

**New Destiny Housing Corporation  
and Affiliates**

Consolidated Financial Statements and Uniform Guidance Schedules  
Together With Independent Auditors' Reports

June 30, 2022 and 2021

## **Independent Auditors' Report**

**Board of Directors**  
**New Destiny Housing Corporation and Affiliates**

**Report on the Audit of the Financial Statements**

### ***Opinion***

We have audited the accompanying consolidated financial statements of New Destiny Housing Corporation and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2022 and 2021, and the consolidated results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 32 to 37 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and it is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards on page 38, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Harrison, New York  
December 15, 2022

## New Destiny Housing Corporation and Affiliates

### Consolidated Statements of Financial Position

	June 30,	
	2022	2021
<b>ASSETS</b>		
Real estate, net	\$ 95,843,687	\$ 100,523,525
Cash - operations	5,508,566	6,406,060
Cash - construction	22,085	22,085
Investments	479,469	11,695
Rent receivable, net	308,587	271,865
Fees receivable	-	33,580
Grants receivable	1,770,144	753,837
Prepaid expenses and other assets	1,135,823	60,657
Tenant security deposits	153,821	149,772
Escrow and reserves	3,530,790	3,622,374
Predevelopment costs	454,332	241,263
Deposits	147,871	103,855
Capitalized costs, net	351,216	259,935
Total Assets	\$ 109,706,391	\$ 112,460,503
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Long-term debt, net	\$ 62,173,584	\$ 60,345,773
Recoverable grant	120,000	120,000
Deferred income	464,706	-
Construction costs payable	853,343	4,364,046
Paycheck Protection Program loan	-	486,978
Loans payable - related parties	18,927	-
Accrued interest payable	6,285,868	5,098,660
Accounts payable and accrued expenses	335,246	239,533
Prepaid rent	107,927	73,364
Tenant security deposits payable	158,541	152,515
Total Liabilities	70,518,142	70,880,869
Net Assets		
Without donor restrictions	11,605,614	12,426,208
With donor restrictions	350,584	264,556
	11,956,198	12,690,764
Non-controlling interests in consolidated for-profit affiliates	27,232,051	28,888,870
Total Net Assets	39,188,249	41,579,634
Total Liabilities and Net Assets	\$ 109,706,391	\$ 112,460,503

See notes to consolidated financial statements

## New Destiny Housing Corporation and Affiliates

### Consolidated Statements of Activities

	Year Ended June 30,	
	2022	2021
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Grants and contributions	\$ 4,312,106	\$ 2,580,843
Foregiveness of debt - Paycheck Protection Program loan	486,978	-
Special events, net of cost of direct benefits to donors \$12,342	125,648	-
Rental income	3,821,575	3,597,735
Property management	40,554	33,580
Developer fees	-	505,698
Interest income	1,670	1,579
Investment income, net	(46,954)	1,917
Other income	112,465	76,191
Total Revenue	8,854,042	6,797,543
Net assets released from restrictions	631,217	215,566
Total Support and Revenue	9,485,259	7,013,109
<b>EXPENSES</b>		
Program Services		
Housing and management services	8,986,905	7,423,694
Social services	4,819,473	2,162,829
Total Program Services	13,806,378	9,586,523
Supporting Services		
Management and general	624,143	496,012
Fundraising	293,388	344,324
Total Supporting Services	917,531	840,336
Total Expenses	14,723,909	10,426,859
Change in Net Assets Without Donor Restrictions Before Other Changes	(5,238,650)	(3,413,750)
<b>OTHER CHANGES</b>		
Capital contributions	2,761,237	5,786,741
Change in Net Assets Without Donor Restrictions	(2,477,413)	2,372,991
Net Assets Without Donor Restrictions and Non-Controlling Interests in Consolidated For-Profit Affiliates		
Beginning of year	41,315,078	38,942,087
End of year	\$ 38,837,665	\$ 41,315,078
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	\$ 717,245	\$ 368,749
Net assets released from restrictions	(631,217)	(215,566)
Change in Net Assets With Donor Restrictions	86,028	153,183
Net Assets With Donor Restrictions		
Beginning of year	264,556	111,373
End of year	\$ 350,584	\$ 264,556
Change in Net Assets	\$ (2,391,385)	\$ 2,526,174
<b>NET ASSETS</b>		
Beginning of year	41,579,634	39,053,460
End of year	\$ 39,188,249	\$ 41,579,634

See notes to consolidated financial statements

**New Destiny Housing Corporation and Affiliates**

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

	Program Services		Supporting Services		Total
	Housing and Management Services	Social Services	Management and General	Fundraising	
Salaries	\$ 433,834	\$ 2,092,925	\$ 412,088	\$ 193,709	\$ 3,132,556
Fringe benefits	86,925	419,349	82,567	38,813	627,654
Building repairs	54,354	596	117	55	55,122
Building and office maintenance	99,803	13,816	2,720	1,279	117,618
Water and sewer	5,073	802	159	74	6,108
Management and support services	52,128	71,321	14,043	6,601	144,093
Office rent	29,051	140,149	27,595	12,971	209,766
Utilities	66,217	4,255	838	394	71,704
Telephone	6,247	28,121	5,536	2,603	42,507
Insurance	91,378	8,145	1,604	754	101,881
Professional fees	18,536	33,940	6,683	3,473	62,632
Consultant fees	24,693	108,988	21,459	10,087	165,227
Grant writer	3,283	15,838	3,119	1,466	23,706
Service contract	10,003	1,954	385	181	12,523
Training and staff development	1,165	5,620	1,106	520	8,411
Tenant activities	-	1,592,434	-	-	1,592,434
Membership and subscriptions	1,746	8,422	1,658	779	12,605
Travel	45	216	42	20	323
Equipment repairs and maintenance	23,206	111,952	22,043	10,362	167,563
Supplies	4,146	20,003	3,939	1,851	29,939
Employment and advertising fees	1,552	7,486	1,473	693	11,204
Postage	265	1,279	253	118	1,915
Printing	191	921	181	85	1,378
Payroll services	8,181	39,468	7,771	3,653	59,073
Bad debt expense	77,303	3,079	607	285	81,274
Real estate properties	2,978,858	-	-	-	2,978,858
Security services	-	57,120	-	-	57,120
Miscellaneous	32,548	8,007	1,576	12,751	54,882
<b>Total Expenses Before Interest Expense, Depreciation and Amortization</b>	<b>4,110,731</b>	<b>4,796,206</b>	<b>619,562</b>	<b>303,577</b>	<b>9,830,076</b>
Interest expense	1,395,353	-	-	-	1,395,353
Depreciation and amortization	3,480,821	23,267	4,581	2,153	3,510,822
<b>Total Expenses</b>	<b>8,986,905</b>	<b>4,819,473</b>	<b>624,143</b>	<b>305,730</b>	<b>14,736,251</b>
Expenses deducted directly from revenues on the statement of activities					
Direct cost of special events	-	-	-	(12,342)	(12,342)
<b>Total Expenses Reported by Function</b>	<b>\$ 8,986,905</b>	<b>\$ 4,819,473</b>	<b>\$ 624,143</b>	<b>\$ 293,388</b>	<b>\$ 14,723,909</b>

**New Destiny Housing Corporation and Affiliates**

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services		Supporting Services		Total
	Housing and Management Services	Social Services	Management and General	Fundraising	
Salaries	\$ 534,836	\$ 1,127,456	\$ 259,055	\$ 179,737	\$ 2,101,084
Fringe benefits	106,811	225,161	51,735	35,895	419,602
Building repairs	53,660	1,250	287	199	55,396
Building and office maintenance	70,529	27,422	6,301	4,372	108,624
Water and sewer	6,672	644	148	103	7,567
Management and support services	67,398	82,078	18,859	13,085	181,420
Office rent	57,151	120,477	27,682	19,206	224,516
Utilities	58,413	3,534	812	563	63,322
Telephone	4,260	8,095	1,860	1,290	15,505
Insurance	44,564	8,536	1,961	1,361	56,422
Professional fees	18,940	9,761	2,243	1,556	32,500
Consultant fees	37,830	55,020	12,642	8,771	114,263
Grant writer	10,211	21,526	4,946	3,432	40,115
Service contract	8,589	1,696	390	270	10,945
Training and staff development	761	1,604	369	256	2,990
Tenant activities	182,697	385,133	88,492	61,397	717,719
Membership and subscriptions	2,796	5,894	1,354	940	10,984
Travel	273	575	132	92	1,072
Equipment repairs and maintenance	5,688	10,324	2,372	1,646	20,030
Supplies	1,157	2,439	561	389	4,546
Employment and advertising fees	528	1,112	256	177	2,073
Postage	412	869	200	138	1,619
Printing	333	702	161	112	1,308
Payroll services	11,565	24,379	5,601	3,886	45,431
Bad debt expense	102,195	6,308	1,449	1,006	110,958
Real estate properties	2,718,656	-	-	-	2,718,656
Miscellaneous	39,973	24,913	5,724	3,972	74,582
<b>Total Expenses Before Interest Expense, Depreciation and Amortization</b>	<b>4,146,898</b>	<b>2,156,908</b>	<b>495,592</b>	<b>343,851</b>	<b>7,143,249</b>
Interest expense	952,855	-	-	-	952,855
Depreciation and amortization	2,323,941	5,921	420	473	2,330,755
<b>Total Expenses Reported by Function</b>	<b>\$ 7,423,694</b>	<b>\$ 2,162,829</b>	<b>\$ 496,012</b>	<b>\$ 344,324</b>	<b>\$ 10,426,859</b>

