COMMUNITY ASSOCIATION OF PROGRESSIVE DOMINICANS, INC. AND AFFILIATES
Consolidated Financial Statements
June 30, 2019 and 2018
With Independent Auditor's Reports

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ADVISORY TAX AUDIT

Community Association of Progressive Dominicans, Inc. and Affiliates
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June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Community Association of Progressive Dominicans, Inc. and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community Association of Progressive Dominicans, Inc. and Affiliates (collectively referred to as the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Association of Progressive Dominicans, Inc. and Affiliates as of June 30, 2019, and the change in its net assets (deficit) and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Organization's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 2 in the notes to consolidated financial statements, in 2019, the Organization adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the consolidated financial statements. The accompanying consolidated schedule of expenditures of federal awards 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 basic 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 basic consolidated financial statements or to the basic 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 consolidated schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2020 on our consideration of Community Association of Progressive Dominicans, Inc. 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 Community Association of Progressive Dominicans, Inc. 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 Community Association of Progressive Dominicans, Inc. and Affiliates' internal control over financial reporting and compliance.

WithumSmith+Brown, PC

February 11, 2020

Community Association of Progressive Dominicans, Inc. and Affiliates
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash	$ 110,818	$ 282,965
Grant and contract receivables, net of allowance for doubtful accounts of approximately $40,000 in both 2019 and 2018	2,354,148	1,429,555
Prepaid expenses	-	24,228
Accounts receivable	8,295	3,451
Due from unconsolidated affiliates, net of allowance for doubtful accounts of approximately $150,000 in both 2019 and 2018	-	-
Total current assets	2,473,261	1,740,199
Property and equipment, net	691,558	711,316
Other assets		
Security deposit	15,736	15,736
Construction and other escrows	29,681	23,854
Total other assets	45,417	39,590
Total assets	$ 3,210,236	$ 2,491,105
Liabilities and Net Assets (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	$ 689,553	$ 505,873
Refundable advances	20,070	171,080
Third party payor liability	10,350	-
Current portion of mortgage payable	11,297	10,529
Total current liabilities	731,270	687,482
Noncurrent liabilities		
Mortgage payable, net of current portion and deferred financing costs	541,648	548,204
Due to related parties, net	3,254,637	2,111,749
Third party payor liability, net of current portion	194,406	388,108
Total liabilities	4,721,961	3,735,543
Net assets (deficit)		
Net deficit without donor restrictions	(1,811,725)	(1,544,438)
Net assets with donor restrictions	300,000	300,000
Total net assets (deficit)	(1,511,725)	(1,244,438)
	$ 3,210,236	$ 2,491,105

The Notes to Consolidated Financial Statements are an integral part of these statements.

Community Association of Progressive Dominicans, Inc. and Affiliates
Consolidated Statement of Activities
Year Ended June 30, 2019
(With Summarized Information from 2018)

	2019			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2018**
Revenue and support				
Government contracts and grants	$ 5,487,211	$ -	$ 5,487,211	$ 5,307,104
Service fees	1,278,714	-	1,278,714	1,578,524
Rental income	37,416	-	37,416	54,639
Other income	82,211	-	82,211	80,534
	6,885,552	-	6,885,552	7,020,801
Expenses				
Program services	6,157,632	-	6,157,632	6,236,760
Management and general	995,207	-	995,207	899,632
	7,152,839	-	7,152,839	7,136,392
Change in net assets	(267,287)	-	(267,287)	(115,591)
Net assets (deficit), beginning of the year	(1,544,438)	300,000	(1,244,438)	(1,128,847)
Net assets (deficit), end of year	$ (1,811,725)	$ 300,000	$ (1,511,725)	$ (1,244,438)

The Notes to Consolidated Financial Statements are an integral part of these statements.

