Praxis Housing Initiatives, Inc.
and Subsidiaries and Affiliates

Consolidated and Combined Financial Statements
(With Supplementary Information)
Schedule of Expenditures of Federal Awards
and Independent Auditor's Reports

June 30, 2021 and 2020

CohnReznick
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Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

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Independent Auditor's Report

To the Board of Directors
Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Report on the Consolidated and Combined Financial Statements

We have audited the accompanying consolidated and combined financial statements of Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates, which comprise the consolidated and combined statements of financial position as of June 30, 2021 and 2020, and the related consolidated and combined statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated and combined financial statements.

Management's Responsibility for the Consolidated and Combined Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and 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 consolidated and combined 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 and combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Praxis White Plains Road Managing Member, Inc., Loring Place North GP, Inc., Praxis White Plains Road, LLC, Loring Place North L.P., and Loring Place North, HDFC, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and 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 consolidated and 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 consolidated and 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 consolidated and combined financial statements referred to above present fairly, in all material respects, the consolidated and combined financial position of Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates as of June 30, 2021 and 2020, 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

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 33, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the consolidating supplementary information on pages 26 through 32 are presented for purposes of additional analysis and are 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates' 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 Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates' internal control over financial reporting and compliance.

CohnReznick LLP

New York, New York
July 1, 2022, except for the schedule of
expenditures of federal awards, for which the
date is September 29, 2022

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Consolidated and Combined Statements of Financial Position
June 30, 2021 and 2020

Assets

	2021	2020
Cash	$ 7,606,753	$ 5,446,503
Accounts receivable, net	7,684,855	4,899,412
Restricted deposits and funded reserves	1,612,599	1,494,078
Prepaid expenses	184,832	140,528
Tax credit fees, net	76,193	82,013
Fixed assets, net	38,523,074	39,845,493
Total assets	$ 55,688,306	$ 51,908,027

Liabilities and Net Assets

	2021	2020
Liabilities		
Accounts payable and accrued expenses	$ 4,011,735	$ 3,070,101
Accrued interest payable	2,490,134	2,073,386
Developer fees payable	-	2,302
Deferred revenue	2,272,553	210,662
Deferred rent payable	814,666	594,970
Mortgages and loans payable, net of unamortized debt issuance costs	25,312,340	25,430,550
Total liabilities	34,901,428	31,381,971
Net assets		
Net assets without donor restrictions, controlling	8,422,192	6,969,391
Net assets without donor restrictions, noncontrolling	12,151,223	13,343,202
Net assets with donor restrictions	213,463	213,463
Total net assets	20,786,878	20,526,056
Total liabilities and net assets	$ 55,688,306	$ 51,908,027

See Notes to Consolidated and Combined Financial Statements.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Consolidated and Combined Statements of Activities
Years Ended June 30, 2021 and 2020

	2021	2020
Revenue and support		
Government grants	$ 42,676,163	$ 28,806,347
Rental income	3,825,269	3,818,072
Interest income	92,506	2,248
Other	133,143	297,893
Total revenue and support	46,727,081	32,924,560
Expenses		
Program services		
Housing services (including interest expense of $769,606 and $771,938)	43,702,083	30,664,354
Supporting services		
Management and general	2,618,854	2,384,403
Fundraising and development	145,322	133,250
Total supporting services	2,764,176	2,517,653
Total expenses	46,466,259	33,182,007
Change in net assets without donor restrictions	260,822	(257,447)
Change in net assets attributable to noncontrolling interest	(1,191,979)	(1,303,983)
Change in net assets attributable to controlling interest	$ 1,452,801	$ 1,046,536

See Notes to Consolidated and Combined Financial Statements.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Consolidated and Combined Statements of Changes in Net Assets
Years Ended June 30, 2021 and 2020

	Without donor restrictions		With donor restrictions	Total net assets
	Controlling	Noncontrolling	Controlling	
Balance, June 30, 2019	$ 5,922,855	$ 14,447,185	$ 213,463	$ 20,583,503
Contributions	-	200,000	-	200,000
Change in net assets	1,046,536	(1,303,983)	-	(257,447)
Balance, June 30, 2020	6,969,391	13,343,202	213,463	20,526,056
Change in net assets	1,452,801	(1,191,979)	-	260,822
Balance, June 30, 2021	$ 8,422,192	$ 12,151,223	$ 213,463	$ 20,786,878

See Notes to Consolidated and Combined Financial Statements.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Consolidated and Combined Statement of Functional Expenses
Year Ended June 30, 2021

	Program services	Supporting services			
	Housing services	Management and general	Fundraising and development	Total supporting services	Total program and supporting services
Salaries	$ 7,846,576	$ 679,079	$ 57,000	$ 736,079	$ 8,582,655
Payroll taxes and benefits	1,793,546	152,326	12,786	165,112	1,958,658
Total personnel costs	9,640,122	831,405	69,786	901,191	10,541,313
Professional fees	-	174,078	-	174,078	174,078
Occupancy costs	24,638,598	205,357	22,817	228,174	24,866,772
Insurance	939,434	21,986	2,443	24,429	963,863
Office supplies	1,574,734	44,917	4,058	48,975	1,623,709
Maintenance, repairs and equipment rental	1,343,380	17,270	1,769	19,039	1,362,419
Travel	2,470	203	23	226	2,696
Interest expense	769,606	-	-	-	769,606
Other	3,347,461	1,310,781	42,998	1,353,779	4,701,240
Depreciation and amortization	1,446,278	12,857	1,428	14,285	1,460,563
Total expenses	$ 43,702,083	$ 2,618,854	$ 145,322	$ 2,764,176	$ 46,466,259

