

**Corporation for Supportive Housing and
its Subsidiaries**

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

December 31, 2015 and 2014

Corporation for Supportive Housing and its Subsidiaries

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Independent Auditor's Report

To the Board of Directors
Corporation for Supportive Housing and its Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Corporation for Supportive Housing and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 audits. We conducted our audits 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. The financial statements of certain subsidiaries were not audited in accordance with *Government Auditing Standards* as discussed at Note A in the Notes to Schedule of Expenditures of Federal Awards.

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 entity'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 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 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 Corporation for Supportive Housing and its Subsidiaries as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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, including comparing and reconciling such 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016, on our consideration of Corporation for Supportive Housing and its Subsidiaries' 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 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 Corporation for Supportive Housing and its Subsidiaries' internal control over financial reporting and compliance.



Bethesda, Maryland
April 26, 2016

Corporation for Supportive Housing and its Subsidiaries

**Consolidated Statements of Financial Position
December 31, 2015 and 2014**

	December 31,	
	2015	2014
	<u>Assets</u>	
Current Assets		
Cash and cash equivalents	\$ 3,267,761	\$ 3,242,393
Cash restricted - administrative agent cash	10,529,589	11,184,508
Investments	18,811,234	29,063,946
Grants and contributions receivable, net	12,296,610	8,513,687
Contracts receivable, net	2,701,573	2,544,235
Loans receivable, net	31,007,465	19,369,826
Other receivables, net	780,733	707,680
Prepaid expenses and other assets	242,371	543,830
	<u>79,637,336</u>	<u>75,170,105</u>
Total Current Assets		
Non Current Assets		
Investments	500,000	25,000
Grants and contributions receivable, net	2,305,401	5,692,923
Loans receivable, net	41,350,349	33,999,114
Other receivables, net	410,813	274,670
Property and equipment, net	359,687	486,239
Investments in limited liability companies	5,585	2,975
	<u>44,931,835</u>	<u>40,480,921</u>
Total Non Current Assets		
	<u>\$ 124,569,171</u>	<u>\$ 115,651,026</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,332,661	\$ 2,733,639
Advances on contracts	1,109,835	1,178,722
Grants payable	4,680,420	4,742,720
Loans payable	4,435,000	435,000
Administrative agent cash distributable	10,529,589	11,184,508
	<u>24,087,505</u>	<u>20,274,589</u>
Total Current Liabilities		
Non Current Liabilities		
Grants payable	770,000	133,334
Loans payable, net of current maturities	63,748,180	59,012,166
	<u>64,518,180</u>	<u>59,145,500</u>
Total Non Current Liabilities		
	<u>88,605,685</u>	<u>79,420,089</u>
Total Liabilities		
	<u>88,605,685</u>	<u>79,420,089</u>
Commitments and contingencies (Note N)	-	-
Net Assets		
Unrestricted	16,623,110	15,845,654
Temporarily restricted	19,340,376	20,385,283
	<u>35,963,486</u>	<u>36,230,937</u>
Total Net Assets		
	<u>35,963,486</u>	<u>36,230,937</u>
Total Liabilities and Net Assets		
	<u>\$ 124,569,171</u>	<u>\$ 115,651,026</u>

See Notes to Consolidated Financial Statements.

Corporation for Supportive Housing and its Subsidiaries

**Consolidated Statements of Activities
Years Ended December 31, 2015 and 2014**

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Grants and contributions	\$ 1,785,142	\$ 9,788,994	\$ 11,574,136	\$ 2,050,736	\$ 18,482,218	\$ 20,532,954
In-kind contributions	2,243,701		2,243,701	1,852,862	-	1,852,862
Total contributions	4,028,843	9,788,994	13,817,837	3,903,598	18,482,218	22,385,816
Contract services	11,051,751	-	11,051,751	7,493,124	-	7,493,124
Interest and dividend income	469,163	-	469,163	537,632	-	537,632
Interest income - loans	4,352,962	-	4,352,962	2,870,490	-	2,870,490
Fee income - loans	1,525,042	-	1,525,042	910,160	-	910,160
Other income	893,515	-	893,515	578,185	-	578,185
	22,321,276	9,788,994	32,110,270	16,293,189	18,482,218	34,775,407
Net assets released from restrictions	10,833,901	(10,833,901)	-	9,695,648	(9,695,648)	-
Total public support and revenue	33,155,177	(1,044,907)	32,110,270	25,988,837	8,786,570	34,775,407
Expenses:						
Program services	27,159,316	-	27,159,316	20,322,577	-	20,322,577
Management and general	4,712,451	-	4,712,451	4,137,263	-	4,137,263
Fund-raising	229,248	-	229,248	624,769	-	624,769
Total expenses	32,101,015	-	32,101,015	25,084,609	-	25,084,609
Changes in net assets before net realized and unrealized losses on investments	1,054,162	(1,044,907)	9,255	904,228	8,786,570	9,690,798
Net realized and unrealized losses on investments	(276,706)	-	(276,706)	(111,145)	-	(111,145)
Changes in net assets	777,456	(1,044,907)	(267,451)	793,083	8,786,570	9,579,653
Net assets - beginning of year	15,845,654	20,385,283	36,230,937	15,052,571	11,598,713	26,651,284
Net assets - end of year	\$ 16,623,110	\$ 19,340,376	\$ 35,963,486	\$ 15,845,654	\$ 20,385,283	\$ 36,230,937

See Notes to Consolidated Financial Statements.

Corporation for Supportive Housing and its Subsidiaries

**Consolidated Statements of Functional Expenses
Years Ended December 31, 2015 and 2014**

	Years Ended December 31,							
	2015				2014			
	Program Services	Management and General	Fund Raising	TOTAL	Program Services	Management and General	Fund Raising	TOTAL
Expenses								
Salaries and wages	\$ 8,721,671	\$ 2,488,281	\$ 150,081	\$ 11,360,033	\$ 7,064,032	\$ 2,149,452	\$ 366,398	\$ 9,579,882
Employee benefits and payroll taxes	2,300,579	658,457	38,185	2,997,221	1,984,303	577,275	101,388	2,662,966
Consultants	3,102,851	153,995	-	3,256,846	1,866,430	109,823	5,087	1,981,340
Professional fees	150,236	164,826	-	315,062	113,061	204,722	-	317,783
Rent, utilities, and maintenance	677,800	366,090	26,264	1,070,154	651,808	361,503	98,512	1,111,823
Management information system	4,069	246,215	-	250,284	2,971	242,133	18,071	263,175
Telephone	149,244	40,783	2,403	192,430	132,815	37,128	7,194	177,137
Supplies	66,103	14,873	888	81,864	65,350	11,957	2,154	79,461
Equipment repairs and maintenance	46,309	69,802	158	116,269	34,985	22,978	137	58,100
Postage and messenger services	12,137	3,389	232	15,758	13,037	2,656	494	16,187
Duplication	77,920	22,123	1,205	101,248	82,599	5,895	4,268	92,762
Staff travel	945,466	95,557	6,672	1,047,695	748,888	55,514	6,473	810,875
Insurance	44,089	9,226	882	54,197	39,890	18,297	2,037	60,224
Other administrative expenses	142,869	56,941	1,204	201,014	117,639	37,639	10,216	165,494
Conferences, meetings and seminars	583,879	213,072	1,074	798,025	457,133	108,147	2,340	567,620
Grants and direct support	5,520,498	-	-	5,520,498	4,300,390	-	-	4,300,390
Depreciation and amortization	27,942	106,110	-	134,052	27,862	114,969	-	142,831
Loss on disposal of fixed assets	-	-	-	-	-	69,175	-	69,175
Interest	1,300,050	-	-	1,300,050	958,573	-	-	958,573
In-kind interest and services	2,240,990	2,711	-	2,243,701	1,844,862	8,000	-	1,852,862
Provision for (recovery of) bad debt expense	1,044,614	-	-	1,044,614	(184,051)	-	-	(184,051)
	<u>\$ 27,159,316</u>	<u>\$ 4,712,451</u>	<u>\$ 229,248</u>	<u>\$ 32,101,015</u>	<u>\$ 20,322,577</u>	<u>\$ 4,137,263</u>	<u>\$ 624,769</u>	<u>\$ 25,084,609</u>

See Notes to Consolidated Financial Statements.

