

**Cooper Square Housing Development Fund  
Company, Inc.  
HUD Project No.: 012-EH-243**

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

**February 13, 2019**

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**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

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**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**February 13, 2019**

Mortgagor's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Cooper Square Housing Development Fund Company, Inc. and, to the best of my knowledge and belief, the same are complete and accurate.

Officer

\_\_\_\_\_  
Tracy Welsh  
Chief Operating Officer

Date

Telephone Number: (212) 273-5212

**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**February 13, 2019**

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Cooper Square Housing Development Fund Company, 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.

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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  
Cooper Square Housing Development Fund Company, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Cooper Square Housing Development Fund Company, Inc., which comprise the statement of financial position as of February 13, 2019, and the related statements of activities and cash flows for the period July 1, 2018 through February 13, 2019 (date before sale) and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cooper Square Housing Development Fund Company, Inc. as of February 13, 2019, and the changes in its net assets (deficit) and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

#### *Adoption of New Accounting Guidance*

As discussed in Note 2 to the financial statements, Cooper Square Housing Development Fund Company, Inc. adopted the Financial Accounting Standards Board's Accounting Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958). Presentation of Financial Statements of Not-for-Profit Entities as of and for the period ended February 13, 2019. The requirements of the ASU have been applied retrospectively. Our opinion is not modified with respect to this matter.

### *Sale of Property*

As discussed in Note 1 to the financial statements, on February 14, 2019, Cooper Square Housing Development Fund Company, Inc. sold all of its real estate, personal property, and related assets to an unrelated third party for a sales price of \$20,705,051. The financial statements do not reflect the recordation of the sales transaction, rather reflect the activity immediately preceding the commencement of the sales transaction on February 14, 2019. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 19 to 31 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 audit 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 November 20, 2019, on our consideration of Cooper Square Housing Development Fund Company, 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 solely 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 Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, Inc.'s internal control over financial reporting and compliance.



New York, New York  
November 20, 2019

Taxpayer Identification Number:  
22-1478099

Lead Auditor: Winell Belfonte

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Statement of Financial Position**  
**February 13, 2019**

Assets

Current assets	
Cash and cash equivalents - operations	\$ 747,863
Accounts receivable - HUD	409
Prepaid expenses	113,779
	<hr/>
Total current assets	862,051
	<hr/>
Deposits held in trust - funded	
Tenant deposits	36,242
	<hr/>
Restricted deposits and funded reserves	
Reserve for replacements	360,779
Residual receipts reserve	45,908
	<hr/>
Total restricted deposits and funded reserves	406,687
	<hr/>
Rental property - held for sale	
Land	172,650
Buildings	13,155,555
Building equipment - portable	151,063
Office furniture and equipment	57,160
Miscellaneous fixed assets	204,496
	<hr/>
	13,740,924
Less accumulated depreciation	(9,718,923)
	<hr/>
Total rental property - held for sale	4,022,001
	<hr/>
Total assets	<u>\$ 5,326,981</u>

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Statement of Financial Position**  
**February 13, 2019**

Liabilities and Net Assets (Deficit)

Current liabilities	
Accounts payable - operations	\$ 183,332
Accrued wages payable	21,707
Accrued payroll taxes payable	1,649
Accrued management fee payable	26,571
Accrued interest payable - first mortgage	12,767
Mortgage payable - first mortgage (short-term)	5,788,739
Prepaid revenue	<u>6,755</u>
Total current liabilities	<u>6,041,520</u>
Deposits liability	
Tenant deposits held in trust (contra)	<u>36,242</u>
Total liabilities	<u>6,077,762</u>
Commitment and Contingency	-
Net assets (deficit)	
Net assets without donor restrictions	<u>(750,781)</u>
Total net assets (deficit)	<u>(750,781)</u>
Total liabilities and net assets (deficit)	<u><u>\$ 5,326,981</u></u>

See Notes to Financial Statements.