See Notes to Consolidated and Combined Financial Statements.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Consolidated and Combined Statement of Functional Expenses
Year Ended June 30, 2020

	Program services	Supporting services			Total program and supporting services
	Housing services	Management and general	Fundraising and development	Total supporting services	
Salaries	$ 7,715,370	$ 679,079	$ 57,000	$ 736,079	$ 8,451,449
Payroll taxes and benefits	1,618,380	142,013	11,920	153,933	1,772,313
Total personnel costs	9,333,750	821,092	68,920	890,012	10,223,762
Professional fees	-	264,081	-	264,081	264,081
Occupancy costs	14,577,787	201,106	22,345	223,451	14,801,238
Insurance	737,101	63,588	7,065	70,653	807,754
Office supplies	1,378,574	55,649	5,388	61,037	1,439,611
Maintenance, repairs and equipment rental	906,515	25,378	1,994	27,372	933,887
Travel	-	1,247	139	1,386	1,386
Interest expenses	771,938	-	-	-	771,938
Other	1,544,956	935,211	25,505	960,716	2,505,672
Depreciation and amortization	1,413,733	17,051	1,894	18,945	1,432,678
Total expenses	$ 30,664,354	$ 2,384,403	$ 133,250	$ 2,517,653	$ 33,182,007

See Notes to Consolidated and Combined Financial Statements.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Consolidated and Combined Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 260,822	$ (257,447)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,460,563	1,432,678
Amortization of debt issuance costs	25,029	48,599
Bad debt expense	235,769	187,586
Changes in accounts receivable	(3,021,212)	(531,321)
Changes in prepaid expenses	(44,304)	(16,056)
Changes in accounts and accrued expenses payable	941,634	1,199,140
Changes in accrued interest expense	416,748	417,885
Changes in deferred rent payable	219,696	-
Changes in deferred revenue	2,061,891	393,703
Net cash provided by operating activities	2,556,636	2,874,767
Cash flows from investing activities		
Purchase of fixed assets	(134,626)	(295,852)
Net change in restricted deposits and funded reserves	(118,521)	(386,315)
Net cash used in investing activities	(253,147)	(682,167)
Cash flows from financing activities		
Contributions by noncontrolling interests	-	200,000
Repayments of mortgages payable	(143,239)	(155,198)
Proceeds from line of credit	-	750,000
Proceeds from Paycheck Protection Program federal loan	-	1,029,347
Net cash (used in) provided by financing activities	(143,239)	1,824,149
Net increase in cash and restricted cash	2,160,250	4,016,749
Cash and restricted cash, beginning of year	5,446,503	1,429,754
Cash and restricted cash, end of year	$ 7,606,753	$ 5,446,503
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 327,829	$ 305,454

See Notes to Consolidated and Combined Financial Statements.

Note 1 - Organization

Praxis Housing Initiatives, Inc. (the "Parent," the "Corporation," or "PHI") is a nonprofit organization established pursuant to the laws of New York State. PHI has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The mission of Praxis Housing Initiatives, Inc. is to stabilize chronically homeless persons with multiple diagnoses, such as HIV/AIDS, mental health, chemical dependency, and other special needs through clean, safe housing and support services that lead to recovery, stability, and ultimately, independence. The Organization provides case management services, permanent housing placement, vocational training and job placement, referrals to mental health and substance abuse treatment programs. Government contract revenue is provided by various government agencies at federal, New York State and City levels. Rental income, in the form of per diem reimbursements, is primarily provided by New York City Division of HIV/AIDS Services Administration ("HASA") and through its investments and management of affordable housing real estate entities.

The following subsidiaries include two corporations (collectively, the "Managing Member Entities") which are wholly owned by PHI:

Entity name	State incorporated	Date formed	Interest in For-Profit Housing Subsidiary
Praxis White Plains Road Managing Member, Inc.	New York	August 25, 2011	.01% controlling interest in Praxis White Plains Road, LLC
Loring Place North GP, Inc.	New York	August 13, 2014	.01% controlling interest in Loring Place North L.P.

The following two for-profit housing entities (collectively, the "Real Estate Entities") are entities in which the Managing Member Entities have a controlling interest:

Entity name	State incorporated	Date formed / acquired	Purpose
Praxis White Plains Road, LLC	New York	February 19, 2010	60-unit residential affordable housing property located in the Bronx, New York to house formerly homeless individuals.
Loring Place North L.P.	New York	August 13, 2014	66-unit residential affordable housing property located in the Bronx, New York to house formerly homeless persons with special needs as well as neighborhood residents who meet the income guidelines for community units.

Loring Place North, HDFC, a nonprofit affiliate of PHI in which PHI controls through common board membership is combined with PHI (individually "LPN HDFC" and collectively with PHI the "Corporate Entities"). LPN HDFC has no activity for the years ended June 30, 2021 and 2020.

Principles of consolidation and combination
The consolidated and combined financial statements include PHI and its two wholly owned corporate subsidiaries, one nonprofit entity in which PHI controls through common board membership and two partnership entities in which PHI has a managing member interest, as required by accounting principles generally accepted in the United States of America ("GAAP"), which are further described below.

The consolidated and combined entity is collectively referred to as the "Organization".

Based on the provisions of ASC Topic 810, the Corporation determined that the presumption of control for the entities in which PHI is the managing member had not been overcome, and as a result, PHI is required to consolidate the financial statements of those entities.

The accompanying consolidated and combined financial statements are prepared on a consolidated and combined basis and include the activities, as of and for the years ended June 30, 2021 and 2020, of entities controlled by PHI through its sponsorship in other nonprofit entities or its controlling interest in for-profit entities.

