

**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**JUNE 30, 2017**

**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

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## **Independent Auditor's Report**

**Board of Directors  
Cypress Hills Local Development  
Corporation**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Cypress Hills Local Development Corporation, which comprise the balance sheet as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cypress Hills Local Development Corporation as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Cypress Hills Local Development Corporation's June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Loeb & Troper LLP*

March 8, 2018

**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**BALANCE SHEET**

**JUNE 30, 2017**

**(With Summarized Financial Information for June 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 1,666,184	\$ 464,492
Grants receivable	3,211,652	2,806,090
Accounts receivable	48,452	147,995
Contributions receivable - current	773,225	599,402
Prepaid expenses and deposits	69,808	169,024
Due from related parties (net of allowance for doubtful accounts of \$75,000) (Note 4)	532,466	585,208
Fixed assets - net (Note 5)	<u>155,490</u>	<u>144,444</u>
Total assets	<u>\$ 6,457,277</u>	<u>\$ 4,916,655</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,760,192	\$ 1,279,582
Grant advances	417,260	68,734
Deferred rental income	4,832	12,096
Loans payable (Note 6)	<u>645,000</u>	<u>530,000</u>
Total liabilities	<u>2,827,284</u>	<u>1,890,412</u>
Net assets (Exhibit B)		
Unrestricted	1,657,413	1,653,224
Temporarily restricted (Note 3)	<u>1,972,580</u>	<u>1,373,019</u>
Total net assets	<u>3,629,993</u>	<u>3,026,243</u>
Total liabilities and net assets	<u>\$ 6,457,277</u>	<u>\$ 4,916,655</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**EXHIBIT B**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2017  
(With Summarized Financial Information  
for the Year Ended June 30, 2016)**

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Revenues and other support				
Government grants	\$ 10,174,895		\$ 10,174,895	\$ 8,482,607
Contributions	171,464	\$ 3,255,555	3,427,019	3,318,406
Special events	\$ 87,215			
Less direct cost of special events	(16,051)			
Net revenue from special events	71,164		71,164	76,499
Contributed services (Note 11)	170,250		170,250	161,250
Management and development fees (Note 4)	225,583		225,583	188,301
Rental income (Note 8)	70,237		70,237	119,232
Miscellaneous income	1,490		1,490	8,302
Net assets released from restrictions (Note 3)	2,655,994	(2,655,994)		
Total revenues and other support	13,541,077	599,561	14,140,638	12,354,597
Expenses (Exhibit C)				
Program services				
Youth and human services	9,615,230		9,615,230	8,704,724
Housing development and counseling	1,362,035		1,362,035	1,143,222
Economic development and community organizing	667,079		667,079	479,444
Total program services	11,644,344		11,644,344	10,327,390
Supporting services				
Management and general	1,681,812		1,681,812	1,545,643
Fund raising	210,732		210,732	234,637
Total supporting services	1,892,544		1,892,544	1,780,280
Total expenses	13,536,888		13,536,888	12,107,670
Change in net assets (Exhibit D)	4,189	599,561	603,750	246,927
Net assets - beginning of year	1,653,224	1,373,019	3,026,243	2,779,316
Net assets - end of year (Exhibit A)	\$ 1,657,413	\$ 1,972,580	\$ 3,629,993	\$ 3,026,243

