

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2019**

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**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

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**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**June 30, 2019**

Mortgagor's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Coney Island Site Nine Houses, Inc. and, to the best of my knowledge and belief, the same are complete and accurate.

Officer

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Tracy Welsh  
Chief Operating Officer

Date

Telephone Number: (212) 273-5212

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**June 30, 2019**

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Coney Island Site Nine Houses, Inc. and, to the best of my knowledge and belief, the same are complete and accurate.

Managing Agent

JASA Housing Management Services  
for the Aged, Inc.

\_\_\_\_\_  
Donald Manning  
Director of Housing

Date

Regina Loveridge  
Property Manager

Managing Agent Taxpayer  
Identification Number:  
13-3078676

## Independent Auditor's Report

To the Board of Trustees  
Coney Island Site Nine Houses, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Coney Island Site Nine Houses, Inc., which comprise the statements of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coney Island Site Nine Houses, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 19 to 33 is presented for purposes of additional analysis as required by the Consolidated Audit Guide for Audits of HUD Programs issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of Coney Island Site Nine Houses, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coney Island Site Nine Houses, Inc.'s 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 Coney Island Site Nine Houses, Inc.'s internal control over financial reporting and compliance.



New York, New York  
September 27, 2019

Taxpayer Identification Number:  
22-1478099

Lead Auditor: Winell Belfonte

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Statement of Financial Position**  
**June 30, 2019**

Assets

Current assets	
Cash	\$ 407,815
Cash - entity	128,210
Tenant accounts receivable	4,647
Allowance for doubtful accounts	(2,290)
Accounts receivable - HUD	59,606
Prepaid expenses	22,621
	<hr/>
Total current assets	620,609
	<hr/>
Deposits held in trust - funded	
Tenant deposits	107,999
	<hr/>
Restricted deposits and funded reserves	
Escrow deposits	94,657
Reserve for replacements	1,954,994
Other reserves	896,993
	<hr/>
Total restricted deposits and funded reserves	2,946,644
	<hr/>
Rental property	
Land	642,289
Buildings	20,189,262
Building equipment - portable	431,050
Furnishings	46,397
Office furniture and equipment	62,002
Miscellaneous fixed assets	368,288
	<hr/>
	21,739,288
Less accumulated depreciation	(11,817,300)
	<hr/>
Total rental property	9,921,988
	<hr/>
Total assets	<u><u>\$ 13,597,240</u></u>

See Notes to Financial Statements.

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Statement of Financial Position**  
**June 30, 2019**

Liabilities and Net Assets

Current liabilities	
Accounts payable - operations	\$ 387,212
Accrued wages payable	11,566
Accrued payroll taxes payable	883
Accrued management fee payable	28,640
Accrued interest payable - first mortgage	26,772
Accrued interest payable - other mortgage	22,857
Mortgage payable - first mortgage (short-term)	146,415
Prepaid revenue	1,824
	<hr/>
Total current liabilities	626,169
	<hr/>
Deposits liability	
Tenant deposits held in trust (contra)	107,999
	<hr/>
Long-term liabilities	
Mortgage payable - first mortgage, net of current and unamortized debt issuance costs	8,249,799
Other mortgage payable (long-term)	1,020,608
	<hr/>
Total long-term liabilities	9,270,407
	<hr/>
Total liabilities	10,004,575
	<hr/>
Contingency	-
Net assets	
Net assets without donor restrictions	3,464,455
Net assets with donor restrictions	128,210
	<hr/>
Total net assets without donor restrictions	3,592,665
	<hr/>
Total liabilities and net assets	\$ 13,597,240
	<hr/> <hr/>

See Notes to Financial Statements.

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Statement of Activities**  
**Year Ended June 30, 2019**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenue			
Rental	\$ 2,748,945	\$ -	\$ 2,748,945
Vacancies	(183,541)	-	(183,541)
Net rental revenue	2,565,404	-	2,565,404
Nursing home/assisted living and other revenue	57,607	-	57,607
Financial	15,279	-	15,279
Other	56,309	-	56,309
Total revenue	2,694,599	-	2,694,599
Expenses			
Administrative	352,918	-	352,918
Utilities	604,866	-	604,866
Operating and maintenance	855,852	-	855,852
Taxes and insurance	194,605	-	194,605
Financial (including interest of \$341,482)	381,240	-	381,240
Nursing home/assisted living and other elderly care	64,596	-	64,596
Total cost of operations before depreciation	2,454,077	-	2,454,077
Income (loss) before depreciation	240,522	-	240,522
Depreciation	531,782	-	531,782
Change in net assets	(291,260)	-	(291,260)
Net assets, beginning	3,755,715	128,210	3,883,925
Net assets, end	\$ 3,464,455	\$ 128,210	\$ 3,592,665

See Notes to Financial Statements.