Community Association of Progressive Dominicans, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Operating activities		
Change in net assets	$ (267,287)	$ (115,591)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	46,527	43,661
Interest expense	2,132	2,132
Bad debt expense	-	14,626
Changes in operating assets and liabilities		
Change in grant and contract receivables	(924,593)	(94,048)
Change in accounts receivable	(4,844)	25,516
Change in accounts payable and accrued expenses	183,680	61,838
Change in third party payor liability	(183,352)	(171,909)
Change in refundable advances	(151,010)	117,390
Change in prepaid expenses	24,228	(2,911)
Net cash used in operating activities	(1,274,519)	(119,296)
Investing activities		
Purchase of property and equipment	(26,769)	(40,535)
Change in construction and other escrows	(5,827)	(7,400)
Change in security deposits	-	(1,600)
Net cash used in investing activities	(32,596)	(49,535)
Financing activities		
Net borrowings from related parties	1,142,888	307,185
Payments of mortgage payable	(7,920)	(10,204)
Net cash provided by financing activities	1,134,968	296,981
Net change in cash	(172,147)	128,150
Cash		
Beginning of year	282,965	154,815
End of year	$ 110,818	$ 282,965
Supplemental disclosure of cash flow information		
Interest paid	$ 14,109	$ 10,570

The Notes to Consolidated Financial Statements are an integral part of these statements.

Community Association of Progressive Dominicans, Inc. and Affiliates
Consolidated Statements of Functional Expenses
Year Ended June 30, 2019

	Program Services					
	Educational Services	Mental Health Services	Community Services	Subtotal	Management and General	Total
Personnel services						
Salaries and wages	$ 3,248,219	$ 563,897	$ 215,606	$ 4,027,722	$ 239,009	$ 4,266,731
Payroll taxes and fringe benefits	444,640	101,695	19,064	565,399	66,182	631,581
	3,692,859	665,592	234,670	4,593,121	305,191	4,898,312
Other than personnel services (OTPS)						
Rent and utilities	-	97,424	5,797	103,221	-	103,221
Consultants	17,864	299,869	-	317,733	9,671	327,404
Professional fees	-	11,798	5,499	17,297	504,160	521,457
Telephone	33,043	35,899	1,335	70,277	12,945	83,222
Program expenses	543,505	1,408	60,500	605,413	69,836	675,249
Incentives	3,890	-	-	3,890	-	3,890
Equipment rental	854	35,410	985	37,249	34,949	72,198
Office and program supplies	100,218	17,698	827	118,743	8,097	126,840
Insurance	29,425	8,909	2,162	40,496	5,283	45,779
Student travel	106,255	39,050	2,574	147,879	575	148,454
Depreciation and amortization	-	12,405	33,832	46,237	290	46,527
Interest	-	-	16,215	16,215	24,506	40,721
Equipment and furniture	-	4,180	-	4,180	5,851	10,031
Staff travel	5,376	-	-	5,376	2,280	7,656
Postage	-	-	-	-	365	365
Taxes and fees	23,363	3,490	3,452	30,305	11,208	41,513
	863,793	567,540	133,178	1,564,511	690,016	2,254,527
	$ 4,556,652	$ 1,233,132	$ 367,848	$ 6,157,632	$ 995,207	$ 7,152,839

The Notes to Consolidated Financial Statements are an integral part of this statement.

Community Association of Progressive Dominicans, Inc. and Affiliates
Consolidated Statements of Functional Expenses
Year Ended June 30, 2018

	Program Services					
	Educational Services	Mental Health Services	Community Services	Subtotal	Management and General	Total
Personnel services						
Salaries and wages	$ 3,197,830	$ 678,880	$ 234,217	$ 4,110,927	$ 183,246	$ 4,294,173
Payroll taxes and fringe benefits	442,911	105,977	20,147	569,035	42,025	611,060
	3,640,741	784,857	254,364	4,679,962	225,271	4,905,233
Other than personnel services (OTPS)						
Rent and utilities	-	97,424	5,701	103,125	8,880	112,005
Consultants	39,530	287,130	-	326,660	1,386	328,046
Professional fees	-	12,382	2,454	14,836	455,983	470,819
Telephone	27,981	22,517	590	51,088	14,342	65,430
Program expenses	479,596	19,330	26,723	525,649	65,765	591,414
Incentives	35,557	-	-	35,557	-	35,557
Equipment rental	880	51,732	1,532	54,144	60,577	114,721
Office and program supplies	93,484	18,206	1,917	113,607	8,405	122,012
Insurance	35,240	11,939	3,749	50,928	4,617	55,545
Student travel	98,000	41,525	1,188	140,713	2,100	142,813
Depreciation and amortization	-	9,750	33,806	43,556	105	43,661
Interest	-	-	12,702	12,702	25,584	38,286
Equipment and furniture	-	3,304	-	3,304	4,194	7,498
Staff travel	14,332	-	-	14,332	2,367	16,699
Postage	-	-	14	14	875	889
Bank charges	-	-	-	-	-	-
Taxes and fees	35,302	7,930	8,725	51,957	19,181	71,138
Bad debt	-	14,626	-	14,626	-	14,626
	859,902	597,795	99,101	1,556,798	674,361	2,231,159
	$ 4,500,643	$ 1,382,652	$ 353,465	$ 6,236,760	$ 899,632	$ 7,136,392

The Notes to Consolidated Financial Statements are an integral part of this statement.

