

**LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES**
Hauppauge, New York

COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

INCLUDING INDEPENDENT AUDITORS' REPORT

As of and for the Years Ended December 31, 2016 and 2015

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

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COMBINED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Long Island Housing Partnership, Inc.
and Affiliates
Hauppauge, New York

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Long Island Housing Partnership, Inc. and Affiliates, which comprise the combined statements of financial position as of December 31, 2016 and 2015, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Long Island Housing Partnership, Inc. and Affiliates as of December 31, 2016 and 2015, 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.

Board of Directors
Long Island Housing Partnership, Inc.
and Affiliates

Other Matters

Report on Combining and Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining and supplementary information on pages 16 to 23 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the combined 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 combined financial statements. The combining and supplementary information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Melville, New York
May 17, 2017

**LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES**

Combined Statements of Financial Position

<i>As of December 31,</i>	2016	2015
Assets		
Cash and Cash Equivalents	\$ 7,245,484	\$ 8,090,452
Investments	4,170,442	3,978,086
Accounts Receivable, net of allowance	1,054,172	697,390
Due from Escrow Agent	5,183	9,498
Prepaid Expenses and Other	35,272	50,373
Notes Receivable	547,483	303,483
Capitalized Project Costs	2,797,440	3,629,312
Fixed Assets, net	186,744	164,391
Total Assets	<u>\$ 16,042,220</u>	<u>\$ 16,922,985</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 474,150	\$ 385,720
Funds held as program agent	2,862,971	2,562,493
Project grant advances	1,449,806	2,636,148
Line of credit	244,000	-
Home buyers' deposits held in escrow	5,183	9,498
Deferred revenue	27,000	21,000
Construction reserve	20,375	196,020
Loan payable	840,000	840,000
Total Liabilities	<u>5,923,485</u>	<u>6,650,879</u>
Commitments and Contingencies		
Net Assets:		
Unrestricted	9,002,251	9,217,881
Temporarily restricted	1,100,984	1,038,725
Permanently restricted	15,500	15,500
Total Net Assets	<u>10,118,735</u>	<u>10,272,106</u>
Total Liabilities and Net Assets	<u>\$ 16,042,220</u>	<u>\$ 16,922,985</u>

**LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES**

Combined Statements of Activities and Changes in Net Assets

For the Years Ended December 31,

2016

2015

Changes in Unrestricted Net Assets

Support and Revenue:

Contributions	\$ 127,707	\$ 1,194,080
Receipts and government grants on transfer of homes	1,385,422	2,412,776
Government grants	194,528	435,426
Special events	93,650	120,295
Direct expenses of special events	(31,934)	(34,079)
Mortgage counseling	157,900	163,397
Technical assistance program	613,635	499,641
Interest	15,379	13,255
Investment interest and dividends	117,614	17,518
Realized and unrealized gains (losses)	90,831	(39,432)
Other income	349,358	293,735
Net assets released from restrictions:		
Satisfaction of program restrictions	682,071	494,477
Total Support and Revenue	3,796,161	5,571,089

Expenses:

Program services:		
Project costs	1,177,738	1,782,850
Program support services	1,805,411	1,832,729
Supporting services:		
Management and general	997,752	891,084
Fundraising	30,890	32,299
Total Expenses	4,011,791	4,538,962

(Decrease) Increase in Unrestricted Net Assets	(215,630)	1,032,127
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Changes in Temporarily Restricted Net Assets:

Grants	744,330	563,982
Net assets released from restrictions	(682,071)	(494,477)
Increase in Temporarily Restricted Net Assets	62,259	69,505

(Decrease) Increase in Net Assets	(153,371)	1,101,632
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Net Assets, beginning of year	10,272,106	9,170,474
Net Assets, end of year	\$ 10,118,735	\$ 10,272,106

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Combined Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2016	2015
Cash Flows from Operating Activities:		
Changes in net assets	\$ (153,371)	\$ 1,101,632
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	61,044	46,006
Realized and unrealized (gains) losses	(90,831)	39,432
Change in allowance for doubtful accounts	-	15,000
Provision for deferred rent	7,207	10,226
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(356,782)	318,041
Due from escrow agent	4,315	25,237
Prepaid expenses and other	15,101	(8,980)
Capitalized project costs	831,872	921,269
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	81,223	(321,474)
Funds held as program agent	300,478	(734,757)
Project grant advances	(1,186,342)	(443,863)
Home buyers' deposits held in escrow	(4,315)	(25,237)
Deferred revenue	6,000	3,000
Construction reserve	(175,645)	71,798
Total adjustments	(506,675)	(84,302)
Net Cash (Used in) Provided by Operating Activities	(660,046)	1,017,330
Cash Flows from Investing Activities:		
Purchases of investments	(446,639)	(4,026,750)
Sales of investments	345,114	9,232
(Borrowings) repayments of notes receivable	(244,000)	12,324
Purchase of fixed assets	(83,397)	(80,784)
Net Cash Used in Investing Activities	(428,922)	(4,085,978)
Cash Flows from Financing Activities:		
Repayments of loans payable	-	(25,000)
Proceeds from line of credit	244,000	-
Net Cash Provided by (Used in) Financing Activities	244,000	(25,000)
Net Decrease in Cash and Cash Equivalents	(844,968)	(3,093,648)
Cash and Cash Equivalents, beginning of year	8,090,452	11,184,100
Cash and Cash Equivalents, end of year	\$ 7,245,484	\$ 8,090,452

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

1. Description of Organization and Summary of Significant Accounting Policies

Long Island Housing Partnership, Inc. and its affiliated entities, Long Island Partnership Housing Development Fund Company, Inc., Nassau/Suffolk Partnership Housing Development Fund Company, Inc., Long Island Partnership Community Development Corporation, Community Development and Disaster Relief Corporation, Long Island Housing Partnership Community Development Financial Institution, Inc. and HG Housing Development Fund Company, Inc. are not-for-profit corporations. Two other entities (wholly-owned subsidiaries of Long Island Housing Partnership, Inc.), Long Island Senior Citizen Housing at Broadway West, Inc., and Long Island Senior Housing at Medford Landing, Inc., are for-profit corporations. The individual entities have certain directors in common and share common facilities and personnel. Long Island Housing Partnership, Inc. is reimbursed by its affiliated entities for managerial and administrative support services, including salaries and occupancy costs, based upon services rendered by common personnel and usage of common facilities.

Long Island Housing Partnership, Inc. ("LIHP") was created to address the need for and to provide affordable housing opportunities on Long Island for those who are unable to afford homes, through development, technical assistance, mortgage counseling, home buyer education, and lending programs.

Long Island Partnership Housing Development Fund Company, Inc. ("LIPHDFC") was formed for the purpose of acquiring and holding title to land from government and private sources, securing financing through various government and private grants for predevelopment and construction activities, constructing homes, and transferring land and completed units to home buyers.

