8TH AND C HOUSING DEVELOPMENT FUND CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

8TH AND C HOUSING DEVELOPMENT FUND CORPORATION
DECEMBER 31, 2023 AND 2022

C O N T E N T S

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Independent Auditor's Report

To the Board Directors of
8th and C Housing Development Fund Corporation

Opinion

I have audited the accompanying financial statements of 8th and C Housing Development Fund Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 8th and C Housing Development Fund Corporation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of 8th and C Housing Development Fund Corporation and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 8th and C Housing Development Fund Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted 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 generally accepted auditing standards, I:

- 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 8th and C Housing Development Fund Corporation'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 8th and C Housing Development Fund Corporation's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

New York, New York
July 11, 2024

8TH AND C HOUSING DEVELOPMENT FUND CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current Assets		
Cash	$ 336,859	$ 357,312
Tenant accounts receivable, net	109,065	96,889
Other receivable	2,257	33,657
Prepaid expenses	39,610	55,759
Total Current Assets	487,791	543,617
Deposits Held in Trust		
Tenant security deposits	27,316	26,010
Restricted Cash		
Escrow	57,162	38,091
Operating reserve	118,661	117,684
Replacement reserve	180,692	165,382
Total Restricted Cash	356,515	321,157
Fixed assets, net of accumulated depreciation of $1,174,076 in 2023 and $1,046,480 in 2022	2,233,457	2,361,053
TOTAL ASSETS	$ 3,105,079	$ 3,251,837

The accompanying notes are an integral part of these financial statements.

8TH AND C HOUSING DEVELOPMENT FUND CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS

	2023	2022
Liabilities		
Current Liabilities		
Accounts payable	$ 45,737	$ 45,923
Accrued expenses	39,363	31,261
Total Current Liabilities	85,100	77,184
Deposit Liabilities		
Tenant security deposits payable	27,316	26,010
Long-Term Debt		
Mortgages payable-HPD	3,596,070	3,596,070
Mortgage payable-HDC	123,045	123,045
	3,719,115	3,719,115
Less: Unamortized debt issuance costs	(6,087)	(10,352)
Total Long-Term Debt	3,713,028	3,708,763
Total Liabilities	3,825,444	3,811,957
Net Assets		
Net Assets without Donor Restrictions (Deficit)	(720,365)	(560,120)
TOTAL LIABILITIES AND NET ASSETS	$ 3,105,079	$ 3,251,837

The accompanying notes are an integral part of these financial statements.

8TH AND C HOUSING DEVELOPMENT FUND CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Revenues		
Gross potential tenant rent	$ 253,728	$ 247,670
Gross potential subsidy rent	90,545	87,163
Less: vacancy loss	(5,634)	(3,606)
Net Rental income	338,639	331,227
Interest income	9,134	3,519
Other income	3,636	3,282
Total Revenues	351,409	338,028
Operating Expenses		
Management fees	25,207	23,202
Salaries	39,446	37,770
Payroll taxes	6,211	6,208
Health insurance	66	6,699
Utilities	65,341	56,290
Repairs and maintenance	132,788	77,669
Exterminating	1,529	1,077
Insurance	22,296	23,677
Professional fees	30,254	34,640
Office expenses	3,145	3,032
Inspections and fees	9,650	12,639
Water and sewer	34,781	33,235
Depreciation	127,596	126,696
Mortgage interest	10,013	11,380
Bad debts	3,331	1,127
Total Operating Expenses	511,654	455,341
Changes in Net Assets	(160,245)	(117,313)
Net Assets without Donor Restrictions (Deficit) - Beginning	(560,120)	(442,807)
Net Assets without Donor Restrictions (Deficit) - Ending	$ (720,365)	$ (560,120)

The accompanying notes are an integral part of these financial statements.