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Statement of Cash Flows**  
**Year Ended June 30, 2019**

Cash flows from operating activities	
Rental receipts	\$ 2,481,819
Interest receipts	15,279
Other operating receipts	113,916
	113,916
Total receipts	2,611,014
Administrative expenses paid	(107,591)
Management fees paid	(158,652)
Utilities paid	(586,286)
Salaries and wages paid	(315,308)
Operating and maintenance paid	(685,905)
Property insurance paid	(133,463)
Miscellaneous taxes and insurance paid	(4,397)
Other operating expenses paid	(198,019)
Interest paid on first mortgage	(324,113)
Interest paid on second mortgage	(1)
Mortgage insurance premium paid	(38,780)
Miscellaneous financial expenses paid	(606)
	(606)
Total disbursements	(2,553,121)
Net cash provided by operating activities	57,893
Cash flows from investing activities	
Net withdrawals from mortgage escrows	402,094
Net withdrawals from reserve for replacements	233,330
Net deposits to other reserves	
Net deposits to operating escrow fund	(99,172)
Net purchases of fixed assets	(2,519,166)
	(2,519,166)
Net cash used in investing activities	(1,982,914)
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(141,075)
Proceeds from other mortgage - second mortgage	102,792
	102,792
Net cash used in financing activities	(38,283)
Net decrease in cash	(1,963,304)
Cash, beginning	2,499,329
Cash, end	\$ 536,025

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Statement of Cash Flows**  
**Year Ended June 30, 2019**

Significant noncash investing and financing activities	
Fixed asset additions included in accounts payable	<u>\$ 74,092</u>

See Notes to Financial Statements.

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Notes to Financial Statements**  
**June 30, 2019**

**Note 1 - Organization**

Coney Island Site Nine Houses, Inc. (the "Company") was organized in August 1971 as a nonstock, nonprofit Company for the purpose of developing and operating housing and auxiliary facilities, under Section 202 of the National Housing Act, for aged persons of low income. Such projects are regulated by the U.S. Department of Housing and Urban Development ("HUD") as to rent charges and operating methods. The project consists of 197 units located in Queens, New York and is currently operating under the name Scheuer House of Coney Island (the "Project"). The Company receives a significant portion of its revenue from government subsidy payments. Surplus cash, as defined by HUD, is required to be deposited into a residual receipts reserve.

The Company is wholly controlled by the JASA Company, its sole member. JASA Company also wholly controls the Jewish Association Serving the Aging ("JASA"), JASA Housing Management Services for the Aged, Inc. ("JHM") and other housing companies, in its capacity as their sole member. The Company is related to JASA, JHM and the other housing companies by virtue of this control.

**Note 2 - Summary of significant accounting policies**

**Basis of presentation**

The Company presents its financial statements in accordance with the accounting guidance for nonprofit entities. Under this guidance, the Company is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Furthermore, information is required to segregate program service expenses from management and general expenses.

The Company conforms to accounting guidance on revenue recognition for nonprofit entities. Under this guidance, contributions received, if any, are recorded as support without or with donor restrictions depending on the existence and/or nature of any donor restrictions.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Accounts receivable and allowance for doubtful accounts**

Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2019, the balance of the allowance for doubtful accounts was \$2,290.

**Rental property**

Rental property is carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by use of the straight-line method. It is the Company's policy to capitalize items of \$5,000 or greater and items purchased with replacement reserves that have a useful life that is greater than one year.

**Coney Island Site Nine Houses, Inc.**  
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**Notes to Financial Statements**  
**June 30, 2019**

**Impairment of long-lived assets**

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized for the year ended June 30, 2019.

**Debt issuance costs**

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

**Income taxes**

The Company has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended June 30, 2019. Due to its tax-exempt status, the Company is not subject to income taxes. The Company is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. Income tax returns filed by the Company are subject to examination by the IRS for a period of three year. While no income tax returns are currently being examined by the IRS, tax years since 2016 remain open.

**Rental income**

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are operating leases.

**Grant income**

The Company was awarded a cost reimbursed grant from HUD (see Note 7). Revenue is recognized as costs are incurred.

**Advertising costs**

The Company's policy is to expense advertising costs when incurred.

**Functional expenses**

The costs of providing programs and other activities are summarized on a functional basis in Note 11. Accordingly, certain costs are allocated among program services and supporting services benefitted.

