

**Israel Senior Citizens Housing Development Fund
Corporation
HUD Project No.: 012-SH015 and 012-SH018**

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

June 30, 2021

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

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**Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018**

June 30, 2021

Mortgagor's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Israel Senior Citizens Housing Development Fund Corporation 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

**Israel Senior Citizens Housing Development Fund Corporation
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June 30, 2021

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Israel Senior Citizens Housing Development Fund Corporation 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
Israel Senior Citizens Housing Development Fund Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Israel Senior Citizens Housing Development Fund Corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Israel Senior Citizens Housing Development Fund Corporation as of June 30, 2021, 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 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 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 15, 2021, on our consideration of Israel Senior Citizens Housing Development Fund Corporation'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 Israel Senior Citizens Housing Development Fund Corporation'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 Israel Senior Citizens Housing Development Fund Corporation's internal control over financial reporting and compliance.



New York, New York
September 15, 2021

Taxpayer Identification Number:
22-1478099

Lead Auditor: Winell Belfonte

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Statement of Financial Position
June 30, 2021

Assets

Current assets	
Cash - operations	\$ 822,284
Cash - entity	213,980
Tenant accounts receivable	123,927
Allowance for doubtful accounts	(35,112)
Accounts receivable - HUD	57,575
Prepaid expenses	199,035
	1,381,689
Deposits held in trust - funded	
Tenant deposits	123,384
	123,384
Restricted deposits and funded reserves	
Escrow deposits	711,942
Reserve for replacements	864,213
Other reserves	39,886,555
	41,462,710
Rental property	
Land and land improvements	1,160,280
Buildings	20,974,743
Building equipment - portable	336,187
Furniture for project/tenant use	28,945
Office furniture and equipment	51,992
Miscellaneous fixed assets	3,312,624
	25,864,771
Less accumulated depreciation	(12,280,698)
	13,584,073
Total rental property	13,584,073
Total assets	\$ 56,551,856

Israel Senior Citizens Housing Development Fund Corporation
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Statement of Financial Position
June 30, 2021

Liabilities and Net Assets

Current liabilities	
Accounts payable - operations	\$ 276,178
Accounts payable - construction/development	506,237
Accrued wages payable	207,061
Accrued payroll taxes payable	15,828
Accrued interest payable - first mortgage	138,368
Mortgage payable - first mortgage (short-term)	1,431,768
Prepaid revenue	12,162
	<hr/>
Total current liabilities	2,587,602
	<hr/>
Deposits liability	
Tenant deposits held in trust (contra)	122,159
	<hr/>
Long-term liabilities	
Mortgage payable - first mortgage, net of current and unamortized debt issuance costs	71,973,212
	<hr/>
Total long-term liabilities	71,973,212
	<hr/>
Total liabilities	74,682,973
	<hr/>
Contingencies	-
	<hr/>
Net assets	
Net assets without donor restrictions	(18,177,248)
Net assets with donor restrictions	46,131
	<hr/>
Total net assets	(18,131,117)
	<hr/>
Total liabilities and net assets	\$ 56,551,856
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See Notes to Financial Statements.

Israel Senior Citizens Housing Development Fund Corporation
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Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenue			
Rental	\$ 8,884,194	\$ -	\$ 8,884,194
Vacancies	(445,011)	-	(445,011)
Net rental revenue	8,439,183	-	8,439,183
Nursing home/assisted living and other revenue	220,135	-	220,135
Financial	16,678	-	16,678
Other	60,334	-	60,334
Total revenue	8,736,330	-	8,736,330
Expenses			
Administrative	1,398,347	-	1,398,347
Utilities	869,828	-	869,828
Operating and maintenance	1,489,329	-	1,489,329
Taxes and insurance	1,253,859	-	1,253,859
Financial (including interest of \$1,132,922)	1,257,093	-	1,257,093
Nursing home/assisted living and other elderly care	145,016	-	145,016
Total cost of operations before depreciation	6,413,472	-	6,413,472
Income (loss) before depreciation	2,322,858	-	2,322,858
Depreciation	903,254	-	903,254
Operating income (loss)	1,419,604	-	1,419,604
Mortgagor entity expenses, net	21,077,200	-	21,077,200
Change in net assets	(19,657,596)	-	(19,657,596)
Net assets, beginning	1,480,348	46,131	1,526,479
Net assets, end	\$ (18,177,248)	\$ 46,131	\$ (18,131,117)

See Notes to Financial Statements.

