

**Positively Third Street HDFC  
HUD Project No.: 012-EE287**

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

**June 30, 2024**

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**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

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**Positively Third Street Housing Development Fund Co., Inc.  
HUD Project No.: 012-EE287**

**June 30, 2024**

Mortgagor's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Positively Third Street HDFC and, to the best of my knowledge and belief, the same are complete and accurate.

Officer

\_\_\_\_\_  
Matthew LoCurto  
Chief Financial Officer

Date

Telephone Number: (212) 273-5257

Property Address: 306 East 3rd Street  
New York, NY 10009

**Positively Third Street Housing Development Fund Co., Inc.  
HUD Project No.: 012-EE287**

**June 30, 2024**

Managing Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Positively Third Street HDFC 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  
Positively Third Street HDFC

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Positively Third Street HDFC, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Positively Third Street HDFC as of June 30, 2024, and the changes in its net assets (deficit) and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Positively Third Street HDFC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Positively Third Street HDFC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Positively Third Street HDFC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Positively Third Street HDFC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The HUD-required financial data templates, as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations 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 GAAS. In our opinion, the HUD-required financial data templates and the schedule of expenditures of federal awards are 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 a report dated February 26, 2025, on our consideration of Positively Third Street HDFC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Positively Third Street HDFC'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 Positively Third Street HDFC's internal control over financial reporting and compliance.

*CohnReznick LLP*

New York, New York  
February 26, 2025

Taxpayer Identification Number:  
22-1478099

Lead Auditor: Michael J. Bisson, CPA

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Statement of Financial Position**  
**June 30, 2024**

Assets

Current assets	
Cash - operations	\$ 185,163
Tenant accounts receivable	17,979
Accounts receivable - operations	219
Prepaid expenses	<u>22,347</u>
Total current assets	<u>225,708</u>
Deposits held in trust - funded	
Tenant deposits	<u>14,593</u>
Restricted deposits and funded reserves	
Reserve for replacements	757,816
Residual receipts reserve	<u>29</u>
Total restricted deposits and funded reserves	<u>757,845</u>
Rental property	
Land	2,200,000
Buildings	8,824,110
Building equipment - portable	51,929
Furniture for project/tenant use	<u>42,659</u>
	11,118,698
Less accumulated depreciation	<u>(3,943,188)</u>
Total rental property	<u>7,175,510</u>
Total assets	<u><u>\$ 8,173,656</u></u>



**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Statement of Financial Position**  
**June 30, 2024**

Liabilities and Net Assets (Deficit)

Current liabilities	
Accounts payable - operations	\$ 119,231
Accrued wages payable	5,473
Accrued payroll taxes payable	591
Accrued management fee payable	29,512
Accrued property taxes payable	124,769
Prepaid revenue	1,911
	<hr/>
Total current liabilities	281,487
	<hr/>
Deposits liability	
Tenant deposits held in trust (contra)	12,776
	<hr/>
Long-term liabilities	
Mortgage payable - first mortgage	8,186,700
	<hr/>
Total long-term liabilities	8,186,700
	<hr/>
Total liabilities	8,480,963
	<hr/>
Net assets (deficit)	
Net assets (deficit) without donor restrictions	(307,307)
	<hr/>
Total net assets (deficit)	(307,307)
	<hr/>
Total liabilities and net assets (deficit)	\$ 8,173,656
	<hr/> <hr/>

See Notes to Financial Statements.

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Statement of Activities and Changes in Net Assets (Deficit)**  
**Year Ended June 30, 2024**

Revenue		
Rental		\$ 1,157,755
Vacancies		(19,719)
		1,138,036
Net rental revenue		1,138,036
Financial		10,135
Other		908
		1,149,079
Total revenue		1,149,079
Expenses		
Administrative		207,532
Utilities		127,762
Operating and maintenance		339,305
Taxes and insurance		301,434
Nursing home/assisted living/board and care/other elderly care expenses		24,120
		1,000,153
Total cost of operations before depreciation		1,000,153
Income before depreciation		148,926
Depreciation		228,039
Change in net assets (deficit)		(79,113)
Net assets (deficit) without donor restrictions, beginning		(228,194)
Net assets (deficit) without donor restrictions, end		\$ (307,307)

See Notes to Financial Statements.