**Change in accounting principle**

During the year ended June 30, 2019, the Company adopted the provisions of Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). The Update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Company has adjusted

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Notes to Financial Statements**  
**June 30, 2019**

the presentation of these statements accordingly. The ASU 2016-14 has been applied on a retrospective basis.

**Note 3 - Liquidity and availability**

The Company has \$587,056 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$407,815, accounts receivable, net of allowances of \$61,963, restricted deposits of \$94,657 and prepaid expense of \$22,621. Only amounts related to restricted deposits and funded reserves anticipated to be used more than one year after the statement of financial position date have been excluded from the above amounts.

As regulated by HUD, financial assets of the Company are intended to be sufficient to meet its general expenditures, liabilities and other obligations as they become due. Project operations are designed to break-even and not result in either surplus cash or a deficit in surplus cash. Generally, any surplus cash generated, subject to exceptions permitted in certain regulatory agreements, must be deposited into a residual receipts reserve.

**Note 4 - Mortgages payable**

**First mortgage payable**

In December 2015, the Company refinanced its original mortgage in the original amount of \$9,097,000 under Section 207 pursuant to Section 223(f) of the National Housing Act. The note bears interest at 3.72%. The mortgage requires monthly installments of principal and interest of \$38,766 through maturity on January 1, 2051. During the year ended June 30, 2019, interest expense incurred was \$331,295 inclusive of amortization of debt issuance costs of \$7,619. As of June 30, 2019, the outstanding principal and accrued interest balances were \$8,635,863 and \$26,772, respectively. The mortgage is collateralized by the Company's fixed assets.

Debt issuance costs, net of accumulated amortization, totaled \$239,649 as of June 30, 2019 and are related to the mortgage. Debt issuance costs on the above note are being amortized using an imputed interest rate of 3.94%.

The Company entered into a regulatory agreement with the Secretary of HUD which prohibits, among other matters, (i) distributions (as defined) without prior written approval; (ii) the sale, assignment, disposal, or alteration of the real and personal property covered by the mortgage; and (iii) the Company's engaging in other business activities or incurring any liabilities not connected with the operation and rental of the building without prior written consent from HUD.

Under agreements with the mortgage lender and HUD, the Company is required to make monthly escrow deposits for taxes, insurance and replacement of project assets, and is subject to restrictions as to operating policies, rental charges, operating expenditures and distributions. The Company is also required by HUD to use the funds saved by a reduction in the debt service cost for programs and building improvements for the benefit of the tenants.

The liability of the Company under the mortgage note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Notes to Financial Statements**  
**June 30, 2019**

**Second mortgage payable**

In December 2015, the Company obtained a loan from the New York State Housing Finance Agency ("HFA") in the maximum amount of \$1,162,660. The loan bears an interest rate of 1.00% per annum. Principal and interest on the HFA loan are payable equal to 50% of the surplus income as defined in the HFA Loan Agreement. Any unpaid balance and accrued interest shall be payable upon maturity on July 1, 2051. During the year ended June 30, 2019, interest expense incurred was \$10,187. As of June 30, 2019, the outstanding principal and accrued interest balances were \$1,020,608 and \$22,857, respectively.

Aggregate annual maturities of the mortgages payable over each of the next five years and thereafter are as follows:

	<u>First Mortgage</u>	<u>HFA Loan</u>	<u>Total</u>
June 30, 2020	\$ 146,415	\$ -	\$ 146,415
2021	151,959	-	151,959
2022	157,709	-	157,709
2023	163,677	-	163,677
2024	169,870	-	169,870
Thereafter	<u>7,846,233</u>	<u>1,020,608</u>	<u>8,866,841</u>
Total balance due	8,635,863	1,020,608	9,656,471
Less: unamortized debt issuance costs	<u>(239,649)</u>	<u>-</u>	<u>(239,649)</u>
Net balance	<u>\$ 8,396,214</u>	<u>\$ 1,020,608</u>	<u>\$ 9,416,822</u>

**Note 5 - Reserves**

**Escrow deposits**

In accordance with the mortgage agreement, the Company is required to make monthly deposits of \$14,716 into an escrow account for insurance and mortgage insurance premiums. As of June 30, 2019, the balance in the escrow was \$94,657.

**Replacement reserve**

The Company is required by HUD to fund a replacement reserve, to be used for the replacement of property and equipment. The use of the funds requires prior approval from HUD. Monthly deposits in the amount of \$4,925 are required. As of June 30, 2019, the balance in the replacement reserve was \$1,954,994.

