

**HUDSON RIVER HOUSING, INC.**  
**AND SUBSIDIARIES**

**CONSOLIDATED**  
**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
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**Sickler, Torchia**  
**Allen & Churchill, CPA's, PC**  
*Your Partner When It Counts*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Hudson River Housing, Inc., and Subsidiaries

We have audited the accompanying consolidated financial statements of Hudson River Housing, Inc. (a nonprofit organization), and Subsidiaries (for-profit corporations) which comprise the consolidated statements of financial position as of December 31, 2019, and 2018, and the related consolidated statements of activities, consolidated functional expenses, and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

### **Auditor's Responsibility**

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(CONTINUED)

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hudson River Housing, Inc. and Subsidiaries as of December 31, 2019, and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic 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 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 October 8, 2020, on our consideration of Hudson River Housing, Inc. and Subsidiaries' 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing these results of our audits.



Sickler, Torchia, Allen & Churchill, CPA's, PC  
Lake Katrine, NY  
October 8, 2020

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

	ASSETS	
	2019	2018
<u>Current Assets</u>		
Cash	\$ 539,802	\$ 565,090
Restricted cash	823,172	897,262
Investments	119,629	97,333
Prepaid expenses	241,185	145,324
Security deposits receivable	102,985	94,123
Current portion of loans receivable	24,081	44,419
Grants receivable	911,122	1,468,816
Accounts receivable	779,316	423,490
Accrued interest receivable	226,575	188,338
Developer fee receivable	1,393,045	1,480,329
Due from related parties and affiliates	1,257,825	1,230,577
Total Current Assets	6,418,737	6,635,101
 <u>Fixed Assets</u>		
Fixed assets - net of accumulated depreciation	16,811,343	16,446,125
 <u>Other Assets</u>		
Investment in subsidiaries	344,079	364,270
Long-term portion of loans receivable	4,157,446	4,148,138
Total Other Assets	4,501,525	4,512,408
Total Assets	\$ 27,731,605	\$ 27,593,634
 <b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts payable and accrued expenses	\$ 765,047	\$ 1,176,059
Current maturities of long-term debt	802,001	658,588
Line of credit	950,000	1,115,000
Deferred revenues	1,059,290	618,364
Security deposits payable	125,460	135,434
Amounts held on behalf of others	105,732	77,434
Total Current Liabilities	3,807,530	3,780,879
 <u>Long Term Liabilities</u>		
Long-term debt	9,490,987	9,802,487
Total Liabilities	13,298,517	13,583,366
 <u>Net Assets</u>		
Without Donor Restrictions	12,184,138	11,761,318
With Donor Restrictions	2,248,950	2,248,950
Total Net Assets	14,433,088	14,010,268
Total Liabilities and Net Assets	\$ 27,731,605	\$ 27,593,634

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

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2019
<u>Revenues, Gains and other Support</u>			
Contributions - unrestricted	\$ -	283,803	\$ 283,803
Grants	-	5,433,003	5,433,003
Special Events	-	63,871	63,871
Program Income	-	447,066	447,066
Rental Income	-	4,285,707	4,285,707
Food Income	-	79,988	79,988
Development Fees	-	259,831	259,831
Other Income	-	503,226	503,226
Gain on Sale of Assets	-	46,125	46,125
Investment Income	-	72,571	72,571
Inkind	-	322,222	322,222
	-	11,797,413	11,797,413
<u>Net Assets Released from Restriction</u>			
Satisfaction of Program Restriction	11,797,413	(11,797,413)	-
	11,797,413	-	11,797,413
<u>Expenses and Losses</u>			
Program Services			
Webster House	1,122,907	-	1,122,907
Hudson River Lodging	2,067,124	-	2,067,124
Real Estate Development and Management	2,688,750	-	2,688,750
Maybrook	436,597	-	436,597
Hillcrest	1,114,937	-	1,114,937
Permanent Housing	825,759	-	825,759
Garden Street	296,705	-	296,705
Harlow Properties	138,528	-	138,528
NPC	88,671	-	88,671
Neighborworks	336,885	-	336,885
River Haven	1,448,726	-	1,448,726
Fish Street	59,345	-	59,345
Total Program Expenses	10,624,934	-	10,624,934
<u>Supporting Services</u>			
Administration	749,659	-	749,659
Total Supporting Services	749,659	-	749,659
Total Expenses	11,374,593	-	11,374,593
Changes in net assets	422,820	-	422,820
Net assets - beginning of year	11,761,318	2,248,950	14,010,268
Net assets - end of year	\$ 12,184,138	2,248,950	\$ 14,433,088

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

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	2018
<u>Revenues, Gains and other Support</u>			
Contributions - unrestricted	\$ -	439,451	\$ 439,451
Grants	-	5,455,499	5,455,499
Special Events	-	70,102	70,102
Program Income	-	394,346	394,346
Rental Income	-	3,748,969	3,748,969
Food Income	-	98,231	98,231
Development fees	-	416,537	416,537
Other income	-	505	505
Investment Income	-	81,533	81,533
Inkind	-	349,218	349,218
	-	11,054,391	11,054,391
<u>Net Assets Released from Restriction</u>			
Satisfaction of Program Restriction	11,054,391	(11,054,391)	-
	11,054,391	-	11,054,391
<u>Expenses and Losses</u>			
Program Services			
Webster House	1,181,179	-	1,181,179
Hudson River Lodging	2,061,553	-	2,061,553
Real Estate Development and Management	2,433,055	-	2,433,055
Maybrook	352,268	-	352,268
Hillcrest	1,066,089	-	1,066,089
Permanent Housing	1,127,583	-	1,127,583
Garden Street	203,153	-	203,153
Harlow Properties	59,580	-	59,580
NPC	93,669	-	93,669
Neighborworks	187,955	-	187,955
River Haven	1,283,401	-	1,283,401
Fish Street	52,926	-	52,926
Total Program Expenses	10,102,411	-	10,102,411
<u>Supporting Services</u>			
Administration	694,964	-	694,964
Total Supporting Services	694,964	-	694,964
Total Expenses	10,797,375	-	10,797,375
Changes in net assets	257,016	-	257,016
Net assets - beginning of year	10,498,002	2,248,950	12,746,952
Adjustments to beginning net assets	1,006,300	-	1,006,300
Net assets - end of year	\$ 11,761,318	2,248,950	\$ 14,010,268

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

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<u>Cash Flows from Operating Activities</u>		
Cash received from grants and contracts	\$ 6,778,738	\$ 5,968,312
Cash received from contributions and fund-raising	286,554	596,389
Cash collected from program service fees	5,329,602	4,420,937
Interest income	34,332	54,836
Interest paid	(264,169)	(222,722)
Cash paid to employees and suppliers	<u>(10,736,944)</u>	<u>(9,264,300)</u>
Net cash provided by operating activities	<u>1,428,113</u>	<u>1,553,452</u>
<u>Cash Flows from Investing Activities</u>		
Acquisitions of fixed assets	(1,244,958)	(781,115)
Proceeds from the sale of fixed assets and equity transfers	46,125	694,718
(Payments for) proceeds of investments	15,608	264,988
(Advances to) Collections on loan receivables	-	(904,626)
(Advances to) payments from related parties	<u>(27,248)</u>	<u>(564,275)</u>
Net cash (used) provided by investing activities	<u>(1,210,473)</u>	<u>(1,290,310)</u>
<u>Cash Flows from Financing Activities</u>		
Payments on long term debt	(333,086)	(687,184)
Proceeds from notes payable	<u>16,068</u>	<u>729,399</u>
Net cash provided (used) by financing activities	<u>(317,018)</u>	<u>42,215</u>
Net increase (decrease) in cash and cash equivalents	(99,378)	305,357
Cash and cash equivalents at beginning of year	<u>1,462,352</u>	<u>1,156,995</u>
Cash and cash equivalents at end of year	<u>\$ 1,362,974</u>	<u>\$ 1,462,352</u>

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



HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(CONTINUED)  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<u>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</u>		
Change in net assets	\$ 422,820	\$ 257,016
<u>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities</u>		
Depreciation	862,027	758,746
Bad debt expense	91,983	33,740
<u>Change in Assets and Liabilities</u>		
(Increase) decrease in accounts & other fees receivable	(366,807)	(399,239)
(Increase) decrease in grants receivable	557,694	410,931
(Increase) decrease in prepaid expenses	(95,861)	5,920
(Increase) decrease in security deposits receivable	(9,974)	(310)
(Decrease) increase in accounts payable and accrued exp.	(474,695)	522,918
(Decrease) increase in deferred revenue	440,926	(36,270)
Total adjustments	1,005,293	1,296,436
Net cash provided by operating activities	\$ 1,428,113	\$ 1,553,452
 <u>Reconciliation of cash reported on Statement of Financial Position to Statement of Cash Flows</u>		
Cash	\$ 539,802	\$ 565,090
Restricted Cash	823,172	897,262
	\$ 1,362,974	\$ 1,462,352