1. NATURE OF ORGANIZATION AND OPERATIONS

Community Association of Progressive Dominicans, Inc. ("ACDP") is a not-for-profit corporation organized in May 1980, under the laws of the State of New York. The mission of ACDP is to promote and develop the physical, emotional, social and economic well-being of the residents of Upper Manhattan, the Bronx and New York City by facilitating community empowerment through education, provision of human services, and the development of individual skills as well as by providing community leadership.

ACDP qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from Federal income taxes. ACDP is also exempt from New York State and New York City income taxes. Additionally, since ACDP is a section 509(a)(1) and 170(b)(1) (A)(iv) publicly supported organization, contributions made to ACDP qualify for the maximum charitable contribution deduction under the Internal Revenue Code.

517 West 173rd Street Housing Development Fund Corporation ("517 W") was formed in December 2004 and was incorporated as a not-for-profit corporation pursuant to Article XI of the Private Housing Finance law to develop a housing project for persons of low income. Although 517 W has not yet applied for exemption from federal income tax under IRC Section 501(c)(3), the entity has been designed to qualify for such exemption. The voting stock of 517 W is deemed to be owned by the tenants in accordance with the corporate documents. However, through its financial interest and significant influence over the voting shares, ACDP maintains a controlling interest in 517 W.

3163 & 332 Properties LLC, ("3163 & 332"), ACDP's wholly owned subsidiary, was formed in January 2011 and was organized as a limited liability company under New York Limited Liability Company Law. 3163 & 332 is a limited partner in TPT Partners LLC, where it has a 50% interest.

ACDP provides the following services:

Educational Services
The mission of the education department is to offer quality programs by qualified, committed and enthusiastic staff that will lead to an increase in enrollment, provide participants with a wide-range of opportunities for community involvement and motivate youth to learn and develop their personal interests and skills while having meaningful and challenging opportunities to practice and apply them.

These programs will address the critical development needs of the community, develop linkages to ensure further success for all participants and make a full commitment in creating a success story for each participant.

Mental Health Services
The outpatient mental health clinic is one of ACDP's major programs. The clinic is licensed by the State of New York, Office of Mental Health under Article 31 of the Mental Hygiene Law. The clinic provides culturally sensitive and bilingual mental health services to individuals and their families. The following services are provided: Individual Therapy, Couple Therapy, Family Therapy, Group Therapy and Psychiatry.

The Audubon Youth Program ("AYP") is a free program serving youth ages 5 to 18 and their families in Upper Manhattan. AYP offers a wide range of services to promote healthy behaviors and attitudes, academic success, and advocacy for children and families. AYP is dedicated to preventing and minimizing the effects of unhealthy behaviors and attitudes, such as domestic violence and conduct problems, in our youth and our families to help build stronger communities.

AYP services include case management, preventative services, educational support and information. In addition, AYP links its participants with concrete counseling and appropriate mental health and clinical services. Experienced staff case managers work with families to assess their level of need in order to provide and coordinate necessary support services and referrals.

ACDP operates a School Response Team Program ("SRT") fully funded by NYC Department of Health and Mental Hygiene. SRT serves a cohort of five middle/junior high schools to meet the mental health needs of their students through staff training and consultation, linkages to community-based resources, direct crisis intervention, and prevention activities. The program capacity is 50 middle school-aged children.

Community Services

ACDP assists tenants through 517 West to gain control of buildings that have been abandoned by their landlords and access low interest rehabilitation loans to preserve their low-income housing and maintain their properties over the long term; ACDP assists tenants in organizing tenant associations to improve building conditions and safety when landlords refuse to do so; ACDP has sponsored the development of abandoned buildings, creating 140 new apartments for low-income families in Washington Heights, New York; ACDP provides assistance to tenants individually and through organized tenant associations to get needed maintenance and repairs for their apartments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by the Organization in the preparation of the accompanying consolidated financial statements are summarized below.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ACDP, 517 W, an organization where ACDP has both a financial interest and voting control, and 3163 & 332, its wholly owned subsidiary, collectively referred to as the "Organization". All material intercompany transactions and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on an accrual basis of accounting.

