

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

**Financial Statements With
Supplementary Information and
Federal Awards Information
As of August 31, 2023
(With Comparative Totals as of August 31, 2022)
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, 2023, 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, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

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 and *Government 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.

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In performing an audit in accordance with generally accepted auditing standards and *Government 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Statement of Financial Position for School 62, Statement of Revenue and Other Support for School 62 and HCR Share #20220186 included on pages 14 – 16 (excluding budgetary information), is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 January 31, 2024, on our consideration of Broadway-Fillmore Neighborhood Housing Services, 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 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 Broadway-Fillmore Neighborhood Housing Services, Inc.'s 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 Broadway-Fillmore Neighborhood Housing Services, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Broadway-Fillmore Neighborhood Housing Services, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022 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 31, 2024

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

ASSETS

	2023	2022
<u>CURRENT ASSETS</u>		
Cash, including amounts restricted of \$2,810,206 and \$512,535	\$ 2,947,416	\$ 523,966
Cash - replacement reserve	5,380	5,019
Receivables:		
Current portion of loans receivable	25,105	27,196
Rent receivable, less allowance for doubtful account of \$3,000 in 2023 and 2022	7,557	18,837
Grant receivable	20,277	33,882
Escrow receivable	268	543
Interest receivable	-	5,022
Prepaid expense	8,373	-
TOTAL CURRENT ASSETS	3,014,376	614,465
<u>NON-CURRENT ASSETS</u>		
Property and equipment, net	2,822,187	2,967,268
Loans receivable, net of current portion, and less allowance for doubtful accounts of \$26,003 in 2023 and \$17,979 in 2022	28,568	30,660
Property held for investment	147,148	147,148
TOTAL NON-CURRENT ASSETS	175,716	177,808
TOTAL ASSETS	\$ 6,012,279	\$ 3,759,541

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Short-term borrowing	\$ 473,929	\$ 2,290,844
Current portion of long-term debt	22,000	26,333
Accounts payable	18,983	177,695
Accrued expenses	13,392	12,605
Tenant security deposit	12,188	14,070
Deferred revenue	2,674,314	474,190
TOTAL CURRENT LIABILITIES	3,214,806	2,995,737
<u>NON-CURRENT LIABILITIES</u>		
Due to related party	161,319	161,319
Long-term debt, less current portion	1,958,000	40,000
TOTAL NON-CURRENT LIABILITIES	2,119,319	201,319
TOTAL LIABILITIES	5,334,125	3,197,056
<u>NET ASSETS</u>		
Without donor restrictions	606,710	496,292
With donor restrictions	71,444	66,193
TOTAL NET ASSETS	678,154	562,485
TOTAL LIABILITIES AND NET ASSETS	\$ 6,012,279	\$ 3,759,541

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, 2023
(With Comparative Totals for the Year Ended August 31, 2022)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2023</u>	<u>2022</u>
<u>SUPPORT AND REVENUE</u>				
Fees and grants from government agencies and foundations	\$ 2,085,510	\$ 25,000	\$ 2,110,510	\$ 511,607
Rental income	193,628	-	193,628	156,150
Interest income	1,255	-	1,255	1,328
Rehab consulting	8,050	-	8,050	7,338
Miscellaneous income	2,200	-	2,200	1,990
Net assets released from restriction	19,749	(19,749)	-	-
TOTAL SUPPORT AND REVENUE	<u>2,310,392</u>	<u>5,251</u>	<u>2,315,643</u>	<u>678,413</u>
<u>EXPENSES</u>				
PROGRAM SERVICES:				
Housing programs	2,121,671	-	2,121,671	872,249
SUPPORT SERVICES:				
Management and general	78,303	-	78,303	70,638
TOTAL EXPENSES	<u>2,199,974</u>	<u>-</u>	<u>2,199,974</u>	<u>942,887</u>
Change in net assets	110,418	5,251	115,669	(264,474)
Net assets - beginning of year	<u>496,292</u>	<u>66,193</u>	<u>562,485</u>	<u>826,959</u>
Net assets - ending of year	<u>\$ 606,710</u>	<u>\$ 71,444</u>	<u>\$ 678,154</u>	<u>\$ 562,485</u>

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, 2023
(With Comparative Totals for the Year Ended August 31, 2022)