All significant intercompany balances and transactions have been eliminated in consolidation and combination.

Note 2 - Summary of significant accounting policies

Basis of accounting
The consolidated and combined financial statements of Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of presentation
The Organization presents its financial statements in accordance with the accounting guidance for nonprofit entities. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - controlling - represent expendable resources that are used to carry out the operations of the Organization and are not subject to donor-imposed stipulations.

Net assets without donor restrictions - noncontrolling - represent the aggregate balance as of June 30, 2021 and 2020 of limited partner equity interest in the nonwholly owned tax credit holding entity that is included in the consolidated and combined financial statements.

Net assets with donor restrictions - generally, net assets subject to donor imposed restrictions. Since donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

As of June 30, 2021 and 2020, the Corporation has net assets with donor restrictions of $213,463.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Accounts receivable, net
Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of June 30, 2021 and 2020, allowance for doubtful accounts was $877,810 and $642,040, respectively.

Tax credit fees
Costs related to obtaining low-income housing tax credits are being amortized over the mandatory 15-year compliance period. Amortization expense for the years ended June 30, 2021 and 2020 was $5,820 and $5,799, respectively. Annual amortization expense relating to tax credits for each of the next five years through June 30, 2026 is estimated to be $6,353 each year.

Fixed assets
Building and building improvements, furniture, fixtures and equipment, less accumulated depreciation or amortization are computed on the straight-line method.

The estimated useful lives are as follows:

	Estimated useful lives
Building	30 to 40 years
Building improvements	10 years
Furniture, fixtures and equipment	3 to 7 years

Impairment of long-lived assets
The Organization reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses were recognized for the years ended June 30, 2021 and 2020.

Vacation and sick time
Employees are granted vacation and sick time in varying amounts. Vacation leave has been accrued at June 30, 2021 and 2020 in the amount of $202,821 and $157,133, respectively. Employees are not reimbursed for accumulated sick leave at termination; accordingly, it has not been accrued in these consolidated and combined financial statements.

Debt issuance costs
Debt issuance costs, net of accumulated amortization, are reported as direct reduction from the face amount of the mortgage notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed rate on the related loan.

Grant and contribution revenue recognition
Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Organization, the revenue from the grant or contract is accounted for as an exchange transaction in accordance with ASU 2014-09. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as deferred revenue.

Contributions and contributions receivable
Transactions where the resource provider often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as deferred revenue.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received. Conditional and unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Rental income
Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Real Estate Entities and the tenants of the properties are operating leases.

Developer fee revenue recognition
PHI receives fees for project development services for the Real Estate Entities it organizes pursuant to fee agreements. The fees are generally earned over the development period based on a percentage of completion basis. Such fee agreements typically require PHI to provide guarantees as to project completion and payment of any development cost overruns and operating deficits for a period of time. PHI evaluates and estimates its projected exposure to additional costs under such guarantees and defers revenue recognition accordingly. Development fees that are deferred and payable from the respective property's cash flow have been eliminated through consolidation.

Functional allocation of expenses
The Organization reports its expenses on a functional basis. The Organization's program services are all related to one program, which is providing affordable housing to low-income individuals; therefore, all expenses reported in the consolidated and combined financial statements are related to the affordable housing program. Costs common to multiple functions have been allocated based on time and effort measurements. Management and general expenses include costs not identifiable with any specific program, but which provide for the overall support and direction of the Organization.

The costs of providing various programs and activities have been summarized on a functional basis in the consolidated and combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising expense
Advertising costs are expensed as they are incurred.

Income taxes
The Corporate Entities have applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as tax-exempt entities pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the years ended June 30, 2021 and 2020. Due to their tax-exempt status, the Corporate Entities are not subject to income taxes. The Corporate Entities are required to file and do file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Corporate Entities have no other tax positions which must be considered for disclosure. The Corporate Entities are no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years ended June 30, 2017 and prior.

The Managing Member Entities operate as corporations and are subject to income taxes. The Managing Member Entities account for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for temporary differences between financial statement and income tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. No taxable income was reported by the Managing Member Entities as of June 30, 2021 and 2020, and no temporary differences between financial statement and income tax bases of assets or liabilities which are required to be reported existed at June 30, 2021 and 2020. Accordingly, the consolidating and combining financial statements do not reflect a provision for income taxes or deferred tax assets or liabilities, and the Managing Member Entities have no other tax positions which must be considered for disclosure. The Managing Member Entities are no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2017.

The Real Estate Entities have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by the owners on their respective income tax returns. The Real Estate Entities' federal tax status as pass-through entities is based on their legal status as partnerships or limited liability companies. Accordingly, the Real Estate Entities are not required to take any tax positions in order to qualify as pass-through entities. The Real Estate Entities are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Real Estate Entities have no other tax positions which must be considered for disclosure. The Real Estate Entities are no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2018.

Note 3 - Liquidity and availability

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As of June 30, 2021 and 2020, the Organization's liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

	2021	2020
Financial assets at fiscal year-end		
Cash and cash equivalents	$ 7,606,753	$ 5,446,503
Accounts receivable	7,684,855	4,899,412
Financial assets available to meet general expenditures over the next 12 months	$ 15,291,608	$ 10,345,915

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget to anticipate collecting sufficient revenue to cover general expenditures. Only amounts related to restricted deposits and funded reserves anticipated to be used more than one year after the consolidated and combined statement of financial position date have been excluded from the above amounts.