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

**HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Real Estate											Total Program 2019	
	Webster House	Hudson River Lodging	Development and Management	Maybrook	Hillcrest	Permanent Housing	Garden Street	Harlow Properties	NPC	Neighborworks	River Haven		Fish Street
Revenues													
Contributions - Unrestricted	\$ 4,486	24,300	37,001	-	-	-	-	-	-	4,205	-	-	\$ 69,992
Grants	908,993	284,421	1,286,993	-	603,654	422,022	-	-	88,671	436,885	1,395,490	-	5,427,129
Special Events	41,271	-	-	-	-	-	-	-	-	-	-	-	41,271
Program Income	1,880	-	362,639	56,773	-	402	-	-	-	-	60	-	421,754
Rental Income	-	1,812,836	1,150,997	551,141	171,627	238,482	208,921	106,687	-	-	16,330	34,560	4,291,581
Food Income	-	6,801	-	-	73,187	-	-	-	-	-	-	-	79,988
Development Fees	-	-	259,831	-	-	-	-	-	-	-	-	-	259,831
Other Income	-	-	-	143,226	-	-	-	360,000	-	-	-	-	503,226
Gain on Sale of Assets	-	-	46,125	-	-	-	-	-	-	-	-	-	46,125
Investment Income	-	119	-	-	-	-	162	316	-	-	-	-	597
Inkind Revenues	165,677	65,658	9,132	-	39,629	4,677	-	-	-	-	1,416	-	286,189
<b>Total Revenues</b>	<b>1,122,307</b>	<b>2,194,135</b>	<b>3,152,718</b>	<b>751,140</b>	<b>888,097</b>	<b>665,583</b>	<b>209,083</b>	<b>467,003</b>	<b>88,671</b>	<b>436,885</b>	<b>1,417,501</b>	<b>34,560</b>	<b>11,427,683</b>
Expenses													
Salaries	579,192	784,801	1,262,123	76,979	590,246	215,067	35,636	-	67,688	255,216	1,005,834	11,228	4,884,010
Payroll Taxes & Employee Benefits	165,865	202,592	363,392	17,880	173,225	58,333	2,291	5,486	20,983	81,651	280,138	2,890	1,374,726
<b>Total Salaries &amp; Related Expenses</b>	<b>745,057</b>	<b>987,393</b>	<b>1,625,515</b>	<b>94,859</b>	<b>763,471</b>	<b>273,400</b>	<b>37,927</b>	<b>5,486</b>	<b>88,671</b>	<b>336,867</b>	<b>1,285,972</b>	<b>14,118</b>	<b>6,258,736</b>
Advertising	134	-	64	-	-	17	-	-	-	-	-	-	215
Bad Debt Expense	-	(864)	31,606	65,567	4,128	-	(10,297)	1,200	-	-	643	-	91,983
Development Cost	-	-	2,400	-	-	-	-	-	-	-	-	-	2,400
Dues/Conferences	10,342	2,768	28,728	2,587	2,269	1,419	1,204	480	-	-	9,911	-	59,708
Food	30,496	67,485	278	-	38,557	-	-	-	-	-	18,952	-	155,768
Fund Raising Expense	18,277	-	794	-	-	-	-	-	-	-	-	-	19,071
Bank Charges	428	-	295	1,320	-	-	408	150	-	-	-	50	2,651
Insurance	30,490	81,949	84,146	94,560	43,499	-	-	1,567	-	-	15,944	6,707	358,862
Interest Expense	-	53,571	19,313	63,639	-	-	30,256	15,235	-	-	-	-	182,014
Miscellaneous	135	6,578	2,205	-	216	(74)	-	-	-	-	-	-	9,060
Office Equipment	1,575	6,194	3,998	-	7,044	1,660	-	-	-	-	2,541	-	23,012
Office Supplies	327	3,845	2,177	220	1,023	-	-	-	-	-	1,842	-	9,434
Postage	(2)	49	3,346	-	(5)	-	-	-	-	-	-	-	3,388
Professional	162	22,780	62,717	10,501	9,773	1,795	16,661	25,823	-	-	3,449	127	153,788
Real Estate Taxes	-	3,353	60,266	-	-	-	41,990	-	-	-	-	5,322	110,931
Refuse Carting	2,172	22,036	4,855	-	8,689	2,089	3,801	1,099	-	-	854	968	46,563
Rent	18,574	-	100,240	-	-	-	-	-	-	-	-	-	118,814
Repairs & Maintenance	13,005	216,581	54,321	19,209	18,475	4,594	46,993	8,579	-	18	4,263	10,134	396,172
Support Services	53,996	119,669	288,080	5,585	14,346	489,293	-	-	-	-	48,499	1,420	1,020,888
Telephone	4,462	21,964	14,924	417	3,321	3,637	177	-	-	-	2,967	-	51,869
Travel	-	1,005	11,790	216	7	-	-	-	-	-	1,235	-	14,253
Utilities	25,533	117,103	73,088	7,807	49,058	4,865	25,392	22,631	-	-	7,830	4,152	337,459
Vehicle Expense	276	-	29	5,013	-	552	-	-	-	-	115	-	5,985
Water/sewer	585	30,688	21,386	14,236	2,341	6,182	14,618	7,181	-	-	1,150	3,074	101,441
Grants to Subrecipients	-	-	25,141	-	-	632	-	-	-	-	-	-	25,773
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Inkind Expenses	165,677	65,658	9,132	-	39,629	4,677	-	-	-	-	1,416	-	286,189
<b>Total Expenses Before Depreciation</b>	<b>1,121,701</b>	<b>1,829,805</b>	<b>2,530,834</b>	<b>385,736</b>	<b>1,005,841</b>	<b>794,738</b>	<b>209,130</b>	<b>89,431</b>	<b>88,671</b>	<b>336,885</b>	<b>1,407,583</b>	<b>46,072</b>	<b>9,846,427</b>
Depreciation Expense	1,206	237,319	157,916	50,861	109,096	31,021	87,575	49,097	-	-	41,143	13,273	778,507
<b>Total Expenses</b>	<b>1,122,907</b>	<b>2,067,124</b>	<b>2,688,750</b>	<b>436,597</b>	<b>1,114,937</b>	<b>825,759</b>	<b>296,705</b>	<b>138,528</b>	<b>88,671</b>	<b>336,885</b>	<b>1,448,726</b>	<b>59,345</b>	<b>10,624,934</b>
Excess or (Deficiency) of Revenue Over Expenses	\$ (600)	127,011	463,968	314,543	(226,840)	(160,176)	(87,622)	328,475	-	100,000	(31,225)	(24,785)	\$ 802,749

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

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019

	Program Services Total	Administration	2019 Total
Contributions - Unrestricted	\$ 69,992	213,811	\$ 283,803
Grants	5,427,129	-	5,427,129
Special Events	41,271	22,600	63,871
Program Income	421,754	25,312	447,066
Rental Income	4,291,581	-	4,291,581
Food Income	79,988	-	79,988
Development Fees	259,831	-	259,831
Other Income	503,226	-	503,226
Gain on Sale of Assets	46,125	-	46,125
Investment Income	597	71,974	72,571
Inkind Revenue	286,189	36,033	322,222
Total Revenue	<u>11,427,683</u>	<u>369,730</u>	<u>11,797,413</u>
 <u>Expenses</u>			
Salaries	4,884,010	162,781	5,046,791
Payroll Taxes and Employee Benefits	1,374,726	45,711	1,420,437
Total Salaries and Related Expenses	<u>6,258,736</u>	<u>208,492</u>	<u>6,467,228</u>
Advertising	215	23,218	23,433
Bad Debt Expense	91,983	-	91,983
Development Cost	2,400	5,315	7,715
Dues/Conference	59,708	39,704	99,412
Food	155,768	494	156,262
Fund Raising Expense	19,071	12,127	31,198
Bank Charges	2,651	26,839	29,490
Insurance	358,862	-	358,862
Interest Expense	182,014	82,156	264,170
Miscellaneous	9,060	11,214	20,274
Office Equipment	23,012	14,359	37,371
Office Supplies	9,434	27,234	36,668
Postage	3,388	7,737	11,125
Professional	153,788	120,082	273,870
Real Estate Taxes	110,931	4,304	115,235
Refuse Carting	46,563	3,616	50,179
Rent	118,814	-	118,814
Repairs and Maintenance	396,172	(34,210)	361,962
Support Services	1,020,888	16,835	1,037,723
Telephone	51,869	10,830	62,699
Travel	14,253	8,148	22,401
Utilities	337,459	10,139	347,598
Vehicle Expense	5,985	29,571	35,556
Water/Sewer	101,441	1,420	102,861
Grants to Subrecipients	25,773	482	26,255
Loss on Disposal of Assets	-	-	-
Inkind Expenses	286,189	36,033	322,222
Total Expenses Before Depreciation	<u>9,846,427</u>	<u>666,139</u>	<u>10,512,566</u>
Depreciation Expense	778,507	83,520	862,027
Total Expenses	<u>10,624,934</u>	<u>749,659</u>	<u>11,374,593</u>
Excess (Deficiency) of Support and Revenue over Expenses	<u>\$ 802,749</u>	<u>(379,929)</u>	<u>\$ 422,820</u>