Israel Senior Citizens Housing Development Fund Corporation
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Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021

Cash flows from operating activities	
Rental receipts	\$ 8,317,809
Interest receipts	16,678
Other operating receipts	280,469
Total receipts	8,614,956
Administrative expenses paid	(416,375)
Management fees paid	(1,345,072)
Utilities paid	(802,166)
Salaries and wages paid	(1,204,388)
Operating and maintenance paid	(756,204)
Property insurance paid	(624,821)
Miscellaneous taxes and insurance paid	(275)
Net tenant security deposits received (paid)	(4,972)
Other operating expenses paid	(768,170)
Interest paid on first mortgage	(1,004,965)
Mortgage insurance premium paid	(186,250)
Entity/construction expenses paid (include detail)	
Loss on extinguishment of debt	(854,831)
Contribution expense	(20,069,078)
Lien release payment	(265,865)
Total disbursements	(28,303,432)
Net cash used in operating activities	(19,688,476)
Cash flows from investing activities	
Net deposits to mortgage escrows	(162,383)
Net withdrawals from reserve for replacements	19,188
Net deposits to other reserves	(39,886,555)
Net purchases of fixed assets	(3,032,575)
Net cash used in investing activities	(43,062,325)
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(818,568)
Proceeds from mortgages, notes and loans payable	74,500,000
Other financing activities (include detail)	
Payment of debt issuance costs	(400,311)
Mortgage principal payments - first mortgage refinancing	(10,043,091)
Entity/construction financing activities (include detail)	
Contribution revenue	265,865
Net cash provided by financing activities	63,503,895
Net increase in cash and restricted cash	753,094
Cash and restricted cash, beginning	406,554
Cash and restricted cash, end	\$ 1,159,648
Significant noncash investing and financing activities	
Increase in rental property included in accounts payable - construction/development	\$ 506,237

See Notes to Financial Statements.

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Notes to Financial Statements
June 30, 2021

Note 1 - Organization

Israel Senior Citizens Housing Development Fund Corporation (the "Company") was organized in 1964 as a nonstock, nonprofit Company for the purpose of developing and operating housing and auxiliary facilities 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 512 units located in Queens, Far Rockaway, New York and is currently operating under the name Israel Senior Citizens Housing (the "Project"). The Company receives a significant portion of its revenue from government subsidy payments.

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.

Cash distributions are limited by agreements between the Company and HUD to the extent of surplus cash as defined by HUD.

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, 2021, the balance of the allowance for doubtful accounts was \$35,112.

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

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Notes to Financial Statements
June 30, 2021

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 year ended June 30, 2021.

Deferred financing costs and amortization

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, 2021. 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 2017 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 8). 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 12. Accordingly, certain costs are allocated among program services and supporting services benefitted.

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Notes to Financial Statements
June 30, 2021

Note 3 - Liquidity and availability

The Company has \$968,674 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 \$822,284 and accounts receivable, net of allowances of \$146,390. 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 had a mortgage in the original amount of \$11,795,300 under Section 207 pursuant to Section 223(f) of the National Housing Act. The note bore interest at 2.72%. Commencing March 1, 2010, the mortgage required monthly installments of principal and interest of \$43,571 through maturity on February 1, 2048. Effective November 24, 2020, the Company refinanced its mortgage with a new lender and the existing mortgage was repaid in full. The Company incurred fees totaling \$854,831 from the new lender, which are reported in other expenses on the accompanying statement of activities and changes in net assets. The new mortgage, in the original amount of \$74,500,000, is insured by HUD under Section 207, pursuant to Section 223(f) of the National Housing Act. The mortgage note is collateralized by a deed of trust on the rental property. The note bears interest at the rate of 2.25% per annum. Principal and interest are payable by the Company in monthly installments of \$320,121 through maturity on December 1, 2055. As of June 30, 2021, the outstanding principal and accrued interest was \$73,796,095 and \$138,368, respectively.

