EISNERAMPER

CENTER FOR URBAN COMMUNITY SERVICES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

EISNERAMPER

EisnerAmper LLP
750 Third Avenue
New York, NY 10017
T 212.949.8700
F 212.891.4100
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Center for Urban Community Services, Inc.
New York, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Center for Urban Community Services, Inc. and its wholly-controlled entities (together, "CUCS"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Center for Urban Community Services, Inc. and its wholly-controlled entities as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
December 3, 2019

CENTER FOR URBAN COMMUNITY SERVICES, INC.

Consolidated Statements of Financial Position

	June 30, 2019	June 30, 2018
ASSETS		
Cash, cash equivalents and restricted cash	**$ 6,177,104**	$ 2,605,579
Government grants receivable	**32,241,528**	22,218,389
Contributions receivable	**1,004,204**	809,000
Accounts receivable	**1,178,394**	1,950,350
Investments	**1,622,132**	1,561,177
Notes receivable from limited partnerships	**56,648,906**	49,039,029
Prepaid expenses	**472,429**	314,996
Property and equipment, net	**24,338,156**	18,285,947
Other assets	**415,600**	95,991
	$124,098,453	$ 96,880,458
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 10,085,493**	$ 7,979,540
Refundable advances	**20,305,819**	13,489,640
Notes payable	**74,530,228**	55,888,685
Total liabilities	**104,921,540**	77,357,865
Commitments and contingencies (Note M)		
Net assets:		
Without donor restrictions:		
Undesignated and available for operations	**16,376,781**	17,191,116
Board designated – special operating reserve	**1,622,132**	1,561,177
Total net assets without donor restrictions	**17,998,913**	18,752,293
With donor restrictions – purpose restricted	**1,178,000**	770,300
Total net assets	**19,176,913**	19,522,593
	$124,098,453	$ 96,880,458

See notes to consolidated financial statements.

CENTER FOR URBAN COMMUNITY SERVICES, INC.

Consolidated Statements of Activities

	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total	2018 Without Donor Restrictions	2018 With Donor Restrictions	2018 Total
	Year Ended June 30,					
Operating activities:						
Public support and revenue:						
Grants and contracts	**$ 58,481,022**		**$ 58,481,022**	$ 54,316,107		$ 54,316,107
Program service fees	**5,060,212**		**5,060,212**	6,586,384		6,586,384
Contributions	**687,429**	**$ 1,178,000**	**1,865,429**	375,703	$ 770,300	1,146,003
Special event (net of direct benefit to donors of $3,813 and $39,563 in 2019 and 2018, respectively)	**38,837**		**38,837**	193,104		193,104
Management fees				248,316		248,316
Investment income	**76,113**		**76,113**	36,409		36,409
Loss on disposal of property and equipment				(776,407)		(776,407)
Other income	**110,172**		**110,172**	261,377		261,377
Total public support and revenue before release from restrictions	**64,453,785**	**1,178,000**	**65,631,785**	61,240,993	770,300	62,011,293
Net assets released from restrictions	**770,300**	**(770,300)**	**0**	1,292,656	(1,292,656)	0
Total public support and revenue	**65,224,085**	**407,700**	**65,631,785**	62,533,649	(522,356)	62,011,293
Expenses:						
Program services	**59,335,943**		**59,335,943**	57,584,364		57,584,364
Management and general	**6,094,336**		**6,094,336**	4,903,508		4,903,508
Fund-raising	**547,186**		**547,186**	546,755		546,755
Total expenses	**65,977,465**		**65,977,465**	63,034,627		63,034,627
Change in net assets from operating activities	**(753,380)**	**407,700**	**(345,680)**	(500,978)	(522,356)	(1,023,334)
Non-operating activities:						
In-kind donation				5,994,925		5,994,925
Loss on transfer of asset				(4,970,294)		(4,970,294)
Change in net assets	**(753,380)**	**407,700**	**(345,680)**	523,653	(522,356)	1,297
Net assets, beginning of year	**18,752,293**	**770,300**	**19,522,593**	18,228,640	1,292,656	19,521,296
Net assets, end of year	**$ 17,998,913**	**$ 1,178,000**	**$ 19,176,913**	$ 18,752,293	$ 770,300	$ 19,522,593

See notes to consolidated financial statements.

CENTER FOR URBAN COMMUNITY SERVICES, INC.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019
(with summarized financial information for 2018)

