# The Doe Fund, Inc. and Affiliates

Combined Financial Statements

June 30, 2019 and 2018

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# Independent Auditors' Report

To the Board of Directors of
The Doe Fund, Inc. and Affiliates

**Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of The Doe Fund, Inc. and Affiliates (the Corporation), which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities, changes in net assets, and cash flows for the years then ended, the combined functional expenses for the year ended June 30, 2019, and the related notes to the combined financial statements.

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

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

**Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of The Doe Fund, Inc. and Affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Report on Combining Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 3, 4 and 5 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and changes in net assets of the individual organizations, and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Baker Tilly Virchow Krause, LLP

New York, New York
December 13, 2019

## The Doe Fund, Inc. and Affiliates

Combined Statements of Financial Position
June 30, 2019 and 2018

| ` | Not-for-Profit Entities | Housing Entities | Eliminations | Combined Total 2019 | Combined Total 2018 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current Assets** | | | | | |
| Cash and cash equivalents | $ 1,001,305 | $ 1,567,672 | $ - | $ 2,568,977 | $ 1,428,969 |
| Receivables, net of allowance for doubtful accounts of approximately $448,000 and $703,000, respectively | 10,083,526 | 481,737 | - | 10,565,263 | 8,735,183 |
| Grants and pledges receivable | 275,000 | - | - | 275,000 | 225,999 |
| Developer fees receivable, net of allowance for doubtful accounts of approximately $149,000 in 2018 | 2,649,805 | - | - | 2,649,805 | 4,363,544 |
| Investments | 90,178 | - | - | 90,178 | 125,681 |
| Due from affiliates | 3,131,658 | 1,841,659 | (4,973,317) | - | - |
| Prepaid expenses | 53,429 | - | - | 53,429 | 200,508 |
| Other receivables | 407,769 | 15,764 | - | 423,533 | 422,401 |
| Total current assets | 17,692,670 | 3,906,832 | (4,973,317) | 16,626,185 | 15,502,285 |
| **Grants and Pledges Receivable, Net of Discount of $4,000** | - | - | - | - | 196,000 |
| **Lender Restricted Cash and Contractual Reserves** | 375,969 | 3,276,006 | - | 3,651,975 | 3,330,420 |
| **Developer Fees Receivable, Net of Allowance For Doubtful Accounts of Approximately $138,000** | 5,313,104 | - | (4,473,545) | 839,559 | - |
| **Security Deposits** | 1,254,302 | 10,268 | - | 1,264,570 | 1,041,853 |
| **Deferred Mortgage Interest** | 104,460 | - | - | 104,460 | 207,429 |
| **Property and Equipment** | 29,478,218 | 161,116,603 | (3,521,523) | 187,073,298 | 134,395,057 |
| Total assets | $ 54,218,723 | $ 168,309,709 | $ (12,968,385) | $ 209,560,047 | $ 154,673,044 |
| **Liabilities and Net Assets** | | | | | |
| **Current Liabilities** | | | | | |
| Accounts payable and accrued expenses | $ 8,817,800 | $ 346,623 | $ - | $ 9,164,423 | $ 8,612,968 |
| Current maturities of long-term debt | 4,875,545 | 81,034,044 | - | 85,909,589 | 63,323,274 |
| Line of credit | 3,500,000 | - | - | 3,500,000 | 925,000 |
| Trainee savings payable | 1,366,916 | - | - | 1,366,916 | 1,108,301 |
| Accrued interest payable, mortgages and notes | 16,128 | 1,068,856 | - | 1,084,984 | 770,683 |
| Developer fees payable | - | 13,200,340 | (4,473,545) | 8,726,795 | 8,021,605 |
| Construction payables | - | 10,515,487 | - | 10,515,487 | 7,716,975 |
| Due to affiliates | 1,616,596 | 3,356,721 | (4,973,317) | - | - |
| Total current liabilities | 20,192,985 | 109,522,071 | (9,446,862) | 120,268,194 | 90,478,806 |
| **Deferred Rent and Lease Incentives** | 700,370 | - | - | 700,370 | 643,243 |
| **Tenant Security Deposits** | 60,513 | 69,556 | - | 130,069 | 95,857 |
| **Long-Term Debt, Net of Current Maturities and Unamortized Debt Issuance Costs** | 17,909,968 | 36,243,985 | - | 54,153,953 | 34,959,385 |
| Total liabilities | 38,863,836 | 145,835,612 | (9,446,862) | 175,252,586 | 126,177,291 |
| **Net Assets** | | | | | |
| Net assets without donor restrictions: | | | | | |
| Controlling interest | 14,538,175 | (30,384) | (3,521,523) | 10,986,268 | 9,824,585 |
| Noncontrolling interest | - | 22,504,481 | - | 22,504,481 | 17,995,393 |
| Net assets with donor restrictions | 816,712 | - | - | 816,712 | 675,775 |
| Total net assets | 15,354,887 | 22,474,097 | (3,521,523) | 34,307,461 | 28,495,753 |
| Total liabilities and net assets | $ 54,218,723 | $ 168,309,709 | $ (12,968,385) | $ 209,560,047 | $ 154,673,044 |

*See notes to combined financial statements*

## The Doe Fund, Inc. and Affiliates

Combined Statement of Activities
Year Ended June 30, 2019

| | Not-for-Profit Entities | Housing Entities | Eliminations | Combined Total |
|---|---|---|---|---|
| **Net Assets Without Donor Restrictions** | | | | |
| **Support and Revenue** | | | | |
| Contributions, net | $ 3,126,510 | $ - | $ - | $ 3,126,510 |
| Special events, net of direct benefit expense of $335,000 | 1,541,206 | - | - | 1,541,206 |
| Earned income from government contracts | 38,231,323 | - | - | 38,231,323 |
| Other earned revenue | 5,368,230 | - | (26,454) | 5,341,776 |
| Developer fees | 5,167,133 | - | (2,518,007) | 2,649,126 |
| Management fees | 286,262 | - | (266,262) | 20,000 |
| Program service fees | 2,030,039 | - | - | 2,030,039 |
| Rental income | 415,853 | 3,020,040 | - | 3,435,893 |
| Other income | 145,904 | 45,994 | - | 191,898 |
| Net assets released from restrictions | 662,639 | - | - | 662,639 |
| Total support and revenue | 56,975,099 | 3,066,034 | (2,810,723) | 57,230,410 |
| **Expenses** | | | | |
| Ready, Willing and Able | 28,165,811 | - | - | 28,165,811 |
| Business enterprise programs | 8,520,709 | - | - | 8,520,709 |
| Supportive housing programs | 4,107,783 | - | - | 4,107,783 |
| Liberty Fund | 758,757 | - | - | 758,757 |
| Affordable housing operations | 1,249,995 | 4,835,862 | (292,716) | 5,793,141 |
| Management and general | 9,631,140 | - | - | 9,631,140 |
| Fundraising | 1,230,656 | - | - | 1,230,656 |
| Total expenses | 53,664,851 | 4,835,862 | (292,716) | 58,207,997 |
| Change in net assets before other non-recurring items | 3,310,248 | (1,769,828) | (2,518,007) | (977,587) |
| **Other Non-Recurring Items** | | | | |
| Gain on forgiveness of debt | 372,507 | - | - | 372,507 |
| Change in net assets without donor restrictions | 3,682,755 | (1,769,828) | (2,518,007) | (605,080) |
| **Net Assets With Donor Restrictions** | | | | |
| Contributions | 803,576 | - | - | 803,576 |
| Net assets released from restrictions | (662,639) | - | - | (662,639) |
| Change in net assets with donor restrictions | 140,937 | - | - | 140,937 |
| Change in net assets | 3,823,692 | (1,769,828) | (2,518,007) | (464,143) |
| **Excess of Expenses Over Support and Revenue Attributable to Noncontrolling Interest** | - | 1,766,763 | - | 1,766,763 |
| Excess (deficiency) of support and revenue over expenses | $ 3,823,692 | $ (3,065) | $ (2,518,007) | $ 1,302,620 |