**Operating escrow fund**

The Company is required by the New York State Department of Housing and Community Renewal ("DHCR") to fund an operating escrow fund to cover replacement needs, including, but not limited to, painting and decorating expenses, water and sewer charges and other repairs and maintenance costs. As of June 30, 2019, the balance in the operating escrow fund was \$896,993 and is included in other reserves on the accompanying statement of financial position.

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Notes to Financial Statements**  
**June 30, 2019**

**Residual receipt reserve**

The Company is required by HUD to fund a residual receipts reserve to be used for capital improvements. The use of these funds required prior approval from HUD. Deposits are made into the reserve when the Company has surplus cash at the end of the fiscal year. As of June 30, 2019, the balance in the residual receipts reserve was \$0.

**Note 6 - Related party transactions**

**JASA**

The Company is a participant in a general insurance plan with JASA, which also includes health insurance and workmen's compensation. Property and liability insurance expense for the year ended June 30, 2019 is \$133,463. Workmen's compensation and health insurance and other employee benefits for the year ended June 30, 2019 is \$48,170.

JASA pays the Company a license fee for the use of space for a community services facility located at the site. License fee revenue for the year ended June 30, 2019 was \$15,420 and is included in miscellaneous revenue on the statement of activities.

The Company is a participant in a multiemployer, defined benefit retirement plan sponsored by the UJA-Federation. The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer who participates in the plan. For the year ended June 30, 2019, the Company did not make any direct contributions into the plan on behalf of its employees; contributions to the plan were made by JASA. For the year ended June 30, 2019, the Company reimbursed JASA \$4,788 for pension costs.

The Company pays JASA, through a HUD grant, for the Service Coordinator Program, which provides social services for the tenants. The program expenses for the year ended June 30, 2019 were \$64,596.

As of June 30, 2019, \$19,568 remain payable to JASA and is included in accounts payable on the statements of financial position.

**JHM**

The property is managed by an affiliate of the Company, JHM, pursuant to a management agreement approved by HUD. The current management agreement provides for a fee of 7.12% of rental receipts and other revenues. Management fees incurred for the year ended June 30, 2019 is \$157,365.

As of June 30, 2019, \$28,640 remains payable to JHM and are included on the statements of financial position as accrued management fee payable.

**Note 7 - Grant revenue**

The Company was awarded a service coordinator grant from HUD to use toward payment of the service coordinator's salary, benefits, and other administrative costs. The Company reimburses JASA with the grant. The Company received and recognized grant revenue of \$57,607 for the year ended June 30, 2019. Grant expense for the year ended June 30, 2019 were \$64,596. As of June 30, 2019, \$57,646 remains receivable and is included in accounts receivable - HUD on the statement of financial position.

**Coney Island Site Nine Houses, Inc.**  
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**Notes to Financial Statements**  
**June 30, 2019**

**Note 8 - Housing assistance payment contract agreement**

The Company has contracted under a Rental Assistance Demonstration ("RAD") Rider with HUD and the Housing Trust Fund Corporation pursuant to Section 8 of the Housing Act of 1937 to make housing assistance payments on behalf of the qualified tenants. The agreement expires August 1, 2028. For the year ended June 30, 2019, rental assistance payments of \$1,108,242 were earned under the terms of the agreement.

**Note 9 - Concentration of credit risk**

The Company maintains its cash balances in several accounts in one bank. The cash balances are insured by the Federal Deposit Insurance Company up to \$250,000. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2019.

**Note 10 - Current vulnerability due to certain concentrations**

The Company's principal asset is a 197-unit apartment facility. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

**Note 11 - Expenses by nature and function**

The table below presents expenses by both their nature and function during the year ended June 30, 2019:

	Total program services expense	Total supporting services expense (management and general)	Total supporting services expense (other)	Total
Administrative expenses	\$ 181,016	\$ 171,902	\$ -	\$ 352,918
Utilities expense	604,866	-	-	604,866
Operating and maintenance expenses	855,852	-	-	855,852
Taxes and insurance	194,605	-	-	194,605
Financial expenses	381,240	-	-	381,240
Nursing home/assisted living/board and care/other elderly care expenses	64,596	-	-	64,596
Depreciation	531,782	-	-	531,782
<b>Total</b>	<b>\$ 2,813,957</b>	<b>\$ 171,902</b>	<b>\$ -</b>	<b>\$ 2,985,859</b>

All expenses are directly attributable to a specific function.

