

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

**Financial Statements
As of August 31, 2020 and 2019
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

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, 2020, and the related statements of activities and changes in net assets, functional expenses, 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.

Auditor's 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. 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 depends on the auditor's judgement, 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 Broadway-Fillmore Neighborhood Housing Services, Inc. as of August 31, 2020, 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.

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 14-16 is presented for the purpose 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 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Allied CPAs, P.C.

Tonawanda, NY
February 3, 2021

FINANCIAL STATEMENTS

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2020 AND 2019

ASSETS

	2020	2019
<u>CURRENT ASSETS</u>		
Cash, including amounts restricted of \$200,379 and \$278,930	\$ 213,859	\$ 281,909
Cash- replacement reserve	10,068	8,446
Receivables:		
Account receivable	18,138	-
Current portion of loans receivable	37,000	41,000
Rent receivable	11,038	2,428
Grant receivable	83,658	33,336
Escrow receivable	723	-
Prepaid expense	7,900	6,007
TOTAL CURRENT ASSETS	382,384	373,126
<u>NONCURRENT ASSETS</u>		
Property and equipment, net	1,994,783	981,969
Loans receivable, net of current portion, and less allowance for doubtful accounts of \$436,787 in 2020, and \$461,000 in 2019	174,750	200,843
Property held for investment	147,148	146,948
TOTAL NONCURRENT ASSETS	321,898	347,791
TOTAL ASSETS	\$ 2,699,065	\$ 1,702,886

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Short-term borrowing	\$ 1,045,238	\$ 90,037
Current portion of long-term debt	7,039	6,100
Accounts payable	196,120	36,454
Accrued expenses	9,438	1,959
Housing trust fund reserves	73,728	73,728
Tenant security deposit	9,910	9,880
Deferred revenue	194,608	206,970
TOTAL CURRENT LIABILITIES	1,536,081	425,128
<u>NONCURRENT LIABILITIES</u>		
Long-term debt, less current portion	11,587	18,796
TOTAL LIABILITIES	1,547,668	443,924
<u>NET ASSETS</u>		
Without donor restrictions	943,006	1,002,830
With donor restrictions	208,391	256,132
TOTAL NET ASSETS	1,151,397	1,258,962
TOTAL LIABILITIES AND NET ASSETS	\$ 2,699,065	\$ 1,702,886

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, 2020
(With Comparative Totals for the Year Ended August 31, 2019)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2020</u>	<u>2019</u>
<u>SUPPORT AND REVENUE</u>				
Fees and grants from government agencies and foundations	\$ 504,569	\$ -	\$ 504,569	\$ 456,986
Rental income	149,033	-	149,033	138,390
Interest income	4,036	-	4,036	6,292
Rehab consulting	-	-	-	5,250
Miscellaneous income	3,318	-	3,318	4,171
PPP and emergency assistance	29,562	-	29,562	-
Net assets released from restriction	47,741	(47,741)	-	-
	<u>738,259</u>	<u>(47,741)</u>	<u>690,518</u>	<u>611,089</u>
<u>EXPENSES</u>				
<u>PROGRAM SERVICES:</u>				
Housing programs	736,055	-	736,055	650,771
<u>SUPPORT SERVICES:</u>				
Management and general	62,028	-	62,028	45,897
<u>TOTAL PROGRAM AND SUPPORT EXPENSES</u>	<u>798,083</u>	<u>-</u>	<u>798,083</u>	<u>696,668</u>
Change in net assets	(59,824)	(47,741)	(107,565)	(85,579)
Net assets - beginning of year	<u>1,002,830</u>	<u>256,132</u>	<u>1,258,962</u>	<u>1,344,541</u>
Net assets - ending of year	<u>\$ 943,006</u>	<u>\$ 208,391</u>	<u>\$ 1,151,397</u>	<u>\$ 1,258,962</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, 2020
(With Comparative Totals for the Year Ended August 31, 2019)