	Program Services								Supporting Services		Total Expenses	
	Supportive Housing Services	Outreach and Transitional Services	Project for Psychiatric Outreach to the Homeless	Training and Technical Assistance	Vocational Services	Intensive Wellness	Research	Total Program Services	Management and General	Fund-Raising	2019	2018
Salaries	$ 10,593,197	$ 7,426,470	$ 6,185,510	$ 2,106,661	$ 709,481	$ 542,592	$ 173,609	$ 27,737,520	$ 2,958,292	$ 339,090	$ 31,034,902	$ 29,425,778
Fringe benefits	3,250,750	2,158,605	1,394,972	666,454	217,869	166,599	17,055	7,872,304	1,024,360	71,835	8,968,499	8,029,663
	13,843,947	9,585,075	7,580,482	2,773,115	927,350	709,191	190,664	35,609,824	3,982,652	410,925	40,003,401	37,455,441
Occupancy	1,054,182	4,083,913	50,925	10,152		65,822		5,264,994	163,354	9,284	5,437,632	6,136,295
Professional fees	17,725	95,204	56,731	455,826	240			625,726	370,014	68,987	1,064,727	917,966
Equipment expenses	298,247	109,142	5,150	3,002	46	593		416,180	18,976	109	435,265	224,937
Staff and client travel	17,565	49,331	15,437	48,916	1,320	1,094		133,663	27,244	1,375	162,282	115,042
Depreciation and amortization	236,494	288,581	35,241	112,637	5,296	59,805		738,054	268,272		1,006,326	1,119,581
Subcontractor costs	2,035,238	8,174,557	45,555	33,439	35,482	2,324	1,029	10,327,624	73,649	782	10,402,055	10,144,237
Repairs and maintenance	499,788	2,310,358	20,039	90,505	31,723	16,340		2,968,753	88,010	1,632	3,058,395	2,682,703
Supplies and materials	470,144	1,246,426	359,087	56,414	34,753	9,015		2,175,839	145,947	26,840	2,348,626	2,555,423
Communications	153,726	72,492	16,104	39,283	792	7,355		289,752	60,047	1,889	351,688	323,026
Insurance	16,085	18,912	137,594	183				172,774	339,531	251	512,556	466,440
Other	159,178	298,945	19,364	124,238	2,821	8,214		612,760	556,640	28,925	1,198,325	933,099
Expenses	18,802,319	26,332,936	8,341,709	3,747,710	1,039,823	879,753	191,693	59,335,943	6,094,336	550,999	65,981,278	63,074,190
Less: direct benefit to donor										(3,813)	(3,813)	(39,563)
Total operating expenses	$ 18,802,319	$ 26,332,936	$ 8,341,709	$ 3,747,710	$ 1,039,823	$ 879,753	$ 191,693	$ 59,335,943	$ 6,094,336	$ 547,186	$ 65,977,465	$ 63,034,627

CENTER FOR URBAN COMMUNITY SERVICES, INC.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services								Supporting Services		
	Supportive Housing Services	Outreach and Transitional Services	Project for Psychiatric Outreach to the Homeless	Training and Technical Assistance	Vocational Services	Intensive Wellness	Research	Total Program Services	Management and General	Fund-Raising	Total Expenses
Salaries	$ 9,730,669	$ 7,203,595	$ 5,382,787	$ 2,041,397	$ 639,461	$ 1,438,318	$ 186,745	$ 26,622,972	$ 2,496,213	$ 306,593	$ 29,425,778
Fringe benefits	2,749,806	2,024,809	1,229,527	591,358	174,825	401,218	27,280	7,198,823	774,764	56,076	8,029,663
	12,480,475	9,228,404	6,612,314	2,632,755	814,286	1,839,536	214,025	33,821,795	3,270,977	362,669	37,455,441
Occupancy	1,122,381	4,626,082	30,772	22,848		142,766		5,944,849	161,045	30,401	6,136,295
Professional fees	24,617	4,263	171	515,745	180	245	2,220	547,441	268,364	102,161	917,966
Equipment expenses	122,883	53,433	13,176	6,966	1,827	615		198,900	25,995	42	224,937
Staff and client travel	18,284	40,448	145	23,965	1,088	10,386	20	94,336	20,159	547	115,042
Depreciation and amortization	227,775	343,645	27,407	165,337	5,657	96,873		866,694	252,887		1,119,581
Subcontractor costs	1,907,387	7,791,826	304,488	38,445	38,627	5,061	6,850	10,092,684	51,276	277	10,144,237
Repairs and maintenance	465,211	1,989,414	18,911	65,623	15,724	23,756		2,578,639	102,715	1,349	2,682,703
Supplies and materials	1,013,072	1,141,000	108,644	61,625	31,120	37,934	1,361	2,394,756	139,901	20,766	2,555,423
Communications	146,189	71,602	9,548	34,598	331	21,639	10	283,917	36,970	2,139	323,026
Insurance	39,861	45,337	207,970	205				293,373	173,067		466,440
Other	123,471	78,433	89,989	166,808	4,929	3,350		466,980	400,152	65,967	933,099
Total expenses	17,691,606	25,413,887	7,423,535	3,734,920	913,769	2,182,161	224,486	57,584,364	4,903,508	586,318	63,074,190
Less: direct benefit to donor										(39,563)	(39,563)
Total operating expenses	$ 17,691,606	$ 25,413,887	$ 7,423,535	$ 3,734,920	$ 913,769	$ 2,182,161	$ 224,486	$ 57,584,364	$ 4,903,508	$ 546,755	$ 63,034,627

CENTER FOR URBAN COMMUNITY SERVICES, INC.