*See notes to combined financial statements*

## The Doe Fund, Inc. and Affiliates

Combined Statement of Activities
Year Ended June 30, 2018

| | Not-for-Profit Entities | Housing Entities | Eliminations | Combined Total |
|---|---|---|---|---|
| **Net Assets Without Donor Restrictions** | | | | |
| **Support and Revenue** | | | | |
| Contributions, net | $ 4,151,637 | $ - | $ - | $ 4,151,637 |
| Special events, net of direct benefit expense of $313,000 | 1,335,934 | - | - | 1,335,934 |
| Earned income from government contracts | 36,510,873 | - | - | 36,510,873 |
| Other earned revenue | 5,111,259 | - | (23,210) | 5,088,049 |
| Developer fees | 3,032,349 | - | (239,161) | 2,793,188 |
| Management fees | 249,736 | - | (249,736) | - |
| Program service fees | 1,815,437 | - | - | 1,815,437 |
| Rental income | 491,270 | 2,739,162 | - | 3,230,432 |
| Other (loss) income | (23,902) | 24,144 | - | 242 |
| Net assets released from restrictions | 1,367,276 | - | - | 1,367,276 |
| Total support and revenue | 54,041,869 | 2,763,306 | (512,107) | 56,293,068 |
| **Expenses** | | | | |
| Residential and social services | 19,544,395 | - | - | 19,544,395 |
| Work and training | 19,613,244 | - | - | 19,613,244 |
| Affordable housing operations | 560,560 | 3,225,537 | (272,946) | 3,513,151 |
| Management and general | 8,794,015 | - | - | 8,794,015 |
| Fundraising | 1,927,797 | - | - | 1,927,797 |
| Depreciation and amortization | 1,228,036 | 1,570,636 | - | 2,798,672 |
| Total expenses | 51,668,047 | 4,796,173 | (272,946) | 56,191,274 |
| Change in net assets before other non-recurring items | 2,373,822 | (2,032,867) | (239,161) | 101,794 |
| **Other Non-Recurring Items** | | | | |
| Gain on forgiveness of debt | 372,507 | - | - | 372,507 |
| Change in net assets without donor restrictions | 2,746,329 | (2,032,867) | (239,161) | 474,301 |
| **Net Assets With Donor Restrictions** | | | | |
| Contributions | 857,322 | - | - | 857,322 |
| Net assets released from restrictions | (1,367,276) | - | - | (1,367,276) |
| Change in net assets with donor restrictions | (509,954) | - | - | (509,954) |
| Change in net assets | 2,236,375 | (2,032,867) | (239,161) | (35,653) |
| **Excess of Expenses Over Support and Revenue Attributable to Noncontrolling Interest** | - | 2,030,003 | - | 2,030,003 |
| Excess (deficiency) of support and revenue over expenses | $ 2,236,375 | $ (2,864) | $ (239,161) | $ 1,994,350 |

*See notes to combined financial statements*

## The Doe Fund, Inc. and Affiliates

Combined Statements of Changes in Net Assets
Years Ended June 30, 2019 and 2018

| | Net Assets Without Donor Restrictions | | | Net Assets | |
|---|---|---|---|---|---|
| | Controlling Interest | Noncontrolling Interest | Total | With Donor Restrictions | Combined Total |
| **Beginning Balance, July 1, 2017** | $ 7,320,281 | $ 7,898,537 | $ 15,218,818 | $ 1,185,729 | $ 16,404,547 |
| Contributions from investors | - | 12,126,859 | 12,126,859 | - | 12,126,859 |
| Excess of expenses over support and revenue attributable to noncontrolling interest | - | (2,030,003) | (2,030,003) | - | (2,030,003) |
| Excess (deficiency) of support and revenue over expenses | 2,504,304 | - | 2,504,304 | (509,954) | 1,994,350 |
| **Ending Balance, June 30, 2018** | 9,824,585 | 17,995,393 | 27,819,978 | 675,775 | 28,495,753 |
| Contributions from investors | - | 6,275,851 | 6,275,851 | - | 6,275,851 |
| Excess of expenses over support and revenue attributable to noncontrolling interest | - | (1,766,763) | (1,766,763) | - | (1,766,763) |
| Excess of support and revenue over expenses | 1,161,683 | - | 1,161,683 | 140,937 | 1,302,620 |
| **Ending Balance, June 30, 2019** | $ 10,986,268 | $ 22,504,481 | $ 33,490,749 | $ 816,712 | $ 34,307,461 |

*See notes to combined financial statements*

**The Doe Fund, Inc. and Affiliates**

Combined Statement of Functional Expenses
Year Ended June 30, 2019

| | Ready, Willing and Able | Business Enterprise Programs | Supportive Housing Programs | Liberty Fund | Affordable Housing Operations | Total Program | Management and General | Fundraising | Total 2019 |
|---|---|---|---|---|---|---|---|---|---|
| Salaries | $ 17,237,243 | $ 6,095,036 | $ 1,899,170 | $ 439,128 | $ 1,066,559 | $ 26,737,136 | $ 5,823,523 | $ 696,834 | $ 33,257,493 |
| Payroll taxes and employee benefits | 2,793,594 | 1,692,965 | 450,559 | 87,425 | 173,040 | 5,197,583 | 904,503 | 97,557 | 6,199,643 |
| Total salaries and related expenses | 20,030,837 | 7,788,001 | 2,349,729 | 526,553 | 1,239,599 | 31,934,719 | 6,728,026 | 794,391 | 39,457,136 |
| Occupancy costs | 1,432,253 | 51,949 | 480,739 | 97,781 | 942,465 | 3,005,187 | 892,884 | 25 | 3,898,096 |
| Client services | 3,445,822 | 112,716 | 185,943 | 58,651 | 26,984 | 3,830,116 | 9,397 | 5,326 | 3,844,839 |
| Depreciation and amortization | 1,036,448 | 1,772 | 64,357 | - | 1,797,214 | 2,899,791 | 73,637 | - | 2,973,428 |
| Legal and professional fees | 8,760 | 2,990 | 45,808 | - | 934,523 | 992,081 | 786,495 | 6,191 | 1,784,767 |
| Financing and bank expenses | 737,520 | 7,138 | 114,985 | 40,423 | 659,877 | 1,559,943 | 129,455 | 76,559 | 1,765,957 |
| Office expenses | 303,603 | 87,426 | 62,498 | 15,227 | 117,078 | 585,832 | 504,810 | 344,021 | 1,434,663 |
| Vehicles and transportation | 1,020,006 | 103,569 | 85 | 78 | 212 | 1,123,950 | 41,620 | - | 1,165,570 |
| Aid to clients | 142,578 | 480 | 795,029 | - | - | 938,087 | - | - | 938,087 |
| Bad debt (recovery) expense | (119,080) | 340,946 | (27,808) | - | 17,115 | 211,173 | 282,643 | - | 493,816 |
| Travel and meetings | 37,308 | 5,584 | 15,292 | 19,639 | 9,696 | 87,519 | 55,103 | 2,959 | 145,581 |
| Insurance and taxes | 125 | 10,316 | 275 | 125 | 7,424 | 18,265 | 98,947 | 1,184 | 118,396 |
| Equipment maintenance and repairs | 78,108 | 6,440 | 2,040 | 280 | 240 | 87,108 | 5,571 | - | 92,679 |
| Miscellaneous | 11,523 | 217 | 13 | - | 36,332 | 48,085 | 9,740 | - | 57,825 |
| Equipment, furniture and vehicle purchases | - | 1,165 | 9,563 | - | 4,382 | 15,110 | 12,812 | - | 27,922 |
| In-kind goods | - | - | 9,235 | - | - | 9,235 | - | - | 9,235 |
| Total expenses | $ 28,165,811 | $ 8,520,709 | $ 4,107,783 | $ 758,757 | $ 5,793,141 | $ 47,346,201 | $ 9,631,140 | $ 1,230,656 | $ 58,207,997 |