Nassau/Suffolk Partnership Housing Development Fund Company, Inc. ("NSPHDFC") was organized exclusively to develop housing for persons of low income where no adequate housing exists for such persons in Nassau and/or Suffolk Counties, New York. This corporation is designated as a Community Housing Development Organization ("CHDO"), as defined in Federal Regulations.

Long Island Partnership Community Development Corporation ("LIPCDC") was created to develop, promote, and facilitate employment, business, and educational and housing opportunities (including securing financing through various government grants for the development and construction of homes to be transferred to home buyers) for low income residents of Suffolk County, New York, and to administer various state and federally funded programs on behalf of local municipalities.

Community Development and Disaster Relief Corporation ("CDDRC") was formed to promote and support, financially and administratively, community development and redevelopment programs, including disaster relief, for the construction of new single and multi-family homes, rehabilitation of existing residences and construction and rehabilitation of community buildings and related infrastructure, through cooperation with local, state and federal levels of government and private partners.

Long Island Housing Partnership Community Development Financial Institution, Inc. ("CDFI") was created to lessen the burdens of government and to enhance the wellbeing of communities by increasing the supply of newly constructed and rehabilitated residences (homeownership and/or rental) for community development or redevelopment programs. CDFI's mission will be met primarily through the issuance of construction, predevelopment and permanent financing loans and ancillary development services for the development of affordable housing in eligible target markets (investment areas with poverty rates of at least 20%) in Nassau and Suffolk Counties, New York.

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

HG Housing Development Fund Company, Inc. ("HGHDFC") was created as a single-purpose entity. HGHDFC holds a nominal membership interest in an umbrella tax credit entity, Highland Green Residence, LLC ("HGR LLC"). HGR LLC was organized exclusively to develop, finance, construct and maintain the Highland Green Project ("HG Project"), a 118-unit affordable limited-equity cooperative development in Suffolk County. In connection with the HG Project, HGHDFC holds fee title to real property, as nominee for the beneficial owner, HGR LLC. HGHDFC does not control the development, construction or operation of the HG Project or the business affairs of the HGR LLC, and has provided no guarantees related to any construction and subsidy financing associated with the HG Project.

Long Island Partnership CLT Housing Development Fund Company, Inc. ("LIPCLTHDFC") was established to develop housing for persons of low income which shall be located within Nassau and Suffolk Counties. LIPCLTHDFC had no reportable activity for the year ended December 31, 2016.

Long Island Senior Citizen Housing at Broadway West, Inc. ("LISCHBW"), under a Limited Partnership agreement, acts as co-general partner of Broadway West, L.P. (the partnership), which has constructed two developments aggregating 114 rental units for low-income senior citizens in Brentwood, Town of Islip, New York.

Long Island Senior Housing at Medford Landing, Inc. ("LISHML"), under a Limited Partnership agreement, acts as co-general partner of Medford Landing, L.P. (the partnership), which has constructed a development of 112 rental units for low-income senior citizens in Medford, Town of Brookhaven, New York.

Principles of combination - The combined financial statements reflect the financial position and changes in net assets and cash flows of LIHP consolidated (LIHP and its wholly-owned subsidiaries, LISCHBW and LISHML) and its affiliated entities, LIPHDFC, NSPHDFC, LIPCDC, CDDRC, CDFI and HGHDFC ("LIHP and Affiliates"). All intercompany transactions have been eliminated.

The consolidation of the wholly-owned subsidiaries in LIHP resulted in an increase in unrestricted net assets of approximately \$163,500 and \$167,000 in 2016 and 2015, respectively.

Basis of accounting - The combined financial statements are prepared on the accrual basis in accordance with United States generally accepted accounting principles.

Use of estimates - The preparation of the combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition - Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

LIHP and Affiliates report contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities and changes in net assets, as net assets released from restrictions. Donor restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated that such restrictions will be met in the current reporting period.

Receipts and government grants on transfer of homes represent the cost of homes built or renovated. Revenue is recognized at the time a unit is transferred to a home buyer.

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

Tax status - LIHP and its affiliated entities, LIPHDFC, NSPHDFC, LIPCDC, CDDRC and CDFI are not-for-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualify as not-for-profit organizations under New York State law. No provision for federal or state income taxes is required. LIPCLTHDFC's application for exemption for 501(c)(3) status has been received by the IRS and is currently under review.

HGHDFC is a New York State not-for-profit organization exempt from New York State income taxes. No provision for federal or state income taxes is required.

LISCHBW and LISHML are for-profit corporations. Provisions for federal and state income taxes have been included in management and general expenses in the combined financial statements.

Investments - Investments, consisting primarily of fixed income securities and equities are carried at fair value. Investments subject to the provisions of Accounting Standards Update 2009-12, "*Investments in Certain Entities That Calculate Net Asset Value per Share*", with no readily determinable fair values are recorded at net asset value per share as a practical expedient to estimating fair value. Gains and losses on investments are reported in the combined statements of activities and changes in net assets as increases and decreases in unrestricted net assets unless their use is temporarily restricted by explicit donor stipulation or by law.

Fixed assets - Fixed assets consist of furniture, equipment, leasehold improvements, and computer software which are recorded at cost. Depreciation of furniture and equipment is provided over the estimated useful lives (ranging from three to ten years) of the assets using the straight-line method. Amortization of leasehold improvements is provided over the shorter of their useful lives or the remainder of the lease period using the straight-line method. Amortization of software development costs is provided over five years, the estimated useful lives of the software programs. Upon disposal, the cost and related accumulated depreciation or amortization is removed from the respective accounts and any resulting gain or loss is included in revenues or expenses.

Deferred revenue - Deferred revenue represents fees that have been received by LIHP for monitoring services. Monitoring fees are earned proportionately on an annual basis over the term of the monitoring period, up to 120 months. Amounts not yet earned by the end of the fiscal year are reported as deferred revenue.

Donated services, property and interest - Donated services and property are recorded at estimated fair value when received. For funds borrowed by LIHP and Affiliates at no or below fair value interest rate, donated interest income is included in contributions and offset by imputed interest expense, included in project costs/program expenses. Interest is calculated using the borrowing rate of LIHP and Affiliates.

Capitalized project costs - Costs related to the construction or renovation of homes are capitalized until such time as they are transferred to home buyers. Indirect costs for construction projects are also capitalized until transferred to home buyers.

Combined statements of cash flows - For purposes of the combined statements of cash flows, LIHP and Affiliates consider all highly liquid debt instruments with an original maturity of three months or less, when purchased, to be cash equivalents.

Concentration of credit risk - Financial instruments which potentially subject LIHP and Affiliates to concentrations of credit risk consist of cash accounts in high credit quality financial institutions. From time to time, the cash balances exceed the Federal Deposit Insurance Corporation coverage limit.