For the year ended June 30, 2021, interest expense of \$1,132,922, inclusive of \$12,613, of amortization of debt issuance costs, was incurred and charged to operations.

Debt issuance costs, net of accumulated amortization, totaled \$391,115, as of June 30, 2021 and are related to the mortgage. Debt issuance costs on the above note are being amortized using an imputed interest rate of 2.85%.

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.

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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.

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

	June 30, 2022	\$	1,431,768
	2023		1,440,866
	2024		1,469,683
	2025		1,507,962
	2026		1,542,724
	Thereafter		<u>66,403,092</u>
	Total balance due		73,796,095
	Less current		(1,431,768)
Less unamortized debt issuance costs			<u>(391,115)</u>
	Net balance	\$	<u><u>71,973,212</u></u>

Note 5 - Restricted deposits and funded 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. Upon refinancing of the mortgage (see Note 4), monthly deposits in the amount of \$12,800 are required. As of June 30, 2021, the balance in the replacement reserve was \$864,213.

Repair reserve

The first mortgage lender requires the Company to establish a repair reserve account for the purpose of making repairs to the Project. The repair reserve is held in an account subject to the control of the lender. After such repairs have been satisfied, any remaining deposit will be deposited into the replacement reserve by the lender. As of June 30, 2021, the balance of the repair reserve was \$39,886,555.

Escrow deposits

In accordance with the mortgage agreement, the Company is required to make monthly deposits to an insurance escrow and a mortgage insurance premium escrow. As of June 30, 2021, the balance in the escrows totaled \$711,942.

Note 6 - Statement of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts in the statement of cash flows:

Cash	\$	1,036,264
Tenant deposits		<u>123,384</u>
Total cash and restricted cash shown in the statement of cash flows	\$	<u><u>1,159,648</u></u>

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The amount included in restricted cash consists of security deposits held in trust for the future benefit of tenants upon moving out of the property as required by regulatory authority.

Note 7 - Related party transactions

JASA

The Company is a participant in a general insurance plan with JASA, which also includes health insurance and workers' compensation. Property and liability insurance expense for the year ended June 30, 2021 is \$624,821. Workmen's compensation and health insurance and other employee benefits for the year ended June 30, 2021 is \$71,537.

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, 2021, 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, 2021, the Company reimbursed JASA \$8,569 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, 2021 were \$145,016.

As of June 30, 2021, \$10,525 remain receivable from JASA and is included in accounts payable on the statement of financial position.

During the year ended June 30, 2021, the Company made a contribution to JASA in the amount of \$20,069,078 with proceeds from the refinance of the mortgage (see Note 4).

JHM

The property is managed by an affiliate of the Company, JHM, pursuant to a management agreement approved by HUD. Prior to the refinance on November 24, 2020 (see Note 4), the management agreement provided for a fee of 9.98% of residential income collected monthly. The current management agreement provides for a fee of 5.25% of residential income collected monthly. Management fees incurred for the year ended June 30, 2021 are \$838,651.

The property pays a HUD-approved monthly fee to JHM for accounting and bookkeeping services. Fees earned for the year ended June 30, 2021 totaled \$135,916, and are included in bookkeeping fees/accounting services on the statement of activities and changes in net assets.

As of June 30, 2021, \$0 is due from JHM and is included on the statement of financial position as accrued management fee payable.

Note 8 - 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 \$220,135 for the year ended June 30, 2021. Grant expense for the year ended June 30, 2021 was \$145,016. As of June

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June 30, 2021

30, 2021, \$56,395 remains receivable and is included in accounts receivable - HUD on the accompanying statement of financial position.

Note 9 - 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 agreements expire November 30, 2040. For the year ended June 30, 2021, rental assistant payments of \$6,684,150 were earned under the terms of the agreement and are included in rental revenue on the statement of activities and changes in net assets.

Note 10 - 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, 2021.