| | 2019 | 2018 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Change in net assets | $ (464,143) | $ (35,653) |
| Adjustments to reconcile change in net assets to net cash cash flows from operating activities: | | |
| Depreciation and amortization | 2,973,428 | 2,798,672 |
| Loss on disposal of property and equipment | - | 40,882 |
| Interest expense on debt issuance costs | 203,226 | 24,668 |
| Deferred rent and lease incentives | 57,127 | 90,932 |
| Unrealized gains on investment securities | (4,497) | (4,079) |
| Bad debt expense | 493,816 | 980,905 |
| Amortization of discount on contributions receivable | 4,000 | 4,000 |
| Gain on forgiveness of debt | (372,507) | (372,507) |
| Non-cash increase in developer fees payable | 1,579,370 | 3,658,061 |
| (Increase) decrease in operating assets: | | |
| Receivables | (2,188,896) | (1,090,501) |
| Grants and pledges receivable | 7,999 | 357,147 |
| Prepaid expenses | 147,079 | 603,676 |
| Other receivables | (1,132) | (368,499) |
| Security deposits | (222,717) | (360,574) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | 551,455 | 1,141,661 |
| Trainee savings payable | 258,615 | 289,482 |
| Accrued interest payable, mortgages and notes | 314,301 | 334,471 |
| Tenant security deposits | 34,212 | (40,423) |
| Net cash flows from operating activities | 3,370,736 | 8,052,321 |
| **Cash Flows From Investing Activities** | | |
| Purchase of property and equipment | (52,853,157) | (38,587,659) |
| Change in lender restricted cash and contractual reserves | (321,555) | (854,335) |
| Purchase of investments | (80,000) | (120,000) |
| Proceeds from sale of investments | 120,000 | - |
| Net cash flows from investing activities | (53,134,712) | (39,561,994) |
| **Cash Flows From Financing Activities** | | |
| Capital contributions from investors | 6,275,851 | 12,126,859 |
| Proceeds from line of credit | 3,585,000 | 925,000 |
| Repayments of line of credit | (1,010,000) | - |
| Proceeds from long-term debt | 48,609,379 | 37,501,366 |
| Repayments of long-term debt | (6,380,284) | (19,806,617) |
| Payments of debt issuance costs | (175,962) | (227,212) |
| Net cash flows from financing activities | 50,903,984 | 30,519,396 |
| Net change in cash and cash equivalents | 1,140,008 | (990,277) |
| **Cash and Cash Equivalents, Beginning** | 1,428,969 | 2,419,246 |
| **Cash and Cash Equivalents, Ending** | $ 2,568,977 | $ 1,428,969 |
| **Supplemental Disclosure of Cash Flow Information** | | |
| Cash paid for interest | $ 1,158,229 | $ 1,907,192 |
| **Noncash Investing and Financing Activities** | | |
| Deferred interest: | | |
| Decrease in deferred mortgage interest | $ (102,969) | $ (97,010) |
| Increase in mortgage payable | 102,969 | 97,010 |
| Cash paid for deferred interest | $ - | $ - |
| Construction payable capitalized to property and equipment | $ 6,104,300 | $ 4,845,016 |

*See notes to combined financial statements*

## 1. Description of the Organization

The accompanying combined financial statements include the accounts of The Doe Fund, Inc., its wholly-owned subsidiaries and several affiliated entities as described below (collectively, the Corporation). The Doe Fund, Inc. provides oversight for these entities, which are affiliated through common management and Board of Directors. All significant intercompany transactions and balances have been eliminated in combination.

The Doe Fund, Inc. is a not-for-profit charitable organization exempt from income and excise taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The mission of The Doe Fund, Inc. is to develop and implement cost-effective, holistic programs that meet the needs of a diverse population working to break the cycles of homelessness, addiction and criminal recidivism. All of the programs and innovative business ventures of The Doe Fund, Inc. ultimately strive to help homeless and formerly incarcerated individuals achieve self-sufficiency.

The following paragraphs summarize the entities comprising the Corporation, all of which are combined within the accompanying combined financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All Housing Development Fund Company (HDFC) entities of the Corporation were organized under Section 402 of the Not-for-Profit Corporation Law (Section 402 of the NFPCL) and pursuant to Article XI of the Private Housing Finance Law (Article XI of the PHFL) of the State of New York.

Ready, Willing & Able, Inc. (RWA) - This entity, an affiliate of The Doe Fund, Inc., provides The Doe Fund, Inc.'s flagship program of comprehensive services, which include comfortable, safe, and drug-free supportive transitional housing, three nutritious meals a day, individual and group case management and counseling, substance abuse and relapse prevention services, paid transitional work opportunities, educational and occupational training, permanent housing placement, job preparation and placement, and lifetime graduate services. RWA conducts the following programs:

Ready, Willing & Able - Brooklyn (RWA Brooklyn) - The first RWA program, operating since January 1990, is located at 520 Gates Avenue, Brooklyn, New York, and serves approximately 70 homeless men.

Ready, Willing & Able - Gates Contract Services (RWA Gates Contract Services) - Serves formerly incarcerated individuals living in parole-approved housing, providing all the work and training opportunities and comprehensive services of RWA on a nonresidential basis. The program currently operates out of the RWA Brooklyn facility.

Ready, Willing & Able - Harlem (RWA Harlem) - A 198-bed transitional housing facility for homeless men is located at 2960 Frederick Douglass Boulevard, Harlem, New York. The program began operations in May 1996.

Ready, Willing & Able - Harlem - Contract Services (RWA Harlem Contract Services) - Serves formerly incarcerated individuals living in parole-approved housing, providing all the work and training opportunities and comprehensive services of RWA on a nonresidential basis. The program currently operates out of the RWA Harlem facility.

Porter Avenue Housing Development Fund Corporation (Porter Avenue HDFC) and Porter Avenue HDFC Contract Services (a division of Porter Avenue HDFC) - This entity, an affiliate of The Doe Fund, Inc., purchased, renovated, and operates the RWA program in a 400-bed transitional housing facility for homeless men at 89 Porter Avenue, Brooklyn, New York. The facility began operations in November 2003.

Gates Avenue Housing Development Fund Corporation (Gates Avenue HDFC) - This entity, an affiliate of The Doe Fund, Inc., provides transitional housing to RWA participants at 520 Gates Avenue, Brooklyn, New York.

Ready, Willing & Able America, Inc. (RWA America) - This entity, an affiliate of The Doe Fund, Inc., formed in April 2010, and obtained its 501(c)(3) status in August of 2014 to continue the effort to bring RWA to scale nationally.

Ready, Willing & Able Philadelphia, Inc. (RWA Philadelphia) - This entity, an affiliate of The Doe Fund, Inc., was formed in October 2007, and obtained its 501(c)(3) status in June 2011 to continue the Ready, Willing & Able program operations of the 70-man facility leased by the City of Philadelphia, located at 1211 Bainbridge Street, Philadelphia, Pennsylvania.

Liberty Fund, Inc. - This entity, a subsidiary of The Doe Fund, Inc., organized on June 4, 2016, with The Doe Fund, Inc. as its sole member. Its purpose is to be a citywide charitable bail fund dedicated to reducing the number of New Yorkers subjected to pretrial detention at Rikers Island simply because they are unable to post bail.

Pest at Rest, LLC - This entity, a subsidiary of The Doe Fund, Inc., organized on October 29, 2003, with The Doe Fund, Inc. as its sole member. Pest at Rest, LLC provides work training and experience in integrated pest management to individuals involved in the RWA program.

A Better Place Housing Development Fund Corporation (A Better Place HDFC) - This entity, an affiliate of The Doe Fund, Inc., formed in 1992, and purchased a building located on the Upper East Side of New York, New York. This single-room occupancy building now provides supportive permanent housing with on-site services for 28 formerly homeless individuals living with HIV and/or AIDS. A Better Place HDFC is the sole shareholder of A Better Place East 86th Street Corporation. A Better Place East 86th Street Corporation is a general partner and owns 100 percent of A Better Place, L.P. The activities of A Better Place HDFC include Scatter Site Return, which began operations in January 2008 to serve chronically homeless single adults who have had a substance abuse disorder.

Number One Single Room Occupancy Housing Development Fund Corporation (No. 1 SRO) - This entity, an affiliate of The Doe Fund, Inc., began operations in July 2001 to provide supportive permanent (single-room occupancy) housing with on-site services for 74 formerly homeless individuals at 223 East 117th Street, New York, New York. No. 1 SRO is the sole shareholder of TDF 2000 Corporation. TDF 2000 Corporation is a general partner and owns 100 percent of TDF 2000 Partners, L.P.