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

Allowance for doubtful accounts - Periodically, the accounts receivable and notes receivable balances are reviewed and evaluated as to their collectability. If necessary, an allowance is recorded based on these evaluations. A receivable balance is considered past due once it has not been received by its scheduled due date. As of December 31, 2016 and 2015, LIHP accounts receivable were shown net of an allowance of approximately \$62,000.

Uncertain tax positions - Management has evaluated LIHP and Affiliates' tax positions and concluded that LIHP and Affiliates have not taken any uncertain tax positions that require adjustment to the combined financial statements to comply with the provisions of Accounting Standards Codification 740.

Reclassifications - Certain 2015 amounts have been reclassified to conform with the 2016 presentation.

Subsequent events - LIHP and Affiliates have evaluated all subsequent events from the date of the combined statements of financial position through May 17, 2017, which represents the date these combined financial statements are available to be issued. There were no events or transactions occurring during the subsequent event reporting period which require recognition or disclosure in the combined financial statements.

Recent accounting pronouncements - In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-15, "*Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*". The core principle of ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 defines the term substantial doubt and requires an assessment for a period of one year after the date the financial statements are issued (or available to be issued). ASU 2014-15 is effective for fiscal years ending after December 15, 2016. The adoption of ASU 2014-15 did not impact LIHP and Affiliates' combined financial statements.

2. Fair Value Measurements

The following tables represent the fair value hierarchy for the LIHP and Affiliates' financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability.

LIHP and Affiliates invests in open-end dynamic asset allocation funds (the "Funds") that have no readily determinable fair value. The Funds are recorded at net asset value, which represented fair value, and are based on the values provided by the general partner/funds manager of the Funds. The Funds' investment objectives are to moderate the volatility of equity and fixed income oriented asset allocations over the long term. The Funds may invest in a diversified portfolio of securities and other financial instruments, including derivative instruments that provide investment exposure to a variety of asset classes. At December 31, 2016 and 2015, the Funds did not have any unfunded commitments and had total net asset values of approximately \$1,245,000 and \$1,195,000, respectively.

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

The following tables represent the fair value hierarchy for the LIHP and Affiliates' financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016:

<i>Description</i>	Total Fair Value at December 31, 2016	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 4,002	\$ 4,002	\$ -	\$ -
Bonds	2,044,143	2,044,143	-	-
Equity Securities	877,198	877,198	-	-
Open-end dynamic asset allocation funds	1,245,099	-	1,245,099	-
	<u>\$ 4,170,442</u>	<u>\$ 2,925,343</u>	<u>\$ 1,245,099</u>	<u>\$ -</u>

The following table represents the fair value hierarchy for the LIHP and Affiliates' financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2015:

<i>Description</i>	Total Fair Value at December 31, 2015	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	\$ 7,555	\$ 7,555	\$ -	\$ -
Bonds	1,953,022	1,953,022	-	-
Equity Securities	822,370	822,370	-	-
Open-end dynamic asset allocation funds	1,195,139	-	1,195,139	-
	<u>\$ 3,978,086</u>	<u>\$ 2,782,947</u>	<u>\$ 1,195,139</u>	<u>\$ -</u>

Realized and unrealized gains (losses) include the following:

<i>Years Ended December 31, 2016 and 2015</i>	2016	2015
Unrealized gains (losses)	\$ 107,084	\$ (38,940)
Realized losses	(16,253)	(492)
Total	<u>\$ 90,831</u>	<u>\$ (39,432)</u>

3. Capitalized Project Costs

Capitalized project costs consist of the following:

<i>December 31,</i>	2016	2015
Neighborhood Stabilization Program (a)	\$ 1,659,093	\$ 2,405,761
Islip IX - Brentwood (b)	73,518	42,727
Islip Housing Authority (c)	372,723	348,892
Community Land Trust (d)	111,775	-
Brookhaven Scattered Sites (e)	164,755	177,640
Other (f)	415,576	654,292
	<u>\$ 2,797,440</u>	<u>\$ 3,629,312</u>

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

- (a) **Neighborhood Stabilization Program** - LIHP and Affiliates were awarded federal funds for the purchase and rehabilitation of foreclosed and abandoned homes on Long Island, New York, which are to be transferred to eligible home buyers. 4 units and 4 units were transferred to eligible home buyers in 2016 and 2015, respectively.
- (b) **Islip IX - Brentwood** - NSPHDFC has 11 homes being constructed on scattered sites in Brentwood. The properties were transferred to NSPHDFC from the Islip Community Development Agency who received the properties from Suffolk County through the 72-H program. Construction was completed on two homes at the end of 2016 with closings taking place in early 2017. \$440,000 in funding was provided by the New York State Affordable Housing Corporation ("NYS AHC") and \$264,000 in funding was provided through the Federal HOME Investment Partnership Program ("HOME").
- (c) **Islip Housing Authority** - LIPCDC was awarded \$390,000 by the Town of Islip Housing Authority for the purchase and rehabilitation of foreclosed homes in the Town of Islip, New York. One home was transferred in 2013 and one home remains.
- (d) **Community Land Trust** - NSPHDFC acquired 14 homes from New York State in 2016, which were damaged by Hurricane Sandy. NSPHDFC was awarded \$415,000 in grants to rehabilitate and transfers homes to eligible homebuyers.
- (e) **Brookhaven Scattered Sites** - This program consists of 24 affordable units on scattered sites within the hamlets of Bellport, East Patchogue, and Medford in the Township of Brookhaven. All of these homes will be sold to persons earning at or below 80% of the Area Median Income ("AMI"). The LIPHDFC and the LIPCDC will develop all the units. It is anticipated that NYS AHC funding will be utilized, as well as Federal HOME funds through Suffolk County.
- (f) **Other** - Includes predevelopment costs, principally for several Partnerships for New Homes Programs - Inwood, North Bellport V, Babylon IV, Mastic/Shirley, Suffolk County and Southampton scattered sites.