Consolidated Statements of Cash Flows

	Year Ended June 30, 2019	Year Ended June 30, 2018
Cash flows from operating activities:		
Change in net assets	**$ (345,680)**	$ 1,297
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**1,006,326**	1,119,581
Net realized and unrealized (gains) losses on investments	**(24,357)**	12,056
Loss on disposal of property and equipment		776,407
In-kind contribution		(5,994,925)
Loss on transfer of asset		4,970,294
Changes in:		
Government grants receivable	**(10,023,139)**	(15,547,163)
Contributions receivable	**(195,204)**	(64,000)
Accounts receivable	**771,956**	(902,127)
Prepaid expenses	**(157,433)**	268,163
Other assets	**(319,609)**	337,265
Accounts payable and accrued expenses	**2,105,953**	4,543,004
Refundable advances	**6,816,179**	10,088,578
Net cash used in operating activities	**(365,008)**	(391,570)
Cash flows from investing activities:		
Acquisitions of property and equipment	**(7,058,535)**	(3,740,569)
Purchases of investments	**(48,718)**	(394,259)
Proceeds from sales of investments	**12,120**	365,900
Loans extended for notes receivable	**(7,609,877)**	
Net cash used in investing activities	**(14,705,010)**	(3,768,928)
Cash flows from financing activities:		
Proceeds received from line of credit		5,950,000
Payments made on line of credit	**(2,256,906)**	(2,750,000)
Proceeds received from notes payable	**21,169,086**	360,000
Payments made on notes payable	**(270,637)**	(161,803)
Net cash provided by financing activities	**18,641,543**	3,398,197
Net change in cash, cash equivalents and restricted cash	**3,571,525**	(762,301)
Cash, cash equivalents and restricted cash, beginning of year	**2,605,579**	3,367,880
Cash, cash equivalents and restricted cash, end of year	**$ 6,177,104**	$ 2,605,579
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 364,569**	$ 276,399
Unrelated business income taxes paid	**$ 68,663**	
In-kind contributions		$ 5,994,925
Loss on transfer of asset		$ 4,970,294
Non-cash investing activities:		
Conversion of note receivable - DASNY		$ 4,576,706
Distribution of property to 127th Street LLC		$ 7,550,384
Loans extended for notes receivable - 127th Street LLC		$ 9,489,164
Non-cash financing activities:		
Loans extended for notes receivable - HDC		$ 9,489,164
Conversion of note payable - DASNY		$ 4,576,706
Conversion of note payable - NYCAF		$ 6,214,289
Conversion of note payable - CSH		$ 500,000

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Organization:

The accompanying consolidated financial statements include the financial positions and changes in net assets and cash flows of the Center for Urban Community Services, Inc. (the "Center"), CUCS Housing Development Fund Corporation ("CUCS-HDFC"), CUCS Housing Development Fund Corporation II ("CUCS-HDFC II"), CUCS Housing Development Fund Corporation III ("CUCS-HDFC III"), CUCS Housing Development Fund Corporation IV ("CUCS-HDFC IV"), CUCS Initiatives, Inc. ("Initiatives"), and Janian Medical Care P.C. (the "PC"), the seven of which are described below. As used herein, the term "CUCS" refers to the seven entities, collectively.

The Center was incorporated in the State of New York in 1994 as a tax-exempt, not-for-profit organization, with its primary purpose being to create comprehensive, effective housing and service programs for homeless and low-income people, particularly those suffering from serious mental illness, HIV/AIDS, and other disabling conditions. CUCS sponsors 20 service sites throughout Manhattan, Brooklyn and the Bronx, which include (i) transitional living communities; (ii) an outreach program; (iii) a job training and employment program; (iv) a training, consultation and housing information services department; (v) a permanent supportive housing program; and (vi) psychiatric outreach to the homeless.

CUCS-HDFC was incorporated in 2004, as a not-for-profit corporation in the State of New York, for the development of low-income housing in the Bronx. As described in Note F[1], CUCS-HDFC was the sole owner of 1510 Southern Boulevard, GP, Inc. (“1510 Inc.”), which in turn owns a small percentage of a limited partnership. As further described in Note F[1], CUCS-HDFC was discharged from its interest as owner in November 2017.

CUCS-HDFC II is a not-for-profit corporation, incorporated in the State of New York, which was formed in February 2008 for the development of low-income housing. As described in Note F[2], CUCS-HDFC II is the sole owner of Lenniger Residences, GP, Inc., which, in turn, owns a small percentage of a limited partnership.

CUCS-HDFC III is a not-for-profit corporation, incorporated in the State of New York, which was formed in August 2012 for the development of low-income housing in the Bronx. As described in Note F[3], CUCS-HDFC III is the sole owner of Arthur Avenue Residences, GP, Inc., which, in turn, owns a small percentage of a limited partnership.

CUCS-HDFC IV is a not-for-profit corporation, incorporated in the State of New York, which was formed in March 2017 for the development of low-income housing.

Initiatives is a not-for-profit corporation, incorporated in the State of New York, which was formed in August 2005 and commenced operations in fiscal-year 2007. Initiatives was formed for the purpose of providing relief to the poor, distressed, and underprivileged through development in impoverished neighborhoods in the City of New York.

The PC is a not-for-profit corporation, incorporated in the State of New York, which was formed in 2012 to provide an updated legal, administrative and management structure to support and streamline ongoing operations and to allow for the expansion of primary health-care services.

The CUCS entities described above are exempt from federal income taxes under the provisions of Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

All inter-entity amounts have been eliminated in consolidation.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Basis of accounting:

The consolidated financial statements of CUCS have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and gains, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

For financial reporting purposes, CUCS considers highly liquid financial investments, purchased with a maturity of three months or less, to be cash equivalents, except for balances in money-market funds held in the investment portfolio. Included in cash and cash equivalents at June 30, 2019 is restricted cash of approximately $4,161,000 representing loan proceeds received from the Build NYC Resource Corporation to assist in the development of low-income and transitional housing projects (see Note E).