	<u>Programs Services</u>	<u>Management and</u>		
	<u>Housing Programs</u>	<u>General</u>	<u>2023</u>	<u>2022</u>
Staff salaries	\$ 224,398	\$ 24,933	\$ 249,331	\$ 201,132
Payroll taxes and fringe benefits	30,946	3,438	34,384	29,944
Utilities	19,535	4,884	24,419	32,214
Travel and training	2,697	-	2,697	-
Interest	59,859	-	59,859	76,009
Pass through expense	-	-	-	30,664
Bad debts	-	-	-	27,415
Material and supplies:				
Office supplies	2,986	747	3,733	1,866
Janitorial supplies	-	-	-	79
Miscellaneous supplies	-	-	-	1,090
Rehab costs	1,515,514	-	1,515,514	279,762
Purchase of service:				
Advertising and marketing	2,269		2,269	1,175
Security systems	6,606	-	6,606	1,710
Equipment rental	-	1,194	1,194	1,194
Building maintenance and repairs	23,694	5,924	29,618	33,777
Real estate taxes	2,993	-	2,993	2,009
Professional	51,667	12,917	64,584	31,187
Fiscal sponsor	-	-	-	24,916
Insurance	18,537	4,634	23,171	30,946
Miscellaneous	5,293	1,323	6,616	3,550
Bank charges	474	118	592	1,664
Loan fee	-	-	-	2,600
Recording fees	275	-	275	1,180
Computer expenses	7,690	1,923	9,613	6,351
Website development	144	36	180	4,771
Depreciation	146,093	16,233	162,326	115,682
TOTAL EXPENSES	<u>\$ 2,121,671</u>	<u>\$ 78,303</u>	<u>\$ 2,199,974</u>	<u>\$ 942,887</u>

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, 2023
(With Comparative Totals for the Year Ended August 31, 2022)

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 115,669	\$ (264,474)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	162,326	115,682
Changes in operating assets and liabilities:		
Government grants, foundations and other receivables	30,182	54
Prepaid expenses	(8,373)	2,356
Loans receivable - net of repayments	4,183	35,296
Accounts payable and accrued expenses	(157,925)	(16,439)
Tenant security deposits	(1,882)	3,854
Due to related party	-	161,319
Deferred revenue	2,200,124	(185,038)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>2,344,304</u>	<u>(147,390)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(17,245)</u>	<u>(507,596)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net borrowing on short-term debt	(1,816,915)	426,277
Repayments of long-term debt	<u>1,913,667</u>	<u>54,746</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>96,752</u>	<u>481,023</u>
 Net change in cash	2,423,811	(173,963)
 Cash and cash equivalents - beginning of the year	<u>528,985</u>	<u>702,948</u>
 Cash and cash equivalents - end of the year	<u>\$ 2,952,796</u>	<u>\$ 528,985</u>
 Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 59,859</u>	<u>\$ 76,009</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, 2023 AND 2022

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 \$71,444 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, 2023 and 2022 \$79,676 and \$69,255, respectively, were delinquent.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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, 2023 and 2022, 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 2023 or 2022.

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, 2023 AND 2022

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, 2022 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 31, 2024, the date with the financial statements were available to be issued.

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:

	2023	2022
Cash and cash equivalents	\$ 2,952,796	\$ 528,985
Receivables including current portion of note receivables	53,207	85,480
Total financial assets available within one year	3,006,003	614,465
 Less:		
Amounts unavailable for general expenses within one year:		
Amount donor restricted	(71,444)	(66,193)
Restricted cash	(2,810,206)	(512,535)
Total amounts unavailable for general expenses within on year	(2,881,650)	(578,728)
 Total financial assets available for general expenses within one year:	 \$ 124,353	 \$ 35,737

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, 2023 AND 2022

Note 4- Loans Receivable

The Organization has outstanding loans receivable of \$79,676 as of August 31, 2023 and \$75,835 as of August 31, 2022. 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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
New opportunity loans:		
Over 90 days	\$ 18,105	\$ 19,855
	18,105	19,855
Less: allowance	<u>(8,024)</u>	<u>-</u>
	<u>10,081</u>	<u>19,855</u>
High risk revolving loan fund:		
30 - 90 days	-	6,580
Over 90 days	<u>61,571</u>	<u>49,400</u>
	61,571	55,980
Less: allowance	<u>(17,979)</u>	<u>(17,979)</u>
	<u>43,592</u>	<u>38,001</u>
Total opportunity and high risk loan	53,673	57,856
Less: current portion	<u>(25,105)</u>	<u>(27,196)</u>
	<u>\$ 28,568</u>	<u>\$ 30,660</u>

