

**AFFORDABLE HOUSING PARTNERSHIP  
OF THE CAPITAL REGION, INC.  
FINANCIAL REPORT  
APRIL 30, 2020**

# AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Affordable Housing Partnership of the Capital Region, Inc.

We have audited the accompanying financial statements of Affordable Housing Partnership of the Capital Region, Inc. (a not-for-profit organization), which comprise the statement of financial position as of April 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Affordable Housing Partnership of the Capital Region, Inc. as of April 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Effect of Adopting New Accounting Standards**

As discussed in Note 1 to the financial statements, Affordable Housing Partnership of the Capital Region, Inc. adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*; ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*; and ASU No. 2016-18, *Statement of Cash Flows, Restricted Cash (Topic 230)*. Our opinion is not modified with respect to these matters.

### **Report on Summarized Comparative Information**

We have previously audited Affordable Housing Partnership of the Capital Region, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marvin and Company, P.C.*

Latham, NY  
December 30, 2020

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**APRIL 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 138,568	\$ 163,935
Accounts receivable:		
Grants and contracts	360,176	265,847
Contributions expected to be collected in less than one year	15,800	57,500
Fees for service	75,640	57,173
Home repair loans receivable, net	-	3,330
Down-payment loans receivable	8,950	48,450
Other	11,022	13,309
Restricted cash	27,361	76,814
Office equipment, net of accumulated depreciation of \$14,516	2,548	4,871
	<u>640,065</u>	<u>691,229</u>
<b>TOTAL ASSETS</b>	<b>\$ 640,065</b>	<b>\$ 691,229</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 27,938	\$ 13,994
Accrued salaries and vacation	26,491	20,231
Custodial funds	1,806	51,321
Deferred revenue	500	-
Down-payment loans payable	8,950	48,450
Total Liabilities	<u>65,685</u>	<u>133,996</u>
<b>Net Assets</b>		
Without donor restrictions	526,425	459,340
With donor restrictions	47,955	97,893
Total Net Assets	<u>574,380</u>	<u>557,233</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 640,065</b>	<b>\$ 691,229</b>

See accompanying notes to financial statements.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2020 Total</b>	<b>2019 Total</b>
<b>Support and Revenues</b>				
Grants and contracts	\$ 528,555	\$ -	\$ 528,555	\$ 434,096
Contributions	62,714	-	62,714	34,185
Fees for service:				
Property management fees	81,000	-	81,000	81,060
Consulting fees	44,678	-	44,678	47,937
Counseling fees	27,922	-	27,922	22,792
Home buyer fair event	-	-	-	7,375
Administrative fees	2,000	-	2,000	2,000
Rent income	10,800	-	10,800	10,800
Interest income	204	62	266	621
Net assets released from restrictions	50,000	(50,000)	-	-
<b>Total Support and Revenues</b>	<u>807,873</u>	<u>(49,938)</u>	<u>757,935</u>	<u>640,866</u>
<b>Expenses</b>				
Program services	<u>718,825</u>	<u>-</u>	<u>718,825</u>	<u>649,982</u>
Supporting services:				
Management and general	20,776	-	20,776	25,465
Fundraising	1,187	-	1,187	1,072
<b>Total Supporting Services</b>	<u>21,963</u>	<u>-</u>	<u>21,963</u>	<u>26,537</u>
<b>Total Expenses</b>	<u>740,788</u>	<u>-</u>	<u>740,788</u>	<u>676,519</u>
<b>Changes in Net Assets</b>	67,085	(49,938)	17,147	(35,653)
Net Assets, Beginning of Year	<u>459,340</u>	<u>97,893</u>	<u>557,233</u>	<u>592,886</u>
<b>Net Assets, End of Year</b>	<u>\$ 526,425</u>	<u>\$ 47,955</u>	<u>\$ 574,380</u>	<u>\$ 557,233</u>

