

**Broadway-Fillmore
Neighborhood Housing Services, Inc.**

**Financial Statements With
Supplementary Information
As of August 31, 2022
(With Comparative Totals as of August 31, 2021)
Together With
Independent Auditor's Report**

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Broadway-Fillmore Neighborhood Housing Services, Inc.
Buffalo, NY 14212

Opinion

We have audited the accompanying financial statements of Broadway-Fillmore Neighborhood Housing Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broadway-Fillmore Neighborhood Housing Services, Inc. as of August 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Broadway-Fillmore Neighborhood Housing Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Broadway-Fillmore Neighborhood Housing Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

BUFFALO

501 John James Audubon
Suite 390
Amherst, NY 14228
P: (716) 694-0336

COOPERSTOWN

55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA

189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY

199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER

150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR

6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Broadway-Fillmore Neighborhood Housing Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Broadway-Fillmore Neighborhood Housing Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Financial Position for School 62, Statement of Revenue and Other Support for School 62 and HCR Share #20200042 included on pages 13 – 15 (excluding budgetary information) are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Broadway-Fillmore Neighborhood Housing Services, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Allied CPAs, P.C.

Amherst, New York
January 24, 2023

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

ASSETS

	2022	2021
<u>CURRENT ASSETS</u>		
Cash, including amounts restricted of \$512,535 and \$694,636	\$ 523,966	\$ 696,344
Cash - replacement reserve	5,019	6,604
Receivables:		
Current portion of loans receivable	27,196	34,000
Rent receivable, less allowance for doubtful account of \$3,000 in 2022 and \$3,000 in 2021	18,837	28,162
Grant receivable	33,882	29,453
Escrow receivable	543	723
Interest receivable	5,022	-
Prepaid expense	-	2,356
TOTAL CURRENT ASSETS	614,465	797,642
<u>NON-CURRENT ASSETS</u>		
Property and equipment, net	2,967,268	2,575,354
Loans receivable, net of current portion, and less allowance for doubtful accounts of \$17,979 in 2022 and \$18,000 in 2021	30,660	59,152
Property held for investment	147,148	147,148
TOTAL NON-CURRENT ASSETS	177,808	206,300
TOTAL ASSETS	\$ 3,759,541	\$ 3,579,296
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Short-term borrowing	\$ 2,290,844	\$ 1,864,567
Current portion of long-term debt	26,333	7,254
Accounts payable	177,695	196,638
Accrued expenses	12,605	10,101
Tenant security deposit	14,070	10,216
Deferred revenue	474,190	659,228
TOTAL CURRENT LIABILITIES	2,995,737	2,748,004
<u>NON-CURRENT LIABILITIES</u>		
Due to related party	161,319	-
Long-term debt, less current portion	40,000	4,333
TOTAL NON-CURRENT LIABILITIES	201,319	4,333
TOTAL LIABILITIES	3,197,056	2,752,337
<u>NET ASSETS</u>		
Without donor restrictions	496,292	755,515
With donor restrictions	66,193	71,444
TOTAL NET ASSETS	562,485	826,959
TOTAL LIABILITIES AND NET ASSETS	\$ 3,759,541	\$ 3,579,296

The accompanying notes are an integral
part of these financial statements

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

	Without Donor Restriction	With Donor Restriction	2022	2021
<u>SUPPORT AND REVENUE</u>				
Fees and grants from government agencies and foundations	\$ 511,607	\$ -	\$ 511,607	\$ 343,075
Rental income	156,150	-	156,150	140,366
Interest income	1,328	-	1,328	3,324
Rehab consulting	7,338	-	7,338	1,000
Miscellaneous income	1,990	-	1,990	2,965
Net assets released from restriction	5,251	(5,251)	-	-
TOTAL SUPPORT AND REVENUE	683,664	(5,251)	678,413	490,730
<u>EXPENSES</u>				
PROGRAM SERVICES:				
Housing programs	872,249	-	872,249	830,899
SUPPORT SERVICES:				
Management and general	70,638	-	70,638	57,997
TOTAL EXPENSES	942,887	-	942,887	888,896
Change in net assets	(259,223)	(5,251)	(264,474)	(398,166)
Net assets - beginning of year (restated)	755,515	71,444	826,959	1,225,125
Net assets - ending of year	\$ 496,292	\$ 66,193	\$ 562,485	\$ 826,959