Note 5- Property and Equipment

Property and equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 243,257	\$ 243,257
Furniture and equipment	233,311	233,311
Building	2,156,034	2,156,034
Building improvements	<u>2,370,915</u>	<u>2,353,670</u>
	5,003,517	4,986,272
Accumulated depreciation	<u>(2,181,330)</u>	<u>(2,019,004)</u>
	<u>\$ 2,822,187</u>	<u>\$ 2,967,268</u>

Depreciation expense amounted to \$162,326 and \$115,682 for the years ended August 31, 2023 and 2022.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

Note 6 – Short-Term Borrowing

The Organization has a business line of credit in the amount of \$100,000 with interest charged at 8.50%. As of August 31, 2023 and 2022, the totals that were in use, respectively were \$0 and \$33,261.

In May 2019, the Organization received a construction loan commitment of \$1,964,300 at the prime rate of interest (8.50% at August 31, 2023) to help finance the development of the property located at 591-595 Fillmore Avenue, Buffalo, New York. Payments were interest only, payable monthly. Upon completion of the project, the construction loan would be repaid through a 30-year state grant, without interest of \$1,918,000 and a second loan/grant of \$40,000 with payments of 1% interest only. In October 2022, the Organization received the state grant of \$1,915,000 (\$3,000 was previously disbursed) and paid down the construction loan leaving a balance of \$49,000. Monthly payments of principal and interest are being made on this loan. In November 2021, the Organization received a second construction loan from Evans Bank of \$425,000. It is currently due on May 1, 2024. With the exception of some exterior work, the project was finished on June 30, 2022 and rented on July 1, 2022. The Organization has executed a promissory note for \$62,000 with the contractors that is conditioned on completion of the exterior work. The total project costs have been reviewed and determined to be \$2,864,058.

Note 7 – Loan Payable

Loans outstanding at August 31, 2023 and 2022 are as follows:

	2023	2022
Note payable, due in monthly installments of \$625, including interest at 3% through March, 2023	\$ -	\$ 4,333
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 or conditioned on completion of exterior work that still has not occurred.	62,000	62,000
Loan payable, Housing Trust Fund Corporation forgivable at the end of 30 years with 0% interest if in compliance with Housing Trust Fund Corporation agreement	1,918,000	-
Less: current portion	(22,000)	(26,333)
	<u>\$ 1,958,000</u>	<u>\$ 40,000</u>

Future principal payments subsequent to August 31, 2023 are as follows:

2023	\$ 22,000
2024	40,000
Thereafter	<u>1,918,000</u>
Total payments	<u>\$ 1,980,000</u>

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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 2023 and 2022, the Organization received two government grants representing approximately 58% and 32% of total revenues, respectively.

Note 10 – With Donor Restriction

The Organization's net asset with donor restriction balance at August 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Foundation grant	\$ 61,363	\$ 46,338
New opportunity - loan receivable	10,081	19,855
	<u>\$ 71,444</u>	<u>\$ 66,193</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 \$53,673 and \$57,856 at August 31, 2023 and 2022.

Following is a summary of the activity in the allowance for uncollectible loans during the years ended August 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 17,979	\$ 18,000
Additions charged to operations	8,024	-
Write-offs	-	(21)
	<u>\$ 26,003</u>	<u>\$ 17,979</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, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</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 a revision to the plan approved by the Board of Directors in 2023, all employees receive a retirement contribution equal to 3% of their salary. Employees who contribute to their retirement receive an additional employer contribution equal to their contribution up to a maximum of 3% terms of the plan. For the years ended August 31, 2023 and 2022 contributions to the plan amounted to \$7,992 and \$5,715, respectively.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF FINANCIAL POSITION FOR SCHOOL 62 –OPERATING FUND
AUGUST 31, 2023

ASSETS

CURRENT ASSETS

Cash	\$	25,764
Cash, replacement reserve		5,380
Cash - security deposits		8,867
Accounts receivables		<u>9,074</u>
TOTAL CURRENT ASSETS		<u>49,085</u>

PROPERTY AND EQUIPMENT

Building and improvements		2,061,520
Equipment		14,241
Less: accumulated depreciation		<u>(1,668,029)</u>
TOTAL PROPERTY AND EQUIPMENT		<u>407,732</u>

DUE TO OTHER FUNDS		<u>165,815</u>
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TOTAL ASSETS \$ 622,632

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	1,440
Tenant security deposit		<u>8,867</u>
		<u>10,307</u>