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Statement of Activities and Changes in Net Assets (Deficit)**  
**Period from July 1, 2018 to February 13, 2019 (date before sale)**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenue			
Rental	\$ 1,721,981	\$ -	\$ 1,721,981
Vacancies	(18,803)	-	(18,803)
Net rental revenue	1,703,178	-	1,703,178
Financial	700	-	700
Other	4,043	-	4,043
Total revenue	1,707,921	-	1,707,921
Expenses			
Administrative	236,725	-	236,725
Utilities	127,956	-	127,956
Operating and maintenance	242,593	-	242,593
Taxes and insurance	279,830	-	279,830
Financial (including interest of \$332,291)	332,291	-	332,291
Nursing home/assisted living and other elderly care	50,642	-	50,642
Total cost of operations before depreciation	1,270,037	-	1,270,037
Income (loss) before depreciation	437,884	-	437,884
Depreciation	260,321	-	260,321
Change in net assets	177,563	-	177,563
Net assets, beginning	(928,344)	-	(928,344)
Net assets, end	\$ (750,781)	\$ -	\$ (750,781)

See Notes to Financial Statements.

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Statement of Cash Flows**  
**Period From July 1, 2018 to February 13, 2019 (date before sale)**

Cash flows from operating activities	
Rental receipts	\$ 1,711,364
Interest receipts	700
Other operating receipts	<u>4,043</u>
Total receipts	<u>1,716,107</u>
Administrative expenses paid	(122,976)
Management fees paid	(49,317)
Utilities paid	(189,766)
Salaries and wages paid	(241,167)
Operating and maintenance paid	(159,135)
Real estate taxes paid	(143,940)
Property insurance paid	(58,140)
Miscellaneous taxes and insurance paid	(344)
Other operating expenses paid	(96,570)
Interest paid on first mortgage	<u>(252,125)</u>
Total disbursements	<u>(1,313,480)</u>
Net cash provided by operating activities	<u>402,627</u>
Cash flows from investing activities	
Net deposits to reserve for replacements	(33,649)
Net deposits to residual receipts reserve	(151)
Net purchases of fixed assets	<u>(88,563)</u>
Net cash used in investing activities	<u>(122,363)</u>
Cash flows from financing activities	
Mortgage principal payments - first mortgage	<u>(318,329)</u>
Net cash used in financing activities	<u>(318,329)</u>
Net decrease in cash	(38,065)
Cash, beginning	<u>785,928</u>
Cash, end	<u><u>\$ 747,863</u></u>

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Statement of Cash Flows**  
**Period From July 1, 2018 to February 13, 2019 (date before sale)**

Reconciliation of change in net assets to net cash provided by operating activities	
Change in net assets	\$ 177,563
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	260,321
Amortization of debt issuance costs	102,643
Bad debts	4,195
Changes in asset and liability accounts	
(Increase) decrease in assets	
Tenant accounts receivable	2,655
Accounts receivable - other	15,610
Prepaid expenses	32,359
Tenant security deposits funded	781
Increase (decrease) in liabilities	
Accounts payable	(185,432)
Accrued liabilities	11,788
Accrued interest payable	(22,477)
Tenant security deposits held in trust	(781)
Prepaid revenue	3,402
Total adjustments	225,064
Net cash provided by operating activities	\$ 402,627

See Notes to Financial Statements.

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Notes to Financial Statements**  
**February 13, 2019**

**Note 1 - Organization**

Cooper Square Housing Development Fund Company, Inc. (the "Company") was organized in 1981 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 151 units located in New York, New York and is currently operating under the name of Evelyn and Louis Green Residence at Cooper Square. 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 Corporation, its sole member. JASA Corporation 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.

This project was sold and operations of the Company ceased on February 14, 2019. The accompanying financial statements present the financial position of the Company as of February 13, 2019 and the results of operations for the period July 1, 2018 through February 13, 2019 (date before sale).

**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 organization 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. All the net assets of the Company are net assets without 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 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. The account receivable and allowance for doubtful accounts as of February 13, 2019, was \$0 and \$0, respectively.

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Notes to Financial Statements**  
**February 13, 2019**

**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.

**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 period ended February 13, 2019.

**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 period ended February 13, 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 years. 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 6). 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 10. Accordingly, certain costs are allocated among program services and supporting services benefitted.

**Change in accounting principle**

During 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 the

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Notes to Financial Statements**  
**February 13, 2019**

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

**Note 3 - Liquidity and availability**

The Company has \$747,863 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 \$747,863. 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 - Mortgage payable**

The Company executed a mortgage note and building loan agreement with HUD in the original principal amount of \$10,025,500, representing the financing for the acquisition of the land and construction of the housing project. The note bears interest at 6.00% per annum. As of February 13, 2019, accrued interest payable was \$12,767, and the outstanding principal balance on the mortgage payable was \$5,892,476.

