Independent Auditors' Reports as Required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Government Auditing Standards and Related Information

HOUSING WORKS, INC. AND AFFILIATES

For the year ended June 30, 2018,
with summarized comparative information for the year ended June 30, 2017

HOUSING WORKS, INC. AND AFFILIATES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Housing Works, Inc. and Affiliates:

Report on the financial statements

We have audited the accompanying consolidated financial statements of Housing Works, Inc. and Affiliates (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housing Works, Inc. and Affiliates as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position, the consolidating schedule of revenues and expenses, and the 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, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on 2017 summarized comparative information

We have previously audited the Organization's 2017 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 1, 2018. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 29, 2019, on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
March 29, 2019

HOUSING WORKS, INC. AND AFFILIATES
Consolidated Statement of Financial Position
As of June 30, 2018, with summarized comparative totals as of June 30, 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	$ 1,922,732	$ 1,149,325
Health service receivables, net	5,070,817	4,354,333
Grants and contract service receivables	4,802,267	4,714,811
Contributions receivable	5,000	153,550
Pharmacy receivables	1,805,014	2,429,728
Thrift shop and bookstore inventory, net	7,508,700	7,529,057
Prepaid expenses and other assets	1,432,311	643,584
Total current assets	22,546,841	20,974,388
LONG-TERM ASSETS		
Restricted cash - debt service and contingency reserve funds	837,615	838,060
Security deposits and other assets	1,635,891	1,606,219
Property and equipment, net	24,652,560	21,841,694
Total long-term assets	27,126,066	24,285,973
Total assets	$ 49,672,907	$ 45,260,361
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 9,114,218	$ 10,179,247
Current maturities of loans payable	942,094	2,313,248
Total current liabilities	10,056,312	12,492,495
LONG-TERM LIABILITIES		
Loans payable	2,779,717	2,987,193
Deferred revenue - housing	5,427,962	2,649,214
Deferred revenue	98,289	115,192
Deferred rent payable	1,805,448	1,640,542
Other liabilities	581,621	179,098
Total long-term liabilities	10,693,037	7,571,239
Total liabilities	20,749,349	20,063,734
Noncontrolling interest in Fitzpatrick Associates Limited Partnership	414,993	363,828
Commitments and contingencies		
NET ASSETS		
Unrestricted	27,065,249	23,733,511
Temporarily restricted	785,801	441,773
Permanently restricted	657,515	657,515
Total net assets	28,508,565	24,832,799
Total liabilities and net assets	$ 49,672,907	$ 45,260,361

The accompanying notes are an integral part of this consolidated financial statement.

HOUSING WORKS, INC. AND AFFILIATES
Consolidated Statement of Activities
For the year ended June 30, 2018, with summarized comparative totals for the year ended June 30, 2017

	2018				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2017 Total
OPERATING REVENUES AND OTHER SUPPORT					
Grants and contract services	$ 15,797,239	$ -	$ -	$ 15,797,239	$ 16,271,501
Bookstore sales	1,960,934	-	-	1,960,934	2,169,778
Thrift shops sales	15,088,038	-	-	15,088,038	15,901,707
Health service revenue	26,870,149	-	-	26,870,149	24,712,983
Pharmacy revenue	22,121,686	-	-	22,121,686	19,506,817
In-kind contributions	17,028,615	-	-	17,028,615	19,370,695
Contributions	3,746,043	1,271,972	-	5,018,015	4,116,467
Rental income on apartments	1,794,519	-	-	1,794,519	1,321,853
Food services	948,723	-	-	948,723	1,517,424
Other revenue	3,530,457	-	-	3,530,457	1,933,912
Net assets released from restrictions	927,944	(927,944)	-	-	-
Total operating revenues and other support	109,814,347	344,028	-	110,158,375	106,823,137
EXPENSES					
Program services:					
Housing programs	8,182,050	-	-	8,182,050	9,164,089
Bookstore	4,310,417	-	-	4,310,417	4,614,678
Thrift shops	28,810,704	-	-	28,810,704	31,700,944
Health and service programs	43,434,904	-	-	43,434,904	38,449,909
Food services	1,894,039	-	-	1,894,039	2,766,461
Advocacy, legal and advisory services	7,601,921	-	-	7,601,921	6,012,513
Property and facility management	681,868	-	-	681,868	759,740
Total program expenses	94,915,903	-	-	94,915,903	93,468,334
Management and general	10,545,652	-	-	10,545,652	9,517,729
Fundraising	969,889	-	-	969,889	1,198,011
Total expenses	106,431,444	-	-	106,431,444	104,184,074
NON-OPERATING REVENUES AND OTHER SUPPORT					
Limited partnership interest share of (gain) loss on Fitzpatrick Associates Limited Partnership	(51,165)	-	-	(51,165)	91,794
Total non-operating revenues and other support	(51,165)	-	-	(51,165)	91,794
Change in net assets	3,331,738	344,028	-	3,675,766	2,730,857
Net assets, beginning of year	23,733,511	441,773	657,515	24,832,799	22,101,942
Net assets, end of year	$ 27,065,249	$ 785,801	$ 657,515	$ 28,508,565	$ 24,832,799

The accompanying notes are an integral part of this consolidated financial statement.

HOUSING WORKS, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

For the year ended June 30, 2018, with summarized comparative totals for the year ended June 30, 2017

	Housing Programs	Bookstore	Thrift Shops	Health and Service Programs	Food Services	Advocacy, Legal and Advisory Services	Property and Facility Management	Total Program Expenses	Management and General	Fundraising	2018 Total Expense	2017 Total Expense
EXPENSES												
Salaries and wages	$ 3,005,015	$ 768,295	$ 4,529,040	$ 16,496,030	$ 603,926	$ 3,815,724	$ 453,401	$ 29,671,431	$ 4,588,565	$ 373,087	$ 34,633,083	$ 32,449,358
Fringe benefits	684,203	174,840	1,028,370	3,706,723	133,022	869,770	105,764	6,702,692	1,043,994	84,252	7,830,938	6,292,192
Professional service fees	95,190	16,750	161,047	542,905	2,685	309,957	5,437	1,133,971	1,188,014	37,202	2,359,187	2,202,376
Contracted services	135,474	125,648	1,036,371	4,838,486	280,517	189,636	29,217	6,635,349	501,738	9,245	7,146,332	6,872,085
Client stipends and reimbursements	55,685	-	-	300,050	79,974	227,176	-	662,885	63,542	-	726,427	610,739
Supplies	214,256	76,704	184,158	578,809	35,969	272,767	8,212	1,370,875	19,329	2,428	1,392,632	1,593,553
Occupancy												
Office/retail	382,517	363,584	4,369,380	780,488	54,940	666,195	16,733	6,633,837	738,534	41,969	7,414,340	7,635,198
Client	866,756	-	-	-	-	-	-	866,756	-	-	866,756	874,842
Utilities												
Office	842,690	102,772	425,171	682,471	20,799	196,087	22,423	2,292,413	218,768	19,706	2,530,887	2,620,720
Client	55,944	-	-	-	-	-	-	55,944	-	-	55,944	86,672
Transportation	32,401	341	318,772	898,748	10,949	267,407	3,355	1,531,973	320,355	1,942	1,854,270	1,889,636
Equipment rental, repairs and maintenance	50,573	7,228	251,013	149,782	151,056	71,836	6,497	687,985	160,004	769	848,758	808,978
Facility repairs and maintenance	365,232	8,148	88,522	23,340	3,956	59,705	14,148	563,051	8,671	1,900	573,622	987,761
Client participation expenses	38,862	-	156	607,562	177,834	124,955	-	949,369	200,076	-	1,149,445	952,607
Staff expense	60,686	2,692	12,320	311,651	422	114,220	2,420	504,411	183,171	4,492	692,074	728,957
Insurance expense	84,793	19,766	133,162	329,324	8,171	90,297	13,532	679,045	106,963	9,165	795,173	870,449
Depreciation and amortization	1,179,982	-	218,095	550,341	5,494	3,226	-	1,957,138	530,174	-	2,487,312	2,842,022
Gift-in-kind expense	-	1,960,934	15,088,038	-	-	-	-	17,048,972	-	-	17,048,972	18,071,485
Event expense	-	2,472	129,556	2,311	8,119	137,274	-	279,732	183,730	238,361	701,823	1,179,066
Interest and finance fees	17,591	24,781	344,172	340,211	22,338	620	-	749,713	280,639	15,635	1,045,987	1,421,001
Cost of goods sold	-	132,161	34,467	12,165,868	222,916	-	-	12,555,412	-	-	12,555,412	11,683,002
Other expenses	14,200	523,301	458,894	129,804	70,952	185,069	729	1,382,949	209,385	129,736	1,722,070	1,511,375
Total expenses	$ 8,182,050	$ 4,310,417	$ 28,810,704	$ 43,434,904	$ 1,894,039	$ 7,601,921	$ 681,868	$ 94,915,903	$ 10,545,652	$ 969,889	$ 106,431,444	$ 104,184,074

The accompanying notes are an integral part of this consolidated financial statement.