Corporation for Supportive Housing and its Subsidiaries

**Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014**

	Year Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Changes in net assets	\$ (267,451)	\$ 9,579,653
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	134,052	142,831
Provision for (recovery of) bad debt expense	1,044,614	(184,051)
Net realized and unrealized losses on investments	276,706	111,145
Loss on disposal of fixed assets	-	69,175
Grants receivable discount	65,077	75,111
Changes in:		
Cash restricted - administrative agent cash	654,919	211,880
Grants and contributions receivable	(700,478)	(4,958,842)
Contracts receivable	(170,360)	(572,884)
Other receivables	(214,074)	158,374
Prepaid expenses and other assets	301,459	(317,434)
Accounts payable and accrued expenses	599,020	634,232
Advances on contracts	(68,887)	(260,343)
Grants payable	574,366	601,303
Administrative agent cash distributable	(654,919)	(211,880)
	1,574,044	5,078,270
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(7,500)	(250,425)
Purchases of investments	(7,230,655)	(25,978,011)
Proceeds from sales of investments	16,729,051	25,946,730
Cash payments under loan obligations	(54,617,977)	(43,943,413)
Cash collections under loan obligations	34,842,391	25,894,804
	(10,284,690)	(18,330,315)
Net cash (used in) investing activities		
Cash flows from financing activities:		
Proceeds from loans payable	19,536,014	26,139,683
Payments on loans payable	(10,800,000)	(14,954,788)
	8,736,014	11,184,895
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents	25,368	(2,067,150)
Cash and cash equivalents - beginning of year	3,242,393	5,309,543
Cash and cash equivalents - end of year	\$ 3,267,761	\$ 3,242,393
Supplemental cash flow information:		
Cash paid for interest	\$ 1,213,464	\$ 920,046
Significant noncash investing and financing activities		
Loans receivable written off against the allowance for loan loss	\$ 234,514	\$ 223,500
Disposal of fully depreciated and amortized property and equipment	-	1,168,648
	\$ 234,514	\$ 1,392,148

See Notes to Consolidated Financial Statements.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2015 and 2014

Note A - Organization and its significant accounting policies

Organization

The Corporation for Supportive Housing ("CSH") is a publicly supported not-for-profit organization, incorporated in the State of Delaware on January 25, 1991.

It is CSH's mission to advance housing solutions that deliver three powerful outcomes: (i) improve lives for the most vulnerable people; (ii) maximize public resources; and (iii) foster strong, healthy communities across the country. CSH is working to solve some of the most complex and costly social problems our country faces like those related to homelessness. It offers capital, expertise, information and innovation that allow partners to use supportive housing to achieve stability, strength and success for the people in most need. CSH blends over 20 years of experience and dedication with a practical and entrepreneurial spirit, making it the source for housing solutions. CSH is an industry leader with national and local influence. CSH is headquartered in New York City with staff stationed in more than 20 locations around the country. CSH's primary sources of financial support come from grants, contributions and contract services revenue as well as fees and interest income earned on originating and managing loans receivable.

In 2011, CSH became certified as a Community Development Entity ("CDE") under the New Markets Tax Credit ("NMTC") Program of the United States Department of Treasury and, as of December 31, 2015, has been awarded \$65,000,000 in NMTC allocations to support the innovative financing of supportive housing projects throughout the United States. To assist in administering the NMTC Program, during 2011, CSH formed a wholly-controlled Delaware Holding Company (the "HC"). In addition, CSH formed four Delaware limited liability companies (the "LLCs") in 2011 and an additional five LLCs in 2015 to obtain designated equity investments from investors and to make qualified low-income community investments under the terms of the NMTC program. CSH is the managing member of each LLC. As of December 31, 2015, CSH has entered into four NMTC-based agreements. As the managing member, CSH will be entitled to 0.01% of any income earned by each LLC. In addition, as the managing member, CSH is also entitled to origination fees and annual management fees related to any NMTC-qualified equity investment.

During 2013, CSH formed The Supportive Housing Solutions Fund (the "SHSF"), a wholly owned single member LLC, incorporated in the state of Delaware. The SHSF was created in order to attract loan capital from investors that would enjoy a greater degree of flexibility in terms and conditions and the dollar amounts of secondary loans made by the SHSF; the geographic location of the SHSF's ultimate borrowers; and in amount of the loan loss reserves required to be carried by the SHSF.

Principles of consolidation

The accompanying consolidated financial statements of CSH include the accounts of CSH, the SHSF and the HC. CSH's investments in the LLCs are accounted for using the equity method. All significant intercompany balances and transactions are eliminated in consolidation.

Basis of accounting

The accompanying consolidated financial statements of CSH have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit entities.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2015 and 2014

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and revenue and expenses, as well as the disclosure of contingent estimates.

Cash equivalents

For financial reporting purposes, CSH considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, with the exception of cash and short-term investments that are designated to be part of CSH's long-term investment portfolio.

Loans receivable

Loans receivable are carried at their unpaid principal balance, less an allowance for loan losses. Interest on loans is generally recognized over the term of the loan and is calculated using the simple-interest method on the principal amounts outstanding.

Allowance for loan loss

The allowance for loan loss is maintained at a level that, in management's judgment, is adequate to absorb potential losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, reflecting the nature of the portfolio, credit concentrations, trends in historical loss experience, and general economic conditions. The allowance is increased by an annual provision for loan losses, which is reported as an expense and is reduced by any loan write-offs, net of recoveries. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the loan portfolio, and the related allowance, may change in future periods.

Investments

CSH's investments in fixed-income securities are reported at their quoted fair market values. Included in fixed-income securities are corporate, government and agency bonds, and bond mutual funds which are reported at their fair market values, as determined by the related investment managers. Money-market funds held by investment advisors as a part of the portfolio are reported as investments in the accompanying consolidated statements of financial position. Net realized and unrealized gains and losses are reported in the accompanying consolidated statements of activities.

CSH's investment in an alternative security, consisting of a limited liability company, is reported at its fair value. This alternative investment may have restrictions as to its marketability that could affect CSH's ability to liquidate the investment quickly. Estimated fair value may differ significantly from the value that would have been used had a ready market for this security existed.

CSH's primary investment objective is to maximize total return with minimal risk. The stated goal is to preserve capital that is intended for CSH's charitable mission, which also generating cash flow to support its operations. CSH's various types of investment securities are subject to various risks, such as an interest-rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Property and equipment

Property and equipment are stated at their original costs, less accumulated depreciation or amortization. Donated assets are recorded at their related fair market values on the dates of the gifts. CSH's policy is to capitalize all acquisitions in excess of \$5,000 and with useful lives in excess of one year. Furniture and office equipment are depreciated using the straight-line method

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2015 and 2014

over their estimated useful lives or the respective lease terms, whichever is shorter. Leasehold improvements are amortized over their estimated useful lives or the respective lease terms, whichever is shorter.

Accrued paid time off

CSH's employees are entitled to be paid for unused vacation time if they leave CSH's employ. Accordingly, at each fiscal year-end, CSH must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave their employ. At December 31, 2015 and 2014, this accrued vacation obligation was approximately \$890,993 and \$477,123, respectively.