**Coney Island Site Nine Houses, Inc.**  
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**Notes to Financial Statements**  
**June 30, 2019**

**Note 12 - Commitments and contingencies**

Pursuant to the Company's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of the Company with regard to transactions relating to these contracts. The accompanying financial statements contain no provision for possible disallowances resulting from such reviews. Although such possible disallowances could be substantial, in the opinion of management, actual disallowances resulting from such reviews, if any, would be immaterial.

**Note 13 - Real estate tax exemption**

The Company has executed documentation necessary to obtain a real estate tax exemption under the New York City Property Tax Code. As of June 30, 2019, the exemption was approved and expires on January 31, 2050, unless otherwise terminated in accordance with the agreement.

**Note 14 - Superstorm sandy**

In 2013, the Company received a grant from the Fund for the City of New York in the amount of \$150,000. Use of the \$150,000 is restricted by the grantor for resiliency planning (equipping the Project to reduce the impact of future natural disasters) and is included as net assets with donor restrictions. The remaining balance of the restricted fund as of June 30, 2019 is \$128,210.

**Note 15 - Subsequent events**

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Company through September 27, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**Supplementary Information**  
**Supporting Data Required by HUD**

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**

**Statement of Financial Position Data**  
**June 30, 2019**

<u>Account No.</u>	<u>Assets</u>	
<b>Current assets</b>		
1120	Cash - operations	\$ 407,815
1125	Cash - entity	128,210
1130	Tenant accounts receivable	\$ 4,647
1131	Allowance for doubtful accounts	<u>(2,290)</u>
1130N	Net tenants accounts receivable	2,357
1135	Accounts receivable - HUD	59,606
1200	Prepaid expenses	<u>22,621</u>
1100T	Total current assets	620,609
<b>Deposits held in trust - funded</b>		
1191	Tenant deposits	107,999
<b>Restricted deposits and funded reserves</b>		
1310	Escrow deposits	94,657
1320	Reserve for replacements	1,954,994
1330	Other reserves	<u>896,993</u>
1300T	Total deposits	2,946,644
<b>Rental property</b>		
1410	Land	642,289
1420	Buildings	20,189,262
1440	Building equipment - portable	431,050
1460	Furnishings	46,397
1465	Office furniture and equipment	62,002
1490	Miscellaneous fixed assets	<u>368,288</u>
1400T	Total fixed assets	21,739,288
1495	Less accumulated depreciation	<u>(11,817,300)</u>
1400N	Net fixed assets	<u>9,921,988</u>
1000T	Total assets	<u>\$ 13,597,240</u>

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**Supplementary Information**

**Statement of Financial Position Data  
June 30, 2019**

<u>Account No.</u>	<u>Liabilities and Net Assets</u>	
<b>Current liabilities</b>		
2110	Accounts payable - operations	\$ 387,212
2120	Accrued wages payable	11,566
2121	Accrued payroll taxes payable	883
2123	Accrued management fee payable	28,640
2131	Accrued interest payable - first mortgage	26,772
2132	Accrued interest payable - other mortgages	22,857
2170	Mortgage payable - first mortgage (short-term)	146,415
2210	Prepaid revenue	<u>1,824</u>
2122T	Total current liabilities	626,169
<b>Deposits liability</b>		
2191	Tenant deposits held in trust (contra)	107,999
<b>Long-term liabilities</b>		
2320	Mortgage payable - first mortgage	\$ 8,249,799
2322	Other mortgages payable (long-term)	<u>1,020,608</u>
2300T	Total long-term liabilities	<u>9,270,407</u>
2000T	Total liabilities	10,004,575
3131	Net assets without donor restrictions	3,464,455
3133	Net assets with donor restrictions	<u>128,210</u>
3130	Total net assets	<u>3,592,665</u>
2033T	Total liabilities and net assets	<u><u>\$ 13,597,240</u></u>

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**Supplementary Information**

**Statement of Activities Data  
Year Ended June 30, 2019**

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 882,956	
5121	Tenant assistance payments	1,108,242	
5170	Garage and parking spaces	2,585	
5190	Miscellaneous rent revenue	<u>755,162</u>	
5100T	Total rental revenue		\$ 2,748,945
Vacancies			
5220	Apartments	(140,219)	
5250	Rental concessions	<u>(43,322)</u>	
5200T	Total vacancies		<u>(183,541)</u>
5152N	Net rental revenue		2,565,404
5300	Nursing home/Assisted living/Board and care/Other elderly care/Coop and other revenue		57,607
Financial revenue			
5410	Financial revenue - project operations	12,841	
5440	Revenue from investments - replacement reserve	<u>2,438</u>	
5400T	Total financial revenue		15,279
Other revenue			
5910	Laundry and vending	9,939	
5920	Tenant charges	27,846	
5990	Miscellaneous revenue	<u>18,524</u>	
5900T	Total other revenue		<u>56,309</u>
5000T	Total revenue		<u>2,694,599</u>

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**

**Statement of Activities Data**  
**Year Ended June 30, 2019**

Account No.