See accompanying notes to financial statements.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED APRIL 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	2020					2019			
	Program Services				Total	Supporting Services		Total	Total
	Community Realty	Counseling	Energy	Sheridan Hollow		Management and General	Fundraising		
Direct Program Expenses									
Sheridan Hollow sub-contract expense	\$ -	\$ -	\$ -	\$ 93,019	\$ 93,019	\$ -	\$ -	\$ 93,019	\$ 58,306
CGC sub-contract expense	-	-	13,968	-	13,968	-	-	13,968	-
Change in allowance for uncollectible accounts	-	1,130	-	-	1,130	-	-	1,130	(3,107)
Program expenses and supplies	-	13,777	100	1,000	14,877	-	-	14,877	10,281
Total Direct Program Expenses	<u>-</u>	<u>14,907</u>	<u>14,068</u>	<u>94,019</u>	<u>122,994</u>	<u>-</u>	<u>-</u>	<u>122,994</u>	<u>65,480</u>
Personnel Expenses									
Salaries and wages	93,580	169,810	127,594	33,247	424,231	1,755	-	425,986	412,264
Payroll taxes	6,891	10,813	9,611	-	27,315	7,620	-	34,935	35,495
Health insurance	15,892	15,758	15,837	-	47,487	1,883	-	49,370	52,834
Retirement plan contributions	4,187	6,513	7,006	-	17,706	2,535	-	20,241	12,014
Workers' compensation and disability	-	-	-	-	-	2,182	-	2,182	1,875
Fringe benefit/administrative allocation	1,668	5,528	2,092	4,920	14,208	(14,208)	-	-	-
Total Personnel Expenses	<u>122,218</u>	<u>208,422</u>	<u>162,140</u>	<u>38,167</u>	<u>530,947</u>	<u>1,767</u>	<u>-</u>	<u>532,714</u>	<u>514,482</u>
Other Expenses									
Rent	5,940	9,100	4,612	-	19,652	5,788	-	25,440	25,440
Professional fees	1,684	-	-	-	1,684	19,842	-	21,526	19,985
Outside services	-	938	-	-	938	-	-	938	4,478
Travel and meetings	780	420	1,755	-	2,955	-	-	2,955	1,998
Printing and publications	-	4,588	448	-	5,036	957	452	6,445	9,226
Insurance	931	-	456	-	1,387	3,005	-	4,392	4,131
Dues and subscriptions	325	250	-	-	575	485	-	1,060	1,015
Office supplies and expenses	325	1,896	430	-	2,651	2,449	-	5,100	6,972
Postage and shipping	-	1,920	479	-	2,399	15	285	2,699	4,118
Payroll services	103	-	-	-	103	912	-	1,015	1,055
Depreciation	-	-	-	-	-	2,323	-	2,323	2,409
Telephone	2,827	645	1,531	-	5,003	1	-	5,004	5,004
Advertising	-	1,200	85	7	1,292	574	450	2,316	5,432
Training	-	79	75	-	154	55	-	209	1,680
Equipment lease and maintenance	-	530	982	-	1,512	1,866	-	3,378	3,292
Bank charges	-	133	-	-	133	22	-	155	197
Filing fees	-	-	-	-	-	125	-	125	125
Administrative allocation	-	9,399	10,011	-	19,410	(19,410)	-	-	-
Total Other Expenses	<u>12,915</u>	<u>31,098</u>	<u>20,864</u>	<u>7</u>	<u>64,884</u>	<u>19,009</u>	<u>1,187</u>	<u>85,080</u>	<u>96,557</u>
<b>Total Expenses</b>	<u>\$ 135,133</u>	<u>\$ 254,427</u>	<u>\$ 197,072</u>	<u>\$ 132,193</u>	<u>\$ 718,825</u>	<u>\$ 20,776</u>	<u>\$ 1,187</u>	<u>\$ 740,788</u>	<u>\$ 676,519</u>