See notes to consolidated financial statements

## New Destiny Housing Corporation and Affiliates

### Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets		
Without donor restrictions before other changes	\$ (5,238,650)	\$ (3,413,750)
With donor restrictions	86,028	153,183
	(5,152,622)	(3,260,567)
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation and amortization	3,510,822	2,330,755
Bad debt expense	81,274	110,958
Mortgage cost amortization	29,190	29,255
Realized gain on investments	(172)	-
Unrealized loss(gain) on investments	48,413	(1,881)
Gain(loss) on disposal of investment in real estate	(2,972)	20,073
Forgiveness of Paycheck Protection Program loan	(486,978)	-
Changes in operating assets and liabilities		
Rent receivable	(117,996)	(183,311)
Fees receivable	33,580	(33,580)
Grants receivable	(1,016,307)	(314,794)
Prepaid expenses and other assets	(1,075,166)	(44,293)
Tenant security deposits	(4,049)	13,247
Deposits	(44,016)	(41,610)
Deferred income	464,706	(22,500)
Accrued interest payable	1,187,208	996,606
Accounts payable and accrued expenses	95,713	(219,259)
Prepaid rent	34,563	390
Tenant security deposits payable	6,026	(21,350)
Net Cash from Operating Activities	(2,408,783)	(641,861)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(299,799)	(16,951,064)
Disposals of fixed assets	1,526,812	314,484
Purchases of investments	(516,015)	(9,814)
Deferred cost	(128,300)	(11,959)
Change in predevelopment costs	(213,069)	(221,457)
Net Cash from Investing Activities	369,629	(16,879,810)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	1,972,815	21,331,394
Repayments of long-term debt	(55,605)	(11,518,426)
Capitalized mortgage cost	(119,009)	(340,023)
Construction costs payable	(3,509,362)	1,641,564
Capital contributions	2,761,237	5,786,741
Net Cash from Financing Activities	1,050,076	16,901,250
Net Change in Cash and Restricted Cash	(989,078)	(620,421)
<b>CASH AND RESTRICTED CASH</b>		
Beginning of year	10,050,519	10,670,940
End of year	\$ 9,061,441	\$ 10,050,519

See notes to consolidated financial statements

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 1. Organization

New Destiny Housing Corporation (“New Destiny”) was organized as a not-for-profit organization under the nonprofit laws of the State of New York and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (“IRC”). New Destiny’s mission is to end the cycle of violence for low-income families and individuals at risk of homelessness and domestic violence by connecting them to safe, permanent housing and services.

To achieve its mission, New Destiny builds and manages housing with on-site services; offers innovative programs that empower victims of abuse to find and retain affordable housing; and expands access to permanent housing resources for low-income families. New Destiny pursues the following activities in furtherance of its mission:

- New Destiny develops, owns, and manages housing for low-income domestic violence survivors.
- New Destiny provides on-site social services and support to tenants in its permanent housing and under executed agreements, to tenants in affordable housing owned by others.
- New Destiny provides housing training workshops; a housing helpline; housing research information; a housing resource website; and technical assistance to domestic violence survivors and to social service and legal providers seeking information and assistance with permanent housing issues.
- New Destiny, through HousingLink, connects domestic violence survivors with affordable permanent housing that is safe, well maintained, and sustainable.
- New Destiny educates the public about the permanent housing and service needs of low-income domestic violence survivors and advocates for increasing the resources available to this population.
- New Destiny owns and operates Park Place, which consists of five cooperative apartments in the Crown Heights section of Brooklyn, New York. The five apartments are leased to tenants at below-market rents.

To achieve its goals and strengthen its mission, New Destiny has investments in various low-income housing entities through general partner interest in limited partnerships, managing member interests in limited liability companies, and control of other affordable housing organizations.

New Destiny is affiliated through common board control and ownership with the following entities (collectively, the “Affiliates”):

- CityWide Supportive Housing, Inc. (“CityWide”) was incorporated as a not-for-profit organization in the State of New York and is tax-exempt under Section 501(c)(3) of the IRC. CityWide owns Prelude Place, a 35-bed emergency facility in Staten Island, New York, that is operated as a shelter for domestic violence survivors under a lease with another not-for-profit organization. CityWide also owns a vacant building located at 2303 Andrews Avenue in the Bronx, New York. New Destiny is in the process of developing this property as affordable housing. Up until November 2020, CityWide leased this property to another not-for-profit organization that operated the building as a 27-unit transitional shelter for domestic violence survivors that was known as Lily House.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 1. Organization (*continued*)

- CityWide Supportive Housing Development Fund Corp. (“HDFC”) was incorporated as a not-for-profit organization in the State of New York and is tax-exempt under Section 501(c)(3) of the IRC.

HDFC owns and operates 307 E. 54<sup>th</sup> Street, New York, New York. The property consists of eight low-income residential units. For internal reporting purposes, HDFC Corporate, which is a wholly owned component of HDFC, was established in July 2017 to segregate certain assets that formerly belonged to other buildings previously owned by HDFC.

- Andrews Avenue Associates, L.P. (“Andrews LP”) is a limited partnership organized on July 7, 2006, under the laws of the State of New York.
- Citywide Andrews Associates, Inc. (“Citywide Andrews”) is a New York corporation organized under Section C of the IRC.

Citywide Andrews was formed to act as the corporate general partner of Andrews LP and is 100% owned by HDFC. Citywide Andrews owns .01% of Andrews LP. Andrews LP was formed for the purpose of providing low-income housing through the construction and operation of 37 residential units and one superintendent’s unit in the Bronx, New York, in a building known as Marcello Manor.

- 1070 Anderson Avenue Limited Partnership (the “Anderson”) is a limited partnership organized on December 8, 2009, under the laws of the State of New York.
- 1070 Anderson Avenue GP Corp. (“1070 GP”) is a New York corporation organized under Section C of the IRC.

1070 GP was formed to act as the corporate general partner of the Anderson and is 100% owned by 1070 Anderson Housing Development Fund Corporation, a not-for-profit organization in the State of New York, all the directors of which are appointed by New Destiny in its capacity as sole member of 1070 GP. 1070 GP owns .01% of the Anderson. The Anderson was formed for the purpose of providing low-income housing through the construction and operation of 40 residential units and one superintendent’s unit in the Bronx, New York, in a building known as The Anderson.

- 291 Bainbridge Limited Partnership (“291 LP”) is a limited partnership organized on October 18, 2011, under the laws of the State of New York.
- 291 Bainbridge GP Corp. (“291 GP”) is a New York corporation organized under Section C of the IRC. 291 GP was formed to act as the corporate general partner of 291 LP and is 78% owned by 291 Bainbridge Housing Development Fund Corporation, a not-for-profit organization in the State of New York, all the directors of which are appointed by New Destiny in its capacity as sole member of 291 GP. 291 GP owns .01% of 291 LP. 291 LP was formed for the purpose of providing low-income housing through the construction and operation of 23 residential units in Brooklyn, New York, in a building known as Bainbridge Manor.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 1. Organization (*continued*)

- 2017 Morris Avenue Owner LLC (“2017 LLC”) is a limited liability company organized on December 9, 2013, under the laws of the State of New York.
- 2017 Morris Avenue Corp. (“2017 GP”) is a New York corporation organized under Section C of the IRC.

2017 GP was formed to act as the corporate managing member of 2017 LLC and is 100% owned by 2017 Morris Housing Development Fund Corporation, a not-for-profit organization in the State of New York, all the directors of which are appointed by New Destiny in its capacity as sole member of 2017 GP. 2017 GP owns .01% of 2017 LLC. 2017 LLC was formed for the purpose of providing low-income housing through the construction and operation of 38 residential units, and one superintendent’s unit in the Bronx, New York, in a building known as The Morris.

- Bridge Community Associates LLC (“BCA”) is a limited liability company organized in September 2015 under the laws of the State of New York.
- Bridge Community Associates MM Inc. (“BCA MM”) is a New York corporation organized under Section C of the IRC.

BCA MM was formed to act as the corporate managing member of BCA and is 100% owned by HDFC, all the directors of which are appointed by New Destiny in its capacity as sole member of BCA MM. BCA MM owns .01% of BCA. BCA was formed for the purpose of providing low-income housing through the acquisition, rehabilitation, and operation of an affordable housing project. On October 28, 2016, BCA acquired the project, four multifamily buildings, from HDFC. The buildings contain 36 residential units, including one superintendent’s unit, in Brooklyn, New York, in a complex now known as the BCA Project.

- 902 Jennings Street Housing Development Fund Corporation (“902 HDFC”) was incorporated in the State of New York on May 5, 2015 and is tax-exempt under Section 501(c)(4) of the IRC. 902 HDFC was formed to acquire the vacant site at 902 Jennings Street, Bronx, New York (“902 Jennings”). On June 28, 2017, this vacant site was sold to 902 Jennings Street Owner LLC (“902 Owner”).
- 902 Jennings Street Owner, LLC (“902 Owner”) is a limited liability company organized on February 13, 2017, under the laws of the State of New York.
- 902 Jennings Street MM Inc. (“902 MM”) is a limited liability company organized on February 27, 2017, under the laws of the State of New York.

902 MM was formed to act as the managing member of 902 Owner and is 100% owned by 902 HDFC, all the directors of which are appointed by New Destiny in its capacity as sole member of 902 HDFC. 902 MM LLC owns .01% of 902 Owner. 902 Owner was formed for the purpose of providing low-income housing through the construction and operation of 43 residential units at 902 Jennings Street (“902 Jennings”) in the Bronx, New York. On June 28, 2016, 902 Owner acquired the vacant site for this construction from 902 HDFC. The construction on the building was completed and it was placed into operation in October 2019.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 1. Organization (*continued*)

- Bryant Avenue Housing Development Fund Corporation (“Bryant Avenue HDFC”) was incorporated in the State of New York on September 28, 2018 and is tax-exempt under Section 501(c)(4) of the IRC. Bryant Avenue HDFC was formed to acquire 2 vacant lots then located at 1071 and 1075 Bryant Avenue Bronx, New York (“Bryant Avenue”).
- Bryant Avenue Owner, LLC (“Bryant Avenue Owner”) is a limited liability company organized on February 13, 2017, under the laws of the State of New York.
- Bryant Avenue Managing Member Inc. (“Bryant MM”) is a limited liability company organized on February 27, 2017, under the laws of the State of New York.

Bryant MM was formed to act as the managing member of Bryant Avenue Owner and is 100% owned by Bryant Avenue HDFC, all the directors of which are appointed by New Destiny in its capacity as sole member of Bryant Avenue HDFC. Bryant MM owns .01% of Bryant Avenue Owner.