Note 11 - Current vulnerability due to certain concentrations

The Company's principal asset is a 512-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 12 - Expenses by nature and function

The table below presents expenses by both their nature and function during the year ended June 30, 2021:

	Total program services expense	Total supporting services expense (management and general)	Total
Administrative expenses	\$ 412,930	\$ 985,417	\$ 1,398,347
Utilities expense	869,828	-	869,828
Operating and maintenance expenses	1,489,329	-	1,489,329
Taxes and insurance	1,253,859	-	1,253,859
Financial expenses	1,257,093	-	1,257,093
Nursing home/assisted living/board and care/other elderly care expenses	145,016	-	145,016
Depreciation	903,254	-	903,254
Corporate or mortgagor entity expenses, net	-	21,077,200	21,077,200
Total	\$ 6,331,309	\$ 22,062,617	\$ 28,393,926

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Notes to Financial Statements
June 30, 2021

All expenses are directly attributable to a specific function.

Note 13 - 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.

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Company's financial position, results of operations, and cash flows. As of June 30, 2021, the global pandemic is still ongoing. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Project.

Note 14 - Real estate tax exemption

The Company has executed documentation necessary to obtain a real estate tax exemption under Section 577 of the Private Housing Finance Law. As of June 30, 2021, the exemption was approved and expires on January 31, 2050, unless otherwise terminated in accordance with the agreement.

Note 15 - Hurricane Sandy

In 2013, the Company received a grant from the Fund for the City of New York in the amount of \$50,000. Use of the \$50,000 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, 2021 is \$46,131.

In 2014, the Company received a Social Services Block Grant from the Department of Health and Human Services ("HHS") for Hurricane Sandy relief. In consideration for the funds, a Notice of Federal Interest was placed on the Project. During the year ended June 30, 2021, JASA Corporation contributed \$265,865 to the Company, which was paid to HHS to release the Project from the Notice of Federal Interest.

Note 16 - Mortgagor entity expenses

Mortgagor entity expenses included in the statement of activities and changes in net assets do not represent operating expenses of the Project and, accordingly, cannot be paid and are not paid out of project operations. Rather, they are entity expenses, which can only be paid out of surplus cash or mortgagor entity funds. Such expenses have been segregated from project operations in the statement of activities and changes in net for that reason. Unpaid mortgagor entity expenses included in the statement of activities and changes in net represent accruals only and are recorded only where required under accounting principles generally accepted in the United States of America. These accruals result only in increased liabilities in the statement of financial position. The liability that results from any accrual is also subject to surplus cash restrictions and is payable only

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Notes to Financial Statements
June 30, 2021

to the extent of surplus cash or mortgagor entity funds. The statement of cash flows reflects those mortgagor entity expenses actually paid during the period.

Below is a summary of mortgagor entity expenses expensed and paid:

Description	Beginning liability	Expensed amount	Paid amount	Ending liability
Loss on extinguishment of debt	\$ -	\$ 854,831	\$ (854,831)	\$ -
Contribution expense	-	20,069,078	(20,069,078)	-
Lien release payment	-	265,865	(265,865)	-
	<u>\$ -</u>	<u>\$ 21,189,774</u>	<u>\$(21,189,774)</u>	<u>\$ -</u>

Note 17 - Construction contracts

The Company has entered into multiple construction contracts with unrelated parties to complete rehabilitation of the Project in the total amount of \$10,266,813, inclusive of change orders of \$50,403. As of June 30, 2021, \$2,876,714 has been incurred and is included in construction in progress in the accompanying statement of financial position. As of June 30, 2021, \$439,888 remains payable and is included in accounts payable – construction/development on the accompanying statement of financial position.

Note 18 - 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 15, 2021 (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

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information

Statement of Financial Position Data
June 30, 2021

<u>Account No.</u>	<u>Assets</u>	
Current assets		
1120	Cash - operations	\$ 822,284
1125	Cash - entity	213,980
1130	Tenant accounts receivable	\$ 123,927
1131	Allowance for doubtful accounts	<u>(35,112)</u>
1130N	Net tenants accounts receivable	88,815
1135	Accounts receivable - HUD	57,575
1200	Prepaid expenses	<u>199,035</u>
1100T	Total current assets	1,381,689
Deposits held in trust - funded		
1191	Tenant deposits	123,384
Restricted deposits and funded reserves		
1310	Escrow deposits	711,942
1320	Reserve for replacements	864,213
1330	Other reserves	<u>39,886,555</u>
1300T	Total deposits	41,462,710
Rental property		
1410	Land	1,160,280
1420	Buildings	20,974,743
1440	Building equipment - portable	336,187
1450	Furniture for project/tenant use	28,945
1465	Office furniture and equipment	51,992
1490	Miscellaneous fixed assets	<u>3,312,624</u>
1400T	Total fixed assets	25,864,771
1495	Less accumulated depreciation	<u>(12,280,698)</u>
1400N	Net fixed assets	<u>13,584,073</u>
1000T	Total assets	<u><u>\$ 56,551,856</u></u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information