Note 4 - Accounts receivable

Accounts receivable balances as of June 30, 2021 and 2020 are as follows:

	2021	2020
Government contracts		
NYC Department of Social Services of the Human Resources Administration - HASA	$ 2,940,500	$ 3,453,219
NYC Department of Homeless Services	3,757,625	-
NYC Department of Health	41,203	1,217,344
Other	1,823,337	870,889
Total government contracts	8,562,665	5,541,452
Less allowance for doubtful accounts	(877,810)	(642,040)
Total	$ 7,684,855	$ 4,899,412

Note 5 - Fixed assets

Fixed assets consist of the following as of June 30, 2021 and 2020:

	2021	2020
Land	$ 4,205,894	$ 4,205,894
Building and building improvements	40,920,027	40,829,777
Furniture, fixtures and equipment	2,635,778	2,593,704
	47,761,699	47,629,375
Less accumulated depreciation and amortization	(9,238,625)	(7,783,882)
	$ 38,523,074	$ 39,845,493

Note 6 - Restricted deposits and funded reserves

Pursuant to the respective loan agreements and regulatory agreements, certain entities are required to establish reserves. A summary of restricted cash as of June 30, 2021 and 2020 for the Organization is as follows:

	2021	2020
Replacement reserves	$ 201,479	$ 169,729
Operating reserves	916,404	916,329
Mortgage escrows	459,016	372,320
Debt service reserves	35,700	35,700
	$ 1,612,599	$ 1,494,078

Note 7 - Mortgages and loans payable

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates have outstanding mortgages and loans payable that are secured by various properties. The details of the mortgages and loans are as follows:

Mortgage and loan detail	Outstanding principal as of June 30, 2021	Outstanding principal as of June 30, 2020
A. In response to the coronavirus ("COVID-19") outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program ("PPP") to provide small business loans. On April 20, 2020, the Organization received loan proceeds in the amount of $1,029,347 under the Paycheck Protection Program ("PPP"). The loans and accrued interest are eligible for forgiveness as long as the borrower uses the loan proceeds for eligible purposes in accordance with the PPP. The loan bears interest at 1%. Payments of interest-only are due through maturity or loan forgiveness. April 20, 2022, the maturity date. The loan is unsecured.	$ 1,029,347	$ 1,029,347
B. Construction loan bears interest at 7% per annum. The loan converted to a 15-year mortgage in December 2014. Monthly payments of interest and principal are $9,168 to maturity. The loan is secured by the underlying real property.	708,331	766,534
C. NYCHPD provided a mortgage loan of $8,125,000 for the construction of the building on White Plains Road. The loan bears interest at 1.30% per annum and matures on November 25, 2064. There are no required payments under the mortgage agreement and the loan will be "forgiven" at maturity, assuming all terms and the loan is expected conditions are met the by Partnership. The loan is secured by the underling real property.	8,125,000	8,125,000

	Mortgage and loan detail	Outstanding principal as of June 30, 2021	Outstanding principal as of June 30, 2020
D.	In June 2015, Loring Place entered into a construction financing loan from Citibank in the maximum amount of $14,825,141. The loan initially matured on December 1, 2017 with extension options that extended the maturity to December 1, 2018. The loan bears interest at approximately 3.86%. Upon permanent conversion, the Partnership is required to paydown the principal balance on the loan in the amount of $9,651,598. On November 14, 2018, the loan converted to permanent financing. The permanent loan bears interest at a fixed rate of 4.76% and requires monthly payments of principal and interest of $27,019 beginning January 1, 2019.	4,966,992	5,052,567
E.	In June 2015, Loring Place borrowed $1,000,000 for construction financing from Citibank. The loan is a subordinated loan, matures on June 1, 2070 and bears interest at 1%. Interest is due annually on June 1 of each year, but is deferred until the maturity of the senior mortgage loan on the project. Additionally, the interest rate cannot exceed 75% of the "residual receipts" when the project becomes operational.	1,000,000	1,000,000
F.	In June 2015, Loring Place received $8,763,434 from HPD to be used for construction. These funds are also part of the permanent financing for the project and will be forgiven at maturity date of November 14, 2073, which is the 50-year anniversary of the beginning of operations, assuming all terms and conditions have been met.	8,763,434	8,763,434
G.	In June 2015, Loring Place borrowed $382,000 for construction financing from Citibank. The loan bears interest at 0.25% and is initially due on December 1, 2017. The maturity date will automatically be extended to the maturity extended date of the senior mortgage loan.	382,000	382,000
H.	In 2020 the Company entered into a line of credit in the aggregate amount of $1,000,000. The outstanding balance bears interest at 6.17%. Interest payments are due monthly through August 17, 2020, the maturity date.	750,000	750,000
	Total mortgages payable	25,725,104	25,868,882
	Less unamortized closing costs	(412,764)	(438,332)
	Total	$ 25,312,340	$ 25,430,550

During the years ended June 30, 2021 and 2020, total interest costs incurred were $769,606 and $771,938, respectively, inclusive of amortization of debt issuance cost of $25,029 and $48,599, respectively.

Debt issuance costs, net of accumulated amortization, totaled $412,764 and $438,332, respectively, as of June 30, 2021 and 2020 and are related to the Real Estate Entities' first mortgages and are amortized based on imputed interest rates of their corresponding debt.

The following are the maturities of the mortgages for the next five years and beyond:

June 30, 2022	$	1,181,496
2023		161,027
2024		170,443
2025		180,431
2026		191,028
Thereafter		23,840,679
Total mortgages payable		25,725,104
Less unamortized debt issuance costs		(412,764)
Balance, net	$	25,312,340

Note 8 - Net assets with donor restrictions

The changes in net assets with donor restrictions are as follows:

	2021		2020	
Beginning balance	$	213,463	$	213,463
Additions		-		-
Releases		-		-
Ending balance	$	213,463	$	213,463

Note 9 - Lease obligations

PHI has several lease agreements for office space and apartments. Rent expense and real estate taxes for real property amounted to approximately $22,766,205 and $13,012,156 for the years ended June 30, 2021 and 2020, respectively. Rent expense for personal property amounted to $95,866 and $74,563 for the years ended June 30, 2021 and 2020, respectively.