HOUSING WORKS, INC. AND AFFILIATES

Consolidated Statement of Cash Flows

For the year ended June 30, 2018, with summarized comparative totals for the year ended June 30, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,675,766	$ 2,730,857
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,487,312	2,842,022
Changes in operating assets and liabilities:		
Increase in health service receivables, net	(716,484)	(663,934)
Increase in grants and contract service receivables	(87,456)	(2,276,512)
Decrease in contributions receivable	148,550	49,178
Decrease (increase) in pharmacy receivables	624,714	(516,476)
Decrease (increase) in thrift shop and bookstore inventory	20,357	(1,299,211)
Increase in prepaid expenses and other assets	(788,727)	(371,783)
Increase in security deposits and other assets	(29,672)	(37,840)
(Decrease) increase in accounts payable and accrued expenses	(1,065,029)	3,193,444
Increase (decrease) in deferred revenue - housing and deferred revenue	2,761,845	(260,370)
Increase in deferred rent payable	164,906	89,808
Increase (decrease) in other liabilities	402,523	(102,470)
Net cash provided by operating activities	7,598,605	3,376,713
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,298,178)	(1,526,974)
Net cash used in investing activities	(5,298,178)	(1,526,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (increase) in restricted cash-debt service and contingency reserve funds	445	(10,144)
Proceeds from loans	660,495	3,040,000
Repayments of loans payable	(2,239,125)	(4,080,880)
Increase (decrease) in noncontrolling interest	51,165	(91,794)
Net cash used in financing activities	(1,527,020)	(1,142,818)
Net increase in cash	773,407	706,921
Cash, beginning of year	1,149,325	442,404
Cash, end of year	$ 1,922,732	$ 1,149,325
Supplemental cash flow information:		
Cash paid for interest	$ 279,093	$ 675,083

The accompanying notes are an integral part of this consolidated financial statement.

1. ORGANIZATION AND NATURE OF ACTIVITIES

Housing Works, Inc. ("HWI") was organized in May 1990 for the purpose of providing assistance and expertise to homeless persons living with AIDS or HIV-related illnesses; advocating for homeless services; and providing expertise in the development of housing for homeless persons living with AIDS or HIV-related illnesses.

To assist in providing these services, HWI established the following separately incorporated affiliates (collectively, the "Organization"), which, through sole membership, are controlled by HWI:

Housing Works Used Book Café, Inc. (the "Bookstore") was organized exclusively for the benefit of and to carry out the purposes of HWI by providing relief, assistance and financial support, directly or indirectly, to homeless persons living with AIDS or HIV-related illnesses. The Bookstore primarily sells donated books and records; the café serves sandwiches, soups and assorted refreshments and hosts special events.

Housing Works Thrift Shop, Inc. ("Thrift") was organized exclusively for the benefit of and to carry out the purposes of HWI by providing relief, assistance and financial support, directly or indirectly, to homeless persons living with AIDS or HIV-related illnesses. Thrift receives and primarily sells clothing and other donated goods from twelve shops located in New York City.

Housing Works Food Services, Inc. ("HWFSC") was organized exclusively for the benefit of and to carry out the purposes of HWI by providing relief, assistance and financial support, directly or indirectly, to homeless persons living with AIDS or HIV-related illnesses. HWFSC provides institutional catering services to day treatment centers, supportive residences and other facilities, including community catering.

Housing Works Services, Inc. ("HWS1"), located at 743-749 East 9th Street, New York City, was organized to establish one or more freestanding diagnostic and treatment facilities; be licensed under Article 28 of the New York State health law; and be located in New York City. These facilities provide a broad range of health services to persons living with AIDS or HIV-related illnesses. In addition, HWS1 promotes and carries out certain research and educational activities related to providing care to the sick, injured and disabled, and promoting the health of the public.

Housing Works Services II, Inc. ("HWS2"), with facilities located at 57 Willoughby Street, Brooklyn, New York, was organized to establish one or more freestanding diagnostic and treatment facilities; be licensed under Article 28 of the New York State health law; and be located in New York City. The facility provides a broad range of health services to persons living with AIDS or HIV-related illnesses. In addition, HWS2 promotes and carries out certain research and educational activities related to providing care to the sick, injured and disabled, and promoting the health of the public.

Housing Works Health Services III, Inc. ("HWS3"), located at 2626 Pitkin Avenue, Brooklyn, New York, was organized to establish one or more freestanding diagnostic and treatment facilities; be licensed under Article 28 of the New York State health law; and be located in New York City. This facility provides a broad range of health services to persons living with AIDS or HIV-related illnesses. In addition, HWS3 promotes and carries out certain research and educational activities related to providing care to the sick, injured and disabled, and promoting the health of the public.

Gotham Assets Management Services ("Gotham") is a not-for-profit corporation established to provide property management and logistical services to the Organization.

Housing Works Housing Development Fund Corporation ("HWDC1"), located at 743-749 East 9th Street, New York City, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works East New York Housing Development Fund Corporation ("HWDC2"), located at 2640 Pitkin Avenue, Brooklyn, New York, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works Harlem Housing Development Fund Corporation, Inc. ("HWDC3"), located at 143-145 West 130th Street, New York City, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works Pitkin Avenue Housing Development Fund Corporation, Inc. ("PitkinHDFC"), located at 2609 Pitkin Avenue, Brooklyn, New York, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works 454 Lexington Avenue Housing Development Fund Corporation, Inc. ("LEX"), located at 454 Lexington Avenue, New York City, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works 874 Jefferson Avenue Housing Development Fund Corporation, Inc. ("JEFF"), located at 874 Jefferson Avenue, Brooklyn, New York, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Bronx Claremont Parkway G. P., Inc. ("BCP"), an entity controlled by HWI was established and subsequently received a general partnership interest in Fitzpatrick Associates Limited Partnership ("Fitzpatrick"). Fitzpatrick was formed to acquire, own, finance, construct, develop and manage a multifamily supportive housing project. As of year-end, Fitzpatrick operates a housing facility consisting of sixteen apartment units, and BCP retains its ownership interest to Fitzpatrick.

AIDS Treatment Data Network, Inc. ("ATDN") is a not-for-profit, independent, community-based organization that provides case management and support services through one-on-one encounters. Resources are also provided to clients by way of various electronic media.

Life Force: Women Fighting AIDS, Inc. ("Life Force") is a not-for profit, independent, community-based organization whose mission is to reduce the incidence of HIV/AIDS and to address the other broad range of health issues of women of color, particularly in Brooklyn, New York. Life Force addresses the need for HIV education through peer-led education initiatives, and, in this effort, works to identify and mobilize the resources of the community it serves.

Housing Works 220 Hull Housing Development Fund Corporation ("Hull"), located at 220 Hull Street, Brooklyn, New York, was organized to develop vacant land, located at its address, into a supportive housing residence. Capital funding for the construction of the new housing facility is pending.