Statement of Financial Position Data
June 30, 2021

Account No.	<u>Liabilities and Net Assets (Deficit)</u>	
Current liabilities		
2110	Accounts payable - operations	\$ 276,178
2111	Accounts payable - construction/development	506,237
2120	Accrued wages payable	207,061
2121	Accrued payroll taxes payable	15,828
2131	Accrued interest payable - first mortgage	138,368
2170	Mortgage payable - first mortgage (short-term)	1,431,768
2210	Prepaid revenue	<u>12,162</u>
2122T	Total current liabilities	2,587,602
Deposits liability		
2191	Tenant deposits held in trust (contra)	122,159
Long-term liabilities		
2320	Mortgage payable - first mortgage	<u>\$ 71,973,212</u>
2300T	Total long-term liabilities	<u>71,973,212</u>
2000T	Total liabilities	74,682,973
3131	Net assets without donor restrictions	(18,177,248)
3133	Net assets with donor restrictions	<u>46,131</u>
3130	Total net assets (deficit)	<u>(18,131,117)</u>
2033T	Total liabilities and net assets (deficit)	<u><u>\$ 56,551,856</u></u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information

Statement of Activities Data
Year Ended June 30, 2021

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 2,184,979	
5121	Tenant assistance payments	6,684,150	
5170	Garage and parking spaces	6,530	
5190	Miscellaneous rent revenue	<u>8,535</u>	
5100T	Total rental revenue		\$ 8,884,194
Vacancies			
5220	Apartments	<u>(445,011)</u>	
5200T	Total vacancies		<u>(445,011)</u>
5152N	Net rental revenue		8,439,183
5300	Nursing home/Assisted living/Board and care/Other elderly care/Coop and other revenue		220,135
Financial revenue			
5440	Revenue from investments - replacement reserve	477	
5490	Revenue from investments - miscellaneous	<u>16,201</u>	
5400T	Total financial revenue		16,678
Other revenue			
5910	Laundry and vending	15,668	
5920	Tenant charges	<u>44,666</u>	
5900T	Total other revenue		<u>60,334</u>
5000T	Total revenue		<u>8,736,330</u>

**Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018**

Supplementary Information

**Statement of Activities Data
Year Ended June 30, 2021**

<u>Account No.</u>			
Administrative expenses			
6204	Management consultants	473	
6310	Office salaries	192,229	
6311	Office expenses	82,746	
6320	Management fee	838,651	
6330	Manager or superintendent salaries	101,553	
6331	Administrative rent free unit	9,594	
6340	Legal expense - project	17,565	
6350	Auditing expense	10,850	
6351	Bookkeeping fees/accounting services	135,916	
6370	Bad debts	5,974	
6390	Miscellaneous administrative expenses	<u>2,796</u>	
6263T	Total administrative expenses		1,398,347
Utilities expense			
6450	Electricity	299,533	
6451	Water	146,514	
6452	Gas	192,522	
6453	Sewer	<u>231,259</u>	
6400T	Total utilities expense		869,828
Operating and maintenance expenses			
6510	Payroll	673,254	
6515	Supplies	66,731	
6520	Contracts	384,683	
6530	Security payroll/contract	310,826	
6546	Heating/cooling repairs and maintenance	<u>53,835</u>	
6500T	Total operating and maintenance expenses		1,489,329