[5] Investments:

CUCS's investments in mutual funds are reported at their fair values in the consolidated statements of financial position based on quoted market prices. Cash and cash equivalents held part of the investment portfolio and are also included in the balance reported as investments.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless their use is with donor restrictions through donor stipulation. Realized gains and losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

[6] Property and equipment:

Property and equipment are reported at their original costs at the date of acquisition less accumulated depreciation or amortization. Building and leasehold improvements are capitalized and amortized using the straight-line method over the remaining lease term or the useful lives of the improvements, whichever is shorter. Minor costs for repairs and maintenance is expensed as incurred. Depreciation for property and equipment purchased by CUCS at amounts greater than $2,500 is calculated using the straight-line method over the estimated useful lives of the assets, which range from; 20 to 50 years for buildings and improvements; and 3 to 20 years for furniture and fixtures, and equipment. Land is not depreciated.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognized any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2019 and 2018, respectively, and in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Net assets:

The net assets of the Association and changes therein are classified and reported as follows:

(i) Net Assets Without Donor Restrictions:

Net assets without donor restrictions represents those resources for which there are no donor imposed restrictions and may be used for the general activities of CUCS. The Board of Directors has designated $1,622,132 and $1,561,177 of net assets without donor restriction in fiscal-years 2019 and 2018, respectively, to be maintained as a special operating reserve. Income generated by the special reserve may be used for general operations. Also included within the special operating reserve are amounts of $441,747 and $423,636, as of June 30, 2019 and 2018, respectively for the George Brager Memorial Scholarship Fund.

(ii) Net Assets With Donor Restrictions:

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as "net assets released from restrictions." It is the policy of CUCS that donations, the restriction of which are satisfied in the year of donation, appear in the category of net assets without donor restrictions.

[8] Revenue recognition:

Revenue from contracts and grants is recognized when costs are incurred or other services are performed. Contracts and grants received in advance are recorded as refundable advances and revenue is deferred until the related expenses are incurred. Program service fees are recognized based upon services rendered in accordance with contractual provisions. Management fees are recognized based upon services rendered, in accordance with relative contractual provisions.

Contributions to CUCS are recognized as revenue upon the receipt either of cash or other assets, or of unconditional pledges. Contributions are reported as “with donor restrictions” if they are received with donor stipulations or time considerations as to their use. Gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue as well as the payment of the direct cost of the benefit received by the attendee at the event. Special-event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year a special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place. Conditional contributions are not recorded as revenue until the donors' specified conditions have been met by requisite actions of CUCS’s management or necessary events have taken place; if assets for conditional contributions are received prior to the satisfaction of those conditions, they would be recognized in the consolidated statements of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted to present value, at an interest rate commensurate with the risk involved.

Gifts of goods and equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. In the absence of explicit donor stipulations about the length of time for which long-lived assets must be maintained, CUCS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Revenue recognition: (continued)

Those donated services that meet the requirements for recognition under U.S. GAAP are recorded as revenue and expense in the consolidated statements of activities, at amounts determined by management to be reasonable for obtaining such services. CUCS did not receive any donated services in fiscal-years 2019 and 2018.

In 2018, CUCS paid approximately $1,900,000 and received land and building with an estimated fair-value of approximately $7,900,000 and has been recognized as an in-kind donation of approximately $5,900,000 in the consolidated statement of activities. The contributed land and building has been recorded at its fair-value at the date of donation. In the absence of a donor stipulation on how long the asset must be used, the contribution of land and building was recorded as without donor restrictions.

[9] Functional allocation of expenses:

The costs of providing CUCS's various program and support services have been summarized on the natural and functional basis in the consolidated statements of functional expenses. Accordingly, certain costs that are directly attributable to a specific functional area of CUCS are reported as an expense to the appropriate program or supporting service. Natural expenses attributable to more than one functional expense category have been allocated among the programs and supporting services based on square footage and certain allocations of resources utilized. The expenses that are allocated include salaries and benefits, occupancy, repairs and maintenance, and supplies and materials.

[10] Measure of operations:

CUCS includes in its measure of operations all revenue and expenses that are an integral part of its programs and support activities. In-kind donation and loss on transfer of assets are reported as non-operating activities.

[11] Income taxes:

CUCS is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. For CUCS, these provisions could be applicable to the incurrence of unrelated business income tax ("UBIT") on transit and qualified parking fringe benefits. Since CUCS has always recorded any potential tax liabilities and due to its general not-for-profit status, ASC Topic 740 has not had, and is not anticipated to have, a material impact on CUCS's consolidated financial statements.

UBIT tax expense reported in the consolidated statements of activities was $68,663 during fiscal-year 2019. There was no UBIT tax expense during fiscal-year 2018.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Adoption of accounting pronouncement:

Presentation of Financial Statements of Not-for-Profit Entities:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, and (iv) liquidity and availability of resources. ASU 2016-14 was effective for annual reporting period's issued for years beginning after December 15, 2017. Accordingly, CUCS was required to adopt ASU 2016-14 for its fiscal year ended June 30, 2019, which under U.S. GAAP is a change in accounting principle requiring retroactive application in the consolidated financial statements of certain areas, whereas certain areas are to be adopted on a prospective basis. Although CUCS's adoption of ASU 2016-14 had no effect on CUCS'S total net assets or its changes in net assets for fiscal-years 2019 and 2018, certain reclassifications were required. Accordingly, CUCS changed its presentation of its net asset classes and expanded certain footnote disclosures.

[13] Upcoming accounting pronouncements:

(i) Revenue from Contracts with Customers:

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This guidance requires an entity to recognize revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. It is effective for fiscal-years beginning after December 15, 2018. Accordingly, CUCS will adopt this pronouncement for fiscal-year 2020. CUCS is in the process of assessing the impact of this ASU on the consolidated financial statements.

(ii) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made:

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit-Entities: *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. It is effective for fiscal-years beginning after December 15, 2018. Accordingly, CUCS will adopt this pronouncement for fiscal-year 2020. CUCS is in the process of assessing the impact of this ASU on the consolidated financial statements.

