The expected date of completion is March 2021, and the expected future cost will be approximately $4.5 million (see Note 13). In addition, construction in progress includes renovations being done on premises located at 200 Varick Street, 9th Floor, headquarters space, of approximately $1 million, with estimated cost of completion of approximately $5 million and estimated completion date of October 2020.

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, 2020 and 2019, the Corporation charged MBMC rent of $96,000, and management fees of $200,000.

B. During each of the years ended June 30, 2020 and 2019, 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:

	2020	2019
MBMC	$ (2,234,046)	$ (2,400,871)
NSH	(523,144)	(551,052)
MRG	(438,061)	781,136
St. Nicholas	(1,144,926)	(796,439)
Total	(4,340,177)	(2,967,226)
Allowance for doubtful accounts	(645,895)	(645,895)
Total due (to)/from affiliates, net	$ (4,986,072)	$ (3,613,121)

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:

	2020	2019
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)	8,483,578	8,904,899
C. PRI Villa Avenue GP		
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	1,994,679
E. 10 Minerva Place GP		
New York City Housing Development Corporation (HDC)	32,303,305	28,383,250
New York State Homeless Housing and Assistance Corporation (HHAC)	5,858,293	5,858,293
New York City Department of Housing Preservation and Development (HPD)	8,850,000	5,052,477
F. Project Renewal, Inc.		
Deutsche Bank Recoverable Grant Funds	200,000	120,000
Subtotal	81,925,494	73,223,192
Less: unamortized debt issuance costs	(494,736)	(517,188)
Total loans payable, net	$ 81,430,758	$ 72,706,004

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 incomes of eligible occupants of the project for a period of at least 30 years.

NOTE 13 — LOANS PAYABLE (Continued)

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 June 30, 2020 and 2019, 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, 2020 and 2019 for both loans was $1,897,225 and $1,679,921, respectively.

As of June 30, 2020 and 2019, 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, 2020 and 2019 was $453,563 and $411,182, 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, 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, 2020 and 2019, the outstanding loan balance was $8,483,578 and $8,904,899, respectively, and the escrow balance was $454,056 and $383,112, 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 June 30, 2020 and 2019, 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, 2020 and 2019, there was no accrued interest on this loan.

As of June 30, 2020 and 2019, 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, 2020 and 2019, the Corporation accrued interest of $1,118,528 and $833,267, respectively, of which $206,443 was capitalized in 2016 prior to the completion of the project.

NOTE 13 — LOANS PAYABLE (Continued)

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.

As of June 30, 2016, funding for the construction of Phase 1 Minerva Place totaled $2,800,000 which accrues interest at 6% per annum and has a maturity date of the earlier of closing of construction financing or August 1, 2017. Funding for the construction of Jerome Avenue totals $2,500,000 which accrues interest at 6% per annum and has a maturity date of the earlier of closing of construction financing or January 1, 2020. Outstanding principal and accrued interest are due on their respective dates of maturity. During 2017, the Corporation repaid the principal balance, including accrued interest for the outstanding balance relating to Phase I Minerva Place in the amount of $2,771,854.

At June 30, 2020 and 2019, the principal balance of Phase II Jerome Avenue was $3,320,724, and $1,994,679, respectively. For the years ended June 30, 2020 and 2019, the Corporation accrued interest, due upon repayment, of $599,476 and $413,672, respectively.

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 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 October 29, 2021) and October 31, 2060. In addition, during fiscal 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 October 29, 2021) and October 31, 2060. In addition, during fiscal 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 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 October 29, 2021) and October 31, 2060. In addition, during fiscal 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 that 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.

NOTE 13 — LOANS PAYABLE (Continued)

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. This HDC Loans are payable on October 29, 2021 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 that the release date of the HDC Loan. There were no advances from (HHAC Loan) to the Corporation, during fiscal 2020. Accrued interest on HDC loans amounted to $150,867 and $0 as of June 30, 2020 and 2019, respectively.

The total estimated maximum borrowing under construction loans is approximately $58,864,000. The outstanding construction loans payable amounted to $47,011,598 and $39,294,020 as of June 30, 2020 and 2019, respectively, and is $47,869,956 as of November 24, 2020.

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.