The increase is largely due to an increase in the number of employees during 2015, taken together with the conversion from a vacation/sick time system in 2014, under which only vacation was required to be accrued, to a paid time off system (that combines both vacation and sick time into one account) in 2015, under which the entire balance of each employee's unused paid time off must be accrued.

Deferred rent

CSH records rent expense on a straight-line basis on its office leases that have material fixed annual rental increases. The difference between rent expense and payments made under such leases is reflected as deferred rent and is recorded as a component of accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

Net assets

Net assets and the changes therein are classified and reported as follows:

(a) Unrestricted

Unrestricted net assets represent those resources that are not subject to donor restrictions.

(b) Temporarily restricted

Temporarily restricted net assets represent those resources that have been restricted by donors for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

(c) Permanently restricted

Permanently restricted net assets represent those resources that have been restricted by donors on a permanent basis.

As of December 31, 2015 and 2014, there were no permanently restricted net assets.

Grants and contributions

Contributions to CSH are recognized as revenue in the accompanying consolidated statements of activities upon the receipt either of cash, other assets or of unconditional pledges. Grant revenue is recognized based on the terms of each individual grant. Grants and contributions are considered available for unrestricted use, unless specifically restricted by the donor. Grants and contributions

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2015 and 2014

to be received over periods longer than one year are discounted at an interest rate commensurate with the risk involved.

Contract services

Revenue from cost-reimbursement contracts is recognized when reimbursable expenses are incurred under the terms of the contracts. Contract proceeds received in advance are recorded as advances from federal, state, local, and private agencies and are presented on the accompanying consolidated statements of financial position as a component of advances on contracts.

Allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services in reasonable ratios determined by management.

Grants and direct support

Grants and direct support to others are recognized as expenses in the period the grants are approved. At December 31, 2015, the majority of outstanding grants payable are expected to be paid within one year.

Income taxes

CSH is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "IRC") and from state and local taxes under comparable laws. CSH follows the provisions of the Financial Accounting Standards Board's *Accounting Standards Codification ("ASC") Topic 740-10-05* relating to accounting and reporting for uncertainty in income taxes. Because of CSH's general tax-exempt status, ASC Topic 740-10-05 has not had, and is not anticipated to have a material impact on CSH's consolidated financial statements.

The HC uses the asset and liability method to account for deferred income taxes. Under this method, assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts and the respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in the period that includes the enactment date. Deferred tax assets are only recognized to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors.

As of December 31, 2015 and 2014, the HC did not engage in activity requiring the recognition of a deferred tax asset or liability or recording a current provision for income taxes.

CSH is the single member of the SHSF. As such, the SHSF is treated as a disregarded entity under the IRC and CSH reports the activities of the SHSF and the existence of its controlling interest in the SHSF on CSH's tax return.

CSH and the HC are required to file and do file tax returns with the IRS and other taxing authorities. Income tax returns filed by CSH and the HC are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2012 remain open.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2015 and 2014

Fair value measurement

CSH reports a fair value measurement for all applicable financial assets and liabilities including investments, grants and contributions receivable, loans receivable, short-term payables and loans payable. (For fair valuation of investments, see Note F.)

Administrative agent cash

During 2012, in connection with its working relationship with the Connecticut Housing Finance Authority (the "CHFA"), CSH was appointed as an agent for the administration of operating reserve accounts for several projects into which the CHFA and various limited-liability companies (the "Companies") had entered. As a result, CSH maintains control of the funds deposited by the CHFA to each of the Companies operating reserve accounts to assist in the operation of these projects. Under the terms of its agreement with the CHFA, CSH will process the corresponding drawdown requests and payments.

The funds received for distribution from the CHFA are reported as a restricted cash asset and corresponding liability in the accompanying consolidated financial statements. CSH receives an annual fee from each of the Companies for the administration of these operating reserve accounts.

Subsequent events

Subsequent events have been considered for recognition and disclosure in these consolidated financial statements through April 26, 2016 the date the consolidated financial statements were available to be issued.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation.

Note B - Grants and contributions receivable

At each year-end, grants and contributions receivable consisted of the following:

	December 31,	
	2015	2014
Gross amounts due in:		
One year	\$ 12,056,610	\$ 8,513,687
One to five years	2,715,000	5,797,445
	<u>14,771,610</u>	<u>14,311,132</u>
Less reduction of grants and contributions due in excess of one year, at a discount rate of 5%	<u>(169,599)</u>	<u>(104,522)</u>
	<u>\$ 14,602,011</u>	<u>\$ 14,206,610</u>

Based on its communications with donors and a review of its donor base, management expects all of the grants and contracts receivable to be fully collected.

Corporation for Supportive Housing and its Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Note C - Loans receivable

Loans receivable represents short-term and long-term loans made to non-profit and for profit developers of supportive housing. Loans support the borrowers' predevelopment, acquisition, construction, and "mini-perm" cash flow requirements related to the establishment of permanent supportive housing for individuals and families with special needs. The loan portfolio contains loans with interest rates ranging from 0% to 7.25% and with repayment terms of up to eight years.

Loans receivable consist of the following five primary classes: Acquisition loans, Predevelopment loans, Project Initiation Loans ("PILS"), Mini-Permanent loans, and Construction loans.

Acquisition loans are made available to provide financing for real estate acquisition in connection with the development of permanent supportive housing. Acquisition loans are offered alone or in combination with predevelopment loans. Predevelopment loans are made available to fund predevelopment costs - such as architect, engineering and permit fees - incurred prior to the start of construction. PILS are early stage loans designed to encourage real estate developers to take on permanent supportive housing projects by financing the costs related to a project's feasibility stage. Mini-Permanent loans are made available for projects that have completed construction. Construction loans are offered for construction or rehabilitation projects and are offered in partnership with other construction lenders.

Loans receivable, by class, as of December 31, 2015 and 2014 were as follows:

	December 31,			
	2015		2014	
Acquisition and Predevelopment	46	\$ 64,012,964	43	\$ 45,811,056
Predevelopment	19	5,125,281	16	4,476,687
Project Initiation Loans	26	958,000	28	1,198,700
Mini Permanent	8	4,654,864	5	3,723,594
Construction	0	-	0	-
	<u>99</u>	<u>74,751,109</u>	<u>92</u>	<u>55,210,037</u>
Less: Allowance for uncollectible loans		<u>(2,393,295)</u>		<u>(1,841,097)</u>
Loans receivable, net		<u>\$ 72,357,814</u>		<u>\$ 53,368,940</u>

Corporation for Supportive Housing and its Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

An aging of loans receivable, by class, as of December 31, 2015 and 2014 is as follows:

December 31, 2015	Current	31-60 Days Past Due	61-90 Days Past Due	91-180 Days Past Due	181+ Days Past Due	Total
Acquisition and Predevelopment	\$ 63,792,409	\$ -	\$ -	\$ -	\$ -	\$ 63,792,409
Predevelopment	5,101,522	-	-	-	-	5,101,522
Project Initiation Loans	908,000	-	-	50,000	-	958,000
Mini Permanent	4,899,178	-	-	-	-	4,899,178
	<u>\$ 74,701,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 74,751,109</u>

December 31, 2014	Current	31-60 Days Past Due	61-90 Days Past Due	91-180 Days Past Due	181+ Days Past Due	Total
Acquisition and Predevelopment	\$ 45,811,056	\$ -	\$ -	\$ -	\$ -	\$ 45,811,056
Predevelopment	4,476,687	-	-	-	-	4,476,687
Project Initiation Loans	1,148,700	-	-	50,000	-	1,198,700
Mini Permanent	3,723,594	-	-	-	-	3,723,594
	<u>\$ 55,160,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 55,210,037</u>