Approximate future minimum annual rental payments are as follows:

Year ending June 30,	Total	
June 30, 2022	$	5,665,478
2023		5,815,783
2024		4,383,572
2025		5,084,549
2026		5,094,150
Thereafter		3,775,601
	$	29,819,133

Note 10 - Noncontrolling interest

The Corporation has controlling interest in two entities which are consolidated in the accompanying financial statements as required by GAAP. As of June 30, 2021 and 2020, noncontrolling ownership interests are as follows:

Real Estate Entity	Percentage of ownership	Noncontrolling interest as of June 30, 2021	Noncontrolling interest as of June 30, 2020
Praxis White Plains Road LLC	99.99%	$ 6,302,800	$ 6,634,440
Loring Place North L.P.	99.99%	5,848,423	6,708,762
		$ 12,151,223	$ 13,343,202

Praxis White Plains Road LLC was expected to receive capital contributions totaling $9,816,883 from its investor member when certain milestones were achieved in accordance with the operating agreement. As of June 30, 2021 and 2020, the investor member had funded capital contributions in full.

Loring Place North, L.P. was expected to receive capital contributions totaling $11,052,544 from its investor member when certain milestones were achieved in accordance with the operating agreement. As of June 30, 2021 and 2020, the investor member had funded cumulative capital contributions of $11,052,544 and $11,052,544, respectively. As of June 30, 2021 and 2020, capital contributions of $0 and $0, respectively, were receivable from the investor member.

Note 11 - Employee benefit plan

PHI has a defined contribution salary deferral 403(b) plan (the "Plan") covering all eligible employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. PHI may make a discretionary contribution to the Plan. There were no contributions made by PHI to the Plan during 2021 and 2020.

Note 12 - Related party transactions

Developer fee

PHI earns all of its developer fee income from affiliated entities. PHI has entered into contracts for various development services and developer fees with the Real Estate Entities. In accordance with GAAP, developer fees that are expected to be paid by investor equity are not eliminated in the consolidated and combined financial statements while developer fees that are expected to be paid by operational cash flow of the affiliates are eliminated in consolidation.

Management fees

PHI earns fees for the management of the Real Estate Entities. Management fees earned are expensed as incurred at the Real Estate Entity level and are paid from operations. All amounts are eliminated in consolidation.

Note 13 - Concentration of credit risk

The Organization maintains its cash balances in several accounts in various banks. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2021.

Note 14 - Real estate taxes

PHI is organized as a community housing development organization and meets the requirements of a charitable organization as provided in the 420-c Property Tax Code. On behalf of the Real Estate Entities, PHI and the Managing Member Entities have entered into tax abatement agreements with HPD under a tax incentive program, which provides for a tax exemption for low-income housing developed with tax credits. The tax abatements for Praxis White Plains Road, LLC and Loring Place North, L.P. expire on June 26, 2062 and June 19, 2075, respectively. No real estate tax expense was incurred for the years ended June 30, 2021 and 2020 on either property.

Note 15 - Tenant assistance payments

Praxis White Plains Road LLC receives tenant subsidies from New York City Housing and Preservation Development under a housing assistance payment contract that expires June 25, 2027. The total subsidy revenue received during the years ended June 30, 2021 and 2020 was $610,370 and $591,434, respectively.

Praxis White Plains Road LLC receives tenant assistance payments to provide services and other services from The New York City Department of Health and Mental Hygiene. The initial contract, which expired on June 30, 2016, included the option to renew for two periods of three years each. During 2019, the contract was extended through June 30, 2022 in accordance with the terms of the contract. The total subsidy earned during the year ended June 30, 2021 was $696,430, of which $594,380 was related to services and $102,050 was related to tenant assistance payments. The total subsidy earned during the year ended June 30, 2020 was $645,982, of which $536,863 was related to services and $109,120 was related to tenant assistance payments.

Praxis Housing Initiatives, Inc., has contracted with the New York City Department of Homeless Services on behalf of Praxis White Plains Road LLC in the total amount of $734,400, to provide services to the project. The contract is to provide reimbursement for certain allowable costs in accordance with the agreement and was scheduled to expire on June 30, 2020. During 2020, the contract was extended through June 30, 2021. The total subsidy earned during the years ended June 30, 2021 and 2020 was $123,343 and $135,720, respectively.

New York City Housing Authority ("NYCHA") has entered into a contract with the Loring Place North, L.P. pursuant to Section 8 of the Housing Act of 1937 to make housing assistance payments to the Partnership on behalf of qualified tenants. The agreement is for a contract covering 50 units. The contract has an initial 15-year term with an additional 15-year extension subject to NYCHA's approval and Congressional appropriations for the Section 8 program. For the years ended June 30, 2021 and 2020, $616,211 and $664,741, respectively, of subsidy was received and included in rental income on the accompanying consolidated and combined statements of activities.

Note 16 - Commitments, contingencies and concentrations

Litigation

In the ordinary course of the Organization's business, the Organization may be involved in various lawsuits, claims and assessments. In the opinion of management, no provisions are required to be made in the accompanying consolidated and combined financial statements as a result of these lawsuits, claims and assessments.