See accompanying notes to financial statements.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 17,147	\$ (35,653)
Adjustments to reconcile change in net assets to net cash (used) by operating activities		
Depreciation	2,323	2,409
Home repair loans - change in allowance for uncollectible accounts	1,130	(3,107)
Changes in operating assets and liabilities		
Accounts receivable	(29,309)	2,850
Accounts payable and accrued expenses	13,944	(3,315)
Accrued salaries and vacation	6,260	(14,434)
Deferred revenue	500	-
Custodial funds	(49,515)	(11,421)
Down-payment loans payable	(39,500)	(35,200)
Net Cash (Used) By Operating Activities	<u>(77,020)</u>	<u>(97,871)</u>
<b>Cash Flows From Investing Activities</b>		
Mortgage loan payments received	2,200	4,455
Net Cash Provided By Investing Activities	<u>2,200</u>	<u>4,455</u>
<b>Net Decrease in Cash, Cash Equivalents and Restricted Cash</b>	(74,820)	(93,416)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>240,749</u>	<u>334,165</u>
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u>\$ 165,929</u>	<u>\$ 240,749</u>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash Included in the Statement of Cash Flows with Those in the Statement of Financial Position</b>		
Cash and cash equivalents	\$ 138,568	\$ 163,935
Restricted cash	27,361	76,814
<b>Total Cash, Cash Equivalents and Restricted Cash</b>	<u>\$ 165,929</u>	<u>\$ 240,749</u>

See accompanying notes to financial statements.



**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization's Mission and Purpose, Income Tax and Use of Estimates**

Mission and Purpose

The Affordable Housing Partnership of the Capital Region, Inc.'s (AHP) mission is to strengthen neighborhoods and the financial independence of residents through advisement, financial resources, community organizing and collaboration. AHP is governed by a volunteer board of directors and is supported primarily through grants and contracts. AHP carries out its mission through four primary programs:

- *Community Realty* - This social enterprise real estate program was formed to provide exclusive buyer representation. The program provides affordable real estate property management services to owners of rental properties serving low income tenants and to a business incubator.
  
- *Counseling* - AHP provides housing counseling services to first-time homebuyers and existing homeowners. Services are provided through individual advisement and group workshops. For first-time buyers, AHP provides mortgage and grant pre-qualification counseling, credit advice, budget counseling, and education. AHP also serves as a clearinghouse of information on down payment assistance programs, energy efficiency programs and affordable housing projects. AHP partners with the Albany Community Land Trust (Note 4) and offers its buyers financial counseling and assistance.

For existing homeowners, AHP provides financial literacy workshops and landlord training. AHP also provides individual counseling to discuss mortgage delinquency and review foreclosure prevention strategies.

- *Energy* - AHP provides outreach and assistance to low income homeowners applying for a NYSERDA home energy assessment and financing to complete home energy efficiency improvements. In conjunction with this, AHP manages a home repair program. Additionally, AHP is implementing a rooftop solar program for low income homeowners using program funds from NYSERDA.
  
- *Sheridan Hollow* - AHP is preparing a revitalization plan for the Sheridan Hollow neighborhood in Albany, New York. The plan will be completed by AHP staff as well as subcontracted expert consultants.

Tax Status

AHP has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3) and comparable New York State law, and has been classified as an organization that is not a private foundation. Contributions to AHP are tax-deductible within the limitations prescribed by the Internal Revenue Code.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization's Mission and Purpose, Income Tax and Use of Estimates**

Tax Status

Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by AHP and recognize a tax liability if the Organization has taken an uncertain tax position that more than likely would not be sustained upon examination by the IRS. Management has analyzed its tax positions taken and is not aware of any events that could jeopardize its tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Adoption of New Accounting Standards**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. On May 1, 2019, AHP adopted ASU 2014-09 using the full retrospective adoption method. In accordance with the full retrospective adoption method, AHP elected to retroactively adjust only those contracts that did not meet the definition of a completed contract at the date of initial application. This guidance did not significantly impact the timing of AHP's revenue recognition.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. Accordingly, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis. As a result, there was no cumulative-effect adjustment to opening net assets as of May 1, 2019. The adoption did not result in a material change to how AHP accounts for revenue from contributions, contracts and grants.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Adoption of New Accounting Standards**

ASU 2016-18, *Statement of Cash Flows, Restricted Cash (Topic 230)*, was issued by the FASB in November 2016. This standard requires that the statement of cash flows explain the change during the period in total cash, cash equivalents, restricted cash and restricted cash equivalents. Additionally, a disclosure describing the nature of the restrictions and a reconciliation of total cash to the amounts of cash and cash equivalents presented on the statement of financial position is required. This implementation did not have a material impact on the financial statements. The statement of cash flows includes the reconciliation of total cash and cash equivalents to the statement of financial position.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles which recognizes income when earned, expenses when incurred, and reflects all significant receivables, payables and other liabilities.

