



The Doe Fund, Inc. and Affiliates

Federal Awards

June 30, 2018

The Doe Fund, Inc. and Affiliates

Table of Contents

June 30, 2018

	<u>Page</u>
Independent Auditors' Report on Combined Financial Statements	1
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Independent Auditors' Report on Compliance for The Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide	5
Schedule of Expenditures of Federal Awards	8
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10
Summary Schedule of Prior Audit Findings	11

Independent Auditors' Report

Board of Directors
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, 2018 and 2017, and the related combined statements of activities, changes in net assets and cash flows for the years then ended, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditor's 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, 2018 and 2017, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of the Corporation's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance

Baker Tilly Virchow Krause, LLP

New York, New York
December 10, 2018

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

Board of Directors
The Doe Fund, Inc. and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of The Doe Fund, Inc. and Affiliates which comprise the combined statement of financial position as of June 30, 2018, and the related combined statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered The Doe Fund, Inc. and Affiliates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Doe Fund, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of The Doe Fund, Inc. and Affiliates' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Baker Tilly Virchow Krause, LLP

New York, New York
December 10, 2018

**Independent Auditors' Report on Compliance
for the Major Federal Program; Report on
Internal Control Over Compliance; and Report on
the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance and
the City of Philadelphia Subrecipient Audit Guide**

Boards of Directors
The Doe Fund, Inc. and Affiliates

Report on Compliance for the Major Federal Program

We have audited The Doe Fund, Inc. and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *City of Philadelphia Subrecipient Audit Guide* that could have a direct and material effect on The Doe Fund, Inc. and Affiliates' major federal program for the year ended June 30, 2018. The Doe Fund, Inc. and Affiliates' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to their federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for The Doe Fund, Inc. and Affiliates' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and the *City of Philadelphia Subrecipient Audit Guide*. Those standards, the Uniform Guidance and the *City of Philadelphia Subrecipient Audit Guide*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Doe Fund, Inc. and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of The Doe Fund, Inc. and Affiliates' compliance.

Opinion on the Major Federal Program

In our opinion, The Doe Fund, Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on their major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of The Doe Fund, Inc. and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Doe Fund, Inc. and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on their major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for their major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *City of Philadelphia Subrecipient Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Doe Fund, Inc. and Affiliates' internal control over compliance.

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

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

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
and the City of Philadelphia Subrecipient Audit Guide**

We have audited the combined financial statements of The Doe Fund, Inc. and Affiliates as of and for the year ended June 30, 2018, and have issued our report thereon dated December 10, 2018, which contained an unmodified opinion on those combined financial statements. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *City of Philadelphia Subrecipient Audit Guide*; 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 audit 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 schedule of expenditures of federal awards 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
January 31, 2019

The Doe Fund, Inc. and Affiliates

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Passed-through New York City Human Resource Administration -			
Department of Social Services:			
Housing Opportunities for Persons with AIDS	14.241	CT106920151408598	\$ 519,183
Passed-through New York City Human Resource Administration -			
Department of Homeless Services:			
Emergency Solutions Grant Program	14.231	CT107120171400933	318,409
Total U.S. Department of Housing and Urban Development			<u>837,592</u>
U.S. Department of Homeland Security			
Passed-through United Way of New York City:			
Emergency Food and Shelter National Board Program	97.024	Not Available	12,865
Total U.S. Department of Homeland Security			<u>12,865</u>
U.S. Department of Health and Human Services			
Passed-through City of Philadelphia - Office of Supportive Housing:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1520163-03	1,017,766
Total U.S. Department of Health and Human Services			<u>1,017,766</u>
Total Expenditures of Federal Awards			<u>\$ 1,868,223</u>

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services			
Passed-through City of Philadelphia - Office of Supportive Housing:			
Block Grants for Prevention and Treatment of Substance Abuse	1520163-03	7/1/17-6/30/18	\$ 499,162
Total Expenditures of City of Philadelphia Awards*			<u>\$ 499,162</u>

* The City of Philadelphia Expenditures are included on the schedule of expenditures of federal awards as additional information for the City of Philadelphia.

The Doe Fund, Inc. and Affiliates

Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant expenditures of The Doe Fund, Inc. and Affiliates, and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and the *City of Philadelphia Subrecipient Audit Guide*, respectively. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the combined financial statements. The supplementary information was derived from, and relates directly to, the underlying accounting records used to prepare the combined financial statements. The Doe Fund, Inc. and Affiliates did not provide any funding to subrecipients during the year ended June 30, 2018.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance and the *City of Philadelphia Subrecipient Audit Guide*.

3. Indirect Cost Rate

The Organization has not elected to use the 10% de minimis indirect cost rate for federal awards under the Uniform Guidance.

The Doe Fund, Inc. and Affiliates

Summary Schedule of Prior Audit Findings

June 30, 2018

Section IV - Summary Schedule of Prior Audit Findings

None.

The Doe Fund, Inc. and Affiliates

Combined Financial Statements

June 30, 2018 and 2017



BAKER TILLY

Candor. Insight. Results.

The Doe Fund, Inc. and Affiliates

Table of Contents

June 30, 2018 and 2017

	<u>Page</u>
Independent Auditors' Report	1
Combined Financial Statements	
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Changes in Net Assets	6
Combined Statements of Cash Flows	7
Notes to Combined Financial Statements	8 - 31

Independent Auditors' Report

Board of Directors
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, 2018 and 2017, and the related combined statements of activities, changes in net assets and cash flows for the years then ended, 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, 2018 and 2017, 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.