- Bryant Avenue Owner was formed to provide low-income housing through the construction and operation of 62 residential units, including one superintendent’s unit, in a building that now has the address 1115 East 165<sup>th</sup> Street in the Bronx, New York. The site of the building was formerly the 2 vacant lots that had other addresses on Bryant Avenue. The building is known as The Corden. As of June 2021, construction of the property was 93% complete. Ongoing rental real estate operations at the property commenced in January 2022.
- 1145 Webster Housing Development Fund Corporation (“Webster HDFC”) was incorporated in the State of New York on January 11, 2022. Webster HDFC was formed to acquire the site at 1139-1145 Webster Avenue, Bronx, New York (“1139 Webster”). On June 17, 2022, Webster HDFC obtained a commitment for a \$5,550,000 acquisition and predevelopment loan from the Corporation for Supportive Housing for the purchase and development of this site into 70 units of affordable housing. The loan closed on July 12, 2022, at which time the site was acquired from an unaffiliated owner. New Destiny is the sole member of Webster HDFC and is the guarantor of the CSH loan.
- New Destiny is the sole member of Raven Hall Housing Development Fund Corp. (“Raven Hall HDFC”), a not-for-profit corporation under the laws of the State of New York. Raven Hall HDFC has a nominee agreement with Raven Hall Moderate LLC under which Raven Hall HDFC retains legal title to a new multi-use property being developed by Raven Hall Developer LLC in Brooklyn, New York, part of which will contain low-income and supportive housing units.
- New Destiny owns 25% in Raven Hall Developer LLC (“RH Developer”). While New Destiny has an economic interest in RH Developer, it does not have control. Therefore, the operations of this LLC are not consolidated in the financial statements of the Organization.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 1. Organization (*continued*)

- Raven Hall HDFC is a 50% member in Raven Hall MM LLC, which is a 0.01% managing member of Raven Hall LLC. Raven Hall LLC is the 99.5% member of Raven Hall Moderate LLC. Raven Hall Moderate LLC has a master lease with Raven Hall LLC under which Raven Hall LLC leases the low-income and supportive housing portion of the property being developed by RH Developer. While New Destiny has an economic interest in Raven Hall MM LLC, Raven Hall LLC, and Raven Hall Moderate LLC, it does not have control. Therefore, the operations of these three LLCs are not consolidated in the financial statements of the Organization. During the year ended June 30, 2021, there were no ongoing rental real estate operations at the property. Ongoing rental real estate operations at the property commenced in January 31, 2022.
- New Destiny is the sole member of 153 Jamaica Housing Development Fund Corp. (“153 Jamaica HDFC”), a not-for-profit corporation under the laws of the State of New York. 153 Jamaica HDFC has a nominee agreement with Jamaica Owner LLC under which 153 Jamaica HDFC retains legal title to a new multi-use property being developed by 153 Jamaica Developer LLC in Queens, New York, part of which will contain low-income and supportive housing units. The building is known as The Kira. During the year ended June 30, 2021, there were no ongoing rental real estate operations at the property. Ongoing rental real estate operations at the property commenced in September 27, 2021.
- New Destiny owns a 20% interest in 153 Jamaica Developer LLC (“Jamaica Developer”). While New Destiny has an economic interest in Jamaica Developer, it does not have control. Therefore, Jamaica Developer’s operations are not consolidated in the financial statements of the Organization.
- 153 Jamaica HDFC is a 20% member in Jamaica JV LLC, which is the 50% managing member of Jamaica MM LLC. 153 Jamaica HDFC is the other 50% member in Jamaica MM LLC. While New Destiny has an economic interest in Jamaica JV LLC and Jamaica MM LLC, it does not have control. Therefore, their operations are not consolidated in the financial statements of the Organization.

New Destiny provides ongoing tenant support services at Marcello Manor, the Anderson, Bainbridge Manor, the Morris, the BCA Project and 902 Owner, and began to supply these services at The Corden in October 2021.

New Destiny began providing ongoing tenant support services at the low-income and supportive housing parts of The Kira and Raven Hall in October 2021, the properties that were developed by Jamaica Developer and RH Developer.

Throughout these notes, references to the general partner, partner or partnership should be interpreted as including the corresponding type of entity in a limited liability company.

## **New Destiny Housing Corporation and Affiliates**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include the allowance for doubtful receivables, depreciation, and fixed asset impairment.

#### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of New Destiny, its corporate affiliates, and the partnerships that are controlled by New Destiny’s affiliates. The general partnership interests held by Affiliates of New Destiny equal .01% of the respective limited partnership’s equity, with the remainder held by the limited partners. All material intercompany accounts and transactions have been eliminated in consolidation.

#### ***Non-Controlling Interest in For-Profit Affiliates that are Part of Consolidation***

The portions of the limited partnerships not owned by New Destiny affiliated entities are presented in the consolidated financial statements as the non-controlling ownership interests, in an aggregate amount.

#### ***Net Asset Presentation***

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. This category may also include amounts designated by the Board of Directors.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may require the assets to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Reclassification***

Net assets without donor restrictions and non-controlling interests in consolidated for-profit affiliates have been reclassified to conform with the presentation in the current-year consolidated financial statements. This reclassification has no effect on the consolidated financial statements.

#### ***Cash and Restricted Cash***

Certain investments in highly liquid debt instruments with a maturity date of three months or less at the time of purchase exists, are shown as cash equivalents. Restricted cash consists principally of cash held for real estate taxes, property maintenance and insurance as required by certain loan and regulatory agreements.

#### ***Real Estate***

Property and equipment are stated as cost unless donated. Donated assets are capitalized at the estimated fair value at the date of receipt. Expenditures that substantially increase estimated useful lives are capitalized. Items with an acquisition cost of less than \$5,000 or a useful life of less than one year are expensed in the year purchased. Maintenance, repairs and minor renewals are expensed as incurred. Depreciation is provided for by the straight-line method over the estimated useful life of the related asset. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts, and the resulting gains and losses are included in operations.

The estimated service life of the assets for depreciation purposes is as follows:

Buildings and improvements	30 - 40 years
Furniture and equipment	5 - 20 years

#### ***Investment in Real Estate***

The Organization reviews its investment in real estate for impairment annually and whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. For assets held and used, if management's estimate of the aggregate future cash flows to be generated by the rental property, undiscounted and without interest charges, are less than their carrying amounts, an impairment loss has occurred.

The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated undiscounted cash flows could impact the determination of whether impairment exists. There was no impairment loss recognized during the years ended June 30, 2022 and 2021.

## **New Destiny Housing Corporation and Affiliates**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Accounts Receivable***

Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts outstanding. It is reasonably possible that management's estimate of the allowance will differ from actual results.

#### ***Escrow and Reserves***

Escrow and reserves are accounts that are required to be maintained by the Organization in accordance with regulatory or debt agreements.

#### ***Predevelopment Project Costs***

The Organization incurs costs in connection with properties it is considering for development, as well as costs associated with properties in the initial stages of development. Predevelopment project costs are capitalized and recorded as predevelopment costs until such time as the project is either abandoned as not feasible or becomes an approved project with independent funding sources. Predevelopment costs are charged to operations at the time a potential project is no longer considered feasible. When a project has been approved and funded for development, some of these costs are reimbursed to the Organization and some become part of the Organization's operating expenses. Predevelopment costs totaled \$454,332 and \$241,263 at June 30, 2022 and 2021.

#### ***Capitalized Costs***

Capitalized costs related to tax credit fees are amortized over the terms of the agreements using a method which approximates the effective interest method.

#### ***Investment Valuation and Income Recognition***

Investments are carried at fair value in the statements of financial position. Interest and dividend income, as well as realized gains or losses and unrealized appreciation or depreciation in investment value, are recognized as with or without donor restrictions, in accordance with donor intent in the statements of activities. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

#### ***Fair Value of Financial Instruments***

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

## **New Destiny Housing Corporation and Affiliates**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Debt Issuance Costs***

Debt issuance costs are reported on the consolidated statements of financial position as a direct deduction from the face amount of the debt. The debt issuance costs are amortized over the term of the debt on a method that approximates the effective interest method. The Organization reflects the amortization of debt issuance costs within interest expense.

#### ***Grants***

The Organization receives government contracts and private grants, which are reviewed to determine if they contain traits more similar to contributions or exchange transactions. For those contracts and grants that have been determined to be exchange transactions, revenue is recognized when earned. Cash received in excess of expenditures incurred is recorded as refundable contractual advances and is recognized as revenue in the period an expenditure is incurred. Any unspent amounts might have to be returned to the granting agency, or the granting agency can approve that those amounts be applied to a future grant period.

#### ***Contributions***

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met.

Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, and equipment) are reported as net assets with donor restrictions. The Organization reflects the expiration of a donor-imposed restriction when the related long-lived assets have been placed in service, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### ***Special Events***

Revenues and expenses incurred relative to special events are recognized upon occurrence of the respective event. Revenues are shown net of costs of direct benefits to donors. Due to the coronavirus outbreak, no events were held during the year ended June 30, 2021.

#### ***Rental Income and Prepaid Rent***

Rental income is recognized as it accrues. Advance receipts of rental income are deferred and classified as liabilities until earned. All leases between the Organization and tenants of the property are operating leases.

## **New Destiny Housing Corporation and Affiliates**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Development Fees Revenue***

Development fees are recognized as revenue, as the milestones in the development agreements are achieved.

#### ***Advertising Costs***

The Organization expense the cost of advertising as incurred.

#### ***Deferred Rent and Rent Expense***

Lease agreements may require increases in the minimum base rent over time. Rent expense under these lease agreements is recognized on the straight-line basis over the term of these related leases. The difference between rent expense recognized on the straight-line basis and cash paid is accounted for as deferred rent and included in accrued expenses on the accompanying statements of financial position. Deferred rent at June 30, 2022 and 2021 totaled \$13,730 and \$18,976 and is included in accrued expenses in the statements of financial position.

#### ***Functional Expenses Allocation***

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Salaries and related expenses are allocated directly to programs and supporting services. Other expenses by function have been allocated among program and supporting services on the basis of salary allocation. Management and general expenses include expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

#### ***Income Taxes and Accounting for Uncertainty in Income Taxes***

New Destiny and its not-for-profit affiliates are exempt from federal income tax under Section 501(c)(3) or 501(c)(4) of the IRC, as well as state and local income taxes. Other affiliates of New Destiny are treated as partnerships and corporations for federal, state, and local income tax purposes. Partnership taxable income or loss passes through to, and is reportable by, the partners, individually. The corporations either have had zero taxable income or have been carrying losses that are available for future netting against taxable income. These losses are carried forward for a period of time, as defined by the Internal Revenue Service, and then expire if unused. Losses carried forward should be computed as assets using the applicable tax rate and reported on the consolidating statements of financial position, subject to valuation allowance. In the case of the corporations, it is more likely than not that the respective asset will never be realized as the possibility of net income or gain is unlikely. Therefore, no asset has been recognized on these consolidated financial statements, as the valuation allowance would equal 100% of the asset value.