**Prior Year Summarized Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with AHP's financial statements for the year ended April 30, 2019, from which the summarized information was derived.

**Cash and Cash Equivalents**

AHP considers all unrestricted highly liquid investments with a maturity of three months or less when acquired, and certificates of deposit, to be cash equivalents.

**Concentration of Credit Risk**

Cash, at times, may exceed federally insured limits. AHP has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash. No amounts exceeded federally insured limits at April 30, 2020.

**Accounts Receivable**

Accounts receivable are primarily due from grantors on reimbursable or performance type contracts. Management believes that all outstanding accounts receivable are collectible in full. Therefore, no allowance for uncollectible receivables has been provided on those receivables.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Property and Equipment**

Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Management has set a capitalization policy threshold at a unit value greater than \$1,000. Expenditures for normal repairs and maintenance which do not extend useful life are charged to expense as incurred. When property and equipment are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statement of activities. Property and equipment are depreciated using the straight-line method over three to seven years.

The cost of capital assets purchased with contract funds are capitalized. Capital assets purchased with contract funds gives use to AHP subject to accountability requirements, particularly during disposal, and the right to transfer title.

**Basis of Presentation and Categories of Net Assets**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions according to two classes of net assets as follows:

- Net assets without donor restrictions - net assets not restricted by donors for any specific purpose. AHP can use these assets, as they desire, to carry on its mission.
- Net assets with donor restrictions - net assets with donor-imposed purpose or time restrictions that permit AHP to use or expend the assets as specified, or net assets that must be maintained in perpetuity. As of April 30, 2020, net assets were restricted for the following purposes:

Matching funds for Cleaner Greener program	\$	25,555
Database management and coordination		22,400
Total	\$	47,955

**Revenue Recognition**

Grants and Contracts

Revenue from grants and contracts, which are generally considered nonreciprocal transactions restricted for certain purposes, is recognized as revenue when eligible qualifying expenditures are incurred (cost-reimbursement basis) or when a unit of service is provided (performance basis) and conditions under the agreements are met. AHP has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Cash received in excess of eligible expenses incurred or in advance of being earned is recorded as deferred revenue. Grants and contracts generally require monies not spent in accordance with their agreements to be returned. Accordingly, AHP does not maintain any equity in these grants and contracts.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

Grants and Contracts

During the year ended April 30, 2020, conditional awards from grants and contracts totaling \$1,657,063 for Energy and Sheridan Hollow programs (\$1,612,160 and \$44,903, respectively), were received but not recognized. Conditional awards will be recorded when they become unconditional.

Contributions

Contributions, including unconditional promises to give, are recognized when received and are considered available for unrestricted use unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. A contribution that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the contribution is received. Unconditional promises with payments due in future years have an implied time restriction to be used in the year the payment is due and, therefore, are reported as with donor restrictions until the payment is received, unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are met.

Fees for Service

Fees for service are recognized in an amount that reflects the consideration AHP is entitled to in exchange for providing property management, consulting, counseling and other services. AHP's transaction price is based on the gross price.

Fees for service are recognized as revenue in the period in which AHP satisfies its performance obligation to its customers, which is at a point in time when the customer obtains control of the promised service. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer. AHP's performance obligations are to provide property management, consulting, counseling, and other services to its customers. Amounts received in advance of delivery of services, if any, are recorded as deferred revenue.

Contributed Services

AHP generally pays for services requiring specific expertise. However, contributed services are recognized at fair value if the services received create or enhance a long-lived asset or require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. Additionally, individuals volunteer their time and perform tasks that assist AHP with program and supporting service activities. No amounts have been recognized in the accompanying financial statements for contributed services.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Functional Expenses**

The cost of providing AHP's programs and activities is summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or supporting service. The majority of expenses can be charged in their entirety to a single function through specific identification. Any expenses not directly chargeable, principally personnel expenses, are allocated among the programs and supporting services benefitted based on the level of effort by employees providing the services.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of AHP.