Webster Green Housing Development Fund Corporation (Webster Green HDFC) - This entity, an affiliate of The Doe Fund, Inc., formed in May 2013, obtained its 501(c)(4) status in May 2014 and organized exclusively to develop affordable housing for persons of low income. On May 13, 2013, this entity acquired the property located at 3100 Webster Avenue, Bronx, New York, to develop 82 units of affordable supportive housing. Webster Green Apts., LP. was created for the purpose of operating and managing the property.

United Services Housing Development Fund Corporation (United Services HDFC) - This entity, an affiliate of The Doe Fund, Inc. formed on September 8, 2014, and obtained its 501(c)(3) status in February 2016. The entity is organized to develop a 90-unit permanent supportive housing development reserved for low-income persons or families and for formerly homeless veterans with serious mental illness or a substance abuse disorder. The Doe Fund is a sole shareholder of United Services Managers Corp, an entity that is a managing member with a 0.01 percent interest in United Services Apartments, LLC. United Services Apartments, LLC was created for the purpose of operating and managing the property.

Crotona Park Housing Development Fund Corporation (Crotona Park HDFC) - This entity, an affiliate of The Doe Fund, Inc. formed on August 19, 2013 to develop and operate affordable housing for persons of low income. On August 22, 2013, this corporation acquired the property located at 1420 Crotona Park East, Bronx, New York, to develop 60 units of affordable supportive housing. The project was completed and began leasing in January 2017. Crotona HDFC is a sole shareholder of Crotona Park Inc., an entity that is a managing member with a 0.01 percent interest in Crotona Park Apartments, LLC. Crotona Park Apartments, LLC was created for the purpose of operating and managing the property.

Rogers Avenue Housing Development Fund Corporation (Rogers Avenue HDFC) -This entity, an affiliate of The Doe Fund, Inc. formed on October 2, 2013, and obtained its 501(c)(4) status in March 2016 to develop and operate affordable housing for persons of low income. On November 20, 2013, this corporation acquired the property located at 1345-1357 Rogers Avenue, Brooklyn, New York, to develop 115 units of affordable supportive housing. Construction began in spring 2016. Rogers Avenue HDFC, is a sole shareholder of 1345 Rogers Corp, who is a managing member with a 67 percent ownership interest in Rogers Managers LLC, an entity that holds a 0.01 percent interest in Rogers Apartments LLC. Rogers Apartments LLC was created for the purpose of operating and managing the property.

Villa House Housing Development Fund Corporation (Villa HDFC) - This entity, a subsidiary of The Doe Fund, Inc., organized on October 26, 2016, with The Doe Fund, Inc. as its sole member. Villa HDFC is a charitable not-for-profit corporation organized exclusively for the purpose of developing and operating a housing project for persons of low income. On October 20, 2018, this corporation acquired the property located at 3188-3192 Villa Avenue, Bronx, New York, to develop 68 units of affordable supportive housing. Construction began in November 2018. Villa HDFC, is a sole shareholder of Villa House Managers Corp, who is a managing member with a .01 percent ownership interest in Villa House Apartments LLC. Villa House Apartments LLC was created for the purpose of operating and managing the property.

4519 White Plains Road Housing Development Fund Corporation (4519 WWPR HDFC) - This entity, a subsidiary of The Doe Fund, Inc., organized on October 15, 2018, with The Doe Fund, Inc. as its sole member. 4519 WPR HDFC is a charitable not-for-profit corporation organized exclusively for the purpose of developing and operating a housing project for low-income persons or families and for formerly homeless individuals living with HIV/AIDS.

1331 Jerome Avenue Housing Development Fund Corporation (1331 Jerome Avenue HDFC) - This entity, a subsidiary of The Doe Fund, Inc., organized on August 1, 2018, with The Doe Fund, Inc. as its sole member. 1331 Jerome Avenue HDFC is a charitable not-for-profit corporation organized exclusively for the purpose of developing and operating a housing project for persons of low income. On March 26, 2019, this corporation acquired the property located at 1325 Jerome Avenue, Bronx, New York, to develop 255 units of affordable and supportive housing. Construction began in April 2019. The Doe Fund, Inc. is the sole member of 1331 Jerome Avenue HDFC and the Manager of 1331 Jerome MM LLC. 1331 Jerome MM LLC is the managing member and 0.01 percent owner of 1331 Jerome Owner LLC, which was created for the purpose of operating and managing the property.

In addition to the above outlined entities the Corporation has several other affiliates and/or subsidiaries of the Corporation that are dormant, inactive entities.

To expand its focus on the development of quality, affordable and transitional housing, The Doe Fund, Inc. has developed TDF Housing, a wholly owned subsidiary of The Doe Fund, Inc., which oversees every aspect of the Corporation's facilities.

The Corporation is the sole owner or controlling member of each General Partner listed below, which owns 0.01 percent of their associated Limited Partnerships (LPs) or Limited Liability Corporations (LLCs), except for TDF 2000 Partner LP's General Partner, TDF 2000 Corp., which has a 1 percent interest. These entities (the Housing Entities) were formed to own individual properties that are developed and managed to provide low-income housing.

The Housing Entities are comprised as follows:

| Limited Partnership/ Limited Liability Corporation | General Partner |
|---|---|
| TDF 2000 Partner LP | TDF 2000 Corp. |
| Stadium Court LLC | Iron Horse Managers, LLC |
| Crotona Park Apartments LLC | Crotona Park, Inc. |
| Webster Green Apts., L.P. | Webster Green Apts. GP, LLC |
| Rogers Apartments LLC | Rogers Managers LLC |
| Villa House Apartments LLC | Villa House Managers Corp. |
| United Services Apartments LLC | United Services Managers Corp. |
| 1331 Jerome Owner LLC | 1331 Jerome MM LLC |

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The accompanying combined and consolidated financial statements have been prepared under the accrual basis of accounting in accordance with U.S. GAAP.

#### Not-for-Profit Entities

The accompanying combined financial statements include the accounts of the entities with separate paragraphs in Note 1 (collectively known as the Not-for-Profit Entities). All Not-for-Profit entities are affiliated, under common board control, and have been combined in the accompanying combined financial statements.

#### Housing Entities

LPs or LLCs that are controlled by The Doe Fund, Inc. or its affiliated Not-for-Profit Entities are consolidated in the accompanying combined financial statements. The GP interests held by the Corporation entities equal 0.01 percent of the respective Housing Entities' equity with the remainder of the Housing Entities' equity held by the limited partners/members of the respective Housing Entities except for TDF 2000 Partner Corp., which has a 1 percent interest. The portion of the Housing Entities not controlled by The Doe Fund, Inc. or its affiliated entities are consolidated and presented in the accompanying combined financial statements as noncontrolling interest.

All intercompany transactions and accounts between the Not-for-Profit Entities and the Housing Entities have been eliminated in combination and consolidation.

### Net Asset Classification

The net assets of the Corporation and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

#### Net Assets Without Donor Restrictions - Controlling

Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Corporation.

#### Net Assets Without Donor Restrictions - Noncontrolling

Represent the aggregate of limited partner/member equity interests in the non-wholly-owned Housing Entities that are included in the accompanying combined financial statements.

#### Net Assets With Donor Restrictions

Net assets which have been limited by donor-imposed stipulations that expire with the passage of time or can be fulfilled and removed by the actions of the Corporation pursuant to those stipulations. Net assets with donor restrictions also include net assets that are subject to donor-imposed restrictions that they must be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

### Use of Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks. The Corporation maintains its bank accounts with several financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to an aggregate amount of $250,000 for each entity. At times, cash balances within these accounts may exceed federally insured limits. The Corporation has not experienced, nor does it anticipate, any losses in such accounts (Note 16).

### Lender Restricted Cash and Contractual Reserves

Lender restricted cash and contractual reserves represent amounts that are required to be maintained by contractual or other agreements and consist of cash and cash equivalents and U.S. treasury bills.