The Organization recognizes the effects of income tax positions only if they are more likely than not to be sustained. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition and/or disclosure. The Organization is no longer subject to examination by the applicable taxing jurisdictions for years prior to June 30, 2019.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Evaluation of Subsequent Events by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 15, 2022.

### 3. Supplemental Cash Flow Information

At June 30, 2022 and 2021, cash and restricted cash consisted of the following:

	2022	2021
Operating cash		
Cash	\$ 5,508,566	\$ 6,406,060
Restricted Cash		
Cash - construction	22,085	22,085
Operating reserves	1,680,963	1,633,526
Social service reserves	351,479	351,019
Replacement reserves	1,394,631	1,532,944
Escrows	58,717	59,885
Rent subsidy reserves	45,000	45,000
	3,552,875	3,644,459
	\$ 9,061,441	\$ 10,050,519

Supplemental cash flow information consists of the following for the years ended June 30:

	2022	2021
Interest paid	\$ 491,248	\$ 289,263
Non-cash Investing and Financing Activities		
Fixed assets financed with proceeds from mortgages	-	19,277,286
Predevelopment costs	213,069	221,457

### 4. Real Estate

Real estate consists of the following at June 30:

	2022	2021
Land	\$ 6,692,528	\$ 6,692,528
Building and improvements	107,402,880	80,419,388
Furniture and equipment	1,497,612	862,434
Construction-in-progress	41,989	28,887,672
	115,635,009	116,862,022
Accumulated depreciation	(19,791,322)	(16,338,497)
	\$ 95,843,687	\$ 100,523,525

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 5. Escrows and Reserves

New Destiny, Citywide, HDFC, Andrews LP, The Anderson, 291 LP, 2017 LLC, BCA LLC, 902 Owner, and Bryant Avenue Owner are required to maintain certain escrow and reserve accounts. Operating reserves are used for funding operating deficits of the projects and replacement reserves are used for future improvements and replacements for the rental properties.

Pursuant to a development agreement, New Destiny funded, for the benefit of Andrews LP, a social service reserve of \$300,000 and an operating reserve of \$135,000 from the proceeds of its developer's fees.

Per various commitments to lenders, regulators and partners' approvals must be received for any withdrawals from escrows and reserves.

Escrows and reserves consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Operating reserves	\$ 1,680,963	\$ 1,633,526
Social service reserves	351,479	351,019
Replacement reserves	1,394,631	1,532,944
Escrows	58,717	59,885
Rent subsidy reserves	<u>45,000</u>	<u>45,000</u>
	<u>\$ 3,530,790</u>	<u>\$ 3,622,374</u>

### 6. Investments

The following are major classes and categories of investments measured at fair value at June 30, 2022 and 2021. All fixed income, mutual funds, exchange traded funds, and equities are valued using Level 1 inputs under the fair value hierarchy.

	<u>2022</u>	<u>2021</u>
Investments:		
Common stock	\$ 45,469	\$ 11,642
Mutual funds	269,054	-
Exchanged traded funds	<u>135,135</u>	<u>-</u>
Total Investments at Fair Value	449,658	11,642
Cash and cash equivalents, at cost	<u>29,811</u>	<u>53</u>
	<u>\$ 479,469</u>	<u>\$ 11,695</u>

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 6. Investments (continued)

The composition of investment return as reported in the consolidated statements of activities for the years ended June 30, is as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 2,472	\$ 36
Fees	(1,185)	-
Realized (loss)gain	172	-
Unrealized (loss)gain	<u>(48,413)</u>	<u>1,881</u>
	<u>\$ (46,954)</u>	<u>\$ 1,917</u>

### 7. Commitment - Office Lease

On July 1, 2020, New Destiny entered into a lease agreement that extended the lease term to June 30, 2027. The lease is subject to escalations and requires payment of increases in real estate taxes, and a fixed monthly water and sewer charge. Rental expense was \$209,766 and \$224,516 for the years ended June 30, 2022 and 2021.

The future minimum rental commitments are as follows for the years ending June 30:

2023	\$ 201,396
2024	206,934
2025	212,625
2026	218,472
2027	<u>224,480</u>
	<u>\$ 1,063,907</u>

### 8. Commitment – Construction Contracts

Entities consolidated into the Organization have entered into various construction contracts totaling \$44,282,700, excluding change orders, relating to capital improvements and repair work. At June 30, 2022 and 2021, \$44,282,700 and \$42,419,086 of work has been completed.

## New Destiny Housing Corporation and Affiliates

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### 9. Long-Term Debt

	2022	2021
<p>New York State Homeless Housing and Assistance Program ("HHAP") provided a mortgage to Andrews LP, which bears interest at 1% per annum compounded annually. No payments until maturity. All accrued interest and principal are due in October 2058. The loan is secured by the investment in real estate.</p>	\$ 3,732,450	\$ 3,732,450
<p>HPD provided a mortgage to Andrews LP, which bears interest at 1% per annum compounded annually. No payments until maturity. All accrued interest and principal are due in October 2058. The loan is secured by the investment in real estate.</p>	1,600,000	1,600,000
<p>HTF provided a mortgage to the Anderson, bearing interest at 1% per annum, payable from available cash flows. No payments until maturity. The principal and any unpaid interest are due in June 2044. The loan is secured by the investment in real estate.</p>	1,624,232	1,624,232
<p>New York State Homeless Housing and Assistance Corporation ("HHAC") provided a mortgage to the Anderson bearing interest at 1% per annum compounded annually. No payments until maturity. The principal and all accrued interest are due in August 2062, unless formal release/satisfaction is issued by HHAC. The loan is secured by the investment in real estate.</p>	4,687,152	4,687,152
<p>HPD provided a mortgage to the Anderson, bearing interest at 1% per annum. No payments until maturity. The principal and all accrued interest are due in August 2060. The loan is secured by the investment in real estate.</p>	1,000,000	1,000,000
<p>Federal Home Loan Bank provided a mortgage to the Anderson, bearing interest at 1% per annum. No payments until maturity. The principal and all accrued interest are due in August 2062. The loan is secured by the investment in real estate.</p>	615,000	615,000
<p>HHAC provided a mortgage to 291 LP, bearing interest at 6.25% per annum, compounded annually. No payments until maturity. The principal and all accrued interest are due in November 2063, unless formal release/satisfaction is issued by HHAC. The loan is secured by the investment in real estate.</p>	2,402,490	2,402,490

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 9. Long-Term Debt *(continued)*

	2022	2021
HTF provided to 291 LP a mortgage of \$871,987, with interest at 1% per annum payable from available cash flows. Principal and any unpaid interest is due and payable in March 2045. The loan is secured by the investment in real estate.	\$ 871,987	\$ 871,987
HPD provided a mortgage to 291 LP, bearing interest at .5% per annum. No payments until maturity, with principal and all accrued interest due in June 2045. The loan is secured by the investment in real estate.	1,380,000	1,380,000
HHAC provided a mortgage to the Morris of \$3,179,128. The loan bears 6% interest per annum, compounded annually. No payments until maturity, with principal and all accrued interest due in December 2044, unless formal release/satisfaction is issued by HHAC. The loan is secured by the investment in real estate.	3,179,128	3,179,128
HPD provided a mortgage to the Morris of \$574,830. The loan bears 1.25% interest per annum. No payments until maturity, with principal and all accrued interest due in July 2046. The loan is secured by the investment in real estate.	574,830	574,830
HPD provided a mortgage to the Morris of \$1,026,000. The loan bears .25% interest per annum. No payments until maturity, with principal and all accrued interest due in July 2046. The loan is secured by the investment in real estate.	1,026,000	1,026,000
HPD provided a mortgage to the Morris of \$1,000,000. The loan bears no interest. No payments until maturity, with principal due in July 2046. The loan is secured by the investment in real estate.	1,000,000	1,000,000
HHAC provided \$5,060,000 for the construction and permanent financing of 902 Jennings. The loan bears 1% interest per annum, with no payments until maturity. Principal and accrued interest due in December 2059, unless formal release/satisfaction is issued by HHAC. The three separate notes initially executed for the loan were consolidated into one note on October 1, 2020. The loan is secured by the investment in real estate.	5,060,000	5,060,000

## New Destiny Housing Corporation and Affiliates

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### 9. Long-Term Debt *(continued)*

	2022	2021
<p>HPD provided \$3,924,755 for the construction of 902 Jennings. The loan bore interest at 0.25% per annum during construction. As of permanent conversion, the loan bears interest at 2.81%. No payments required until maturity. The principal and accrued interest are due October 1, 2050. The loan was converted to a permanent loan on October 1, 2020. The loan is secured by the investment in real estate.</p>	\$ 3,924,755	\$ 3,924,755
<p>The Community Preservation Corporation ("CPC") provided a mortgage to 902 Jennings of \$3,299,703, bearing interest at 5.25% per annum in October 2020. Monthly principal and interest payments of \$18,221 are required starting on December 1, 2020, with final payment due at maturity on November 1, 2050. The mortgage is secured by the assignments of leases and rents of the property.</p>	3,220,784	3,268,956
<p>Low Income Investment Fund provided \$1,999,760 for the construction of the BCA Project, with interest at 5.75% per annum. At permanent closing on October 31, 2019, \$156,000 was converted to a mortgage, and the remaining balance was repaid from additional contributed equity. The mortgage requires monthly payments of \$1,254, including interest at 5.25% per annum, with final payment due on November 1, 2034. The loan is secured by the investment in real estate.</p>	137,069	144,081
<p>HPD committed \$365,174 for the construction and permanent financing of the BCA Project. The loan bears interest at 1.93% per annum, compounded monthly. No monthly payments are required. The principal and accrued interest will be due on November 1, 2049. The loan is secured by the investment in real estate.</p>	365,174	365,174
<p>HPD provided another \$500,000 for the construction and permanent financing of the BCA Project. The loan bears interest at 1.93% per annum, compounded monthly, with no annual payments required until maturity. The principal and accrued interest will be due on November 1, 2049. The loan is secured by the investment in real estate.</p>	500,000	500,000

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 9. Long-Term Debt (continued)