Coronavirus

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of program revenue and other material adverse effects to the Organization's financial position, results of operations, and cash flows. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Organization may have to seek alternative measures to finance its operations. There is no assurance these measures will be successful. The financial statements do not include any adjustments that might result if the Organization is unable to continue as a going concern.

The Corporation has positioned itself to minimize the future financial impact of COVID-19 related scenarios. As of the report date, the Corporation has obtained additional COVID financing for its programs and have modified staffing and expenditures to meet the changing needs of constituents due to the pandemic. Through such endeavors, management has been able to realign resources to provide much needed cash assistance to impacted families in the community. Management will continue to assess the needs of our community and utilize best health and safety practices to meet those needs, while making fiscally responsible decisions that allows the Corporation to continue to operate effectively.

Government grants and contracts

The Organization has contracted with various funding agencies to perform certain services and receives revenue from the federal, state and local agencies. Reimbursements received under these contracts are subject to audit by the federal, state and local agencies as well as other agencies. Upon audit, if discrepancies are discovered, the Organization could be held responsible for reimbursing the agencies for the amounts in question. The industry is subject to voluminous and complex laws and regulations of federal, state and local agencies. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws and false claims prohibitions.

Current vulnerability due to certain concentrations

The Organization's operations are concentrated in the multifamily real estate market in New York City. In addition, the Organization operates in a heavily regulated environment. The operations of the multifamily real estate projects managed by the Organization are subject to the administrative directives, rules and regulations of federal, state and local agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the IRS, state or local agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with the change.

Low-income housing tax credits

The project's low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specific time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require adjustment to the contributed capital by limited partners.

Operating deficit guaranty

The Managing Member Entities of the respective Real Estate Entities has guaranteed to lend to the respective Real Estate Entity any amounts required to fund operating deficits incurred by the project during the operating deficit guaranty period as defined in the Partnership or Operating Agreement, up to a total amount of $1,402,089. As of June 30, 2021 and 2020, there was no funding under this guaranty.

Tax credit recapture guaranty

The Managing Member Entities of the Real Estate Entities guarantee that they will reimburse the Investor Members for certain amounts if there is a "tax credit recapture event," as set forth in their respective Operating Agreements. As of the date of this report, no amounts have been funded under this guaranty.

Note 17 - Subsequent events

Events that occur after the consolidated and combined statement of financial position date but before the consolidated and combined financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated and combined statement of financial position date are recognized in the accompanying consolidated and combined financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated and combined statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Corporation through July 1, 2022 (the date the consolidated and combined financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the consolidated and combined financial statements or disclosure in the notes to the consolidated and combined financial statements.

Supplementary Information

Consolidating Schedules

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Consolidating Statement of Financial Position
June 30, 2021

	Praxis Housing Initiatives, Inc.	Managing Member Entities	Real Estate Entities	Eliminating Entries	Total
Assets					
Cash	$ 6,966,720	$ -	$ 640,033	$ -	$ 7,606,753
Accounts receivable, net	7,452,110	-	860,764	(628,019)	7,684,855
Investments in joint ventures	(762)	(762)	-	1,524	-
Developer fees receivable, net	1,072,619	-	-	(1,072,619)	-
Restricted deposits and funded reserves	-	-	1,612,599	-	1,612,599
Prepaid expenses	184,832	-	-	-	184,832
Tax credit fees, net	-	-	76,193	-	76,193
Fixed assets, net	1,874,468	-	37,889,534	(1,240,928)	38,523,074
Total assets	$ 17,549,987	$ (762)	$ 41,079,123	$ (2,940,042)	$ 55,688,306
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	$ 3,877,115	$ -	$ 134,620	$ -	$ 4,011,735
Accrued interest payable	-	-	2,490,134	-	2,490,134
Developer fees payable	-	-	1,614,355	(1,614,355)	-
Deferred revenue	1,821,603	-	450,950	-	2,272,553
Due from affiliate	-	-	628,019	(628,019)	-
Deferred rent payable	814,666	-	-	-	814,666
Mortgages and loans payable, net of unamortized debt issuance costs	1,779,347	-	23,532,993	-	25,312,340
Total liabilities	8,292,731	-	28,851,071	(2,242,374)	34,901,428
Net assets					
Net assets without donor restrictions, controlling	9,043,793	(762)	76,829	(697,668)	8,422,192
Net assets without donor restrictions, noncontrolling	-	-	12,151,223	-	12,151,223
Net assets with donor restrictions	213,463	-	-	-	213,463
Total net assets	9,257,256	(762)	12,228,052	(697,668)	20,786,878
Total liabilities and net assets	$ 17,549,987	$ (762)	$ 41,079,123	$ (2,940,042)	$ 55,688,306

See Independent Auditor's Report.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Consolidating Statement of Activities
Year Ended June 30, 2021

	Praxis Housing Initiatives, Inc.	Managing Member Entities	Real Estate Entities	Eliminating Entries	Total
Revenue and support					
Government grants	$ 42,676,163	$ -	$ -	$ -	$ 42,676,163
Rental income	444,532	-	3,380,737	-	3,825,269
Investment loss - rental property	(241)	(110)	-	351	-
Management/developer fee income	295,021	-	-	(295,021)	-
Interest income	43,933	-	-	48,573	92,506
Other	9,800	-	123,343	-	133,143
Total revenue and support	43,469,208	(110)	3,504,080	(246,097)	46,727,081
Expenses					
Program services					
Housing services	40,324,812	-	3,672,292	(295,021)	43,702,083
Supporting services					
Management and administration	1,594,966	-	1,023,888	-	2,618,854
Fundraising and development	145,322	-	-	-	145,322
Total supporting services	1,740,288	-	1,023,888	-	2,764,176
Total expenses	42,065,100	-	4,696,180	(295,021)	46,466,259
Change in net assets without donor restrictions	1,404,108	(110)	(1,192,100)	48,924	260,822
Change in net assets attributable to noncontrolling interest	-	-	(1,191,979)	-	(1,191,979)
Change in net assets attributable to controlling interest	$ 1,404,108	$ (110)	$ (121)	$ 48,924	$ 1,452,801

See Independent Auditor's Report.