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Statement of Cash Flows**  
**Year Ended June 30, 2024**

Cash flows from operating activities	
Rental receipts	\$ 1,203,231
Interest receipts	10,135
Other operating receipts	908
	<hr/>
Total receipts	1,214,274
	<hr/>
Administrative expenses paid	(64,314)
Management fees paid	(56,223)
Utilities paid	(121,628)
Salaries and wages paid	(245,050)
Operating and maintenance paid	(129,149)
Real estate taxes paid	(136,988)
Property insurance paid	(83,857)
Miscellaneous taxes and insurance paid	(4,714)
Net tenant security deposits received	(251)
Other operating expenses paid	(43,095)
	<hr/>
Total disbursements	(885,269)
	<hr/>
Net cash provided by operating activities	329,005
	<hr/>
Cash flows from investing activities	
Net deposits to reserve for replacements	(420,838)
Net purchases of fixed assets	(17,099)
	<hr/>
Net cash used in investing activities	(437,937)
	<hr/>
Net decrease in cash and restricted cash	(108,932)
	<hr/>
Cash and restricted cash, beginning	308,688
	<hr/>
Cash and restricted cash, end	\$ 199,756
	<hr/> <hr/>

See Notes to Financial Statements.

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Notes to Financial Statements**  
**June 30, 2024**

**Note 1 - Organization**

Positively Third Street HDFC (the "Company") was organized in 2002 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 53 units located in New York, New York and is currently operating under the name of Harry and Jeannette Weinberg Residence. 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.

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

**Basis of presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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. All the net assets of the corporation 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 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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, 2024, there is no allowance for doubtful accounts.

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Notes to Financial Statements**  
**June 30, 2024**

**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.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

<u>Property classification</u>	<u>Estimated lives (years)</u>
Buildings	40 years
Building equipment - portable	5 - 10 years
Office furniture and equipment	5 years

**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 during the year ended June 30, 2024.

**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, 2024. 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 2020 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.

**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.

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Notes to Financial Statements**  
**June 30, 2024**

**Note 3 - Liquidity and availability**

The Company has \$203,142 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 \$185,163 and accounts receivable of \$17,979. 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**

On June 30, 2004, the Company obtained a capital improvement loan (the "Note") from HUD in the amount of \$8,186,700, with a maturity date of October 1, 2095. The loan requires no interest and no repayment provided that the apartments remain available for very low-income elderly persons or very low-income persons with disabilities in accordance with Section 202 of the Housing Act. The loan may not be prepaid prior to the maturity date without prior written approval by HUD. Provided that the housing has remained for use as stated above until the maturity date, the loan shall be deemed to be paid and discharged. If the Company defaults on the Note under its terms, at the option of HUD, the entire principal balance may at once become due and payable without advance notice, with interest accrued to the default date at 5.375% per annum. As of June 30, 2024, the balance of the Note was \$8,186,700.

**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. Monthly deposits in the amount of \$2,908 are required. As of June 30, 2024, the balance in the replacement reserve was \$757,816.

**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 required prior approval from HUD. Deposits are made into the reserve when the Company has surplus cash at the end of the fiscal year. As of June 30, 2024, the balance in the residual receipts reserve was \$29.

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Notes to Financial Statements**  
**June 30, 2024**

**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	\$ 185,163
Tenant deposits	<u>14,593</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 199,756</u>

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 expenses for the year ended June 30, 2024 were \$83,857. Workers' compensation and health insurance and other employee benefits for the year ended June 30, 2024 were \$10,301. As of June 30, 2024, \$4,779 remains payable to JASA and is included in accounts payable - operations on the statement of financial position.

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, 2024, 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, 2024, the Company reimbursed JASA \$1,700 for pension costs.

**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 6.71% of rental receipts. Management fees earned for the year ended June 30, 2024 were \$77,723.

The property pays a HUD-approved monthly fee to JHM for accounting and bookkeeping services. Fees earned for the year ended June 30, 2024 were \$13,440, and are included in administrative expenses on the statement of activities and changes in net assets (deficit).

As of June 30, 2024, \$29,512 remains payable to JHM and is included in accrued management fee payable on the statement of financial position.

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

HUD has contracted with the Company pursuant to Section 202 of the Housing Act of 1937 to make housing assistance payments to the Company on behalf of qualified tenants. The agreement expires October 31, 2024. For the year ended June 30, 2024, rental assistance payments of \$991,062, were earned under terms of the agreement.