The mortgage note is payable in monthly installments of principal and interest in the amount of \$70,783, with the final payment due in October 2019. The mortgage is collateralized by the Company's fixed assets.

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

<u>Year ending</u>	<u>Amount</u>
2020	<u>\$ 5,725,902</u>

Debt issuance costs, net of accumulated amortization, totaled \$103,737 as of February 13, 2019 and are related to the first mortgages. Debt issuance costs on the above note are being amortized using an imputed rate of 9.52%. For the period ended February 13, 2019, interest expense of \$332,291, inclusive of amortization of debt issuance costs of \$102,643, was incurred and charged to operations.

**Note 5 - Reserves**

**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 \$4,138 are required. As of February 13, 2019, the balance in the replacement reserve was \$360,779.

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Notes to Financial Statements**  
**February 13, 2019**

**Residual receipts reserve**

The Company is required by HUD to fund a residual receipts reserve to be used for capital improvements. The use of these funds requires 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 February 13, 2019, the balance in the residual receipts reserve was \$45,908. There were no required deposit to be made to the reserve from available surplus cash for the period ended February 13, 2019.

**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 period ended February 13, 2019 was \$60,595. Workmen's compensation and health insurance and other employee benefits for the period ended February 13, 2019 were \$45,547.

The Company also pays JASA through a HUD grant for an elderly and congregate services program (see Note 6) conducted by JASA for the tenants. Expenses related to this grant for the period ended February 13, 2019 were \$50,642.

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 period ended February 13, 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 period ended February 13, 2019, the Company reimbursed JASA \$6,267 for pension costs.

As of February 13, 2019, \$45,118 remains payable to JASA and is included on the statements of financial position in accounts payable - operations.

**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 4.501% of rental receipts. Management fees earned for the period ended February 13, 2019 were \$66,860.

The property pays a HUD-approved monthly fee to JHM for accounting and bookkeeping services. Fees earned for the period ended February 13, 2019 were \$19,425, and are included in bookkeeping fees/accounting services on the statements of activities.

As of February 13, 2019, \$25,796 remains payable to JHM and is included on the statement of financial position as accrued management fee payable.

**Note 7 - Housing assistance payment contract agreement**

HUD has contracted with the Company pursuant to Section 8 of the Housing Act of 1937 to make housing assistance payments to the Company on behalf of qualified tenants. The agreement expires August 1, 2020.

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Notes to Financial Statements**  
**February 13, 2019**

**Note 8 - 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 February 13, 2019.

**Note 9 - Current vulnerability due to certain concentrations**

The Company's principal asset is a 151-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 10 - Expenses by nature and function**

The table below presents expenses by both their nature and function during the year ended February 13, 2019.

	Total program services expense	Total supporting services expense (management and general)	Total supporting services expense (other)	Total
Administrative expenses	\$ 141,108	\$ 95,617	\$ -	\$ 236,725
Utilities expense	127,956	-	-	127,956
Operating and maintenance	242,593	-	-	242,593
Taxes and insurance	279,830	-	-	279,830
Financial expenses	332,291	-	-	332,291
Nursing home/assisted living/board and care/other elderly care expenses	50,642	-	-	50,642
Depreciation	260,321	-	-	260,321
<b>Total</b>	<b>\$ 1,434,741</b>	<b>\$ 95,617</b>	<b>\$ -</b>	<b>\$ 1,530,358</b>

All expenses are directly attributable to a specific function.

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Notes to Financial Statements**  
**February 13, 2019**

**Note 11 - Commitment and contingency**

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 12 - 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 November 20, 2019 (the date the financial statements were available to be issued) and concluded that, other than noted below, no subsequent events have occurred.

On February 14, 2019, the Company sold the rental property and the mortgage for a sales price of \$20,705,051.