Positive Health Project, Inc. ("PHP") is a not-for profit, culturally diverse, community-based organization whose mission is to improve the health and quality of life of drug users, sex workers, and others who engage in behavior that puts them and the community at risk for HIV/AIDS, hepatitis and other sexually transmitted diseases. PHP accomplishes this by providing disease prevention, social and clinical health services, and education based in the harm reduction philosophy. PHP is funded primarily from government agencies.

HIV Law Project, Inc. ("HLP") is a not-for profit, community-based organization which believes that all people deserve the same rights, including the right to live with dignity and respect, the right to be treated as equal members of society, and the right to fulfill basic human needs. Yet, these fundamental rights are elusive for many people living with HIV/AIDS ("PLWHAs"). Through innovative legal services and advocacy programs, HLP fights for the rights of the most underserved PLWHAs.

Housing Works Lyman Prospect Housing Development Fund Corporation ("LPHDFC"), located at 57 Willoughby Street, Brooklyn, New York, was organized to provide supportive housing residence for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses at two buildings located at 1344 Lyman Place, Bronx, New York and 1412 Prospect Avenue, Bronx, New York.

The Organization, except BCP, were incorporated as not-for-profit corporations under the laws of the State of New York and are classified as 501(c)(3) organizations, which are exempt from income taxes under Section 501(a) of the Internal Revenue Code. Fitzpatrick is treated as a partnership for tax purposes; and therefore, BCP reports its share of taxable income and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting. All intercompany transactions and balances have been eliminated in consolidation. The Organization's net assets and related revenues and support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

Unrestricted Net Assets
Net assets that are expendable for the general operations of the Organization.

Temporarily Restricted Net Assets
Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations. At June 30, 2018 and 2017, temporarily restricted net assets were both time restricted and restricted for use in the Organization's health and housing programs.

Permanently Restricted Net Assets
Net assets whose use by the Organization is limited by donor-imposed stipulations requiring such resources to be maintained in perpetuity and the income therefrom be utilized for operating or other donor-restricted purposes (Note 9). For the years ended June 30, 2018 and 2017, the Organization received no permanently restricted contributions.

Thrift Shop and Bookstore Inventory

Inventory, which consists of donated goods for the thrift shops and bookstores, is stated at estimated fair value at the date of the gift. Fair value is determined using sales history and as such approximates the actual sales price of the donated items. The Organization receives donated goods via store drop-offs and residential pick-ups. In fiscal 2018 and 2017, through an agreement with the New York City ("NYC") Department of Sanitation, the Organization also received donated items via collection bins in buildings located throughout NYC.

Property and Equipment, Net

Property and equipment, net, are stated at cost at date of acquisition or fair value at date of contribution, if donated. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Amortization of leasehold improvements has been calculated over the lesser of the estimated useful lives of the assets or the related lease term. The Organization depreciates its assets using the half-year convention method in the first year the assets are placed in service. Assets are capitalized when the acquisition cost equals or exceeds the capitalization threshold of $1,000. Assets are depreciated over the following useful lives:

Buildings and building improvements	30 years
Leasehold improvements	Lesser of the life of the lease or the asset 4 -15 years
Equipment, furniture and fixtures	4 - 13 years
Vehicles	4 years

Long-Lived Assets

The Organization reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Some factors the Organization considers important, which could trigger an impairment review, include: (i) significant underperformance compared to expected historical or projected future operating results; (ii) significant changes in the Organization's use of the acquired assets or the strategy for its overall business; and (iii) significant negative industry or economic trends.

Contributions

Contributions, both cash and in-kind, are recorded in the period received as unrestricted, temporarily restricted or permanently restricted revenue depending upon the existence or absence of donor-imposed stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Contributions to be received after one year are discounted at an appropriate discount rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any.

In-kind contributions of clothing, books and various other items are recorded as revenue and also capitalized as part of the Organization's inventory. Upon the sale of these goods, the inventory is relieved and a related gift-in-kind expense is recorded representing the cost of the goods sold.

Revenues

Revenues from government grants, contracts, Pharmacy 340B Program, Medicaid, Medicare and other third-party health insurance payors are recognized in the period when expenditures have been incurred or services have been performed in compliance with the respective contracts. Amounts received in advance are reported as deferred revenues. Contracts awarded for the acquisition of long-lived assets are reported as deferred revenue until the assets are acquired, at which time the award is recorded as unrestricted revenue. Revenues from the thrift shop and bookstore are recognized at the point of sale. Food services, which are generally driven by catering events, are recognized as earned. Rental income, which is generally earned pursuant to short-term leases for apartments, is recognized as earned. Apartment rents are paid partially by the tenants and partially subsidized through various federal programs.

Medicaid and Medicare revenue is reimbursed to the Organization at the rate determined by state and federal regulations. Medicaid revenue, third-party insurance payors and other governmental grants and contracts under third-party payor agreements are subject to examination and contractual adjustment, and amounts realizable may change due to periodic changes in the regulatory environment. Provisions for estimated third party payor settlements are provided in the period the related services are rendered. Differences between the amounts provided and subsequent settlements are recorded in operations in the period of settlement. The provision for contractual allowances is deducted directly from revenue and the net revenue amount is recorded as a receivable. It is management's opinion that any potential disallowances will not have a material effect on the accompanying consolidated financial statements.

Allowance for Uncollectible Accounts

The carrying value of grants and contract services receivable, contributions receivable, pharmacy receivable, and health services receivable are reduced by an appropriate allowance for uncollectible accounts, and therefore approximates net realizable value. The Organization determines its allowance by considering a number of factors, including the length of time receivables are past due, the Organization's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. Receivables outstanding longer than the payment terms are considered past due. The Organization writes off accounts receivables when they become uncollectible, and payments subsequently received on such receivables are recorded as income in the period received.

Concentration of Credit Risk

Cash is exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. At June 30, 2018 and 2017, the Organization's cash was placed with high credit quality financial institutions and, accordingly, the Organization does not anticipate any losses with respect to these depository accounts.

Fair Value of Financial Instruments

The carrying amounts of cash, receivables, prepaid expenses and other assets, accounts payable and accrued expenses, and other liabilities approximate their fair value due to the short-term maturity of these financial instruments. The Organization's long-term debt approximates fair value based on the quoted market prices for the same or similar issues or on the current rates offered to the Organization for debt of the same remaining maturities.

Use of Estimates

The preparation of consolidated financial statements in conformity with US 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization, except BCP, is exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code. Nevertheless, the Organization may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code.

Presentation of Certain Prior Year Summarized Information

The accompanying consolidated financial statements include prior year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2017, from which the summarized comparative information was derived.

New Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 by one year. The guidance is effective for the interim and annual periods beginning on or after December 15, 2017 (i.e., fiscal year 2019). The guidance permits the use of either a retrospective or cumulative effect transition method. The Organization is currently evaluating the new guidance and has not determined the impact this standard may have on the consolidated financial statements nor decided upon the method of adoption.

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 (i.e., fiscal year 2019). ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is in the process of evaluating the impact this standard will have on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For recipients, the effective date of the amendments will align with Revenue from Contracts with Customers: effective for annual periods beginning after December 15, 2017 (i.e., fiscal year 2019). The Organization is currently evaluating the new guidance and has not determined the impact this standard may have on the consolidated financial statements nor decided upon the method of adoption.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for fiscal year 2020. Early adoption is permitted. The Organization is in the process of evaluating the impact this standard will have on the consolidated financial statements.

3. PROPERTY AND EQUIPMENT, NET

At June 30, 2018 and 2017, property and equipment, net, consisted of the following:

	2018	2017
Land	$ 1,609,069	$ 1,609,069
Buildings and building improvements	22,600,380	22,501,934
Equipment, furniture and fixtures	9,774,190	9,749,284
Vehicles	472,424	435,639
Leasehold improvements	19,523,238	19,372,728
Capital leases	2,866,721	2,872,256
	56,846,022	56,540,910
Less: Accumulated depreciation and amortization	37,415,574	35,523,595
Construction in progress	5,222,112	824,379
	$ 24,652,560	$ 21,841,694

A portion of the Organization's property and equipment was purchased with funding received from the U.S. Department of Health and Human Services and the U.S. Department of Housing and Urban Development. Funding for certain capital expenditures was provided with the stipulation that if the Organization ceases to operate certain programs, which in management's opinion is unlikely, the related property and equipment could revert to the funding source.