As of December 31, 2015 and 2014, the allowance for loan loss by class, is as follows:

December 31, 2015	Beginning balance	Provision (recovery) for loan loss	Write-off	Recoveries	Total
Acquisition and Predevelopment	\$ 1,354,979	\$ 427,548	\$ -	\$ -	\$ 1,782,527
Predevelopment	128,839	199,815	(140,014)	-	188,640
Project Initiation Loans	200,976	(144,836)	(94,500)	175,000	136,640
Mini Permanent	156,303	129,185	-	-	285,488
Construction	-	-	-	-	-
Other	-	-	-	-	-
	<u>\$ 1,841,097</u>	<u>\$ 611,712</u>	<u>\$ (234,514)</u>	<u>\$ 175,000</u>	<u>\$ 2,393,295</u>

December 31, 2014	Beginning balance	Provision (recovery) for loan loss	Write-off	Recoveries	Total
Acquisition and Predevelopment	\$ 1,428,035	\$ (73,056)	\$ -	\$ -	\$ 1,354,979
Predevelopment	293,224	(184,385)	-	20,000	128,839
Project Initiation Loans	420,495	(6,769)	(223,500)	10,750	200,976
Mini Permanent	135,294	21,009	-	-	156,303
Construction	21,388	(21,388)	-	-	-
Other	117,675	(117,675)	-	-	-
	<u>\$ 2,416,111</u>	<u>\$ (382,264)</u>	<u>\$ (223,500)</u>	<u>\$ 30,750</u>	<u>\$ 1,841,097</u>

CSH maintains a loan monitoring committee to review various economic conditions which may affect its loan program. The loan monitoring committee meets periodically throughout the year to review CSH's loan portfolio, its inherent risks, the risk rating of specific loans, the strategies intended to facilitate timely loan repayment, and assignments to staff members for follow-up and collection. Generally, the risk rating for loans provides for a measurement of the credit quality of the loan portfolio through the following five categories: strong, good, acceptable, weak and doubtful. Loans receivable are written off when the near term prospects for collection appear remote and it is doubtful that a loan is considered partially or fully collectible.

Corporation for Supportive Housing and its Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Loans receivable, by class and credit quality category, as of December 31, 2015 and 2014 are as follows:

December 31, 2015	Strong	Good	Acceptable	Weak	Doubtful	Total
Acquisition and Predevelopment	\$ 4,289,470	\$ 52,015,075	\$ 7,487,864	\$ -	\$ -	\$ 63,792,409
Predevelopment	-	3,005,423	2,096,099	-	-	5,101,522
Project Initiation Loans	-	-	933,000	25,000	-	958,000
Mini Permanent	-	3,622,747	855,430	421,001	-	4,899,178
	<u>\$ 4,289,470</u>	<u>\$ 58,643,245</u>	<u>\$ 11,372,393</u>	<u>\$ 446,001</u>	<u>\$ -</u>	<u>\$ 74,751,109</u>
December 31, 2014	Strong	Good	Acceptable	Weak	Doubtful	Total
Acquisition and Predevelopment	\$ 2,969,116	\$ 35,691,075	\$ 7,150,865	\$ -	\$ -	\$ 45,811,056
Predevelopment	-	1,808,328	2,668,359	-	-	4,476,687
Project Initiation Loans	-	-	999,700	149,000	50,000	1,198,700
Mini Permanent	-	2,406,432	1,317,162	-	-	3,723,594
	<u>\$ 2,969,116</u>	<u>\$ 39,905,835</u>	<u>\$ 12,136,086</u>	<u>\$ 149,000</u>	<u>\$ 50,000</u>	<u>\$ 55,210,037</u>

Additionally, to further mitigate its risk, CSH secured a \$5,000,000 forgivable loan from the City of Los Angeles (as disclosed in Note H), to cover loan losses in its Los Angeles loan fund. It also secured a \$435,000 loan from the State of Indiana Housing and Community Development Authority (as disclosed in Note H), and a \$210,000 loan from the Ohio Housing Finance Authority (as disclosed in Note H), with a provision that CSH will not repay any actual losses resulting from providing project-initiation loans underwritten in either of those two states.

During the years ended December 31, 2015 and 2014, approximately \$9,227,569 and \$4,541,572, respectively, of loans receivable were modified to include extensions of maturity dates, ranging from one to two years at similar terms for those organizations. As of December 31, 2015 and 2014, \$7,836,715 and \$5,326,610, respectively, of outstanding loans receivable have been modified in this manner.

As of December 31, 2015 and 2014, there were no loans receivable that were considered impaired or placed on non-accrual status.

CSH has lending policies and procedures in place to underwrite and monitor loans for its portfolio. For each loan, CSH conducts a risk rating analysis based on the loan type (pre-development, interim development, mini-permanent) by reviewing the following criteria: management rating, financial condition, real estate development capacity and experience, project viability, collateral, take-out financing status and the local real estate market. Each criterion is rated. The five rating categories are: strong, good, acceptable, weak and doubtful. When the risk rating on a loan has been listed as doubtful, it is considered to be a partially or fully uncollectable loan. The Organization conducts a comprehensive review of all outstanding loans at least annually.

As part of CSH's risk rating analysis, a corresponding reserve has been allocated to each loan in the loan portfolio. The total of these reserves as indicated by CSH's risk rating analysis for the years ended December 31, 2015 and 2014 was \$2,393,295 (3.2% of the loan portfolio) and \$1,841,097 (3.3% of the loan portfolio), respectively. Additionally, CSH and SHSF record and maintain an overall minimum allowance for loan losses of at least 5% of the loan portfolio taking into account third party guarantees as required by various investors' covenants.

Corporation for Supportive Housing and its Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Note D - Contracts receivable

Contracts receivable consists of amounts due to CSH from federal, state, local and private agencies. All amounts are due within one year. Based on management's evaluation of the collectability of the receivables, at December 31, 2015 and 2014, CSH has recorded an allowance for uncollectible receivables of approximately \$5,000 and \$38,344, respectively.

Contracts are recorded as revenue to the extent that expenses have been incurred for the purposes specified by the grantors. For 2015 and 2014, CSH established advances from contracts, to the extent amounts received exceed amounts spent, in the amounts of \$1,109,835 and \$1,178,722, respectively.

Note E - Other receivables

Other receivables consist primarily of fees and accrued interest relating to CSH's loan portfolio due from unrelated not-for-profit organizations, as disclosed in Note C. Based on management's evaluation of the collectability of the receivables, at December 31, 2015 and 2014, CSH has recorded an allowance for uncollectible receivables of approximately \$51,019 and \$43,014, respectively.

Note F - Investments

At each year-end, investments were reported at their fair values and consisted of the following:

	December 31,			
	2015		2014	
	Fair value	Cost	Fair value	Cost
Corporate and government fixed-income securities	\$ 17,780,103	\$ 16,946,315	\$ 17,297,059	\$ 17,478,523
Money market funds	11,308	11,308	7,118,523	7,118,523
Mutual government bond funds	1,019,823	2,131,740	4,648,364	4,661,863
Limited liability company	500,000	500,000	25,000	25,000
	<u>\$ 19,311,234</u>	<u>\$ 19,589,363</u>	<u>\$ 29,088,946</u>	<u>\$ 29,283,909</u>

During each year, investment income return consisted of the following:

	Year ended December 31,	
	2015	2014
Interest and dividends	\$ 469,163	\$ 537,632
Net unrealized losses on investments	(323,660)	(112,193)
Net realized gains on sales of investments	46,954	1,048
	<u>\$ 192,457</u>	<u>\$ 426,487</u>

ASC 820-10-05 prescribes three levels of fair-value measurement of investments as follows:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for the same or identical assets and liabilities at the reporting date.

