

Metro Community Development, Inc.

Financial Statements

June 30, 2014

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Independent Auditors' Report

To the Board of Directors of
Metro Community Development, Inc.
Flint, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Metro Community Development, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro Community Development, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters:

Report on Summarized Comparative Information

We have previously audited Metro Community Development, Inc.'s 2013 financial statements, and our report dated September 4, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2014 on our consideration of Metro Community Development, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro Community Development, Inc.'s internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Lansing, Michigan
September 11, 2014

Metro Community Development, Inc.
Statement of Financial Position
June 30, 2014
(With Comparative Totals for Fiscal 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 1,758,003	\$ 1,672,471
Cash - restricted	634,102	887,074
Certificates of deposit	1,186,670	1,198,981
Investments	10,074	1,439
Prepaid expense	22,364	-
Grants receivable	277,396	98,129
Promises to give	10,000	20,000
In-kind contributions receivable	261,660	9,890
Loans receivable, net	2,041,382	1,304,263
Deferred loans receivable, net	86,000	105,300
Land development sites	18,327	18,327
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 6,305,978</u></u>	<u><u>\$ 5,315,874</u></u>
 Liabilities and net assets		
Liabilities		
Accounts payable	\$ 203,612	\$ 20,088
Accrued wages and vacation	48,625	44,201
Revolving loans	1,027,005	592,461
Deferred revenue	700	700
Advance on grants	227,783	479,411
	<u> </u>	<u> </u>
Total liabilities	<u>1,507,725</u>	<u>1,136,861</u>
 Net assets		
Unrestricted:		
Undesignated	2,818,975	2,725,636
Designated: loan programs	1,504,722	986,836
	<u> </u>	<u> </u>
Total unrestricted net assets	4,323,697	3,712,472
Temporarily restricted	474,556	466,541
	<u> </u>	<u> </u>
Total net assets	<u>4,798,253</u>	<u>4,179,013</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$ 6,305,978</u></u>	<u><u>\$ 5,315,874</u></u>

See Accompanying Notes to Financial Statements

Metro Community Development, Inc.
Statement of Activities
For the Year Ended June 30, 2014
(With Comparative Totals for Fiscal 2013)

	Unrestricted	Temporarily Restricted	Totals	
			2014	2013
Support, revenues, and gains				
Local support	\$ 274,400	\$ -	\$ 274,400	\$ 500,555
State grants - MSHDA	111,389	-	111,389	376,818
Federal grants	3,560,439	-	3,560,439	3,583,398
Fees for services	169,539	-	169,539	131,425
Interest income - loans receivable	49,385	-	49,385	26,729
Investment and interest income	10,250	-	10,250	16,256
Unrealized gain (loss) on investments	136	-	136	(98)
In-kind contributions	220,900	261,660	482,560	-
Net assets released from restrictions	253,645	(253,645)	-	-
Total support, revenues and gains	4,650,083	8,015	4,658,098	4,635,083
Expenses				
Salaries and wages	660,144	-	660,144	584,119
Payroll taxes and fringe benefits	159,721	-	159,721	148,661
Professional fees	34,397	-	34,397	26,974
Amortization and provision for deferred loan losses	23,990	-	23,990	90,325
Provision for loan losses	51,129	-	51,129	30,778
Communications and marketing	8,877	-	8,877	3,550
Community projects	18,128	-	18,128	293
Consultants and contracting	429,886	-	429,886	262,103
Insurance	6,126	-	6,126	10,752
Memberships and subscriptions	7,267	-	7,267	5,547
Rent	47,391	-	47,391	42,961
Repairs and maintenance	22,934	-	22,934	7,651
Supplies and materials	30,927	-	30,927	13,061
Travel	19,224	-	19,224	12,809
Telephone and utilities	9,696	-	9,696	10,005
Other	38,682	-	38,682	28,426
In-kind expenses - YouthBuild	230,790	-	230,790	153,882
Stipends and site costs - YouthBuild	69,565	-	69,565	134,771
Chronic Homeless Initiative expenses	88,190	-	88,190	124,668
Emergency Shelter expenses	240,397	-	240,397	359,318
HMIS expenses	26,982	-	26,982	35,755
Supportive housing expenses	1,814,415	-	1,814,415	1,457,770
Total expenses	4,038,858	-	4,038,858	3,544,179
Change in net assets	611,225	8,015	619,240	1,090,904
Net assets at beginning of year	3,712,472	466,541	4,179,013	3,088,109
Net assets at end of year	\$ 4,323,697	\$ 474,556	\$ 4,798,253	\$ 4,179,013