Baker Tilly Virchow Krause, LLP

New York, New York
December 10, 2018

The Doe Fund, Inc. and Affiliates

 Combined Statements of Financial Position
 June 30, 2018 and 2017

	Not-for-Profit Entities	Housing Entities	Eliminations	Combined Total	
				2018	2017
Assets					
Current Assets					
Cash and cash equivalents	\$ 381,142	\$ 1,047,827	\$ -	\$ 1,428,969	\$ 2,419,246
Receivables, net of allowance for doubtful accounts of approximately \$703,000 and \$466,000, respectively	8,505,437	229,746	-	8,735,183	8,050,587
Grants and pledges receivable	225,999	-	-	225,999	962,146
Developer fees receivable, net of allowance for doubtful accounts of approximately \$149,000 and \$642,000, respectively	5,378,265	-	(1,014,721)	4,363,544	2,409,255
Investments	125,681	-	-	125,681	1,602
Due from affiliates	1,500,061	1,427,804	(2,927,865)	-	-
Prepaid expenses	200,508	-	-	200,508	804,184
Other receivables	422,401	-	-	422,401	53,902
Total current assets	16,739,494	2,705,377	(3,942,586)	15,502,285	14,700,922
Grants and Pledges Receivable, Net of Discount of \$4,000	196,000	-	-	196,000	396,000
Lender Restricted Cash and Contractual Reserves	358,009	2,972,411	-	3,330,420	2,476,085
Security Deposits	1,031,721	10,132	-	1,041,853	681,279
Deferred Mortgage Interest	207,429	-	-	207,429	304,439
Property and Equipment	30,632,771	104,765,802	(1,003,516)	134,395,057	100,300,517
Total assets	<u>\$ 49,165,424</u>	<u>\$ 110,453,722</u>	<u>\$ (4,946,102)</u>	<u>\$ 154,673,044</u>	<u>\$ 118,859,242</u>
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 8,454,773	\$ 158,195	\$ -	\$ 8,612,968	\$ 7,471,307
Current maturities of long term debt	4,679,675	58,643,599	-	63,323,274	21,804,072
Trainee savings payable	1,108,301	-	-	1,108,301	818,819
Line of credit	925,000	-	-	925,000	-
Accrued interest payable, mortgages and notes	133,341	637,342	-	770,683	436,212
Developer fees payable	-	9,036,326	(1,014,721)	8,021,605	2,409,255
Construction payables	-	7,716,975	-	7,716,975	9,370,540
Due to affiliates	1,892,601	1,035,264	(2,927,865)	-	-
Total current liabilities	17,193,691	77,227,701	(3,942,586)	90,478,806	42,310,205
Deferred Rent and Lease Incentives	639,935	3,308	-	643,243	552,311
Tenant Security Deposits	26,524	69,333	-	95,857	136,280
Long-Term Debt, Net of Current Maturities and Unamortized Debt Issuance Costs	19,774,079	15,185,306	-	34,959,385	59,455,899
Total liabilities	37,634,229	92,485,648	(3,942,586)	126,177,291	102,454,695
Net Assets					
Unrestricted					
Controlling Interest	10,855,420	(27,319)	(1,003,516)	9,824,585	7,320,281
Non-Controlling Interest	-	17,995,393	-	17,995,393	7,898,537
Temporarily restricted	675,775	-	-	675,775	1,185,729
Total net assets	11,531,195	17,968,074	(1,003,516)	28,495,753	16,404,547
Total liabilities and net assets	<u>\$ 49,165,424</u>	<u>\$ 110,453,722</u>	<u>\$ (4,946,102)</u>	<u>\$ 154,673,044</u>	<u>\$ 118,859,242</u>

See notes to combined financial statements

The Doe Fund, Inc. and AffiliatesCombined Statement of Activities
Year Ended June 30, 2018

	<u>Not-for-Profit Entities</u>	<u>Housing Entities</u>	<u>Eliminations</u>	<u>Combined Total</u>
Unrestricted Net Assets				
Support and Revenue				
Contributions, net	\$ 5,487,571	\$ -	\$ -	\$ 5,487,571
Government grants and 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	<u>54,041,869</u>	<u>2,763,306</u>	<u>(512,107)</u>	<u>56,293,068</u>
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	<u>51,668,047</u>	<u>4,796,173</u>	<u>(272,946)</u>	<u>56,191,274</u>
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 unrestricted net assets	<u>2,746,329</u>	<u>(2,032,867)</u>	<u>(239,161)</u>	<u>474,301</u>
Temporarily Restricted Net Assets				
Contributions	857,322	-	-	857,322
Net assets released from restrictions	(1,367,276)	-	-	(1,367,276)
Change in temporarily restricted net assets	<u>(509,954)</u>	<u>-</u>	<u>-</u>	<u>(509,954)</u>
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	<u>\$ 2,236,375</u>	<u>\$ (2,864)</u>	<u>\$ (239,161)</u>	<u>\$ 1,994,350</u>

See notes to combined financial statements

The Doe Fund, Inc. and AffiliatesCombined Statement of Activities
Year Ended June 30, 2017