4. Fixed Assets

Fixed assets consist of the following:

<i>December 31,</i>	2016	2015
Furniture and Equipment	\$ 267,426	\$ 240,673
Leasehold Improvements	363,543	306,899
Computer Software	115,152	115,152
	<u>746,121</u>	<u>662,724</u>
Less Accumulated Depreciation and Amortization	559,377	498,333
	<u>\$ 186,744</u>	<u>\$ 164,391</u>

5. Funds Held as Program Agent

LIHP and Affiliates are holding funds which will be paid out to beneficiaries participating in the respective programs. Funds held as program agent consist of the following:

<i>December 31,</i>	2016	2015
Neighborhood Stabilization Program ("NSP")	\$ 704,174	\$ 723,126
Smart Growth Development and Community Stabilization Program ("HELP Phase II")	1,595,990	1,248,398
Homeownership and Economic Stabilization for Long Island Program ("HELP Phase I")	184,750	264,750
Nassau County Down Payment Assistance Program	208,981	238,156
Employer Assisted Housing Program	169,027	71,827
New York State Affordable Housing Corporation Home Improvement Program ("NYS AHC HIP")	49	16,236
	<u>\$ 2,862,971</u>	<u>\$ 2,562,493</u>

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

6. Project Grant Advances

Project grant advances are funds received from various funding sources for which the related project services have not yet been completed. Project grant advances consist of the following:

<i>December 31,</i>	2016	2015
Neighborhood Stabilization Program ("NSP")	\$ 1,146,216	\$ 1,802,050
Homeowner Protection Program ("HOPP")	38,957	264,465
Suffolk County Scattered Sites	-	305,000
Islip Housing Authority Stabilization Program	264,633	264,633
	\$ 1,449,806	\$ 2,636,148

7. Loan Payable

Loan payable consists of the following:

<i>December 31,</i>	2016	2015
New York State Housing Development Fund Loan (a)	\$ 840,000	\$ 840,000

(a) Loan provided to LIPHDFC to finance predevelopment costs under a disbursement agreement with New York State DHCR. In December 2004, LIPHDFC executed a loan agreement to provide interim financing of up to \$300,000, to another unaffiliated not-for-profit corporation, to develop an affordable housing project. At December 31, 2016 and 2015, non-interest-bearing notes receivable for \$300,000 were collateralized by a mortgage on the development property. The due date of the loan is December 2018.

8. Line of Credit

In December 2014, CDFI closed on a three-year, unsecured, revolving line of credit agreement with a bank in the amount of \$1,000,000, guaranteed by NSPHDFC. The line will be used as capital to fund anticipated CDFI pre-development loans on affordable housing projects controlled by LIHP and Affiliates. Borrowings on the line accrue interest at an annual fixed rate of 2% and amounted to \$1,600 and \$0 in 2016 and 2015, respectively. At December 31, 2016 and 2015, there was \$244,000 and \$0 outstanding on the line, respectively. In March 2017, CDFI closed on an additional line of credit in the amount of \$1,000,000 at an interest rate of prime minus .5%.

9. Net Assets

Temporarily restricted net assets are available for the following program activities:

<i>December 31,</i>	2016	2015
Home Ownership Development - Education, Training and Development	\$ 647,732	\$ 531,069
HEMAP Program - Gap Mortgage Payment Assistance (a)	453,252	453,252
Regional Lending Consortium Activities - Administration	-	54,404
	\$ 1,100,984	\$ 1,038,725

(a) The HEMAP program provides gap mortgage payment assistance to homeowners (not to exceed \$20,000 to a qualified applicant) who have suffered financial hardship beyond their control. The HEMAP program shall utilize at least 80% of the funds to provide short-term revolving loans to qualified applicants, and for the remaining 20% of the funds, the program may issue soft mortgages to qualified applicants (so that applicants may avoid foreclosure). Funds advanced under the program are subject to recapture upon the sale, rental, or refinancing of the home or upon the failure to occupy the home as a principal residence. Funds advanced under the program aggregated approximately \$47,000 at December 31, 2016 and 2015, and are subject to recapture.

Permanently restricted net assets of \$15,500 represent endowment funds, the income of which are unrestricted and support operations once appropriated for expenditures.

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

10. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. For the years ended December 31, 2016 and 2015, net assets released from restrictions related to home ownership development, education, and training programs, aggregating approximately \$682,000 and \$494,500, respectively.

11. Pension Plan

Effective January 1, 2011, LIHP established a 403(b) Thrift Plan (the "Plan"). All employees with at least six months of continuous service, who are at least 21 years of age, are eligible to participate. Benefits are fully vested after three years. The Plan provides for a matching contribution up to 4% of salary, and an additional discretionary non-matching annual contribution, as approved by the board of directors. In 2016 and 2015, LIHP contributed 3% of participants' salaries (approximately \$46,500 and \$41,000, respectively) in discretionary contributions.

12. Donated Services

Donated professional services included in the combined statements of activities and changes in net assets as contributions and expenses were \$10,985 and \$47,302 for the years ended December 31, 2016 and 2015, respectively.

13. Commitments and Contingencies

Highland Green Project ("HG Project") - LIHP established HG Housing Development Fund Company, Inc. ("HGHDFC"), a new non-profit affiliate in connection with the HG Project, a 118 unit affordable limited-equity cooperative complex in Suffolk County. In December 2014, HGR LLC and a third-party co-developer closed on the real property purchase and related construction and subsidy financing. Pursuant to a Declaration of Interest and Nominee Agreement between HGR LLC and HGHDFC, HGHDFC holds title to the property solely as a nominee for HGR LLC, but holds no equitable, beneficial or other interest in the property acquired. Therefore, the property is not listed as an asset in the accompanying combined statements of financial position. HGHDFC received \$1,000,000 in HELP Phase II funds to be released upon the transfer of units to eligible buyers. The \$1,000,000 is reflected in Funds held as program agent in the accompanying 2016 and 2015 combined statements of financial position.

Employer Assisted Housing Program ("EAHP") - EAHP assists Long Island businesses to recruit and retain qualified employees by providing financial assistance and housing counseling to eligible employees. LIHP was awarded a grant of \$1,750,000 in June 2010, an additional \$1,750,000 in February 2012, and an additional \$1,760,000 in October 2013 by the NYS AHC to assist these employees by providing down payment assistance of \$5,000 and rehabilitation funds up to \$15,000 to each of the eligible participants. At December 31, 2016 and 2015, funds advanced under the program aggregated approximately \$5,995,900 and \$5,169,400, respectively.

Homeownership and Economic Stabilization for Long Island Program ("HELP Phase I") - In October 2006, LIHP was awarded a New York Economic Development Capital Program ("NYEDCP") grant of \$25,000,000 to administer the HELP Phase I program. Funds advanced under either component of the HELP Phase I program are subject to recapture over the grant period upon the sale, rental, or refinancing of the home or upon the failure to occupy the home as a principal residence. At December 31, 2016 and 2015, funds advanced under the program, aggregating approximately \$19,789,400 and \$18,324,800, respectively, are subject to recapture.

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

The HELP Phase I program has two components:

1. Employer Assisted Housing Program:

An employer with one or more non-related employees who has or creates a recognized housing assistance benefit program as part of an employee benefit package may receive matching funds from HELP for each of their qualified employees.

2. Smart Growth Development Assistance for Workforce Housing Program:

Any developer building five or more workforce homes in downtown areas, hamlet centers, or redeveloped properties using "Smart Growth" principles can obtain a grant of up to \$25,000 (per home).

Neighborhood Stabilization Program ("NSP") - The Neighborhood Stabilization Program is a U.S. Department of Housing and Urban Development ("HUD") funded program which provides for the purchase and rehabilitation of homes in targeted communities on Long Island, New York. In 2009, LIHP and Affiliates was awarded a total of approximately \$10,403,000 by various state and local municipalities. At December 31, 2016 and 2015, outstanding funds advanced under this program aggregated approximately \$1,355,700 and \$1,967,500, respectively.