**Developer Fees Receivable**

Developer fees receivable in the accompanying combined statements of financial position represents developer fees for construction development. Developer fees receivable from Housing Entities that is payable from the operational cash flow of the respective projects is eliminated in consolidation. Any remaining developer fees receivable shall be paid by the related Housing Entities upon receipt of the limited partner/member equity contribution. The developer fees receivable balances as of June 30, 2019 and 2018 totaled approximately $3,489,000 and $4,364,000 respectively.

**Allowance for Doubtful Accounts**

The carrying value of accounts and developer fees receivable is reduced by an appropriate allowance, as needed, for uncollectible accounts. The Corporation determines its allowance by considering a number of factors, including the length of time receivables are past due, the Corporation's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. Receivables outstanding longer than the payment terms are considered past due. The Corporation writes off accounts and developer fees receivable when they become uncollectible, and payments subsequently received on such receivables are recorded as income in the period received. The allowance for doubtful accounts balance as of June 30, 2019 and 2018 totaled approximately $586,000 and $852,000, respectively.

**Fair Value Measurements**

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs), as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

All of the Corporation's investments are Level 1 assets.

### Property and Equipment and Depreciation and Amortization

All acquisitions of property and equipment in excess of $5,000, and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Purchased property and equipment are recorded at cost, except when such costs are reimbursed as part of current programs by a funding agency and such agency retains title. Building, building improvements, furniture, fixtures and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets. The useful lives are ranging from 3-31 years (Note 6).

### Impairment of Long-Lived Assets

Impairment losses are recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value, and assets held for sale are adjusted to their estimated fair value, less selling expenses. The Corporation reviews its investments in real estate for impairment events or when changes in circumstances indicate that the carrying value of such property may not be recoverable. No impairment losses were recognized in 2019 and 2018.

### Deferred Rent and Lease Incentives

The Corporation has entered into various operating lease agreements for its administrative offices and site facilities, some of which contain provisions for future rent increases, or periods in which rent payments are reduced as incentive payments. The Corporation records monthly rent expense on a straight-line basis which equals to the total of the payments due over the lease term, divided by the number of months of the lease term. Lease incentives are amortized against rental expense over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to deferred rent and lease incentives, which is reflected as a separate line item in the accompanying combined statements of financial position.

### Trainee Savings Payable

Trainee savings payable are deposits that represent fixed minimum deductions from participants' training incentives. They may exceed the minimum on a voluntary basis. These amounts accumulate over the time a trainee is in the program and are paid to the participant when they leave the RWA program.

Trainees who graduate from the program can also receive an additional grant up to $1,000. Training incentives are paid to participants in the form of debit cards in order to provide the most accessible form of payment to the composition of the trainee population. Approximately $143,000 and $175,000, respectively, in matching graduation grants were paid to trainees who successfully completed the training program for the years ended June 30, 2019 and 2018.

### In-Kind Contributions

Not-for-profit entities are required to record contributed goods and services revenue if those services create or enhance nonfinancial assets or are provided by individuals who possess specialized skills that would typically need to be purchased, if not provided by donation. For the years ended June 30, 2019 and 2018, the Corporation recorded contributed goods and services revenue of approximately $9,000 and $27,000, respectively, with an equivalent amount recorded as an expense.

**Revenue Recognition**

Contributions, including unconditional promises to give, are reported as revenues in the period in which contributions are received or unconditional promises to give are made. Unconditional promises to give, due in more than one year, if any, are discounted to reflect the present value of future cash flows at a credit-adjusted rate. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Earned income from government contracts, the majority of which are cost reimbursable, is recognized as allowable costs are incurred.

Other earned revenue primarily represents revenue from various contracts for street cleaning, exterminating and culinary services provided by the Corporation. Revenue is recognized when earned by providing these services in accordance with the respective contracts.

Developer fees are recognized as revenue in the year earned based on the percentage of completion method. The unearned portion of developer fees received is recorded as developer fees payable in the accompanying combined statements of financial position. Developer fees are paid by the respective Housing Entities to The Doe Fund, Inc. through funds received from equity contributions of the Housing Entities' investors, as well as from the operating cash flow of the respective Housing Entities. Only the portion of developer fees to be paid from the respective Housing Entities' operating cash flow is eliminated in consolidation, while the portion to be paid from third-party equity contributions is not.

Management fees are recognized as earned. Intercompany management fees are eliminated in combination.

Program service fees are recognized as earned.

Rental income, including rent from the operation of low-income housing projects and tenants, is recognized as earned. Minimum rental revenue is recognized on a straight-line basis over the term of the lease, regardless of when payments are due. Advance receipts of rental income are deferred and classified as accounts payable and accrued expenses in the accompanying combined statements of financial position. All leases between the properties and tenants are considered to be operating leases.

**Debt Issuance Costs**

Debt issuance costs, net of interest expense, are reported as a direct deduction from the face amount of the related mortgages payable. Interest expense is computed using an imputed interest rate on the related loan.

**Functional Allocation of Expenses**

The combined financial statements report certain categories of expenses that are related to more than one program or supporting function. It is the Corporation's preference and priority to directly charge the program where the service or expense item is used. When a cost center provides benefit to multiple programs and it cannot be directly charged, it may be necessary to allocate the cost. The Corporation's policy is to use an applicable statistic for the basis of allocating such costs. Applicable statistics used can be based on a percentage of salary, a distribution of full-time equivalents, and square footage allocation. The Corporation uses a percentage of salary, a distribution of full-time equivalents, and square footage allocation to allocated payroll taxes and employee benefits, insurance and rental allocations, respectively.

**Income Taxes**

The Corporation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the combined financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Not-for-Profit Entities are exempt from federal income tax under IRC sections 501(c)(3) or 501(c)(4), though they are subject to tax on income unrelated to their exempt purposes, unless that income is otherwise excluded by the Code. Iron Horse Managers, LLC, Pest at Rest, LLC, Pest at Rest Newark, LLC, and Sugar Hill Apartments, are single-member limited liability companies whose single member is The Doe Fund, Inc., and as such, they are considered disregarded entities for tax purposes. The Corporation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Corporation has determined that there are no material uncertain tax positions that require recognition or disclosure in the combined financial statements.

All other real estate entities have elected to be treated as pass-through entities for income tax purposes and as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the owners on their respective income tax returns. The affiliated entities' federal tax statuses as pass-through entities are based on the legal statuses as LPs or LLCs. Accordingly, these affiliated entities are not required to take any tax positions in order to qualify as pass-through entities. The affiliated entities are required and do file tax returns with the Internal Revenue Service (the IRS) and other taxing authorities. Accordingly, these combined financial statements do not reflect a provision for income taxes and these affiliated entities have no other tax positions which must be considered for disclosure.

**Reclassifications**

Certain 2018 amounts have been reclassified to conform with the 2019 presentation.

**Recent Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Corporation adopted ASU 2016-14 in 2019, and has applied the changes retrospectively to all periods presented, except for the disclosures relating to the analysis of expenses by nature and function. These disclosures have been presented for 2019 only, as permitted by ASU 2016-14.

The new standard changes the following aspects of the combined financial statements:

- The unrestricted net asset class has been renamed Net Assets Without Donor Restrictions;
- The temporarily restricted net asset class has been renamed Net Assets With Donor Restrictions;
- The combined financial statements include a disclosure about liquidity and availability of resources (Note 3);
- Expenses are reported by both nature and function, and the disclosure of specific methodologies used to allocate costs among program and support functions is provided (Note 2).

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for the Corporation for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2014-09 on the Corporation's combined financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Corporation for fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of ASU 2016-02 on the Corporation's combined financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. ASU 2016-18 is effective for the Corporation for fiscal years beginning after December 15, 2018. ASU 2016-18 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of ASU 2016-18 on the Corporation's combined financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for the Corporation for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2018-08 on the Corporation's combined financial statements.