See Accompanying Notes to Financial Statements

Metro Community Development, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2014
(With Comparative Totals for Fiscal 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 619,240	\$ 1,090,904
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization and provision for deferred loan losses	23,990	90,325
Provision for loan losses	51,129	30,778
Unrealized (gain) loss on investments	(136)	98
Net in-kind - YouthBuild	(251,770)	153,882
Decrease (increase) in:		
Prepaid expenses	(22,364)	-
Grant receivable	(179,267)	(39,992)
Promises to give	10,000	(12,500)
Loans receivable	(792,938)	(726,640)
Increase (decrease) in:		
Accounts payable	183,524	(52,414)
Accrued expenses	4,424	1,415
Revolving loans	434,544	183,196
Grant advance	(251,628)	(988,853)
Net cash provided (used) by operating activities	<u>(171,252)</u>	<u>(269,801)</u>
Cash flows from investing activities		
Maturity (purchase) of certificates of deposit	12,311	(256,246)
Purchase of investments	(8,499)	-
Withdrawals from restricted cash	252,972	805,639
Net cash provided (used) by investing activities	<u>256,784</u>	<u>549,393</u>
Net increase (decrease) in cash and cash equivalents	85,532	279,592
Cash and cash equivalents at beginning of year	<u>1,672,471</u>	<u>1,392,879</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,758,003</u></u>	<u><u>\$ 1,672,471</u></u>

See Accompanying Notes to Financial Statements

Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Metro Community Development, Inc. (the Organization), a nonprofit organization, was established August 21, 1992, by public, private and neighborhood organizations for the purpose of enhancing and expanding housing initiatives in the community.

Basis of Accounting

The Organization prepares financial statements on the accrual basis of accounting.

Cash and Cash Equivalents

The Organization considers cash on hand and demand deposits in banks as cash and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents for the purpose of the statement of cash flows. The certificates of deposit are recorded on the cost basis which approximates fair value.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Investment securities are all valued using level one inputs which are based on unadjusted quoted market prices within the markets. Unrealized gains and losses are included in the statement of activities. The Organization primarily uses quoted market prices to establish fair value and transactions are recorded on the trade date.

Grants Receivable

Grant receivables consist of amounts due from granting sources for the various programs operated by the Organization. The Organization has not recorded a provision for doubtful accounts since it is the opinion of management that those receivables are collectible in full.

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of probable losses inherent in the loan portfolios as of the balance sheet date. The estimate of the allowance is based on a variety of factors, including past loan loss experience, adverse situations that have occurred but are not yet known that may affect the borrower's ability to repay, the estimated value of the underlying collateral, lender requirements, and general economic condition. The ultimate recovery of all loans is susceptible to future market factors beyond the Organization's control.

Advance on Grants

Advances on grants represent amounts received from grantors which would have to be returned if not expended for the grant purposes within the contract period.

Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

Net Asset Classification

The financial statements are presented in accordance with US GAAP to report information regarding the Organization's financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets designated for the CDFI program represent amounts set aside by the Board to make loans to eligible businesses and individuals. The amount is based on the estimated collectable value of loans made with funds from the Community Development Financial Institutions (CDFI) Program. The expected collections from those loans will be used to make new loans.