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Notes to Financial Statements**  
**June 30, 2024**

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

The Company's principal asset is a 53-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 June 30, 2024:

	Total program services expense	Total supporting services expense (management and general)	Total
Administrative expenses	\$ 97,873	\$ 109,659	\$ 207,532
Utilities expense	127,762	-	127,762
Operating and maintenance expenses	339,305	-	339,305
Taxes and insurance	301,434	-	301,434
Nursing home/assisted living/board and care/other elderly care expenses	24,120	-	24,120
Depreciation	228,039	-	228,039
<b>Total</b>	<b>\$ 1,118,533</b>	<b>\$ 109,659</b>	<b>\$ 1,228,192</b>

All expenses are directly attributable to a specific function.

**Note 11 - Liability for HUD use of excess balance of residual receipts**

In connection with its HAP contract, HUD has notified the corporation that, in accordance with Notice H-2012-14 ("Notice"), which was issued by HUD on August 3, 2012, any balance in its residual receipts account in excess of \$13,250 (its "Retained Balance") will be used by HUD to offset HAP payments. Under the Notice the company is allowed to retain residual receipts up to the amount of its Retained Balance for general project purposes.

**Note 12 - Commitments and contingencies**

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



**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Notes to Financial Statements**  
**June 30, 2024**

disallowances could be substantial, in the opinion of management, actual disallowances resulting from such reviews, if any, would be immaterial.

**Note 13 - Real estate taxes**

The property has been granted a partial exemption from real estate taxes under section 422 of the Real Property Tax Law by resolution of the City Council of New York. The exemption shall continue for as long as the housing assistance payment contract remains in effect. Under the terms of the exemption, the property is subject to annual shelter rent payments, which are assessed based on a percentage of contract rents.

**Note 14 - 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 February 26, 2025 (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**

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Supplementary Information**

**Statement of Financial Position Data**  
**June 30, 2024**

<u>Account No.</u>	<u>Assets</u>		
<b>Current assets</b>			
1120	Cash - operations	\$	185,163
1130	Tenant accounts receivable		17,979
1140	Accounts and notes receivable - operations		219
1200	Prepaid expenses		<u>22,347</u>
1100T	Total current assets		225,708
<b>Deposits held in trust - funded</b>			
1191	Tenant deposits		14,593
<b>Restricted deposits and funded reserves</b>			
1320	Reserve for replacements	\$	757,816
1340	Residual receipts reserve		<u>29</u>
1300T	Total deposits		757,845
<b>Rental property</b>			
1410	Land	2,200,000	
1420	Buildings	8,824,110	
1440	Building equipment - portable	51,929	
1450	Furniture for project/tenant use	<u>42,659</u>	
1400T	Total fixed assets	11,118,698	
1495	Less accumulated depreciation	<u>(3,943,188)</u>	
1400N	Net fixed assets		<u>7,175,510</u>
1000T	Total assets	\$	<u><u>8,173,656</u></u>

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Supplementary Information**

**Statement of Financial Position Data**  
**June 30, 2024**

<u>Account No.</u>	<u>Liabilities and Net Assets (Deficit)</u>	
<b>Current liabilities</b>		
2110	Accounts payable - operations	\$ 119,231
2120	Accrued wages payable	5,473
2121	Accrued payroll taxes payable	591
2123	Accrued management fee payable	29,512
2150	Accrued property taxes payable	124,769
2210	Prepaid revenue	<u>1,911</u>
2122T	Total current liabilities	281,487
<b>Deposits liability</b>		
2191	Tenant deposits held in trust (contra)	12,776
<b>Long-term liabilities</b>		
2320	Mortgage payable - first mortgage	<u>\$ 8,186,700</u>
2300T	Total long-term liabilities	<u>8,186,700</u>
2000T	Total liabilities	8,480,963
3131	Net assets without donor restrictions	<u>(307,307)</u>
3130	Total net assets (deficit)	<u>(307,307)</u>
2033T	Total liabilities and net assets (deficit)	<u><u>\$ 8,173,656</u></u>

**Positively Third Street Housing Development Fund Co., Inc.  
HUD Project No.: 012-EE287**

**Supplementary Information**

**Statement of Activities Data  
Year Ended June 30, 2024**

<u>Account No.</u>			
Rental revenue			
5120	Rent revenue - gross potential	\$ 166,693	
5121	Tenant assistance payments	<u>991,062</u>	
5100T	Total rental revenue		\$ 1,157,755
Vacancies			
5220	Apartments	<u>(19,719)</u>	
5200T	Total vacancies		<u>(19,719)</u>
5152N	Net rental revenue		1,138,036
Financial revenue			
5440	Revenue from investments - replacement reserve	<u>10,135</u>	
5400T	Total financial revenue		<u>10,135</u>
Other revenue			
5910	Laundry and vending	808	
5990	Miscellaneous revenue	<u>100</u>	
5900T	Total other revenue		<u>908</u>
5000T	Total revenue		<u>1,149,079</u>