Combining Schedules

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Schedule of Combining Statement of Financial Position - Managing Member Entities
June 30, 2021

Assets

	Praxis White Plains Road MM, Inc.	Loring Place North GP Inc.	Total Combined Managing Member
Investments in joint ventures	$ (241)	$ (521)	$ (762)
Total assets	$ (241)	$ (521)	$ (762)

Liabilities and Net Assets

	Praxis White Plains Road MM, Inc.	Loring Place North GP Inc.	Total Combined Managing Member
Liabilities	$ -	$ -	$ -
Construction costs payable	-	-	-
Total liabilities	-	-	-
Net assets			
Net assets without donor restrictions, controlling	(241)	(521)	(762)
Net assets without donor restrictions, noncontrolling	-	-	-
Net assets with donor restrictions	-	-	-
Total net assets	(241)	(521)	(762)
Total liabilities and net assets	$ (241)	$ (521)	$ (762)

See Independent Auditor's Report.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Schedule of Combining Statement of Activities - Managing Member Entities
Year Ended June 30, 2021

	Praxis White Plains Road MM, Inc.	Loring Place North GP, Inc.	Total Combined Managing Member
Revenue and support			
Investment loss - rental property	$ (24)	$ (86)	$ (110)
Total revenue and support	(24)	(86)	(110)
Expenses			
Program services			
Housing services	-	-	-
Supporting services			
Management and administration	-	-	-
Fundraising and development	-	-	-
Total supporting services	-	-	-
Total expenses	-	-	-
Change in net assets without donor restrictions	(24)	(86)	(110)
Change in net assets attributable to noncontrolling interest	-	-	-
Change in net assets attributable to controlling interest	$ (24)	$ (86)	$ (110)

See Independent Auditor's Report.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Schedule of Combining Statement of Financial Position - Real Estate Entities
June 30, 2021

Assets

	Praxis White Plains Road, LLC	Loring Place North, L.P.	Total Combined Real Estate Entities
Cash	$ 124,899	$ 515,134	$ 640,033
Accounts receivable, net	571,088	289,676	860,764
Restricted deposits and funded reserves	948,698	663,901	1,612,599
Tax credit fees, net	46,079	30,114	76,193
Fixed assets, net	15,123,411	22,766,123	37,889,534
Total assets	$ 16,814,175	$ 24,264,948	$ 41,079,123

Liabilities and Net Assets

	Praxis White Plains Road, LLC	Loring Place North, L.P.	Total Combined Real Estate Entities
Liabilities			
Accounts payable and accrued expenses	$ 62,989	$ 71,631	$ 134,620
Accrued interest payable	761,736	1,728,398	2,490,134
Developer fees payable	225,340	1,389,015	1,614,355
Deferred rent payable	298,222	152,728	450,950
Due from affiliate	514,644	113,375	628,019
Deferred revenue	-	-	-
Mortgages and loans payable, net of unamortized debt issuance costs	8,648,695	14,884,298	23,532,993
Total liabilities	10,511,626	18,339,445	28,851,071
Net assets			
Net assets without donor restrictions, controlling	(251)	77,080	76,829
Net assets without donor restrictions, noncontrolling	6,302,800	5,848,423	12,151,223
Total net assets	6,302,549	5,925,503	12,228,052
Total liabilities and net assets	$ 16,814,175	$ 24,264,948	$ 41,079,123

See Independent Auditor's Report.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Schedule of Combining Statement of Activities - Real Estate Entities
Year Ended June 30, 2021

	Praxis White Plains Road LLC	Loring Place North, L.P.	Total Real Estate Entities
Revenue and support			
Rental income	$ 1,517,997	$ 1,862,740	$ 3,380,737
Other	123,343	-	123,343
Total revenue and support	1,641,340	1,862,740	3,504,080
Expenses			
Program services			
Housing services	1,919,627	1,752,665	3,672,292
Supporting services			
Management and administration	53,387	970,501	1,023,888
Fundraising and development	-	-	-
Total supporting services	53,387	970,501	1,023,888
Total expenses	1,973,014	2,723,166	4,696,180
Change in net assets without donor restrictions	(331,674)	(860,426)	(1,192,100)
Change in net assets attributable to noncontrolling interest	(331,640)	(860,339)	(1,191,979)
Change in net assets attributable to controlling interest	$ (34)	$ (87)	$ (121)
Net assets, beginning	$ 6,634,223	$ 6,785,929	$ 13,420,152
Change in net assets	(331,674)	(860,426)	(1,192,100)
Net assets, end	$ 6,302,549	$ 5,925,503	$ 12,228,052

See Independent Auditor's Report.