(iii) Leases:

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This will require an entity to recognize lease assets and lease liabilities (related to leases previously classified as operating under previous GAAP) on the balance sheet. It will be effective commencing January 1, 2021. CUCS is in the process of assessing the impact of this ASU on the consolidated financial statements.

[14] Subsequent events:

CUCS has evaluated subsequent events through December 3, 2019, the date on which the consolidated financial statements are available to be issued.

NOTE B - RECEIVABLES

[1] Government grants receivable:

At each fiscal year-end, amounts due to CUCS from governmental agencies, in support of client services and under the terms of agreements with various federal and City of New York agencies, were as follows:

	June 30, 2019	June 30, 2018
Medicaid	**$ 61,928**	$ 63,093
Federal	**6,130**	62,482
New York City	**31,089,471**	21,576,131
New York State	**1,083,999**	516,683
	$ 32,241,528	$ 22,218,389

Management evaluates the collectability of government grants made, and accordingly, based on prior history, management considers these receivables to be fully collectible; accordingly, no allowance for doubtful amounts have been established.

[2] Contributions receivable:

Unconditional amounts pledged to CUCS, but not yet collected as of the fiscal year-end, have been recorded as contributions receivable. At June 30, 2019 and 2018, contributions receivable of $1,004,204 and $809,000, respectively, were estimated to be collected in the subsequent fiscal year.

Management evaluates the collectability of contributions made, and accordingly, considers all contributions to be fully collectible; accordingly, no allowance for doubtful amounts has been established.

[3] Accounts receivable:

At each fiscal year-end, accounts receivable consisted of amounts due to CUCS for exchange-type transactions. All amounts are due within one year. Based on management's past experience, management evaluated the collectability of its accounts receivables made, and accordingly, no amounts were reserved as uncollectible in either fiscal-year 2019 or fiscal-year 2018.

NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30, 2019		June 30, 2018	
	Fair Value	Cost	Fair Value	Cost
Money-market funds	**$ 60,691**	**$ 60,691**	$ 59,746	$ 59,746
Mutual funds	**1,561,441**	**1,545,936**	1,501,431	1,501,783
	$ 1,622,132	**$ 1,606,627**	$ 1,561,177	$ 1,561,529

NOTE C - INVESTMENTS (CONTINUED)

During each fiscal-year, investment income consisted of the following:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Interest and dividends	**51,756**	$ 48,465
Net unrealized gains	**8,500**	2,937
Net realized gains (losses)	**15,857**	(14,993)
Net investment income	**$ 76,113**	$ 36,409

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for those investments, or similar investments, at the reporting date.

Level 2 - Valuations are based on (i) quoted prices for similar investments, in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments or the investments cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. The investments held by CUCS at each fiscal year-end are Level 1 investments.

NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	June 30, 2019	June 30, 2018
Land	**$ 1,340,640**	$ 1,340,640
Building and improvements	**18,845,504**	18,781,772
Furniture and fixtures	**964,804**	708,158
Equipment	**1,952,007**	1,528,837
	23,102,955	22,359,407
Less: accumulated depreciation	**(6,334,103)**	(5,327,777)
	16,768,852	17,031,630
Construction-in-progress	**7,569,304**	1,254,317
	$ 24,338,156	$ 18,285,947

NOTE D - PROPERTY AND EQUIPMENT (CONTINUED)

During 2018, CUCS relocated a transitional service site and transferred another transitional service site to a low-income tax credit project it is sponsoring, resulting in a loss on disposal of $776,407. Further, during fiscal-year 2018, CUCS wrote off $335,954 of fully depreciated assets no longer in service.

NOTE E - NOTES PAYABLE

At each fiscal year-end, notes payable consisted of the following:

	June 30, 2019	June 30, 2018
Build NYC Resource Corporation to Initiatives bearing interest at 4.35% requiring monthly principal and interest payments over 25 years, due in July 2039	**$ 5,609,216**	$ 5,778,301
New York City Department of Housing Preservation and Development to CUCS-HDFC II, due on the 270th day following substantial completion of the project and converted from a construction loan to a permanent loan (see Note F[2])	**19,716,220**	19,716,220
New York City Housing Development Corporation to CUCS-HDFC III, bearing interest at 1.00%, due in June 2047 (see Note F[3])	**3,315,000**	3,315,000
New York City Housing Development Corporation to CUCS-HDFC III, bearing interest at 1.00%, due in June 2047 (see Note F[3])	**7,020,000**	7,020,000
New York City Housing Development Corporation to CUCS-HDFC III, bearing interest at 1.00%, due in June 2047 (see Note F[3])	**7,020,000**	7,020,000
New York City Housing Development Corporation to CUCS-HDFC IV, bearing interest at 2.75%, due the day following substantial completion of the project and converted from a construction loan to a permanent loan (see Note F[4])	**17,408,250**	9,489,164
Build NYC Resource Corporation to CUCS bearing interest at 4.15% requiring monthly principal and interest payments over 25 years, due in September 2046	**4,463,231**	
Build NYC Resource Corporation to CUCS bearing interest at 4.15% requiring monthly principal and interest payments over 25 years, due in May 2048	**8,685,217**	
	73,237,134	52,338,685
First Republic Bank, line of credit up to $3,000,000, at prime rate plus 50 basis points, which was 6.00% and 5.50% at June 30, 2019 and 2018, respectively, paid monthly, due in December 2019	**1,293,094**	3,550,000
	$ 74,530,228	$ 55,888,685

Certain covenants exist under the terms of these loans. As of June 30, 2019 and June 30, 2018, CUCS is not in violation of any of these covenants.