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**CYPRESS HILLS LOCAL DEVELOPMENT CORPORATION**

**EXHIBIT C**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2017**

**(With Summarized Financial Information for the Year Ended June 30, 2016)**

	2017							2016
	Program Services				Supporting Services			Total
	Youth and Human Services	Housing Development and Counseling	Economic Development and Community Organizing	Total	Management and General	Fund Raising	Special Events	
Salaries	\$ 6,354,930	\$ 595,801	\$ 281,352	\$ 7,232,083	\$ 858,403	\$ 165,603	\$ 8,256,089	\$ 7,549,239
Payroll taxes and employee benefits	1,459,154	136,802	64,601	1,660,557	197,095	38,027	1,895,679	1,864,171
Total salaries and related expenses	7,814,084	732,603	345,953	8,892,640	1,055,498	203,630	10,151,768	9,413,410
Rent and utilities (Note 7)	123,608	34,296	17,269	175,173	91,600		266,773	234,219
Supplies	304,599	16,953	5,105	326,657	11,792	5,154	343,603	298,100
Professional services and consultants	453,170	492,833	273,673	1,219,676	83,123		1,302,799	758,241
Contributed services - professional fees (Note 11)					170,250		170,250	161,250
Telephone and internet	27,409	6,303	1,127	34,839	6,728		41,567	58,516
Postage	5,961	2,378	11	8,350	3,493		11,843	12,279
Equipment rental/maintenance	141,712	22,877	6,036	170,625	27,826		198,451	216,457
Printing	19,679	4,293	273	24,245	2,990		27,235	22,023
Cleaning and maintenance	9,210	2,550	1,447	13,207	4,073		17,280	12,004
Insurance	91,044	16,006	3,107	110,157	48,358		158,515	119,184
Travel	78,488	1,002	1,504	80,994	5,322		86,316	177,656
Conferences and training	35,243	5,119	3,770	44,132	4,904		49,036	38,240
Interest					10,602		10,602	6,225
Bank charges					2,401		2,401	1,878
Advertising					28,709		28,709	26,649
Catering and entertainment							\$ 16,051	11,088
Youth events/activities	329,359	1,620	934	331,913			331,913	268,947
Stipends	28,429			28,429			28,429	20,900
Dues and subscriptions	1,325	1,000		2,325	22,412		24,737	19,909
Fees (permits, fees and other)	4,775	2,939		7,714	21,833		29,547	26,358
Participant and other refreshments	82,337	1,856	3,159	87,352	12,150		99,502	114,592
Depreciation and amortization	24,931	5,454	2,727	33,112	3,894	1,948	38,954	29,158
Bad debt					25,334		25,334	13,432
Miscellaneous	39,867	11,953	984	52,804	38,520		91,324	58,043
Total expenses	9,615,230	1,362,035	667,079	11,644,344	1,681,812	210,732	13,552,939	12,118,758
Less direct cost of special events deducted from revenue on the statement of activities							(16,051)	(11,088)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 9,615,230	\$ 1,362,035	\$ 667,079	\$ 11,644,344	\$ 1,681,812	\$ 210,732	\$ -	\$ 12,107,670

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**EXHIBIT D****CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION****STATEMENT OF CASH FLOWS****YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 603,750	\$ 246,927
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	38,954	29,158
Decrease (increase) in assets		
Grants receivable	(405,562)	(1,020,773)
Accounts receivable	99,543	138,828
Contributions receivable	(173,823)	(125,504)
Prepaid expenses and deposits	99,216	(92,219)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	480,610	520,756
Grant advances	348,526	(52,308)
Deferred rental income	(7,264)	(5,206)
Net cash provided (used) by operating activities	<u>1,083,950</u>	<u>(360,341)</u>
Cash flows from investing activities		
Fixed asset acquisitions	(50,000)	
Loans to related parties	(48,652)	(185,635)
Proceeds from loans to related parties	101,394	1,675,690
Net cash provided by investing activities	<u>2,742</u>	<u>1,490,055</u>
Cash flows from financing activities		
Proceeds from loans	570,908	475,133
Principal payments on loans	(455,908)	(1,560,086)
Net cash provided (used) by financing activities	<u>115,000</u>	<u>(1,084,953)</u>
Net change in cash	1,201,692	44,761
Cash - beginning of year	<u>464,492</u>	<u>419,731</u>
Cash - end of year	<u>\$ 1,666,184</u>	<u>\$ 464,492</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 10,602</u>	<u>\$ 6,225</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.



**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 1 - NATURE OF ORGANIZATION**

Cypress Hills Local Development Corporation (Cypress Hills) runs comprehensive housing preservation, economic development, community organizing, college success and youth and human services programs that serve over 10,000 residents annually. Cypress Hills' programs and services include: community organizing activities, tenant organizing and individualized renter assistance, financial literacy and foreclosure prevention counseling, small business technical assistance and merchant organizing, workforce development initiatives, college access and persistence supports, youth employment, after-school programs, adult education classes, school-based community centers, a family counseling program, benefits access help, affordable housing development and the development of community facilities and a neighborhood-wide sustainability initiative which includes nutrition education and farmers markets. The primary sources of revenues of Cypress Hills are government grants and contributions.

Cypress Hills is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting*** - The financial statements are prepared on the accrual basis of accounting.

***Use of estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Grants receivable*** - Grants receivable is recorded for expense-based grants when allowable expenses are incurred and for performance-based grants when milestones are achieved.

***Accounts receivable*** - Accounts receivable consist of receivables related to management and development fees and rental income. Receivables are recorded at the time the revenue is earned based on the contracts or lease agreements. Interest is not accrued or recorded on outstanding receivables.

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Contributions receivable*** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

***Allowance for doubtful accounts*** - Management determines whether an allowance for doubtful accounts is necessary for grants receivable, accounts receivable, contributions receivable and due from related parties. Such estimate is based on management's assessments of the creditworthiness of its grantors, contributors and related parties, the aged basis of its receivables, as well as current economic conditions, subsequent receipts and historical information. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts. Cypress Hills has determined that no allowance for uncollectible accounts for grants, accounts or contributions receivable is necessary as of June 30, 2017.

***Fixed assets*** - Fixed assets are recorded at cost. Items with a cost in excess of \$5,000 with an estimated useful life of greater than one year are capitalized. Depreciation of assets is computed using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the term of the lease or the estimated useful lives of the improvements.