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2015 and 2014

Level 2: Valuations are based on: (i) quoted prices for similar assets or liabilities in active markets; or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where: (i) there is little, if any, market activity for the asset or liability; or (ii) the underlying investments of which cannot be independently valued; or (iii) they cannot be immediately redeemed at or near the fiscal year-end.

The following tables summarize the fair values of investments at each year-end, in accordance with the valuation-hierarchy levels:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Corporate and government fixed-income securities	\$ -	\$ 17,780,103	\$ -	\$ 17,780,103
Money market funds	11,308	-	-	11,308
Mutual government bond funds	1,019,823	-	-	1,019,823
Limited liability company	-	-	500,000	500,000
	\$ 1,031,131	\$ 17,780,103	\$ 500,000	\$ 19,311,234

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Corporate and government fixed-income securities	\$ -	\$ 17,297,059	\$ -	\$ 17,297,059
Money market funds	7,118,523	-	-	7,118,523
Mutual government bond funds	4,648,364	-	-	4,648,364
Limited liability company	-	-	25,000	25,000
	\$ 11,766,887	\$ 17,297,059	\$ 25,000	\$ 29,088,946

During the year ended December 31, 2015, CSH's principal investment in Together4Health, a limited liability company, was repaid, without the benefit of any earnings.

During the year ended December 2015, CSH provided investment capital to a limited liability company, Massachusetts Alliance for Supportive Housing, which is party to a Pay for Success Contract.

Corporation for Supportive Housing and its Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

The following summarizes the changes in fair value of CSH's Level 3 investments during the years ended December 31, 2015 and 2014:

Balance, December 31, 2013	\$ 25,000
Purchases, issuances and settlements	-
Realized/unrealized gains (losses) included in changes in net assets	-
Transfers in and/or out of Level 3	-
	<hr/>
Balance, December 31, 2014	25,000
Purchases, issuances and settlements	475,000
Realized/unrealized gains (losses) included in changes in net assets	-
Transfers in and/or out of Level 3	-
	<hr/>
Balance, December 31, 2015	<u>\$ 500,000</u>

Note G - Property and equipment

At each year-end, property and equipment consisted of the following:

	December 31,	
	2015	2014
	<hr/>	<hr/>
Furniture and office equipment	\$ 537,043	\$ 529,543
Leasehold improvements	258,296	258,296
	<hr/>	<hr/>
	795,339	787,839
Less accumulated depreciation and amortization	(435,652)	(301,600)
	<hr/>	<hr/>
	<u>\$ 359,687</u>	<u>\$ 486,239</u>

Corporation for Supportive Housing and its Subsidiaries

Notes to Consolidated Financial Statements December 31, 2015 and 2014

Note H - Loans payable

At each year-end, loans payable were uncollateralized and consisted of the following:

	December 31,	
	2015	2014
Wells Fargo Bank, N.A. note payable; interest is payable annually at 2% through maturity, June 25, 2018.	\$ 1,000,000	\$ 1,000,000
City of Los Angeles note payable; 0% interest through maturity, February 19, 2025.	5,000,000	5,000,000
Indiana Housing and Community Development Authority note payable; 0% interest through maturity, September 30, 2016.	435,000	435,000
Mercy Investment Services, Inc. note payable; interest is payable quarterly at 2.5% through maturity, May 25, 2016.	1,000,000	1,000,000
Catholic Healthcare West note payable, interest is payable quarterly at 2.5% through maturity, June 1, 2016.	2,000,000	2,000,000
Annie E. Casey Foundation note payable, interest is payable quarterly at 3% through maturity, October 11, 2020. Principal is due in two annual installments at October 11, 2020 and October 20, 2021.	2,000,000	2,000,000
Trinity Health Corporation note payable, interest is payable quarterly at 2% through maturity, June 30, 2016.	1,000,000	1,000,000
The California Endowment note payable, interest payable quarterly at 2% through maturity, March 31, 2022.	2,000,000	2,000,000
Catholic Health Initiative note payable, interest is payable annually at 2% through maturity, June 1, 2017.	500,000	500,000
Opportunity Finance Network note payable, interest is payable quarterly at 3% through maturity, October 31, 2022. Principal is due in annual installments of \$454,545 commencing October 31, 2019 through maturity.	1,818,180	1,818,180
Metropolitan Life Insurance Co. note payable; 0% interest through maturity, March 28, 2018.	6,000,000	6,000,000
Conrad Hilton Foundation line of credit, interest is payable quarterly at 2.0% through maturity, June 26, 2023.	2,000,000	2,000,000
Deutsche Bank Trust Company America line of credit, interest is payable quarterly based on LIBOR + 2.5% through maturity, June 26, 2020.	5,380,000	4,521,432
Robert Wood Johnson Foundation line of credit, interest is payable quarterly at 2.5% through maturity, June 28, 2023.	1,375,000	1,075,000
Bank of America line of credit, interest is payable quarterly based on LIBOR + 2.0% through maturity, June 26, 2020.	4,540,000	3,768,919
Robert Wood Johnson Foundation line of credit, interest is payable quarterly at 2.0% through maturity, June 28, 2023.	7,925,000	6,175,000
Morgan Stanley line of credit, interest is payable quarterly based on LIBOR + 2.5% through maturity, June 28, 2020.	7,990,000	6,348,850
HSBC line of credit, interest is payable quarterly based on LIBOR + 1.75% through maturity, June 26, 2020.	8,010,000	6,594,785
Ohio Housing Finance Agency note payable, 0% note payable principal due October 1, 2019.	210,000	210,000
Conrad N. Hilton Foundation note payable; at 0% through maturity, April 1, 2019.	2,000,000	2,000,000

Corporation for Supportive Housing and its Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

	December 31,	
	2015	2014
Conrad N. Hilton Foundation note payable; interest is payable quarterly at 2% through maturity, April 1, 2019.	4,000,000	4,000,000
Capital One, NA note payable; interest due quarterly at 1% through maturity, April 1, 2025	1,000,000	-
HSBC line of credit, interest is payable quarterly based on LIBOR + 1.75% through maturity, June 26, 2018.	307,500	-
Morgan Stanley line of credit, interest is payable quarterly based on LIBOR + 2.5% through maturity, June 28, 2018.	307,500	-
Bank of America line of credit, interest is payable quarterly based on LIBOR + 2.0% through maturity, June 26, 2018.	175,000	-
Deutsche Bank Trust Company America line of credit, interest is payable quarterly based on LIBOR + 2.5% through maturity, June 26, 2018.	210,000	-
	<u>\$ 68,183,180</u>	<u>\$ 59,447,166</u>

The required principal payments on the above obligations in each of the five years subsequent to 2015 are as follows:

Year Ending December 31,	Amount
2016	\$ 4,435,000
2017	1,500,000
2018	7,000,000
2019	8,028,180
2020	25,920,000

Interest expense for 2015 and 2014 was \$3,541,040 and \$2,803,435, respectively, including \$2,240,990 and \$1,844,862, respectively, of in-kind interest (as disclosed in Note I).

As of December 31, 2015 and December 31, 2014, the SHSF had \$40,520,000 in open lines of credit available to it, of which \$37,220,000 and \$30,483,986, respectively, was drawn and is included as a component of loans payable on the accompanying consolidated statements of financial position. Additionally, the loans payable held by the SHSF are guaranteed by CSH. As of December 31, 2015 and 2014, no events have occurred that would require the recognition of a guaranty obligation on the consolidated statements of financial position.