	<u>Not-for-Profit Entities</u>	<u>Housing Entities</u>	<u>Eliminations</u>	<u>Combined Total</u>
Unrestricted Net Assets				
Support and Revenue				
Contributions, net	\$ 5,339,683	\$ -	\$ -	\$ 5,339,683
Government grants and contracts	32,300,766	-	-	32,300,766
Other earned revenue	4,972,222	-	(20,558)	4,951,664
Developer fees	2,832,800	-	(764,355)	2,068,445
Management fees	151,684	-	(151,684)	-
Program service fees	1,823,619	-	-	1,823,619
Rental income	429,459	1,508,732	-	1,938,191
Other income	350,584	12,720	-	363,304
Net assets released from restrictions	658,413	-	-	658,413
Total support and revenue	<u>48,859,230</u>	<u>1,521,452</u>	<u>(936,597)</u>	<u>49,444,085</u>
Expenses				
Residential and social services	19,961,893	-	-	19,961,893
Work and training	18,505,291	-	-	18,505,291
Affordable housing operations	207,743	1,312,130	(172,242)	1,347,631
Management and general	6,873,175	-	-	6,873,175
Fundraising	1,967,279	-	-	1,967,279
Depreciation and amortization	1,499,692	530,019	-	2,029,711
Total expenses	<u>49,015,073</u>	<u>1,842,149</u>	<u>(172,242)</u>	<u>50,684,980</u>
Change in net assets before other non-recurring items	(155,843)	(320,697)	(764,355)	(1,240,895)
Other Non-Recurring Items				
Government contract revenue related to Muller project close out	15,719,979	-	-	15,719,979
Disposal of Muller project construction costs	(15,818,421)	-	-	(15,818,421)
Gain on sale of property	1,693,269	-	-	1,693,269
Gain on forgiveness of debt	372,507	-	-	372,507
Change in unrestricted net assets	<u>1,811,491</u>	<u>(320,697)</u>	<u>(764,355)</u>	<u>726,439</u>
Temporarily Restricted Net Assets				
Contributions	339,000	-	-	339,000
Net assets released from restrictions	(658,413)	-	-	(658,413)
Change in temporarily restricted net assets	<u>(319,413)</u>	<u>-</u>	<u>-</u>	<u>(319,413)</u>
Change in net assets	1,492,078	(320,697)	(764,355)	407,026
Excess of expenses over support and revenue attributable to noncontrolling interest	-	319,542	-	319,542
Excess (deficiency) of support and revenue over expenses	<u>\$ 1,492,078</u>	<u>\$ (1,155)</u>	<u>\$ (764,355)</u>	<u>\$ 726,568</u>

See notes to combined financial statements

The Doe Fund, Inc. and Affiliates

Combined Statements of Changes in Net Assets
Years Ended June 30, 2018 and 2017

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Combined Total
	Controlling Interest	Non-Controlling Interest	Total		
Beginning Balance, July 1, 2016	\$ 6,274,300	\$ 6,734,820	\$ 13,009,120	\$ 1,505,142	\$ 14,514,262
Contributions from investors	-	1,483,259	1,483,259	-	1,483,259
Excess of expenses over support and revenue attributable to noncontrolling interest	-	(319,542)	(319,542)	-	(319,542)
Excess (deficiency) of support and revenue over expenses	<u>1,045,981</u>	<u>-</u>	<u>1,045,981</u>	<u>(319,413)</u>	<u>726,568</u>
Ending Balance, June 30, 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	<u>2,504,304</u>	<u>-</u>	<u>2,504,304</u>	<u>(509,954)</u>	<u>1,994,350</u>
Ending Balance, June 30, 2018	<u>\$ 9,824,585</u>	<u>\$ 17,995,393</u>	<u>\$ 27,819,978</u>	<u>\$ 675,775</u>	<u>\$ 28,495,753</u>

See notes to combined financial statements

The Doe Fund, Inc. and Affiliates

Combined Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (35,653)	\$ 407,026
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,798,672	2,029,711
Loss on disposal of property and equipment	40,882	17,742,448
Interest expense on debt issuance costs	24,668	17,360
Deferred rent and lease incentives	90,932	(39,670)
Unrealized gains on investment securities	(4,079)	(500)
Bad debt expense	980,905	255,178
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	3,658,061	-
Gain on sale of property	-	(1,693,269)
(Increase) decrease in operating assets:		
Receivables	(1,090,501)	(125,906)
Grants and pledges receivable	357,147	389,037
Prepaid expenses	603,676	(605,062)
Other receivables	(368,499)	30,525
Security deposits	(360,574)	(15,523)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,141,661	579,591
Deferred revenue	-	(48,324)
Trainee savings payable	289,482	45,464
Accrued interest payable - mortgages and notes	334,471	188,917
Tenant security deposits	(40,423)	(35,384)
Net cash provided by operating activities	<u>8,052,321</u>	<u>18,753,112</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(38,587,659)	(31,279,578)
Proceeds from sale of property	-	2,029,711
Change in lender restricted cash and contractual reserves	(854,335)	304,877
Purchase of investments	(120,000)	-
Net cash used in investing activities	<u>(39,561,994)</u>	<u>(28,944,990)</u>
Cash Flows from Financing Activities		
Capital contributions from investors	12,126,859	1,483,259
Proceeds from line of credit	925,000	-
Proceeds from long-term debt	37,501,366	22,191,224
Repayments of long-term debt	(19,806,617)	(17,773,311)
Payments of debt issuance costs	(227,212)	-
Net cash provided by financing activities	<u>30,519,396</u>	<u>5,901,172</u>
Net decrease in cash and cash equivalents	(990,277)	(4,290,706)
Cash and Cash Equivalents, Beginning of Year	<u>2,419,246</u>	<u>6,709,952</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,428,969</u>	<u>\$ 2,419,246</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 1,907,192</u>	<u>\$ 2,312,673</u>
Non-Cash Investing and Financing Activities		
Deferred interest:		
Decrease in deferred mortgage interest	\$ (97,010)	\$ (89,560)
Increase in mortgage payable	97,010	89,560
Cash paid for deferred interest	<u>\$ -</u>	<u>\$ -</u>
Construction payable capitalized to property and equipment	<u>\$ 4,845,016</u>	<u>\$ 7,916,050</u>

See notes to combined financial statements

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

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 (where applicable) 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 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.