	2022	2021
<p>HTF provided \$439,844 for the construction and permanent financing of the BCA Project. The loan bears interest at 1.95% per annum, compounded annually, no payments are required until maturity. The principal and accrued interest will be due in 30 years from permanent closing of the HPD loan, but in no event later than October 1, 2048. The loan is secured by the investment in real estate.</p>	\$ 439,844	\$ 439,844
<p>HHAC provided \$5,776,625 for the construction of Bryant Avenue. The loan bears 1% interest per annum. No payments are required until maturity. Principal and accrued interest due on the 30th anniversary of the date building is approved as ready for occupancy. The loan is secured by the investment in real estate. The loan was converted to a permanent loan in December 2022.</p>	5,687,266	5,467,393
<p>Bank of America committed \$1,669,983 for the construction of Bryant Avenue. The loan bears interest at 2.15% above the monthly LIBOR per annum, originally to be due in December 21, 2021 and was subsequently, extended to December 31, 2022. The loan requires monthly interest payments, with any unpaid interest and principal due at maturity. The loan is secured by the investment in real estate. The loan was converted to a permanent loan in December 2022.</p>	986,261	777,340
<p>Bank of America committed \$10,238,156 for the construction of Bryant Avenue. The loan bears interest at .25% per annum, was originally to be due in December 21, 2021 and was subsequently, extended to December 31, 2022. The loan requires monthly interest payments, with any unpaid interest and principal due at maturity. At permanent closing, a portion of this loan will be paid off. Bank of America has secured a commitment for the balance to then be converted to permanent financing. The loan is secured by the investment in real estate. The loan was converted to a permanent loan in December 2022.</p>	9,902,872	8,497,940
<p>HPD provided \$7,957,334 for the construction of Bryant Avenue. The loan bears .25% interest per annum, compounded monthly. The loan requires no monthly payments. All principal and accrued interest will be due 30 years from the date the building is approved as ready for occupancy and the permanent closing has occurred. The loan is secured by the investment in real estate. The loan was converted to a permanent loan in December 2022.</p>	7,957,334	7,957,334

## New Destiny Housing Corporation and Affiliates

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### 9. Long-Term Debt *(continued)*

	2022	2021
HTFC committed \$1,323,700 for the construction of Bryant Avenue. During the construction period, the note bears no interest. After permanent closing, interest is payable from available cash flows at 1% per annum. Principal and any unpaid interest is due and payable on the 30th anniversary of the permanent loan conversion date. The loan is secured by the investment in real estate.	\$ 1,191,330	\$ 1,052,242
Unamortized debt issuance costs	(892,374)	(802,555)
	\$ 62,173,584	\$ 60,345,773

The future scheduled maturities of long-term debt are as follows for the years ending June 30:

2023	\$ 10,947,728
2024	61,747
2025	65,068
2026	68,567
2027	72,254
Thereafter	51,850,594
Unamortized debt issuance costs	(892,374)
	\$ 62,173,584

The Organization converted the constructions loans payable to permanent loans in December 2022, once the construction on the projects are completed.

#### 10. Paycheck Protection Program Loan

On April 21, 2020, the Organization received loan proceeds in the amount of \$486,978 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors.

On September 23, 2021, the SBA notified the Organization that the PPP loan has been forgiven. The Organization recognized \$486,978 of the proceeds from the PPP loan forgiveness in the statement of activities during the fiscal year ended June 30, 2022.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 11. Net Assets With Donor Restrictions

Net assets with donor restrictions transactions are as follows for the years ended June 30,

Program/Purpose	2021	Additions	Releases	2022
Family Support Services	\$ 30,806	\$ 61,525	\$ (73,831)	\$ 18,500
Advocacy	-	225,000	(150,000)	75,000
Asset Management - Tenant Subsidies	106,250	-	(106,250)	-
Housing Link	127,500	430,720	(301,136)	257,084
	<u>\$ 264,556</u>	<u>\$ 717,245</u>	<u>\$ (631,217)</u>	<u>\$ 350,584</u>
Program/Purpose	2020	Additions	Releases	2021
Family Support Services	\$ 46,200	\$ 45,860	\$ (61,254)	\$ 30,806
Housing Development - Jennings	42,084	-	(42,084)	-
Asset Management - Tenant Subsidies	-	106,250	-	106,250
Housing Link	23,089	216,639	(112,228)	127,500
	<u>\$ 111,373</u>	<u>\$ 368,749</u>	<u>\$ (215,566)</u>	<u>\$ 264,556</u>

### 12. Management Agreements

Since June 1, 2017, New Destiny has entered into nine separate management agreements with an unrelated company. The agreements are automatically renewed unless terminated by either party. Management agreements provide for rental management and other services. The agreements have been made for 307 E 54th Street, Andrews LP, the Anderson, 291 LP, 2017 LLC, Park Place, BCA, 902 Owner, and Bryant Avenue Owner. Other than for 902 Owner and Bryant Avenue Owner the fee in each agreement is 8% of rents collected. For 902 Owner and Bryant Avenue Owner, the fee is 7% of rent collections. Management fee expense to this unrelated company for the years ended June 30, 2022 and 2021 was \$248,000 and \$232,348.

### 13. Housing Leases

CityWide has entered an operating lease for the Prelude property with Safe Horizon, a not-for-profit corporation. The lease provides for monthly payments of \$18,750 beginning June 2012, with a 2% increase every two years, through May 2022. On June 1, 2022, CityWide entered into a new operating lease with Safe Horizon. The lease provides for monthly payments of \$20,704 beginning June 2022, with a 2% increase every two years, through June 1, 2032.

CityWide also entered into an operating lease for the Lily House property with Safe Horizon. The lease provided for monthly payments of \$6,110 beginning November 2005, with a 2% increases every two years, through July 2020. In July 2020, a one-year lease extension was signed allowing for a month-to-month lease. This lease was terminated effective November 1, 2020. The Organization is in the process of developing this property as affordable housing.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 13. Housing Leases (*continued*)

Minimum rental payments due from Safe Horizon are as follows for the years ending June 30:

2023	\$	248,448
2024		248,862
2025		253,416
2026		253,838
2027		258,480
Thereafter		<u>1,302,108</u>
		<u>\$ 2,565,152</u>

The accompanying consolidated statements of activities reflect rental income from Safe Horizon on a straight-line basis over the terms of the leases. Rental income for the years ended June 30, 2022 and 2021 was \$243,980 and \$327,614.

### 14. Retirement Savings Plan

New Destiny sponsors a defined contribution plan (the "Plan") covering all employees with at least one year of consecutive service who agree to make contributions to the Plan. New Destiny makes a matching contribution to the Plan each year in an amount equal to 100% of employee contributions that does not exceed 5% of all participants' compensation. Total expense for the years ended June 30, 2022 and 2021 was \$113,794 and \$82,925.

### 15. Contingency

Property located at 307 E. 54th Street was donated to New Destiny in 2006, pursuant to New York City inclusionary zoning laws, which require the building to remain as low-income housing in perpetuity. The building is being depreciated over 40 years by the Organization.

The New York State Office of Temporary and Disability Assistance ("NYSOTDA") has perfected its beneficial interest in Lily House by having CityWide execute a grant enforcement note for \$4,000,000, secured by a mortgage lien on the property. Under the terms of the enforcement lien, the property must remain as low-income housing during the restriction period, which ends August 2030.

HPD has perfected its interest in Lily House by having CityWide execute a grant enforcement note for \$1,000,000, secured by a mortgage lien on the property. Under the terms of the enforcement lien the property must remain low-income housing until June 2033.

New Destiny is contingently liable for certain construction completion and operating performance benchmarks as regards to their general partner interest in certain limited partnerships.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 16. Change in Consolidated Net Assets Without Donor Restrictions

Change in consolidated net assets without donor restrictions are as follows for the years ended June 30, 2022 and 2021:

	Total	Without Donor Restrictions	Non-Controlling Interest
Balance, June 30, 2021	\$ 41,315,078	\$ 12,426,208	\$ 28,888,870
Change in net assets	(5,238,650)	(820,594)	(4,418,056)
Capital contributions	2,761,237	-	2,761,237
Balance, June 30, 2022	\$ 38,837,665	\$ 11,605,614	\$ 27,232,051
	Total	Without Donor Restrictions	Non-Controlling Interest
Balance, June 30, 2020	\$ 38,942,087	\$ 12,945,925	\$ 25,996,162
Change in net assets	(3,413,750)	(519,717)	(2,894,033)
Capital contributions	5,786,741	-	5,786,741
Balance, June 30, 2021	\$ 41,315,078	\$ 12,426,208	\$ 28,888,870

### 17. Concentrations and Risks

#### ***Risks and Uncertainties***

The Organization is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the property is located or by changes in federal low-income housing subsidies or the demand for such housing.

#### ***Concentration of Credit Risk***

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits of the financial institution and expose the Organization to credit risk. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant risk of loss on these funds. At June 30, 2022 and 2021, approximately \$4.7 and \$6.1 million was maintained with an institution in excess of Federal Deposit Insurance Corporation limits.

## New Destiny Housing Corporation and Affiliates

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### 18. Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash - operations	\$ 5,508,566	\$ 6,406,060
Investments	479,469	11,695
Accounts receivable:		
Rent receivable, net	308,587	271,865
Fees receivable	-	33,580
Grants receivable	<u>1,770,144</u>	<u>753,837</u>
	8,066,766	7,477,037
Less:		
Net assets with donor restrictions	<u>(350,584)</u>	<u>(264,556)</u>
	<u>\$ 7,716,182</u>	<u>\$ 7,212,481</u>

#### ***Liquidity Management***

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. Any excess cash available above requirements is invested.

### 19. Highgarden Tower

On December 17, 2020, New Destiny entered into an agreement to give it zero percent ownership interest in Highgarden Tower Developer LLC ("Highgarden Developer"). Highgarden Developer has a contract with Highgarden Tower LLC (the "Owner") to develop a new multi-use property in New Rochelle, New York ("Highgarden Tower"). The property consists in part of 219 rental apartments, including a superintendent's unit. It's arrangements concerning Highgarden Tower represent the first time New Destiny has been involved as a developer or support service provider outside of New York City.

New Destiny in return will provide services to Highgarden Developer and the Owner during the lease-up to 77 units consisting of residents with special needs, ongoing support services to those residents and act as a consultant to Highgarden Developer, and the Owner as needed, with respect to the special need's rental units.