NOTE E - NOTES PAYABLE (CONTINUED)

The approximate annual principal payments due on notes payable in each of the five years subsequent to June 30, 2019 are as follows:

Year Ending June 30,	Principal
2020	$ 1,714,602
2021	442,145
2022	461,501
2023	481,705
2024	500,831
2025-2048	70,929,444
	$ 74,530,228

NOTE F - RELATED-PARTY TRANSACTIONS

[1] 1510 L.P. (continued)

In fiscal-year 2006, CUCS received a state aid grant from the New York State Office of Mental Health ("OMH"), in the amount of $8,461,562, for the development of a property located in the Bronx, New York. Proceeds received during 2006, for the acquisition of the land and construction of the facility, in the amount of $4,985,654, were recognized as revenue.

In July 2009, 1510 Southern Boulevard Residence, GP, Inc. ("1510 Inc.") was organized as a New York corporation to acquire, own, finance, construct, develop, lease, manage, and operate real property owned by 1510 Southern Boulevard Residence, L.P. ("1510 L.P."), a New York State limited partnership. The sole owner of 1510 Inc. is CUCS-HDFC. 1510 Inc. is the general partner of 1510 L.P. and holds a .01% interest in the partnership.

In September 2009, CUCS-HDFC and 1510 L.P. financed the remaining construction through (i) a loan from the Dormitory Authority of the State of New York ("DASNY"), with a principal amount of $9,562,000, that was funded with proceeds from the sale of private activity tax-exempt bonds ("DASNY Loan"), the proceeds from which were loaned by DASNY through OMH to CUCS-HDFC and, in turn, by CUCS-HDFC to 1510 L.P., (ii) an equity investment made by an investor limited partner in connection with the sale of federal low-income housing tax credits generated by the project, and (iii) advances by the Center of $294,209. As long as the project continues to qualify for reimbursement payments pursuant to the New York State Mental Hygiene Law, such payments will be applied to the loan by OMH on behalf of the borrowers to reduce the obligation. The loan from CUCS-HDFC to 1510 L.P. accrues interest at .01% per annum and is due on its 40th anniversary.

At the time of financing, CUCS-HDFC conveyed beneficial title to the real property, referred to above, located at 1510 Southern Boulevard in the Bronx, to 1510 L.P. in exchange for a mortgage note receivable (as referenced above). At closing, DASNY disbursed the DASNY Loan to (i) repay the original amount of the OMH grant funds of $5,070,544, representing the initial cost of the property plus development costs, (ii) an amount of $4,066,034 directly into 1510 L.P., and (iii) pay $425,422 in various closing costs.

NOTE F - RELATED-PARTY TRANSACTIONS (CONTINUED)

[1] 1510 L.P. (continued)

In November 2017, in accordance with the regulatory agreement and consent of OMH, 1510 L.P. transferred the property and related services contract to another homeless housing provider. As a result of this transfer, CUCS-HDFC was discharged from its interest in the note receivable of $9,547,000 and was released from its interest in the note payable of $4,576,706, representing the balance of the DASNY Loan that was not originally considered part of the state aid grant. A loss on the transfer of $4,970,294 was reported in the consolidated statement of activities for fiscal-year 2018.

[2] Lenniger L.P.

In December 2009, Lenniger Residences, GP, Inc. ("Lenniger Inc.") was organized as a New York corporation to acquire, own, finance, construct, develop, lease, manage and operate real property owned by Lenniger Residences, L.P. ("Lenniger L.P."), a New York State limited partnership. The sole owner of Lenniger Inc. is CUCS-HDFC II. Lenniger Inc. is the general partner of Lenniger L.P. and holds a .01% interest in the partnership.

In May 2008, CUCS-HDFC II financed the purchase of 2013-2018 Hughes Avenue, The Bronx ("2013 Hughes Avenue"). In December 2009, beneficial title in 2013 Hughes Avenue was transferred to Lenniger L.P. in exchange for a mortgage note receivable.

The project construction was financed through (i) a loan from the New York City Department of Housing Preservation and Development ("HPD") in the principal amount of $20,039,954 (the "HPD Loan") that was funded with funds provided by (a) the federal HOME Investments Partnership Program for $11,151,468, and (b) the ARRA TCAP program for $8,888,486, (ii) an equity investment made by the limited partners of Lenniger L.P. in the amount of $7,931,250, (iii) a grant from the New York State Energy Research and Development Authority ("NYSERDA") in the amount of $40,000, and (iv) a private grant from Enterprise Green in the amount of $25,000.

As a result of this financing, at June 30, 2019 and 2018, CUCS has reported, in the consolidated statements of financial position, a note receivable of $19,721,204, in each fiscal-year, due from Lenniger L.P. and a note payable of $19,716,220 in each fiscal year, representing the existing drawdown on the HPD Loan.

[3] Arthur Avenue L.P.

In December 2013, Arthur Avenue Residences, GP, Inc. ("Arthur Avenue Inc.") was organized as a New York corporation to acquire, own, finance, construct, develop, lease, manage and operate real property owned by Arthur Avenue Residence, L.P. ("Arthur Avenue L.P."), a New York State limited partnership. The sole owner of Arthur Avenue Inc. is CUCS-HDFC III. Arthur Avenue Inc. is the general partner of Arthur Avenue L.P. and holds a .01% interest in the partnership.

In July 2012, CUCS-HDFC III financed the purchase of 2116-2128 Arthur Avenue, The Bronx ("Arthur Avenue") with a loan from the New York City Acquisition Fund, LLC ("NYCAF"). In December 2013, Arthur Avenue construction financing was obtained and the New York City Acquisition Fund, LLC financing was repaid.