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 totaled approximately $2,487,000 and $2,842,000, respectively.

Capital Leases

The Organization leases various office equipment under non-cancelable leasing arrangements that are classified as capital leases. The related cost and accumulated depreciation is included within "Property and equipment, net" in the accompanying consolidated statement of financial position, and at June 30, 2018 and 2017, were as follows:

	2018	2017
Equipment	$ 2,840,336	$ 2,845,871
Vehicles	26,385	26,385
	2,866,721	2,872,256
Less: Accumulated depreciation	1,993,758	2,372,440
	$ 872,963	$ 499,816

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, included within "Loans payable" in the accompanying consolidated statement of financial position at June 30, 2018, were as follows:

Year ending June 30,	
2019	$ 249,504
2020	244,068
2021	231,560
2022	185,154
	910,286
Less: Amount representing interest	(20,397)
	$ 889,889

4. INVESTMENTS

Related Entities

During fiscal 2003, the Organization acquired an 18% ownership interest in Amida Care, Inc. for $300,000, which was accounted for at cost. A $300,000 impairment of this investment was recorded during fiscal 2005. During the year ended June 30, 2017, the Organization contributed no additional capital but the ownership interest in Amida Care, Inc. was reduced to 14%. During the year ended June 30, 2018, the Organization contributed no additional capital but the ownership interest in Amida Care, Inc. was increased to 16.67%. At June 30, 2018 and 2017, the investment in Amida Care, Inc. was fully reserved for since Amida Care, Inc. had an accumulated deficit at those times. In addition, the Organization has entered into and guaranteed loans on behalf of Amida Care, Inc. (Note 5).

On June 7, 2010, BCP, an entity controlled by HWI, was admitted without consideration as General Partner to Fitzpatrick with a partnership interest of 1%. Fitzpatrick was formed to acquire, own, construct, develop, manage and operate a supportive housing facility. The facility consists of eighteen (18) apartment units available for rental to homeless and low-income individuals. The facility was financed through a note from the Homeless Housing Assistance Corporation ("HHAC") in the amount of approximately $2.1 million and through the sale of limited partnership interests to U.S.A. Institutional Tax Credit Fund VII L.P. HWI is acting as guarantor on the HHAC mortgage. BCP is deemed to control Fitzpatrick, and, accordingly, the consolidated financial position of Fitzpatrick and BCP is reflected in the consolidated financial statements of the Organization. BCP's percentage of interest to Fitzpatrick remained the same as of June 30, 2018 and 2017.

5. LOANS PAYABLE

At June 30, 2018 and 2017, loans payable consisted of the following:

	2018	2017
Bonds payable - $4,285,000 face amount, due July 2022, payable in monthly installments with interest at 3.25% at June 30, 2018 and 2017. This is a tax-exempt Dormitory Authority of the State of New York ("DASNY") bond and is secured by the related property at 2626 Pitkin Avenue, Brooklyn, New York.	$ 1,505,000	$ 1,830,000
Bonds payable - $3,925,000 face amount, due July 2022, payable in monthly installments with interest at 3.25% at June 30, 2018 and 2017. This is a tax-exempt bond with DASNY and is secured by the related property at 743-749 East 9th Street, New York City.	1,405,000	1,700,000
Mortgage payable - $249,000 face amount, the loan bore an interest rate of 7.75% per annum, payable in monthly installments, and this loan was paid in full during 2018. The mortgage was secured by the property at 2609 Pitkin Avenue, Brooklyn, New York and was through the Low Income Housing Fund.	-	102,530
Loan payable - $128,571 representing the Organization's pro rata share of a loan guaranteed by Amida Care, Inc. The loan is payable by Amida Care, Inc. at an interest rate of 9% per annum. The Organization is required to make quarterly interest-only payments.	22,789	36,675
Loan payable - $500,000 face amount payable in monthly installments of principal and interest. Interest is 6.50% per annum over an amortization period of 10 years. The loan is through the Low Income Investment Fund and matures on October 1, 2021.	114,449	155,589
Loan payable - $80,000 loan through Deutche Bank, which is non-interest bearing. The loan proceeds are to be used towards building of the 2605-2611 Pitkin Ave New Supportive Housing Development.	80,000	40,000
Loan payable - $2,200,000 face amount due in one year. This loan was obtained through the Non-profit Finance Fund and was payable monthly at an interest rate of 6.25% per annum. This loan matured on December 31, 2017.	-	1,200,000
Loan payable - $800,000 secured through Non-Profit Finance Fund bearing interest rate of 6.25%. This loan matured on December 1, 2017.	-	167,845
Liabilities under capital leases (Note 3)	889,889	510,781
Total loans payable	4,017,127	5,743,420
Less: Current maturities	(942,094)	(2,313,248)
Less: Bond issuance costs	(295,316)	(442,979)
Long-term portion	$ 2,779,717	$ 2,987,193

Loans not associated with housing facilities are collateralized by the Thrift inventory and/or the Medicaid receivables.

Future principal payments on loans payable are as follows at June 30, 2018:

Year ending June 30,	
2019	$ 942,094
2020	1,013,582
2021	1,016,297
2022	1,045,154
	$ 4,017,127

For the years ended June 30, 2018 and 2017, interest expense totaled approximately $258,000 and $376,000, respectively.

At June 30, 2018 and 2017, debt service and contingency reserve funds totaled approximately $838,000 and consisted of cash on deposit. These assets are maintained with the trustee in accordance with the DASNY bond indentures and collateral with financial institutions as required by the respective loan agreements.

Mortgage loans provided by DASNY included funding for start-up costs.

6. MEDICAID

During the years ended June 30, 2018 and 2017, the State of New York did not make retroactive rate adjustments in primary care and dental reimbursement rates.

7. PHARMACY 340B PROGRAM

In April 2015, Housing Works Health Services (“HWHS”) began participation in the United States federal program requiring drug manufactures to provide outpatient drugs to eligible health care organizations at significantly reduced prices. The intent of the program is to allow entities to stretch federal resources, reaching more eligible patients and providing more comprehensive services to them. HWHS has contracted with community pharmacies to administer these services to their patients for a fee. These contracts authorize the pharmacy to bill Medicaid, Medicare and third-party insurance remitting the collected funds less their fees to HWHS. The pharmacy fees cover the cost of drugs and administrative fees, and allow the pharmacy to purchase directly from the drug wholesalers the drugs which replenish their stock. At June 30, 2018 and 2017, HWHS recognized revenue of approximately $22,122,000 and $19,507,000, respectively, and expenses of approximately $15,084,000 and $13,080,000, respectively, for the cost of drugs and administrative fees. For the year ended June 30, 2018, the cost of drugs in the amount of approximately $12,166,000 is presented as cost of goods sold and the administrative fees in the amount of approximately $2,918,000 is presented as contracted services, respectively, within the accompanying consolidated statement of functional expenses. For the year ended June 30, 2017, the cost of drugs in the amount of approximately $10,909,000 is presented as cost of goods sold and the administrative fees in the amount of approximately $2,171,000 is presented as contracted services, respectively, within the accompanying consolidated statement of functional expenses.

8. DEFERRED REVENUE - HOUSING

The Bronx-Claremont homeless housing facility associated with Fitzpatrick was financed through two notes. The first note is from the New York State Homeless Housing Assistance Corporation, and closed on July 30, 1997 in the amount of $2,113,216 with a term of thirty years. The note bears no interest and repayment is not required as long as the housing facility remains available for low-income persons in accordance with regulatory agreements and regulations. The Organization believes that the possibility of the facility not maintaining its status as a low-income housing facility throughout the term of the advance is remote, and therefore, repayment would not be required. As such, the Organization believes that the appropriate treatment of the advance is to be recognized as deferred revenue that is amortized into service revenue over the thirty-year life of the agreement. At June 30, 2018 and 2017, the unamortized balances of approximately $640,000 and $710,000, respectively, were reflected in the consolidated statement of financial position as “Deferred revenue - housing.” The second note is from the NYC Department of Housing and Urban Development, and closed on November 1995 in the amount of $150,000 under a similar arrangement also covering a thirty-year term. As such, the Organization believes that the appropriate treatment of the advance is to be recognized as deferred revenue that is amortized into service revenue over the thirty year life of the agreement. At June 30, 2018 and 2017, the unamortized balances of approximately $37,000 and $41,000, respectively, were reflected in the consolidated statement of financial position as “Deferred revenue - housing.”