## 3. Liquidity and Availability of Resources

The Corporation's financial assets available within one year of the combined statements of financial position date for general expenditure such as operating expenses, debt financing payments and fixed asset purchases not financed with debt financing are as follows:

| | 2019 | 2018 |
|---|---|---|
| Cash and cash equivalents | $ 2,568,977 | $ 1,428,969 |
| Receivables | 10,565,263 | 8,735,183 |
| Grants and pledges receivable, current | 275,000 | 225,999 |
| Developer fees receivable, current | 2,649,805 | 4,363,544 |
| Investments | 90,178 | 125,681 |
| Other receivables | 423,533 | 422,401 |
| | 16,572,756 | 15,301,777 |
| Less donor restricted amounts | 816,712 | 675,775 |
| Total | $ 15,756,044 | $ 14,626,002 |

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Corporation's main source of liquidity is earned income from government contracts.

To help manage unanticipated liquidity needs, the Corporation has a committed line of credit in the amount of $3,500,000. In addition, the Corporation has operating reserve funds specifically set aside to cover certain operating deficits of the supportive and affordable housing operations which can be drawn upon if operating deficit requirements are met. As of June 30, 2019 and 2018, these reserve funds were approximately $2,577,000 and $2,335,000, respectively. The Corporation has historically not drawn on these reserve funds meeting any operating deficits from sources without donor restrictions. These reserves require approval from the respective lenders in order to be released. Lastly, the Corporation has established relationships with a few non-profit lenders to meet any additional liquidity needs with short-term lending options.

## 4. Receivables

Receivables as of June 30, 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|---|---|---|
| Earned income from government contracts | $ 9,400,854 | $ 7,825,859 |
| Other earned income receivables | 1,062,945 | 1,271,186 |
| Housing entity receivables | 549,791 | 341,632 |
| Less reserve for uncollectible accounts | (448,327) | (703,494) |
| Total receivables, net | $ 10,565,263 | $ 8,735,183 |

## 5. Grants and Pledges Receivable

Grants and pledges receivable are recorded at their estimated realizable value. Amounts due in more than one year are recorded at the present value of the estimated cash flows, discounted at a risk-adjusted rate of 1 percent, applicable to the year in which the promise was received. Amortization of the discount is credited to contribution revenue. No reserves were recorded against grants and pledges receivable as of June 30, 2019 and 2018.

Grants and pledges receivable consisted of the following as of June 30, 2019 and 2018:

| | 2019 | 2018 |
|---|---|---|
| Unconditional promises expected to be collected in: | | |
| Less than one year | $ 275,000 | $ 225,999 |
| One to five years | - | 200,000 |
| | 275,000 | 425,999 |
| Less discount to present value | - | (4,000) |
| Total grants and pledges receivable | $ 275,000 | $ 421,999 |

## 6. Property and Equipment

Property and equipment as of June 30, 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|---|---|---|
| Land | $ 19,467,153 | $ 16,998,944 |
| Building and improvements | 90,794,112 | 63,468,455 |
| Furniture, fixtures and equipment | 7,516,960 | 6,363,792 |
| | 117,778,225 | 86,831,191 |
| Less accumulated depreciation and amortization | (30,672,829) | (27,699,401) |
| | 87,105,396 | 59,131,790 |
| Construction in progress | 99,967,902 | 75,263,267 |
| Total property and equipment | $ 187,073,298 | $ 134,395,057 |

Depreciation and amortization of property and equipment amounted to approximately $2,973,000 and $2,799,000 for the years ended June 30, 2019 and 2018, respectively.

Ongoing construction-in-progress projects relating to Rogers Apartments LLC, Villa House Apartments LLC, United Service Apartments LLC and 1331 Jerome Avenue are expected to be completed in December 2019, December 2020, January 2021 and March 2021, respectively. Webster Green was completed in December 2018. Additional capital expenditures expected to be incurred for each project approximate $129,035,000.

## 7. Lender Restricted Cash and Contractual Reserves

Under the terms of the various partnership agreements and mortgage loan agreements, the Corporation is required to segregate and maintain funds in certain restricted accounts that can only be accessed with the permission of the respective limited partner/member or mortgage lender. These reserve accounts are primarily funded from the proceeds of the Corporation's earned developer fees, a portion of which is required to be placed in reserve when paid by the respective LPs or LLCs. These reserves are required by the investor and lender to fund potential operating deficits or building replacement needs. The amount and terms of such reserves are set forth in the respective LP or LLC operating agreements.

Lender restricted cash and contractual reserves as of June 30, 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|---|---|---|
| U.S. Treasury bills | $ 2,415,444 | $ 2,338,801 |
| Cash and cash equivalents | 1,236,531 | 991,619 |
| Total | $ 3,651,975 | $ 3,330,420 |

Interest income for the years ended June 30, 2019 and 2018 totaled approximately $51,000 and $31,000, respectively, and is recorded as other income within the combined statements of activities.

## 8. Long-Term Debt

The following is a summary of the Corporation's long term debt as of June 30, 2019 and 2018:

| Borrower | | Lender | Maturity Date | Interest Rate | Collateral | Balance at June 30, 2019 | Balance at June 30, 2018 |
|---|---|---|---|---|---|---|---|
| The Doe Fund, Inc. | (c) | Raza Development Fund | 7/1/2020 | Prime + 3%, 7.25% | RWA Philadelphia property | $ 198,430 | $ 289,055 |
| The Doe Fund, Inc. | | Foundation for the Jewish Community | 6/29/2018 | Prime + 3%, 7.25% | Guaranteed by President and Vice President | - | 69,312 |
| The Doe Fund, Inc. | | Citibank, N.A. | 6/1/2020 | Prime + 3%, 7.25% | Guaranteed by Corporation | 1,000,000 | - |
| The Doe Fund, Inc. | | Citibank, N.A. | 12/30/2019 | Prime + .25%, 4.50% | Guaranteed by Corporation | 2,000,000 | 3,500,000 |
| Gates Avenue | (a) | NYC Department of Housing Preservation and Development | 6/1/2020 | 1% | Guaranteed by President and Vice President | 476,967 | 952,443 |
| Porter Avenue | (b) | Citibank, N.A. | 10/1/2031 | 8% | Premises | 13,748,611 | 14,542,291 |
| A Better Place HDFC | | NYC Department of Housing Preservation and Development | 12/1/2025 | Shelter Care loan .25%, Capital loan 8% | Building assets | 1,640,961 | 1,751,739 |
| United Services HDFC | | Fund of the City of New York | Construction loan closing | - | Property | - | 1,126,200 |
| Liberty Fund | | Foundation for the Jewish Community | 9/30/2019 | Prime + 3%, 7.25% | Lien and right of set-off as balance in any account with lender | 462,000 | 462,000 |
| Program Vehicle Loans | | Various lenders | Various | 2.9% - 7.99% | Vehicles | 98,616 | 47,484 |
| Villa House HDFC | | Corporation for Supportive Housing | 10/1/2019 | 6% | Liens on building | - | 1,904,500 |
| 4519 White Plains Road HDFC | | Corporation for Supportive Housing | 10/1/2020 | 6% | Liens on building | 3,336,763 | - |
| Webster Green Apartments | | Citibank, N.A. | 10/25/2019 | LIBOR + 2.50%, 1.50% | Liens on building | 13,242,745 | 11,679,764 |
| Webster Green Apartments | | New York State Office of Temporary and Disability Assistance - Homeless Housing and Assistance Program | 30 years from date of occupancy | 1% | Liens on building | 6,356,911 | 5,388,280 |
| Webster Green Apartments | | New York State Homes and Community Renewal | 10/25/2019 | - | Liens on building | 4,275,000 | 3,513,463 |