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information

Statement of Activities Data
Year Ended June 30, 2021

<u>Account No.</u>			
Taxes and insurance			
6711	Payroll taxes	98,873	
6720	Property and liability insurance	624,821	
6722	Workmen's compensation	42,109	
6723	Health insurance and other employee benefits	487,781	
6790	Miscellaneous taxes, licenses, permits and insurance	<u>275</u>	
6700T	Total taxes and insurance		1,253,859
Financial expenses			
6820	Interest on first mortgage payable	1,132,922	
6850	Mortgage insurance premium/service charge	<u>124,171</u>	
6800T	Total financial expenses		<u>1,257,093</u>
6900	Nursing home/Assisted living/Board and care/Other elderly care expenses		<u>145,016</u>
6000T	Total cost of operations before depreciation		<u>6,413,472</u>
5060T	Income (loss) before depreciation		<u>2,322,858</u>
Depreciation			
6600	Depreciation expense	<u>903,254</u>	
	Total depreciation		<u>903,254</u>
5060N	Operating income (loss)		<u>1,419,604</u>
Corporate or mortgagor entity revenue and expenses			
7105	Entity revenue	(265,865)	
7190	Other expenses	<u>21,343,065</u>	
7100T	Net entity expenses		<u>21,077,200</u>
	Total expenses		<u>28,393,926</u>
3250	Change in net assets		<u><u>\$ (19,657,596)</u></u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information

Statement of Activities Data
Year Ended June 30, 2021

<u>Account No.</u>		
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>\$ 818,568</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>\$ 119,467</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>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information

Statement of Changes in Net Assets (Deficit) Data
Year Ended June 30, 2021

<u>Account No.</u>		<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
S1100-050	Net assets			
S1100-060/080	June 30, 2020	\$ 1,480,348	\$ 46,131	\$ 1,526,479
3247/3249	Change in net assets	<u>(19,657,596)</u>	<u>-</u>	<u>(19,657,596)</u>
3130	Net assets (deficit)			
3131/3133	June 30, 2021	<u>\$ (18,177,248)</u>	<u>\$ 46,131</u>	<u>\$ (18,131,117)</u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2021

<u>Account No.</u>			
	Cash flows from operating activities		
S1200-010	Rental receipts		\$ 8,317,809
S1200-020	Interest receipts		16,678
S1200-030	Other operating receipts		280,469
			<hr/>
S1200-040	Total receipts		8,614,956
			<hr/>
S1200-050	Administrative expenses paid		(416,375)
S1200-070	Management fees paid		(1,345,072)
S1200-090	Utilities paid		(802,166)
S1200-100	Salaries and wages paid		(1,204,388)
S1200-110	Operating and maintenance paid		(756,204)
S1200-140	Property insurance paid		(624,821)
S1200-150	Miscellaneous taxes and insurance paid		(275)
S1200-160	Net tenant security deposits received (paid)		(583)
S1200-170	Other operating expenses paid		(768,170)
S1200-180	Interest paid on first mortgage		(1,004,965)
S1200-210	Mortgage insurance premium paid		(186,250)
S1200-225	Entity/construction expenses paid (include detail)		
S1200-226	Loss on extinguishment of debt	\$ (854,831)	
S1200-226	Contribution expense	(20,069,078)	
S1200-226	Lien release payment	(265,865)	
			<hr/>
			(21,189,774)
			<hr/>
S1200-230	Total disbursements		(28,299,043)
			<hr/>
S1200-240	Net cash used in operating activities		(19,684,087)
			<hr/>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information

Statement of Cash Flows Data
Year Ended June 30, 2021

<u>Account No.</u>			
	Cash flows from investing activities		
S1200-245	Net deposits to mortgage escrows		(162,383)
S1200-250	Net withdrawals from reserve for replacements		19,188
S1200-255	Net deposits to other reserves		
S1200-256	Repair reserve	<u>(39,886,555)</u>	
			(39,886,555)
S1200-330	Net purchases of fixed assets		<u>(3,032,575)</u>
S1200-350	Net cash used in investing activities		<u>(43,062,325)</u>
	Cash flows from financing activities		
S1200-360	Mortgage principal payments - first mortgage		(818,568)
S1200-365	Proceeds from mortgages, notes and loans payable		74,500,000
S1200-450	Other financing activities (include detail)		
S1200-451	Payment of debt issuance costs	(400,311)	
S1200-451	Mortgage principal payments - first mortgage refinancing	<u>(10,043,091)</u>	
			(10,443,402)
S1200-455	Entity/construction financing activities (include detail)		
S1200-456	Contribution revenue	<u>265,865</u>	
			<u>265,865</u>
S1200-460	Net cash provided by financing activities		<u>63,503,895</u>
S1200-470	Net increase in cash and cash equivalents		757,483
S1200-480	Cash and cash equivalents, beginning		<u>278,781</u>
S1200T	Cash and cash equivalents, end		<u><u>\$ 1,036,264</u></u>
<u>Account No.</u>			
	Increase in rental property included in accounts payable - construction/development		<u><u>\$ 506,237</u></u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information
Year Ended June 30, 2021