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

**HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2018**

	Webster House	Hudson River Lodging	Real Estate Development and Management	Maybrook	Hillcrest	Permanent Housing	Garden Street	Harlow Properties	NPC	Neighborworks	River Haven	Fish Street	Total Program 2018
<b>Revenues</b>													
Contributions - Unrestricted	\$ 5,727	60	241,780	-	30	20,163	16,716	-	-	-	6,905	-	\$ 291,381
Grants	972,441	314,537	853,253	-	562,735	795,214	-	-	93,669	612,924	1,250,726	-	5,455,499
Special Events	46,536	100	3,494	-	-	-	-	-	-	-	-	-	50,130
Program Income	-	8,497	374,116	1,032	4,502	-	-	-	-	-	6,199	-	394,346
Rental Income	-	2,065,705	553,937	363,433	281,646	232,380	125,607	75,814	-	-	20,397	30,050	3,748,969
Food Income	-	9,781	-	-	72,533	-	-	-	-	-	-	-	82,314
Development Fees	-	-	393,513	-	-	-	-	-	-	-	-	-	393,513
Other Income	-	-	-	-	-	-	505	-	-	-	-	-	505
Gain on Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	13	580	-	-	311	-	-	-	-	904
Inkind Revenues	152,322	64,643	17,026	-	39,955	580	-	-	-	-	14,740	-	289,266
<b>Total Revenues</b>	<b>1,177,026</b>	<b>2,463,323</b>	<b>2,437,119</b>	<b>364,478</b>	<b>961,981</b>	<b>1,048,337</b>	<b>142,828</b>	<b>76,125</b>	<b>93,669</b>	<b>612,924</b>	<b>1,298,967</b>	<b>30,050</b>	<b>10,706,827</b>
<b>Expenses</b>													
Salaries	540,353	770,919	1,114,982	47,702	588,749	335,334	-	-	71,503	138,602	871,714	13,778	4,493,636
Payroll Taxes & Employee Benefits	138,445	323,444	381,676	13,221	135,437	83,464	-	-	22,166	44,353	245,189	3,738	1,391,133
<b>Total Salaries &amp; Related Expenses</b>	<b>678,798</b>	<b>1,094,363</b>	<b>1,496,658</b>	<b>60,923</b>	<b>724,186</b>	<b>418,798</b>	<b>-</b>	<b>-</b>	<b>93,669</b>	<b>182,955</b>	<b>1,116,903</b>	<b>17,516</b>	<b>5,884,769</b>
Advertising	-	-	1,649	15	-	-	-	-	-	-	720	-	2,384
Bad Debt Expense	-	3,022	22,569	2,813	-	-	917	1,440	-	-	-	-	30,761
Development Cost	-	-	-	-	-	-	-	-	-	3,000	-	-	3,000
Dues/Conferences	-	-	15,867	2,023	2,504	1,185	1,067	-	-	-	11,616	-	34,262
Food	26,027	57,342	-	-	38,010	-	-	-	-	-	12,704	-	134,083
Fund Raising Expense	17,809	-	405	-	-	-	-	-	-	-	-	-	18,214
Bank Charges	1,353	332	-	1,224	-	10	220	210	-	-	-	719	4,068
Insurance	14,351	68,441	72,525	50,090	33,117	8,831	-	-	-	-	6,071	-	253,426
Interest Expense	-	58,663	10,982	67,090	-	-	19,226	6,650	-	-	-	-	162,611
Miscellaneous	-	-	2,779	-	-	-	-	-	-	-	-	-	2,779
Office Equipment	1,454	5,864	3,314	-	6,147	2,135	-	-	-	-	2,190	-	21,104
Office Supplies	262	1,655	1,231	235	701	826	1,493	-	-	-	611	-	7,014
Postage	-	-	727	-	-	-	-	-	-	-	20	-	747
Professional	10,389	81,543	66,969	8,632	13,758	37,459	27,941	10,962	-	-	2,443	18	260,114
Real Estate Taxes	-	32,203	76,584	64,088	-	-	29,052	-	-	-	801	3,653	206,381
Refuse Carting	2,072	16,043	4,356	-	8,289	2,494	2,948	1,090	-	-	-	937	38,229
Rent	19,229	-	102,240	-	-	1,895	-	-	-	-	-	-	123,364
Repairs & Maintenance	7,388	129,748	43,806	25,499	21,131	5,271	7,425	6,374	-	-	11,661	9,796	268,099
Support Services	224,180	55,738	177,457	687	11,640	602,270	-	364	-	2,000	49,453	-	1,123,789
Telephone	5,042	20,367	8,405	412	3,804	4,150	145	-	-	-	2,456	-	44,781
Travel	219	767	2,037	816	770	-	-	-	-	-	17	-	4,626
Utilities	17,958	123,133	67,753	6,405	47,810	4,322	17,111	24,832	-	-	7,562	4,347	321,233
Vehicle Expense	-	-	-	-	41	-	-	-	-	-	-	-	41
Water/sewer	1,120	13,848	16,870	10,956	4,479	6,657	44,647	7,658	-	-	1,284	2,946	110,465
Grants to Subrecipients	-	-	67,055	-	-	-	-	-	-	-	-	-	67,055
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Inkind Expenses	152,322	64,643	17,026	-	39,955	580	-	-	-	-	14,740	-	289,266
<b>Total Expenses Before Depreciation</b>	<b>1,179,973</b>	<b>1,827,715</b>	<b>2,279,264</b>	<b>301,908</b>	<b>956,342</b>	<b>1,096,883</b>	<b>152,192</b>	<b>59,580</b>	<b>93,669</b>	<b>187,955</b>	<b>1,241,252</b>	<b>39,932</b>	<b>9,416,665</b>
Depreciation Expense	1,206	233,838	153,791	50,360	109,747	30,700	50,961	-	-	-	42,149	12,994	685,746
<b>Total Expenses</b>	<b>1,181,179</b>	<b>2,061,553</b>	<b>2,433,055</b>	<b>352,268</b>	<b>1,066,089</b>	<b>1,127,583</b>	<b>203,153</b>	<b>59,580</b>	<b>93,669</b>	<b>187,955</b>	<b>1,283,401</b>	<b>52,926</b>	<b>10,102,411</b>
Excess or (Deficiency) of Revenue Over Expenses	\$ (4,153)	\$ 401,770	\$ 4,064	\$ 12,210	\$ (104,108)	\$ (79,246)	\$ (60,325)	\$ 16,545	\$ -	\$ 424,969	\$ 15,566	\$ (22,876)	\$ 604,416

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

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018

	Program Services Total	Administration	2018 Total
Contributions - Unrestricted	\$ 291,381	148,070	\$ 439,451
Grants	5,455,499	-	5,455,499
Special Events	50,130	19,972	70,102
Program Income	394,346	-	394,346
Rental Income	3,748,969	-	3,748,969
Food Income	82,314	15,917	98,231
Development Fees	393,513	23,024	416,537
Other Income	505	-	505
Gain on Sale of Assets	-	-	-
Investment Income	904	80,629	81,533
Inkind Revenue	289,266	59,952	349,218
Total Revenue	<u>10,706,827</u>	<u>347,564</u>	<u>11,054,391</u>
<u>Expenses</u>			
Salaries	4,493,636	166,444	4,660,080
Payroll Taxes and Employee Benefits	<u>1,391,133</u>	<u>55,495</u>	<u>1,446,628</u>
Total Salaries and Related Expenses	<u>5,884,769</u>	<u>221,939</u>	<u>6,106,708</u>
Advertising	2,384	11,002	13,386
Bad Debt Expense	30,761	2,979	33,740
Development Cost	3,000	-	3,000
Dues/Conference	34,262	55,015	89,277
Food	134,083	-	134,083
Fund Raising Expense	18,214	15,578	33,792
Bank Charges	4,068	20,395	24,463
Insurance	253,426	-	253,426
Interest Expense	162,611	60,111	222,722
Miscellaneous	2,779	5,213	7,992
Office Equipment	21,104	8,469	29,573
Office Supplies	7,014	10,489	17,503
Postage	747	6,974	7,721
Professional	260,114	3,926	264,040
Real Estate Taxes	206,381	3,830	210,211
Refuse Carting	38,229	7,074	45,303
Rent	123,364	-	123,364
Repairs and Maintenance	268,099	54,871	322,970
Support Services	1,123,789	12,328	1,136,117
Telephone	44,781	12,730	57,511
Travel	4,626	5,769	10,395
Utilities	321,233	11,680	332,913
Vehicle Expense	41	30,710	30,751
Water/Sewer	110,465	930	111,395
Grants to Subrecipients	67,055	-	67,055
Loss on Disposal of Assets	-	-	-
Inkind Expenses	<u>289,266</u>	<u>59,952</u>	<u>349,218</u>
Total Expenses Before Depreciation	<u>9,416,665</u>	<u>621,964</u>	<u>10,038,629</u>
Depreciation Expense	<u>685,746</u>	<u>73,000</u>	<u>758,746</u>
Total Expenses	<u>10,102,411</u>	<u>694,964</u>	<u>10,797,375</u>
Excess (Deficiency) of Support and Revenue over Expenses	<u>\$ 604,416</u>	<u>(347,400)</u>	<u>\$ 257,016</u>

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

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hudson River Housing, Inc. is a non-profit organization, which operates three emergency shelters and several transitional housing projects in Dutchess County, New York. It provides apartments and services for qualified low-income individuals. It is also a construction manager and developer of affordable housing units, which are sold or rented to qualifying individuals. In addition, the Organization provides homeownership education and foreclosure mitigation services.

Hudson River Housing, Inc. has eight wholly owned subsidiaries, Garden Street Development Corporation, Harlow Row Development Corporation, Mill Street Development Corporation, Stone Ledge Development Corporation, Cannon Street GP, Inc., Maybrook Gardens, LLC, Harlow Properties, LP and Garden Street, LP and ten related parties, HRH Neighborhood Housing Development Fund Company, North Cherry Street Housing Development Fund Company, Red Hook Seniors Housing Development Fund Company, Inc., Red Hook Seniors II Housing Development Fund Company, Inc., Cannon Street Housing Development Fund Company, Inc., Pendell Commons Housing Development Fund Company, Inc., The Poughkeepsie Commons Housing Development Fund Company, Inc, Queen City Lofts Housing Development Fund Company, West End Lofts Housing Development Fund Company and Fallkill Commons on Rose Housing Development Fund Company.

The Garden Street Development Corporation, in accordance with its Certificate of Incorporation and By-laws, is a subsidiary, for-profit corporation, wholly owned by Hudson River Housing, Inc., whose purpose is to serve as a minority owner and co-general partner in the Garden Properties Limited Partnership. Garden Properties Limited Partnership is the owner and operator of Phase I of the Garden Street Revitalization Project. The project consists of 3 buildings containing 25 units for low- and moderate-income tenants and 1 commercial unit in the City of Poughkeepsie, New York. The partnership has been allocated low-income housing credits under section 42 of the Internal Revenue Code.

The Harlow Row Development Corporation, in accordance with its Certificate of Incorporation and By-laws, is a subsidiary, for-profit corporation, wholly owned by Hudson River Housing, Inc., whose purpose is to serve as a minority owner and sole general partner in the Harlow Properties Limited Partnership. Harlow Properties Limited Partnership is the owner and operator of property located at 100 - 106 Little Market Street, Poughkeepsie, New York. The property consists of 4 commercial spaces and 8 affordable rental units. The partnership has been allocated low-income housing credits under section 42 of the Internal Revenue Code.

Mill Street Development Corporation, in accordance with its Certificate of Incorporation and By-laws, is a subsidiary, for-profit corporation, wholly owned by Hudson River Housing, Inc., whose purpose is to serve as a minority owner and sole general partner in the Mill Street Development Limited Partnership. Mill Street Development Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing a historic tax credit rehabilitation project located in Poughkeepsie, NY. The purpose of the project is to provide housing for low income persons and low-cost rental space for charitable organizations.

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Stone Ledge Development Corporation, in accordance with its Certificate of Incorporation and Bylaws, is a subsidiary, for-profit corporation, wholly owned by Hudson River Housing, Inc., whose purpose is to serve as a participating managing member in Conifer Stone Ledge, LLC. Conifer Stone Ledge, LLC was formed for the purpose of developing, constructing, owning, operating, and leasing 84 senior housing units in accordance with Federal low-income housing tax credit requirements. The units are in Hyde Park, NY.

The Cannon Street GP, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a subsidiary, for-profit corporation, wholly owned by Hudson River Housing, Inc., whose purpose is to serve as a minority owner and general partner in the Cannon Street Limited Partnership. The Cannon Street Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing 39 senior housing units in accordance with Federal low-income housing tax credit requirements. The units are in Poughkeepsie, NY.