Note I - In-kind contributions

As disclosed in Note H, loans payable consist of loans that bear either no interest or interest at below-market rates. The difference between interest computed at a reasonable fair-market rate (5%) and at the stated interest rates is included in the accompanying consolidated statements of activities as an in-kind contribution and corresponding expense. This amount was determined to be \$2,240,990 and \$1,844,862 for 2015 and 2014, respectively.

Additionally, during the years ended December 31, 2015 and 2014, CSH received contributed consulting services, with a fair value on the date of donation, of \$2,711 and \$8,000 for 2015 and 2014, respectively.

Corporation for Supportive Housing and its Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Note J - Concentration of credit risk

CSH places its temporary cash investments with high-credit-quality financial institutions. At times, such investments may exceed federally insured limits. Management does not believe that CSH has a significant risk of loss related to the failure of these financial institutions.

CSH makes loans to not-for-profit organizations that are primarily engaged in residential real estate development funded by state agencies. The ability of these organizations to honor their contracts may be impaired by a downturn in the economy or by a reduction in the availability of government funding and support for projects. Management continually evaluates the collectability of the loan portfolio and believes the allowance for uncollectible loans is adequate to absorb potential losses.

Note K - Temporarily restricted net assets

At each year-end, temporarily restricted net assets were available to satisfy the following purposes:

	December 31,	
	2015	2014
Specific programs:		
Lead supportive housing industry	\$ 3,886,248	\$ 4,359,048
Expand access to supportive housing	8,384,847	10,297,224
Deploy and leverage capital	6,379,734	4,395,007
Improve and sustain quality	685,964	1,314,176
Enhance performance and accountability	3,583	19,828
	<u>\$ 19,340,376</u>	<u>\$ 20,385,283</u>

During each year, net assets released from restrictions consisted of the following:

	December 31,	
	2015	2014
Specific programs:		
Lead supportive housing industry	\$ 2,481,302	\$ 1,517,456
Expand access to supportive housing	7,046,259	7,317,593
Deploy and leverage capital	481,884	412,994
Improve and sustain quality	808,211	394,191
Enhance performance and accountability	16,245	53,414
	<u>\$ 10,833,901</u>	<u>\$ 9,695,648</u>

Note L - Retirement plan

CSH maintains a Section 403(b) tax-deferred retirement savings plan for the benefit of its employees. Contributions by CSH are discretionary and can be made only with the approval of the Board of Directors. Contributions by CSH during 2015 and 2014 were \$436,162 and \$377,480, respectively.

Corporation for Supportive Housing and its Subsidiaries

**Notes to Consolidated Financial Statements
December 31, 2015 and 2014**

Note M - New markets tax credit program

As disclosed in Note A, in conjunction with its role as the managing member of the LLCs, CSH earns a fee based on 0.01% of any income earned by each LLC. CSH is also entitled to administrative fees and annual management fees related to any NMTC qualified investment. During the years ended December 31, 2015 and 2014, CSH earned fees totaling \$197,000 and \$197,000 relating to such qualified equity investments, respectively, and are included as a component of other income on the accompanying consolidated statements of activities.

Note N - Commitments and contingencies

Lease commitments

At December 31, 2015, CSH was obligated under various non-cancelable operating real estate leases expiring through 2024. For years subsequent to 2015, minimum annual future rental commitments under the lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 865,826
2017	768,913
2018	789,472
2019	736,809
2020	691,129
Thereafter	<u>2,088,189</u>
	<u><u>\$ 5,940,338</u></u>

Total rent expense for 2015 and 2014 was \$1,070,154 and \$1,111,823, respectively.

Loan commitments

As of December 31, 2015, CSH's Board of Directors had approved loan commitments totaling \$18,643,819. These amounts are expected to be disbursed as loans in 2016.

Government contracts

Government-funded activities are subject to audit by the applicable granting agencies. At December 31, 2015, no such audits had been undertaken on CSH, and management believes that unaudited projects will not result in any material obligations.

Supplementary Information

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statements of Financial Position
December 31, 2015**

	<u>Assets</u>				
	<u>CSH</u>	<u>SHSF</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Assets					
Cash and cash equivalents	\$ 1,632,525	\$ 1,635,236	\$ 3,267,761	\$ -	\$ 3,267,761
Cash restricted - administrative agent cash	10,529,589	-	10,529,589	-	10,529,589
Investments	19,973,173	(1,161,939)	18,811,234	-	18,811,234
Grants and contributions receivable, net	12,296,610	-	12,296,610	-	12,296,610
Contracts receivable, net	2,701,573	-	2,701,573	-	2,701,573
Loans receivable, net	12,433,992	18,573,473	31,007,465	-	31,007,465
Other receivables, net	365,095	415,638	780,733	-	780,733
Prepaid expenses and other assets	242,371	-	242,371	-	242,371
	<hr/>	<hr/>		<hr/>	
Total Current Assets	<u>60,174,929</u>	<u>19,462,408</u>	79,637,336	<u>-</u>	79,637,336
Non Current Assets					
Investments	500,000	-	500,000	-	500,000
Grants and contributions receivable, net	2,305,401	-	2,305,401	-	2,305,401
Loans receivable, net	22,643,710	23,306,639	45,950,349	(4,600,000)	41,350,349
Other receivables, net	115,885	294,928	410,813	-	410,813
Property and equipment, net	359,687	-	359,687	-	359,687
Investments in limited liability companies	5,585	-	5,585	-	5,585
	<hr/>	<hr/>		<hr/>	
Total Non Current Assets	<u>25,930,268</u>	<u>23,601,567</u>	49,531,835	<u>(4,600,000)</u>	44,931,835
	<hr/>	<hr/>		<hr/>	
Total Assets	<u>\$ 86,105,197</u>	<u>\$ 43,063,974</u>	\$ 129,169,171	<u>\$ (4,600,000)</u>	\$ 124,569,171

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statements of Financial Position
December 31, 2015**

	<u>Liabilities and Net Assets</u>				
	<u>CSH</u>	<u>SHSF</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Liabilities					
Accounts payable and accrued expenses	\$ 3,174,988	\$ 157,673	\$ 3,332,661	\$ -	\$ 3,332,661
Advances on contracts	1,109,835	-	1,109,835	-	1,109,835
Grants payable	4,680,420	-	4,680,420	-	4,680,420
Loans payable	4,435,000	-	4,435,000	-	4,435,000
Administrative agent cash distributable	10,529,589	-	10,529,589	-	10,529,589
Total Current Liabilities	<u>23,929,832</u>	<u>157,673</u>	<u>24,087,505</u>	<u>-</u>	<u>24,087,505</u>
Non Current Liabilities					
Grants payable	770,000	-	770,000	-	770,000
Loans payable, net of current maturities	26,528,182	41,819,998	68,348,180	(4,600,000)	63,748,180
Total Non Current Liabilities	<u>27,298,182</u>	<u>41,819,998</u>	<u>69,118,180</u>	<u>(4,600,000)</u>	<u>64,518,180</u>
Total Liabilities	<u>51,228,014</u>	<u>41,977,671</u>	<u>93,205,685</u>	<u>(4,600,000)</u>	<u>88,605,685</u>
Commitments and contingencies (Note N)	-	-	-	-	-
Net Assets					
Unrestricted	15,536,807	1,086,303	16,623,110	-	16,623,110
Temporarily restricted	19,340,376	-	19,340,376	-	19,340,376
Total Net Assets	<u>34,877,183</u>	<u>1,086,303</u>	<u>35,963,486</u>	<u>-</u>	<u>35,963,486</u>
Total Liabilities and Net Assets	<u>\$ 86,105,197</u>	<u>\$ 43,063,974</u>	<u>\$ 129,169,171</u>	<u>\$ (4,600,000)</u>	<u>\$ 124,569,171</u>

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statements of Financial Position
December 31, 2014**