Back Office of New York, Inc. ("Back Office") - This entity, an affiliate of The Doe Fund, Inc., began operations in January 1998 to provide work and training opportunities to homeless individuals in the areas of bulk mail, fulfillment, contract packaging and internet research. The services were performed in a leased space located at 173 Cook Street, Brooklyn, New York. There has been no activity in the entity for the years ended June 30, 2018 and 2017.

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.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements

June 30, 2018 and 2017

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.

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.

Gates Avenue Housing Development Fund Corporation ("HDFC") ("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.

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% 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% of TDF 2000 Partners, L.P.

Stadium Court Associates, LLC (the "SCLLC"), a New York limited liability, was formed on January 14, 2003, to construct, develop and operate a 60-unit apartment project in Bronx, New York. The Project is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits as provided in Section 42 of the Internal Revenue Code ("Section 42"). SCLLC's ownership is as follows: Iron Horse Managers, LLC (the "Manager") owns a 0.01% interest in SCLLC and Related Corporate XXIII, S.L.P., L.P. (the "Special Member") and Centerline Corporate Partners XXIII, L.P., (formally Related Corporate Partners XXIII, L.P.) (the "Investor Member") own 0.01% and 99.98% interests, respectively. SCLLC was formed for the charitable purpose of housing those low-income tenants residing in the building owned by the Manager, of which the GP ("General Partner") or controlling member and SCLLC is owned by The Doe Fund, Inc.

Greene-Quincy Housing Development Fund Corporation ("Greene-Quincy HDFC") - This entity, an affiliate of The Doe Fund, Inc., concluded the transformation of six vacant and dilapidated city-owned buildings on Greene Avenue and Quincy Street in Brooklyn, New York into 44 affordable family units consisting of a combination of studios and one to three bedroom units, in July 2001. Greene-Quincy HDFC owns 51% of Quincy-Green Owners, LLC, the general partner of Quincy-Greene Associates, L.P. Quincy-Green Owners, LLC holds a 0.005% interest in Quincy-Greene Associates, L.P. There has been no activity in the entity for the years ended June 30, 2018 and 2017.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

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.

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 to operate and maintain a transitional residence for at least 200 homeless adults located at 555 Nereid Avenue, Bronx, New York. During the construction process, the City of New York requested and required The Doe Fund, Inc. to alter the original plans for the site and re-convert the property from the planned 200-bed transitional facility to a 90-unit permanent supportive housing development reserved for formerly homeless veterans and low income seniors. The property was transferred from the United States of America to The Doe Fund, Inc., which subsequently was transferred from The Doe Fund, Inc. to United Services HDFC pursuant to a legally binding agreement to provide services to the homeless. The Muller U.S. Army Reserve Center had been designated as a surplus property and was approved for redevelopment and reuse by the Muller Local Redevelopment Authority in Bronx, New York. Management anticipates closing on the re-development financing in January 2019 with a projected opening date of August 2021 ("the Muller Residential Project"). Funding for the Muller Residential Project will be a mix of low income housing tax credits ("LIHTC"), NYC capital grants and traditional bank financing.

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% 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% ownership interest in Rogers Managers LLC, an entity that holds a 0.01% interest in Rogers Apartments LLC. Rogers Apartments LLC was created for the purpose of operating and managing the property.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements

June 30, 2018 and 2017

Sugar Hill Apartment LLC ("Sugar Hill Apartments") - This entity, a subsidiary of The Doe Fund, Inc., formed on August 14, 2014, with The Doe Fund, Inc. as its sole member, to develop and operate affordable housing for persons of low income. On August 20, 2014, this corporation acquired the property located at 828 St. Nicholas Avenue, New York, New York, to develop approximately 30 units of affordable supportive housing. On January 19, 2017, the Corporation sold the property located at 828 St. Nicholas Avenue, New York, New York, for \$3,500,000. There has been no activity in the entity since the date of sale.

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.

Pest at Rest Newark, LLC - This entity, a subsidiary of The Doe Fund, Inc., organized on July 14, 2010, with The Doe Fund, Inc. as its sole member. Pest at Rest Newark, LLC provides work training and experience in integrated pest management to individuals involved in the RWA program and serves public and private sector clients located in New Jersey.

Doe 21st IH, LLC - This entity, a subsidiary of The Doe Fund, Inc., organized on December 22, 2005, with The Doe Fund, Inc. as its sole member, for the purpose of acquiring, owning, financing, and selling membership interests in 21st IH, LLC, of which it owns a 50% interest. 21st IH, LLC, is the managing member of 321 East 21st Street Associates, LLC, which owns 22 low income housing units at 321 East 21st Street, New York, New York. The Doe Fund, Inc. is the administrative agent, responsible for the selection of eligible low income tenants, and the rent-up of the residential rental units and the annual reporting to the New York City Housing Preservation and Development ("HPD"). The administrative agent is paid a fee of \$7,500 per annum in arrears, pro-rated monthly, derived from the income of the rental of the low income housing units and commencing upon the date all apartments are rented to qualified tenants under the Inclusionary Housing Program. The income of \$7,500 is included in the revenue of The Doe Fund, Inc. The agreement is dated December 22, 2005, and is in effect for a one-year term which automatically renews upon its expiration, unless canceled. The provisions of the agreement are cumulative.

55 Clifton Place, LLC - This entity, a subsidiary of The Doe Fund, Inc., formed in July 2006, with The Doe Fund, Inc. as its sole member. The purpose of 55 Clifton Place, LLC is to purchase property, buildings, and improvements to provide affordable housing. There has been no activity in this entity since formation.

700 Gerard, LLC - This entity, a subsidiary of The Doe Fund, Inc., formed in September 2006, with The Doe Fund, Inc. as its sole member. The purpose of 700 Gerard, LLC is to purchase property, buildings, and improvements to provide affordable housing. There has been no activity in this entity since formation.