The accompanying notes are an integral part of these financial statements

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

	<u>Programs Services</u>	<u>Management and</u>		
	<u>Housing Programs</u>	<u>General</u>	<u>2022</u>	<u>2021</u>
Staff salaries	\$ 181,019	\$ 20,113	\$ 201,132	\$ 218,352
Payroll taxes and fringe benefits	26,950	2,994	29,944	43,998
Utilities	25,771	6,443	32,214	16,127
Licenses and fees	-	-	-	165
Interest	76,009	-	76,009	55,194
Pass through expense	30,664	-	30,664	9,400
Bad debts	27,415	-	27,415	91,218
Material and supplies:				
Office supplies	1,493	373	1,866	3,947
Janitorial supplies	79	-	79	395
Miscellaneous supplies	1,090	-	1,090	-
Rehab costs	279,762	-	279,762	125,519
Purchase of service:				
Advertising and marketing	1,175	-	1,175	-
Security systems	1,710	-	1,710	1,046
Equipment rental	-	1,194	1,194	1,199
Building maintenance and repairs	27,022	6,755	33,777	29,198
Real estate taxes	2,009	-	2,009	1,731
Professional	24,950	6,237	31,187	25,868
Fiscal sponsor	19,933	4,983	24,916	-
Insurance	24,757	6,189	30,946	25,621
Miscellaneous	2,840	710	3,550	4,266
Bank charges	1,331	333	1,664	2,569
Loan fee	2,080	520	2,600	4,550
Recording fees	1,180	-	1,180	-
Computer expenses	5,081	1,270	6,351	7,803
Website development	3,817	954	4,771	-
Depreciation	104,114	11,568	115,682	65,730
Loss on abandonment	-	-	-	155,000
TOTAL EXPENSES	\$ 872,249	\$ 70,638	\$ 942,887	\$ 888,896

The accompanying notes are an integral
part of these financial statements

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022
(With Comparative Totals for the Year Ended August 31, 2021)

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (264,474)	\$ (398,166)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	115,682	65,730
Loss on abandonment	-	155,000
Changes in operating assets and liabilities:		
Government grants, foundations and other receivables	54	55,219
Prepaid expenses	2,356	5,544
Loans receivable - net of repayments	35,296	118,598
Accounts payable and accrued expenses	(16,439)	1,181
Tenant security deposits	3,854	306
Due to related party	161,319	-
Deferred revenue	(185,038)	464,620
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(147,390)</u>	<u>468,032</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(507,596)</u>	<u>(801,301)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net borrowing on short-term debt	426,277	819,329
Repayments of long-term debt	<u>54,746</u>	<u>(7,039)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>481,023</u>	<u>812,290</u>
Net change in cash	(173,963)	479,021
Cash and cash equivalents - beginning of the year	<u>702,948</u>	<u>223,927</u>
Cash and cash equivalents - end of the year	<u>\$ 528,985</u>	<u>\$ 702,948</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 76,009</u>	<u>\$ 55,194</u>

The accompanying notes are an integral part of these financial statements

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

Note 1 – Nature of Activities

Nature of Operations

Broadway- Fillmore Neighborhood Housing Service, Inc. (Broadway-Fillmore) is a not-for-profit corporation located at 780 Fillmore Avenue in Buffalo, New York. The corporation was established by neighborhood residents to provide primarily housing programs to residents of the surrounding community.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements in conformity with accounting principles generally accepted in the United State of America, which means that support is recognized when earned and expenses when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for any purpose in performing the primary objectives of the Organization. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and / or purpose restrictions. 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, where by the donor has stipulated the funds be maintained in perpetuity. There are currently \$66,193 in net assets that are subject to donor imposed restrictions.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid instruments with original maturities of three months or less and investments in money market funds to be cash equivalents. At times, bank balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

Grants Receivable

Grant receivable consist of reimbursements payable to the Organization for expenses incurred in accordance with the terms of various grant contracts or agreements. An allowance for uncollectible amounts is not considered necessary by management.