NET ASSETS

Beginning of year		642,388
Changes in net assets		<u>(30,063)</u>
End of year		<u>612,325</u>

TOTAL LIABILITIES AND NET ASSETS \$ 622,632

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF REVENUES AND EXPENSES FOR SCHOOL 62 – OPERATING FUND
FOR THE YEAR ENDED AUGUST 31, 2023

REVENUE

Potential rental income (27 units available)	\$ 122,928
Miscellaneous financial income	<u>1,455</u>
TOTAL REVENUE	<u>124,383</u>

EXPENSES

Salaries	42,410
Payroll taxes and fringe	4,473
Utilities	7,402
Telephone	2,350
Supplies	185
Repairs and maintenance	15,573
Security system	6,016
Professional fees	3,894
Trash removal	2,917
Insurance	9,969
Miscellaneous	<u>256</u>
TOTAL EXPENSES	<u>95,445</u>

Operating income before depreciation	
additions to reserve, and other sources	28,938
Depreciation	<u>(59,001)</u>
Change in net assets	<u>\$ (30,063)</u>

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF REVENUES AND EXPENSES FOR HCR SHARE #20220186
JULY 1, 2022 THROUGH JUNE 30, 2023

	<u>Annual Budget</u>	<u>Actual</u>
<u>REVENUE</u>		
Grant income	\$ 94,627	\$ 94,627
<u>SALARIES</u>		
Executive director	\$ -	\$ -
Housing counselor - shared employee	44,928	44,928
Construction analyst	47,840	47,840
Office manager	-	-
TOTAL SALARIES	<u>92,768</u>	<u>92,768</u>
<u>FRINGE BENEFITS</u>		
Social security	1,859	1,859
Unemployment	-	-
TOTAL FRINGE BENEFITS	<u>1,859</u>	<u>1,859</u>
TOTAL EXPENSES	<u>\$ 94,627</u>	<u>\$ 94,627</u>



**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
Broadway-Fillmore Neighborhood Housing Services, Inc.
Buffalo, New York 14212

We have audited, in accordance with the 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 financial statements of Broadway-Fillmore Neighborhood Housing Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Broadway-Fillmore Neighborhood Housing Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Broadway-Fillmore Neighborhood Housing Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Broadway-Fillmore Neighborhood Housing Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Broadway-Fillmore Neighborhood Housing Services, Inc.'s 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of This Report

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

Allied CPAs, P.C.

Amherst, New York
January 31, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Broadway-Fillmore Neighborhood Housing Services, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Broadway-Fillmore Neighborhood Housing Services, Inc.'s major federal programs for the year ended August 31, 2023. Broadway-Fillmore Neighborhood Housing Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Broadway-Fillmore Neighborhood Housing Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Broadway-Fillmore Neighborhood Housing Services, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Broadway-Fillmore Neighborhood Housing Services, Inc.'s federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Broadway-Fillmore Neighborhood Housing Services, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Broadway-Fillmore Neighborhood Housing Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Broadway-Fillmore Neighborhood Housing Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Broadway-Fillmore Neighborhood Housing Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Broadway-Fillmore Neighborhood Housing Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Allied CPAs, P.C.

Amherst, New York
January 31, 2024

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Home Investment Partnerships Program	14.239	N/A	\$ 1,915,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,915,000</u>

See Report on Compliance with Requirements Applicable to Each Major Program and
Internal Control Over Compliance in Accordance with the Uniform Guidance.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Broadway-Fillmore Neighborhood Housing Services, Inc. under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position or cash flows for the Organization.

Note 2 – Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Federal grants received by the Organization are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such audit, the grantor agencies could make claims to reimbursement, which would become a liability of the Broadway-Fillmore Neighborhood Housing Services, Inc..

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowable under the Uniform Guidance.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

Section I - Summary of Auditor's Results

Financial Statements:

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards:

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X No

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 section 2 CRF §200.516(a): _____ Yes X No

Identification of Major Programs:

Assistant Listing No.	Name of Federal Program
14.239	Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ Yes X No

Section II – Findings Related to Financial Statements

As of and for the year ended August 31, 2023, Broadway-Fillmore Neighborhood Housing Services, Inc. had no findings that were required to be reported in accordance with GAGAS.

Section III – Federal Award Findings and Questioned Costs:

As of and for the year ended August 31, 2023, Broadway-Fillmore Neighborhood Housing Services, Inc. had no findings that were required to be reported in accordance with the Uniform Guidance.