| Borrower | Lender | Maturity Date | Interest Rate | Collateral | Balance at June 30, 2019 | Balance at June 30, 2018 |
|---|---|---|---|---|---|---|
| Crotona Park Apartments | New York City Department of Housing Preservation and Development | 3/6/2068 | 2.17% | Liens on building | $ 2,000,000 | $ 2,000,000 |
| Crotona Park Apartments | Citibank, N.A. | 3/6/2048 | 4.75% | Liens on building | 5,127,527 | 5,208,690 |
| Rogers Apartments | JPMorgan Chase Bank, N.A. | 9/1/2019 | 3.3% - 5.7% | Liens on building | 27,757,931 | 26,364,117 |
| Rogers Apartments | JPMorgan Chase Bank, N.A. | 9/1/2049 | 2.83% - 2.58% | Liens on building | 13,380,099 | 9,594,470 |
| Rogers Apartments | New York State Homeless Housing and Assistance Corporation | 9/1/2049 | 1.00% | Liens on building | 4,200,013 | 1,948,547 |
| 1331 Jerome Owner LLC | New York City Department of Housing Preservation and Development | 3/31/2021 | 0.25% | Liens on building | 21,209,527 | - |
| Villa House Apartments LLC | New York City Department of Housing Preservation and Development | 12/31/2020 | 0.25% | Liens on building | 8,608,713 | - |
| United Services Apts LLC | New York City Department of Housing Preservation and Development | 12/31/2020 | 0.25% | Liens on building | 3,048,934 | - |
| TDF 2000 Partners | New York City Department of Housing Preservation and Development | 7/28/2031 | 0.25% | Liens on building | 6,176,565 | 6,176,565 |
| Stadium Court Associates | Centerline Mortgage | 12/31/2035 | 6.32% | Liens on building | 2,208,863 | 2,282,638 |
| Total long-term debt before debt issuance costs | | | | | 140,555,176 | 98,801,558 |
| Less debt issuance costs, net of accumulated amortization | | | | | (491,634) | (518,899) |
| Total long-term debt | | | | | 140,063,542 | 98,282,659 |
| Current portion | | | | | 85,909,589 | 63,323,274 |
| Noncurrent portion | | | | | 54,153,953 | 34,959,385 |
| Total long-term debt | | | | | $ 140,063,542 | $ 98,282,659 |

The aggregate annual maturities of the mortgages and notes for the five years subsequent to June 30, 2019 are as follows:

| | Not-for-Profit Entities | | | | |
|---|---|---|---|---|---|
| **Years Ending June 30:** | **Payable by the Corporation[1]** | **Reimbursable by Contract[2]** | **Forgivable by Lender[3]** | **Payable by the Housing Entities[4]** | **Total** |
| 2020 | $ 3,682,328 | $ 1,006,964 | $ 186,253 | $ 81,034,044 | $ 85,909,589 |
| 2021 | 3,356,934 | 1,059,637 | 186,253 | 21,382,470 | 25,985,294 |
| 2022 | 22,442 | 1,062,854 | - | 182,720 | 1,268,016 |
| 2023 | 24,715 | 1,121,486 | - | 193,062 | 1,339,263 |
| 2024 | 9,391 | 1,183,391 | - | 204,002 | 1,396,784 |
| Thereafter | - | 10,059,700 | - | 14,596,530 | 24,656,230 |
| Total | $ 7,095,810 | $ 15,494,032 | $ 372,506 | $ 117,592,828 | 140,555,176 |
| Less debt issuance costs, net of accumulated amortization | | | | | (491,634) |
| Total long-term debt | | | | | $ 140,063,542 |

1 Payable from operating cash flow.

2 All contracts are in place as of June 30, 2019.

3 As described in the following section of this Note 8.

4 During the construction phase, the construction loan is covered by payment and performance bonds given by the general contractor. After completion, the 30-year amortization of the permanent loan is made by the LLC from project operations. Additionally, the permanent debt is non-recourse to the Corporation, since the bank has a lien on the project building.

The Corporation incurred interest expense for the years ended June 30, 2019 and 2018 of approximately $1,675,000 and $2,184,000, respectively, including interest expense on debt issuance costs of approximately $203,000 and $130,000, respectively. The Doe Fund, Inc. has contracts to fund approximately $15,494,000 of the debt and is also expected to report forgiveness of debt income over the next two years totaling approximately $373,000 relating to the Gates Avenue debt; see note (a) below.

(a) The mortgage for Gates Avenue was executed in 1990 and has a 30-year maturity. Amortization and interest payments are deferred for the first 25 years. If the Corporation complies with the required nonfinancial covenants of the mortgage for a term of 25 years, the respective lender will reduce the amount of the Corporation's indebtedness in five equal annual decrements of 20 percent in each of the 26th through 30th year of the loan, resulting in no liability to the Corporation at the end of the 30th year. This reduction began in fiscal year 2016. The mortgage is collateralized by Gates Avenue property assets. All mortgage interest, which is being accrued at 1 percent, is deferred until the lien evaporates. As of June 30, 2019 and 2018, the outstanding balance on the mortgage, inclusive of deferred interest was approximately $477,000 and $952,000, respectively.

(b) The mortgage for the Porter Avenue facility was executed in the aggregate principal amount of $22,150,000. The mortgage was collateralized by the premises and was payable in monthly installments of $187,884, including interest at 8 percent, commencing September 1, 2004 through December 1, 2023, at which time any unpaid principal and interest was payable. The loan also stipulated the establishment of a maintenance fund to supplement the cost of major repairs to the premises and requires an additional $2,500 to be deposited monthly. During the year ended June 30, 2012, the loan was refinanced in the amount of $18,750,000 and the balance of the maintenance fund of $267,279 was returned to the Corporation. The refinanced mortgage note bears interest of 4.94 percent and calls for quarterly payments of principal and interest, which commenced on April 1, 2012. The Corporation must meet a certain financial covenant under the refinanced mortgage as follows: to maintain a minimum debt service coverage ratio of 1.15 to 1.00. As of June 30, 2019, the Corporation has not complied with the covenant. The Corporation received a waiver of covenant violation from the bank. The refinanced mortgage note matures on October 1, 2031. As of June 30, 2019 and 2018, the outstanding balance on the mortgage was approximately $13,749,000 and $14,542,000, respectively.

(c) The loan from Raza Development Fund was entered into in the amount of $635,000, to finance leasehold improvements on a property operating as a homeless shelter for RWA Philadelphia located in Philadelphia, Pennsylvania. The loan bears interest at Prime plus 3 percent (7.25 percent as of June 30, 2019) on the outstanding unpaid principal and matures on July 1, 2020. Interest and principal payments are payable monthly. The loan is collateralized by the property. The Corporation must meet a certain financial covenant under the refinanced mortgage as follows: to maintain a minimum debt service coverage ratio of 2.00. As of June 30, 2019, the Corporation has not complied with the covenant. The Corporation received a waiver of covenant violation from the bank. As of June 30, 2019 and 2018, the outstanding balance on the loan was approximately $198,000 and $289,000, respectively.

## 9. Line of Credit

The Corporation entered into a $1,000,000 line of credit (the Line) agreement with a bank on June 11, 2018. Interest on the outstanding balance is calculated at the base rate, as announced publicly by the bank in New York, New York, or 200 basis points in excess of the prevailing rate per annum, as determined by the bank (6.50 percent and 7 percent as of June 30, 2019 and 2018, respectively). The Line is secured by the Porter Avenue HDFC building and property. On April 30, 2019, the Line was amended to increase the credit limit to $3,500,000. The line matures April 30, 2020 or such later date, as agreed to by the lender. As of June 30, 2019 and 2018, the Corporation had a balance of $3,500,000 and $925,000, respectively, outstanding on the Line.

## 10. Trainee Savings Payable

As of June 30, 2019 and 2018, the trainee savings payable due to participants was approximately $1,367,000 and $1,108,000, respectively.