HELP Phase II Smart Growth Development and Community Stabilization Program ("HELP Phase II") - In April 2008, LIHP was awarded a grant of \$6,000,000 for this program as a component of the existing HELP program, through a Memorandum of Understanding with the New York State Housing Finance Agency ("HFA"). Funds advanced under HELP Phase II are subject to a recapture provision in the event of sale, refinance or failure to occupy the home as a principal residence. Grants of up to \$50,000 are given for community stabilization projects, providing qualified applicants with down payment assistance, as well as funds for the rehabilitation of homes purchased. Grants of \$25,000 per home are available for qualified applicants purchasing homes within a smart growth development. At December 31, 2016 and 2015, funds disbursed under the program, aggregating \$4,150,850 and \$3,670,850, respectively, are subject to recapture.

Operating lease - LIHP and Affiliates lease office space under an operating lease expiring in 2023. The lease provides for escalations for certain operating expenses and real estate taxes, and scheduled base rent increases over the lease term. Rent expense is recognized on a straight-line basis over the term of the lease. Minimum future rental payments under the lease are approximately as follows:

Years Ending December 31,

2017	\$	82,000
2018		85,000
2019		88,000
2020		92,000
2021		95,500
Thereafter		158,500
	\$	<u>601,000</u>

Rent expense (including charges for operating expenses) amounted to approximately \$101,500 and \$99,000 in 2016 and 2015, respectively.

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Notes to Combined Financial Statements

As of and for the Years Ended December 31, 2016 and 2015

Notes and mortgages - In December, 2008, TOICDA transferred to NSPHDFC nine parcels of land in consideration of a nominal fee, for the construction of affordable homes in the Town of Islip. In connection therewith, NSPHDFC entered into nine separate non-interest-bearing grant enforcement non-recourse notes payable and mortgage agreements with TOICDA (collateralized by the land) in the aggregate amount of \$900,000. At closings, when the homes are transferred to eligible home buyers, the related grant enforcement notes payable and mortgage agreements will be cancelled. The eligible home buyers will concurrently enter into replacement grant enforcement notes payable and mortgage agreements with TOICDA, in an amount representing the recapture obligation, as defined by TOICDA. If NSPHDFC does not construct homes on the land, the parcels revert to TOICDA and the notes will be satisfied and the mortgages released. The combined financial statements at December 31, 2016 and 2015 do not include the land and the notes payable (\$900,000), as the notes payable represent the recapture obligation, which is cancelled upon transfer of homes by NSPHDFC to the eligible home buyers.

Under the Federal Home Loan Bank ("FHLB") Affordable Housing Program, LIHP, as Broadway West, L.P.'s ("BW") project sponsor, has received Affordable Housing Program subsidies (conditional grants) in the amounts of approximately \$1,283,000 from a member bank, that it has passed on (as required by the FHLB) to BW for the development of two senior rental projects, Broadway West I and Broadway West II, respectively. At December 31, 2016 and 2015, the member bank is holding one and two non-interest-bearing notes, respectively, executed by LIHP, which are collateralized by BW's projects' real estate. One note (approximately \$758,000) matured on April 30, 2016 and the remaining note matures December 31, 2018 (\$525,000). The grant funds are subject to recapture by FHLB, if the project is not maintained as affordable housing for 15 years, at the end of which period, the note shall be deemed satisfied and the mortgage released.

Litigation - LIHP and Affiliates are subject to lawsuits and claims with respect to matters arising in the normal course of business. All claims have been forwarded to the insurance carriers' counsel for disposition. In the opinion of management, the ultimate liabilities, if any, from these lawsuits and claims will not materially affect the combined financial position of LIHP and Affiliates. Nevertheless, due to the uncertainty of the settlement process, management's view of the outcome may be modified in the future.

SUPPLEMENTARY INFORMATION

**LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES**

Combining Statement of Financial Position

As of December 31, 2016

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
Assets									
Cash and Cash Equivalents	\$ 2,510,671	\$ 1,777,390	\$ 668,230	\$ 129,790	\$ 500	\$ 1,156,654	\$ 1,002,249	\$ -	\$ 7,245,484
Investments	4,170,442	-	-	-	-	-	-	-	4,170,442
Accounts Receivable, net of allowance	391,207	481,642	35,000	-	144,886	1,437	-	-	1,054,172
Interest in Net Assets of Affiliate	-	98,188	-	-	-	-	-	98,188	-
Due from Affiliates	-	437,324	2,967,887	-	-	-	-	3,405,211	-
Due from Escrow Agent	-	5,183	-	-	-	-	-	-	5,183
Prepaid Expenses and Other	24,613	3,189	6,209	1,261	-	-	-	-	35,272
Notes Receivable	300,000	-	-	-	-	247,483	-	-	547,483
Capitalized Project Costs	14,015	2,179,992	185,296	418,137	-	-	-	-	2,797,440
Fixed Assets, net	186,744	-	-	-	-	-	-	-	186,744
Total Assets	\$ 7,597,692	\$ 4,982,908	\$ 3,862,622	\$ 549,188	\$ 145,386	\$ 1,405,574	\$ 1,002,249	\$ 3,503,399	\$ 16,042,220
Liabilities and Net Assets									
Liabilities:									
Accounts payable and accrued expenses	\$ 325,564	\$ 115,196	\$ 20,824	\$ 4,066	\$ 3,500	\$ 3,500	\$ 1,500	\$ -	\$ 474,150
Funds held as program agent	1,156,548	704,174	-	-	-	-	1,002,249	-	2,862,971
Project grant advances	38,957	1,146,216	-	264,633	-	-	-	-	1,449,806
Due to affiliates	2,870,134	-	-	247,373	159,729	127,975	-	3,405,211	-
Line of credit	-	-	-	-	-	244,000	-	-	244,000
Home buyers' deposits held in escrow	-	5,183	-	-	-	-	-	-	5,183
Deferred revenue	27,000	-	-	-	-	-	-	-	27,000
Construction reserve	-	-	-	20,375	-	-	-	-	20,375
Loans payable	-	840,000	-	-	-	-	-	-	840,000
Total Liabilities	4,418,203	2,810,769	20,824	536,447	163,229	375,475	1,003,749	3,405,211	5,923,485
Net Assets:									
Unrestricted	2,063,005	2,073,951	3,841,798	12,741	(17,843)	1,030,099	(1,500)	-	9,002,251
Temporarily restricted	1,100,984	98,188	-	-	-	-	-	98,188	1,100,984
Permanently restricted	15,500	-	-	-	-	-	-	-	15,500
Total Net Assets	3,179,489	2,172,139	3,841,798	12,741	(17,843)	1,030,099	(1,500)	98,188	10,118,735
Total Liabilities and Net Assets	\$ 7,597,692	\$ 4,982,908	\$ 3,862,622	\$ 549,188	\$ 145,386	\$ 1,405,574	\$ 1,002,249	\$ 3,503,399	\$ 16,042,220

See independent auditors' report.

**LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES**

Combining Statement of Financial Position

As of December 31, 2015

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Housing Development Fund Company, Inc.	Nassau/Suffolk Housing Development Fund Company, Inc.	Long Island Housing Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
Assets									
Cash and Cash Equivalents	\$ 2,709,335	\$ 2,036,801	\$ 1,027,803	\$ 164,810	\$ 500	\$ 1,149,955	\$ 1,001,248	\$ -	\$ 8,090,452
Investments	3,978,086	-	-	-	-	-	-	-	3,978,086
Accounts Receivable, net of allowance	363,434	283,392	35,000	-	18,253	420	-	3,109	697,390
Interest in Net Assets of Affiliate	-	59,192	-	-	-	-	-	59,192	-
Due from Affiliates	-	524,245	2,703,146	-	-	-	-	3,227,391	-
Due from Escrow Agent	-	9,498	-	-	-	-	-	-	9,498
Prepaid Expenses and Other	26,817	18,780	3,108	1,668	-	-	-	-	50,373
Notes Receivable	300,000	-	-	-	-	3,483	-	-	303,483
Capitalized Project Costs	2,367	2,867,475	74,124	685,346	-	-	-	-	3,629,312
Fixed Assets, net	164,391	-	-	-	-	-	-	-	164,391
Total Assets	\$ 7,544,430	\$ 5,799,383	\$ 3,843,181	\$ 851,824	\$ 18,753	\$ 1,153,858	\$ 1,001,248	\$ 3,289,692	\$ 16,922,985
Liabilities and Net Assets									
Liabilities:									
Accounts payable and accrued expenses	\$ 301,993	\$ 53,962	\$ 20,952	\$ 3,512	\$ 3,662	\$ 3,500	\$ 1,248	\$ 3,109	\$ 385,720
Funds held as program agent	839,367	723,126	-	-	-	-	1,000,000	-	2,562,493
Project grant advances	264,465	1,802,050	-	569,633	-	-	-	-	2,636,148
Due to affiliates	2,983,011	-	-	119,021	11,263	114,096	-	3,227,391	-
Home buyers' deposits held in escrow	-	9,498	-	-	-	-	-	-	9,498
Deferred revenue	21,000	-	-	-	-	-	-	-	21,000
Construction reserve	-	175,645	-	20,375	-	-	-	-	196,020
Loans payable	-	840,000	-	-	-	-	-	-	840,000
Total Liabilities	4,409,836	3,604,281	20,952	712,541	14,925	117,596	1,001,248	3,230,500	6,650,879
Net Assets:									
Unrestricted	2,080,369	2,135,910	3,822,229	139,283	3,828	981,858	-	(54,404)	9,217,881
Temporarily restricted	1,038,725	59,192	-	-	-	54,404	-	113,596	1,038,725
Permanently restricted	15,500	-	-	-	-	-	-	-	15,500
Total Net Assets	3,134,594	2,195,102	3,822,229	139,283	3,828	1,036,262	-	59,192	10,272,106
Total Liabilities and Net Assets	\$ 7,544,430	\$ 5,799,383	\$ 3,843,181	\$ 851,824	\$ 18,753	\$ 1,153,858	\$ 1,001,248	\$ 3,289,692	\$ 16,922,985

See independent auditors' report.

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Combining Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2016

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
Changes in Unrestricted Net Assets									
Support and Revenue:									
Contributions	\$ 126,794	\$ 228	\$ 228	\$ 228	\$ -	\$ 229	\$ -	\$ -	\$ 127,707
Receipts and government grants on transfer of homes	-	1,385,422	-	-	-	-	-	-	1,385,422
Government grants	194,528	-	-	-	126,634	-	-	126,634	194,528
Special events	93,650	-	-	-	-	-	-	-	93,650
Direct expenses of special events	(31,934)	-	-	-	-	-	-	-	(31,934)
Mortgage counseling	157,900	-	-	-	-	-	-	-	157,900
Technical assistance program	579,477	34,158	-	-	-	-	-	-	613,635
Interest	7,214	1,703	1,859	185	-	4,418	-	-	15,379
Investment interest and dividends	19,210	13,963	84,441	-	-	-	-	-	117,614
Realized and unrealized gains	14,835	10,786	65,210	-	-	-	-	-	90,831
Other income	319,370	-	29,038	-	-	950	-	-	349,358
Reimbursement from affiliates	558,094	-	-	-	-	-	-	558,094	-
Net assets released from restrictions:									
Satisfaction of program restrictions	682,071	59,504	-	-	-	-	-	59,504	682,071
Total Support and Revenue	2,721,209	1,505,764	180,776	413	126,634	5,597	-	744,232	3,796,161
Expenses:									
Program services:									
Project costs	-	1,164,089	7,290	6,359	-	-	-	-	1,177,738
Program support services	1,805,161	62,040	53,887	71,401	-	250	-	187,328	1,805,411
Supporting services:									
Management and general	843,018	341,594	100,030	49,195	148,305	11,510	1,500	497,400	997,752
Fundraising	30,890	-	-	-	-	-	-	-	30,890
Distribution to beneficiaries	59,504	-	-	-	-	-	-	59,504	-
Total Expenses	2,738,573	1,567,723	161,207	126,955	148,305	11,760	1,500	744,232	4,011,791
(Decrease) Increase in Unrestricted Net Assets	(17,364)	(61,959)	19,569	(126,542)	(21,671)	(6,163)	(1,500)	-	(215,630)
Changes in Temporarily Restricted Net Assets:									
Grants	744,330	-	-	-	-	-	-	-	744,330
Interest in net assets of affiliate	-	98,500	-	-	-	-	-	98,500	-
Net assets released from restrictions	(682,071)	(59,504)	-	-	-	-	-	(59,504)	(682,071)
Increase in Temporarily Restricted Net Assets	62,259	38,996	-	-	-	-	-	38,996	62,259
Increase (Decrease) in Net Assets	44,895	(22,963)	19,569	(126,542)	(21,671)	(6,163)	(1,500)	38,996	(153,371)
Net Assets, beginning of year	3,134,594	2,195,102	3,822,229	139,283	3,828	1,036,262	-	59,192	10,272,106
Net Assets, end of year	\$ 3,179,489	\$ 2,172,139	\$ 3,841,798	\$ 12,741	\$ (17,843)	\$ 1,030,099	\$ (1,500)	\$ 98,188	\$ 10,118,735

See independent auditors' report.

**LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES**

Combining Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2015

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
Changes in Unrestricted Net Assets									
Support and Revenue:									
Contributions	\$ 184,615	\$ 5,335	\$ 2,960	\$ 585	\$ -	\$ 1,000,585	\$ -	\$ -	\$ 1,194,080
Receipts and government grants on transfer of homes	-	1,875,563	302,980	234,233	-	-	-	-	2,412,776
Government grants	415,615	-	-	-	19,811	-	-	-	435,426
Special events	120,295	-	-	-	-	-	-	-	120,295
Direct expenses of special events	(34,079)	-	-	-	-	-	-	-	(34,079)
Mortgage counseling	163,397	-	-	-	-	-	-	-	163,397
Technical assistance program	487,199	14,000	-	-	-	-	-	1,558	499,641
Interest	3,874	1,641	7,507	233	-	-	-	-	13,255
Investment interest and dividends	2,861	2,080	12,577	-	-	-	-	-	17,518
Realized and unrealized losses	(6,440)	(4,683)	(28,309)	-	-	-	-	-	(39,432)
Other income	201,138	60,584	32,013	-	-	-	-	-	293,735
Reimbursement from affiliates	656,936	-	-	-	-	-	-	656,936	-
Net assets released from restrictions:									
Satisfaction of program restrictions	494,477	9,381	-	-	-	-	-	9,381	494,477
Total Support and Revenue	2,689,888	1,963,901	329,728	235,051	19,811	1,000,585	-	667,875	5,571,089
Expenses:									
Program services:									
Project costs	-	1,505,866	97,301	179,683	-	-	-	-	1,782,850
Program support services	1,832,277	114,785	99,153	33,128	2,010	-	-	248,624	1,832,729
Supporting services:									
Management and general	785,630	231,725	227,614	45,526	3,550	6,909	-	409,870	891,084
Fundraising	32,299	-	-	-	-	-	-	-	32,299
Distribution to beneficiaries	9,381	-	-	-	-	-	-	9,381	-
Total Expenses	2,659,587	1,852,376	424,068	258,337	5,560	6,909	-	667,875	4,538,962
Increase (Decrease) in Unrestricted Net Assets	30,301	111,525	(94,340)	(23,286)	14,251	993,676	-	-	1,032,127
Changes in Temporarily Restricted Net Assets:									
Grants	563,982	-	-	-	-	-	-	-	563,982
Interest in net assets of affiliate	-	5,000	-	-	-	-	-	5,000	-
Net assets released from restrictions	(494,477)	(9,381)	-	-	-	-	-	(9,381)	(494,477)
Increase (Decrease) in Temporarily Restricted Net Assets	69,505	(4,381)	-	-	-	-	-	(4,381)	69,505
Increase (Decrease) in Net Assets	99,806	107,144	(94,340)	(23,286)	14,251	993,676	-	(4,381)	1,101,632
Net Assets, beginning of year	3,034,788	2,087,958	3,916,569	162,569	(10,423)	42,586	-	63,573	9,170,474
Net Assets, end of year	\$ 3,134,594	\$ 2,195,102	\$ 3,822,229	\$ 139,283	\$ 3,828	\$ 1,036,262	\$ -	\$ 59,192	\$ 10,272,106

See independent auditors' report.

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Combining Statement of Cash Flows

For the Year Ended December 31, 2016

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
Cash Flows from Operating Activities:									
Changes in net assets	\$ 44,895	\$ (22,963)	\$ 19,569	\$ (126,542)	\$ (21,671)	\$ (6,163)	\$ (1,500)	\$ 38,996	\$ (153,371)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:									
Depreciation and amortization	61,044	-	-	-	-	-	-	-	61,044
Realized and unrealized gains	(90,831)	-	-	-	-	-	-	-	(90,831)
Provision for deferred rent	7,207	-	-	-	-	-	-	-	7,207
Changes in operating assets and liabilities:									
(Increase) decrease in assets:									
Accounts receivable	(27,773)	(201,358)	-	-	(126,634)	(1,017)	-	-	(356,782)
Interest in net assets of affiliate	-	(38,996)	-	-	-	-	(38,996)	-	-
Due from affiliates	-	86,921	(264,741)	-	-	-	(177,820)	-	-
Due from escrow agent	-	4,315	-	-	-	-	-	-	4,315
Prepaid expenses and other	2,204	15,591	(3,101)	407	-	-	-	-	15,101
Capitalized project costs	(11,648)	687,483	(111,172)	267,209	-	-	-	-	831,872
Increase (decrease) in liabilities:									
Accounts payable and accrued expenses	16,364	64,342	(128)	554	(161)	-	252	-	81,223
Funds held as program agent	317,181	(18,952)	-	-	-	-	2,249	-	300,478
Project grant advances	(225,508)	(655,834)	-	(305,000)	-	-	-	-	(1,186,342)
Due to affiliates	(112,877)	-	-	128,352	148,466	13,879	-	177,820	-
Home buyers' deposits held in escrow	-	(4,315)	-	-	-	-	-	-	(4,315)
Deferred revenue	6,000	-	-	-	-	-	-	-	6,000
Construction reserve	-	(175,645)	-	-	-	-	-	-	(175,645)
Total adjustments	(58,637)	(236,448)	(379,142)	91,522	21,671	12,862	2,501	(38,996)	(506,675)
Net Cash (Used in) Provided by Operating Activities	(13,742)	(259,411)	(359,573)	(35,020)	-	6,699	1,001	-	(660,046)
Cash Flows from Investing Activities:									
Purchases of investments	(446,639)	-	-	-	-	-	-	-	(446,639)
Sales of investments	345,114	-	-	-	-	-	-	-	345,114
Borrowings of notes receivable	-	-	-	-	-	(244,000)	-	-	(244,000)
Purchase of fixed assets	(83,397)	-	-	-	-	-	-	-	(83,397)
Net Cash Used in Investing Activities	(184,922)	-	-	-	-	(244,000)	-	-	(428,922)
Cash Flows from Financing Activities:									
Proceeds from line of credit	-	-	-	-	-	244,000	-	-	244,000
Net Cash Provided by Financing Activities	-	-	-	-	-	244,000	-	-	244,000
Net (Decrease) Increase in Cash	(198,664)	(259,411)	(359,573)	(35,020)	-	6,699	1,001	-	(844,968)
Cash and Cash Equivalents, beginning of year	2,709,335	2,036,801	1,027,803	164,810	500	1,149,955	1,001,248	-	8,090,452
Cash and Cash Equivalents, end of year	\$ 2,510,671	\$ 1,777,390	\$ 668,230	\$ 129,790	\$ 500	\$ 1,156,654	\$ 1,002,249	\$ -	\$ 7,245,484

See independent auditors' report.