8TH AND C HOUSING DEVELOPMENT FUND CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Changes in net assets	$ (160,245)	$ (117,313)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	127,596	126,696
Non cash interest expense due to amortization of debt issuance costs	4,265	5,632
Bad debts	3,331	1,127
(Increase) Decrease in operating assets:		
Tenant accounts receivable	(15,507)	(23,274)
Other receivable	31,400	(18,053)
Prepaid expenses	16,149	(33,808)
Increase (Decrease) in operating liabilities:		
Accounts payable	(186)	(1,852)
Accrued expenses	8,102	10,609
Tenant security deposit payable	1,306	(1,030)
Net cash provided by (used in) operating activities	16,211	(51,266)
Cash flows from investing activities:		
Purchase of fixed assets	-	(32,900)
Net cash used in investing activities	-	(32,900)
Net Increase (Decrease) in Cash and restricted Cash	16,211	(84,166)
Cash and Restricted Cash - Beginning of Year	704,479	788,645
Cash and Restricted Cash - End of Year	$ 720,690	$ 704,479
Supplemental information:		
Interest paid during year	$ 5,748	$ 5,748

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

8th and C Housing Development Fund Corporation (the Corporation) (a not-for-profit corporation), was organized on June 13, 2012 to develop and operate a low income housing project for 30 residential units for low income tenants in New York City, NY. The Corporation received the existing assets and liabilities of Mutual Housing Partnership, L.P. The primary assets and liabilities transferred were a residential building located at 334 East 8th Street, New York, NY and a mortgage to the City of New York.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Corporation are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may be needed to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the Corporation at December 31, 2023 and 2022 were considered to be net assets without donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalization and Depreciation

Building, improvements and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of the straight-line method for financial reporting purposes. The estimated service lives of the assets for depreciation purposes may be different from their actual economic useful lives. The fixed assets being depreciated over the estimated life of tax basis do not result in a material difference from GAAP basis. For financial statement purposes, the following estimated useful lives are used.

	Estimated useful lives	Method
Building and Improvements	27.5 Years	Straight-line
Equipment	10.0 Years	Straight-line

Impairment

The Corporation reviews its investment in rental property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. For assets held and used, if management's estimate of the aggregate future cash flows to be generated by the property, undiscounted and without interest changes, by the rental property including any estimated proceeds from the eventual disposition of the real estate are less than their carrying amounts, 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. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated undiscounted cash flows could impact the determination of whether impairment exists. No impairment loss has been recognized during the years ended December 31, 2023 and 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties

The Corporation is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where property is located or by changes in federal low-income housing subsidies or the demand for such housing.

Rental Income and Prepaid Rents

Rental income is recognized for apartment rentals as it accrues. Rental payments received in advance are deferred or classified as liabilities until earned.

Tenant Accounts Receivable and Bad Debt

Tenant accounts receivable 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. There was no allowance for doubtful accounts as of December 31, 2023 and 2022.

Debt Issuance Costs and Amortization

Debt issuance costs are amortized over the term of the mortgage loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. The debt issuance costs have been offset against the mortgage payable. The amortization of debt issuance costs is included in mortgage interest expense.

Income Taxes

The Corporation has received a tax exempt status from the Internal Revenue Service under section 501(c)(2) of the Internal Revenue. The Corporation was organized under the New York State not-for-profit laws. The Corporation is exempt from New York State and New York City income taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 affected the reported amount 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.

Fair Values of Financial Instruments

The Corporation's financial instruments consist primarily cash, accounts receivable, reserve deposits, accounts payable and debt instruments. The carrying values of cash, accounts receivable, reserve deposits and accounts payables are considered to be representative of their respective fair values. The carrying values of the Corporation's debt instruments approximately their fair values as of December 31, 2023 and 2022, based on current incremental borrowing rates for similar types of borrowing arrangements.