Financial Statement Presentation

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets, with and without donor restrictions be displayed in a consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a consolidated statement of activities.

These classes are defined as follows:

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets without donor restrictions - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying consolidated financial statements.

Comparative Financial Information
The consolidated financial statements include certain prior year summarized comparative information. With respect to the consolidated statement of activities and changes in net assets (deficit), the prior year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2018 from which the summarized information was derived

Revenue Recognition
Contributions are presented in accordance with the recommendations of ASC Statement No. 958-605, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of donor restrictions.

All donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Income from grants and contracts (up to the grant or contract ceiling) is recorded in the period when the Organization incurs expenditures in compliance with the specific terms and conditions of the grant or contract. The Organization’s grant revenue consists primarily of cost reimbursement contracts obtained from federal, state and local agencies. In addition, these contracts are subject to audit by the awarding agencies. Each funding source, at its discretion, can request return of funds as a result of noncompliance by the Organization with the terms of the grants/contracts. Expenditures in excess of grant revenue are absorbed by the net assets without donor restrictions.

Service fee revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes retroactive adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

During the year, the Organization revised its estimates for bills sent to third party payors for patient services relating to compliance documentation. The change in estimate resulted in a reduction of revenue during the year ended June 30, 2019 in the amount of $130,427.

The Organization has agreements with Medicare and Medicaid and other third-party contractual arrangements that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include predetermined fee schedules and discounted charges. The Organization provides care to certain patients under Medicaid and Medicare payment arrangements. Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action. Self-pay revenue is recorded at published charges with charity care deducted to arrive at gross self-pay revenue. Allowances are then deducted to arrive at net self-pay revenue.

The Organization recognizes patient service revenues associated with services provided to patients who have third-party coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates if negotiated or provided by policy. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable to pay for the services provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Grant and Contract Receivables

Amounts due from grants and contracts are stated as unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on amounts due using the allowance method. The allowance method is based on experience, contractual terms, and other circumstances, which may affect the ability of the agencies to meet their obligations. Amounts due from government agencies are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization’s policy to charge off uncollectible amounts when management determines they will not be collected.

Allowance for Doubtful Accounts

In addition to the allowance for grant and contract receivables, the carrying amount of amounts due from affiliates is reduced by a valuation allowance that reflects management’s best estimate of the amounts that may not be collected. Management individually reviews all balances due from affiliates and based upon an assessment of current creditworthiness, estimates the portion, if any, of the balance that may not be collected. Additionally, management estimates, based on historical performance, a general allowance against the aggregate remaining amount due from affiliates.

Property and Equipment

Property and equipment are stated at cost. Items with a value of $2,500 or more with estimated useful lives of more than one year are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Description	Estimated Life (Years)
Building	27.5
Machinery and equipment	7 to 10
Leasehold improvements	10
Computers	3 to 5

Property and equipment acquired with funds received from federal, state, and local funding sources are considered to be owned by the Organization. The funding agency maintains a reversionary interest in those assets purchased with its funds, and in the determination of the use of the asset or any proceeds from the sale of those assets.

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, are included in property and equipment.

Functional Allocation of Expenses

The costs of providing program and other activities has been summarized on functional basis in the statements of activities. Accordingly, certain costs have been allocated to the programs benefitted. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages, Employee Benefits and Payroll Taxes, Consultant Services	Time and Effort
Occupancy	Square footage
All other expenses	Direct charge

Accounting for Unconsolidated Subsidiaries

The equity method of accounting is used when the Organization has a 20% to 50% interest in other entities. Under the equity method, original investments are recorded at cost and adjusted by the Organization's share of undistributed earnings or losses of those entities. Nonmarketable investments in which the Organization has less than a 20% interest and in which it does not have the ability to exercise significant influence over the investee are initially recorded at cost, and periodically reviewed for impairment. 3163 & 332 has a 50% investment in TPT Partners, LLC which is accounted for under the equity method. TPT Partners, LLC has a net deficit due to recurring losses. As permitted under the accounting standard related to accounting for investments under the equity method, 3163 & 332 has discontinued using the equity method of accounting and has recorded its investment at $-0-. The Organization's share of the net deficit is estimated to be approximately $(253,000) and $(298,000) as of June 30, 2019 and 2018, respectively.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the consolidated financial statements relate to the allowance for doubtful accounts, depreciation and amounts due under third party payor arrangements.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrong doing. Action for noncompliance may include repayment of amounts improperly reimbursed, fines, penalties, and exclusion from the Medicare and Medicaid programs.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and New York taxation codes. Each organization files its own separate tax returns. At June 30, 2019, all required tax returns have been filed and all taxes have been paid.