The Maybrook Gardens, LLC., in accordance with its Certificate of Incorporation and Bylaws, is a subsidiary, for-profit corporation, wholly owned by Hudson River Housing, Inc. The LLC was formed for the purpose of owning, operating, and leasing 36 senior housing units in accordance with Federal low-income housing tax credit requirements. The units are in Maybrook, NY.

Harlow Properties Limited Partnership is a limited partnership organized on July 31, 2001 under the laws of the State of New York for the purposes of investing in real property and providing low-income housing through the construction, renovation, rehabilitation, and operating of the property, containing eight apartments and four commercial spaces, located at 100 – 106 Little Market Street, Poughkeepsie, New York.

Garden Street Limited Partnership is a limited partnership organized on April 6, 1998 under the laws of the State of New York for the purposes of investing in real property and providing low and moderate-income housing through the construction, renovation, rehabilitation, and operating of the property, containing three buildings containing twenty-five apartments and one commercial space, located at 71, 73, and 75 Garden Street, Poughkeepsie, New York.

The North Cherry Street Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized pursuant to Article XI of the Private Housing Finance Law and Section 402 of the Not for Profit Corporation Law. It was formed exclusively for the charitable purpose of providing housing accommodations for persons of low income. The North Cherry Street Housing Development Fund Company, Inc. is a general partner of North Cherry Street Limited Partnership. North Cherry Street Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing low income housing units and commercial space in accordance with Historic tax credit and other funding regulations and requirements. The units are in Poughkeepsie, NY.

HRH Neighborhood Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and bylaws, is a related party, not-for-profit corporation pursuant to Article XI of the Private Housing Finance Law and Section 402 of the Not-For-Profit Corporation Law. This Company has been organized exclusively to develop, on a not-for-profit basis, a housing project for persons of low income.

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Red Hook Seniors Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized exclusively for the charitable purpose of providing housing accommodations for persons and families of low income, as defined in Section 2 of the Private Housing Finance Law, whose purpose is to serve as a minority owner and co-general partner in the Red Hook Seniors I Limited Partnership. Red Hook Seniors I Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing 48 senior housing units in accordance with Federal low-income housing tax credit requirements. The units are in Red Hook, NY.

The Red Hook Seniors II Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized exclusively for the charitable purpose of providing housing accommodations for persons and families of low income, as defined in Section 2 of the Private Housing Finance Law, whose purpose is to serve as a minority owner and co-general partner in the Red Hook Seniors II Limited Partnership. Red Hook Seniors II Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing 49 senior housing units in accordance with Federal low-income housing tax credit requirements. The units are in Red Hook, NY.

The Cannon Street Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized exclusively for the charitable purpose of providing housing accommodations for persons and families of low income, as defined in Section 2 of the Private Housing Finance Law. The Cannon Street Housing Development Fund Company, Inc. is the sole member and manager of Cannon Street GP, Inc. who is the general partner of Cannon St. Limited Partnership. Cannon Street Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing 39 senior housing units in accordance with Federal low-income housing tax credit requirements. The units are in Poughkeepsie, NY.

The Pendell Commons Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized exclusively for the charitable purpose of providing housing accommodations for persons and families of low income, as defined in Section 2 of the Private Housing Finance Law, whose purpose is to serve as a minority owner and co-general partner in the Pendell Commons Limited Partnership. Pendell Commons Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing 73 senior and family housing units in accordance with Federal low-income housing tax credit requirements. The units are in Poughkeepsie, NY.

The Poughkeepsie Commons Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized exclusively for the charitable purpose of providing housing accommodations for persons and families of low income, as defined in Section 2 of the Private Housing Finance Law. The Poughkeepsie Commons Housing Development Fund Company, Inc. is a co-general partner of Poughkeepsie Commons Limited Partnership. Pendell Commons Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing 72 low- and moderate-income housing units including one superintendent unit in accordance with Federal low-income housing tax credit requirements. The units are in Poughkeepsie, NY.

See independent auditor's report.



HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Queen City Lofts Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized pursuant to Article XI of the Private Housing Finance Law and Section 402 of the Not for Profit Corporation Law. It was formed exclusively for the charitable purpose of providing housing accommodations for persons of low income. The Queen City Lofts Housing Development Fund Company, Inc is a general partner of QCL on Main Limited Partnership. QCL on Main Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing low income housing units and commercial space in accordance with Historic tax credit and other funding regulations and requirements. The units are in Poughkeepsie, NY.

The West End Lofts Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized pursuant to Article XI of the Private Housing Finance Law and Section 402 of the Not for Profit Corporation Law. It was formed exclusively for the charitable purpose of providing housing accommodations for persons of low income. The West End Lofts Housing Development Fund Company, Inc is a general partner of West End Lofts Limited Partnership. West End Lofts Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing low income housing units and commercial space in accordance with Historic tax credit and other funding regulations and requirements. The units are located in Beacon, NY.

The Fallkill Commons on Rose Housing Development Fund Company, Inc., in accordance with its Certificate of Incorporation and Bylaws, is a not-for-profit corporation organized pursuant to Article XI of the Private Housing Finance Law and Section 402 of the Not for Profit Corporation Law. It was formed exclusively for the charitable purpose of providing housing accommodations for persons of low income. The Fallkill Commons on Rose Housing Development Fund Company, Inc is a general partner of Fallkill Commons on Rose Limited Partnership. Fallkill Commons on Rose Limited Partnership was formed for the purpose of developing, constructing, owning, operating, and leasing low income housing units in accordance with Low Income Housing Tax Credits and other funding regulations and requirements. The units are located in Poughkeepsie, NY.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Hudson River Housing, Inc. and its wholly owned subsidiaries, (Garden Street Development Corporation, Harlow Row Development Corporation, Stone Ledge Development Corp., Mill Street Development Corp., Maybrook Gardens, LLC, Garden Street, LP, Harlow Properties, LP and Cannon Street G.P., Inc.). All significant intercompany accounts and transactions have been eliminated.

Financial Statement Presentation

Hudson River Housing, Inc. reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions net assets and with donor restrictions net assets depending on donor-imposed restrictions, if any. This accounting treatment does not apply to the subsidiaries consolidated herein.

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accrual basis of accounting is followed by the Organization. Under the accrual basis of accounting for not-for-profit organizations, revenues are recorded when measurable and available. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

In applying the susceptible to accrual concept to grant revenues, the legal and contractual requirements of the individual programs are used as guidance. Money that must be expended on the specific purpose or project before any amount will be paid to the Organization is recognized as revenue based on the expenditures recorded. Client fees and investment earnings are recorded as earned since they are measurable and available.

Net assets and revenues, expenses, gains, and losses, are classified based on the existence or absence of donor-imposed restrictions. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions net assets and with donor restrictions net assets depending on donor-imposed restriction, if any.

Contributions

Hudson River Housing, Inc. adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support which increases those net asset classes. When a temporarily restricted asset expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

This accounting treatment does not apply to the subsidiaries consolidated herein.

Income Taxes

The Organization is exempt from federal income taxes under section 501c3 of the Internal Revenue Code. The Organization is not liable for income taxes if it operates within the confines of its exempt status, though the Organization may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Organization could be changed if an adjustment in the tax-exempt purpose or income from unrelated business activities is ultimately determined by the taxing authorities. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2016—2019. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law and new authoritative rulings. The Organization believes their estimates are appropriate based on current facts and circumstances.

Hudson River Housing, Inc.'s subsidiaries had minimal income tax liabilities for the years 2019 and 2018, and as such, no provision for income taxes is included in the accompanying financial statements.

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability based on factors such as history and prior loss experience. Accounts receivable are charged against their respective allowance account when such receivables are deemed to be uncollectible.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Fixed Assets

Property and equipment are considered to be owned by the Organization; however, funding sources may maintain an equitable interest in certain property purchased with grant monies and may reserve the right to determine the use of any proceeds from the sale of those assets. Depreciation is computed on a straight-line basis over the useful life of the assets ranging from 3 to 40 years based on the type of asset.

Advertising Costs

Advertising costs are expensed as incurred.

Loans Receivable

Loans receivable are stated at the amount of unpaid principal. There has been no significant loan discounts or origination fees incurred by the Organization, and as such, loans receivable has not been reduced by any unearned discount or unamortized loan origination fees.

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization considers loans receivable to be fully collectible; accordingly, no allowance for loan losses is required. The Organization determines loans to be uncollectible when management believes that collection of the principal is unlikely. Management considers factors such as borrower payment history, current economic conditions that may affect the borrower's ability to pay, and prior loan loss experience in its evaluation of loan collectability. If loans are deemed uncollectible, they will be charged to expense using the direct write off method when that determination is made. This method is comparable with the reserve method.

Accrual of interest is discontinued on a loan when management believes the borrower's financial condition is such that collection of interest is doubtful. This generally occurs when payment of principal or interest is past due three months or more and there is no insurance or guaranty as to payment. There are currently no loans in which accrual of interest has been discontinued.

Real Estate Activities

Acquisitions and rehabilitation costs related to properties purchased to be resold to qualifying low income individuals are capitalized and recorded at cost and are reported as construction in progress until the Organization sells the property. The costs of these projects are normally financed through grants or interest free loans provided by local or federal agencies, therefore, the capitalization of interest in relation to the cost of financing these projects is not applicable.

These properties are sold to qualifying low income individuals at a below market amount with the intent to make the purchase affordable for buyer. In some circumstances the Organization receives additional grants or interest free loans to lend the purchaser at an interest free or discounted rate at closing.

NOTE 2 – CHANGE IN PRESENTATION OF FINANCIAL STATEMENTS

Effective January 1, 2019 the Organization changed its accounting method for revenue recognition as a result of implementing the requirements in the Financial Accounting Stand Board's Accounting Standards Codification (ASC) 958, Revenue from contracts with grantors, as applicable to Non-Profit Entities under Accounting Standards Update 2018-08.

The new revenue recognition guidance requires the recognition of revenue for conditional contributions as the contractual agreements barrier(s) are met and there is a right to release transferred assets. Under this standard, recognition is focused on the conditional contribution meeting the barrier(s) identified in the agreement(s) being met and the right to release asset(s). The Organization adopted the new revenue recognition guidance as of January 1, 2019, utilizing the full retrospective transition method. The Organization has been recognizing revenues based on meeting conditions identified in contractual agreements for several years. As a result, revenue recognition under current ASU does not significantly impact the financial statements.