Revenue Recognition

The Corporation's primary revenue stream is rent charges for residential units under leases. The Corporation records revenue for such leases at gross potential rent. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development (HUD). The difference from the calculated subsidy and the contract rent is paid by a tenant. Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Corporation believes that such both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

include: tenant reimbursement of consumption-based costs paid by the Corporation on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Adoption of Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases* ("FASB ASC 842") to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the statement of financial position by lessees and the disclosure of key information about leasing arrangements. The Corporation adopted FASB ASC 842 effective January 1, 2022. However, there is no adjustment necessary as of January 1, 2022 to be recognized under FASB ASC 842. With respect to tenant leases, FASB ASC 842 did not have a material impact on the financial statements as of December 31, 2022 and the year then ended. The Corporation has no other leases other than leases with tenants.

NOTE 3 - MORTGAGES PAYABLE

HPD Mortgages

Home Loan in the amount of $1,811,084 advanced is non-interest bearing and requires a service fee of 0.25% per annum on the aggregate advances. Commencing July 1, 2012, this fee is to be payable monthly at a rate of $377.31 until the maturity date of July 31, 2024. A total of $4,528 of service fee has been charged in 2023 and 2022 and is included in mortgage interest in the accompanying financial statements. On the maturity date, the unpaid balance of the HOME loan amount shall be due and payable.

The Article 8 Loan in the amount of $97,639 advanced shall bear interest at the rate of 1% per annum along with a service fee of 0.25% per annum. Commencing July 1, 2012, the interest and service fee shall be payable monthly at a rate of $101.71

NOTE 3 - MORTGAGES PAYABLE (CONTINUED)

HPD Mortgages (Continued)

until the maturity date of July 31, 2024, at which the unpaid balance of the Article 8 Loan amount shall be due and payable. A total of $1,220 of interest and service fee has been charged in 2023 and 2022 and is included in mortgage interest in the accompanying financial statements.

In connection with the financing of certain renovations in 2012, the Corporation entered into an Article & Capital Loan agreement with HPD to borrow $320,059. The loan bears no interest and requires no annual principal payments but will be payable upon its maturity date of January 1, 2044. As of December 31, 2023 and 2022, the advance under this loan was $305,723.

In connection with the financing of certain rehabilitation and repair work required as a result of the damage sustained by Hurricane Sandy, the Corporation entered into a loan agreement with HPD through the Build it Back Program to borrow $1,814,630 in September 2015. The loan bears no interest and requires no annual principal payments and will be entirely forgivable on the tenth anniversary of the conversion date, which will be two months after all rehabilitation work is completed. The loan will be forgiven provided that no default exists under the terms of the note and mortgage. The note is secured by a mortgage on the property. Also, this mortgage is subject and subordinate to all previous mortgages to HPD and HDC. As of December 31, 2017, all rehabilitation work has been completed. As of December 31, 2023 and 2022, the total advanced under this loan was $1,381,624.

The total mortgages payable to HPD as of December 31, 2023 and 2022 are as follows:

HOME loan	$ 1,811,084
Article 8 loan	97,639
Article 8 loan (new)	305,723
Build it back loan	1,381,624
	$ 3,596,070

NOTE 3 - MORTGAGES PAYABLE (CONTINUED)

HDC Mortgage

In June 2012, the Corporation entered into a mortgage agreement with the New York City Housing Development agreement with the New York City Housing Development Corporation (HDC) for a mortgage in the principal sum of Corporation (HDC) for a mortgage in the principal sum of $123,045. The proceeds of the mortgage were used to fund required balances in operating and replacement reserves. The mortgage bears no interest and requires no annual principal payments but will be payable upon its maturity date of January 1, 2044.

As of December 31, 2023 and 2022, the balance of the mortgages payable is as follows:

	2023	2022
Mortgages payable - HPD	$ 3,596,070	$ 3,596,070
Mortgage payable - HDC	123,045	123,045
	3,719,115	3,719,115
Less: Unamortized debt issuance costs	(6,087)	(10,352)
	$ 3,713,028	$ 3,708,763

All of the loans are collateralized by the mortgages on the real estate.