The Organization follows the provision of authoritative guidance that clarifies the accounting for uncertainty in income taxes. Under this guidance, the Organization evaluates tax positions requiring recognition using a more-likely-than-not threshold, and those tax positions requiring recognition are measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. The Organization has evaluated the likelihood of their tax-exempt status being challenged as remote. Accordingly, as of June 30, 2019, the Organization has not included any income tax provisions, including interest and penalties, in the consolidated financial statements.

Debt Issuance Costs

The Organization presents debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is included as interest expense in the consolidated statement of activities.

Accounting Pronouncements Adopted in the Current Year

Not-for-profit Reporting

During 2019, the Organization adopted Accounting Standards Update ("ASU") 2016-14 – *Not-for-profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities* issued by the Financial Accounting Standards Board ("FASB"). This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

	ASU 2016-14 Classifications		
Net Asset Classifications	**Net Assets (Deficit) Without Restrictions**	**Net Assets With Restrictions**	**Total**
As previously presented:			
Unrestricted	$ (1,544,438)	$ -	$ (1,544,438)
Temporarily restricted	-	300,000	300,000
Permanently restricted	-	-	-
Total net assets (deficit)	$ (1,544,438)	$ 300,000	$ (1,244,438)

Recent Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a "right of use" asset and a lease liability, initially measured at the present value of the lease payments, on the consolidated statement of financial position for all of the Organization's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2020. The Organization is currently evaluating the effect that this pronouncement will have on its consolidated financial statements and related disclosures.

Revenue Recognition – Exchange Transactions

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 *Revenue from Contracts with Customers* (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 ("ASC 606"). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods or services. ASC 606 also expands disclosure requirements. ASC 606 will be effective for non-public entities for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. ASC 606 allows for either "full retrospective" adoption, meaning the standard is applied to all of the periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Organization is currently evaluating the impact of adoption of ASC 606. At this time, management believes that the adoption of ASC 606 will not have a material impact on its consolidated financial statements because existing contractual performance obligations, which determine when and how revenue is recognized, are not materially changed under ASC 606.

Revenue Recognition - Contributions

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958)*: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB is issuing this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations ("NFPs") because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This proposed ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for annual periods and interim periods beginning after December 15, 2018.

Restricted Cash

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows – Restricted Cash* (Topic 230) which is effective for fiscal years beginning after December 15, 2018 with early adoption permitted.

Under ASU 2016-18, the statement of cash flows requires an explanation of the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling beginning-of-year and end-of-year total amounts shown on the statement of cash flows.

Reclassifications

Certain prior year balances have been reclassified to be consistent with the current year consolidated financial statement presentation. The reclassifications had no impact on the net assets.

3. LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows are largely dependent on Medicaid remittances which are received regularly throughout the year, generally within 2 to 4 weeks from the date the services are provided and bills issued. Additionally grant funding from New York City Department of Youth and Community Development ("DYCD") is received monthly based on submissions and reconciled with annual reporting. DYCD provides additional funding to cover program deficits based on allowable costs submitted by the Organization. To manage liquidity the Organization prioritizes payroll related expenditures and to the extent practical, timing other vendor disbursements based on cash flow forecasting. The Organization has the ability to request cash resources from affiliates that are related through common management in the event of a forecasted cash flow shortage. The following represents the Organization's financial assets available for amounts due within one year at June 30, 2019:

Financial Assets	
Cash	$ 110,818
Grants and contracts receivable	2,354,148
Total financial assets	2,464,966
Less amounts not avaliable to be used within one year:	
Net assets with donor restrictions	300,000
Financial assets available within one year	2,164,966
Liquidity Resources	
Undrawn line of credit	200,000
Total financial assets and liquidity resources available within one year	$ 2,364,966

The Organization is experiencing negative cash flow from operations primarily due to the fact that the City of New York has not registered certain contracts in a timely manner resulting in administrative delays in grant fund processing. When this occurs the Organization utilizes resources made available to it by its affiliates and also may apply for temporary loans through a cash flow loan program administered by an independent agency, the Fund for the City of New York.