Administrative expenses		
6203	Conventions and meetings	1,046
6204	Management consultants	697
6250	Other renting expenses	7,945
6310	Office salaries	25,353
6311	Office expenses	35,655
6320	Management fee	157,365
6330	Manager or superintendent salaries	50,009
6331	Administrative rent free unit	21,720
6340	Legal expense - project	588
6350	Auditing expense	10,100
6351	Bookkeeping fees/accounting services	4,437
6370	Bad debts	2,291
6390	Miscellaneous administrative expenses	<u>35,712</u>
6263T	Total administrative expenses	352,918
Utilities expense		
6450	Electricity	232,607
6451	Water	47,821
6452	Gas	248,402
6453	Sewer	<u>76,036</u>
6400T	Total utilities expense	604,866
Operating and maintenance expenses		
6510	Payroll	60,985
6515	Supplies	77,824
6520	Contracts	500,725
6525	Garbage and trash removal	6,056
6530	Security payroll/contract	173,999
6546	Heating/cooling repairs and maintenance	32,829
6590	Miscellaneous operating and maintenance expenses	<u>3,434</u>
6500T	Total operating and maintenance expenses	855,852

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**

**Statement of Activities Data**  
**Year Ended June 30, 2019**

<u>Account No.</u>			
<b>Taxes and insurance</b>			
6711	Payroll taxes	10,388	
6720	Property and liability insurance	133,463	
6722	Workmen's compensation	7,318	
6723	Health insurance and other employee benefits	40,852	
6790	Miscellaneous taxes, licenses, permits and insurance	<u>2,584</u>	
6700T	Total taxes and insurance		194,605
<b>Financial expenses</b>			
6820	Interest on first mortgage payable	331,295	
6825	Interest on other mortgages	10,187	
6850	Mortgage insurance premium/service charge	39,152	
6890	Miscellaneous financial expenses	<u>606</u>	
6800T	Total financial expenses		<u>381,240</u>
6900	Nursing home/Assisted living/Board and care/Other elderly care expenses		<u>64,596</u>
6000T	Total cost of operations before depreciation		<u>2,454,077</u>
5060T	Income (loss) before depreciation		<u>240,522</u>
<b>Depreciation</b>			
6600	Depreciation expense	<u>531,782</u>	
	Total depreciation		<u>531,782</u>
5060N	Operating income (loss)		<u>(291,260)</u>
	Total expenses		<u>2,985,859</u>
3250	Change in net assets		<u><u>\$ (291,260)</u></u>

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**Supplementary Information**

**Statement of Activities Data  
Year Ended June 30, 2019**

Account No.

S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.	<u>\$ 141,075</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.	<u>\$ 59,100</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of activities.	<u>\$ -</u>
S1000-040	Project improvement reserve releases under the flexible subsidy program which are included as expense items on the statement of activities.	<u>\$ -</u>

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**

**Statement of Cash Flows Data**  
**Year Ended June 30, 2019**

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 2,481,819
S1200-020	Interest receipts	15,279
S1200-030	Other operating receipts	<u>113,916</u>
S1200-040	Total receipts	<u>2,611,014</u>
S1200-050	Administrative expenses paid	(107,591)
S1200-070	Management fees paid	(158,652)
S1200-090	Utilities paid	(586,286)
S1200-100	Salaries and wages paid	(315,308)
S1200-110	Operating and maintenance paid	(685,905)
S1200-140	Property insurance paid	(133,463)
S1200-150	Miscellaneous taxes and insurance paid	(4,397)
S1200-170	Other operating expenses paid	(198,019)
S1200-180	Interest paid on first mortgage	(324,113)
S1200-181	Interest paid on second mortgage	(1)
S1200-210	Mortgage insurance premium paid	(38,780)
S1200-220	Miscellaneous financial expenses paid	<u>(606)</u>
S1200-230	Total disbursements	<u>(2,553,121)</u>
S1200-240	Net cash provided by operating activities	<u>57,893</u>
	Cash flows from investing activities	
S1200-245	Net withdrawals from mortgage escrows	402,094
S1200-250	Net withdrawals from reserve for replacements	233,330
S1200-255	Net deposits to other reserves	
S1200-256	Net deposits to operating escrow fund	<u>\$ (99,172)</u>
		(99,172)
S1200-330	Net purchases of fixed assets	<u>(2,519,166)</u>
S1200-350	Net cash used in investing activities	<u>(1,982,914)</u>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	(141,075)
S1200-365	Proceeds from mortgages, notes and loans payable	<u>102,792</u>
S1200-460	Net cash used in financing activities	<u>(38,283)</u>
S1200-470	Net decrease in cash	(1,963,304)
S1200-480	Cash, beginning	<u>2,499,329</u>
S1200T	Cash, end	<u><u>\$ 536,025</u></u>