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

**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**Supplementary Information**

**Statement of Financial Position Data  
February 13, 2019**

<u>Account No.</u>	<u>Assets</u>	
<b>Current assets</b>		
1120	Cash - operations	\$ 747,863
1135	Accounts receivable - HUD	409
1200	Prepaid expenses	<u>113,779</u>
1100T	Total current assets	862,051
<b>Deposits held in trust - funded</b>		
1191	Tenant deposits	36,242
<b>Restricted deposits and funded reserves</b>		
1320	Reserve for replacements	\$ 360,779
1340	Residual receipts reserve	<u>45,908</u>
1300T	Total deposits	406,687
<b>Rental property</b>		
1410	Land	172,650
1420	Buildings	13,155,555
1440	Building equipment - portable	151,063
1465	Office furniture and equipment	57,160
1490	Miscellaneous fixed assets	<u>204,496</u>
1400T	Total fixed assets	13,740,924
1495	Less accumulated depreciation	<u>(9,718,923)</u>
1400N	Net fixed assets	<u>4,022,001</u>
1000T	Total assets	<u>\$ 5,326,981</u>

Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243

Supplementary Information

Statement of Financial Position Data  
February 13, 2019

		<u>Liabilities and Net Assets</u>	
<u>Account No.</u>			
Current liabilities			
2110	Accounts payable - operations	\$	183,332
2120	Accrued wages payable		21,707
2121	Accrued payroll taxes payable		1,649
2123	Accrued management fee payable		26,571
2131	Accrued interest payable - first mortgage		12,767
2170	Mortgage payable - first mortgage (short-term)		5,788,739
2210	Prepaid revenue		<u>6,755</u>
2122T	Total current liabilities		6,041,520
Deposits liability			
2191	Tenant deposits held in trust (contra)		<u>36,242</u>
2000T	Total liabilities		6,077,762
3131	Net assets without donor restrictions	\$	<u>(750,781)</u>
3130	Total net assets		<u>(750,781)</u>
2033T	Total liabilities and net assets	\$	<u><u>5,326,981</u></u>

**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**Supplementary Information**

**Statement of Activities Data  
Period July 1, 2018 to February 13, 2019 (date before sale)**

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 307,133	
5121	Tenant assistance payments	<u>1,414,848</u>	
5100T	Total rental revenue		\$ 1,721,981
Vacancies			
5220	Apartments	<u>(18,803)</u>	
5200T	Total vacancies		<u>(18,803)</u>
5152N	Net rental revenue		1,703,178
Financial revenue			
5430	Revenue from investments - residual receipts	151	
5440	Revenue from investments - replacement reserve	<u>549</u>	
5400T	Total financial revenue		700
Other revenue			
5910	Laundry and vending	3,411	
5920	Tenant charges	299	
5990	Miscellaneous revenue	<u>333</u>	
5900T	Total other revenue		<u>4,043</u>
5000T	Total revenue		<u>1,707,921</u>

**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**Supplementary Information**

**Statement of Activities Data  
Period July 1, 2018 to February 13, 2019 (date before sale)**

Account No.

Administrative expenses

6203	Conventions and meetings	180
6204	Management consultants	3,889
6210	Advertising and marketing	90
6250	Other renting expenses	312
6310	Office salaries	58,945
6311	Office expenses	27,777
6320	Management fee	66,860
6330	Manager or superintendent salaries	31,578
6331	Administrative rent free unit	13,481
6340	Legal expense - project	661
6350	Auditing expense	7,438
6351	Bookkeeping fees/accounting services	21,319
6370	Bad debts	4,195

6263T	Total administrative expenses	236,725
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Utilities expense

6450	Electricity	23,210
6451	Water	24,096
6452	Gas	42,338
6453	Sewer	38,312

6400T	Total utilities expense	127,956
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Operating and maintenance expenses

6510	Payroll	37,370
6515	Supplies	19,368
6520	Contracts	60,166
6530	Security payroll/contract	107,900
6546	Heating/cooling repairs and maintenance	11,781
6590	Miscellaneous operating and maintenance expenses	6,008

6500T	Total operating and maintenance expenses	242,593
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**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**Supplementary Information**

**Statement of Activities Data  
Period July 1, 2018 to February 13, 2019 (date before sale)**

<u>Account No.</u>			
Taxes and insurance			
6710	Real estate taxes	173,344	
6711	Payroll taxes	9,690	
6720	Property and liability insurance	60,595	
6722	Workmen's compensation	4,081	
6723	Health insurance and other employee benefits	31,776	
6790	Miscellaneous taxes, licenses, permits and insurance	<u>344</u>	
6700T	Total taxes and insurance		279,830
Financial expenses			
6820	Interest on first mortgage payable	<u>332,291</u>	
6800T	Total financial expenses		<u>332,291</u>
6900	Nursing home/Assisted living/Board and care/Other elderly care expenses		<u>50,642</u>
6000T	Total cost of operations before depreciation		<u>1,270,037</u>
5060T	Income (loss) before depreciation		<u>437,884</u>
Depreciation			
6600	Depreciation expense	<u>260,321</u>	
	Total depreciation		<u>260,321</u>
5060N	Operating income (loss)		<u>177,563</u>
	Total expenses		<u>1,530,358</u>
3250	Change in net assets		<u><u>\$ 177,563</u></u>