4. GRANT AND CONTRACT RECEIVABLES

Grant and contract receivables consist of amounts due from grantors as fees for services are rendered and costs incurred which were not collected or reimbursed.

Grant and contract receivables consisted of the following as of the years ended June 30:

	2019	2018
Department of Youth and Community Development	$ 1,211,468	$ 931,880
Department of Education	992,892	425,853
Medicaid	-	13,145
Department of Health and Mental Hygiene	83,392	32,342
NYS Department of Health - Vital Access Provider	66,396	26,335
	$ 2,354,148	$ 1,429,555

5. DUE FROM UNCONSOLIDATED AFFILIATES

ACDP has advanced funds to certain of its unconsolidated affiliates. These advances are non-interest bearing and due on demand. The balance due to ACDP from such affiliates at each of the years ended June 30, 2019 and 2018 amounted to $150,401 and was fully reserved for each of the years then ended.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2019	2018
Building	$ 942,569	$ 942,569
Machinery and equipment	381,445	354,676
Leasehold improvements	41,150	41,150
Computers	60,643	60,643
	1,425,807	1,399,038
Less: Accumulated depreciation	(734,249)	(687,722)
Property and equipment, net	$ 691,558	$ 711,316

Depreciation expense amounted to $46,527 and $43,661 for the years ended June 30, 2019 and 2018, respectively.

7. RENOVATION LOANS

In July 2015, ACDP entered into permanent financing with NYC Department of Housing Preservation and Development ("HPD") and The Community Preservation Corporation ("CPC").

The loan with CPC in the amount of $183,275, secured by certain property of ACDP, matures January 1, 2046. Varying monthly payments, including principal and interest at 7.06% are due beginning February 2016. The amount outstanding as of June 30, 2019 and 2018 was $151,656 and $159,576, respectively.

The loan with HPD in the amount of $457,789, secured by certain property of ACDP, matures December 31, 2045. Monthly interest only payments of $78 are due beginning December 2015. Interest accrues on the note at 1% per annum and a balloon payment including all unpaid interest and principal is due upon maturity. The principal amount outstanding as of each of the years ended June 30, 2019 and 2018 was $457,789.

Aggregate maturities of mortgage payable due within the next five years are as follows:

2020	$ 11,297
2021	12,121
2022	13,005
2023	13,953
2024	14,971
Thereafter	544,098
	$ 609,445

Deferred charges include certain capitalized mortgage costs and are reflected as debt discounts and reported on the consolidated statements of financial position net of the corresponding mortgage payable. Amortization is provided over the life of the loan. Interest expense relating to deferred charges amounted to $2,132 for each of the years ended June 30, 2019 and 2018. Scheduled amortization for future periods is as follows:

2020	$ 2,132
2021	2,132
2022	2,132
2023	2,132
2024	2,132
Thereafter	45,840
	$ 56,500

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30:

	2019	2018
Accounts payable	$ 74,964	$ 106,919
Accrued salaries and vacation	273,000	285,439
Accrued expenses	341,589	113,515
	$ 689,553	$ 505,873

9. LINE OF CREDIT

ACDP has a $200,000 credit line with a New York City bank. Payment of interest only at the prime rate plus 1% per annum (prime rate was 5.5% at June 30, 2019) is due monthly. The credit line is secured by substantially all of ACDP's assets. This agreement is to remain in effect until either party terminates the agreement in writing. As of June 30, 2019 and 2018 the outstanding balance was $-0-.

10. NET ASSETS WITH DONOR RESTRICTION (BUILDING)

In June 2006, the New York City Secretary of Housing and Urban Development transferred title of a city owned building to 517 W to improve and rent to low income tenants. Subsequent to the transfer of title of the real estate, 517 W entered into a Regulatory Agreement (the "Agreement") with the City of New York acting by and through its Department of Housing Preservation and Development. The Agreement states that for a period of 30 years after the Temporary Certificate of Occupancy is issued, 517 W shall lease the units solely to low income individuals as defined in the Agreement. The Agreement also stipulates, among other things, the criteria that 517 W must follow during the rental operations of the project to retain qualification under the appropriate articles and sections of the low income housing laws.