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 will be repaid in three equal installments beginning in fiscal 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. Also, in 2020 the Corporation made a payment of $40,000 as a first repayment installment on the recoverable grant. At June 30, 2020 and 2019, the ending balances were $200,000 and $120,000, 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 $494,736 and $517,188 as of June 30, 2020 and 2019, 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, 2020 and thereafter:

2021	$ 50,811,463
2022	497,718
2023	517,079
2024	537,259
2025	558,292
Thereafter	29,003,681
Subtotal	81,925,492
Less: unamortized debt issuance costs	(494,734)
Total	$ 81,430,758

The interest expense and amortization of debt issuance costs for the years ended June 30, 2020 and 2019 amounted to $910,593 and $914,513, 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 — BANK LINE OF CREDIT

The Corporation has a $3,000,000 line of credit with a financial institution expiring on October 31, 2021. Interest payments on all borrowings are due monthly. Interest is charged at the financial institution's prime rate (3.25% at June 30, 2020) plus 1%. The line of credit is collateralized by grants and contributions receivable. As of June 30, 2020, the line of credit was fully utilized with an outstanding balance of $3 MM.

NOTE 15 — NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Treatment and transitional housing	$ 48,283	$ 76,388
Medical	2,829,171	3,258,283
Employment services	955,321	1,044,097
Permanent housing	1,118,409	355,163
	$ 4,951,184	$ 4,733,931

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

	2020	2019
Treatment and transitional housing	$ 53,388	$ 5,803
Medical	1,192,831	321,596
Employment services	590,876	546,166
Permanent housing	233,666	55,841
	$ 2,070,761	$ 929,406

NOTE 16 — 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, 2020 and 2019, the Corporation's Culinary Arts Training Program I received $97,721 and $272,202, respectively, from New York State Education Department. For the years ended June 30, 2020 and 2019, the Corporation's Culinary Arts Training Program II received $0 and $17,908, respectively, from New York State Education Department.

NOTE 17 — 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, 2020 and 2019.

In addition, the Corporation has a defined contribution plan under Section 403(b) of the Code. The Corporation made matching contributions amounting to $347,216 and $329,365 to this plan for the years ended June 30, 2020 and 2019, respectively.

NOTE 18 — CHANGE IN NON-CONTROLLING LIMITED PARTNERS' INTERESTS

	Total	Controlling Interest	Non-Controlling Interest
Balance, June 30, 2018	$ 5,623,413	$ (935)	$ 5,624,348
Net loss	(2,004,093)	(201)	(2,003,892)
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

NOTE 19 — 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, 2020 and 2019, approximately $63,000 and $69,000 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 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 expire on June 30, 2021. In addition, the Corporation leases apartments which are subleased to tenants in the supportive housing program. Rent expense amounted to $12,384,054 and $11,671,469 for the years ended June 30, 2020 and 2019, 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, 2020 and thereafter:

2021	$	6,939,000
2022		8,580,000
2023		8,622,000
2024		8,681,000
2025		8,741,000
Thereafter		36,373,000
	$	77,936,000

D. The Corporation believes it has no uncertain tax positions as of June 30, 2020 and 2019 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. The performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Corporation will continue to monitor evolving economic and general business conditions and the actual and potential impacts on the Corporation's financial position and results of operations.

NOTE 20 — 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 $6,289,000 and $7,148,000 as of June 30, 2020 and 2019, respectively. This excess includes outstanding checks.

NOTE 21 — NET OPERATING SURPLUS/DEFICIT

The Corporation has net operating surplus (deficit) of $195,144 and ($385,421) as of June 30, 2020 and 2019, respectively. Contributing to these surpluses (deficits) are changes in net assets without restrictions of ($830,530) and ($142,000) for the years ended June 30, 2020 and 2019, respectively. 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 net deficit 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 $2.7 million for the years ended June 30, 2020 and 2019.

The following are some of the significant initiatives that the Corporation is working on to improve its current financial position:

- Recognition of deferred developer fees due to the Corporation of approximately $1.1 million, from various projects, before the year ending June 30, 2023.
- Further analysis of the possibility of monetizing a portion of air rights of a property owned by a related entity in midtown Manhattan that has a potential sales value of over $3 million. The pandemic has prevented further discussion of the project at this time. But those discussions will continue when circumstances permit.
- Monetizing the fair value of a building owned by the Corporation that is fully depreciated and unencumbered by debt is under discussion. A major objective of these discussions is to ensure that the program services are not interrupted and remain close to the current location.