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
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NOTE 3 – INVESTMENTS

Investments are stated at fair value and consist primarily of certificates of deposits at local financial institutions. Investments on December 31, 2019, and December 31, 2018, were as follows:

	2019		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money Market	\$ 1,464	1,464	\$ -
Mutual Funds	79,861	118,165	38,304
Certificates of Deposit	-	-	-
	\$ 81,325	119,629	\$ 38,304
	2018		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money Market	\$ 1,810	1,810	\$ -
Mutual Funds	74,931	95,523	20,592
Certificates of Deposit	-	-	-
	\$ 76,741	97,333	\$ 20,592

NOTE 4 – LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2019	2018
Financial Assets at Year-End	\$ 6,418,737	\$ 6,635,101
Less those unavailable for general expenses within one year, due to:		
Prepays	241,185	145,324
Monies already assigned for specific purposes	823,172	897,262
Accrued interest receivable not expected to be paid within one year	226,575	188,338
Financial Assets available to meet cash needs for general expenses within one year	\$ 5,127,805	\$ 5,404,177

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
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NOTE 5 - GRANTS RECEIVABLE

Grants Receivable consists of the following:

	<u>2019</u>	<u>2018</u>
Dutchess County CDBG	\$ 47,434	\$ 44,273
NYS Department of Corrections & Community Supervision	58,386	34,382
Health & Human Services - Basic Center	(50,000)	37,500
City of Poughkeepsie	13,850	26,388
City of Poughkeepsie - CDBG	21,939	-
Dutchess County Youth Bureau SDPP	-	-
Arlington School District	8,042	-
Dutchess County Department of Community & Family Services	105,184	115,184
Dutchess County Department of Social Services - Homelessness Prevention	167,516	288,245
US Attorney HOPP Grant	-	194,929
Dutchess County Youth Bureau	52,383	44,003
Dutchess County Department of Behavioral & Community Health	-	72,674
Dutchess County Department of Planning - Home Base	156,683	120,265
Dutchess County Department of Planning - S+C	44,615	89,030
US Department of Housing and Urban Development	9,002	26,374
NYS Office of Temporary & Disability Assistance	102,295	274,037
Poughkeepsie Alliance	-	41,841
NYS Department of Education	2,657	4,081
NYS Office of Attorney General	47,126	-
Mid Hudson Heritage Center	-	26,546
United Way	900	2,174
NYS Office of Temporary & Disability Assistance - STEHP	88,647	-
Various	34,463	26,890
	<u>\$ 911,122</u>	<u>\$ 1,468,816</u>

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of monies due the Organization for program services provided. The Organization's accounts receivable is stated net of the allowance for doubtful accounts. The allowance was \$104,495 and \$104,495 for the years ended December 31, 2019, and 2018, respectively.

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
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NOTE 7 - DUE FROM RELATED PARTIES AND AFFILIATES

The balance in due from related parties consists of the following at December 31, 2019 and 2018:

Due From	Operating Advances (A)	Supportive Services Fee (B)	2019	2018
Garden St. Properties	\$ 1,624	\$ -	1,624	\$ 1,624
HRH Ventures	(5,285)	-	(5,285)	(5,285)
Harlow Properties L.P.	2,306	-	2,306	2,306
291 Mill Street L.P.	(35,588)	-	(35,588)	(26,921)
Mill St Development L.P.	269,492	-	269,492	317,821
HRH HDFC, Inc.	528,024	-	528,024	402,000
Conifer Stone Ledge, LLC	1,134	1,500	2,634	2,634
Fallkill Commons	306,333	-	306,333	107,646
Managed sites	13,459	-	13,459	6,897
Cannon HDFC	128,919	-	128,919	131,679
Conklin HOA	12,666	-	12,666	8,691
North Cherry, LP	100,759	-	100,759	49,887
The Lindley Todd Group	-	(67,518)	(67,518)	93
Board Member ( C )	-	-	-	231,505
<b>Total</b>	<u>\$ 1,323,843</u>	<u>\$ (66,018)</u>	<u>\$ 1,257,825</u>	<u>\$ 1,230,577</u>

- A. Operating Advances - Represents monies advanced to the partnerships for operating purposes. These advances are non-interest bearing and are due on demand.
- B. Supportive Service Fee – Conifer Stone Ledge, LLC is required to pay Stone Ledge Development Corp. (the participating managing member) \$1,500 per year for providing supportive services to Conifer Stone Ledge. This amount was payable on December 31, 2019 and 2018.

The Lindley Todd Group has contracted with the Organization to manage its low-income housing project in Beacon. The Organization collects rents and pays the bills for the project at a cost of a 6.5% management fee of rents collected. As of December 31, 2019, and 2018 this amount represents bills paid on behalf of the Group and excess rents collected that are due back to the Group, respectively.

- C. During 2018 a member of the Organization’s Board of Directors offered to donate a building that they owned personally to the Organization. The Organization agreed to pay portions of the rehabilitation of the building and the Board Member agreed to cover the remaining portions until the building was officially transferred. At the end of 2018 the Organization received a bill for renovation costs completed in 2018 that was accrued in accounts payable and included the portion agreed to funded by the Board Member which was included in Due to/from Related Parties and Affiliates. The building was transferred to the Organization during 2019 and all obligations between the Organization and the Board member had been fulfilled.

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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NOTE 8 - LOANS RECEIVABLE

Loans receivable on December 31, 2019, and 2018, consisted of the following:

	2019		2018	
	Current	Long-Term	Total	Total
Loan receivable - Employee (A)	\$ 5,039	-	5,039	\$ 9,322
Mortgage receivable - Mill Street Development L.P. (B)	-	250,000	250,000	234,016
Mortgage receivable - Conifer Stone Ledge, LLC (C)	-	420,000	420,000	420,000
Mortgage receivable - O'Connor (D)	-	35,000	35,000	35,000
Mortgage receivable - Brown (E)	-	35,000	35,000	35,000
Mortgage receivable - 291 Mill Street L.P. (F)	5,123	-	5,123	20,885
Mortgage receivable - NWA Conklin (G)	2,500	2,682	5,182	7,682
Mortgage receivable - Cannon Street, L.P. (H)	-	320,000	320,000	320,000
Mortgage receivable - Conklin Street (I)	-	140,000	140,000	140,000
Mortgage receivable - HRH Neighborhood Housing Development Fund Co., (J)	3,419	151,877	155,296	159,765
Mortgage receivable - Rosa (K)	8,000	72,000	80,000	80,000
Mortgage receivable - 8 North Cherry St. (L)	-	2,730,887	2,730,887	2,730,887
	\$ 24,081	4,157,446	4,181,527	\$ 4,192,557

- A) During 2019 and 2018 the Organization had 3 interest free loans outstanding to 3 of its employees. These loans are being satisfied with agreed upon pay roll deductions withheld from each employee's pay each payroll period. The balance of these loans as of December 31, 2019 and 2018, was \$5,039 and \$9,322, respectively.
- B) This loan consists of mortgages granted by the Organization to Mill Street Development Limited Partnership. The loans were used by the partnership to acquire Hudson River Housing Inc.'s Mill Street project in Poughkeepsie, NY. The first portion is a \$250,000 interest free loan with no monthly payments due and is still outstanding. The second mortgage had an interest rate of 8.6% with a monthly principal payment of \$1,332 which has been paid in full.
- C) During 2008, Hudson River Housing received a \$420,000 loan administered by HSBC Bank through the Federal Home Loan Banks Affordable Housing Program (see Note 9, letter H). The Organization then loaned the monies to Conifer Stone Ledge, LLC, which Stone Ledge Development Corp. (a wholly owned Hudson River Housing subsidiary) is the managing member, to help complete Conifer Stone Ledge's 84-unit low income senior housing project in Hyde Park, NY. The mortgage is interest free with no monthly payment of interest or principal that will be forgiven in 15 years.
- D) This mortgage consists of three mortgages granted by Hudson River Housing, Inc. to a low-income individual for the purchase of a home that was renovated as part of the Conklin Street project. The original mortgages were in the amounts of \$12,621, \$10,000, and \$25,000 for a total of \$47,621. These are all interest free loans with no monthly payments due. During 2008, the Organization forgave \$12,621 of the balance resulting in a \$35,000 balance due, which is still the outstanding balance as of December 31, 2019. If certain terms and conditions described in the notes are satisfied, a portion of the underlying loans will be annually forgiven on a sliding scale from in the years 2021-2036. If all terms and conditions have been satisfied upon the maturity date in 2036, the loan will be completely forgiven.

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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NOTE 8 - LOANS RECEIVABLE (CONTINUED)

- E) This mortgage consists of three mortgages granted by Hudson River Housing, Inc. to a low-income individual for the purchase of a home that was renovated as part of the Conklin Street project. The original mortgages were in the amounts of \$12,621, \$10,000, and \$25,000 for a total of \$47,621. These are all interest free loans with no monthly payments due. During 2008, the Organization forgave \$12,621 of the balance resulting in a \$35,000 balance due, which is still the outstanding balance as of December 31, 2019. If certain terms and conditions described in the notes are satisfied, a portion of the underlying loans will be annually forgiven on a sliding scale from in the years 2021-2036. If all terms and conditions have been satisfied upon the maturity date in 2036, the loan will be completely forgiven.
- F) This is a loan from the Organization to 291 Mill Street LP for portions of the cost of the building funded by Hudson River Housing located on 291 Mill Street that was transferred to the LP during 2009. There is no formal loan agreement however, per management, a verbal agreement exists between the Organizations which requires a \$1,213 monthly payment of principal only. This loan has an interest rate of 4.9% that will be due and payable after 360 months should the loan not be repaid.
- G) This loan consists of five separate loans ranging from \$3,694 to \$9,166 the Organization provided to five low income individuals who purchased the homes located on Conklin Street during 2009. There is no monthly payment due on these notes and they are scheduled to be forgiven on an annual sliding scale 15 years after the purchase date so long as the original purchaser continues to reside in the home for that time period.
- H) The Organization loaned \$320,000 during 2009 which they originally received from Neighborworks America to Cannon Street LP. This loan is required to be used in the construction of the property located on Cannon Street owned by the LP. The loan has an annual interest rate of 4.02%, which is due on the first day of each and every calendar month of April following the conversion date until the maturity date of the loan. The principal plus all accrued unpaid interest is due 30 years from the loan date of April 2009.
- I) This loan consists of eight separate loans provided to the four low-income individuals who purchased the four remaining Conklin Street properties in early 2009. Each of the four individuals was provided with a \$25,000 loan from funds, which originated from the Affordable Housing Corporation and a \$10,000 loan from funds originating from the Community Preservation Corp. These loans are all interest free with no monthly payments due. If certain terms and conditions described in the note agreements are satisfied, a portion of the underlying loans will be annually forgiven on a sliding scale in the years 2022-2037. If all terms and conditions have been satisfied upon the maturity date in 2037, the loans will be completely forgiven.
- J) This mortgage was provided to HRH Neighborhood Housing Development Fund Company, Inc. to help fund the construction with their 55 Garden Street Project. The mortgage had an original principal amount of \$173,691 and carries an annual interest rate of 5% and requires monthly payments of principal and interest in the amount of \$932 for 30 years.