During the fiscal year 2012, the Organization’s 874 Jefferson Housing Development Fund Corporation received funds of $252,608 from The New York City Department of Housing Preservation and Development under a similar arrangement which covers a twenty-five year term. The Organization is amortizing this amount into service revenue over that term. At June 30, 2018 and 2017, the unamortized balances of approximately $186,000 and $197,000, respectively, were reflected in the consolidated statement of financial position as part of “Deferred revenue - housing.”

During the fiscal year 2014, the Organization acquired two additional properties with a fair value of approximately $2,250,000 as part of a contract with the New York State Homeless Housing Assistance Corporation. The contract has a remaining term of fourteen years and requires the Organization to provide housing for persons that would otherwise be homeless. Performance under the terms of the contract is secured by mortgage notes on the properties that are only payable in the event the Organization defaults under the terms of the contract. The Organization believes that the possibility of the facility not maintaining its status as a homeless housing facility throughout the term of the contract to be remote, and therefore, repayment would not be required. As such, the properties received have been recorded at their fair value with the corresponding mortgage note recorded as a credit to deferred revenue to be recognized as the Organization performs over the remaining year terms of the contract. At June 30, 2018 and 2017, the unamortized balance of approximately $1,540,000 and $1,701,000, respectively, was reflected in the consolidated statement of financial position as “Deferred revenue - housing.”

During the fiscal year 2017, the Organization’s 220 Hull Housing Development Fund Corporation entered into an agreement with The New York State Homeless Housing Assistance Corporation to establish and operate a project to provide housing for homeless people. The agreement covers a twenty-five year term with the maximum amount to be received of approximately $5,941,000. Repayment is not required as long as the housing facility remains available for low-income persons in accordance with regulatory agreements and regulations. The Organization believes that the possibility of the facility not maintaining its status as a low-income housing facility throughout the term of the advance is remote, and therefore, repayment would not be required. As such, the Organization believes that the appropriate treatment of the advance is to be recognized as deferred revenue that is amortized into service revenue over the twenty-five year life of the agreement, which will commence upon completion of construction and occupancy. At June 30, 2018 the unamortized balance of approximately $3,025,000, was reflected in the consolidated statement of financial position as part of "Deferred revenue - housing."

9. ENDOWMENTS

During fiscal 2006, the Organization received two donor restricted endowments. One was established in the name of Keith Cylar and the other as a general endowment. During the year ended June 30, 2012, the Organization received permission from the two largest contributors to the endowment stating that the funds they contributed could be borrowed to cover operating costs and as such liquidated these assets during the year. Management plans to replenish the borrowed endowment funds.

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the UPMIFA. All not-for-profit organizations formed in New York must apply this law. The College classifies donor-restricted endowment funds as permanently restricted net assets, unless otherwise stipulated by the donor: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

The remaining portion of the donor-restricted endowment fund not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions; the possible effects of inflation and deflation; other resources of the Organization; and the investment policy of the Organization.

The following tables illustrate the changes in the Organization's endowment net assets as of June 30, 2018 and 2017:

	2018		
	Unrestricted	Permanently Restricted	Total
Donor-restricted (endowment)	$ (657,515)	$ 657,515	$ -

	2017		
	Unrestricted	**Permanently Restricted**	**Total**
Donor-restricted (endowment)	$ (657,515)	$ 657,515	$ -

There were no endowment related activities for the years ended June 30, 2018 and 2017.

10. DEFINED CONTRIBUTION PLAN

The Organization established a defined contribution plan for all eligible employees effective December 21, 1999. Effective July 1, 2008, after modifying the plan, the Organization began matching, up to a maximum of $100 per month, each employee's contribution to the 403(b) plan. Employees are all immediately 100% vested in the match. The Organization's contribution for the years ended June 30, 2018 and 2017 totaled approximately $149,000 and $130,000, respectively.

11. COMMITMENTS AND CONTINGENCIES

The Organization is a party to various non-cancelable operating leases. These leases require minimum monthly rental payments during the first year of each lease and have scheduled increases thereafter.

Future minimum lease payments under these non-cancelable operating leases are as follow at June 30, 2018:

Year ending June 30,	
2019	$ 7,356,492
2020	6,946,577
2021	6,715,153
2022	5,755,815
2023	4,991,449
Thereafter	9,079,994
	$ 40,845,480

For the years ended June 30, 2018 and 2017, rent expense totaled approximately $8,281,000 and $8,510,000 respectively.

The straight-line basis is used to recognize rental expense under leases with varying rents over their terms. Deferred rent payable reflected in the accompanying consolidated statements of financial position represents the aggregate of the rent expense recognized on the straight-line basis in excess of the amount paid.

The Organization has been named in several lawsuits in the normal course of business. In the opinion of management, these claims are not expected to have a material adverse effect on the Organization's consolidated financial position, changes in net assets or cash flows.

The Organization participates in a number of federal and state programs. These programs require that the Organization comply with certain requirements of laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government contracts by government agencies is presently not determinable, it should not, in the opinion of management, have a material effect on the Organization's consolidated financial position or change in net assets. Accordingly, no provision for any such liability that may result has been made in the accompanying consolidated financial statements.

12. SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2018 consolidated financial statements for subsequent events through March 29, 2019, the date the consolidated financial statements were issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements, except as noted below.

On November 26, 2018, HWI entered into a loan agreement in the amount of $2,600,000 for rehabilitation and improvements of real property. This loan consist of a Building Loan for $2,141,629 and a Project Loan for $458,371. This loan agreement matures on October 26, 2025. This loan bears interest at a fixed rate of 6.375% per annum for the first 36 months, after which the interest rate will be the prime rate plus 1.625%.

On January 16, 2019, HWI entered into a combination agreement with Bailey House, Inc. ("Bailey House"), effective January 1, 2019. The determination to acquire Bailey House was predicated on the similarities in mission. Bailey House aims to transform the lives of people with or at risk of HIV/Aids and chronic illnesses through housing, health services, and community support.

SUPPLEMENTARY INFORMATION

HOUSING WORKS, INC. AND AFFILIATES
Consolidating Schedule of Financial Position
As of June 30, 2018