**Positively Third Street Housing Development Fund Co., Inc.  
HUD Project No.: 012-EE287**

**Supplementary Information**

**Statement of Activities Data  
Year Ended June 30, 2024**

<u>Account No.</u>			
Administrative expenses			
6204	Management consultants	850	
6311	Office expenses	28,191	
6320	Management fee	77,723	
6330	Manager or superintendent salaries	37,266	
6331	Administrative rent free unit	21,972	
6350	Auditing expense	12,350	
6351	Bookkeeping fees/accounting services	19,586	
6390	Miscellaneous administrative expenses	<u>9,594</u>	
6263T	Total administrative expenses		207,532
Utilities expense			
6450	Electricity	28,016	
6451	Water	25,727	
6452	Gas	35,499	
6453	Sewer	<u>38,520</u>	
6400T	Total utilities expense		127,762
Operating and maintenance expenses			
6515	Supplies	18,177	
6520	Contracts	102,574	
6530	Security payroll/contract	202,055	
6546	Heating/cooling repairs and maintenance	16,228	
6548	Snow removal	<u>271</u>	
6500T	Total operating and maintenance expenses		339,305

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Supplementary Information**

**Statement of Activities Data**  
**Year Ended June 30, 2024**

<u>Account No.</u>			
	<b>Taxes and insurance</b>		
6710	Real estate taxes	196,818	
6711	Payroll taxes	2,944	
6720	Property and liability insurance	83,857	
6722	Workmen's compensation	569	
6723	Health insurance and other employee benefits	12,532	
6790	Miscellaneous taxes, licenses, permits and insurance	4,714	
		4,714	
6700T	Total taxes and insurance		301,434
6900	Nursing home/Assisted living/Board and care/Other elderly care expenses		24,120
6000T	Total cost of operations before depreciation		1,000,153
5060T	Income (loss) before depreciation		148,926
	<b>Depreciation</b>		
6600	Depreciation expense	228,039	
	Total depreciation		228,039
5060N	Operating income (loss)		(79,113)
	Total expenses		1,228,192
3250	Change in net assets		\$ (79,113)

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Supplementary Information**

**Statement of Activities Data**  
**Year Ended June 30, 2024**

<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>\$ -</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>\$ 34,902</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>



**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Supplementary Information**

**Statement of Changes in Net Assets Data**  
**Year Ended June 30, 2024**

<u>Account No.</u>		
S1100-050	Net assets (deficit)	
S1100-060/080	June 30, 2023	\$ (228,194)
3247/3249	Change in net assets	<u>(79,113)</u>
3130	Net assets (deficit)	
3131/3133	June 30, 2024	<u><u>\$ (307,307)</u></u>

**Positively Third Street Housing Development Fund Co., Inc.  
HUD Project No.: 012-EE287**

**Supplementary Information**

**Statement of Cash Flows Data  
Year Ended June 30, 2024**

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 1,203,231
S1200-020	Interest receipts	10,135
S1200-030	Other operating receipts	908
		<hr/>
S1200-040	Total receipts	1,214,274
		<hr/>
S1200-050	Administrative expenses paid	(64,314)
S1200-070	Management fees paid	(56,223)
S1200-090	Utilities paid	(121,628)
S1200-100	Salaries and wages paid	(245,050)
S1200-110	Operating and maintenance paid	(129,149)
S1200-120	Real estate taxes paid	(136,988)
S1200-140	Property insurance paid	(83,857)
S1200-150	Miscellaneous taxes and insurance paid	(4,714)
S1200-160	Net tenant security deposits received (paid)	(541)
S1200-170	Other operating expenses paid	(43,095)
		<hr/>
S1200-230	Total disbursements	(885,559)
		<hr/>
S1200-240	Net cash provided by operating activities	328,715
		<hr/>
	Cash flows from investing activities	
S1200-250	Net deposits to reserve for replacements	(420,838)
S1200-330	Net purchases of fixed assets	(17,099)
		<hr/>
S1200-350	Net cash used in investing activities	(437,937)
		<hr/>
S1200-470	Net decrease in cash	(109,222)
		<hr/>
S1200-480	Cash, beginning	294,385
		<hr/>
S1200T	Cash, end	<u>\$ 185,163</u>