Loans Receivable

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans. The allowance method is used to compute the provision for uncollectible loans. Determination of the balance of the allowance for uncollectible loans is based on an analysis of the loan portfolio and reflects an amount that, in management’s judgement, is adequate to provide for potential loan losses. Loans are written off against the allowance when, in management’s judgement, no legal recourse is available to collect the amount owed. Interest on loans receivable is included in income when received, based on the current economic condition of the borrowers.

The Organization considers all loans over 90 days past due to be delinquent. As of August 31, 2022 and 2021 \$69,255 and \$41,490, respectively, were delinquent.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Rent Receivables

Rent receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. As of August 31, 2022 and 2021, the allowance for doubtful account was \$3,000.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. Donated assets are recorded as contributions at their estimated fair market values at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Any assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Depreciation is computed using the straight-line method over estimated useful assets lives ranging from three to forty years. Maintenance and repairs are charged to operations as incurred; significant improvements are capitalized.

Long-Lived Assets

The Organization assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable by comparing the expected undiscounted future cash flows of the assets with the respective carrying amount as of the date of assessment. Should aggregate future cash flows be less than the carrying value, a write-down would be required, measured as the difference between the carrying value and the fair value of the asset. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, no impairment is recognized. No impairment of long-lived assets was recognized in 2022 or 2021.

Revenue Recognition

The Organization recognizes their revenue from contracts using the following five-step process: 1) Identify the contract(s) with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue as the Organization satisfies a performance obligation. The majority of the Organization's revenue is recognized at a point in time based on receipt of grants or contributions. Rent revenue is recognized over the lease period. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the Organization's contracts do not contain variable consideration and contract modifications are generally minimal. Revenue that does not come from contracts is recognized by the Organization when interest is due on monthly loan payments, or when various fee income is earned.

Grants

Grants are recognized at the time they are awarded, with timing difference resulting from funds spent and earned.

Cost Allocation

The costs of providing the various programs and activities of the Organization have been summarized on the functional basis in the schedule of activities. Accordingly, certain costs have been allocated among the program and support services benefited based on the effort put forth by the employee of the Organization.

Tax Status

The Organization is tax exempt status under Section 501(c)(3) of the Internal Revenue Code. As a result, the Organization is not subject to Federal or New York State income taxes on revenue generated from its not-for-profit activities.

The Organization files its Return of Organization Exempt from Income Tax in the U.S. federal jurisdiction and its Annual Filing of Charitable Organizations in New York State.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Comparative Information

The accompanying financial statements include certain prior year summarized comparative information in total. 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 financial statements as of August 31, 2021 from which the summarized information was derived.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 24, 2023, the date with the financial statements were available to be issued.

Subsequent to year end, the Organization received \$1,918,000 from the New York State Housing Trust Fund Corporation (HTFC). The note payable is a noninterest bearing, 30-year loan. At the end of the 30-year loan, the entire balance will be forgiven if the Organization complies with the agreements of the loan.

Note 3 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of August 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 528,985	\$ 702,948
Receivables including current portion of note receivables	<u>85,480</u>	<u>92,338</u>
Total financial assets available within one year	<u>614,465</u>	<u>795,286</u>
Less:		
Amounts unavailable for general expenses within one year:		
Amount donor restricted	(66,193)	(71,444)
Restricted cash	<u>(512,535)</u>	<u>(694,636)</u>
Total amounts unavailable for general expenses within on year	<u>(578,728)</u>	<u>(766,080)</u>
Total financial assets available for general expenses within one year:	<u>\$ 35,737</u>	<u>\$ 29,206</u>

As part of the Organization's liquidity management, the policy is to structure financial assets to be available as its general expenditures, liabilities, and other obligations come due.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