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Supplementary Information**

**Statement of Activities Data**  
**Period July 1, 2018 to February 13, 2019 (date before sale)**

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>\$ 318,329</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>\$ 33,100</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>

Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243

Supplementary Information

Statement of Changes in Net Assets (Deficit) Data  
Period July 1, 2018 to February 13, 2019 (date before sale)

<u>Account No.</u>			
S1100-050	Net assets		
S1100-060/080	June 30, 2018	\$	(928,344)
3247/3249	Change in net assets		<u>177,563</u>
3130	Net assets		
3131/3133	February 13, 2019	\$	<u><u>(750,781)</u></u>

**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**Supplementary Information**

**Statement of Cash Flows Data  
Period July 1, 2018 to February 13, 2019 (date before sale)**

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 1,711,364
S1200-020	Interest receipts	700
S1200-030	Other operating receipts	<u>4,043</u>
S1200-040	Total receipts	<u>1,716,107</u>
S1200-050	Administrative expenses paid	(122,976)
S1200-070	Management fees paid	(49,317)
S1200-090	Utilities paid	(189,766)
S1200-100	Salaries and wages paid	(241,167)
S1200-110	Operating and maintenance paid	(159,135)
S1200-120	Real estate taxes paid	(143,940)
S1200-140	Property insurance paid	(58,140)
S1200-150	Miscellaneous taxes and insurance paid	(344)
S1200-170	Other operating expenses paid	(96,570)
S1200-180	Interest paid on first mortgage	<u>(252,125)</u>
S1200-230	Total disbursements	<u>(1,313,480)</u>
S1200-240	Net cash provided by operating activities	<u>402,627</u>
	Cash flows from investing activities	
S1200-250	Net deposits to reserve for replacements	(33,649)
S1200-260	Net deposits to residual receipts reserves	(151)
S1200-330	Net purchases of fixed assets	<u>(88,563)</u>
S1200-350	Net cash used in investing activities	<u>(122,363)</u>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	<u>(318,329)</u>
S1200-460	Net cash used in financing activities	<u>(318,329)</u>
S1200-470	Net decrease in cash	(38,065)
S1200-480	Cash, beginning	<u>785,928</u>
S1200T	Cash, end	<u><u>\$ 747,863</u></u>

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Supplementary Information**  
**Period July 1, 2018 to February 13, 2019 (date before sale)**

**Reserve for Replacements**

<u>Account No.</u>		
1320P	Balance at June 30, 2018	\$ 327,130
1320DT	Total monthly deposits	33,100
1320INT	Interest income	<u>549</u>
1320	Balance at February 13, 2019	<u><u>\$ 360,779</u></u>

**Residual Receipts Reserve**

<u>Account No.</u>		
1340P	Balance at June 30, 2018	\$ 45,757
1340INT	Interest income	<u>151</u>
1340	Balance at February 13, 2019	<u><u>\$ 45,908</u></u>

**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**Supplementary Information  
Period July 1, 2018 to February 13, 2019 (date before sale)**

**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)	\$ 784,105
1135	Accounts receivable - HUD	409
		<hr/>
S1300-040	Total cash	784,514
		<hr/>
S1300-050	Accrued mortgage interest payable	12,767
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	183,332
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)	49,927
2210	Prepaid revenue (Account 2210)	6,755
2191	Tenant security deposits liability (Account 2191)	36,242
		<hr/>
S1300-140	Less total current obligations	289,023
		<hr/>
S1300-150	Surplus cash (deficiency)	\$ 495,491
		<hr/> <hr/>
S1300-210	<u>Part B - Deposit Due Residual Receipts Reserve</u>	<u>\$ 495,491</u>

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Supplementary Information**  
**Period July 1, 2018 to February 13, 2019 (date before sale)**