Fundraising is expensed as incurred, even though these costs may result in contributions received in the future.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense totaled \$2,316 for the year ended April 30, 2020.

**Reclassifications**

Certain reclassifications have been made to the 2019 comparative totals financial statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

**2. RESTRICTED CASH**

Restricted cash is held in separate accounts and consists of the following at April 30, 2020:

Community Loan Fund donation restricted to provide matching funds for New York State Energy Research & Development Authority's Cleaner Greener Program	\$ 25,555
New York State Homes and Community Renewal - Capital Region Energy Retrofit Program 2 custodial funds, restricted to provide funds to individuals who qualify for home improvement loans.	<u>1,806</u>
	<u>\$ 27,361</u>

**3. DEFINED CONTRIBUTION RETIREMENT PLAN**

AHP has a defined contribution retirement plan covering all employees who meet eligibility requirements. Contributions to the plan are discretionary and are a percentage of annual salary. The approved contribution percentage during 2020 was 5%. Plan contributions were \$20,241 for the year ended April 30, 2020.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2020**

**4. RELATED PARTY TRANSACTIONS**

Capital Affordable Housing Funding Corporation (CAHFC)

AHP and CAHFC have similar officers and directors, and share common facilities and personnel, but no majority or control exists.

AHP provides staffing, supplies and the use of computers to CAHFC. For the year ended April 30, 2020, AHP charged CAHFC administrative fees of \$2,000 for these items. As of April 30, 2020, AHP's accounts receivable included \$2,000 due from CAHFC.

Albany Community Land Trust (ACLT)

AHP and ACLT have similar officers and directors, and share common facilities and personnel, but no majority or control exists.

AHP provides staffing, supplies and the use of computers to ACLT. For the year ended April 30, 2020, AHP donated the services and supplies to ACLT. No amount has been recognized in the accompanying financial statements for contributed services. Additionally, AHP, through its Community Realty program, provides property management and consulting services to ACLT. For the year ended April 30, 2020, AHP charged ACLT property management fees of \$50,400 and consulting fees of \$44,678. Also, AHP charged ACLT rent of \$3,600 for the year ended April 30, 2020 for the use of a portion of AHP's office space. As of April 30, 2020, AHP's accounts receivable included \$68,900 due from ACLT.

AHP subcontracted with ACLT for a property improvement grant project funded by New York State Housing Trust Fund Corporation (NYSHTFC) through the NYS HOME Program. AHP is the management company and conduit for funds but has no ownership of the properties to be improved. ACLT is the sole owner and operator of the properties. No project property specific revenue or expense was recognized by AHP under its contract with NYSHTFC. Funds flowing through AHP to ACLT totaled \$470,079 during the year ended April 30, 2020. As of April 30, 2020, AHP had no project funds on hand and, therefore, there were no project funds payable to ACLT.

**5. COMMITMENTS AND CONTINGENCIES**

Down Payment Assistance Program

From 1993 to 1996 AHP was awarded grants from the New York State Housing Trust Fund Corporation to implement a down payment assistance program for qualifying first-time home buyers. The program was used to pay down payments, closing costs and, if necessary, relocation expenses of qualifying first-time home buyers. Program loans were made through September 2009.

The down payments funded under this program were secured by second mortgages on the respective properties. These deferred loans are interest free and are due only upon the recipient's failure to comply with the program's qualifying criteria during a period ranging from five to fifteen years following the grant. If an owner fails to maintain qualification during the respective grant period, the money granted to finance the down payment would become payable to the agency funding this program. At the end of the respective grant period, recipients who have maintained qualification have their second mortgage released and any obligation to the granting agency is extinguished. As of April 30, 2020, outstanding down-payment loans receivable and down-payment loans payable totaled \$8,950.