LONG ISLAND HOUSING PARTNERSHIP, INC. AND AFFILIATES

Combining Statement of Cash Flows

For the Year Ended December 31, 2015

	Long Island Housing Partnership, Inc. and Subsidiaries	Long Island Partnership Housing Development Fund Company, Inc.	Nassau/Suffolk Partnership Housing Development Fund Company, Inc.	Long Island Partnership Community Development Corporation	Community Development and Disaster Relief Corporation	Long Island Housing Partnership Community Development Financial Institution, Inc.	HG Housing Development Fund Company, Inc.	Eliminations	Combined
Cash Flows from Operating Activities:									
Changes in net assets	\$ 99,806	\$ 107,144	\$ (94,340)	\$ (23,286)	\$ 14,251	\$ 993,676	\$ -	\$ (4,381)	\$ 1,101,632
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:									
Depreciation and amortization	46,006	-	-	-	-	-	-	-	46,006
Realized and unrealized losses	39,432	-	-	-	-	-	-	-	39,432
Change in allowance for doubtful accounts	15,000	-	-	-	-	-	-	-	15,000
Provision for deferred rent	10,226	-	-	-	-	-	-	-	10,226
Changes in operating assets and liabilities:									
(Increase) decrease in assets:									
Accounts receivable	36,217	296,968	-	-	(16,864)	-	-	(1,720)	318,041
Interest in net assets of affiliate	-	4,381	-	-	-	-	-	4,381	-
Due from affiliates	170,579	(452,376)	(2,703,146)	-	-	-	-	(2,984,943)	-
Due from escrow agent	-	18,637	6,600	-	-	-	-	-	25,237
Prepaid expenses and other	(1,933)	(4,098)	(2,396)	(553)	-	-	-	-	(8,980)
Capitalized project costs	(2,367)	1,192,055	81,543	(349,962)	-	-	-	-	921,269
Increase (decrease) in liabilities:									
Accounts payable and accrued expenses	74,171	(394,832)	629	12	(938)	-	1,204	1,720	(321,474)
Funds held as program agent	(206,060)	(528,697)	-	-	-	-	-	-	(734,757)
Project grant advances	185,253	(931,111)	(3,005)	305,000	-	-	-	-	(443,863)
Due to affiliates	2,983,011	-	(69,670)	74,096	3,551	(6,045)	-	2,984,943	-
Home buyers' deposits held in escrow	-	(18,637)	(6,600)	-	-	-	-	-	(25,237)
Deferred revenue	3,000	-	-	-	-	-	-	-	3,000
Construction reserve	-	51,423	-	20,375	-	-	-	-	71,798
Total adjustments	3,352,535	(766,287)	(2,696,045)	48,968	(14,251)	(6,045)	1,204	4,381	(84,302)
Net Cash Provided by (Used in) Operating Activities	3,452,341	(659,143)	(2,790,385)	25,682	-	987,631	1,204	-	1,017,330
Cash Flows from Investing Activities:									
Purchases of investments	(4,026,750)	-	-	-	-	-	-	-	(4,026,750)
Sales of investments	9,232	-	-	-	-	-	-	-	9,232
Repayments of notes receivable	-	-	-	-	-	12,324	-	-	12,324
Purchase of fixed assets	(80,784)	-	-	-	-	-	-	-	(80,784)
Net Cash (Used in) Provided by Investing Activities	(4,098,302)	-	-	-	-	12,324	-	-	(4,085,978)
Cash Flows from Financing Activities:									
Repayments of loans payable	-	-	(25,000)	-	-	-	-	-	(25,000)
Net Cash Used in Financing Activities	-	-	(25,000)	-	-	-	-	-	(25,000)
Net (Decrease) Increase in Cash	(645,961)	(659,143)	(2,815,385)	25,682	-	999,955	1,204	-	(3,093,648)
Cash and Cash Equivalents, beginning of year	3,355,296	2,695,944	3,843,188	139,128	500	150,000	1,000,044	-	11,184,100
Cash and Cash Equivalents, end of year	\$ 2,709,335	\$ 2,036,801	\$ 1,027,803	\$ 164,810	\$ 500	\$ 1,149,955	\$ 1,001,248	\$ -	\$ 8,090,452

See independent auditors' report.

**LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES**

Combined Statement of Functional Expenses

For the Year Ended December 31, 2016

	Program Services		Supporting Services		Total
	Project Costs	Program Support Services	Management and General	Fundraising	
Project Costs	\$ 1,177,738	\$ -	\$ -	\$ -	\$ 1,177,738
Salaries, Payroll Taxes and Benefits	-	1,340,815	634,861	19,583	1,995,259
Professional Services	-	77,070	173,408	2,675	253,153
Rent and Utilities	-	84,176	39,858	1,229	125,263
Insurance	-	23,879	40,594	-	64,473
Travel and Auto	-	14,402	7,030	-	21,432
Conference and Meetings	-	29,835	14,563	-	44,398
Hurricane Sandy Distributions	-	24,625	-	-	24,625
Postage	-	33,361	16,284	-	49,645
Printing	-	14,465	7,060	1,787	23,312
Office Supplies and Equipment	-	34,782	16,976	-	51,758
Repairs and Maintenance	-	10,725	5,078	157	15,960
Depreciation and Amortization	-	41,022	20,022	-	61,044
Telephone	-	11,684	5,532	171	17,387
Outreach	-	9,456	4,616	4,788	18,860
Subscriptions and Publications	-	10,286	5,020	-	15,306
Other	-	44,828	6,850	500	52,178
Total Expenses	\$ 1,177,738	\$ 1,805,411	\$ 997,752	\$ 30,890	\$ 4,011,791

**LONG ISLAND HOUSING PARTNERSHIP, INC.
AND AFFILIATES**

Combined Statement of Functional Expenses

For the Year Ended December 31, 2015

	Program Services		Supporting Services		Total
	Project Costs	Program Support Services	Management and General	Fundraising	
Project Costs	\$ 1,782,850	\$ -	\$ -	\$ -	\$ 1,782,850
Salaries, Payroll Taxes and Benefits	-	1,274,509	583,913	21,383	1,879,805
Professional Services	-	106,088	134,900	800	241,788
Rent and Utilities	-	88,212	30,053	1,360	119,625
Insurance	-	23,919	41,352	-	65,271
Travel and Auto	-	18,068	6,475	-	24,543
Conference and Meetings	-	28,544	13,556	-	42,100
Hurricane Sandy Distributions	-	53,335	-	-	53,335
Postage	-	40,924	14,576	-	55,500
Printing	-	22,159	8,966	4,408	35,533
Office Supplies and Equipment	-	38,250	12,914	-	51,164
Repairs and Maintenance	-	10,736	3,669	166	14,571
Depreciation and Amortization	-	31,192	14,814	-	46,006
Telephone	-	15,013	5,131	232	20,376
Outreach	-	26,968	8,944	3,800	39,712
Subscriptions and Publications	-	5,268	2,502	-	7,770
Other	-	49,544	9,319	150	59,013
Total Expenses	\$ 1,782,850	\$ 1,832,729	\$ 891,084	\$ 32,299	\$ 4,538,962