Grant Revenue Recognition

The Organization enters into contracts with certain governmental and private agencies. Revenue under these contracts is recognized when earned. The activities of the Organization relating to certain contracts are subject to review or audit by the responsible governmental agency to determine compliance with award documents and may be subject to possible adjustment based on negotiations with the funding agencies. The Organization has not provided allowances in the financial statements for potential adjustments since such amounts, if any, are not expected to be significant.

Contributions

Contributions received are recorded as unrestricted or temporarily or permanently restricted depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-Kind Donations

Contributions of services are recognized if the services received create or enhance a non-financial asset or the services require specialized skills that are provided by individuals possessing those skills. In-kind contributions recorded included donated services of \$ 177,390 and donated use of facilities of \$ 53,400 for the year ended June 30, 2014.

Income Tax Status

Metro Community Development, Inc., is a nonprofit exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code, but does file an informational return in the U.S. federal jurisdiction and State of Michigan. The statute of limitations is generally three years for federal returns and four years for Michigan returns.

Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

Use of Estimates

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

Functional Allocation of Expenses

The statement of activities discloses expenses by natural classification. The classification of expenses by function is as follows for the year ended June 30 2014:

Program services	\$ 3,979,822
Management and general	<u>59,036</u>
	<u><u>\$ 4,038,858</u></u>

Indirect costs have been allocated between program and support services based on estimates as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different results.

Concentration of Credit Risk

The Organization is required to disclose concentration of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash, cash equivalents and certificates of deposits. The Organization places its cash and cash equivalents with high quality financial institutions. At June 30, 2014, deposits with financial institutions amounted to \$ 3,664,389, of this amount, \$ 2,444,846 was uncollateralized and uninsured by FDIC depository insurance.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the fiscal year ended June 30, 2013, from which the summarized information was derived.

Reclassification

The 2014 statement of activities presents certain revenue line items as local support, state grants and federal grants. These terms were not used in the 2013 financial statements. Therefore the presentation of revenue activities from the 2013 financial statements relating to the new line item descriptions have been reclassified to conform to the 2014 statement of activities presentation. These reclassifications had no effect on the reported results of activities.

Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

Subsequent Events

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management has evaluated subsequent events through September 11, 2014 and concluded that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

Note 2 - Restricted Cash

Restricted cash primarily consists of cash received by grantors not available for general use. Restricted cash is as follows for the year ended June 30, 2014:

Purpose	Source	Balance
CDFI Program	Department of Treasury	\$ 24,873
Loan Loss Reserve	Department of Treasury/SBA	250,487
Senior Home Loan Fund	C.S. Mott Foundation	160,165
BNCP Program	City of Flint/ Ruth Mott Foundation	186,981
Mortgage escrow	Genesee County	11,596
Total restricted cash		<u>\$ 634,102</u>

Note 3 - Promises to Give

Promises to give are to be used for operations. Management expects uncollectible promises to be insignificant. Promises to give were as follows for the year ended June 30, 2014:

Amounts receivable in less than one year	<u>\$ 10,000</u>
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Note 4 - In-Kind Contributions Receivable

In-kind contributions receivable are provided by the Organizations partners in the YouthBuild program and primarily consist of unconditional promises for use of facility as well as services. Management expects uncollectable in-kind contributions to be insignificant. At June 30, 2014 in-kind contributions receivable were:

Facilities and services receivable in less than one year	\$ 172,900
Facilities and services receivable in in one to two years	66,570
Facilities and services receivable in two to three years	22,190
Total in-kind contributions receivable	<u>\$ 261,660</u>

Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

Note 5 - Loans Receivable

The Organization has developed a loan and investment program to support the growth of businesses in the Organization's operating area as a means to assist in sustaining and creating new jobs in the community. Customers are most often local businesses who want to expand their markets and increase their profitability.