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal agency grantor/pass-through grantor/program or cluster title	Assistance Listing Number	Pass-through entity identifying number	Provided to subrecipients	Total Expenditures of Federal Awards
Department of Housing and Urban Development				
Supportive Housing Program	14.235	NY0364L2T001811		$ 970,750
Total Supportive Housing Program				970,750
Housing Opportunities for Persons with AIDS				
Passed through NYC Dept. of Social Services Human Resource Administration	14.241	20181404114		894,166
Passed through NYC Dept. of Social Services Human Resource Administration	14.241	20200002169		321,588
Housing Opportunities for Persons with AIDS				
Passed through NYC Dept. of Health and Mental Hygiene	14.241	14A-SPH-009		325,459
Total Housing Opportunities for Persons with AIDS				1,541,213
Total U.S. Department of Housing and Urban Development				2,511,963
TANF - Department of Health and Human Services				
Temporary Assistance for Needy Families				
Passed through NYC Dept. of Social Services Human Resource Administration	93.558	20200000086		12,733
Temporary Assistance for Needy Families				
Passed through NYC Dept. of Social Services Human Resource Administration	93.558	20181404114		95,570
Passed through NYC Dept. of Social Services Human Resource Administration	93.558	20200002169		38,816
Passed through NYC Dept. of Homeless Services	93.558	20181408656		2,594,441
Passed through NYC Dept. of Homeless Services	93.558	20211417733		3,971,638
Total TANF - Department of Health and Human Services				6,713,198
Total Expenditures of Federal Awards				$ 9,225,161

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

Note 1 - Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant expenditures of Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates (collectively, the "Organization") for the year ended June 30, 2021, and is prepared on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect cost rate

Praxis Housing Initiatives, Inc. has elected not to use the "10%" de minimis indirect cost rate as allowed under the Uniform Guidance.

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 of
Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated and combined financial statements of Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates, (collectively, the "Organization") which comprise the consolidated and combined statement of financial position as of June 30, 2021, and the related consolidated and combined statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated and combined financial statements, and have issued our report thereon dated July 1, 2022. The financial statements of Praxis White Plains Road Managing Member, Inc., Loring Place North GP, Inc., Praxis White Plains Road, LLC, Loring Place North L.P., and Loring Place North, HDFC, 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 entities.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated and combined financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

CohnReznick LLP

New York, New York
September 29, 2022

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

To the Board of Directors of
Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Report on Compliance for Each Major Federal Program

We have audited Praxis Housing Initiatives, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Praxis Housing Initiatives, Inc.'s major federal programs for the year ended June 30, 2021. Praxis Housing Initiatives, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Praxis Housing Initiatives, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Praxis Housing Initiatives, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Praxis Housing Initiatives, Inc.'s compliance.

Basis for Qualified Opinion on Assistance Listing 93.558 – Temporary Assistance for Needy Families

As described in the accompanying schedule of findings and questioned costs, Praxis Housing Initiatives, Inc. did not comply with requirements regarding Assistance Listing 93.558 – Temporary Assistance for Needy Families as described in finding number 2021-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Praxis Housing Initiatives, Inc. to comply with the requirements applicable to that program.

Qualified Opinion on Assistance Listing 93.558 – Temporary Assistance for Needy Families

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Praxis Housing Initiatives, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Assistance Listing 93.558 – Temporary Assistance for Needy Families for the year ended June 30, 2021.

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Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Praxis Housing Initiatives, Inc. 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

Praxis Housing Initiatives, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Praxis Housing Initiatives, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Praxis Housing Initiatives, Inc.'s is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Praxis Housing Initiatives, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 Praxis Housing Initiatives, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001, that we consider to be material weaknesses.

Praxis Housing Initiatives, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Praxis Housing Initiatives, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

CohnReznick LLP

New York, New York
September 29, 2022

Praxis Housing Initiatives, Inc. and Subsidiaries and Affiliates

Schedule of Findings and Questioned Costs
June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
● Material weakness(es) identified?	___ Yes _X_ No
● Significant deficiency(ies) identified?	___ Yes _X_ None reported
Noncompliance material to financial statements noted?	___ Yes _X_ No

Federal Awards:

Internal control over major federal programs:	
● Material weakness(es) identified?	_X_ Yes ___ No
● Significant deficiency(ies) identified?	___ Yes _X_ None reported
Type of auditor's report issued on compliance for major federal programs	
14.235 Department of Housing and Urban Development Supportive Housing Program	Unmodified
93.558 Department of Health and Human Services – Temporary Assistance for Needy Families	Qualified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	___ Yes _X_ No

Identification of major federal programs:

Federal Agency Grantor/ Pass-through Grantor/Program or Cluster Title	Assistance Listing Number
Department of Housing and Urban Development Supportive Housing Program	14.235
Department of Health and Human Services – Temporary Assistance for Needy Families	93.558

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	_X_ Yes _____ no

Section II - Financial Statement Findings

None reported.

Schedule of Findings and Questioned Costs
June 30, 2021

Section III - Federal Awards Findings and Questioned Costs

Finding No. 2021-001:
Eligibility, Department of Health and Human Services - Temporary Assistance for Needy Families, Assistance Listing 93.558

Criteria
Residents receiving subsidy must comply with certain eligibility requirements under the program.
2 CFR, Part 200, § 200.303 requires an auditee to establish and maintain effective internal control over federal awards to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award, including maintaining documentation supporting resident eligibility.

Condition/Context
Management was not able to locate eligibility documentation for 4 out of 25 residents tested.

Cause
Procedures are in place to obtain, review and store resident eligibility information. However, due to the completion of the program and moving of the documents to off-site storage, management was unable to locate the specific files requested.

Effect or Potential Effect
The cost of the assistance may be disallowed.

Identification as a repeat finding:
No.

Questioned Costs:
$0.

Recommendation
Management should implement procedures to ensure that physical files are stored and maintained in a way that documentation can be located in a timely manner once they are moved off-site.

Auditor Noncompliance Code: E - Eligibility

Views of Responsible Officials
Management agrees with the finding and the auditor's recommendations are being evaluated, developed and adopted.

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