In fiscal-year 2015, CUCS also received a state aid grant from OMH in the amount of $2,099,652, for the construction of the Arthur Avenue project, which was loaned to Arthur Avenue L.P. At June 30, 2019 and 2018, CUCS has reported in the consolidated statement of financial position a note receivable of $2,099,652, due from Arthur Avenue L.P.

NOTE F - RELATED-PARTY TRANSACTIONS (CONTINUED)

[3] Arthur Avenue L.P. (continued)

In fiscal-year 2016, CUCS also received a grant from NYSERDA in the amount of $129,600, in connection with the construction of the Arthur Avenue project, which was loaned to Arthur Avenue L.P. At June 30, 2019 and 2018, CUCS has reported in the accompanying consolidated statement of financial position a note receivable of $64,800 due from Arthur Avenue L.P.

In May 2017, the project construction financing was converted to permanent financing and is now financed through (i) three loans from the New York City Housing Development Corporation in the principal amounts of $3,315,000, $7,020,000 and $7,020,000, respectively, and (ii) a loan from the New York State Homeless Housing Assistance Corporation in the principal amount of $3,825,000, and (iii) a grant from OMH in the principal amount of $2,099,652.

As a result of this financing, at June 30, 2019 and 2018, CUCS has reported, in the consolidated statements of financial position, a note receivable of $17,355,000 in each fiscal-year, due from Arthur Avenue L.P., and notes payable totaling $17,355,000, each year respectively, representing the project's permanent financing.

[4] CUCS West 127th Street LLC

In April 2018, CUCS West 127th Street MM Inc. ("127th Street Inc.") was organized as a New York corporation to acquire, own, finance, construct, develop, lease, manage and operate real property owned by CUCS West 127th Street LLC ("127th Street LLC"), a New York State limited liability company. The sole owner of 127th Street Inc. is CUCS-HDFC IV. 127th Street Inc. is the managing member of 127th Street LLC and holds a .01% interest in the company.

In June 2018, the New York City Housing Development Corporation ("HDC") agreed to provide construction and permanent financing. The construction of the project will be financed through (i) three mortgage loans from HDC totaling approximately $60,000,000, (ii) a mortgage loan from New York State Housing and Assistance Corporation of $7,750,000, (iii) an equity investment of approximately $14,000,000 by the tax-credit investor and (iv) various sponsor loans totaling approximately $4,000,000. The total construction cost of the project is estimated to be $86,000,000. During fiscal-years 2019 and 2018, HDC distributed $7,919,086 and $9,489,164, respectively, to assist in the construction and permanent financing and is included as a note payable in the consolidated statement of financial position. In addition, at closing, CUCS-HDFC IV conveyed beneficial title to the real property, located at West 127th Street in Manhattan, to 127th Street LLC, in exchange for a note receivable of $17,408,250 and is reported in the consolidated statements of financial position.

At each fiscal year-end, notes receivable consisted of the following:

	June 30, 2019	June 30, 2018
Lenniger L.P. (see Note F[2])	**$ 19,721,204**	$ 19,721,204
Arthur Avenue L.P. (see Note F[3])	**19,519,452**	19,519,452
CUCS West 127th Street LLC (see Note F[4])	**17,408,250**	9,489,164
1510 L.P.		309,209
	$ 56,648,906	$ 49,039,029

NOTE G - REFUNDABLE ADVANCES

CUCS has received funding relating to certain contracts and grants from various government agencies prior to CUCS performing the related services as required by those contracts. At June 30, 2019 and 2018, amounts relating to funds received in advance were $20,305,819 and $13,489,640, respectively.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions consisted of the following:

	June 30, 2019	June 30, 2018
Purpose restricted:		
Intensive wellness	**$ 1,178,000**	$ 770,300

During each fiscal-year, net assets with donor restrictions released from restrictions consisted of the following:

	Year Ended June 30, 2019	Year Ended June 30, 2018
Purpose restricted:		
Intensive wellness	**$ 770,300**	$ 796,090
Training and technical assistance		205,688
Supportive housing		187,250
Project for Psychiatric Outreach to the Homeless		97,676
Property development		5,952
	$ 770,300	$ 1,292,656

NOTE I - RETIREMENT PLANS

The Center provides a defined-contribution section 403(b) plan for all full-time employees, and the PC provides a section 401(k) plan for its workers. Employer contributions are available to all employees after two full years of service. Total pension expense for fiscal-years 2019 and 2018 was $1,069,058 and $1,013,811, respectively.

NOTE J - SPECIAL-PURPOSE ENTITIES

In fiscal-years 2019 and 2018, the following entities of CUCS reported support and revenue and related expenses, which are subject to elimination in the consolidated financial statements, for each of its special purpose entities as follows:

	Year Ended June 30, 2019					
	CUCS-HDFC	**CUCS-HDFC II**	**CUCS-HDFC III**	**CUCS-HDFC IV**	**Initiatives**	**PC**
Support and revenue	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 803,274**	**$ 8,315,853**
Expenses	**$ 0**	**$ 700**	**$ 226**	**$ 0**	**$ 705,448**	**$ 8,758,837**

	Year Ended June 30, 2018					
	CUCS-HDFC	**CUCS-HDFC II**	**CUCS-HDFC III**	**CUCS-HDFC IV**	**Initiatives**	**PC**
Support and revenue	$ 0	$ 500	$ 65,300	$ 0	$ 803,274	$ 7,650,485
Expenses	$ 0	$ 0	$ 251	$ 5,000	$ 730,167	$ 7,509,892