Summit Avenue Center for Opportunity, LLC - This entity, a subsidiary of The Doe Fund, Inc., formed in April 2007, with The Doe Fund, Inc. as its sole member. The purpose of Summit Avenue Center for Opportunity, LLC is to purchase property, buildings, and improvements to provide affordable housing. There has been no activity in this entity since formation.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements

June 30, 2018 and 2017

TDF E. 148th Street, LLC - This entity, a subsidiary of The Doe Fund, Inc., formed in September 2006, with The Doe Fund, Inc. as its sole member. The purpose of TDF E. 148th Street, LLC is to purchase property, buildings and improvements to provide affordable housing. There has been no activity in this entity since formation.

TDF 170th Street, LLC - This entity, a subsidiary of The Doe Fund, Inc., organized on March 27, 2007, with The Doe Fund, Inc. as its sole member, for the purpose of acquiring, owning, financing, and selling membership interests in East 170th Street GP, LLC, the GP of East 170th Street Associates, L.P. TDF 170th Street, LLC owned 51% of East 170th Street GP, LLC which owned a 0.01% interest in East 170th Street Associates, L.P.

The Doe Fund, Inc. purchased the property located at 550 East 170th Street, Bronx, New York, for the construction of a new 8-story building containing an elevator and a total of 98 dwelling units (including one superintendent's unit) (the "Project"). All of the rental units in the building are qualified low income units under Sections 42 and 142 of the IRC of 1986, as amended, and the 98 units qualify for Section 421-a Negotiable Certificates (the "Certificates").

East 170th Street Associates, L.P. applied to the City of New York for the Certificates and entered into contracts to sell the Certificates. East 170th Street Associates, L.P. then assigned the Certificates and the contracts to sell the Certificates to The Doe Fund, Inc. Subject to receiving this assignment, The Doe Fund, Inc. loaned the principal amount of the proceeds from the sale of the Certificates to East 170th Street Associates, L.P.

On January 31, 2014, The Doe Fund, Inc. sold its interest in the real property and notes related to the affordable housing developed with Atlantic Development Group for an aggregate purchase price of \$1,934,953 to RKS Ventures LLC. Since the sale of the interest, there has been no activity in the entity.

TDF Tiffany Street, LLC - This entity, a subsidiary of The Doe Fund, Inc., formed in October 2007, with The Doe Fund, Inc. as its sole member for the purpose of acquiring, owning, financing, and selling membership interests in Tiffany Street GP, LLC, the general partner of TDF Tiffany Street Associates, L.P. TDF Tiffany Street, LLC owned 51% of Tiffany Street GP, LLC, which owned a 0.01% interest in TDF Tiffany Street Associates, L.P.

The Doe Fund, Inc. acquired a parcel of land located at 1140 Tiffany Street, a/k/a 922 East 169th Street, Bronx, New York. Atlantic Development Group, LLC developed, financed, and constructed a residential apartment building containing 84 units of affordable housing on the property located at 1140 Tiffany Street. The financing was provided by the New York City Housing Development Corporation through its sale of tax-exempt bonds and the proceeds from the sale of low income housing tax certificates.

TDF Bruckner, LLC - This entity, a subsidiary of The Doe Fund, Inc., organized on May 21, 2008, with The Doe Fund, Inc. as its sole member, solely for the purpose of acquiring, owning, financing, and selling membership interests in Manager Bruckner, LLC, the general partner of Bruckner by the Bridge, LLC. TDF Bruckner, LLC owned 51% of Manager Bruckner, LLC, which owned a 0.01% interest in Bruckner by the Bridge, LLC.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

The Doe Fund, Inc. acquired parcels of land located at 80 Bruckner Boulevard, 105 Willis Avenue, and 331 East 132nd Street, Bronx, New York. Atlantic Development Group, LLC developed, financed, and constructed a residential apartment building on the properties, containing 419 units of affordable housing, commercial space, and parking. The financing was provided by the New York City Housing Development Corporation through its sale of tax-exempt bonds and the proceeds from the sale of LIHTC and 421-a Negotiable Certificates. All apartments developed pursuant to this agreement must be rented to families qualifying as low income under Section 42 of the IRC.

Pursuant to the HPD Written Agreements, HPD issued master 421-a Negotiable Certificates to The Doe Fund, Inc. Atlantic Development Group, LLC entered into contracts with developers to sell the Certificates and assigned the contracts to sell the Certificates to The Doe Fund, Inc. The Doe Fund, Inc. sold the Certificates and loaned the proceeds from the sale of the Certificates to Bruckner by the Bridge, LLC. The loan was used to retire debt incurred in connection with the construction of the Project and is secured by a pledge of members' membership interests in Bruckner by the Bridge, LLC.

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.

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.

To expand their focus on the development of quality, affordable and transitional housing, The Doe Fund, Inc. has developed TDF Real Estate and Property Services, 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% of their associated LPs and LLCs, except for TDF 2000 Partner LP's General Partner, TDF 2000 Corp., which has a 1% 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

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying combined 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, or those entities over which The Doe Fund, Inc. exercises significant influence, are consolidated in the accompanying combined financial statements. The GP interests held by the Corporation entities equal 0.01% 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% 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:

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

Unrestricted net assets - 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.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of the Corporation and/or the passage of time.

Permanently restricted net assets - net assets which include funds whereby the donors have stipulated that the principal contributed be invested and maintained in perpetuity. Income earned from these investments is available for expenditures according to restrictions, if any, imposed by donors. The Corporation had no permanently restricted net assets as of June 30, 2018 and 2017.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary 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.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

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 17).