	HWI	Thrift	Bookstore	HWFSC	HWDC1	HWDC2	HWDC3	PitkinHDFC	LEX	JEFF	BCP	Hull	LPHDFC	PHP	HLP	Gotham	ATDN	Life Force	HWS1	HWS2	HWS3	Total
ASSETS																						
CURRENT ASSETS																						
Cash	$ 782,150	$ 125,003	$ 7,072	$ 9,500	$ 15,112	$ 5,390	$ 5,000	$ -	$ 1,000	$ 1,000	$ (11,872)	$ -	$ 175	$ 500	$ 106,318	$ 13,600	$ -	$ -	$ 7,401	$ 6,750	$ 848,633	$ 1,922,732
Health service receivables, net	1,489,487	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,271,408	1,469,858	840,064	5,070,817
Grant and contract service receivables	3,739,710	-	-	-	-	-	-	-	-	-	-	-	-	97,098	139,466	-	-	-	75,437	66,696	683,860	4,802,267
Contributions receivable	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Pharmacy receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,805,014	1,805,014
Thrift shop and bookstore inventory, net	-	6,428,238	1,030,858	49,604	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,508,700
Intercompany receivable/payable	16,779,790	4,398,727	(1,756,705)	(3,108,575)	(23,879)	(341,992)	(3,522,549)	(1,095,005)	(2,847,609)	(1,397,650)	(386,322)	82,059	(164,678)	(697,314)	(374,402)	447,689	(269,610)	(74,829)	(6,149,145)	(9,357,423)	9,859,422	-
Prepaid expenses and other assets	634,333	117,535	7,406	-	8,724	22,558	6,020	-	1,133	8,082	58,536	-	108,128	-	810	-	-	-	1,800	-	457,246	1,432,311
Total current assets	23,425,470	11,074,503	(711,369)	(3,049,471)	(43)	(314,044)	(3,511,529)	(1,095,005)	(2,845,476)	(1,388,568)	(339,658)	82,059	(56,375)	(599,716)	(127,808)	461,289	(269,610)	(74,829)	(4,793,099)	(7,814,119)	14,494,239	22,546,841
LONG-TERM ASSETS																						
Restricted cash - debt service and contingency reserve funds	2,044	-	-	-	-	-	-	-	-	-	401,926	-	-	-	-	-	-	-	191,745	44,101	197,799	837,615
Security deposits and other assets	539,411	890,676	-	-	-	-	5,545	-	3,210	-	3,725	-	-	24,665	57,800	6,160	9,435	-	1,750	87,524	5,990	1,635,891
Property and equipment, net	1,777,171	738,060	-	6,741	1,747,153	1,700,678	2,607,599	735,847	2,056,219	2,790,753	940,441	3,788,741	954,380	239,648	-	3,595	-	-	1,877,061	236,099	2,452,374	24,652,560
Total long-term assets	2,318,626	1,628,736	-	6,741	1,747,153	1,700,678	2,613,144	735,847	2,059,429	2,790,753	1,346,092	3,788,741	954,380	264,313	57,800	9,755	9,435	-	2,070,556	367,724	2,656,163	27,126,066
Total assets	$ 25,744,096	$ 12,703,239	$ (711,369)	$ (3,042,730)	$ 1,747,110	$ 1,386,634	$ (898,385)	$ (359,158)	$ (786,047)	$ 1,402,185	$ 1,006,434	$ 3,870,800	$ 898,005	$ (335,403)	$ (70,008)	$ 471,044	$ (260,175)	$ (74,829)	$ (2,722,543)	$ (7,446,395)	$ 17,150,402	$ 49,672,907
LIABILITIES AND NET ASSETS																						
CURRENT LIABILITIES																						
Accounts payable and accrued expenses	$ 5,534,665	$ 442,181	$ 41,432	$ 256,415	$ 91,402	$ 16,569	$ 647	$ 4,538	$ -	$ -	$ 23,001	$ 596,466	$ 31,392	$ 24,361	$ 38,887	$ -	$ -	$ -	$ 56,601	$ 109,091	$ 1,846,570	$ 9,114,218
Current maturities of loans payable	292,094	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310,000	-	340,000	942,094
Total current liabilities	5,826,759	442,181	41,432	256,415	91,402	16,569	647	4,538	-	-	23,001	596,466	31,392	24,361	38,887	-	-	-	366,601	109,091	2,186,570	10,056,312
LONG-TERM LIABILITIES																						
Loans payable	815,033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	943,761	-	1,020,923	2,779,717
Deferred revenue - housing	-	-	-	-	-	-	-	-	-	186,930	675,846	3,025,008	1,540,178	-	-	-	-	-	-	-	-	5,427,962
Deferred revenue	98,289	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98,289
Deferred rent payable	491,358	1,138,747	-	-	-	-	-	-	-	-	-	-	-	51,902	-	-	-	-	-	123,441	-	1,805,448
Other liabilities	(41)	95,630	-	-	-	-	-	-	-	-	-	273,980	-	-	-	-	-	-	14,391	24,237	173,424	581,621
Total long-term liabilities	1,404,639	1,234,377	-	-	-	-	-	-	-	186,930	675,846	3,298,988	1,540,178	51,902	-	-	-	-	958,152	147,678	1,194,347	10,693,037
Total liabilities	7,231,398	1,676,558	41,432	256,415	91,402	16,569	647	4,538	-	186,930	698,847	3,895,454	1,571,570	76,263	38,887	-	-	-	1,324,753	256,769	3,380,917	20,749,349
Non-controlling interest in Fitzpatrick																						
Associates Limited Partnership	-	-	-	-	-	-	-	-	-	-	414,993	-	-	-	-	-	-	-	-	-	-	414,993
NET ASSETS (DEFICIT)																						
Unrestricted	17,070,215	11,026,681	(752,801)	(3,299,145)	1,655,708	1,370,065	(899,032)	(363,696)	(786,047)	1,215,255	(107,406)	(24,654)	(673,565)	(411,666)	(109,728)	471,044	(260,175)	(74,829)	(4,047,296)	(7,703,164)	13,769,485	27,065,249
Temporarily restricted	784,968	-	-	-	-	-	-	-	-	-	-	-	-	-	833	-	-	-	-	-	-	785,801
Permanently restricted	657,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	657,515
Total net assets (deficit)	18,512,698	11,026,681	(752,801)	(3,299,145)	1,655,708	1,370,065	(899,032)	(363,696)	(786,047)	1,215,255	(107,406)	(24,654)	(673,565)	(411,666)	(108,895)	471,044	(260,175)	(74,829)	(4,047,296)	(7,703,164)	13,769,485	28,508,565
Total liabilities and net assets (deficit)	$ 25,744,096	$ 12,703,239	$ (711,369)	$ (3,042,730)	$ 1,747,110	$ 1,386,634	$ (898,385)	$ (359,158)	$ (786,047)	$ 1,402,185	$ 1,006,434	$ 3,870,800	$ 898,005	$ (335,403)	$ (70,008)	$ 471,044	$ (260,175)	$ (74,829)	$ (2,722,543)	$ (7,446,395)	$ 17,150,402	$ 49,672,907

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

HOUSING WORKS, INC. AND AFFILIATES
Consolidating Schedule of Revenues and Expenses
For the year ended June 30, 2018