Note 4- Loans Receivable

The Organization has outstanding loans receivable of \$75,835 as of August 31, 2022 and \$111,152 as of August 31, 2021. Loans are granted to applicants who are reviewed by the Board of Directors. The proceeds are used to repair or improve property in compliance with safety and health standards. The Organization handles and disburses proceeds. The loan amount, term, interest rate and monthly payment varies with each loan depending on the financial position of the borrower. The interest rate can range from 3% to the current bank rate. The average rate charged borrowers ranges from 1% to 8.3%. Currently, the Organization rate of interest on new loans is 3%. The City of Buffalo is the ultimate owner of the revolving loans funds and the Organization acts as a collector of these funds and as requested forwards payments to the City. A summary of loans receivable as of August 31, 2022 and 2021 are as follows:

	2022	2021
New opportunity loans:		
Current status	\$ -	\$ 22,344
30 - 90 days	-	21,247
Over 90 days	19,855	5,729
	19,855	49,320
Less: allowance	-	-
	19,855	49,320
High risk revolving loan fund:		
Current status	-	21,477
30 - 90 days	6,580	4,594
Over 90 days	49,400	35,761
	55,980	61,832
Less: allowance	(17,979)	(18,000)
	38,001	43,832
Total opportunity and high risk loan	57,856	93,152
Less: current portion	(27,196)	(34,000)
	\$ 30,660	\$ 59,152

Note 5- Property and Equipment

Property and equipment consists of the following:

	2022	2021
Land	\$ 243,257	\$ 7,257
Furniture and equipment	233,311	128,636
Building	2,156,034	34,608
Building improvements	2,353,670	2,286,970
Construction in progress	-	2,021,204
	4,986,272	4,478,675
Accumulated depreciation	(2,019,004)	(1,903,321)
	\$ 2,967,268	\$ 2,575,354

Depreciation expense amounted to \$115,682 and \$65,730 for the years ended August 31, 2022 and 2021.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

Note 6 – Short-Term Borrowing

The Organization has a business line of credit in the amount of \$100,000 with interest charged at 4.75%. As of August 31, 2022 and 2021, the totals that were in use, respectively were \$33,261 and \$15,296.

In May 2019, the Organization received a construction loan commitment of \$1,963,400 at the prime rate of interest (3.25% at August 31, 2022) to help finance the development of the property located at 591-595 Fillmore Avenue, Buffalo, New York. Interest only is payable monthly. Upon completion of the project, the construction loan will be repaid through a 30-year state grant, without interest of \$1,918,000 and at 1% interest on \$40,000. The bank will then convert \$40,000 of the construction loan into a permanent loan payable over 30 years with the interest rate adjusted based on the cost of funds rate plus 200 basis points. In 2022, the Organization received two additional loans, The first loan is payable to Lamparelli Construction in the amount of \$62,000 with an interest rate of 5%, the payable is due on November 1, 2023. The second loan is construction loan through Evans bank in the amount of \$425,000, the loan is due on November 1, 2022. The entire project is anticipated to cost \$2,800,000, the project was finished as of August 31, 2022 and the current cost of the project amounted to \$2,528,800.

Note 7 – Loan Payable

Loans outstanding at August 31, 2022 and 2021 are as follows:

	2022	2021
Note payable, due in monthly installments of \$625, including interest at 3% through March, 2023	\$ 4,333	\$ 11,587
Loan payable, due in monthly installments of \$2,000, including interest at 5% through October, 2023 remaining unpaid balance and interest payable as a balloon payment on November, 2023	62,000	-
Less: current portion	(26,333)	(7,254)
	\$ 40,000	\$ 4,333

Future principal payments subsequent to August 31, 2022 are as follows:

2023	\$ 26,333
2024	40,000
Total payments	\$ 66,333

Note 8 – Shared Facilities

The Organization shares space with HomeFront, Inc., and Broadway Fillmore Neighborhood Housing Services, Inc. pays for all the costs of building operations at the property located at 780 Fillmore Avenue, Buffalo, New York.

Note 9 – Major Funding Sources

During 2022 and 2021, the Organization received two government grants representing approximately 32% and 35% of total revenues, respectively.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

Note 10 – With Donor Restriction

The Organization’s net asset with donor restriction balance at August 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Foundation grant	\$ 46,338	\$ 22,124
New opportunity - loan receivable	19,855	49,320
	<u>\$ 66,193</u>	<u>\$ 71,444</u>

Note 11 – Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consists of loans issued primarily to low and moderate income individuals residing in the City of Buffalo. The net loans receivable amounted to \$57,856 and \$93,152 at August 31, 2022 and 2021.