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**Supplementary Information**

**Statement of Cash Flows Data  
Year Ended June 30, 2019**

S1200-620 Comments

Fixed asset additions included in accounts payable

\$ 74,092

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**  
**Year Ended June 30, 2019**

**Reserve for Replacements**

<u>Account No.</u>		
1320P	Balance at June 30, 2018	\$ 2,188,324
1320DT	Total monthly deposits	59,100
1320INT	Interest income	2,438
1320WT	Approved withdrawals	<u>(294,868)</u>
1320	Balance at June 30, 2019	<u><u>\$ 1,954,994</u></u>

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**Supplementary Information  
Year Ended June 30, 2019**

**Computation of Surplus Cash, Distributions and Residual Receipts**

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>		
S1300-010	Cash (Accounts 1120, 1170 and 1191)	\$	515,814
1135	Accounts receivable - HUD		<u>59,606</u>
S1300-040	Total cash		<u>575,420</u>
S1300-050	Accrued mortgage interest payable		49,629
S1300-060	Delinquent mortgage principal payments		-
S1300-070	Delinquent deposits to reserve for replacements		-
S1300-075	Accounts payable (due within 30 days)		387,212
S1300-080	Loans and notes payable (due within 30 days)		-
S1300-090	Deficient tax, insurance or MIP escrow deposits		-
S1300-100	Accrued expenses (not escrowed)		41,089
2210	Prepaid revenue (Account 2210)		1,824
2191	Tenant security deposits liability (Account 2191)		107,999
S1300-110	Other current obligations (describe in detail)		
S1300-120	Mortgage principal	\$ 11,995	
S1300-120	Replacement reserve deposit	4,925	
S1300-120	Tax and insurance escrow deposit	4,501	
S1300-120	MIP escrow deposit	<u>3,285</u>	
			<u>24,706</u>
S1300-140	Less total current obligations		<u>612,459</u>
S1300-150	Surplus cash (deficiency)	\$	<u>(37,039)</u>
S1300-210	<u>Part B - Deposit Due Residual Receipts Reserve</u>	\$	<u>-</u>

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**  
**Year Ended June 30, 2019**

**Changes in Fixed Asset Accounts**

	Assets			Balance 6/30/19
	Balance 6/30/18	Additions	Deletions	
Land	\$ 642,289	\$ -	\$ -	\$ 642,289
Buildings	17,742,072	2,447,190		20,189,262
Building equipment - portable	424,824	6,226	-	431,050
Furnishings	46,397	-	-	46,397
Office furniture and equipment	62,002	-	-	62,002
Miscellaneous fixed assets	376,630	148,184	156,526	368,288
	<u>\$ 19,294,214</u>	<u>\$ 2,601,600</u>	<u>\$ 156,526</u>	<u>\$ 21,739,288</u>
Accumulated depreciation	<u>\$ 11,285,518</u>	<u>\$ 531,782</u>	<u>\$ -</u>	<u>\$ 11,817,300</u>
Total net book value				<u>\$ 9,921,988</u>

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**Supplementary Information  
Year Ended June 30, 2019**

Fixed Asset Detail

Additions to Buildings Account

<u>Item and quantity</u>	<u>Amount</u>
Building improvements	<u>\$ 2,447,190</u>

Additions to Building Equipment - Portable Account

<u>Item and quantity</u>	<u>Amount</u>
Fire safety	<u>\$ 6,226</u>

Additions to Miscellaneous Fixed Assets Account

<u>Item and quantity</u>	<u>Amount</u>
Construction in progress	<u>\$ 148,184</u>

Deductions from Miscellaneous Fixed Assets Account

<u>Item and quantity</u>	<u>Amount</u>
Construction in progress capitalized into building improvements	<u>\$ 156,526</u>

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**  
**Year Ended June 30, 2019**

**Detail of Accounts - Statement of Financial Position**

Other Reserves (Account No. 1330)