NOTE 22 — SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events after the date of the consolidated statement of financial position through November 24, 2020, 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, 2020
(With Comparative Totals for June 30, 2019)

	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	Total 2019
ASSETS											
Cash and cash equivalents	$ 5,131,487	$ -	$ 151,213	$ 65,603	$ 5,142	$ 358,583	$ 131,155	$ 229,302	$ -	$ 6,072,485	$ 6,494,893
Investments	119,245	-	-	-	-	-	-	-	-	119,245	92,380
Accounts and grants receivable, net	31,038,312	-	6,850	-	-	7,932	-	-	-	31,053,094	19,714,952
Contributions receivable, net	1,728,423	-	-	-	-	-	-	-	-	1,728,423	1,309,041
Development fee receivable	786,750	-	-	-	-	-	-	-	(786,750)	-	-
Rent receivable, net	-	-	194,925	-	-	27,836	-	-	-	222,761	171,810
Due from affiliates, net	738,722	-	1,856	1,300,000	-	498,101	-	5,150	(2,543,829)	-	175,086
Prepaid expenses	842,763	-	-	-	-	-	-	-	-	842,763	870,427
Security deposits and other assets	343,233	-	6,306	4,285	-	36,030	-	-	-	389,854	254,890
Mortgage receivable	12,500,000	15,203,094	-	-	-	-	-	-	(15,203,094)	12,500,000	12,500,000
Restricted cash	-	-	738,889	454,056	-	599,837	118,290	-	-	1,911,072	1,816,453
Assets held for others	162,986	-	-	-	-	-	-	-	-	162,986	110,921
Investments in rental property, net	-	-	13,997,996	-	-	12,498,458	-	-	-	26,496,454	27,985,613
Property, equipment and leasehold improvements, net	5,154,925	-	-	7,068,214	-	-	50,431,698	4,279,454	(250,000)	66,684,291	56,665,926
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	$ 128,162,392
LIABILITIES											
Accounts payable and accrued expenses	$ 14,831,104	$ -	$ 17,033	$ 70,000	$ -	$ 94,483	$ 111,411	$ -	$ -	$ 15,124,031	$ 13,413,004
Accrued salaries and related liabilities	3,219,576	-	-	-	-	-	-	-	-	3,219,576	2,056,146
Accrued interest	-	-	2,350,788	-	-	1,118,528	150,867	599,476	-	4,219,659	3,338,042
Construction accounts payable	-	-	-	-	-	-	1,854,401	-	-	1,854,401	1,666,895
Deferred developer's fee revenue	786,750	-	786,750	-	-	-	-	-	(786,750)	786,750	786,750
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	3,613,121
Deferred revenue / due to funding source	13,390,237	-	-	296,083	-	-	-	-	-	13,686,320	9,943,832
Deferred rent	-	-	2,427	-	-	17,745	-	-	-	20,172	169,632
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	72,706,004
Enforcement note payable	12,500,000	-	-	-	-	-	-	-	-	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	120,193,426
NET ASSETS											
Without donor restrictions:											
Operating	408,910	(1,856)	(3,002)	42,497	(8)	(1,397)	-	-	(250,000)	195,144	(385,421)
Noncontrolling interest	-	-	(4,161,629)	-	-	5,156,345	1,214,645	-	-	2,209,361	3,620,456
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	3,235,035
With donor restrictions	4,951,184	-	-	-	-	-	-	-	-	4,951,184	4,733,931
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	7,968,966
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	$ 128,162,392

See independent auditors' report.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2019