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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NOTE 8 - LOANS RECEIVABLE (CONTINUED)

- K) This mortgage was provided to a qualified low-income individual through the New York State Affordable Housing Corporation. The mortgage was used to help fund the individuals purchase of a home. It is an interest free loan with no required payments of principal and/or interest and will be forgiven on a sliding scale over 114 months beginning after the 64<sup>th</sup> month.
- L) In November of 2016, the Organization agreed to loan the North Cherry Street Limited Partnership \$2,730,887 to purchase and renovate a property located at 8 North Cherry Street, Poughkeepsie, NY. The property will consist of 15 low income housing units and a 7,500 square foot community and commercial space. The loan is a 30-year note with a 2.07% interest rate scheduled to mature on November 3, 2047. There is no monthly interest or principle due and if all conditions are met the loan including accrued interest will be forgiven. As of December 31, 2019, all the available \$2,730,887 had been drawn down and used for the project.

Future maturities for these loans' receivable for the next 5 years and thereafter are as follows:

2020	\$	24,081
2021		14,312
2022		221,852
2023		432,074
2024		12,307
Thereafter		<u>3,476,901</u>
	\$	<u><u>4,181,527</u></u>

NOTE 9 - FIXED ASSETS

Hudson River Housing, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Fixed assets and related accumulated depreciation are summarized as follows:

	Cost	Accumulated Depreciation	2019 Net	2018 Net
Land	\$ 1,299,184	-	1,299,184	\$ 1,286,313
Buildings and improvements	23,889,162	10,246,179	13,642,983	13,787,969
Equipment and vehicles	1,875,190	1,575,619	299,571	339,817
Closing costs & intangibles	180,207	96,403	83,804	96,399
Construction in progress	<u>1,485,801</u>	<u>-</u>	<u>1,485,801</u>	<u>935,627</u>
Total Fixed Assets	<u><u>\$ 28,729,544</u></u>	<u><u>11,918,201</u></u>	<u><u>16,811,343</u></u>	<u><u>\$ 16,446,125</u></u>

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
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NOTE 10 - DEFERRED REVENUE

Deferred Revenue on December 31, 2019, and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Grants		
NYS HCR Grant	\$ 41,465	\$ 41,465
Dyson Foundation	90,000	100,000
ESSHI	435,586	-
Affordable Housing Corp. Grant	230,000	230,000
US Department of Housing and Urban Development -60 Catherine	153,177	170,197
US Department of Housing and Urban Development - General	26,519	-
United Way	6,920	6,020
Trolley Foundation	2,500	2,500
CF Adams Fund	500	500
Other		
Community Preservation Corp Grant	55,500	55,500
Conklin Street Homes	12,182	12,182
Various	4,941	-
	<u>\$ 1,059,290</u>	<u>\$ 618,364</u>

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
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NOTE 11 - LONG-TERM DEBT

Long term debt is summarized as follows:

	2019			2018
	Current	Long-term	Total	Total
City of Poughkeepsie (A)	\$ 3,000	\$ 4,000	\$ 7,000	\$ 10,000
Community Preservation Corp. HRL (B)	159,064	1,264,707	1,423,771	1,612,928
Dutchess County Home (C)	-	-	-	360,000
Salisbury Bank - Term Loan (D)	95,852	306,257	402,109	490,548
Dutchess County Home (E)	-	400,000	400,000	400,000
NYS Homeless Housing and Assistance Corporation (F)	-	1,084,000	1,084,000	1,084,000
HSBC Bank (G)	-	420,000	420,000	420,000
Dutchess County Dept. Planning and Development (H)	-	245,000	245,000	245,000
John Sharkey (I)	14,042	154,279	168,321	182,117
NYS Homeless Housing and Assistance Corporation (J)	-	896,899	896,899	896,899
Federal Home Loan Bank (K)	-	20,000	20,000	20,000
Dutchess County Home (L)	-	290,079	290,079	290,079
Dutchess County Home (M)	-	160,444	160,444	160,444
New York State HCR (N)	-	294,695	294,695	294,695
Dutchess County Home 128 Clinton (O)	-	92,926	92,926	92,926
NYS Homeless Housing and Assistance Corporation (P)	-	1,008,190	1,008,190	973,881
Community Preservation Corp. Maybrook (Q)	27,313	1,408,275	1,435,588	1,460,709
DHCR HTF - Harlow Properties ( R )	-	400,728	400,728	400,728
Accord Realty Development, Inc. - Garden Street (S)	12,531	170,179	182,710	195,792
HTFC Loan - Garden Street (T)	-	870,329	870,329	870,329
M&T Trolley Barn Construction Loan (U)	490,199	-	490,199	-
Total	<u>\$ 802,001</u>	<u>\$ 9,490,987</u>	<u>\$ 10,292,988</u>	<u>\$ 10,461,075</u>

- A) This is a mortgage loan used to improve properties at 100,102, 104, and 106 Little Market Street in Poughkeepsie, New York. Monthly principal payments of \$250 are being made and the loan is scheduled to be paid off in 2022. Interest on the loan will only be payable if certain terms and conditions of the loan are not met.
- B) This loan was used to purchase property located in the Town of LaGrange in Dutchess County. The property, on which stands a motel and townhouses, has been rehabilitated and is used to provide affordable housing for local residents. Monthly interest only payments with a rate of 3.80% above the LIBOR rate began May 2007. In February of 2009, the Organization received a \$2,815,000, 15-year 6.47% loan through the Community Preservation Corp. to refinance the remainder of the \$2,900,000 original loan and an \$443,500 loan. In December 2012, the Organization refinanced the loan for \$2,400,000, with an interest rate of 3.54%. The new loan has monthly payments of principal and interest in the amount of \$17,204.40 and will mature in December 2027.
- C) This loan was used for the improvement of properties located at 100-106 Little Market Street, Poughkeepsie, New York. There is no monthly payment. The annual interest rate is 0%. All required terms and conditions were met on this note and it was forgiven during 2019.
- D) This loan originated in October of 2018 because of the Organization terming out \$500,000 of their used line of credit. The new loan with Salisbury Bank is five-year loan with a 5% interest rate and has monthly payments of principal and interest in the amount of \$9,451.66 which began in November of 2018. It is scheduled to be paid in full by October of 2023.

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
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NOTE 11 - LONG-TERM DEBT (CONTINUED)

- E) This is the outstanding balance on a \$400,000 mortgage loan used for the improvement of properties at 305-307 Mill Street in Poughkeepsie, New York. There is no monthly payment and the annual interest rate is 0%. The note will become due 15 years after a Certificate of Occupancy has been issued on the property. The principal balance is scheduled to be forgiven at the maturity date if Hudson River Housing, Inc. is in compliance with certain terms and conditions of the loan agreement at that time.
- F) This is the outstanding balance on a \$1,084,000 construction loan used for the improvements of properties located at 387-391 Manchester Road in Poughkeepsie, NY and also used to pay down a portion of the loan described in letter C. There is no monthly payment and the annual interest rate is 0%. The principal balance is scheduled to be forgiven at the maturity date in August of 2030, as long as Hudson River Housing, Inc. is in compliance with certain terms and conditions of the loan agreement at that time.
- G) In February of 2009, Hudson River Housing received a \$420,000 interest free loan requiring no monthly payments through the Federal Home Loan Banks Affordable Housing Program administered through the HSBC Bank. The outstanding principal and accrued interest shall be due and payable in October of 2036. The proceeds from this loan were then loaned by the Organization to Conifer Stone Ledge, LLC in which Hudson River Housing is a participating member, as stipulated in the loan agreement between HSBC and Hudson River Housing.
- H) In July of 2007, the Organization signed an agreement with the Dutchess County Department of Planning and Development, borrowing \$245,000 through a construction loan for the rehabilitation of a property located at 60 Catherine Street in the City of Poughkeepsie. The Organization drew the monies during 2009 and began the rehabilitation of the property assuming liability during 2009 for the loan monies provided. The loan is an interest free, 15-year loan with no principal or interest payments due until the maturity of the loan in 2023. If the Organization has complied with said terms of this loan agreement for the 15 year term the Organization will be forgiven in full. If at any time during the 15-year period, the Organization should fail to comply with the agreement the full amount of the note including principal and accrued interest will be due at that time.
- I) During April of 2009 the Organization agreed to a \$279,000 mortgage to purchase a property located on Noxon Street in the City of Poughkeepsie with the owner John Sharkey. The mortgage is a 20 year 6% mortgage with monthly payments of principal and interest of \$2,000. Mr. Sharkey will hold the mortgage on the property and upon his death all obligations of the Organization to repay the loan will terminate and property will remain with the mortgager with no further required payments.
- J) During August of 2013, the Organization signed two loan agreements with the New York State Homeless Housing and Assistance Corporation to complete renovations and improvements to 99 Thompson Street. The first loan was a building loan in the amount of \$877,275 and the second loan is a project loan in the amount of \$19,625. Both loans are secured by the property located at 99 Thompson Street, are interest free and do not require any payment for 30 years at which time the loans will be forgiven unless the Organization does not comply with the requirements outlined in each loan agreement. As of December 31, 2013, the Organization had drawn down all the available \$896,899 for this project. The balance of the liability to the Organization was \$896,899 as of December 31, 2019, and December 31, 2018.