Following is a summary of the activity in the allowance for uncollectible loans during the years ended August 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 18,000	\$ 436,787
Additions charged to operations	-	-
Write-offs	(21)	(418,787)
	<u>\$ 17,979</u>	<u>\$ 18,000</u>

Note 12 – Property Held for Investment

The Organization acquired properties for the purpose of rehabilitating the property and selling or renting them. Acquisition of the property is recorded at cost less an adjustment to net realizable value. Rehabilitation costs are also capitalized. Property held for resale at August 31, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
806 Fillmore Avenue	\$ 144,989	\$ 144,989
802 Fillmore Avenue	2,159	2,159
	<u>\$ 147,148</u>	<u>\$ 147,148</u>

Note 13 – Retirement Plan

The Organization established a retirement plan under the Internal Revenue Code Section 403(b). Under the terms of the plan, the Organization can set aside 3% of the employee’s salary for each participant who has been employed for one year and the Board of Directors approval of the payment. For the years ended August 31, 2022 and 2021 contributions to the plan amounted to \$5,715 and \$5,584, respectively.

Note 14 – Restatement of Beginning Net Assets

The Organization restated beginning Net Assets Without Donor Restriction as of September 1, 2021 as a result of an erroneously recorded liability in prior periods in the amount of \$73,728. Net Assets Without Donor Restriction increased as a result of the deletion of the liability.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF FINANCIAL POSITION FOR SCHOOL 62 –OPERATING FUND
AUGUST 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$	3,440
Cash, replacement reserve		5,019
Cash - security deposits		8,332
Accounts receivables		<u>21,329</u>
TOTAL CURRENT ASSETS		<u>38,120</u>

PROPERTY AND EQUIPMENT

Building and improvements		2,061,520
Equipment		14,241
Less: accumulated depreciation		<u>(1,609,028)</u>
TOTAL PROPERTY AND EQUIPMENT		<u>466,733</u>

DUE TO OTHER FUNDS		<u>157,218</u>
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TOTAL ASSETS \$ 662,071

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	11,351
Tenant security deposit		<u>8,332</u>
		<u>19,683</u>

NET ASSETS

Beginning of year		671,283
Changes in net assets		<u>(28,895)</u>
End of year		<u>642,388</u>

TOTAL LIABILITIES AND NET ASSETS \$ 662,071

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF REVENUES AND EXPENSES FOR SCHOOL 62 – OPERATING FUND
FOR THE YEAR ENDED AUGUST 31, 2022

REVENUE

Potential rental income (27 units available)	\$ 132,197
Miscellaneous financial income	<u>1,775</u>
TOTAL REVENUE	<u>133,972</u>

EXPENSES

Salaries	37,219
Payroll taxes and fringe	4,357
Utilities	9,435
Computer expense and supplies	1,018
Supplies	316
Repairs and maintenance	23,691
Security system	1,038
Professional fees	4,421
Trash removal	2,774
Bad debt expense	17,007
Miscellaneous	<u>2,731</u>
TOTAL EXPENSES	<u>104,007</u>

Operating income before depreciation additions to reserve, and other sources	29,965
Depreciation	<u>(58,860)</u>
Change in net assets	<u>\$ (28,895)</u>

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF REVENUES AND EXPENSES FOR HCR SHARE #20200042
JULY 1, 2021 THROUGH JUNE 30, 2022

	<u>Annual Budget</u>	<u>Actual</u>
<u>REVENUE</u>		
Grant income	\$ 91,223	\$ 91,223
<u>SALARIES</u>		
Executive director	\$ -	\$ -
Housing counselor - shared employee	42,120	42,120
Construction analyst	45,760	45,760
Office manager	-	-
TOTAL SALARIES	<u>87,880</u>	<u>87,880</u>
<u>FRINGE BENEFITS</u>		
Social security	3,343	3,290
Unemployment	-	53
TOTAL FRINGE BENEFITS	<u>3,343</u>	<u>3,343</u>
TOTAL EXPENSES	<u>\$ 91,223</u>	<u>\$ 91,223</u>