As a result of the above restrictions placed upon the property by the City of New York, the contribution has been classified in the accompanying consolidated financial statements as support with donor restrictions. 517 W recorded the real estate as non-cash temporarily restricted contribution of $300,000, which was the estimated fair value at the date of transfer. During 2007, 517 W commenced renovation of the property. Total costs incurred during the renovation period amounted to $571,025, including the $30,150 interest capitalized. The renovation was completed in April 2009.

11. COMMITMENTS

ACDP leases office space in several locations under non-cancelable operating leases. Rent expense under these leases for the years ended June 30, 2019 and 2018, was $97,424 and $97,424, respectively.

Future minimum lease payments required under all non-cancelable operating leases for the next five years in the aggregate are as follows:

2020	$ 97,424
2021	97,424
2022	106,192
2023	106,192
2024	106,192
Thereafter	265,480
	$ 778,904

12. FUTURE PROGRAM AUDITS

Reimbursements from grant related expenses and overhead applicable to programs conducted under the contract funded by the US Federal Government, The State of New York and The City of New York are subject to audit which may result in adjustments for disallowances. The amount of the disallowance, if any, cannot be determined as of the date of this report; therefore, no provision is made for these potential liabilities.

13. RELATED PARTY TRANSACTIONS

The Organization is related to Acacia Network, Inc. (“Acacia”), Puerto Rican Organization to Motivate, Enlighten and Serve Addicts (“Promesa Inc.”), Promesa Housing Development Fund Corporation, Inc. (“PHDFC”), Promesa Residential Healthcare Facility, Inc. (“CASA”), Promesa Foundation, Inc. (“Foundation”), Promesa Administrative Services Organization, Inc. (“PASO”), East Harlem Council for Community Improvement, Inc. (“EHCCI”), Bronx Addiction Integrated Concepts Systems, Inc. (“BASICS”), Acacia Network Housing Inc., General Development Orientation Council, Inc. (“GDOC”), 1068 Franklin Avenue Housing Development Fund Corporation, Inc, (“1068 HDFC”), Loisaida, Inc., Capital District Latinos, La Rama, Inc., Hispanos Unidos De Buffalo, Inc., Buffalo Hispanic Management Company, Inc., Audubon Partnership for Economic Development, La Casa De Salud, United Bronx Parents, Inc. (“UBP”), Palacio Dorado Puerto Rican Housing, El Regreso Foundation, South Bronx Community Management, Institute for Puerto Rican/Hispanic Elderly (“IPRHE”), and Hunts Point Multi Service Center, all of which are not-for-profit charitable organizations as defined by Internal Revenue Code Section 501(c)(3) and are affiliated members of Acacia. In addition, Acacia controls Promesa Enterprises, Ltd. (“Enterprises”) and Sera Security Services, LLC, which are for-profit corporations. The above entities share common management.

During 2013, the Organization entered into an unsecured debt agreement with Acacia ("Acacia Note") to finance its outstanding liabilities to the IRS. Under the terms of the Acacia Note, the Organization borrowed $518,027 at an interest rate of 5.0% per annum with payment of principal interest originally due in June 2015. Upon default the note will become immediately due and payable. The Organization subsequently amended the terms of the Acacia Note delaying payment until June 30, 2020. Accordingly, the entire amount is classified as a long term liability in the consolidated statements of financial position. For the years ended June 30, 2019 and 2018, the Organization incurred interest expense of $23,032 and $25,584, respectively, under the terms of the Acacia Note. As of June 30, 2019 and 2018, the Organization was indebted to Acacia for principal and interest of $582,164 and $619,133, respectively.

At June 30, due to other related and affiliated organizations, net consists of the following:

	2019	2018
PASO	$ 1,832,497	$ 1,267,384
Promesa, Inc.	784,809	224,203
BASICS	61,333	58,747
Acacia	613,347	650,316
458 W 143rd St.	12,926	12,926
454 W 143rd St.	149	149
471 W 143rd St.	656	656
CASA	615	615
La Casa de Salud	9,873	4,999
UBP	(7,274)	(4,702)
IPRHE	(54,294)	(103,544)
	$ 3,254,637	$ 2,111,749

At June 30, personnel services allocated to the Organization consists of the following:

	2019	2018
PASO	$ 397,142	$ 408,949
BASICS	2,586	3,608
La Casa de Salud	4,874	4,999
	$ 404,602	$ 417,556

For the years ended June 30, 2019 and 2018, PASO allocated other than personnel services costs to the Organization of $178,527 and $186,193, respectively.