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HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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NOTE 11 - LONG-TERM DEBT (CONTINUED)

- K) During 2007 the Organization received a \$20,000 loan from the Federal Home Loan Bank to be used for development or improvement of qualified low-income housing. With the permission of the FHLB, the Organization loaned the \$20,000 to 291 Mill Street to be used for the renovation of 291 Mill Street. If the Organization complies with the requirements of the loan for 15 years, it will be forgiven by the FHLB.
- L) During August of 2014 the Organization received a loan from Dutchess County through the Home Program for a total of \$290,079 to be used for the purchase and rehabilitation of 4 studio units located at 81 Garden Street in the City of Poughkeepsie to house 4 homeless veterans as defined by the United States Veterans Administration. This loan is a 15 year 0% interest, no monthly principal payment required and will be forgiven in full at the maturity date so long as the Organization continues to use the premises for its intended use. As of December 31, 2014, the Organization drew down the full \$290,079 of the loan which was also the ending balance of the loan as of December 31, 2019, and 2018.
- M) In August of 2011, the Organization signed a loan with Dutchess County in the amount of \$160,444 to be used to construct rental housing at 9 and 13 North White Street in the City of Poughkeepsie. The units are to be used to house person or families of low or very low income. The loan is a 15 year 0% interest loan with no scheduled principal payments and will be forgiven on the maturity date unless the mortgager fails to continue to operate the premises as low income housing. As of December 31, 2013, the Organization had drawn the full \$160,444 which was the balance due on this note as of December 31, 2019, and 2018.
- N) In the beginning of 2014, the Organization received a property located on Fish Street in the City of Poughkeepsie from New York State. The property previously belonged to another not for profit organization that closed, and the property was transferred to New York State. The Organization originally managed the property and then assumed the property and corresponding mortgages that totaled \$294,695. The loans do not require any principal or interest payments and will be forgiven so long as the Organization operates one of their low-income housing programs at the location for a specified period of time.
- O) This loan was provided by Dutchess County through their Home Program. The Organization agreed to a \$92,926 loan to rehabilitate or construct a property located at 128 North Clinton Street in the City of Poughkeepsie. This loan is interest free for 15 years. At that time if the Organization has complied with all requirements of the mortgage it will be forgiven in full. As of December 31, 2015, the Organization had drawn all the available amount.
- P) In August of 2016 the Organization agreed with the New York State Homeless Housing and Assistance Corporation under the Homeless Housing Assistance Program to borrow \$1,008,190 for the purchase and renovations of buildings located at 25, 27, 29, 31, and 38 North Clinton Street in Poughkeepsie, NY. The loans are 0% interest and no payments of principle or interest are due. If the Organization complies with all requirements of the agreement the loan will be forgiven in 25 years. As of December 31, 2019, the Organization had drawn down and expended \$973,881. The outstanding balance on this loan was \$1,008,190 and \$973,881 as of December 31, 2019, and 2018.

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 11 - LONG-TERM DEBT (CONTINUED)

- Q) During March of 2017 Maybrook Gardens, LLC borrowed \$1,500,000 from the Community Preservation Corp. to purchase the building located at 105 Clark Place from Hudson River Housing. The loan is a 10-year loan at 4.49% and requires a monthly payment of \$7,591 that began on May 1, 2017. All unpaid principal and interest are due in full on April 1, 2027. As of December 31, 2019, and 2018, the balance of this loan was \$1,435,588 and \$1,460,709, respectively.
- R) This loan originated in 2000 and is with Harlow Row Properties and the Housing Trust Fund Corporation and was used for the substantial rehabilitation to create 8 housing units. The loan has a 30-year term with a 1% interest rate. The amount of the loan was for \$400,728 with no required monthly principal or interest payments. The total unpaid principal and accrued interest will be due in full at the 2030 maturity date.
- S) This loan was originally a \$300,000 8.88% between Garden Street LP and TD Bank. As a condition of the tax credit project at the time the 15-year credit period ran out Hudson River Housing was granted right of first refusal to purchase the property. At that time in 2014 the Organization exercised its right and opted for a 3-year extension which came due TD Bank called the loan which was then purchased by an affiliate company of the project's Developer named Accord Realty & Development Inc. They then loaned the remaining \$214,000 due on the original note to the Organization for 2 years at 8.5%. As part of the agreement Accord is forgoing the first two years of loan payments to allow Hudson River to find alternate financing.
- T) In 2000 Garden Properties, LP entered into a loan agreement with the Housing Trust Fund Corporation to borrow \$870,239 to aid in the creation of 25 affordable units of housing and 7 two family home ownership opportunities. The loan is a 30-year loan with no monthly interest or principal payments due. All unpaid principal and accrued interest are due in full at the maturity date.
- U) In March of 2019, the Organization received a \$1,000,000 construction loan for the purchase and renovation of the building located at 485 Main Street in the City of Poughkeepsie called the Trolley Barn. The loan is an 18-month interest only loan with M&T bank at a rate of prime plus ½ and is secured by the property. As of December 31, 2019, \$490,199 of the \$1,000,000 that is available was drawn down.

Future maturities of long-term debt:

2020	\$	802,001
2021		326,792
2022		337,396
2023		360,979
2024		251,731
Thereafter		8,214,089
		\$ 10,292,988
		\$ 10,292,988

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 12 - DONATED MATERIALS, FACILITIES AND SERVICES, AND OTHER

Certain donated materials, facilities and services have been received by the Organization and reflected in the financial statements as in-kind revenues and in-kind expenses. These donations are recorded at fair market value on the date received. For 2019 and 2018 management has estimated the market value of these items as follows:

	2019	2018
Food & Materials	\$ 78,873	\$ 170,403
Services	243,349	178,815
Total	\$ 322,222	\$ 349,218

NOTE 13 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and certificate of deposit balances at many local financial institutions. Effective January 1, 2014, non-interest –bearing demand deposits, interest-bearing demand deposits, time deposits and savings deposits in the same state are insured by FDIC up to \$250,000 in the aggregate. Throughout 2019 and 2018 the Organization had periods of time when portions of their bank balances were uninsured.

NOTE 14 - PENSION

Hudson River Housing, Inc. adopted a 401(k) plan in 2001 for its eligible employees to participate in. Eligible employees include all those employees who have attained the age of 21 years and have 6 months of service. Eligible employees may elect to defer up to 92% of their pre-tax earnings, not to exceed the maximum IRS limit per year. There is also a matching provision of the plan. The plan provides for the Organization to match 50% of elective deferrals made by plan participants. Notwithstanding this matching provision, the Organization will not match a participant’s elective deferrals in excess of 6% of the participant’s compensation. There is also a plan provision that allows the Organization to make nonelective contributions to plan participants. This provision is flexible and is determined on an annual basis. The Organization made a \$43,633 and \$44,413 matching contribution to the 401k in 2019 and 2018.

During 2010 the Organization also implemented a 403(b) plan. This plan does not provide for an employer matching provision.

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019, and 2018 consisted of \$2,248,950 and in capital grant funds provided by the Neighborhood Reinvestment Corporation since 2000. Due to donor-imposed restrictions, these funds had to be used for capital purposes. As of December 31, 2019, and 2018, the full \$2,248,950 had been expended by the Organization. The assets purchased and/or improved with these funds are included in the Organization’s fixed asset balance.

See independent auditor’s report.



HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following summary provides the classification of capital grant funds received from the Neighborhood Corp. on the Organization’s December 31, 2019, and 2018 consolidated statements of net assets:

	<u>2019</u>	<u>2018</u>
ASSETS		
Fixed assets	\$ 2,248,950	\$ 2,248,950
Total Assets	<u>\$ 2,248,950</u>	<u>\$ 2,248,950</u>
NET ASSETS		
With donor restrictions	\$ 2,248,950	\$ 2,248,950
Total Net Assets	<u>\$ 2,248,950</u>	<u>\$ 2,248,950</u>

NOTE 16 - RESTRICTED CASH

As part of a 2007 loan agreement with the Community Preservation Corp. (described in Note 11, letter B), Hudson River Housing was required to set up and make monthly payments to two escrow accounts. The first escrow account was established to cover the property’s real estate taxes. The second escrow account was established to require a minimum of one month’s principal and interest payment is available in case of cash flow issues.

The restricted cash balances of \$823,172 and \$897,262 as reported on the Statement of Financial Position as of December 31, 2019, and 2018, are listed below:

	<u>2019</u>	<u>2018</u>
Tax escrow accounts	\$ 133,772	\$ 82,762
Debt reserve	176,098	305,730
Security deposit	207,084	185,466
Operating reserves	26,623	5,558
Replacement reserves	<u>279,595</u>	<u>317,746</u>
Total	<u>\$ 823,172</u>	<u>\$ 897,262</u>

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the consolidated balance sheets for cash, cash equivalents, and notes payable, approximate the respective fair values due to the short maturities of those instruments. Investments are also recorded at fair value in the consolidated balance sheet. A comparison if the carrying value of the Organization’s financial instruments is as follows:

	<u>2019</u>	<u>2018</u>
Carrying Amount		
Securities	<u>\$ 119,629</u>	<u>\$ 97,333</u>
Fair Value	<u>\$ 119,629</u>	<u>\$ 97,333</u>

See independent auditor’s report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Measurements

The fair value hierarchy established by the standard on fair value measurements includes three levels which are based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. In accordance with the standard on fair value, the Plan's financial assets and liabilities that are recorded on the Statements of Net Assets Available for Benefits are categorized based on the inputs to the valuation techniques as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on model inputs that are unobservable.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2019, and 2018 are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Signified Other Observable Units (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2019</u>				
Securities	\$ 119,629	119,629	-	-
<u>December 31, 2018</u>				
Securities	\$ 97,333	97,333	-	-

The table below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at the fair value and classified as Level 3 in the fair value hierarchy:

	2019	
Balance at Beginning of Period	\$	-
Unrealized Gains/(Losses)		-
Realized Gains/(Losses)		-
Purchases, Issuance, Sales & Settlements		-
Transfers In and/or Out of Level 3		-
Balance at End of Period	\$	-

Realized and unrealized gains and losses of \$20,916 are included in changes in net assets and are reported in the Statement of Activities as a component of investment income. There were no transfers into Level 3 from Level 2. The Organizations policy is to recognize transfers into and out of Level 3 as of the actual date of the event or the change in circumstances.