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, 2018 and 2017 totaled approximately \$4,364,000 and \$2,409,000, 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, 2018 and 2017 totaled approximately \$852,000 and \$1,108,000, respectively.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, contractual reserves, lender restricted cash, tenant security deposits, accounts payable and accrued expenses and other current liabilities approximate fair value due to the short-term nature of these instruments.

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). The Corporation groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

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 5).

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

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 2018 and 2017.

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 \$175,000 and \$223,000, respectively, in matching graduation grants were paid to trainees who successfully completed the training program for the years ended June 30, 2018 and 2017.

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, 2018 and 2017, the Corporation recorded contributed goods and services revenue of approximately \$27,000 and \$1,000, respectively, with an equivalent amount recorded as an expense.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

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.

Revenue from government grants and 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.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying combined statements of activities based on an analysis made by management (Note 16).

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.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU No. 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, with early adoption permitted. Management is currently evaluating the impact of ASU 2014-09 on the Corporation's combined financial statements.

In February 2016, the FASB issued ASU No. 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, 2019, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-02 on the Corporation's combined financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for the Corporation for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of ASU 2016-14 on the Corporation's combined financial statements.

In November 2016, the FASB issued ASU No. 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, with early adoption permitted. 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.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

3. Receivables

Receivables as of June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Government grants and contracts	\$ 7,825,859	\$ 7,307,249
Other earned income receivables	1,271,186	1,002,193
Housing entity receivables	341,632	206,987
Less reserve for uncollectible accounts	<u>(703,494)</u>	<u>(465,842)</u>
Total receivables, net	<u>\$ 8,735,183</u>	<u>\$ 8,050,587</u>

4. 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%, 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, 2018 and 2017.

Grants and pledges receivable consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 225,999	\$ 962,146
One to five years	<u>200,000</u>	<u>400,000</u>
	425,999	1,362,146
Less discount to present value	<u>(4,000)</u>	<u>(4,000)</u>
Total grants and pledges receivable	<u>\$ 421,999</u>	<u>\$ 1,358,146</u>

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

5. Property and Equipment

Property and equipment as of June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 16,998,944	\$ 16,327,293
Building and improvements	63,468,455	46,805,494
Furniture, fixtures, and equipment	<u>6,363,792</u>	<u>5,231,346</u>
	86,831,191	68,364,133
Less accumulated depreciation and amortization	<u>(27,699,401)</u>	<u>(24,900,727)</u>
	59,131,790	43,463,406
Construction in progress	<u>75,263,267</u>	<u>56,837,111</u>
	134,395,057	100,300,517
Total property and equipment	<u>\$ 134,395,057</u>	<u>\$ 100,300,517</u>

Depreciation and amortization of property and equipment amounted to approximately \$2,799,000 and \$2,030,000 for the years ended June 30, 2018 and 2017, respectively.

Ongoing construction-in-progress projects relating to Rogers Avenue and Webster Green are both expected to be completed during the fiscal year 2019 with approximately \$16,934,000 and \$16,267,000 of additional capital expenditures expected to be incurred, respectively.

6. 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, 2018 and 2017 consisted of treasury bills and cash and cash equivalents of approximately \$3,330,000 and \$2,476,000, respectively.

	<u>2018</u>	<u>2017</u>
U.S. Treasury bills	\$ 2,338,801	\$ 2,259,247
Cash and cash equivalents	<u>991,619</u>	<u>216,838</u>
	3,330,420	2,476,085
Total	<u>\$ 3,330,420</u>	<u>\$ 2,476,085</u>

Interest income for the years ended June 30, 2018 and 2017 totaled approximately \$31,000 and \$13,000, respectively, and is recorded as other income within the combined statements of activities.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

7. Long-Term Debt

The following is a summary of the Corporation's long term debt as of June 30, 2018 and 2017:

Borrower	Lender	Maturity Date	Interest Rate	Collateral	Balance at June 30, 2018	Balance at June 30, 2017
The Doe Fund, Inc.	(c) Raza Development Fund	7/1/2020	Prime + 3%, 7.25%	RWA Philadelphia property	\$ 289,055	\$ 379,972
The Doe Fund, Inc.	Foundation for the Jewish Community	6/29/2018	Prime + 3%, 7.25%	Guaranteed by President and Vice President	69,312	902,645
The Doe Fund, Inc.	Citibank, N.A.	12/1/2019	Prime + .25%, 4.50%	Guaranteed by Corporation	3,500,000	4,500,000
Gates Avenue	(a) NYC Department of Housing Preservation and Development	6/1/2020	1%	Guaranteed by President and Vice President	952,443	1,421,960
Porter Avenue	(b) Citibank, N.A.	10/1/2031	8%	Premises	14,542,291	15,297,082
A Better Place HDFC	NYC Department of Housing Preservation and Development	12/1/2025	Shelter Care loan .25%, Capital loan 8%	Building assets	1,751,739	1,857,261
United Services HDFC	Fund of the City of New York	Construction loan closing	-	Property	1,126,200	1,126,200
Liberty Fund	Foundation for the Jewish Community	2/28/2018	Prime + 3%, 4.50%	Lien and right of set-off as balance in any account with lender	462,000	462,000
Villa HDFC	Corporation for Supportive Housing	10/1/2019	6%	Liens on building	1,904,500	-
Program Vehicle Loans	Various lenders	Various	2.9% - 7.99%	Vehicles	47,484	121,488
Webster Green Apartments	Citibank, N.A.	10/25/2018	LIBOR + 2.50%, 1.50%	Liens on building	11,679,764	4,774,528
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	5,388,280	3,232,999