	Programs Services	Management and		
	Housing Programs	General	2020	2019
Staff salaries	\$ 169,601	\$ 18,845	\$ 188,445	\$ 133,343
Payroll taxes and fringe benefits	31,025	3,447	34,472	28,686
Utilities	15,156	3,789	18,945	18,984
Travel and training	-	-	-	443
Licenses and fees	1,078	-	1,078	820
Interest	20,647	-	20,647	5,778
Pass through expense	10,765	-	10,765	8,442
Material and supplies:				
Office supplies	2,130	533	2,663	3,156
Janitorial supplies	305	-	305	328
Rehab costs	306,304	-	306,304	331,291
Purchase of service:				
Security systems	4,205	-	4,205	1,801
Equipment rental	-	872	872	533
Building maintenance and repairs	31,027	7,757	38,784	20,214
Real estate taxes	3,739	-	3,739	4,291
Professional	30,806	7,701	38,507	28,315
Insurance	37,234	9,308	46,542	33,293
Miscellaneous	1,676	419	2,095	1,979
Bank charges	1,907	477	2,384	1,711
Loan fee	3,899	975	4,874	-
Recording fees	236	-	236	1,411
Computer expenses	5,465	1,366	6,831	4,385
	<u>677,204</u>	<u>55,489</u>	<u>732,693</u>	<u>629,204</u>
Depreciation	<u>58,851</u>	<u>6,539</u>	<u>65,390</u>	<u>67,464</u>
Total expenses	<u>\$ 736,055</u>	<u>\$ 62,028</u>	<u>\$ 798,083</u>	<u>\$ 696,668</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (107,565)	\$ (85,579)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	65,390	67,464
Changes in operating assets and liabilities:		
Government grants, foundations and other receivables	(77,793)	20,239
Prepaid expenses	(1,893)	1,331
Loans receivable - net of repayments	30,093	19,159
Property held for resale	(200)	-
Accounts payable and accrued expenses	167,145	16,462
Tenant security deposits	30	970
Deferred revenue	(12,362)	(33,067)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>62,845</u>	<u>6,979</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(1,078,204)</u>	<u>(85,925)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net borrowing on short-term debt	955,201	(24,526)
Increase in long-term debt	-	28,244
Repayments of long-term debt	(6,270)	(30,714)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>948,931</u>	<u>(26,996)</u>
 Net change in cash	(66,428)	(105,942)
 Cash and cash equivalents - beginning of the year	<u>290,355</u>	<u>396,297</u>
 Cash and cash equivalents - end of the year	<u>\$ 223,927</u>	<u>\$ 290,355</u>
 Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 20,647</u>	<u>\$ 5,778</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, 2020 AND 2019

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 \$208,391 in net assets that are subject to donor imposed restrictions.

Cash and Cash Equivalents

For the purposes of the statement 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.

Loan 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, 2020 and 2019 \$546,293 and \$576,313, respectively, were delinquent.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 2020 or 2019.

Revenue Recognition

Revenue 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.

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, 2019 from which the summarized information was derived.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In May of 2014, The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09 Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. As part of the adoption of the ASU, the Organization now must recognize 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. 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.

The Organization has adopted the provisions of ASU 2014-09 for the year ended August 31, 2020. The results of this update change did not have an effect on the prior year’s revenue.

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>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 223,927	\$ 290,355
Receivables including current portion of note receivables	150,557	76,723
Long term loans receivable	<u>174,750</u>	<u>200,843</u>
	549,234	567,921
Amount donor restricted	(208,391)	(256,132)
Long term loans receivable	<u>(174,750)</u>	<u>(200,843)</u>
	<u>\$ 166,093</u>	<u>\$ 110,946</u>

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 4- Loan Receivable

The Organization has outstanding loans receivable of \$648,537 as of August 31, 2020 and \$702,843 as of August 31, 2019. 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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
New opportunity loans:		
Current status	\$ 47,101	\$ 63,785
30 - 90 days	1,607	7,207
Over 90 days	<u>152,603</u>	<u>174,362</u>
	201,311	245,354
Less: allowance	<u>(110,787)</u>	<u>(135,000)</u>
	<u>90,524</u>	<u>110,354</u>
High risk revolving loan fund:		
Current status	31,272	38,459
30 - 90 days	22,264	17,079
Over 90 days	<u>393,690</u>	<u>401,951</u>
	447,226	457,489
Less: allowance	<u>(326,000)</u>	<u>(326,000)</u>
	<u>121,226</u>	<u>131,489</u>
Total opportunity and high risk loan	211,750	241,843
Less: current portion	<u>(37,000)</u>	<u>(41,000)</u>
	<u>\$ 174,750</u>	<u>\$ 200,843</u>

Note 5- Property and Equipment

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 121,484	\$ 121,484
Building improvements	141,126	141,126
Rehab of properties:		
School 62 - completed	2,066,629	2,066,629
School 62 - construction in process	200,000	200,000
782 Fillmore	118,932	118,932
Construction in progress	<u>1,229,203</u>	<u>150,999</u>
	3,877,374	2,799,170
Accumulated depreciation	<u>(1,882,591)</u>	<u>(1,817,201)</u>
	<u>\$ 1,994,783</u>	<u>\$ 981,969</u>

Depreciation expense amounted to \$65,390 and \$67,464 for the years ended August 31, 2020 and 2019.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 6 – Short-Term Borrowing

The Organization has a business line of credit in the amount of \$100,000 with interest charged at 6.50%. As of August 31, 2020 and 2019, the totals that were in use, respectively were \$14,111 and \$16,020.

In May 2019, the Organization received a construction loan commitment of \$1,964,300 at the prime rate of interest (3.25% at August 31, 2020) 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. The entire project is anticipated to cost \$2,500,000 of which an appropriated \$1,229,000 has been expensed through August 31, 2020.

Note 7 – Loan Payable

Loans outstanding at August 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Note payable, due in monthly installments of \$625, including interest at 3% through March, 2023	\$ 18,626	\$ 24,896
Less: current portion	(7,039)	(6,100)
	<u>\$ 11,587</u>	<u>\$ 18,796</u>

Future principal payments subsequent to August 31, 2020 are as follows:

2021	\$ 7,039
2022	7,254
2023	4,333
Total payments	<u>\$ 18,626</u>

Note 8 – Shared Facilities

The Organization shares space with HomeFront, Inc., and pays a portion of utilities and maintenance of the property located at 780 Fillmore Avenue, Buffalo, New York.