Under the agreement with Highgarden Developer, for its activities in support of the development of Highgarden Tower, New Destiny will receive a total developer fee of \$8,517,386, of which \$2,098,268 will be a deferred developer's fee (payable only out of certain future equity contributions and available operating cash flows from the rental apartments, as per the terms of Owner's operating agreement), and \$4,600,000 will be received at the time the project's financing converts from construction to permanent loans, but then be immediately loaned back to the Owner. The loan will bear interest of 2.66% per annum compounding annually. Principal and all accrued interest are payable at maturity, 40 years after conversion.

**New Destiny Housing Corporation and Affiliates**

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

**19. Highgarden Tower (*continued*)**

In addition, New Destiny and an affiliate of the Owner entered into a Developer Loan Participation Agreement, under which New Destiny sold 67.5% participation interest in the loan above to the affiliate for consideration of ten dollars.

During June 30, 2021, New Destiny received \$505,698 from Highgarden Developer in partial payment of its developer fee. No payments for the developer fee were received during the year ended June 30, 2022.

\* \* \* \* \*

**New Destiny Housing Corporation  
and Affiliates**

Supplementary Information

June 30, 2022

**New Destiny Housing Corporation  
and Affiliates**

Consolidating Schedule of Financial Position  
June 30, 2022

(With summarized amounts for the year ended June 30, 2021)

	New Destiny Housing Corp. General Fund	Other Housing Activities	Real Estate Affiliates	Subtotal	Eliminations	2022 Total	2021 Total
<b>REAL ESTATE</b>							
Land	\$ -	\$ 369,267	\$ 6,746,400	\$ 7,115,667	\$ (423,139)	\$ 6,692,528	\$ 6,692,528
Buildings and improvements	211,281	10,106,482	104,102,339	114,420,102	(7,017,222)	107,402,880	80,419,388
Furniture and equipment	84,533	73,276	1,339,803	1,497,612	-	1,497,612	862,434
Construction-in-progress	-	41,989	-	41,989	-	41,989	28,887,672
Less, accumulated depreciation	<u>(155,086)</u>	<u>(4,699,363)</u>	<u>(15,136,501)</u>	<u>(19,990,950)</u>	<u>199,628</u>	<u>(19,791,322)</u>	<u>(16,338,497)</u>
Net Real Estate	140,728	5,891,651	97,052,041	103,084,420	(7,240,733)	95,843,687	100,523,525
<b>OTHER ASSETS</b>							
Cash - operations	2,753,158	159,752	2,595,656	5,508,566	-	5,508,566	6,406,060
Cash - construction	-	-	22,085	22,085	-	22,085	22,085
Investments	479,469	-	-	479,469	-	479,469	11,695
Rent receivable, net	-	33,251	275,336	308,587	-	308,587	271,865
Fees receivable	3,530,474	-	40,000	3,570,474	(3,570,474)	-	33,580
Grants receivable	1,770,144	-	-	1,770,144	-	1,770,144	753,837
Prepaid expenses and other assets	71,294	2,577	1,217,620	1,291,491	(155,668)	1,135,823	60,657
Tenant security deposits	-	18,896	134,925	153,821	-	153,821	149,772
Lease-up reserve	-	-	-	-	-	-	-
Replacement reserves	-	332,783	1,061,848	1,394,631	-	1,394,631	1,532,944
Operating reserves	163,813	241,945	1,275,205	1,680,963	-	1,680,963	1,633,526
Social service reserves	313,438	-	38,041	351,479	-	351,479	351,019
Rent subsidy reserves	-	-	45,000	45,000	-	45,000	45,000
Escrows	-	-	58,717	58,717	-	58,717	59,885
Predevelopment costs	420,360	33,972	-	454,332	-	454,332	241,263
Deposits	56,120	9,989	81,762	147,871	-	147,871	103,855
Deferred loss	-	1,244,210	-	1,244,210	(1,244,210)	-	-
Deferred costs, net	-	-	351,216	351,216	-	351,216	259,935
Loans receivable - related parties	<u>4,465,226</u>	<u>699,808</u>	<u>74,519</u>	<u>5,239,553</u>	<u>(5,239,553)</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 14,164,224</u>	<u>\$ 8,668,834</u>	<u>\$ 104,323,971</u>	<u>\$ 127,157,029</u>	<u>\$ (17,450,638)</u>	<u>\$ 109,706,391</u>	<u>\$ 112,460,503</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Liabilities</b>							
Long-term debt, net	\$ -	\$ -	\$ 62,173,584	\$ 62,173,584	\$ -	\$ 62,173,584	\$ 60,345,773
Recoverable grant	120,000	-	-	120,000	-	120,000	120,000
Deferred income	464,706	-	-	464,706	-	464,706	-
Construction costs payable	-	-	853,343	853,343	-	853,343	4,364,046
Due to developer	-	-	3,851,261	3,851,261	(3,851,261)	-	-
Paycheck Protection Program loan	-	-	-	-	-	-	486,978
Loans payable - related parties	149,886	822,427	757,742	1,730,055	(1,711,128)	18,927	-
Accrued interest payable	-	-	6,303,197	6,303,197	(17,329)	6,285,868	5,098,660
Notes payable - related parties	-	-	2,769,314	2,769,314	(2,769,314)	-	-
Accounts payable and accrued expenses	183,421	87,831	299,173	570,425	(235,179)	335,246	239,533
Prepaid rent	-	3,558	104,369	107,927	-	107,927	73,364
Deferred gain	-	2,865,125	-	2,865,125	(2,865,125)	-	-
Tenant security deposits payable	-	28,276	130,265	158,541	-	158,541	152,515
Total Liabilities	<u>918,013</u>	<u>3,807,217</u>	<u>77,242,248</u>	<u>81,967,478</u>	<u>(11,449,336)</u>	<u>70,518,142</u>	<u>70,880,869</u>
<b>Net Assets</b>							
Without Donor Restrictions	12,895,627	4,861,617	(150,328)	17,606,916	(6,001,302)	11,605,614	12,426,208
With donor restrictions	<u>350,584</u>	<u>-</u>	<u>-</u>	<u>350,584</u>	<u>-</u>	<u>350,584</u>	<u>28,888,870</u>
	13,246,211	4,861,617	(150,328)	17,957,500	(6,001,302)	11,956,198	41,315,078
Non-controlling interests in consolidated for-profit affiliates	<u>-</u>	<u>-</u>	<u>27,232,051</u>	<u>27,232,051</u>	<u>-</u>	<u>27,232,051</u>	<u>264,556</u>
Total Net Assets	<u>13,246,211</u>	<u>4,861,617</u>	<u>27,081,723</u>	<u>45,189,551</u>	<u>(6,001,302)</u>	<u>39,188,249</u>	<u>41,579,634</u>
Total Liabilities and Net Assets	<u>\$ 14,164,224</u>	<u>\$ 8,668,834</u>	<u>\$ 104,323,971</u>	<u>\$ 127,157,029</u>	<u>\$ (17,450,638)</u>	<u>\$ 109,706,391</u>	<u>\$ 112,460,503</u>

See independent auditors' report

**New Destiny Housing Corporation  
and Affiliates**

Consolidating Schedule of Activities  
Year Ended June 30, 2022

(With summarized amounts for the year ended June 30, 2021)

	New Destiny Housing Corp. General Fund	Other Housing Activities	Real Estate Affiliates	Subtotal	Eliminations	2022 Total	2021 Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>							
<b>SUPPORT AND REVENUE</b>							
Grants and contributions	\$ 4,312,106	\$ -	\$ -	\$ 4,312,106	\$ -	\$ 4,312,106	\$ 2,580,843
Forgiveness of debt - Paycheck Protection Program Loan	486,978	-	-	486,978	-	486,978	-
Special events, net of cost of direct benefits to donors \$12,342	125,648	-	-	125,648	-	125,648	-
Rental income	-	430,369	3,391,206	3,821,575	-	3,821,575	3,597,735
Property management	412,831	-	-	412,831	(372,277)	40,554	33,580
Developer fees	224,451	-	-	224,451	(224,451)	-	505,698
Interest income	23,728	-	1,471	25,199	(23,529)	1,670	1,579
Investment income, net	(46,954)	-	-	(46,954)	-	(46,954)	1,917
Other income	50,390	1,052	102,389	153,831	(41,366)	112,465	76,191
	<u>5,589,178</u>	<u>431,421</u>	<u>3,495,066</u>	<u>9,515,665</u>	<u>(661,623)</u>	<u>8,854,042</u>	<u>6,797,543</u>
Total Revenue							
Net assets released from restrictions	631,217	-	-	631,217	-	631,217	215,566
Total Support and Revenue	<u>6,220,395</u>	<u>431,421</u>	<u>3,495,066</u>	<u>10,146,882</u>	<u>(661,623)</u>	<u>9,485,259</u>	<u>7,013,109</u>
<b>EXPENSES</b>							
Program Services							
Housing and management services	648,712	877,193	7,913,854	9,439,759	(452,854)	8,986,905	7,423,694
Social services	4,819,473	-	-	4,819,473	-	4,819,473	2,162,829
Total Program Services	<u>5,468,185</u>	<u>877,193</u>	<u>7,913,854</u>	<u>14,259,232</u>	<u>(452,854)</u>	<u>13,806,378</u>	<u>9,586,523</u>
Supporting Services							
Management and general	624,143	-	-	624,143	-	624,143	496,012
Fundraising	293,388	-	-	293,388	-	293,388	344,324
Total Supporting Services	<u>917,531</u>	<u>-</u>	<u>-</u>	<u>917,531</u>	<u>-</u>	<u>917,531</u>	<u>840,336</u>
Total Expenses	<u>6,385,716</u>	<u>877,193</u>	<u>7,913,854</u>	<u>15,176,763</u>	<u>(452,854)</u>	<u>14,723,909</u>	<u>10,426,859</u>
Change in Net Assets Before Other Changes	(165,321)	(445,772)	(4,418,788)	(5,029,881)	(208,769)	(5,238,650)	(3,413,750)
Other Changes							
Capital contributions	-	-	2,761,237	2,761,237	-	2,761,237	5,786,741
Change in Net Assets Without Donor Restrictions	(165,321)	(445,772)	(1,657,551)	(2,268,644)	(208,769)	(2,477,413)	2,372,991
Net Assets Without Donor Restrictions							
Beginning of year	<u>13,060,948</u>	<u>5,307,389</u>	<u>28,739,274</u>	<u>47,107,611</u>	<u>(5,792,533)</u>	<u>41,315,078</u>	<u>38,942,087</u>
End of year	<u>\$ 12,895,627</u>	<u>\$ 4,861,617</u>	<u>\$ 27,081,723</u>	<u>\$ 44,838,967</u>	<u>\$ (6,001,302)</u>	<u>\$ 38,837,665</u>	<u>\$ 41,315,078</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>							
Grants	\$ 717,245	\$ -	\$ -	\$ 717,245	\$ -	\$ 717,245	\$ 368,749
Net assets released from restrictions	(631,217)	-	-	(631,217)	-	(631,217)	(215,566)
Change in Net Assets With Donor Restrictions	86,028	-	-	86,028	-	86,028	153,183
Beginning of year	<u>264,556</u>	<u>-</u>	<u>-</u>	<u>264,556</u>	<u>-</u>	<u>264,556</u>	<u>111,373</u>
End of year	<u>\$ 350,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,584</u>	<u>\$ -</u>	<u>\$ 350,584</u>	<u>\$ 264,556</u>
Change in net assets	\$ (79,293)	\$ (445,772)	\$ (1,657,551)	\$ (2,182,616)	\$ (208,769)	\$ (2,391,385)	\$ 2,526,174
<b>NET ASSETS</b>							
Beginning of year	<u>13,325,504</u>	<u>5,307,389</u>	<u>28,739,274</u>	<u>47,372,167</u>	<u>(5,792,533)</u>	<u>41,579,634</u>	<u>39,053,460</u>
End of year	<u>\$ 13,246,211</u>	<u>\$ 4,861,617</u>	<u>\$ 27,081,723</u>	<u>\$ 45,189,551</u>	<u>\$ (6,001,302)</u>	<u>\$ 39,188,249</u>	<u>\$ 41,579,634</u>