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements

June 30, 2018 and 2017

Borrower	Lender	Maturity Date	Interest Rate	Collateral	Balance at June 30, 2018	Balance at June 30, 2017
Webster Green Apartments	New York State Homes and Community Renewal	Date of conversion to permanent financing	-	Liens on building	\$ 3,513,463	\$ 2,393,463
Crotona Park Apartments	Citibank, N.A.	4/1/2018	LIBOR + 2.00%, 1.05%	Liens on building	-	15,199,989
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	5,208,690	-
Rogers Apartments	JPMorgan Chase Bank, N.A.	9/1/2019	3.323% - 5.7%	Liens on building	26,364,117	13,611,752
Rogers Apartments	JPMorgan Chase Bank, N.A.	9/1/2049	2.83% - 2.58%	Liens on building	9,594,470	5,766,899
Rogers Apartments	New York State Homeless Housing and Assistance Corporation	9/1/2049	1.00%	Liens on building	1,948,547	-
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	2,282,638	2,351,525
Total long-term debt before debt issuance costs					98,801,558	81,576,328
Less debt issuance costs, net of accumulated amortization					(518,899)	(316,357)
Total long-term debt					98,282,659	81,259,971
Current portion					63,323,274	21,804,072
Non-current portion					34,959,385	59,455,899
Total long-term debt					<u>\$ 98,282,659</u>	<u>\$ 81,259,971</u>

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

The aggregate annual maturities of the mortgages and notes for the five years subsequent to June 30, 2018 are as follows:

Years Ending June 30:	Not-for-Profit Entities			Payable by the Housing Entities ⁴	Total
	Payable by the Corporation ¹	Reimbursable by Contract ²	Forgivable by Lender ³		
2019	\$ 3,298,085	\$ 1,009,083	\$ 372,507	\$ 58,643,599	\$ 63,323,274
2020	4,011,579	1,058,448	372,507	163,698	5,606,232
2021	88,888	1,007,407	-	172,942	1,269,237
2022	-	1,062,854	-	182,720	1,245,574
2023	-	1,121,486	-	193,062	1,314,548
Thereafter	-	11,242,180	-	14,800,513	26,042,693
Total	<u>\$ 7,398,552</u>	<u>\$ 16,501,458</u>	<u>\$ 745,014</u>	<u>\$ 74,156,534</u>	98,801,558
Less debt issuance costs, net of accumulated amortization					<u>(518,899)</u>
Total long-term debt					<u>\$ 98,282,659</u>

1 Payable from operating cash flow.

2 All contracts are in place as of June 30, 2018.

3 As described in the following section of this Note 7.

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, 2018 and 2017 of approximately \$2,184,000 and \$2,519,000, respectively, including interest expense on debt issuance costs of approximately \$130,000 and \$17,000, respectively. The Doe Fund, Inc. has contracts to fund approximately \$16,501,000 of the debt and is also expected to report forgiveness of debt income over the next two years totaling approximately \$745,000 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% 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%, is deferred until the lien evaporates. As of June 30, 2018 and 2017, the outstanding balance on the mortgage, inclusive of deferred interest was approximately \$952,000 and \$1,422,000, respectively.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

- (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%, 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% 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, 2018, 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, 2018 and 2017, the outstanding balance on the mortgage was approximately \$14,542,000 and \$15,297,000, 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% (8% at June 30, 2018) 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, 2018, the Corporation has not complied with the covenant. The Corporation received a waiver of covenant violation from the bank. As of June 30, 2018 and 2017, the outstanding balance on the loan was approximately \$289,000 and \$380,000, respectively.

8. 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 (7.00% as of June 30, 2018). The Line is secured by the Porter Avenue HDFC building and property. As of June 30, 2018, the Corporation had a balance of \$925,000 outstanding on the Line.

9. Trainee Savings Payable

As of June 30, 2018 and 2017, the trainee savings payable due to participants was approximately \$1,108,000 and \$819,000, respectively.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

10. Temporarily Restricted Net Assets

As of June 30, 2018 and 2017, temporarily restricted net assets are as follows:

	<u>2018</u>	<u>2017</u>
Charitable bail fund	\$ 120,000	\$ -
Community improvement program	100,000	20,000
Urban agriculture program	84,876	-
RWA program training	62,320	15,000
Philadelphia RWA treatment for emotionally disturbed	41,902	100,000
Porter Avenue intergenerational learning	19,711	19,711
Food service	18,991	67,019
Porter Avenue occupational training	18,843	18,200
Philadelphia RWA following up on graduates	9,568	678,500
RWA targeted population support	3,564	-
RWA Harlem program training	-	32,903
Capital renovations	-	4,396
General support (time restriction)	196,000	230,000
	<u>\$ 675,775</u>	<u>\$ 1,185,729</u>

11. Net Assets Released from Restrictions

During the years ended June 30, 2018 and 2017, temporarily restricted net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors or, the passage of time, as follows:

	<u>2018</u>	<u>2017</u>
Charitable bail fund	\$ 280,000	\$ -
Philadelphia RWA following up on graduates	90,432	-
Food service	78,028	50,275
Porter Avenue occupational training	74,357	54,030
Urban agriculture program	55,124	16,033
Community improvement program	40,000	-
Philadelphia RWA treatment for emotionally disturbed	38,098	-
RWA Harlem program training	32,903	40,388
RWA targeted population support	26,436	-
RWA program training	15,000	15,000
Capital renovations	4,398	-
Porter Avenue intergenerational learning	-	5,602
Philadelphia RWA program training	-	41,134
Fatherhood initiative	-	15,300
General support (time restriction)	632,500	420,651
	<u>\$ 1,367,276</u>	<u>\$ 658,413</u>