	HWI	Thrift	Bookstore	HWFSC	HWDC1	HWDC2	HWDC3	PitkinHDFC	LEX	JEFF	BCP
OPERATING REVENUES AND OTHER SUPPORT											
Grants and contract services	$ 11,169,788	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bookstore sales	-	-	1,960,934	-	-	-	-	-	-	-	-
Thrift shops sales	-	15,088,038	-	-	-	-	-	-	-	-	-
Health service revenue	10,792,420	-	-	-	-	-	-	-	-	-	-
Pharmacy revenue	-	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	15,312,411	1,708,040	8,164	-	-	-	-	-	-	-
Contributions	1,503,577	2,031,591	108,302	2,363	-	-	-	-	-	-	-
Rental income on apartments	802,900	-	51,584	-	106,298	95,880	51,984	-	3,708	136,740	225,957
Food services	-	-	242,066	1,730,865	-	-	-	-	-	-	-
Other revenue	1,171,374	134,383	55,121	1,186	166,950	178,135	-	78,016	-	10,144	75,637
Net assets released from restrictions	888,777	-	-	-	-	-	-	-	-	-	-
Total operating revenues and other support	26,328,836	32,566,423	4,126,047	1,742,578	273,248	274,015	51,984	78,016	3,708	146,884	301,594
EXPENSES											
Salaries and wages	16,556,193	4,529,040	768,295	603,926	-	-	-	-	-	-	30,856
Fringe benefits	3,760,712	1,028,370	174,840	133,022	-	-	-	-	-	-	7,422
Professional service fees	1,621,101	161,047	16,750	2,685	5,686	5,910	953	38	2,447	1,413	19,242
Contracted services	1,883,586	1,036,371	134,072	280,516	7,488	7,894	4,819	9	3,189	4,908	11,543
Client stipends and reimbursements	375,576	-	-	79,974	-	-	-	-	-	-	-
Supplies	486,819	184,158	76,704	35,969	3,132	2,882	1,952	3,300	374	525	20,077
Occupancy:											
Office/retail	2,134,638	4,369,380	363,584	54,940	-	-	-	-	-	-	-
Client	866,756	-	-	-	-	-	-	-	-	-	-
Utilities:											
Office/retail	1,294,372	425,171	102,772	20,799	43,139	34,537	41,548	806	4,455	1,219	6,967
Client	21,900	-	-	-	-	-	-	-	-	-	30,788
Transportation	754,956	318,772	341	10,949	-	-	-	-	1,258	1,012	68
Equipment rental, repairs and maintenance	274,586	251,013	7,228	151,056	48	338	152	(16)	116	178	12,058
Facility repairs and maintenance	351,935	88,522	8,148	3,956	9,982	1,582	308	6,808	418	27	38,319
Client participation expenses	327,423	156	-	177,834	-	-	(39)	-	-	-	-
Staff expense	382,739	12,320	2,692	422	23	(1,008)	530	-	-	-	1,466
Insurance expense	352,097	133,162	19,766	8,171	5,738	11,506	2,625	(12)	1,434	1,121	1,983
Depreciation and amortization	533,436	218,095	-	5,494	98,215	124,851	139,105	46,354	110,973	112,472	65,941
Gifts-in-kind expense	-	15,088,038	1,960,934	-	-	-	-	-	-	-	-
Events expense	559,365	129,556	2,472	8,119	-	-	-	-	-	-	-
Interest and finance fees	297,030	344,172	24,781	22,338	1,628	2,119	-	1,178	11,198	-	1,403
Cost of goods sold	-	34,467	132,161	222,916	-	-	-	-	-	-	-
Other expenses	530,666	458,894	523,301	70,952	-	6	-	-	-	-	1,779
Management expenses	(4,821,876)	2,067,756	307,823	-	-	-	-	-	-	-	-
Total expenses	28,544,010	30,878,460	4,626,664	1,894,038	175,079	190,617	191,953	58,465	135,862	122,875	249,912
NONOPERATING REVENUES AND OTHER SUPPORT											
Limited Partnership interest in gain of											
Fitzpatrick Ltd. Associates Limited Partnership	-	-	-	-	-	-	-	-	-	-	(51,165)
Total nonoperating revenues and other support	-	-	-	-	-	-	-	-	-	-	(51,165)
Change in unrestricted net assets	(2,215,174)	1,687,963	(500,617)	(151,460)	98,169	83,398	(139,969)	19,551	(132,154)	24,009	517
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS											
Contributions	1,231,972	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	(888,777)	-	-	-	-	-	-	-	-	-	-
Change in temporarily restricted net assets	343,195	-	-	-	-	-	-	-	-	-	-
Changes in net assets	(1,871,979)	1,687,963	(500,617)	(151,460)	98,169	83,398	(139,969)	19,551	(132,154)	24,009	517
Net assets (deficit) beginning of year	20,384,677	9,338,718	(252,184)	(3,147,685)	1,557,539	1,286,667	(759,063)	(383,247)	(653,893)	1,191,246	(107,923)
Net assets (deficit) end of year	$ 18,512,698	$ 11,026,681	$ (752,801)	$ (3,299,145)	$ 1,655,708	$ 1,370,065	$ (899,032)	$ (363,696)	$ (786,047)	$ 1,215,255	$ (107,406)

	Hull	LPHDFC	PHP	HLP	Gotham	ATDN	Life Force	HWS1	HWS2	HWS3	Total	Eliminations	Total
OPERATING REVENUES AND OTHER SUPPORT													
Grants and contract services	$ (809,773)	$ 160,714	$ 454,429	$ 552,115	$ -	$ -	$ -	$ 420,582	$ 298,658	$ 3,550,726	$ 15,797,239	$ -	$ 15,797,239
Bookstore sales	-	-	-	-	-	-	-	-	-	-	1,960,934	-	1,960,934
Thrift shops sales	-	-	-	-	-	-	-	-	-	-	15,088,038	-	15,088,038
Health service revenue	-	-	-	-	-	-	-	4,695,964	7,643,970	3,737,795	26,870,149	-	26,870,149
Pharmacy revenue	-	-	-	-	-	-	-	-	-	22,121,686	22,121,686	-	22,121,686
In-kind contributions	-	-	-	-	-	-	-	-	-	-	17,028,615	-	17,028,615
Contributions	-	-	-	100,210	-	-	-	-	-	-	3,746,043	-	3,746,043
Rental income on apartments	-	319,468	-	-	-	-	-	-	-	-	1,794,519	-	1,794,519
Food services	-	-	-	-	-	-	-	-	-	-	1,972,931	(1,024,208)	948,723
Other revenue	8,700	-	926	1,750	-	-	-	600	21,745	2,179,090	4,083,757	(553,300)	3,530,457
Net assets released from restrictions	-	-	-	39,167	-	-	-	-	-	-	927,944	-	927,944
Total operating revenues and other support	(801,073)	480,182	455,355	693,242	-	-	-	5,117,146	7,964,373	31,589,297	111,391,855	(1,577,508)	109,814,347
EXPENSES													
Salaries and wages	-	64,190	210,549	425,505	-	-	-	2,025,548	3,056,446	6,362,535	34,633,083	-	34,633,083
Fringe benefits	-	14,407	45,076	99,644	-	-	-	452,774	687,565	1,427,106	7,830,938	-	7,830,938
Professional service fees	313	17,519	6,507	7,829	887	-	-	181,514	68,448	239,895	2,360,184	(997)	2,359,187
Contracted services	405	6,472	82,264	4,620	1,147	-	-	506,391	747,846	3,516,914	8,240,454	(1,094,122)	7,146,332
Client stipends and reimbursements	-	-	25,918	-	-	-	-	43,495	148,154	53,310	726,427	-	726,427
Supplies	33	12,529	15,710	3,099	93	-	-	41,120	234,639	269,517	1,392,632	-	1,392,632
Occupancy:				-									
Office/retail	8,516	-	62,545	88,584	-	-	-	240,851	349,206	205,096	7,877,340	(463,000)	7,414,340
Client	-	-	-	-	-	-	-	-	-	-	866,756	-	866,756
Utilities:													
Office/retail	1,225	58,373	21,017	23,300	3,471	-	-	112,514	193,105	142,097	2,530,887	-	2,530,887
Client	-	3,256	-	-	-	-	-	-	-	-	55,944	-	55,944
Transportation	-	10	11,694	74	-	-	-	187,427	309,875	257,834	1,854,270	-	1,854,270
Equipment rental, repairs and maintenance	33	619	4,880	10,015	93	-	-	8,076	17,914	110,371	848,758	-	848,758
Facility repairs and maintenance	-	19,825	30,437	26	-	-	-	3,124	7,209	2,996	573,622	-	573,622
Client participation expenses	-	-	51,395	-	-	-	-	163,661	318,332	125,443	1,164,205	(14,760)	1,149,445
Staff expense	-	12	4,655	40,149	-	-	-	66,554	86,942	99,207	696,703	(4,629)	692,074
Insurance expense	863	3,282	22,418	20,199	2,445	-	-	59,532	60,169	88,674	795,173	-	795,173
Depreciation and amortization	879	478,060	-	506	2,590	-	-	190,114	256,909	103,318	2,487,312	-	2,487,312
Gifts-in-kind expense	-	-	-	-	-	-	-	-	-	-	17,048,972	-	17,048,972
Events expense	-	-	-	-	-	-	-	1,150	-	1,161	701,823	-	701,823
Interest and finance fees	-	-	54	50	-	-	-	166,089	3,267	170,680	1,045,987	-	1,045,987
Cost of goods sold	-	-	-	-	-	-	-	-	-	12,165,868	12,555,412	-	12,555,412
Other expenses	-	13	3,824	3,252	-	-	-	24,602	20,252	84,529	1,722,070	-	1,722,070
Management expenses	-	-	21,123	30,163	-	-	-	1,154,468	1,423,762	(183,219)	-	-	-
Total expenses	12,267	678,567	620,066	757,015	10,726	-	-	5,629,004	7,990,040	25,243,332	108,008,952	(1,577,508)	106,431,444
NONOPERATING REVENUES AND OTHER SUPPORT													
Limited Partnership interest in gain of													
Fitzpatrick Ltd. Associates Limited Partnership	-	-	-	-	-	-	-	-	-	-	(51,165)	-	(51,165)
Total nonoperating revenues and other support	-	-	-	-	-	-	-	-	-	-	(51,165)	-	(51,165)
Change in unrestricted net assets	(813,340)	(198,385)	(164,711)	(63,773)	(10,726)	-	-	(511,858)	(25,667)	6,345,965	3,331,738	-	3,331,738
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS													
Contributions	-	-	-	40,000	-	-	-	-	-	-	1,271,972	-	1,271,972
Net assets released from restrictions	-	-	-	(39,167)	-	-	-	-	-	-	(927,944)	-	(927,944)
Change in temporarily restricted net assets	-	-	-	833	-	-	-	-	-	-	344,028	-	344,028
Changes in net assets	(813,340)	(198,385)	(164,711)	(62,940)	(10,726)	-	-	(511,858)	(25,667)	6,345,965	3,675,766	-	3,675,766
Net assets (deficit) beginning of year	788,686	(475,180)	(246,955)	(45,955)	481,770	(260,175)	(74,829)	(3,535,438)	(7,677,497)	7,423,520	24,832,799	-	24,832,799
Net assets (deficit) end of year	$ (24,654)	$ (673,565)	$ (411,666)	$ (108,895)	$ 471,044	$ (260,175)	$ (74,829)	$ (4,047,296)	$ (7,703,164)	$ 13,769,485	$ 28,508,565	$ -	$ 28,508,565