**New Destiny Housing Corporation  
and Affiliates**

Schedule of Financial Position Other Housing Activities  
June 30, 2022  
(With summarized amounts for the year ended June 30, 2021)

	New Destiny Housing Corp. Park Place	CityWide Supportive Housing, Inc.			CityWide Supportive Housing Development Fund Corporation						2022 Total	2021 Total
		Prelude	Lily House	Total	281 Bainbridge	Bridge Towers	307 East 54th Street	Bridge Community	HDFC Corporate	Total		
<b>ASSETS</b>												
<b>REAL ESTATE</b>												
Land	\$ -	\$ 175,000	\$ 194,267	\$ 369,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 369,267	\$ 369,267
Buildings and improvements	91,211	1,248,402	6,153,503	7,401,905	-	-	2,613,366	-	-	2,613,366	10,106,482	10,106,482
Furniture and equipment	10,665	26,182	-	26,182	-	35,429	-	1,000	-	36,429	73,276	73,276
Construction-in-progress	-	41,989	-	41,989	-	-	-	-	-	-	41,989	-
Less, accumulated depreciation	(71,552)	(1,036,264)	(2,497,013)	(3,533,277)	-	(35,342)	(1,058,342)	(850)	-	(1,094,534)	(4,699,363)	(4,434,658)
Net Real Estate	30,324	455,309	3,850,757	4,306,066	-	87	1,555,024	150	-	1,555,261	5,891,651	6,114,367
<b>OTHER ASSETS</b>												
Cash - operations	46,670	86,117	8,461	94,578	-	-	18,504	-	-	18,504	159,752	159,844
Cash transfers	-	-	-	-	-	-	-	-	-	-	-	-
Rent receivable, net	4,440	-	-	-	-	-	28,811	-	-	28,811	33,251	40,668
Deferred rent receivable	-	-	-	-	-	-	-	-	-	-	-	-
Fees receivable	-	-	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	2,577	2,577	-	-	-	-	-	-	2,577	-
Tenant security deposits	4,923	-	-	-	-	-	7,798	6,175	-	13,973	18,896	18,782
Replacement reserves	7,472	160,526	158,037	318,563	-	-	6,748	-	-	6,748	332,783	503,368
Operating reserves	-	-	-	-	-	-	-	-	241,945	241,945	241,945	242,112
Social service reserves	-	-	-	-	-	-	-	-	-	-	-	-
Predevelopment costs	-	-	33,972	33,972	-	-	-	-	-	-	33,972	33,972
Deposits	-	-	6,295	6,295	1,499	2,195	-	-	-	3,694	9,989	9,990
Deferred loss	-	-	-	-	650,065	594,145	-	-	-	1,244,210	1,244,210	1,244,210
Loans receivable - related parties	-	12,210	26,027	38,237	184,243	286,939	10,198	88,848	91,343	661,571	699,808	701,075
Total Assets	\$ 93,829	\$ 714,162	\$ 4,086,126	\$ 4,800,288	\$ 835,807	\$ 883,366	\$ 1,627,083	\$ 95,173	\$ 333,288	\$ 3,774,717	\$ 8,668,834	\$ 9,068,388
<b>LIABILITIES AND NET ASSETS</b>												
<b>Liabilities</b>												
Loans payable - related parties	\$ 36,824	\$ 39,412	\$ 75,578	\$ 114,990	\$ 40,838	\$ 87,202	\$ 161,103	\$ 48,182	\$ 333,288	\$ 670,613	\$ 822,427	\$ 823,108
Accounts payable and accrued expenses	3,695	60,115	11,416	71,531	-	-	9,930	-	2,675	12,605	87,831	39,554
Prepaid rent	3,558	-	-	-	-	-	-	-	-	-	3,558	5,050
Deferred gain	-	-	-	-	-	-	-	2,865,125	-	2,865,125	2,865,125	2,865,125
Tenant security deposits payable	4,923	-	-	-	9,380	-	7,798	6,175	-	23,353	28,276	28,162
Total Liabilities	49,000	99,527	86,994	186,521	50,218	87,202	178,831	2,919,482	335,963	3,571,696	3,807,217	3,760,999
<b>Net Assets</b>												
Without donor restrictions	44,829	614,635	3,999,132	4,613,767	785,589	796,164	1,448,252	(2,824,309)	(2,675)	203,021	4,861,617	5,307,389
With donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets	44,829	614,635	3,999,132	4,613,767	785,589	796,164	1,448,252	(2,824,309)	(2,675)	203,021	4,861,617	5,307,389
Total Liabilities and Net Assets	\$ 93,829	\$ 714,162	\$ 4,086,126	\$ 4,800,288	\$ 835,807	\$ 883,366	\$ 1,627,083	\$ 95,173	\$ 333,288	\$ 3,774,717	\$ 8,668,834	\$ 9,068,388

**New Destiny Housing Corporation  
and Affiliates**

Schedule of Activities Other Housing Activities  
Year Ended June 30, 2022

(With summarized amounts for the year ended June 30, 2021)

	New Destiny Housing Corp. Park Place	CityWide Supportive Housing, Inc.			CityWide Supportive Housing Development Fund Corporation						2022 Total	2021 Total	
		Prelude	Lily House	Total	281 Bainbridge	Bridge Towers	307 East 54th Street	Bridge Community	HDFC Corporate	Total			
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>													
<b>SUPPORT AND REVENUE</b>													
Rental income	\$ 76,590	\$ 243,980	\$ -	\$ 243,980	\$ -	\$ -	\$ 109,799	\$ -	\$ -	\$ 109,799	\$ 430,369	\$ 508,365	
Other income	-	751	299	1,050	-	2	-	-	-	2	1,052	10,750	
	76,590	244,731	299	245,030	-	2	109,799	-	-	109,801	431,421	519,115	
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-	-	-	
Total Support and Revenue	76,590	244,731	299	245,030	-	2	109,799	-	-	109,801	431,421	519,115	
<b>EXPENSES</b>													
Program Services													
Housing and management services	79,535	276,641	298,013	574,654	-	-	223,004	-	-	223,004	877,193	860,532	
Total Program Services	79,535	276,641	298,013	574,654	-	-	223,004	-	-	223,004	877,193	860,532	
Total Expenses	79,535	276,641	298,013	574,654	-	-	223,004	-	-	223,004	877,193	860,532	
Change in Net Assets Without Donor Restrictions	(2,945)	(31,910)	(297,714)	(329,624)	-	2	(113,205)	-	-	(113,203)	(445,772)	(341,417)	
Net Assets Without Donor Restrictions													
Beginning of year	47,774	646,545	4,296,846	4,943,391	785,589	796,162	1,561,457	(2,824,309)	(2,675)	316,224	5,307,389	5,648,806	
End of year	\$ 44,829	\$ 614,635	\$ 3,999,132	\$ 4,613,767	\$ 785,589	\$ 796,164	\$ 1,448,252	\$ (2,824,309)	\$ (2,675)	\$ 203,021	\$ 4,861,617	\$ 5,307,389	
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>													
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-	-	-	
Change in Net Assets With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-	
Beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Net Assets	\$ (2,945)	\$ (31,910)	\$ (297,714)	\$ (329,624)	\$ -	\$ 2	\$ (113,205)	\$ -	\$ -	\$ (113,203)	\$ (445,772)	\$ (341,417)	
Net Assets													
Beginning of year	47,774	646,545	4,296,846	4,943,391	785,589	796,162	1,561,457	(2,824,309)	(2,675)	316,224	5,307,389	5,648,806	
End of Year	\$ 44,829	\$ 614,635	\$ 3,999,132	\$ 4,613,767	\$ 785,589	\$ 796,164	\$ 1,448,252	\$ (2,824,309)	\$ (2,675)	\$ 203,021	\$ 4,861,617	\$ 5,307,389	

**New Destiny Housing Corporation  
and Affiliates**

Schedule of Financial Position of Real Estate Affiliates  
June 30, 2022

(With summarized amounts for the year ended June 30, 2021)