Note 9 – Major Funding Sources

During 2020 and 2019, the Organization received two government grants representing approximately 38% and 44% of total revenues, respectively.

Note 10 – With Donor Restriction

The Organization's net asset with donor restriction balance at August 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Foundation grant	\$ 7,081	\$ 10,778
Principal and interest collected on loan funds	201,310	245,354
	<u>\$ 208,391</u>	<u>\$ 256,132</u>

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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 \$211,750 and \$241,843 at August 31, 2020 and 2019.

Following is a summary of the activity in the allowance for uncollectible loans during the years ended August 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 461,000	\$ 461,000
Additions charged to operations	-	-
Write-offs	(24,213)	-
	<u>\$ 436,787</u>	<u>\$ 461,000</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, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
806 Fillmore Avenue	\$ 144,989	\$ 144,789
802 Fillmore Avenue	2,159	2,159
	<u>\$ 147,148</u>	<u>\$ 146,948</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, 2020 and 2019 contributions to the plan amounted to \$4,965 and \$3,600, respectively.

Note 14 – Paycheck Protection Program Loan

On May 1, 2020, The Organization entered into a Promissory Note in an aggregate principal amount of \$29,562 (the “Note”), pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”).

The Note matures two years from the disbursement date and bears interest at a rate of 1.00% per annum, with the first six months of payments deferred. Following the initial six month period, principal and interest are payable monthly, and may be prepaid at any time prior to maturity with no prepayment penalties.

Under the terms of the CARES Act, recipients of the PPP loan can apply for and be granted forgiveness for all or a portion of the loans granted under the PPP. The Note is subject to forgiveness to the extent the proceeds are used for payroll costs and payments on mortgage interest, rent, utilities, and interest on other debt obligations.

Subsequent to year-end, the Organization received full forgiveness of the loan under the CARES Act. As such, the PPP Loan has been reflected as revenue on the accompany statement of activities.

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 15 – Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 3, 2021, the date with the financial statements were available to be issued.

Prior to and subsequent to August 31, 2020, local, U.S., and world governments have continued to encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. These limitations may limit the Organization's ability to conduct activities on a global basis. There is also unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. This uncertainty and the economic uncertainty in particular may reduce the Organization's ability to raise money to fund its operations. While management cannot quantify the financial and other impacts to the Organization, there is a reasonable possibility that the impact on the Organization's financial position and results of future operations could be material.

SUPPLEMENTARY INFORMATION

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF FINANCIAL POSITION FOR SCHOOL 62 – OPERATING FUND
AUGUST 31, 2020

ASSETS

CURRENT ASSETS

Cash	\$	10,389
Cash, replacement reserve		10,068
Cash - security deposits		9,915
Accounts receivables		7,631
		38,003

PROPERTY AND EQUIPMENT

Building and improvements		2,061,520
Construction in progress		200,000
Equipment		12,198
Less: accumulated depreciation		(1,535,537)
		738,181

DUE TO OTHER FUNDS

138,035

TOTAL ASSETS \$ 914,219

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	11,001
Prepaid rent		701
Tenant security deposit		9,910
		21,612

NET ASSETS

Beginning of year		943,774
Changes in net assets		(51,167)
End of year		892,607

TOTAL LIABILITIES AND NET ASSETS \$ 914,219

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF REVENUES AND EXPENSES FOR SCHOOL 62 – OPERATING FUND
FOR THE YEAR ENDED AUGUST 31, 2020

REVENUE

Potential rental income (27 units available)	\$ 119,237
Rental income - cell tower	8,498
Miscellaneous financial income	2,400
TOTAL REVENUE	<u>130,135</u>

EXPENSES

Salaries	44,500
Payroll taxes and fringe	7,189
Utilities	12,258
Computer expense and supplies	1,820
Supplies	305
Repairs and maintenance	32,432
Security system	1,712
Insurance	20,434
Miscellaneous	1,780
TOTAL EXPENSES	<u>122,430</u>

Operating income before depreciation and additions to reserve	7,705
Depreciation	(58,872)
Additions to reserve	<u>-</u>
Change in net assets	<u>\$ (51,167)</u>

BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.
STATEMENT OF REVENUES AND EXPENSES FOR HCR SHARE #20160059
JULY 1, 2019 THROUGH JUNE 30, 2020

	<u>Annual Budget</u>	<u>Actual</u>
<u>REVENUE</u>		
Grant income	\$ 88,671	\$ 88,671
<u>SALARIES</u>		
Executive director	\$ 27,560	\$ 22,790
Housing counselor - shared employee	21,736	22,957
Construction analyst	20,592	22,968
Office manager	15,080	13,360
TOTAL SALARIES	84,968	82,075
<u>FRINGE BENEFITS</u>		
Social security	3,703	6,596
Unemployment	-	-
Workers compensation	-	-
Benefits	-	-
TOTAL FRINGE BENEFITS	3,703	6,596
TOTAL EXPENSES	\$ 88,671	\$ 88,671