NOTE K - CLIENT/REPRESENTATIVE PAYEE ACCOUNT

CUCS acts as a representative for funds paid to over 100 clients who receive services from CUCS. Cash received on behalf of the clients is initially deposited in individual "client" accounts at Citibank. Depending on the level of a client's needs for funds, a portion is subsequently transferred to a primary account. Payments for rents and for certain personal needs of the clients are made from the primary account. Interest, if any, is accumulated in the individual client accounts. During fiscal-year 2019, the activity in these accounts, which is not included in the accompanying consolidated financial statements, was as follows:

Client accounts:	
Balance as of June 30, 2018	$ 460,200
Deposits	3,455,311
Transfers to the primary account	(3,625,510)
Balance as of June 30, 2019	**$ 290,001**
Primary account:	
Balance as of June 30, 2018	$ 44,906
Transfers from the client accounts	1,101,346
Disbursements	(1,089,909)
Balance as of June 30, 2019	**$ 56,343**

NOTE L - CONCENTRATION OF CREDIT RISK

CUCS received grants from New York City and New York State governmental agencies in the amounts of approximately $56,300,000 and $52,100,000 for the fiscal-years ended June 30, 2019 and 2018, respectively. Such grants represented approximately 86% and 84% of total public support and revenue for fiscal-years 2019 and 2018, respectively. In the event the governmental agencies were not able to continue funding CUCS, CUCS could experience difficulties in supporting their operations.

Financial instruments that potentially expose CUCS to a concentration of credit risk consist primarily of cash accounts with major financial institutions in amounts that are in excess of federally insured limits. Management believes that the credit risk to these accounts is minimal.

NOTE M - COMMITMENTS AND CONTINGENCIES

[1] Operating leases:

At June 30, 2019, CUCS was obligated under various operating leases expiring through CUCS's fiscal-year 2023. For fiscal-years subsequent to fiscal-year 2019, minimum annual future rental commitments under the lease agreements are as follows:

Year Ending June 30,	Amount
2020	$ 4,161,684
2021	4,161,684
2022	4,161,684
2023	4,161,684
2024	4,161,684
	$ 20,808,420

Rent expense for fiscal-years 2019 and 2018 was approximately $4,839,109 and $5,489,993, respectively.

[2] Audits by funding sources:

In the course of business, CUCS's government grants are regularly subject to government audits. As of June 30, 2019 and 2018, a provision of $537,000 and $610,000 was made for any liabilities that may arise from such audits, respectively, and in the event of any disallowances or adjustments to this provision, the change would be reported in the consolidated financial statements in the years of settlement.

[3] Accrued vacation:

Based on their tenure, CUCS's employees are entitled to be paid for unused vacation time if they leave the organization's employment. Accordingly, at each fiscal year-end, CUCS acknowledges a maximum liability for the amount that would be incurred if employees with such unused vacation were to leave. At June 30, 2019 and 2018, the amounts of the unreported accrued vacation obligation were $1,465,517 and $1,353,195, respectively.

NOTE M - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[4] State aid grants:

In fiscal-year 2002, CUCS received a state aid grant from OMH in the amount of $701,600, for the purchase of the Kelly Hotel in Manhattan. The grant was recognized fully as revenue in the fiscal year it was awarded. CUCS is contingently obligated to refund the amount of the grant if it does not manage the hotel in compliance with the grant's terms. However, OMH reduces the potential amount due by an amount equal to 5% of the total for each full fiscal-year (starting with fiscal-year 2003) in which CUCS performs the obligation in accordance with the grant agreement.

At June 30, 2019, the contingent liability for the Kelly Hotel was calculated at $105,240, an amount which has not been reported in the accompanying consolidated financial statements as CUCS has been in compliance with the project award.

In fiscal-year 2015, CUCS received a state aid grant from OMH in the amount of $2,099,652 for the construction of the Arthur Avenue project. CUCS is contingently obligated to refund the amount of the grant if it does not manage the project in compliance with the grant's terms. However, OMH will reduce the potential amount due by an amount equal to 5% of the total for each full fiscal-year (starting with fiscal-year the asset is placed in service) in which CUCS performs the obligation in accordance with the grant agreement.

At June 30, 2019, the contingent liability for the Arthur Avenue project was calculated at $1,679,724, an amount which has not been reported in the accompanying consolidated financial statements as CUCS has been in compliance with the project award.

NOTE N - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects CUCS's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2019 because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board for growth and sustainability of CUCS that could be drawn upon if the Board approves the action.

CUCS's financial assets available for general use within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents (net of restricted cash)	$ 2,015,930
Government grants receivable	32,241,528
Contributions receivable	1,004,204
Accounts receivable	1,178,394
Investments	1,622,132
Total financial assets available within one year	38,062,188
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with:	
Purpose restrictions	(1,178,000)
Total amounts unavailable for general expenditure within one year	(1,178,000)
Amounts unavailable to management without Board's approval:	
Board-designated funds - special operating reserve	(1,622,132)
Total financial assets available to meet cash needs for general expenditures within one year	$ 35,262,056

NOTE N - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity policy:

CUCS maintains a sufficient level of operating cash and investments to be available as its general expenditures, liabilities, and other obligations come due as part of its liquidity management. Additionally, CUCS has board-designated funds whereby amounts could be made available for current operations, if necessary; however, CUCS does not intend to spend these funds for purposes other than those approved by the Board. Further, CUCS has the ability to access additional resources associated with a line-of-credit agreement it had entered into with a bank (see Note E).