NOTE 4 - DEBT ISSUANCE COSTS

Costs incurred in connection with the refinancing of its existing mortgages have been capitalized and are being amortized over the term of the mortgages. The unamortized debt issuance costs consist of the following:

	2023	2022
Debt Issuance Costs	$ 62,505	$ 62,505
Accumulated Amortization	(56,418)	(52,153)
Net balance December 31,	$ 6,087	$ 10,352

8TH AND C HOUSING DEVELOPMENT FUND CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 - DEBT ISSUANCE COSTS (CONTINUED)

The debt issuance costs have been offset against the mortgage payable (Note 3). The amortization of debt issuance costs consisting of $4,265 and $5,632 respectively in 2023 and 2022 is included in mortgage interest in the accompanying financial statements. Estimated amortization expenses of the debt issuance costs for each of the ensuing years through December 31, 2027 is $1,522.

NOTE 5 - HOUSING ASSISTANCE PAYMENTS

The Corporation receives a portion of its rental income from the Federal "Section 8" subsidy program administered by the New York City Department of Housing Preservation and Development (HPD). Total Section 8 billed during the years ended December 31, 2023 and 2022 were $90,545 and $87,163 respectively. The section 8 billed represents approximately 26% of the Corporation's revenue for the years ended December 31, 2023 and 2022, respectively. The Corporation also receives subsidy rental payments from local public assistance.

NOTE 6 - FIXED ASSETS

Fixed assets consist of the following as of December 31, 2023 and 2022:

	2023	2022
Building and improvements	$ 3,349,652	$ 3,349,652
Equipment	57,881	57,881
	3,407,533	3,407,533
Less: accumulated depreciation	(1,174,076)	(1,046,480)
Net fixed assets	$ 2,223,457	$ 2,361,053

NOTE 7 - RESTRICTED ESCROW DEPOSITS AND RESERVES

According to the loan and other regulatory agreements, the Corporation is required to maintain the following escrow deposits and reserves. In accordance with the funding and disbursement agreement, the Corporation is required to make an annual deposit to the replacement reserve. The initial deposit required for 2013 was $7,500 and is to increase by 3% per annum. The Corporation made the required deposits of

NOTE 7 - RESTRICTED ESCROW DEPOSITS AND RESERVES (CONTINUE)

$10,080 and $9,786 for the years ended December 31, 2023 and 2022, respectively. All required deposits have been made for the years ended December 31, 2023 and 2022. The escrow and reserve accounts are held by HDC. The following shows the activity in such accounts for the years ended December 31, 2023 and 2022.

	Beginning Balance January 1, 2023	Additions and Interest	Ending Withdrawals and Transfers	Balance December 31, 2023
Insurance Escrow	$ 17,175	$ 17,879	$ -	$ 35,054
Water and Sewer	20,916	36,725	(35,533)	22,108
Operating Reserve	117,684	1,334	(357)	118,661
Replacement reserve	165,382	15,803	(493)	180,692
	$ 321,157	$ 71,741	$ (36,383)	$ 356,515

	Beginning Balance January 1, 2022	Additions and Interest	Ending Withdrawals and Transfers	Balance December 31, 2022
Insurance Escrow	$ 48,115	$ 17,679	$ (48,619)	$ 17,175
Water and Sewer	20,485	34,460	(34,029)	20,916
Operating Reserve	117,159	881	(356)	117,684
Replacement reserve	154,410	11,433	(461)	165,382
	$ 340,169	$ 64,453	$ (83,465)	$ 321,157

NOTE 8 - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management fees are paid to the Lower East Side People's Mutual Housing Association, Inc. (PMHA). The fee is 8% of the monthly rental collection. PMHA is an affiliate of the Corporation. Total management fees in 2023 and 2022 are $25,207 and $23,202 respectively. The Corporation also reimburses PMHA for superintendent service provided. The total cost reimbursed in 2023 and 2022 including fringe benefits was $47,167 and $52,159 respectively.

NOTE 8 - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES (CONTINUED)

The total amounts owed to PMHA for management fees and reimbursable expenses for the years ended December 31, 2023 and 2022 were $5,725 and $5,443, respectively and included in accounts payable in the accompanying financial statements.