	Project Renewal, Inc.	PRI HDFC	Washington OMH GP	Bronx Boulevard HDFC	PRI Villa HDFC	PRI Villa Avenue GP	10 Minerva Place GP and HDFC	Eliminations	Total 2019
ASSETS									
Cash and cash equivalents	$ 4,261,570	$ -	$ 35,991	$ 1,361,218	$ 5,142	$ 640,743	$ 190,229	$ -	$ 6,494,893
Investments	92,380	-	-	-	-	-	-	-	92,380
Accounts and grants receivable, net	19,700,170	-	6,850	-	-	7,932	-	-	19,714,952
Contributions receivable, net	1,309,041	-	-	-	-	-	-	-	1,309,041
Development fee receivable	786,750	-	-	-	-	-	-	(786,750)	-
Rent receivable, net	-	-	162,563	-	-	9,247	-	-	171,810
Due from affiliates, net	1,655,402	-	1,856	-	-	-	-	(1,482,172)	175,086
Prepaid expenses	870,427	-	-	-	-	-	-	-	870,427
Security deposits and other assets	205,736	-	7,302	4,285	-	37,567	-	-	254,890
Mortgage receivable	12,500,000	15,203,094	-	-	-	-	-	(15,203,094)	12,500,000
Restricted cash	-	-	730,665	383,112	-	584,637	118,039	-	1,816,453
Assets held for others	110,921	-	-	-	-	-	-	-	110,921
Investments in rental property, net	-	-	14,877,151	-	-	13,108,462	-	-	27,985,613
Property, equipment and leasehold improvements, net	1,928,503	-	-	7,394,849	2,973,064	-	44,619,510	(250,000)	56,665,926
TOTAL ASSETS	$ 43,420,900	$ 15,203,094	$ 15,822,378	$ 9,143,464	$ 2,978,206	$ 14,388,588	$ 44,927,778	$ (17,722,016)	$ 128,162,392
LIABILITIES									
Accounts payable and accrued expenses	$ 10,703,648	$ -	$ 24,368	$ 70,000	$ -	$ 93,090	$ 2,521,898	$ -	$ 13,413,004
Accrued salaries and related liabilities	2,056,146	-	-	-	-	-	-	-	2,056,146
Accrued interest	-	-	2,091,103	-	413,672	833,267	-	-	3,338,042
Construction accounts payable	-	-	-	-	-	-	1,666,895	-	1,666,895
Deferred developer's fee revenue	786,750	-	786,750	-	-	-	-	(786,750)	786,750
Due to affiliates, net	2,722,267	1,856	1,276,104	-	569,864	294,631	230,571	(1,482,172)	3,613,121
Deferred revenue / Due to funding source	9,638,867	-	-	304,965	-	-	-	-	9,943,832
Deferred rent	153,509	-	2,792	-	-	13,331	-	-	169,632
Loans payable, net	120,000	15,203,094	14,767,095	8,904,899	1,994,678	7,625,312	39,294,020	(15,203,094)	72,706,004
Enforcement note payable	12,500,000	-	-	-	-	-	-	-	12,500,000
TOTAL LIABILITIES	38,681,187	15,204,950	18,948,212	9,279,864	2,978,214	8,859,631	43,713,384	(17,472,016)	120,193,426
NET ASSETS									
Without donor restrictions:									
Operating	5,782	(1,856)	(1,963)	(136,400)	(8)	(1,022)	46	(250,000)	(385,421)
Noncontrolling interest	-	-	(3,123,871)	-	-	5,529,979	1,214,348	-	3,620,456
Total without donor restrictions	5,782	(1,856)	(3,125,834)	(136,400)	(8)	5,528,957	1,214,394	(250,000)	3,235,035
With donor restrictions	4,733,931	-	-	-	-	-	-	-	4,733,931
TOTAL NET ASSETS	4,739,713	(1,856)	(3,125,834)	(136,400)	(8)	5,528,957	1,214,394	(250,000)	7,968,966
TOTAL LIABILITIES AND NET ASSETS	$ 43,420,900	$ 15,203,094	$ 15,822,378	$ 9,143,464	$ 2,978,206	$ 14,388,588	$ 44,927,778	$ (17,722,016)	$ 128,162,392