**Changes in Fixed Asset Accounts**

	Assets			Balance 2/13/19
	Balance 6/30/18	Additions	Deletions	
Land	\$ 98,250	\$ 74,400	\$ -	\$ 172,650
Buildings	13,103,306	52,249	-	13,155,555
Building equipment - portable	151,063	-	-	151,063
Office furniture and equipment	57,160	-	-	57,160
Miscellaneous fixed assets	242,582	(38,086)	-	204,496
	<u>\$ 13,652,361</u>	<u>\$ 88,563</u>	<u>\$ -</u>	<u>\$ 13,740,924</u>
Accumulated depreciation	<u>\$ 9,458,602</u>	<u>\$ 260,321</u>	<u>\$ -</u>	<u>\$ 9,718,923</u>
Total net book value				<u>\$ 4,022,001</u>

Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243

Supplementary Information  
Period July 1, 2018 to February 13, 2019 (date before sale)

**Fixed Asset Detail**

Additions to Land Account

<u>Item and quantity</u>	<u>Amount</u>
Supply and install steel bar and chain link fence	<u>\$ 74,400</u>

Additions to Buildings Account

<u>Item and quantity</u>	<u>Amount</u>
Fencing/gates	<u>\$ 52,249</u>

Additions to Miscellaneous Fixed Assets Account

<u>Item and quantity</u>	<u>Amount</u>
Construction in progress placed in service	<u>\$ (38,086)</u>

Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243

Supplementary Information  
Period July 1, 2018 to February 13, 2019 (date before sale)

Other Information

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	JHM (management fee)	\$ 49,317
S3100-210	JHM (bookkeeping/accounting)	19,425
S3100-210	JASA (service coordinator)	<u>50,642</u>
		<u>\$ 119,384</u>

**Cooper Square Housing Development Fund Company, Inc.  
HUD Project No.: 012-EH-243**

**Schedule of Expenditures of Federal Awards  
Period July 1, 2018 to February 13, 2019 (date before sale)**

Federal Grantor/ (Pass-through Grantor)/ Program Title	Federal CFDA Number	Total Federal Expenditures
U.S Department of Housing and Urban Development: Supportive Housing for the Elderly Section 202 Direct Loan	14.157	\$ 6,210,805
Section 8 Project Based Cluster: Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	<u>1,414,848</u>
Total expenditures of federal awards		<u><u>\$ 7,625,653</u></u>

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Notes to Schedule of Expenditures of Federal Awards**  
**Period July 1, 2018 to February 13, 2019 (date before sale)**

**Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Cooper Square Housing Development Fund Company, Inc., HUD Project No.012-EH-243, under programs of the federal government for the period ended February 13, 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 Cooper Square Housing Development Fund Company, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cooper Square Housing Development Fund Company, 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. Cooper Square Housing Development Fund Company, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

Cooper Square Housing Development Fund Company, Inc. has received a U.S. Department of Housing and Urban Development direct loan under Section 202 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. Cooper Square Housing Development Fund Company, Inc. received no additional loans during the year. The balance of the loan outstanding at February 13, 2019 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance as of February 13, 2019</u>
14.157	Supportive Housing for the Elderly - Section 202 Direct Loan	\$ 5,892,476

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  
Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, Inc., which comprise the statement of financial position as of February 13, 2019, and the related statements of activities and cash flows for the period July 1, 2018 through February 13, 2019 (date before sale), and the related notes to the financial statements, and have issued our report thereon dated November 20, 2019, which includes emphasis of matter paragraphs on page 5.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



New York, New York  
November 20, 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  
Cooper Square Housing Development Fund Company, Inc.

Report on Compliance for Each Major Federal Program

We have audited Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, Inc.'s major federal programs for the period July 1, 2018 to February 13, 2019 (date before sale). Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, Inc.'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 Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Cooper Square Housing Development Fund Company, 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 for the period July 1, 2018 to February 13, 2019 (date before sale).

## Report on Internal Control over Compliance

Management of Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, 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 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 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 the 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  
November 20, 2019

**Cooper Square Housing Development Fund Company, Inc.**  
**HUD Project No.: 012-EH-243**

**Schedule of Findings and Questioned Costs**

**February 13, 2019**

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

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, 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 Cooper Square Housing Development Fund Company, Inc. expresses an unmodified opinion on all major federal programs.
6. There are no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) in this Schedule.
7. The programs tested as major programs were:
  - Supportive Housing for the Elderly (Section 202 Direct Loan) - CFDA No. 14.157
  - Section 8 Housing Assistance Payments - CFDA No. 14.856
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Cooper Square Housing Development Fund Company, 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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