NOTE 9 - TENANTS' SECURITY DEPOSITS

Tenants' security deposits are to be held in a separate bank account in the name of the Corporation. As of December 31, 2023 and 2022, the balance in the security account was $27,316 and $26,010, respectively.

NOTE 10 - EXEMPTION FROM REAL ESTATE TAXES

The Corporation has received a Real Estate Tax exemption under the New York City 420C program.

NOTE 11 - CONTINGENCIES

The Corporation does not believe there is any litigation pending or threatened against that, individually or in the aggregate, reasonably may be expected to have a material adverse effect on the Corporation.

The Corporation, as an owner of real estate, is subject to various federal, state, and local environmental laws. Compliance by the Corporation with existing laws has not had a material adverse effect on the Corporation. However, the Corporation cannot predict the impact of new or changed laws or regulations on its current properties.

NOTE 12 - LIQUIDITY

At December 31, 2023, the Corporation has $448,181 of liquid assets, consisting of cash of $336,859 and accounts receivable of $111,322, available to meet needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Corporation in the next 12 months.

NOTE 12 - LIQUIDITY(CONTINUED)

In addition, the Corporation may maintain funds in escrow and operating and replacement reserves. Such funds are not considered by the Corporation to have donor restrictions.

The Corporation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Corporation are expected to be met on a monthly basis from the rents of tenant units. In general, the Corporation maintains sufficient financial assets on hand to meet 30 days worth of normal operating expenses.

NOTE 13 - CASH AND RESTRICTED CASH

The balances in cash and restricted cash as reflected in the statements of cash flows consist of the following:

	2023	2022
Cash	$ 336,859	$ 357,312
Restricted Deposits		
Tenant Security deposits	27,316	26,010
Escrow	57,162	38,091
Operating Reserve	118,661	117,684
Replacement Reserve	180,692	165,382
	$ 720,690	$ 704,479

The amounts included in escrow and operating and replacement reserves represent the cash portion of these accounts.

NOTE 14 - FUNCTIONAL EXPENSES

The Corporation provides low-income housing to its tenants. The costs of providing program services and supporting services have been summarized on a functional basis in the tables below. Expenses directly attributable to a specific functional activity are reported as expenses of those functional activities. Allocations of expenses were made on a direct allocation basis.

NOTE 14 - FUNCTIONAL EXPENSES (CONTINUED)

	Program Services	Supporting Services	
2023	Rental Operations	Management & General	Total Expenses
Management fee	$ -	$ 25,207	$ 25,207
Payroll and benefits	45,723	-	45,723
Utilities	100,122	-	100,122
Exterminating	1,529	-	1,529
Repairs and maintenance	132,788	-	132,788
Office expenses	3,145	-	3,145
Insurance	22,296	-	22,296
Professional fees	18,179	12,075	30,254
Bad debt	3,331	-	3,331
Inspections & fees	9,650	-	9,650
Interest	10,013	-	10,013
Depreciation	127,596	-	127,596
Total	$ 474,372	$ 37,282	$ 511,654
2022			
Management fee	$ -	$ 23,202	$ 23,202
Payroll and benefits	50,677	-	50,677
Utilities	89,525	-	89,525
Exterminating	1,077	-	1,077
Repairs and maintenance	77,669	-	77,669
Office expenses	3,032	-	3,032
Insurance	23,677	-	23,677
Professional fees	23,215	11,425	34,640
Bad debt	1,127	-	1,127
Inspections & fees	12,639	-	12,639
Interest	11,380	-	11,380
Depreciation	126,696	-	126,696
Total	$ 420,714	$ 34,627	$ 455,341

NOTE 15 - CONCENTRATION OF CREDIT RISK

The Corporation maintains operating accounts, escrow deposits, and reserves at financial institutions which at times may exceed the FDIC limit of $250,000. There was no amounts exceeded the limit at December 31, 2023 and 2022.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated all other subsequent events or transactions occurring through July 11, 2024 the date the financial statements were available to be issued and concluded that no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.