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Supplementary Information**  
**Year Ended June 30, 2024**

**Reserve for Replacements**

<u>Account No.</u>		
1320P	Balance at June 30, 2023	\$ 336,978
1320DT	Total monthly deposits	34,902
1320ODT	Other deposits	
1320OD-010	Replenishment of reserve for replacement	375,801
1320INT	Interest income	<u>10,135</u>
1320	Balance at June 30, 2024	<u><u>\$ 757,816</u></u>

**Residual Receipts Reserve**

<u>Account No.</u>		
1340P	Balance at June 30, 2023	<u>\$ 29</u>
1340	Balance at June 30, 2024	<u><u>\$ 29</u></u>

**Positively Third Street Housing Development Fund Co., Inc.  
HUD Project No.: 012-EE287**

**Supplementary Information  
Year Ended June 30, 2024**

**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)	\$ 199,756
1135	Accounts receivable - HUD	-
		<hr/>
S1300-040	Total cash	199,756
		<hr/>
S1300-050	Accrued mortgage interest payable	-
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	119,231
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)	160,345
2210	Prepaid revenue (Account 2210)	1,911
2191	Tenant security deposits liability (Account 2191)	12,776
		<hr/>
S1300-140	Less total current obligations	294,263
		<hr/>
S1300-150	Surplus cash (deficiency)	\$ (94,507)
		<hr/> <hr/>
S1300-210	<u>Part B - Deposit Due Residual Receipts Reserve</u>	<u>\$ -</u>

**Positively Third Street HDFC  
HUD Project No.: 012-EE287**

**Supplementary Information  
Year Ended June 30, 2024**

**Changes in Fixed Asset Accounts**

	Assets			Balance 6/30/24
	Balance 6/30/23	Additions	Deletions	
Land	\$ 2,200,000	\$ -	\$ -	\$ 2,200,000
Buildings	8,805,925	18,185	-	8,824,110
Building equipment - portable	46,357	5,572	-	51,929
Furniture for project/tenant use	42,659	-	-	42,659
Miscellaneous fixed assets	6,658	-	6,658	-
	\$ 11,101,599	\$ 23,757	\$ 6,658	\$ 11,118,698
Accumulated depreciation	\$ 3,715,149	\$ 228,039	\$ -	\$ 3,943,188
Total net book value				\$ 7,175,510

Fixed Asset Detail

Additions to Buildings Account

Item and quantity	Amount
Building improvements	\$ 11,527
Construction in process placed in service	6,658
	\$ 18,185

Additions to Building Equipment - Portable Account

Item and quantity	Amount
Appliances	\$ 5,572

**Positively Third Street HDFC  
HUD Project No.: 012-EE287**

**Supplementary Information  
Year Ended June 30, 2024**

**Detail of Accounts - Statement of Activities**

Miscellaneous Other Revenue (Account No. 5990)

Tenant charges	<u>\$ 100</u>
	<u><u>\$ 100</u></u>

Positively Third Street Housing Development Fund Co., Inc.  
HUD Project No.: 012-EE287

Supplementary Information  
Year Ended June 30, 2024

Other Information

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	JHM (management fee)	\$ 56,223
S3100-210	JHM (bookkeeping/accounting)	13,440
		<u>\$ 69,663</u>

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

Federal Grantor/ (Pass-through Grantor)/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development Supportive Housing for the Elderly Section 202 Direct Loan	14.157	N/A	\$ 8,186,700
Supportive Housing for the Elderly Section 202 Project Rental Assistance Contract	14.157	N/A	<u>991,062</u>
Total U.S. Department of Housing and Urban Development			<u>9,177,762</u>
Total expenditures of federal awards			<u><u>\$ 9,177,762</u></u>

See Notes to Schedule of Expenditures of Federal Awards.



**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2024**

**Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal awards activity of Positively Third Street HDFC, HUD Project No. 012-EE287, under programs of the federal government for the year ended June 30, 2024. 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 Positively Third Street HDFC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Positively Third Street HDFC. For the year ended June 30, 2024, no awards were passed through to subrecipients.