	<u>Assets</u>				
	<u>CSH</u>	<u>SHSF</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Assets					
Cash and cash equivalents	\$ 2,595,166	\$ 647,227	\$ 3,242,393	\$ -	\$ 3,242,393
Cash restricted - administrative agent cash	11,184,508	-	11,184,508	-	11,184,508
Investments	29,019,243	44,703	29,063,946	-	29,063,946
Grants and contributions receivable, net	8,513,687	-	8,513,687	-	8,513,687
Contracts receivable, net	2,544,235	-	2,544,235	-	2,544,235
Loans receivable, net	5,930,067	13,439,759	19,369,826	-	19,369,826
Other receivables, net	437,791	269,889	707,680	-	707,680
Prepaid expenses and other assets	543,830	-	543,830	-	543,830
Total Current Assets	60,768,527	14,401,578	75,170,105	-	75,170,105
Non Current Assets					
Investments	25,000	-	25,000	-	25,000
Grants and contributions receivable, net	5,692,923	-	5,692,923	-	5,692,923
Loans receivable, net	16,156,600	21,387,514	37,544,114	(3,545,000)	33,999,114
Other receivables, net	39,603	235,067	274,670	-	274,670
Property and equipment, net	486,239	-	486,239	-	486,239
Investments in limited liability companies	2,975	-	2,975	-	2,975
Total Non Current Assets	22,403,340	21,622,581	44,025,921	(3,545,000)	40,480,921
Total Assets	\$ 83,171,867	\$ 36,024,159	\$ 119,196,026	\$ (3,545,000)	\$ 115,651,026

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statements of Financial Position
December 31, 2014**

	<u>Liabilities and Net Assets</u>				
	<u>CSH</u>	<u>SHSF</u>	<u>Total</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current Liabilities					
Accounts payable and accrued expenses	\$ 2,607,804	\$ 125,835	\$ 2,733,639	\$ -	\$ 2,733,639
Advances on contracts	1,178,722	-	1,178,722	-	1,178,722
Grants payable	4,742,720	-	4,742,720	-	4,742,720
Loans payable	435,000	-	435,000	-	435,000
Administrative agent cash distributable	11,184,508	-	11,184,508	-	11,184,508
Total Current Liabilities	<u>20,148,754</u>	<u>125,835</u>	<u>20,274,589</u>	<u>-</u>	<u>20,274,589</u>
Non Current Liabilities					
Grants payable	133,334	-	133,334	-	133,334
Loans payable, net of current maturities	28,528,180	34,028,986	62,557,166	(3,545,000)	59,012,166
Total Non Current Liabilities	<u>28,661,514</u>	<u>34,028,986</u>	<u>62,690,500</u>	<u>(3,545,000)</u>	<u>59,145,500</u>
Total Liabilities	<u>48,810,268</u>	<u>34,154,821</u>	<u>82,965,089</u>	<u>(3,545,000)</u>	<u>79,420,089</u>
Commitments and contingencies (Note N)	-	-	-	-	-
Net Assets					
Unrestricted	13,976,316	1,869,338	15,845,654	-	15,845,654
Temporarily restricted	20,385,283	-	20,385,283	-	20,385,283
Total Net Assets	<u>34,361,599</u>	<u>1,869,338</u>	<u>36,230,937</u>	<u>-</u>	<u>36,230,937</u>
Total Liabilities and Net Assets	<u>\$ 83,171,867</u>	<u>\$ 36,024,159</u>	<u>\$ 119,196,026</u>	<u>\$ (3,545,000)</u>	<u>\$ 115,651,026</u>

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statements of Activities
Year Ended December 31, 2015**

	Unrestricted				Temporarily restricted			Consolidated Total	
	CSH	SHSF	Total	Eliminations	Consolidated	CSH	SHSF		Consolidated
Public support and revenue:									
Grants and contributions	\$ 1,785,142	\$ -	\$ 1,785,142	\$ -	\$ 1,785,142	\$ 9,788,994	\$ -	\$ 9,788,994	\$ 11,574,136
In-kind contributions	2,243,701	-	2,243,701	-	2,243,701	-	-	-	2,243,701
Total contributions	4,028,843	-	4,028,843	-	4,028,843	9,788,994	-	9,788,994	13,817,837
Contract services	11,051,751	-	11,051,751	-	11,051,751	-	-	-	11,051,751
Interest and dividend income	468,383	780	469,163	-	469,163	-	-	-	469,163
Interest income - loans	2,034,354	2,318,608	4,352,962	-	4,352,962	-	-	-	4,352,962
Fee income - loans	911,552	613,490	1,525,042	-	1,525,042	-	-	-	1,525,042
Other income	2,460,194	1,068,358	3,528,552	(2,635,037)	893,515	-	-	-	893,515
	20,955,077	4,001,236	24,956,313	(2,635,037)	22,321,276	9,788,994	-	9,788,994	32,110,270
Net assets released from restrictions	10,833,901	-	10,833,901	-	10,833,901	(10,833,901)	-	(10,833,901)	-
Total public support and revenue	31,788,978	4,001,236	35,790,214	(2,635,037)	33,155,177	(1,044,907)	-	(1,044,907)	32,110,270
Expenses:									
Program activities									
Program services	25,011,407	4,782,946	29,794,353	(2,635,037)	27,159,316	-	-	-	27,159,316
Management and general	4,711,126	1,325	4,712,451	-	4,712,451	-	-	-	4,712,451
Fund-raising	229,248	-	229,248	-	229,248	-	-	-	229,248
Total expenses	29,951,781	4,784,271	34,736,052	(2,635,037)	32,101,015	-	-	-	32,101,015
Changes in net assets before net realized and unrealized losses on investments	1,837,197	(783,035)	1,054,162	-	1,054,162	(1,044,907)	-	(1,044,907)	9,255
Net realized and unrealized losses on investments	(276,706)	-	(276,706)	-	(276,706)	-	-	-	(276,706)
Changes in net assets	1,560,491	(783,035)	777,456	-	777,456	(1,044,907)	-	(1,044,907)	(267,451)
Net assets - beginning of year	13,976,316	1,869,338	15,845,654	-	15,845,654	20,385,283	-	20,385,283	36,230,937
Net assets - end of year	\$ 15,536,807	\$ 1,086,303	\$ 16,623,110	\$ -	\$ 16,623,110	\$ 19,340,376	\$ -	\$ 19,340,376	\$ 35,963,486