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

12. Government Grants and Contracts

Government grants and contracts revenues reported in the accompanying combined statements of activities were received by the Organization from various federal, New York City, City of Philadelphia, and New York State government agencies, and for the years ended June 30, 2018 and 2017, consisted of the following:

	<u>2018</u>	<u>2017</u>
NYC Department of Homeless Services	\$ 25,238,145	\$ 24,494,686
NYC Economic Development Corporation	5,873,279	2,756,747
Philadelphia Office of Supportive Housing	1,516,927	1,516,927
NYC HIV/AIDS Service Administration	1,670,024	1,406,485
NYC Department of Health and Mental Hygiene	1,169,574	1,136,573
NYC Mayor's Office of Criminal Justice	1,030,060	489,301
NYC Department of Youth and Community Development	-	485,753
Federal Emergency Management Agency	12,864	14,294
	<u>\$ 36,510,873</u>	<u>\$ 32,300,766</u>

13. Other Earned Revenue

Other earned revenue for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Street cleaning revenue	\$ 4,423,762	\$ 4,237,753
Pest at Rest	357,503	453,687
Culinary services and other	306,784	260,224
	<u>\$ 5,088,049</u>	<u>\$ 4,951,664</u>

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, 2018 and 2017.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

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, 2018 and 2017 was approximately \$201,000 and \$195,000, respectively.

16. Functional Expenses

For the years ended June 30, 2018 and 2017 total depreciation and amortization were allocated to the following functional categories:

	2018		
	Functional Expenses	Depreciation and Amortization	Total
Residential and social services	\$ 19,544,395	\$ 236,902	\$ 19,781,297
Work and training	19,613,244	918,366	20,531,610
Affordable housing operations	3,513,151	1,570,636	5,083,787
Management and general	8,794,015	72,768	8,866,783
Fundraising	1,927,797	-	1,927,797
Total	<u>\$ 53,392,602</u>	<u>\$ 2,798,672</u>	<u>\$ 56,191,274</u>
	2017		
Residential and social services	\$ 19,961,893	\$ 330,675	\$ 20,292,568
Work and training	18,505,291	1,077,948	19,583,239
Affordable housing operations	1,347,631	530,019	1,877,650
Management and general	6,873,175	91,069	6,964,244
Fundraising	1,967,279	-	1,967,279
Total	<u>\$ 48,655,269</u>	<u>\$ 2,029,711</u>	<u>\$ 50,684,980</u>

17. 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, 2018 and 2017, the Corporation had funds in excess of FDIC limits of approximately \$566,000 and \$1,232,000, respectively.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

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.

18. Commitments

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 October 2009, The Doe Fund, Inc. entered into a sublease, which commenced December 1, 2009 and expired on November 30, 2012, to rent out a portion of its administrative space. On November 26, 2012, the sublease was renewed and extended through April 29, 2017. The lease was continued until June 30, 2017, at which point sub-tenants moved out. Rental income received during the year ended June 30, 2017 amounted to approximately \$207,000, 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 during the years ended June 30, 2018 and 2017 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, 2018 and 2017 were approximately \$1,294,000 and \$1,033,000, respectively.

The Doe Fund, Inc. and Affiliates

Notes to Combined Financial Statements
June 30, 2018 and 2017

Future minimum annual rentals for the years subsequent to June 30, 2018 and in the aggregate are:

<u>Years Ending June 30,</u>	<u>Minimum Lease Commitments</u>	<u>Sublease Income</u>	<u>Net Lease Commitments</u>
2019	\$ 1,265,022	\$ 152,772	\$ 1,112,250
2020	1,028,263	157,355	870,908
2021	977,087	162,076	815,011
2022	1,002,005	166,938	835,067
2023	1,029,463	171,946	857,517
Thereafter	4,045,718	676,431	3,369,287
Total	<u>\$ 9,347,558</u>	<u>\$ 1,487,518</u>	<u>\$ 7,860,040</u>

19. Subsequent Events

Subsequent events have been evaluated through December 10, 2018, which is the date the combined financial statements were available to be issued. The Corporation determined that the following information was pertinent:

For over ten years, The Doe Fund, Inc. operated an affiliate Ready, Willing & Able program in Philadelphia, PA, RWA Philadelphia. During that time, RWA Philadelphia accumulated approximately \$4,056,000 in debt to The Doe Fund, Inc. through its periodic use of cash infusions from The Doe Fund, Inc. to support RWA Philadelphia program operations above and beyond what was provided by government operating contracts. Effective July 1, 2018, as part of The Doe Fund, Inc.'s long term vision for national replication of the Ready, Willing & Able program, the RWA Philadelphia program was spun off to a local, independent operator. Provided the local operator maintains certain program and brand standards and achieves certain program outcomes, as determined solely by The Doe Fund, Inc. each year over the next five years, The Doe Fund, Inc. will forgive the accumulated debt in five equal annual installments. Should the local program fail to maintain such standards or achieve such outcomes over the next five years, debt forgiveness may be paused or cancelled.

On June 30, 2018, the Corporation entered into a new sublease agreement at one of its administrative office locations. The lease commenced in September of 2018 and will expire in April of 2027.

On October 5, 2018, 4519 WPR Housing Development Fund Corporation ("WPR HDFC") was incorporated. The Doe Fund, Inc. is the sole member of WPR HDFC. WPR 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 15, 2018, WPR HDFC closed on an acquisition loan financing of \$2,750,000 to begin work on a new low-income housing development project.

On October 30, 2018, the Corporation closed on a construction debt financing of \$2,100,000, comprised of both equity and debt sources, on its Villa HDFC project. The predevelopment debt and accrued interest with the Corporation for Supportive Housing (Note 7) were fully settled.