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

HOUSING WORKS, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Identifier	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Health and Human Services:				
Passed through Public Health Solutions:				
HIV Emergency Relief Project Grants	93.914	16-MHV-503	$ 207,573	$ -
HIV Emergency Relief Project Grants	93.914	16-MHV-503	79,240	-
HIV Emergency Relief Project Grants	93.914	14-STH-503	388,887	-
HIV Emergency Relief Project Grants	93.914	14-STH-503	181,100	-
HIV Emergency Relief Project Grants	93.914	17-LSN-660	261,297	-
HIV Emergency Relief Project Grants	94.914	17-LSN-660	117,245	-
HIV Emergency Relief Project Grants	94.914	09-MCM-503	216,074	-
HIV Emergency Relief Project Grants	94.914	09-MCM-503	127,696	-
HIV Emergency Relief Project Grants	94.914	11-OHY-503	82,761	-
HIV Emergency Relief Project Grants	94.914	16-HRM-503	92,269	-
HIV Emergency Relief Project Grants	94.914	16-HRM-503	107,914	-
Early Intervention Services	93.940	11-SNS-503	25,159	-
HIV Prevention Activities Health Department Based	93.940	16-BTP-503	103,494	-
HIV Prevention Activities Health Department Based	93.940	16-BTP-503	221,450	-
			2,212,159	-
Passed through Health Resesearch Inc.:				
HIV Formula Care Grants	93.917	5320.02	225,373	-
HIV Formula Care Grants	93.917	5320.03	71,596	-
			296,969	-
Consolidated Health Centers	93.224	N/A	1,307,819	-
Consolidated Health Centers	93.224	N/A	123,799	-
			1,431,618	-
Center for Substance Abuse Treatment	93.243	N/A	115,535	-
Center for Substance Abuse Treatment	93.243	N/A	369,149	-
			484,684	-
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	N/A	777,545	-
			777,545	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	110,283	-
			110,283	-
Total U.S. Department of Health and Human Services			5,313,258	-

The accompanying notes to Schedule of Expenditures of Federal Awards should be read in conjunction with this schedule.

HOUSING WORKS, INC. AND AFFILIATES
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Identifier	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Housing and Urban Development				
Supportive Housing Program	14.235	N/A	$ 77,120	$ -
Supportive Housing Program	14.235	N/A	337,267	-
Supportive Housing Program	14.235	N/A	379,534	-
Supportive Housing Program	14.235	N/A	120,932	-
Supportive Housing Program	14.235	N/A	177,332	-
Supportive Housing Program	14.235	N/A	147,199	-
Supportive Housing Program	14.235	N/A	326,234	-
Supportive Housing Program	14.235	N/A	16,075	-
Supportive Housing Program	14.235	N/A	319,643	-
			1,901,336	-
Passed through NYC Human Resources Association:				
Housing Opportunities for Persons with AIDS	14.241	20150001701	373,505	-
Housing Opportunities for Persons with AIDS	14.241	20111426901	487,558	-
Housing Opportunities for Persons with AIDS	14.241	20121428071	315,600	-
Housing Opportunities for Persons with AIDS	14.241	20141412980	222,392	-
			1,399,055	-
Total U.S. Department of Housing and Urban Development			3,300,391	-
Total Expenditures of Federal Awards			$ 8,613,649	$ -

The accompanying notes to Schedule of Expenditures of Federal Awards should be read in conjunction with this schedule.

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant expenditures of Housing Works, Inc. and Affiliates (collectively, the "Organization") for the year ended June 30, 2018 and is prepared on the accrual basis of accounting. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. GRANT REVENUE FROM PUBLIC HEALTH SOLUTIONS

The following fiscal 2018 grant revenue from Public Health Solutions is included within "Grants and contract services" in the accompanying consolidated statement of activities for the year ended June 30, 2018:

Program Title	Grant Number	Fiscal 2018 Revenue
Short-term Housing Services	14-STH-503	$ 569,987
Medical Case Management	09-MCM-503	343,770
Outreach to Homeless Youth	11-OHY-503	89,052
Mental Health Services	16-MHV-503	420,582
HIV Law Project	17-LSN-660	489,118
Harm Reduction Services	16-HRM-503	206,479
Early Intervention Services: Social Network Strategy in Non-Clinical Settings	11-SNS-503	36,407
HIV Testing and Status Neutral Prevention and Care Navigation in Brooklyn	16-BTP-503	369,203
Total		$ 2,524,598

3. INDIRECT COST RATE

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Housing Works, Inc. and Affiliates:

We have audited, 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, the consolidated financial statements of Housing Works, Inc. and Affiliates (collectively, the “Organization”), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 29, 2019.

Internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s consolidated 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 the Organization's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

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

Intended purpose

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 Organization'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 Organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
March 29, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Housing Works, Inc. and Affiliates:

Report on compliance for each major federal program

We have audited the compliance of Housing Works, Inc. and Affiliates (collectively, the "Organization") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018. The Organization'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to the Organization's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 the Organization'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 the Organization's compliance.

Opinion on each major federal program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on internal control over compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit 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 the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in the Organization's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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.

Grant Thornton LLP

New York, New York
March 29, 2019

HOUSING WORKS, INC. AND AFFILIATES
Summary Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes __X__ none reported

Noncompliance material to consolidated financial statements noted? _____ yes __X__ no

Federal Awards:

Internal control over the major programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes __X__ none reported

Type of auditor's report issued on compliance for the major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? _____ yes __X__ no

Identification of major programs:

Name of Federal Programs/Grantors	CFDA Numbers
U.S. Department of Health and Human Services	
Passed through Public Health Solutions:	
HIV Emergency Relief Project Grants	93.914
Consolidated Health Centers	93.224
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526

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

Auditee qualified as a low-risk auditee? _____ yes __X__ no

HOUSING WORKS, INC. AND AFFILIATES
Summary Schedule of Prior Year Audit Findings
For the year ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None Noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted

HOUSING WORKS, INC. AND AFFILIATES
Summary Schedule of Prior Year Audit Findings
For the year ended June 30, 2018

Prior Year Financial Statement Finding

Finding #	Page #	Summary of Finding	Status
2017-001	32	Accounting Function and Financial Reporting (Significant Deficiency) - The Organization's accounting department was expanded in FY 2017 and the full accounting function was brough back in house. However in doing so, we found account analyses and reconciliations were performed after year-end which delayed the annual closing process, and the ability to provide accurate and timely financial reporting.	Corrected in 2018

Prior Year Federal Award Findings and Questioned Costs

Finding #	Page #	Summary of Findings	Status
2017-002	33	The fiscal 2017 data collection form and reporting package were not submitted to the Federal Audit Clearinghouse timely.	Corrected in 2018