**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**5. COMMITMENTS AND CONTINGENCIES**

Building and Equipment Lease Agreements

AHP leases office facilities under a five year operating lease expiring December 2020. Rent expense was \$25,440 for the year ended April 30, 2020. The landlord is responsible for utilities and basic maintenance and common area services.

AHP is committed under the terms of a five year operating lease for office equipment expiring November 2023. Lease expense, including maintenance, was \$3,378 for the year ended April 30, 2020.

Future minimum future lease payments for operating leases as of April 30, 2020 are as follows:

	<u>Facility</u>	<u>Equipment</u>	<u>Total</u>
2021	\$ 16,960	\$ 1,788	\$ 18,748
2022	-	1,788	1,788
2023	-	1,788	1,043
2024	-	1,043	1,043

AHP is allowed, under the terms of the aforementioned office facilities lease, to sublet space. Rental income received and credited to operations for the year ended April 30, 2020 totaled \$10,800. One tenant is committed under the terms of an operating lease expiring December 2020. Future minimum lease payments to be received at April 30, 2020 are as follows:

2021	\$ 4,800
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Grant and Contract Programs

AHP receives funding from various grants and contracts, including governmental agencies. Grant and contract programs are subject to audit by the funding source or its representative. Compliance with applicable requirements may be established at a future date. No audits are currently in progress. The final outcome of any future audits cannot be determined at this time. In the opinion of management, any adjustments or settlements that may arise as a result of such audits would not be material to the financial position of AHP. As a result, no provision has been made in the accompanying financial statements for audit adjustments or settlements.

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on AHP and its future results and financial position is not presently determinable.

**6. CONCENTRATION**

Approximately 70% of AHP's support and revenues are derived from grants and contracts. The current level of AHP operations and program services may be impacted, or segments discontinued, if the funding is not renewed.



**AFFORDABLE HOUSING PARTNERSHIP OF THE CAPITAL REGION, INC.**  
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**7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

AHP regularly monitors liquidity required to meet operating needs and other contractual commitments. AHP considers all expenditures related to ongoing activities to be general expenditures. AHP anticipates collecting sufficient revenue to cover general expenditures not covered by resources with donor restrictions. As of April 30, 2020, the following shows total financial assets held by AHP and the amount of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 138,568
Accounts receivable	471,588
Restricted cash	<u>27,361</u>
Total financial assets at year end	637,517
Amounts with donor restrictions	(47,955)
Custodial funds	(1,806)
Down-payment loans	<u>(8,950)</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 months	<u>\$ 578,806</u>

As part of AHP's liquidity management plan, cash in excess of daily requirements is deposited in interest bearing accounts. To help manage unanticipated liquidity needs, AHP has a line of credit in the amount of \$85,000 which it could draw upon (Note 8).

**8. SUBSEQUENT EVENTS**

In May 2020, AHP opened two lines of credit with a not-for-profit organization to provide for short term borrowings up to \$60,000 and \$85,000, respectively, with interest at 6.5% and 4.5%, respectively. The \$60,000 line of credit matured December 1, 2020 and was not renewed. The \$85,000 line of credit matures April 1, 2022, and is collateralized by a blanket lien on all business assets of AHP. This line of credit is subject to certain covenants and constitutes a commitment subject to continued creditworthiness and review by the lending organization.

During June 2020, AHP applied for and received a Payroll Protection Program (PPP) loan in the amount of \$67,600. These funds will be used by AHP in accordance with the rules and regulations of the PPP loan program. It is anticipated that the PPP loan will be forgiven.

AHP has evaluated subsequent events through December 30, 2020, the date on which the financial statements were available to be issued. Except as described above, AHP determined there were no subsequent events requiring recording or disclosure.

**9. FUTURE ACCOUNTING STANDARDS**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard requires a change in the way AHP will account for its leases, eliminating operating leases and requiring lease obligations to be recorded as a liability on the statement of financial position with a corresponding right to use asset. The guidance, which was deferred by the FASB in May 2020, is effective for annual reporting periods beginning after December 15, 2021. AHP is currently evaluating the impact this standard will have on its financial statements and related disclosures.