In addition, there was $3,520 due to a related party for OTPS costs included in accounts payable as of June 30, 2019.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the consolidated statement of financial position date, through the date of February 11, 2020, the date the consolidated financial statements were available for release. Based upon this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

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ADVISORY TAX AUDIT

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,
Community Association of Progressive Dominicans, Inc. and Affiliates:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Community Association of Progressive Dominicans, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community Association of Progressive Dominicans, Inc. and Affiliates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Association of Progressive Dominicans, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Association of Progressive Dominicans, Inc. and Affiliates' 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 entity'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 Community Association of Progressive Dominicans, Inc. and Affiliates' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the 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 Community Association of Progressive Dominicans, Inc. and Affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Association of Progressive Dominicans, Inc. and Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WithumSmith+Brown, PC

February 11, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors,
Community Association of Progressive Dominicans, Inc. and Affiliates:

Report on Compliance for Each Major Federal Program

We have audited Community Association of Progressive Dominicans, Inc. and Affiliates' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on Community Association of Progressive Dominicans, Inc. and Affiliates' major federal program for the year ended June 30, 2019. Community Association of Progressive Dominicans, Inc. and Affiliates' major federal program is identified in the summary of auditor's results section of the accompanying consolidated schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of Community Association of Progressive Dominicans, Inc. and Affiliates' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and 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 Community Association of Progressive Dominicans, Inc. and Affiliates' 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 the major federal program. However, our audit does not provide a legal determination of Community Association of Progressive Dominicans, Inc. and Affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, Community Association of Progressive Dominicans, Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

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Report on Internal Control Over Compliance

Management of Community Association of Progressive Dominicans, Inc. and Affiliates 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 Community Association of Progressive Dominicans, Inc. and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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 Community Association of Progressive Dominicans, Inc. and Affiliates' 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Withum Smith+Brown, PC

February 11, 2020

Community Association of Progressive Dominicans, Inc. and Affiliates
Consolidated Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

	Federal CFDA #	Pass-Through Entity Identifying Number	Awards to Subrecipients	Total Expenditures
U.S. Department of Housing and Urban Development				
Pass-through from New York City Department of Youth and Community Development - Community Development Block Grant	14.218	9903C/9903D	$ -	$ 659,847
	14.218	9904C/9904D	-	595,579
			$ -	$ 1,255,426

See Independent Auditor's Report.
See accompanying Notes to Consolidated Schedule of Expenditures of Federal Awards.

1. BASIS OF PRESENTATION

The accompanying consolidated schedule of expenditures of federal awards (the "Schedule") includes the activities in all federal awards of Community Association of Progressive Dominicans, Inc. and Affiliates. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. Therefore, some amounts presented in this Schedule may differ from amounts presented or used in the preparation of the basic consolidated financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the accrual basis of accounting. The amounts reported in the Schedule as expenditures may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either cash or a modified cash basis of accounting.

3. RELATIONSHIP TO CONSOLIDATED FINANCIAL STATEMENTS

Federal expenditures are reported on the consolidated statement of functional expenses as program services. In certain programs, the expenditures reported in the consolidated financial statements may differ from the expenditures reported in the Schedule due to program expenditures exceeding grant or contract budget limitations or agency matching or in-kind contributions which are not included as federal awards.

4. BASIS OF PRESENTATION

The accompanying Schedule includes the federal awards of the Organization under programs of the federal government for the year ended June 30, 2019. 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 and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.

5. INDIRECT COST RATE

The Organization does have a federally negotiated indirect cost rate and has not elected to use the 10% de minimus cost rate as covered in section 200.414 in Uniform Guidance.

6. SUBRECIPIENTS

The Organization provided no federal awards to sub recipients for the year ended June 30, 2019.

Community Association of Progressive Dominicans, Inc. and Affiliates
Consolidated Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section 1 - Summary of Auditors' Results

Consolidated Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

The following federal program was designated as a major program:

Name of Federal Program	Federal CFDA #
Community Development Block Grant/Entitlement Grants	14.218

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as a low-risk auditee?	No

Section 2 - Financial Statement Findings

None noted.

Section 3 - Summary of Findings and Questioned Costs Related to Uniform Guidance

None noted.

Community Association of Progressive Dominicans, Inc. and Affiliates
Consolidated Schedule of Prior Year's Audit Findings and Questioned Costs
Year Ended June 30, 2019

None noted.