Loans receivable at June 30, 2014 consist of the following:

Micro Loans and Enterprise Loans - CDFI	\$ 1,025,473
Micro Loans - SBA	140,996
Micro Loans - Mott	39,835
Affordable Mortgage Loans	877,150
Senior Tax and Home Retention Loans	39,835
Less: allowance for loan losses	<u>(81,907)</u>
Total Loans receivable, net	<u><u>\$ 2,041,382</u></u>

Details of the various loan programs are as follows:

- Micro loan fund: to provide loans in the range of \$5,000 - \$50,000 towards purchase or improvement of property, leasehold improvements, equipment, vehicles, hardware and software and other effective financial needs that contribute to the sustainability and growth of an existing business. Interest rates range between 4% - 6.5% based on type of funds available. Loan terms are for five years. The micro loan fund has been established with the assistance of C.S. Mott Foundation, the U.S. Department of Treasury's Community Development Financial Institutions (CDFI) Program and the U.S. Small Business Administration.
- Enterprise loan fund: to provides loan in the range of \$50,001 to \$200,000 towards business growth that can be used as leverage for financing with lenders. The loan fund can be secondary loan. Interest rates range between 5% - 7% based on type of funds available. Loan terms vary from 5 to 10 years depending on the type of loan funds. Enterprise loans are funded through the CDFI program.
- Affordable mortgage loans: the Organization participates in an affordable mortgage program to maintain community stability and stimulate neighborhood revitalization. The Affordable Mortgage Program is established to provide mortgages to residents in City of Flint and Genesee County that cannot obtain financing through conventional sources or other financing from financial institutions. The program creates opportunity for first time homebuyers and former homeowners. Loan amounts generally range from \$ 15,000 to \$ 75,000 and loan terms vary from 5 to 30 years. Interest rates range between 4% - 6% Funding for the affordable mortgage loan fund is established in partnership with Genesee County Metropolitan Planning Commission

Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

- Senior tax loan and home retention loans: the Organization established senior tax loan and home retention loan programs. The senior tax loan program provides loans to seniors to assist in paying delinquent property taxes to prevent foreclosure. The senior home retention program is available to seniors who have been approved for a Home Equity Conversion Mortgage (commonly known as a Reverse Mortgage). The benefits of these loans include reduced mortgage payments because of lower interest rates and allowing the seniors to live in their homes for an extended period of time. Loan amounts range from \$ 1,000 to \$ 7,500 and are generally for a period of 5 years. Interest rates are 4%. Funding for the senior tax loans and home retention loans has been established with assistance from the C.S. Mott Foundation.

Original maturities of loans receivable over the next five years ended June 30 are as follows:

2015	\$	234,815
2016		234,815
2017		234,815
2018		234,815
2019		234,815
Thereafter		949,214
	\$	<u>2,123,289</u>

Note 6 - Deferred Loans Receivable

The Organization is the administrator of a deferred loan program that program provides fifteen-year deferred loans to homeowners for mortgage gap assistance. Liens are placed on the home at the time the deferred loan is made. Current funding for the program is limited to Metro Community Development's collection of program income derived from homeowner's required payments.

Under the fifteen-year deferred loan program, if the homeowner sells the house at any time during the first five years the loan is due in full. Once the homeowner has lived in the house for five years, one-tenth of the loan amortizes annually from year six to fifteen until the loan is fully amortized.

Because of the inherent uncertainties in estimating the valuation allowance for doubtful loans, it is at least reasonably possible that the estimates used will change within the near term.

Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

Deferred loans under the program are as follows for the year ended June 30, 2014:

Initial fiscal year loan was originated	Balance
2002	\$ 60,000
2003	120,000
2004	206,000
	<u>386,000</u>
Less: accumulated amortized forgiven loan amount	<u>(214,000)</u>
	172,000
Less: valuation allowance	<u>(86,000)</u>
Net deferred loans	<u><u>\$ 86,000</u></u>

Note 7 – Revolving Loans

Revolving loans represent amounts to be repaid to grantors for the outstanding balance on loans made with funds for the affordable mortgage loan program and micro loans made with funds from the U.S. Small Business Administration (SBA). Principal and interest collected on the affordable mortgage loans are repaid to the Genesee County Metropolitan Planning Commission quarterly.