See independent auditors' report.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	Project Renewal, Inc. Without Donor Restrictions	Project Renewal, Inc. 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	Eliminations	Total 2020	Total 2019
REVENUES AND SUPPORT:													
Government grants	$ 79,943,932	$ -	$ 79,943,932	$ -	$ 1,785,362	$ 949,333	$ -	$ 779,360	$ -	$ -	$ (3,505,146)	$ 79,952,841	$ 70,656,683
Third party revenue	3,686,559	-	3,686,559	-	-	-	-	-	-	-	-	3,686,559	4,170,163
Social purpose ventures	7,012,568	-	7,012,568	-	-	-	-	-	-	-	-	7,012,568	7,581,540
Rental income	2,504,647	-	2,504,647	-	573,665	-	-	838,606	-	-	(679,814)	3,237,104	3,216,946
Special events	699,122	-	699,122	-	-	-	-	-	-	-	-	699,122	1,261,768
Contributions	1,021,893	2,288,014	3,309,907	-	-	-	-	-	-	-	-	3,309,907	2,272,453
Developer's fee income	1,233,935	-	1,233,935	-	-	-	-	-	-	-	-	1,233,935	1,513,250
Miscellaneous income	499,326	-	499,326	-	12,108	4,385	-	902	251		-	516,972	953,923
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	91,626,726
EXPENSES:													
Program Services:													
Outreach	445,743	-	445,743	-	-	-	-	-	-	-	-	445,743	391,055
Treatment and transitional housing	62,204,906	-	62,204,906	-	-	774,821	-	1,992,877	-	-	(2,109,455)	62,863,149	56,130,733
Medical services	8,687,397	-	8,687,397	-	-	-	-	-	-	-	-	8,687,397	7,896,941
Employment services	9,697,742	-	9,697,742	-	-	-	-	-	-	-	-	9,697,742	9,327,438
Permanent housing	6,984,713	-	6,984,713	-	3,409,932	-	-	-	-	-	(2,075,505)	8,319,140	8,047,437
Total program services	88,020,501	-	88,020,501	-	3,409,932	774,821	-	1,992,877	-	-	(4,184,960)	90,013,171	81,793,604
Supporting services:													
Management and general	9,392,953	-	9,392,953	-	-	-	-	-	-	-	-	9,392,953	7,865,102
Fundraising	856,161	-	856,161	-	-	-	-	-	-	-	-	856,161	801,896
Total supporting services	10,249,114	-	10,249,114	-	-	-	-	-	-	-	-	10,249,114	8,666,998
TOTAL EXPENSES	98,269,615	-	98,269,615	-	3,409,932	774,821	-	1,992,877	-	-	(4,184,960)	100,262,285	90,460,602
CHANGES IN NET ASSETS	403,128	217,253	620,381	-	(1,038,797)	178,897	-	(374,009)	251	-	-	(613,277)	1,166,124
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	6,802,842
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	$ 7,968,966

See independent auditors' report.

PROJECT RENEWAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	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	Eliminations	Total 2019
REVENUES AND SUPPORT:											
Government grants	$ 70,682,860	$ -	$ 70,682,860	$ -	$ 1,706,288	$ 922,045	$ -	$ 810,514	$ -	$ (3,465,024)	$ 70,656,683
Third party revenue	4,170,163	-	4,170,163	-	-	-	-	-	-	-	4,170,163
Social purpose ventures	7,581,540	-	7,581,540	-	-	-	-	-	-	-	7,581,540
Rental income	2,627,546	-	2,627,546	-	531,541	-	-	684,564	-	(626,705)	3,216,946
Special events	1,261,768	-	1,261,768	-	-	-	-	-	-	-	1,261,768
Contributions	345,445	2,237,530	2,582,975	-	-	-	-	-	-	(310,522)	2,272,453
Developer's fee income	1,513,250	-	1,513,250	-	-	-	-	-	-	-	1,513,250
Miscellaneous income	945,607	-	945,607	-	2,773	4,527	-	576	440	-	953,923
Net assets released from restrictions	929,406	(929,406)	-	-	-	-	-	-	-	-	-
TOTAL REVENUES AND SUPPORT	90,057,585	1,308,124	91,365,709	-	2,240,602	926,572	-	1,495,654	440	(4,402,251)	91,626,726
EXPENSES:											
Program Services:											
Outreach	391,055	-	391,055	-	-	-	-	-	-	-	391,055
Treatment and transitional housing	55,303,317	-	55,303,317	-	-	766,316	-	2,364,339	-	(2,303,239)	56,130,733
Medical services	7,896,941	-	7,896,941	-	-	-	-	-	-	-	7,896,941
Employment services	9,327,438	-	9,327,438	-	-	-	-	-	-	-	9,327,438
Permanent housing	6,768,196	-	6,768,196	-	3,378,253	-	-	-	-	(2,099,012)	8,047,437
Total program services	79,686,947	-	79,686,947	-	3,378,253	766,316	-	2,364,339	-	(4,402,251)	81,793,604
Supporting services:											
Management and general	7,865,102	-	7,865,102	-	-	-	-	-	-	-	7,865,102
Fundraising	801,896	-	801,896	-	-	-	-	-	-	-	801,896
Total supporting services	8,666,998	-	8,666,998	-	-	-	-	-	-	-	8,666,998
TOTAL EXPENSES	88,353,945	-	88,353,945	-	3,378,253	766,316	-	2,364,339	-	(4,402,251)	90,460,602
CHANGE IN NET ASSETS	1,703,640	1,308,124	3,011,764	-	(1,137,651)	160,256	-	(868,685)	440	-	1,166,124
Net assets - beginning of year	(1,697,858)	3,425,807	1,727,949	(1,856)	(1,988,183)	(296,656)	(8)	6,397,642	1,213,954	(250,000)	6,802,842
NET ASSETS - END 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