***Grant advances*** - Payments from government agencies in excess of expenses qualifying under the terms of the contracts are reflected on the balance sheet as grant advances.

***Deferred rental income*** - Rental income received for the next fiscal year is reported as deferred rental income.

***Unrestricted net assets*** - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

***Temporarily restricted net assets*** - Temporarily restricted net assets are those whose use by Cypress Hills has been limited by donors to a specific time period or purpose.

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Government grants*** - Revenues from government contracts are recognized when reimbursable expenses are incurred or milestones are met under the terms of the contract. Such revenues are subject to audit by the agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

***Contributions*** - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***Rental income*** - Rental income is recognized based on signed rental agreements. When material, an adjustment is made to straight-line the income over the term of the lease.

***Management and development fees*** - Revenues from management and development fees are recognized based on the terms in the signed agreements.

***Contributed services*** - Contributed services are reported at fair value at the date the contribution is received.

***Rent expense*** - Rent expense has been recorded on the straight-line basis over the term of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

***Advertising*** - Advertising costs are expensed when incurred.

***Functional allocation of expenses*** - The costs of providing Cypress Hills' services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Summarized financial information*** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Cypress Hills' financial statements for the year ended June 30, 2016, from which the summarized information was derived.

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Uncertainty in income taxes* - Cypress Hills has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2014 and subsequent remain subject to examination by applicable taxing authorities.

*Subsequent events* - Subsequent events have been evaluated through March 8, 2018, which is the date the financial statements were available to be issued.

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Youth and human services	\$ 1,852,002
Housing development and counseling	50,000
Economic development	1,142
Community organizing	<u>69,436</u>
	<u>\$ 1,972,580</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Youth and human services	\$ 2,047,705
Housing development and counseling	118,836
Community organizing	<u>489,453</u>
	<u>\$ 2,655,994</u>

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 4 - RELATED PARTIES**

Cypress Hills is related through common board members to the following organizations:

- 125 Fountain Avenue LLC
- 125 Fountain Avenue LP
- Arlington Apartment HDFC
- Cypress Corners Housing Corporation
- Cypress Corners LP
- Cypress Court Associates LP
- Cypress Court Housing Corporation
- Cypress Hills Child Care Corporation
- Cypress Hills Community School Development Corporation
- Cypress Hills Housing Corporation
- Cypress Hills Liberty, Inc.
- Cypress Hills Senior Housing HDFC
- Cypress Hills Senior Housing LP
- Cypress Homes HDFC
- Cypress Mews HDFC
- Cypress Pitkin-Berriman LP
- Cypress Place Senior Housing Corporation
- Cypress Plaza Development Corporation
- Cypress Plaza Group LP
- Cypress Village Housing Corporation
- Cypress Village LP
- Cypress West HDFC
- Glenmore Gardens HDFC
- Liberty Apartments HDFC
- Pitkin Housing Corporation
- Pitkin-Berriman HDFC

During 2017, Cypress Hills recorded management and development fees of \$225,583 from these related parties.

As of June 30, 2017, Cypress Hills had a net receivable of \$532,466 due from related parties.

As discussed in Note 7, Cypress Hills leases office space from various related parties.

As discussed in Note 12, Cypress Hills has guaranteed loans for the various related parties.

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 5 - FIXED ASSETS**

		<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 417,929	2-7 years
Equipment	<u>497,094</u>	5 years
	915,023	
Accumulated depreciation and amortization	<u>(759,533)</u>	
	<u>\$ 155,490</u>	

**NOTE 6 - LOANS PAYABLE**

Cypress Hills has unsecured interest-free loans payable under Deutsche Bank's working capital program. These loans mature at various dates through June 2020. The funds are to be used for development of affordable housing. The balance as of June 30, 2017 was \$145,000.

Cypress Hills has a \$750,000 line of credit from Capital One Bank, with an interest rate of 3%. The line of credit expired on October 30, 2017. As of June 30, 2017, the balance due was \$500,000. The line of credit is secured by any deposits held at that bank which was approximately \$1.6 million at June 30, 2017. Interest expense for the year ended June 30, 2017 was \$9,558. In August 2017, Cypress Hills obtained a new \$750,000 line of credit from Capital One Bank with an interest rate of 1%. The line of credit is secured by any deposits held at that bank.

Cypress Hills obtained a \$500,000 line of credit from Bank United N.A that is secured by all the assets of Cypress Hills. Interest accrues at the prime rate, which was 4.25% at June 30, 2017. The line of credit expired on January 1, 2017 and was subsequently extended until July 1, 2017. As of June 30, 2017, there was no balance due. Interest expense for the year ended June 30, 2017 was \$1,044.