SBA funds used by the Organization to make microloans are to be repaid to the SBA under the terms of a note executed between the Organization and the SBA in July, 2013. The terms of the note allow for borrowings of SBA funds up to \$250,000 and dictate that SBA funds are payable over ten years at a stated interest rate of .875%. However, interest for the first twelve months accrues at 0% and can remain at that amount based on annual portfolio reviews performed by the SBA. No payments of principal or interest are required for the first 12 months from the date of the note. After that period, amounts borrowed under the SBA note are to be amortized over a ten year period. The SBA maintains a security interest in all loans made with funding from the SBA program as well as an interest in the loan loss reserve account maintained by the Organization.

Repayments of revolving loans over the next five years ended June 30 are expected as follows:

	Affordable mortgage loans	SBA micro loans	Total
2015	\$ 18,404	\$ 6,852	\$ 25,256
2016	16,573	16,444	33,017
2017	16,573	16,444	33,017
2018	16,573	16,444	33,017
2019	16,573	16,444	33,017
Thereafter	794,309	75,372	869,681
	<u>\$ 879,005</u>	<u>\$ 148,000</u>	<u>\$ 1,027,005</u>

Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose at June 30, 2014:

Deferred loans	\$ 86,000
United Way grant	8,720
Senior Home Retention Fund	108,176
Bishop Trust - operations	10,000
YouthBuild in-kind contributions	261,660
	<hr/>
	\$ 474,556
	<hr/>

During the current year, net assets were released from restrictions as either the purpose or timing restriction was met as follows:

Deferred Loans	\$ 19,300
Ambassador City Summit	4,800
Bishop Trust - operations	10,000
YouthBuild in-kind contributions	9,890
Senior Home Retention Fund	91,824
Building Neighborhood Capacity	117,831
	<hr/>
	\$ 253,645
	<hr/>

Note 9 - Grant Revenue

Grant revenue recognized consist of the following for the year ended June 30, 2014:

State grants:	
MSHDA - Chronic Homeless Initiative	<u>\$ 111,389</u>
Federal grants:	
Department of Housing and Urban Development (HUD) -	
Continuum of Care (CoC) grant	\$ 2,030,032
HUD - Housing counseling subgrant	86,829
HUD - Emergency Shelter Grant	271,858
HUD - Section 4 Grant	32,500
Department of Labor - Youth Build	589,469
Department of Treasury - CDFI	380,000
Department of Justice - Building Neighborhood Capacity	75,480
Department of Education - Charter Schools Grant	83,980
US Small Business Administration - Technical Assistance	10,291
	<hr/>
	\$ 3,560,439
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Metro Community Development, Inc.
Notes to Financial Statements
June 30, 2014

Note 10 - Retirement Plan

The Organization offers a retirement plan to its salaried employees in the form of a tax deferred annuity under Code Section 403(b). Employees elect annually to deposit a portion of their salaries into the plan, and the Organization matches up to 3% of the base salary. Retirement plan expense was \$ 11,263 for the fiscal year ended June 30, 2014.

Note 11 - Leases

The Organization leases three office suites under two operating leases expiring at various dates through September 30, 2015. Additionally the Organization leases a copier under an operating lease expiring October 31, 2016.

Future minimum payments under the lease agreements are as follows for the years ended June 30:

	Office Suite No.'s 804 and 810	Office Suite No. 839	Copier	Total
2015	\$ 28,668	\$ 9,468	\$ 1,584	\$ 39,720
2016	7,167	9,468	1,584	18,219
2017	-	6,312	1,584	7,896
2018	-	-	528	528

Note 12 - Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in the governing instrument. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Board deems the contingency to be remote, since by accepting the grants and their terms; it has accommodated the objectives of the Organization to the provisions of the grant.

Note 13 - Current Vulnerability Due to Certain Market Conditions

The Organization receives 50% of its support from the U.S. Department of Housing and Urban Development (HUD). It is reasonably possible that in the near term the HUD grant programs could cease, which would cause a severe impact on the Organization's ability to continue its operations. The Organization does not expect that support from HUD will be lost in the near term.