Reserve for Replacements

<u>Account No.</u>			
1320P	Balance at June 30, 2020	\$	883,401
1320DT	Total monthly deposits		119,467
1320ODT	Other deposits		
1320OD-010	Establishment of new replacement reserve		787,087
1320INT	Interest income		477
1320OWT	Other withdrawals		
1320OW-010	Closure of former replacement reserve		<u>(926,219)</u>
1320	Balance at June 30, 2021	<u>\$</u>	<u>864,213</u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information
Year Ended June 30, 2021

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)	\$	945,668
1135	Accounts receivable - HUD		<u>57,575</u>
S1300-040	Total cash		<u>1,003,243</u>
S1300-050	Accrued mortgage interest payable		138,368
S1300-060	Delinquent mortgage principal payments		-
S1300-070	Delinquent deposits to reserve for replacements		-
S1300-075	Accounts payable (due within 30 days)		276,178
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)		222,889
2210	Prepaid revenue (Account 2210)		12,162
2191	Tenant security deposits liability (Account 2191)		122,159
S1300-110	Other current obligations (describe in detail)		
S1300-120	Mortgage principal	\$	118,071
S1300-120	Replacement reserve deposit		12,800
S1300-120	Tax and insurance escrow deposit		35,344
S1300-120	MIP escrow deposit		<u>15,521</u>
			<u>181,736</u>
S1300-140	Less total current obligations		<u>953,492</u>
S1300-150	Surplus cash (deficiency)	\$	<u>49,751</u>
S1300-200	Amount available for distribution during next fiscal period	\$	<u>49,751</u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information
Year Ended June 30, 2021

Changes in Fixed Asset Accounts

	Assets			Balance
	Balance	Additions	Deletions	
Land	\$ 1,160,280	\$ -	\$ -	\$ 1,160,280
Buildings	20,814,574	160,169	-	20,974,743
Building equipment - portable	310,160	26,027	-	336,187
Furniture for project/tenant use	28,945	-	-	28,945
Office furniture and equipment	-	51,992	-	51,992
Miscellaneous fixed assets	12,000	3,300,624	-	3,312,624
	<u>\$ 22,325,959</u>	<u>\$ 3,538,812</u>	<u>\$ -</u>	<u>\$ 25,864,771</u>
Accumulated depreciation	<u>\$ 11,377,444</u>	<u>\$ 903,254</u>	<u>\$ -</u>	<u>\$ 12,280,698</u>
Total net book value				<u>\$ 13,584,073</u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information
Year Ended June 30, 2021

Fixed Asset Detail

Additions to Buildings Account

<u>Item and quantity</u>	<u>Amount</u>
Unit renovations	<u><u>\$ 160,169</u></u>

Additions to Building Equipment - Portable Account

<u>Item and quantity</u>	<u>Amount</u>
Refrigerators	<u><u>\$ 26,027</u></u>

Additions to Office Furniture and Equipment Account

<u>Item and quantity</u>	<u>Amount</u>
IT equipment	<u><u>\$ 51,992</u></u>

Additions to Miscellaneous Fixed Assets Account

<u>Item and quantity</u>	<u>Amount</u>
Construction in progress	<u><u>\$ 3,300,624</u></u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information
Year Ended June 30, 2021

Detail of Accounts - Statement of Activities

Revenue from Investments - Miscellaneous (Account No. 5490)

Interest income	<u><u>\$ 16,201</u></u>
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Other Entity Expenses (Account No. 7190)