Operating escrow fund \$ 896,993

Accrued Interest Payable - Other Mortgages (Account No. 2132)

Second mortgage - HFA \$ 22,857

Other Mortgages Payable (Long-Term) (Account No. 2322)

Second mortgage - HFA \$ 1,020,608

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**  
**Year Ended June 30, 2019**

**Detail of Accounts - Statement of Activities**

Miscellaneous Rent Revenue (Account No. 5190)

NYS HCR Revenue	\$ 15,924
NYCHA Revenue	620,951
NYC HPD Sec 8 Revenue	<u>118,287</u>
	<u>\$ 755,162</u>

Miscellaneous Other Revenue (Account No. 5990)

Retained excess income	\$ 2,576
Use of premises income	15,420
Administrative fee income	<u>528</u>
	<u>\$ 18,524</u>

Miscellaneous Administrative Expenses (Account No. 6390)

Temporary agency and other administrative costs	\$ 35,527
Miscellaneous administrative expense	<u>185</u>
	<u>\$ 35,712</u>

Nursing Home/Assisted Living/Board and Care/Other Elderly Care/Coop and Other Revenue  
(Account No. 5300)

5390 Other service revenue	<u>\$ 57,607</u>
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Nursing Home/Assisted Living/Board and Care/Other Elderly Care  
Expenses (Account No. 6900)

6990 Other service expenses	<u>\$ 64,596</u>
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**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Supplementary Information**  
**Year Ended June 30, 2019**

**Other Information**

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	JHM (management fee)	\$ 158,652
S3100-210	JASA (service coordinator)	64,596
		<u>\$ 223,248</u>

**Coney Island Site Nine Houses, Inc.  
HUD Project No.: 012-11373**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019**

Federal Grantor/ (Pass-through Grantor)/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
Mortgage Insurance for the Purchase or Refinancing of existing Multi-Family Housing Projects (Section 223(f))	14.155	N/A	\$ 8,776,938
Multi-Family Housing Service Coordinators	14.191	N/A	57,607
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	N/A	<u>1,108,242</u>
Total expenditures of federal awards			<u>\$ 9,942,787</u>

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

**Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Coney Island Site Nine Houses, Inc., HUD Project No.012-11373, under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Coney Island Site Nine Houses, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Coney Island Site Nine Houses, Inc.

**Note 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. Coney Island Site Nine Houses, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3 - U.S. Department of Housing and Urban Development loan program**

Coney Island Site Nine Houses, Inc. has received a U.S. Department of Housing and Urban Development direct loan under Section 223(f) of the National Housing Act. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. Coney Island Site Nine Houses, Inc. received no additional loans during the year. The balance of the loan outstanding at June 30, 2019 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance</u>
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multi-family Housing Projects (Section 223(f))	\$ 8,635,863

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

To the Board of Trustees  
Coney Island Site Nine Houses, Inc.

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 financial statements of Coney Island Site Nine Houses, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2019.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coney Island Site Nine Houses, Inc.'s internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coney Island Site Nine Houses, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Coney Island Site Nine Houses, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 we have not identified.

#### Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is 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 Coney Island Site Nine Houses, Inc.'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.

*CohnReznick LLP*

New York, New York  
September 27, 2019

Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees  
Coney Island Site Nine Houses, Inc.

Report on Compliance for Each Major Federal Program

We have audited Coney Island Site Nine Houses, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coney Island Site Nine Houses, Inc.'s major federal programs for the year ended June 30, 2019. Coney Island Site Nine Houses, Inc.'s major federal programs are 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

*Auditor's Responsibility*

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Coney Island Site Nine Houses, Inc.'s compliance.

*Opinion on Each Major Federal Program*

In our opinion, Coney Island Site Nine Houses, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

## Report on Internal Control over Compliance

Management of Coney Island Site Nine Houses, Inc. 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 Coney Island Site Nine Houses, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coney Island Site Nine Houses, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



New York, New York  
September 27, 2019

**Coney Island Site Nine Houses, Inc.**  
**HUD Project No.: 012-11373**

**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Coney Island Site Nine Houses, Inc. were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies related to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of Coney Island Site Nine Houses, Inc. which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for Israel Senior Citizens Housing Development Fund Company expresses an unmodified opinion on all major federal programs.
6. There are no audit finding relative to the major federal award programs for Coney Island Site Nine Houses, Inc..
7. The programs tested as major programs were:
  - a. Section 223(f) Mortgage Insurance, CFDA # 14.155
  - b. Section 8 Housing Assistance, CFDA # 14.871
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Coney Island Site Nine Houses, Inc. was determined to be a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

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