Corporation for Supportive Housing and its Subsidiaries

**Consolidating Statements of Activities
Year Ended December 31, 2014**

	Unrestricted				Temporarily restricted			Consolidated Total	
	CSH	SHSF	Total	Eliminations	Consolidated	CSH	SHSF		Consolidated
Public support and revenue:									
Grants and contributions	\$ 2,050,736	\$ -	\$ 2,050,736	\$ -	\$ 2,050,736	\$ 18,482,218	\$ -	\$ 18,482,218	\$ 20,532,954
In-kind contributions	1,852,862	-	1,852,862	-	1,852,862	-	-	-	1,852,862
Total contributions	3,903,598	-	3,903,598	-	3,903,598	18,482,218	-	18,482,218	22,385,816
Contract services	7,493,124	-	7,493,124	-	7,493,124	-	-	-	7,493,124
Interest and dividend income	535,316	2,316	537,632	-	537,632	-	-	-	537,632
Interest income - loans	1,156,127	1,714,363	2,870,490	-	2,870,490	-	-	-	2,870,490
Fee income - loans	325,962	584,198	910,160	-	910,160	-	-	-	910,160
Other income	572,185	6,000	578,185	-	578,185	-	-	-	578,185
	13,986,312	2,306,877	16,293,189	-	16,293,189	18,482,218	-	18,482,218	34,775,407
Net assets released from restrictions	9,695,648	-	9,695,648	-	9,695,648	(9,695,648)	-	(9,695,648)	-
Total public support and revenue	23,681,960	2,306,877	25,988,837	-	25,988,837	8,786,570	-	8,786,570	34,775,407
Expenses:									
Program activities									
Program services	19,708,082	614,495	20,322,577	-	20,322,577	-	-	-	20,322,577
Management and general	4,136,457	806	4,137,263	-	4,137,263	-	-	-	4,137,263
Fund-raising	624,769	-	624,769	-	624,769	-	-	-	624,769
Total expenses	24,469,308	615,301	25,084,609	-	25,084,609	-	-	-	25,084,609
Changes in net assets before net realized and unrealized losses on investments	(787,348)	1,691,576	904,228	-	904,228	8,786,570	-	8,786,570	9,690,798
Net realized and unrealized losses on investments	(111,145)	-	(111,145)	-	(111,145)	-	-	-	(111,145)
Changes in net assets	(898,493)	1,691,576	793,083	-	793,083	8,786,570	-	8,786,570	9,579,653
Net assets - beginning of year	14,874,809	177,762	15,052,571	-	15,052,571	11,598,713	-	11,598,713	26,651,284
Net assets - end of year	\$ 13,976,316	\$ 1,869,338	\$ 15,845,654	\$ -	\$ 15,845,654	\$ 20,385,283	\$ -	\$ 20,385,283	\$ 36,230,937

Corporation for Supportive Housing and its Subsidiaries

Schedule of Expenditures of Federal Awards Year Ended December 31, 2015

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:				
Supportive Housing Programs	14.235			\$ 383,690
Community Compass Technical Assistance and Capacity (TAC) Building Programs				
TAC Building Program - Direct	14.259			595,583
Pass-through Technical Assistance Collaborative Inc.	14.259	O-13-TA-MA1310		556
Total Community Compass TAC Building Programs				596,139
Continuum of Care (CoC) Programs				
CoC - Direct	14.267			2,084,529
Pass-through Out-Wayne CoC Project & System Evaluation	14.267	MI0410L5F021300		4,300
Pass-through Indiana Housing and Community Development Authority	14.267	RI-2016-003		72,247
Pass-through City of Boston	14.267	MA0429L1T001200		25,792
Pass-through Connecticut Department of Mental Health & Addiction Services	14.267	14MHA1181		269,540
Pass-through City of Los Angeles CoC Financial Modeling	14.267	2015PSA33		27,482
Total Continuum of Care Programs				2,483,890
Pass-through Chicago Housing Authority: Section 8 Housing Choice Vouchers Program	14.871	0N60-502005-0135-15MU23		24,101
Total U.S. Department of Housing and Urban Development				3,487,820
U.S. Department of Treasury:				
Community Development Financial Institutions Fund (CDFI) Programs	21.020			4,800,806
U.S. Department of Health and Human Services:				
Health Resources and Services Administration Program: Technical and Non-Financial Assistance to Health Centers	93.129			462,276
Substance Abuse and Mental Health Services Administration Programs:				
Pass-through Ohio Department of Mental Health Block Grants for Community Health Services	93.958	BG-14-100-20-001-1431		7,877
Block Grants for Community Health Services	93.958	99-0000-Housing-C-15-1431		80,000
Block Grants for Community Health Services	93.958	#1431		4,799
Total Pass-through Ohio Department of Mental Health				92,676
Administration for Community Living Programs: Pass-through Illinois Council on Developmental Disabilities	93.630	1093		184,625
Administration for Children and Families Programs: Pass-through New Jersey Department of Children and Families	93.670	90CA1799-02-00		30,938
Total U.S. Department of Health and Human Services				770,515
U.S. Department for National and Community Service:				
Social Innovation Fund Programs (SIF)	94.019		948,403	1,139,543
SIF Pay for Success Programs (SIF PFS):				
SIF PFS - Direct	94.024			247,755
SIF PFS Pass-through Program from Enterprise Community Partners, Inc.	94.024	14PSHNY001	50,000	85,496
Total U.S. Department for National and Community Service			998,403	1,472,794
Total Expenditures of Federal Awards				\$ 10,531,935

Corporation for Supportive Housing and its Subsidiaries

**Notes to Schedule of Expenditures of Federal Awards
December 31, 2015**

Note A - Basis of presentation

The accompanying schedule of expenditures of federal awards (the ~~%Schedule~~) includes the federal award activity of the Corporation for Supportive Housing and its Subsidiaries under programs of the federal government for the year ended December 31, 2015. 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Corporation for Supportive Housing and its Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Corporation for Supportive Housing and its Subsidiaries. The financial statements of certain subsidiaries included in the consolidated financial statements were not audited in accordance with *Government Auditing Standards* as they are not subject to the requirements under the Uniform Guidance.

Note B - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, "Cost Principles for Non-Profit Organizations" or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Community Development Financial Institutions (CDFI) Fund Programs

CFDA Number 21.020, CDFI Fund Programs, represents the amount of funds held by CSH as of December 31, 2015 that are utilized through a revolving loan fund program, either as loans outstanding or as the funded portion of an allowance for loan loss and are subject to ongoing compliance requirements from the U.S. Department of the Treasury.

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Corporation for Supportive Housing and its Subsidiaries

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 Corporation for Supportive Housing and its Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2015, 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 April 26, 2016. The financial statements of certain subsidiaries were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these subsidiaries.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Corporation for Supportive Housing and its Subsidiaries' internal control over financial reporting ("internal control") to determine the 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 Corporation for Supportive Housing and its Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Corporation for Supportive Housing and its Subsidiaries' 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 Corporation for Supportive Housing and its Subsidiaries' 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corporation for Supportive Housing and its Subsidiaries' consolidated financial statements are free of 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 these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of Corporation for Supportive Housing and its Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corporation for Supportive Housing and its Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CohnReznick LLP". The signature is written in a cursive, flowing style.

Bethesda, Maryland
April 26, 2016

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

To the Board of Directors
Corporation for Supportive Housing and its Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Corporation for Supportive Housing and its Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Corporation for Supportive Housing and its Subsidiaries' major federal programs for the year ended December 31, 2015. Corporation for Supportive Housing and its Subsidiaries' 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 its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Corporation for Supportive Housing and its Subsidiaries' 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 material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Corporation for Supportive Housing and its Subsidiaries' compliance with these 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 program. However, our audit does not provide a legal determination of Corporation for Supportive Housing and its Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, Corporation for Supportive Housing and its Subsidiaries 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 December 31, 2015.

Report on Internal Control over Compliance

Management of Corporation for Supportive Housing and its Subsidiaries 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, we considered Corporation for Supportive Housing and its Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Corporation for Supportive Housing and its Subsidiaries' internal control over compliance.

A deficiency in internal control over compliance 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, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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



Bethesda, Maryland
April 26, 2016

Corporation for Supportive Housing and its Subsidiaries

**Schedule of Findings and Questioned Costs
December 31, 2015**

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of Corporation for Supportive Housing and its Subsidiaries were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies related to the audit of the consolidated financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance material to the consolidated financial statements of Corporation for Supportive Housing and its Subsidiaries, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for Corporation for Supportive Housing and its Subsidiaries expresses an unmodified opinion on all major federal programs.
6. There are no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) in this Schedule.
7. The programs tested as major programs were:

U.S. Department of Health and Human Services - Technical and Non-Financial Assistance to Health Centers, CFDA No. 93.129

U.S. Department of Treasury - Community Development Financial Institutions Fund, CFDA No. 21.020
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Corporation for Supportive Housing and its Subsidiaries did not qualify to be a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

None