## 11. Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows as of June 30:

| | 2019 | 2018 |
|---|---|---|
| Charitable bail fund | $ 80,000 | $ 120,000 |
| Community improvement program | 14,070 | 100,000 |
| Urban agriculture program | 6,750 | 84,876 |
| RWA program training | 137,787 | 62,320 |
| Philadelphia RWA treatment for emotionally disturbed | - | 41,902 |
| Porter Avenue intergenerational learning | 19,711 | 19,711 |
| Food service | 34,604 | 18,991 |
| Porter Avenue occupational training | 7,717 | 18,843 |
| Philadelphia RWA following up on graduates | - | 9,568 |
| RWA program enhancements | 205,573 | - |
| RWA targeted population support | 15,000 | 3,564 |
| RWA Harlem program training | 20,000 | - |
| Capital renovations | 500 | - |
| General support (time restriction) | 275,000 | 196,000 |
| Total net assets with donor restrictions | $ 816,712 | $ 675,775 |

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose as stipulated by donors or by the passage of time as follows for the years ended June 30:

| | 2019 | 2018 |
|---|---|---|
| Charitable bail fund | $ 120,000 | $ 280,000 |
| Philadelphia RWA following up on graduates | 9,568 | 90,432 |
| Food service | 29,387 | 78,028 |
| Porter Avenue occupational training | 115,127 | 74,357 |
| Urban agriculture program | 78,125 | 55,124 |
| Community improvement program | 85,930 | 40,000 |
| Philadelphia RWA treatment for emotionally disturbed | 41,902 | 38,098 |
| RWA Harlem program training | - | 32,903 |
| RWA targeted population support | 3,565 | 26,436 |
| RWA program training | 64,536 | 15,000 |
| Capital renovations | 14,500 | 4,398 |
| General support (time restriction) | 99,999 | 632,500 |
| Total net assets released from restrictions | $ 662,639 | $ 1,367,276 |

## 12. Earned Income from Government Contracts

Earned income from government contracts reported in the accompanying combined statements of activities were received by the Corporation from various federal, New York City, City of Philadelphia, and New York State government agencies, and for the years ended June 30, 2019 and 2018, consisted of the following:

| | 2019 | 2018 |
|---|---|---|
| NYC Department of Homeless Services | $ 25,910,253 | $ 25,238,145 |
| NYC Economic Development Corporation | 8,480,581 | 5,873,279 |
| Philadelphia Office of Supportive Housing | - | 1,516,927 |
| NYC HIV/AIDS Service Administration | 1,635,605 | 1,670,024 |
| NYC Department of Health and Mental Hygiene | 1,168,885 | 1,169,574 |
| NYC Mayor's Office of Criminal Justice | 1,029,970 | 1,030,060 |
| Federal Emergency Management Agency | 6,029 | 12,864 |
| Total earned income from government contracts | $ 38,231,323 | $ 36,510,873 |

## 13. Other Earned Revenue

Other earned revenue for the years ended June 30, 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|---|---|---|
| Street cleaning revenue | $ 4,732,204 | $ 4,423,762 |
| Pest at Rest | 366,191 | 357,503 |
| Culinary services and other | 243,381 | 306,784 |
| Total other earned revenue | $ 5,341,776 | $ 5,088,049 |

## 14. Retirement Plan

The Corporation maintains a 401(k) retirement plan (the Plan) for the benefit of its eligible employees who can voluntarily participate. Eligible employees are employees who have completed at least one month of service and have attained the age of 18.

Employees make contributions to the Plan in amounts based upon the annual limits established by the IRS. The Corporation may contribute to the Plan by means of a matching contribution or a qualified nonelective contribution.

The Corporation's matching contribution is a discretionary percentage of the participant's salary deferrals up to a certain percentage of the participant's compensation, as determined by the employer each year. The Corporation's nonelective contribution is a discretionary amount that is allocated among the participants in the ratio that each participant's compensation bears to the total compensation of all eligible participants. In order to share in any nonelective contributions, the participant must be actively employed on the last day of the plan year and have completed at least 1,000 hours of service during the plan year. The Corporation may designate all or any portion of a contribution as a qualified nonelective contribution. There were no employer contributions to this plan for the years ended June 30, 2019 and 2018.

## 15. Related Party Transactions

In May 2010, The Doe Fund, Inc. renewed its lease for office space with the President of The Doe Fund, Inc. through April 30, 2015, at which time the lease became a month-to-month lease. Lease expense for the years ended June 30, 2019 and 2018 was approximately $206,000 and $201,000, respectively. See Note 8 for debt guarantees.

## 16. Risks and Uncertainties

Financial instruments that subject the Corporation to concentrations of credit risk consist of cash and cash equivalents and receivables. While the Corporation attempts to limit its financial exposure, deposit balances may, at times, exceed federally insured limits. The Corporation has not experienced any losses on such balances. As of June 30, 2019 and 2018, the Corporation had funds in excess of FDIC limits of approximately $780,000 and $566,000, respectively.

Funding from federal, state, and local governmental entities in the form of grants for the reimbursement of expenses and overhead applicable to various programs are subject to audit by such entities. Such audits could result in claims against the Corporation for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at the date of the combined financial statements. Management is of the opinion that such audits, if performed, would not have a material effect on the accompanying combined financial statements.

The Corporation has entered into service contracts and grant agreements with various governmental agencies that are subject to business risks associated with the economy and administrative directives, rules and regulations that are subject to change. A significant reduction in revenue from these various governmental agency contracts would have an adverse effect on the Corporation's programs.

Contracts receivable, reported as a component of receivables, net of allowance for doubtful accounts in the accompanying statements of financial position, primarily represent receivables from the New York City Department of Homeless Services. Any concentrations of credit risk related to contracts receivable is subject to the City's financial condition.

## 17. Commitments and Contingencies

### Operating Leases

The Doe Fund, Inc. has entered into various operating leases in the New York metropolitan area. The leases are for The Doe Fund, Inc.'s administrative spaces at East 102nd and East 84th Streets in Manhattan, the office space of Liberty Fund, Inc. in Manhattan and Brooklyn, tenant rental units for the Scatter Site program and supplemental spaces to the RWA program in Brooklyn.

These leases expire on various dates through April 2027.

The Doe Fund, Inc. is further committed to numerous vehicle and equipment operating leases, expiring on various dates through February 2020.

In June 2018, The Doe Fund, Inc. entered into a sublease, which commenced September 22, 2018 and expires on April 29, 2027, to rent out a portion of its administrative space. Rental income received for the year ended June 30, 2019 amounted to approximately $129,000, which is reported as a reduction to rent expense.

In July 2015, The Doe Fund, Inc. entered into a sublease, which commenced on July 7, 2015 and expires on February 14, 2027, to rent a portion of its administrative space. Rental income received for the years ended June 30, 2019 and 2018 amounted to approximately $144,000 in each year which is reported as a reduction to rent expense.

Rent expenses for the years ended June 30, 2019 and 2018 were approximately $1,245,000 and $1,294,000, respectively.

Future minimum annual rentals for the years subsequent to June 30, 2019 and in the aggregate are:

| Years Ending June 30: | Minimum Lease Commitments | Sublease Income | Net Lease Commitments |
|---|---|---|---|
| 2020 | $ 1,373,756 | $ 372,300 | $ 1,001,456 |
| 2021 | 1,117,584 | 381,998 | 735,586 |
| 2022 | 1,002,005 | 391,962 | 610,043 |
| 2023 | 1,029,463 | 402,199 | 627,264 |
| 2024 | 1,052,688 | 412,718 | 639,970 |
| Thereafter | 2,993,030 | 1,197,356 | 1,795,674 |
| Total | $ 8,568,526 | $ 3,158,533 | $ 5,409,993 |

**Litigation**

The Corporation is a defendant in several lawsuits arising in the normal course of operations. All of the significant suits and many of the others involve insured risks, subject to deductibles and co-insurance requirements. While outside counsel cannot predict the outcome of such litigation, management does not expect the net financial outcome to have a material effect on the combined financial position, change in net assets, and cash flows of the Corporation.

## 18. Subsequent Events

Subsequent events have been evaluated through December 13, 2019, which is the date the combined financial statements were available to be issued. The Corporation determined that the following information was pertinent:

On August 15, 2019, a contract public hearing was held to approve the Corporation's development and operation of transitional residencies for homeless single adults. The contracts at 510 Gates Avenue and 520 Gates Avenue were approved by the Department of Homeless Services for approximately $308,000,000 and $108,000,000, respectively. The 20 year contracts are slated to begin in January 2020.

On October 25, 2019, the Corporation closed on permanent debt financing of $11,758,000, on its Webster Green Apartments project. The construction debt and accrued interest with its various construction lenders (Note 8) were fully settled.

On October 30, 2019, the Corporation received a $4,900,000 reservation award from the NYS Office of Temporary and Disability Assistance, as well as a 49 unit Empire State Supportive Housing Initiative social services reservation award for the development of a 98 unit housing project located at 4519 White Plains Road in the Bronx, New York. The Corporation expects to close in June 2020 with NYS Homes and Community Renewal and 9 percent Low Income Housing Tax Credit.