	Andrews Ave Associates LP	1070 Anderson Avenue LP	291 Bainbridge LP	2017 Morris Ave Owner LLC	902 Jennings Street Owner LLC	Bridge Community Associates LLC	Bryant Avenue Owner LLC	General Partners	2022 Total	2021 Total
<b>ASSETS</b>										
<b>REAL ESTATE</b>										
Land	\$ 541,500	\$ 1,588,310	\$ 693,090	\$ 928,500	\$ 2,050,000	\$ 945,000	\$ -	\$ -	\$ 6,746,400	\$ 6,746,400
Buildings and improvements	10,039,720	12,384,709	8,829,534	11,539,490	22,688,591	7,467,532	31,152,763	-	104,102,339	72,935,243
Furniture and equipment	87,071	71,823	93,465	186,000	166,460	199,956	535,028	-	1,339,803	704,625
Construction-in-progress	-	-	-	-	-	-	-	-	-	33,158,381
Less, accumulated depreciation	(3,431,491)	(3,107,766)	(2,063,234)	(2,476,266)	(1,776,301)	(1,082,835)	(1,198,608)	-	(15,136,501)	(11,953,261)
Net Real Estate	7,236,800	10,937,076	7,552,855	10,177,724	23,128,750	7,529,653	30,489,183	-	97,052,041	101,591,388
<b>OTHER ASSETS</b>										
Cash - operations	651,758	257,907	30,637	225,535	261,248	416,048	752,523	-	2,595,656	1,991,066
Restricted cash	-	-	-	-	-	22,085	-	-	22,085	22,085
Rent receivable, net	28,735	69,354	12,567	18,516	61,404	36,897	47,863	-	275,336	231,197
Fees receivable	-	-	-	-	-	-	-	40,000	40,000	40,000
Prepaid expenses and other assets	-	21,433	-	3,000	-	2,500	1,038,842	151,845	1,217,620	172,270
Tenant security deposits	26,871	21,586	12,851	24,601	13,879	24,197	10,940	-	134,925	130,990
Replacement reserves	168,313	359,966	270,502	91,643	59,507	111,917	-	-	1,061,848	1,029,576
Operating reserves	147,372	277,917	169,894	200,806	308,471	170,745	-	-	1,275,205	1,227,601
Social service reserves	-	-	38,041	-	-	-	-	-	38,041	37,738
Rent subsidy reserves	-	-	-	45,000	-	-	-	-	45,000	45,000
Escrows	-	-	-	-	58,717	-	-	-	58,717	-
Deposits	15,105	8,270	-	3,060	18,720	-	36,607	-	81,762	37,745
Deferred costs, net	2,874	25,747	39,755	19,657	111,344	33,661	118,178	-	351,216	259,935
Loans receivable - related parties	435	3,136	43,819	-	5,891	20,701	537	-	74,519	117,685
Total Assets	<u>\$ 8,278,263</u>	<u>\$ 11,982,392</u>	<u>\$ 8,170,921</u>	<u>\$ 10,809,542</u>	<u>\$ 24,027,931</u>	<u>\$ 8,368,404</u>	<u>\$ 32,494,673</u>	<u>\$ 191,845</u>	<u>\$ 104,323,971</u>	<u>\$ 106,994,161</u>
<b>LIABILITIES AND NET ASSETS</b>										
<b>Liabilities</b>										
Long-term debt, net	\$ 5,317,713	\$ 7,907,886	\$ 4,645,613	\$ 5,747,360	\$ 11,705,972	\$ 1,238,796	\$ 25,610,244	\$ -	\$ 62,173,584	\$ 60,345,773
Construction costs payable	-	-	-	-	22,275	-	831,068	-	853,343	4,364,046
Due to developer	255,192	-	88,984	-	205,000	59,690	3,242,395	-	3,851,261	4,270,709
Loans payable - related parties	140,150	111,379	133,563	127,231	50,827	31,157	12,496	150,939	757,742	782,931
Accrued interest payable	783,407	685,574	1,722,998	2,091,083	423,524	439,807	156,804	-	6,303,197	5,364,471
Notes payable - related parties	-	-	-	-	18,900	2,750,414	-	-	2,769,314	2,769,314
Accounts payable and accrued expenses	25,908	77,982	29,562	28,345	61,291	24,042	11,276	40,767	299,173	164,976
Prepaid rent	25,005	5,806	9,099	10,288	31,756	11,211	11,204	-	104,369	68,314
Tenant security deposits payable	25,866	18,766	13,012	24,787	14,197	22,697	10,940	-	130,265	124,353
Total Liabilities	<u>6,573,241</u>	<u>8,807,393</u>	<u>6,642,831</u>	<u>8,029,094</u>	<u>12,533,742</u>	<u>4,577,814</u>	<u>29,886,427</u>	<u>191,706</u>	<u>77,242,248</u>	<u>78,254,887</u>
<b>Net Assets</b>										
Without donor restrictions	229	260	(343)	(150,270)	(235)	(108)	-	139	(150,328)	(149,596)
Non-controlling interests in consolidated for-profit affiliates	1,704,793	3,174,739	1,528,433	2,930,718	11,494,424	3,790,698	2,608,246	-	27,232,051	28,888,870
Total Net Assets	<u>1,705,022</u>	<u>3,174,999</u>	<u>1,528,090</u>	<u>2,780,448</u>	<u>11,494,189</u>	<u>3,790,590</u>	<u>2,608,246</u>	<u>139</u>	<u>27,081,723</u>	<u>28,739,274</u>
Total Liabilities and Net Assets	<u>\$ 8,278,263</u>	<u>\$ 11,982,392</u>	<u>\$ 8,170,921</u>	<u>\$ 10,809,542</u>	<u>\$ 24,027,931</u>	<u>\$ 8,368,404</u>	<u>\$ 32,494,673</u>	<u>\$ 191,845</u>	<u>\$ 104,323,971</u>	<u>\$ 106,994,161</u>

See independent auditors' report

**New Destiny Housing Corporation  
and Affiliates**

Schedule of Activities of Real Estate Affiliates  
Year Ended June 30, 2022

(With summarized amounts for the year ended June 30, 2021)

	Andrews Ave Associates LP	1070 Anderson Avenue LP	291 Bainbridge LP	2017 Morris Ave Owner LLC	902 Jennings Street Owner LLC	Bridge Community Associates LLC	Bryant Avenue Owner LLC	General Partners	2022 Total	2021 Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>										
<b>SUPPORT AND REVENUE</b>										
Rental income	\$ 505,615	\$ 622,593	\$ 338,262	\$ 557,498	\$ 669,589	\$ 473,200	\$ 224,449	\$ -	\$ 3,391,206	\$ 3,089,370
Interest income	1	624	756	-	62	28	-	-	1,471	877
Other income	6,956	24,257	8,547	5,797	52,161	4,328	785	(442)	102,389	63,655
Total Support and Revenue	512,572	647,474	347,565	563,295	721,812	477,556	225,234	(442)	3,495,066	3,153,902
<b>EXPENSES</b>										
Housing and management services	874,008	987,172	848,244	1,187,742	1,577,758	692,604	1,746,326	-	7,913,854	6,048,505
Change in Net Assets Without Donor Restrictions	(361,436)	(339,698)	(500,679)	(624,447)	(855,946)	(215,048)	(1,521,092)	(442)	(4,418,788)	(2,894,603)
<b>OTHER CHANGES</b>										
Capital contributions	-	-	-	-	180,981	-	2,580,256	-	2,761,237	5,786,741
Total Other Changes	-	-	-	-	180,981	-	2,580,256	-	2,761,237	5,786,741
Change in Net Assets Without Donor Restrictions	(361,436)	(339,698)	(500,679)	(624,447)	(674,965)	(215,048)	1,059,164	(442)	(1,657,551)	2,892,138
<b>Net Assets</b>										
Beginning of year	2,066,458	3,514,697	2,028,769	3,404,895	12,169,154	4,005,638	1,549,082	581	28,739,274	25,847,136
End of year	\$ 1,705,022	\$ 3,174,999	\$ 1,528,090	\$ 2,780,448	\$ 11,494,189	\$ 3,790,590	\$ 2,608,246	\$ 139	\$ 27,081,723	\$ 28,739,274

**New Destiny Housing Corporation  
and Affiliates**

Uniform Guidance Reports and Schedules

June 30, 2022

**New Destiny Housing Corporation and Affiliates**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>Department of Housing and Urban Development</u>				
Direct Awards:				
Continuum of Care Program	14.267	NY1223D2T001901	\$ -	\$ 229,324
Continuum of Care Program	14.267	NY1223D2T002002	-	747,911
Total Continuum of Care Program			-	977,235
Pass-through New York City Housing Preservation & Development				
Emergency Housing Voucher Navigator Program	14.231	CT180620228807828	-	400,846
Total Department of Housing and Urban Development			-	1,378,081
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,378,081</u>

See independent auditors' report and notes to schedule of expenditures of federal awards.

## **New Destiny Housing Corporation and Affiliates**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

### **1. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **2. Indirect Cost Rate**

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The Organization is reimbursed for programmatic and administrative costs.

### **3. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of New Destiny Housing Corporation and Affiliates (the "Organization") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Organization.

### **4. Non-Cash Awards**

For the year ended June 30, 2022, the Organization did not have or receive any non-cash awards, mortgages, or loan funds that should be included in the federal expenditures presented in this Schedule.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance With *Government  
Auditing Standards***

**Independent Auditors' Report**

**Board of Directors  
New Destiny Housing Corporation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of New Destiny Housing Corporation and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 15, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Harrison, New York  
December 15, 2022



**Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Directors  
New Destiny Housing Corporation**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited New Destiny Housing Corporation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of New Destiny Housing Corporation's major federal programs for the year ended June 30, 2022. New Destiny Housing Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Destiny Housing Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of New Destiny Housing Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of New Destiny Housing Corporation's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to New Destiny Housing Corporation's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Destiny Housing Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Destiny Housing Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding New Destiny Housing Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Destiny Housing Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of New Destiny Housing Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on Internal Control Over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Harrison, New York  
December 15, 2022

# New Destiny Housing Corporation

## Schedule of Findings and Questioned Costs Year Ended June 30, 2022

### Section I - Summary of Auditors' Results

#### Financial Statements

Type of report the auditor issued on whether financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified?  yes  no  
Significant deficiency(ies) identified?  yes  none reported  
Noncompliance material to financial statements noted?  yes  no

#### Federal Awards

Internal control over major federal programs:  
Material weakness(es) identified?  yes  no  
Significant deficiency(ies) identified?  yes  none reported  
Type of auditors' report issued on compliance for major Federal programs: Unmodified  
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  no

### Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2022.

### Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federally financially assisted programs are questioned or recommend to be disallowed.

### Section IV –Prior Year's Findings

There were no prior year findings.