**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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect cost rate**

Positively Third Street HDFC has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 - U.S. Department of Housing and Urban Development loan program**

Positively Third Street HDFC 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. Positively Third Street HDFC received no additional loans during the year. The balance of the loan outstanding at June 30, 2024 consists of:

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Outstanding Balance June 30, 2024</u>
14.157	Supportive Housing for the Elderly (Section 202 Direct Loan)	\$ 8,186,700

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  
Positively Third Street HDFC

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 Positively Third Street Housing Development Fund Co., Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets (deficit) and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated report date.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Positively Third Street HDFC's internal control over financial reporting 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 Positively Third Street HDFC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Positively Third Street HDFC's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that we have not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Positively Third Street HDFC'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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Company's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

New York, New York  
February 26, 2025

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

To the Board of Trustees  
Positively Third Street HDFC

Report on Compliance for Each Major Federal Program

*Qualified Opinion*

We have audited Positively Third Street HDFC's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Positively Third Street HDFC's major federal program for the year ended June 30, 2024. Positively Third Street HDFC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Qualified Opinion on Assistance Listing No. 14.157 Supportive Housing for the Elderly (Section 202)*

In our opinion, except for the noncompliance described in the Matter Giving Rise to Qualified Opinion on *Assistance Listing No. 14.157 Supportive Housing for the Elderly (Section 202)* section of our report, Positively Third Street HDFC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended June 30, 2024.

*Basis for Qualified Opinions*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Positively Third Street HDFC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Positively Third Street HDFC's compliance with the compliance requirements referred to above.

*Matter Giving Rise to Qualified Opinion on Assistance Listing No. 14.157 Supportive Housing for the Elderly (Section 202)*

As described in the accompanying schedule of findings and questioned costs, Positively Third Street HDFC did not comply with requirements regarding *Assistance Listing No. 14.157 Supportive Housing for the Elderly (Section 202)* as described in finding number 2024-1.

Compliance with such requirements is necessary, in our opinion, for Positively Third Street HDFC to comply with the requirements applicable to that program.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Positively Third Street HDFC's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Positively Third Street HDFC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Positively Third Street HDFC's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Positively Third Street HDFC's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Positively Third Street HDFC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Positively Third Street HDFC's internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### *Other Matter*

We noted certain matters that we are required to report to management of Positively Third Street HDFC's in a separate written communication. These matters are described in our management letter dated February 26, 2025.

### *Report on Internal Control over Compliance*

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant

deficiencies in internal control over compliance may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 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 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-1, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Positively Third Street HDFC's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Positively Third Street HDFC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



New York, New York  
February 26, 2025

**Positively Third Street Housing Development Fund Co., Inc.  
HUD Project No.: 012-EE287**

**Schedule of Findings and Questioned Costs  
June 30, 2024**

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

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?   X   Yes        None reported

Type of auditor's report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?   X   Yes        No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-------------------------------------	---

14.157	Supportive Housing for the Elderly Section 202 Direct Loan and Project Rental Assistance Contract
--------	---

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee   X   Yes        No

**Positively Third Street Housing Development Fund Co., Inc.**  
**HUD Project No.: 012-EE287**

**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

**B. Financial Statement Findings**

None reported

**C. Federal Award Findings and Questioned Costs**

**Finding No. 2024-1; Section 202, Assistance Listing 14.157 – Significant Deficiency**

**Name of Federal Agency: U.S. Department of Housing and Urban Development**  
**Federal Program Name and Assistance Listing Number: Supportive Housing for the Elderly**  
**Section 202 Direct Loan and Project Rental Assistance Contract; 14.157**  
**Federal Award Identification Number and Year: 012-EE287 2024**

**Condition**

During the year ended June 30, 2024, management did not make the required residual receipts reserve deposit in the amount of \$93,641 within 90 days of year end, as required by HUD. The residual receipts amount as of February 26, 2025, the Organization has not yet deposited the amount into the Residual Receipts reserve.

**Criteria**

Residual receipts reserve deposits should be made within 90 days of year end.

**Cause**

Controls are not in place to ensure that required residual receipts reserve deposits are made timely.

**Effect or Potential Effect**

The Organization is not in compliance with the requirements of the regulatory agreement.

**Recommendation**

Management should establish internal controls and procedures to ensure that required residual receipts reserve deposits are made timely.

**Auditor's Noncompliance Code: B - Failure to make required residual receipts deposits**

**Reporting Views of Responsible Officials**

The \$93,461 of residual receipts noted in the 2023 audit and cited as a finding in the 2024 report was deposited into the residual receipt account on January 10, 2025. Our new Controller has established procedures to ensure that that the proceeds stemming from the retroactive budget-based rent increase are used for their intended purpose prior to the end of the fiscal year that they are received.

**Status**

In process





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