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 17 – FAIR VALUE MEASUREMENTS (CONTINUED)

A) Other Fair Value Disclosures:

Financial instruments are recorded at carrying value in the financial statements; however, the fair value of these instruments is disclosed below in accordance with current accounting guidance related to financial instruments.

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate that value:

- I. Cash and Cash Equivalents: - The carrying amount approximates fair value because of the short maturity of those instruments.
- II. Property, Plant and Equipment: - The fair value of property, plant and equipment held and used is determined, whenever possible, by reference to quoted market prices and other market information for similar assets. This is then compared to depreciated historical cost values as a measure to determine potential impairment loss. No impairment losses have been recognized through current year end.
- III. Accounts Payable and Accrued Expenses: - The carrying amounts approximate fair value because of the short term to liquidation of the instruments.

NOTE 18 - LINE OF CREDIT

The Organization had an available line of credit of \$1,500,000 as of December 31, 2019, and 2018 with Salisbury Bank. The line accrues interest monthly at prime, with monthly payments due. As of December 31, 2019, and 2018 the outstanding balance on the line was \$950,000 and \$1,115,000 respectively.

NOTE 19 - GRANTS

The Organization has received grants in varying amounts which are subject to audit by agencies of the Federal, State, and Local governments. Such audits may result in disallowances and a request for a return of funds to those governments. Based on past audits, management of the Organization believes disallowances, if any, will be immaterial.

NOTE 20 – SCHEDULE OF FEDERAL EXPENDITURES

The accompanying Schedule of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Award (Uninform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Certain of the Organizations Federal Awards Programs have been charged with indirect costs. The Organization had elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 21 – GUARANTEES

During 2016 the Organization agreed to guarantee a \$500,000 loan on behalf of North Cherry Street Limited Partnership, a related company. The loan is with Leviticus 25:23 Alternative Fund, Inc. and is secured by a property located at 8 North Cherry Street in the City of Poughkeepsie, owned by the North Cherry Street Limited Partnership. The Organization feels that since the loan is secured by real property, the risk that they will be required to make a payment on behalf of the Limited Partnership is limited. The maximum amount the Organization would be required to pay back would be the remaining balance on the unpaid loan at the time of the default which was \$487,315 and \$498,017 as of December 31, 2019 and 2018, respectively.

NOTE 23 - CONSOLIDATED SUBSIDIARY

The following condensed schedule summarizes the balance sheets of the Organization's wholly owned subsidiaries, at December 31, 2019, and 2018 are listed below:

	Mill Street Development Corp.	Garden Street Development Corp.	Harlow Row Development Corp.	Stone Ledge Development Corp.	N. Cherry St Development Corp.	Total 2019	Total 2018
Investment in Garden Street Limited Partnership	\$ -	\$ (1,553)	\$ -	\$ -	\$ -	\$ (1,553)	\$ (1,553)
Investment in Harlow Row Limited Partnership	-	-	115,542	-	-	115,542	115,542
Investment in Stone Ledge Development Corp.	-	-	-	(71,566)	-	(71,566)	(51,374)
Investment in North Cherry Street Development Corp.	-	-	-	-	203,715	203,715	203,714
Investment in 291 Mill Street Limited Partnership	96,293	-	-	-	-	96,293	96,293
Investment in Mill Street Limited Partnership	1,648	-	-	-	-	1,648	1,648
Total Assets	<u>\$ 97,941</u>	<u>\$ (1,553)</u>	<u>\$ 115,542</u>	<u>\$ (71,566)</u>	<u>\$ 203,715</u>	<u>\$ 344,079</u>	<u>\$ 364,270</u>
Due to shareholders	\$ -	-	200	-	-	200	\$ 200
Total Liabilities	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>200</u>
Capital Stock	-	2,500	1	-	-	2,501	2,501
Additional paid in capital	96,293	-	117,499	(20,192)	203,715	397,315	417,506
Retained earnings (deficit)	1,648	(4,053)	(2,158)	(51,374)	-	(55,937)	(55,937)
Total Stockholders' Equity (Deficit)	<u>97,941</u>	<u>(1,553)</u>	<u>115,342</u>	<u>(71,566)</u>	<u>203,715</u>	<u>343,879</u>	<u>364,070</u>
Total Liabilities and Stockholders Equity (Deficit)	<u>\$ 97,941</u>	<u>\$ (1,553)</u>	<u>\$ 115,542</u>	<u>\$ (71,566)</u>	<u>\$ 203,715</u>	<u>\$ 344,079</u>	<u>\$ 364,270</u>

NOTE 24 – SUBSEQUENT EVENTS

A) The Organization has evaluated subsequent events through October 8, 2020, the date the financial statements were available to be issued.

B) Coronavirus 2020:

This virus, first detected in China, has since spread worldwide and has been declared a pandemic by the World Health Organization (WHO). The health risks are not to be underestimated, but the economic affect to business, other organizations, and the general population may be billions of dollars (or more). The Organization is also affected.

See independent auditor's report.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2019 AND 2018

NOTE 24 – SUBSEQUENT EVENTS (CONTINUED)

Some of the possible affects follow.

Business Disruption:

1. Supply chain disruption: The Organization depends on many third-party providers for required daily operating supplies and construction services. An availability or delay in receiving these noted items could affect the Organization's ability to provide the necessary goods and services to its clientele and to bring new and ongoing deadline specific construction projects to closure in a timely manner and/or affect prices.
2. Employees: The overall effect on the workforce is not known at this time, but with New York State and localities mandating staff reductions, the possibility of employees contracting the virus, and employees working remotely, the ability to provide the necessary services may be impaired.

Revenue Loss:

The Organization does not anticipate any significant loss of revenue received from granting agencies. The situation may affect the recognition timing of revenue due to the progression of projects. There is no current estimate of how much this decrease may be.

Compliance with Government Restrictions:

1. The Organization has complied with guidance issued by the Center for Disease Control and will continue to work diligently to continue complying.

The duration of the effects of the virus and its economic impact are not known at this time, however, the longer this health issue affects the Organization the more costly it may become.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>Department of the Treasury</u></b>		
<i>Passed-through Neighborworks Reinvestment Corp.</i> Community Development Financial Institution Program	21.020	\$ 411,885
<b><u>Department of Homeland Security</u></b>		
<i>Passed-through Community Action Partnership</i> Emergency Food and Shelter National Board Program	97.114	46,958
<b><u>Department of Education</u></b>		
<i>Passed-through City of Poughkeepsie</i> Title Grants to Local Educational Agencies	84.010	19,543
<b><u>Department of Housing and Urban Development</u></b>		
<i>Passed-through Dutchess County</i> Continuum of Care Program	14.267	263,088
<i>Passed-through Neighborworks Reinvestment Corp.</i> Housing Counseling Assistance Program	14.169	25,000
<i>Passed-through Dutchess County</i> Community Development Block Grants/Entitlement Grant	14.218	25,871
<i>Passed-through City of Poughkeepsie</i> Community Development Block Grants/Entitlement Grants	14.218	<u>53,160</u>
<i>Passed-through Dutchess County</i> <b><u>Total Department of Housing and Urban Development</u></b>		<u>\$ 367,119</u>
<b><u>United States Department of Agriculture</u></b>		
<i>Passed-through New York State</i> School Breakfast Program	10.553	\$ 8,004
<i>Passed-through New York State</i> Child and Adult Care Food Program	10.558	<u>50,306</u>
<b><u>Total United States Department of Agriculture</u></b>		<u>\$ 58,310</u>
<b><u>Department of Health and Human Services</u></b>		
<i>Passed-through Dutchess County</i> Temporary Assistance for Needy Families	93.558	\$ 224,200
<b><u>Department of Health and Human Services</u></b>		
<i>Direct Programs</i> Basic Center Grant	93.623	\$ 200,000
<b><u>Department of Housing and Urban Development</u></b>		
<i>Direct Programs</i> Section 8 Housing Assistance Payments Program	14.195	\$ 263,082
Continuum of Care Program	14.267	<u>399,102</u>
		\$ 662,184
<b><u>Total Expenditures of Federal Awards</u></b>		<u>\$ 1,990,199</u>

See independent auditor's report.



Sickler, Torchia  
Allen & Churchill, CPA's, PC  
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Victor V. Churchill, CPA  
Edward J. Gower II, CPA  
Joseph J. Montalto, CPA  
Craig R. Sickler, CPA  
Michael A. Torchia, Jr., CPA, CVA

INDEPENDENT AUDITORS' 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*

To the Board of Commissioners  
Hudson River Housing, Inc.  
Poughkeepsie, New York

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 combined financial statements of Hudson River Housing, Inc. and Subsidiaries (the Organization), which comprise the statements of financial position as of December 31, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 8, 2020.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined 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 entity'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 over financial reporting 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 may exist that have not been identified.

INDEPENDENT AUDITORS' 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*  
(CONTINUED)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 intended 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sickler, Torchia, Allen & Churchill, CPA's, PC  
Lake Katrine, NY  
October 8, 2020





Sickler, Torchia  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners  
Hudson River Housing, Inc.  
Poughkeepsie, New York

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

We have audited Hudson River Housing, Inc. and Subsidiaries (the Organization) compliance with the types of compliance requirements described in the OMB compliance supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

***Managements Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibilities***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

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

In our opinion, the Organization, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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 to those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

  
Sickler, Torchia, Allen & Churchill, CPA's, PC.

Lake Katrine, NY  
October 8, 2020

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2019

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Hudson River Housing, Inc., and Subsidiaries.
2. No significant deficiencies and no material weaknesses relating to the audit of the consolidated financial statements are reported in the INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* and Section B.
3. No instances of noncompliance material to the consolidated financial statements of the Hudson River Housing, Inc. and Subsidiaries were disclosed during the audit.
4. No audit findings under Section 510(a), and no significant deficiencies or material weaknesses are reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.
5. The auditor's report on compliance for the major federal awards programs for Hudson River Housing, Inc. and Subsidiaries expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for Hudson River Housing, Inc. and Subsidiaries are reported in part C of this Schedule.
7. The program tested as a major program was The Continuum of Care Program (14.267).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Hudson River Housing, Inc. and Subsidiaries was determined to be a low risk auditee.

HUDSON RIVER HOUSING, INC., AND SUBSIDIARIES  
CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2019

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT REPORTABLE CONDITIONS**

Prior Year-

NONE

Current Year-

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS  
AUDIT**

Prior Year-

NONE

Current Year-

NONE