Subsequent to year end, on August 10, 2017, Cypress Hills obtained a \$500,000 line of credit from Bank United N.A that is secured by all the assets of Cypress Hills. Interest accrues at the prime rate. Principal and any accrued interest were due on January 2, 2018, which is the date the line of credit expired.

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 6 - LOANS PAYABLE (continued)**

Future loan payments are as follows:

2018	\$ 565,000
2019	40,000
2020	<u>40,000</u>
	<u>\$ 645,000</u>

**NOTE 7 - LEASE COMMITMENTS**

Cypress Hills entered into a noncancelable operating lease for office space at 625 Jamaica Avenue. The lease expires on October 31, 2019. Monthly rental payments are subject to annual increases.

Cypress Hills entered into a noncancelable operating lease for office space at 2930 Fulton Street. The lease expires on October 31, 2018. Monthly rental payments are subject to annual increases.

Cypress Hills entered into the following leases with related parties:

Cypress Hills entered into a noncancelable operating lease with Arlington Apartments HDFC for office space located at 3214 Fulton Street, Brooklyn, New York. The lease expires on December 31, 2018. Monthly payments are \$1,143 and are not subject to any increases.

Cypress Hills entered into a noncancelable operating lease with Cypress Homes HDFC for office space located at 2836 Fulton Street, Brooklyn, New York. The lease expires on December 31, 2018. Under the terms of the lease, monthly payments are \$908 and are not subject to any increases.

Cypress Hills entered into a noncancelable operating lease with Cypress Homes HDFC for office space at 2966 Fulton Street. The lease expires on August 31, 2018. Under the terms of the lease, monthly payments are \$2,555 and are not subject to any increases.

Cypress Hills entered into a noncancelable operating lease agreement with Cypress Plaza Group LP for office space. The lease expires in 2024. Monthly rental payments are subject to annual increases.

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 7 - LEASE COMMITMENTS (continued)**

Rent expense for the year ended June 30, 2017 was \$217,582, including \$144,550 to related parties.

Future minimum payments are due as follows:

2018	\$ 227,794
2019	150,989
2020	101,356
2021	96,636
2022	98,568
Thereafter	<u>203,088</u>
Total	<u>\$ 878,431</u>

Cypress Hills leases office equipment under noncancelable operating lease agreements which expire at various dates through December 2021. Equipment rental expense for the year ended June 30, 2017 was \$72,794.

The minimum annual lease payments are as follows:

2018	\$ 77,132
2019	65,204
2020	46,670
2021	40,862
2022	<u>14,826</u>
Total	<u>\$ 244,694</u>

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 8 - RENTAL INCOME**

Cypress Hills receives rental income from four leases for use of their facilities, one of which was terminated during fiscal 2017. The leases expire on various dates between May and October of 2019. Minimum rental income is due as follows:

2018	\$ 77,474
2019	81,344
2020	<u>11,142</u>
Total	<u>\$ 169,960</u>

**NOTE 9 - CONCENTRATIONS**

The majority of Cypress Hills' government grants are funded through New York State and New York City government programs. The receivables and revenues from New York City and New York State as of and for the year ended June 30, 2017 are as follows:

	<u>Receivables</u>	<u>Revenues</u>
New York City	\$ 1,941,065	\$ 6,907,514
New York State	1,122,480	2,614,347

Financial instruments which potentially subject Cypress Hills to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

**NOTE 10 - PENSION PLAN**

Cypress Hills has a Section 403(b) retirement plan covering all full-time employees after one year of service. Cypress Hills may match the employees' contribution up to a maximum limit, as determined on an annual basis. Pension expense for the year ended June 30, 2017 was \$71,380.

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**CYPRESS HILLS LOCAL DEVELOPMENT  
CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 11 - CONTRIBUTED SERVICES**

Cypress Hills received in-kind assistance from Brooklyn Legal Services Corporation. In 2017, the total value of in-kind services was \$170,250, which has been reflected as revenues and expenses in the accompanying statement of activities.

**NOTE 12 - COMMITMENTS**

Cypress Hills has guaranteed loans for the following related corporations:

- A. Cypress Homes HDFC for the benefit of M&T Bank - The maximum value of the loan is \$361,000. At June 30, 2017, the balance was \$322,479.
- B. Cypress Hills Child Care Corporation for the benefit of Local Initiatives Support Corporation (LISC) - The maximum value of the loan is \$1,305,000. At June 30, 2017, the balance was \$1,128,830.
- C. Cypress Hills Child Care Corporation for the benefit of The New York Pooled PRI Fund, LLC and The Contact Fund, LLC - The maximum value of the loan is \$480,000. At June 30, 2017, the balance was \$480,000.
- D. Cypress Pitkin-Berriman LP for the benefit of CitiBank - The maximum value of the loan is \$16,100,000. At June 30, 2017, the balance was \$5,435,670.