Contribution expense	\$ 20,069,078
Loss on extinguishment of debt	854,831
Loss on extinguishment of debt - write-off of unamortized debt issuance costs	153,291
Lien release payment	<u>265,865</u>
	<u><u>\$ 21,343,065</u></u>

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

5390 Other service revenue	<u><u>\$ 220,135</u></u>
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Nursing Home/Assisted Living/Board and Care/Other Elderly Care
Expenses (Account No. 6900)

6990 Other service expenses	<u><u>\$ 145,016</u></u>
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Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Supplementary Information
Year Ended June 30, 2021

Other Information

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	JHM (management fees)	\$ 1,345,072
S3100-210	JHM (bookkeeping/accounting)	135,916
S3100-210	JASA (service coordinator)	<u>145,016</u>
		<u><u>\$ 1,626,004</u></u>

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/ (Pass-through Grantor)/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Mortgage Insurance For Purchase or Refinancing of Existing Multifamily Rental Housing: Sections 207/223(f)	14.155	N/A	\$ 10,157,754
Multi-Family Housing Service Coordinators	14.191	N/A	220,135
Section 8 Project Based Cluster, Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	<u>6,684,150</u>
Total U.S. Department of Housing and Urban Development			<u>17,062,039</u>
Total expenditures of federal awards			<u><u>\$ 17,062,039</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Israel Senior Citizens Housing Development Fund Corporation, HUD Project No: 012-SH015 and 012-SH018, under programs of the federal government for the year ended June 30, 2021. 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 Israel Senior Citizens Housing Development Fund Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Israel Senior Citizens Housing Development Fund Corporation.

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. Israel Senior Citizens Housing Development Fund Corporation 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

Israel Senior Citizens Housing Development Fund Corporation has received a U.S. Department of Housing and Urban Development insurance loan under Section 207 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. Israel Senior Citizens Housing Development Fund Corporation received no additional loans during the year. The balance of the loan outstanding at June 30, 2021 consists of:

CFDA Number	Program Name	Outstanding Balance June 30, 2021
14.155	Mortgage Insurance For Purchase or Refinancing of Existing Multifamily Rental Housing: Sections	\$ 73,796,095

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
Israel Senior Citizens Housing Development Fund Corporation

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 Israel Senior Citizens Housing Development Fund Corporation, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Israel Senior Citizens Housing Development Fund Corporation's internal control over financial reporting ("internal control") as a basis for designing 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 Israel Senior Citizens Housing Development Fund Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Israel Senior Citizens Housing Development Fund Corporation'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 Israel Senior Citizens Housing Development Fund Corporation'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 financial statements. 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 Company'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 15, 2021

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
Israel Senior Citizens Housing Development Fund Corporation

Report on Compliance for Each Major Federal Program

We have audited Israel Senior Citizens Housing Development Fund Corporation'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 Israel Senior Citizens Housing Development Fund Corporation's major federal programs for the year ended June 30, 2021. Israel Senior Citizens Housing Development Fund Corporation'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 Corporation'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 Israel Senior Citizens Housing Development Fund Corporation'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 Israel Senior Citizens Housing Development Fund Corporation's compliance.

Opinion on Each Major Federal Programs

In our opinion, Israel Senior Citizens Housing Development Fund Corporation 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, 2021.

Report on Internal Control over Compliance

Management of Israel Senior Citizens Housing Development Fund Corporation 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 Israel Senior Citizens Housing Development Fund Corporation'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 Israel Senior Citizens Housing Development Fund Corporation'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 15, 2021

Israel Senior Citizens Housing Development Fund Corporation
HUD Project No.: 012-SH015 and 012-SH018

Schedule of Findings and Questioned Costs
June 30, 2021

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Israel Senior Citizens Housing Development Fund Corporation 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 Israel Senior Citizens Housing Development Fund Corporation 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 Corporation expresses an unmodified opinion on all major federal programs.
6. There are no audit finding relative to the major federal award programs for Israel Senior Citizens Housing Development Fund Corporation.
7. The program tested as a major program was:

Mortgage Insurance For Purchase or Refinancing of Existing Multifamily Rental Housing:
Sections 207/223(f) f- CFDA No. 14.155
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Israel Senior Citizens Housing Development Fund Corporation 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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