

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

**Financial Statements  
As of August 31, 2021  
(With Comparative Totals for the Year Ended August 31, 2020)  
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, 2021, 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, 2021, 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 Schedule of Financial Position for School 62, Schedule of Revenue and Other Support for School 62 and HCR Share #20200042 included on pages 14 – 16 (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.

The budgetary information on page 16 is presented to supplement the financial statements. We have applied certain limited procedures to the supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we've on obtained during the audit of the financial statements. We do not express an opinion on or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Report on Summarized Comparative Information**

We have previously audited Broadway-Fillmore Neighborhood Housing Services, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Allied CPAs, P.C.*

Tonawanda, NY  
January 10 ,2022

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2021 AND 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b><u>CURRENT ASSETS</u></b>		
Cash, including amounts restricted of \$694,636 and \$200,379	\$ 696,344	\$ 213,859
Cash - replacement reserve	6,604	10,068
Receivables:		
Account receivable	-	18,138
Current portion of loans receivable	34,000	37,000
Rent receivable, less allowance of doubtful account of \$3,000 in 2021 and \$0 in 2020	28,162	11,038
Grant receivable	29,453	83,658
Escrow receivable	723	723
Prepaid expense	2,356	7,900
<b>TOTAL CURRENT ASSETS</b>	<b>797,642</b>	<b>382,384</b>
<b><u>NONCURRENT ASSETS</u></b>		
Property and equipment, net	2,575,354	1,994,783
Loans receivable, net of current portion, and less allowance for doubtful accounts of \$18,000 in 2021 and \$436,787 in 2020	59,152	174,750
Property held for investment	147,148	147,148
<b>TOTAL NONCURRENT ASSETS</b>	<b>206,300</b>	<b>321,898</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,579,296</b>	<b>\$ 2,699,065</b>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Short-term borrowing	\$ 1,864,567	\$ 1,045,238
Current portion of long-term debt	7,254	7,039
Accounts payable	196,638	196,120
Accrued expenses	10,101	9,438
Housing trust fund reserves	73,728	73,728
Tenant security deposit	10,216	9,910
Deferred revenue	659,228	194,608
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,821,732</b>	<b>1,536,081</b>
<b><u>NONCURRENT LIABILITIES</u></b>		
Long-term debt, less current portion	4,333	11,587
<b>TOTAL LIABILITIES</b>	<b>2,826,065</b>	<b>1,547,668</b>
<b><u>NET ASSETS</u></b>		
Without donor restrictions	681,787	943,006
With donor restrictions	71,444	208,391
<b>TOTAL NET ASSETS</b>	<b>753,231</b>	<b>1,151,397</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,579,296</b>	<b>\$ 2,699,065</b>

part of these financial statements

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2021**  
**(With Comparative Totals for the Year Ended August 31, 2020)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2021</u>	<u>2020</u>
<b><u>SUPPORT AND REVENUE</u></b>				
Fees and grants from government agencies and foundations	\$ 343,075	\$ -	\$ 343,075	\$ 504,569
Rental income	140,366	-	140,366	149,033
Interest income	3,324	-	3,324	4,036
Rehab consulting	1,000	-	1,000	-
Miscellaneous income	2,965	-	2,965	3,318
PPP and emergency assistance	-	-	-	29,562
Net assets released from restriction	136,947	(136,947)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>627,677</u>	<u>(136,947)</u>	<u>490,730</u>	<u>690,518</u>
<b><u>EXPENSES</u></b>				
<b>PROGRAM SERVICES:</b>				
Housing programs	830,899	-	830,899	736,055
<b>SUPPORT SERVICES:</b>				
Management and general	57,997	-	57,997	62,028
<b>TOTAL EXPENSES</b>	<u>888,896</u>	<u>-</u>	<u>888,896</u>	<u>798,083</u>
Change in net assets	(261,219)	(136,947)	(398,166)	(107,565)
<b>Net assets - beginning of year</b>	<u>943,006</u>	<u>208,391</u>	<u>1,151,397</u>	<u>1,258,962</u>
<b>Net assets - ending of year</b>	<u><u>\$ 681,787</u></u>	<u><u>\$ 71,444</u></u>	<u><u>\$ 753,231</u></u>	<u><u>\$ 1,151,397</u></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, 2021**  
**(With Comparative Totals for the Year Ended August 31, 2020)**

	<u>Programs Services</u>	<u>Management and</u>		
	<u>Housing Programs</u>	<u>General</u>	<u>2021</u>	<u>2020</u>
Staff salaries	\$ 196,517	\$ 21,835	\$ 218,352	\$ 188,445
Payroll taxes and fringe benefits	39,598	4,400	43,998	34,472
Utilities	12,902	3,225	16,127	18,945
Licenses and fees	165	-	165	1,078
Interest	55,194	-	55,194	20,647
Pass through expense	9,400	-	9,400	10,765
Bad debts	91,218	-	91,218	-
Material and supplies:				
Office supplies	3,158	789	3,947	2,663
Janitorial supplies	395	-	395	305
Rehab costs	125,519	-	125,519	306,304
Purchase of service:				
Security systems	1,046	-	1,046	4,205
Equipment rental	-	1,199	1,199	872
Building maintenance and repairs	23,358	5,840	29,198	38,784
Real estate taxes	1,731	-	1,731	3,739
Professional	20,694	5,174	25,868	38,507
Insurance	20,497	5,124	25,621	46,542
Miscellaneous	3,413	853	4,266	2,095
Bank charges	2,055	514	2,569	2,384
Loan fee	3,640	910	4,550	4,874
Recording fees	-	-	-	236
Computer expenses	6,242	1,561	7,803	6,831
Depreciation	59,157	6,573	65,730	65,390
Loss on abandonment	155,000	-	155,000	-
<b>TOTAL EXPENSES</b>	<b>\$ 830,899</b>	<b>\$ 57,997</b>	<b>\$ 888,896</b>	<b>\$ 798,083</b>

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, 2021**  
**(With Comparative Totals for the Year Ended August 31, 2020)**

	<b>2021</b>	<b>2020</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (398,166)	\$ (107,565)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	65,730	65,390
Loss on abandonment	155,000	-
Changes in operating assets and liabilities:		
Government grants, foundations and other receivables	55,219	(77,793)
Prepaid expenses	5,544	(1,893)
Loans receivable - net of repayments	118,598	30,093
Property held for resale	-	(200)
Accounts payable and accrued expenses	1,181	167,145
Tenant security deposits	306	30
Deferred revenue	464,620	(12,362)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>468,032</b>	<b>62,845</b>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of property and equipment	(801,301)	(1,078,204)
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Net borrowing on short-term debt	819,329	955,201
Repayments of long-term debt	(7,039)	(6,270)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>812,290</b>	<b>948,931</b>
 Net change in cash	479,021	(66,428)
 Cash and cash equivalents - beginning of the year	223,927	290,355
 Cash and cash equivalents - end of the year	<b>\$ 702,948</b>	<b>\$ 223,927</b>
 <b>Supplemental disclosure of cash flow information:</b>		
Interest paid	\$ 55,194	\$ 20,647

The accompanying notes are an integral part of these financial statements

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**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.

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, 2021 and 2020 \$41,490 and \$546,293, respectively, were delinquent.

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**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 2021 or 2020.

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, rents 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. 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.

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, 2020 from which the summarized information was derived.

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**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>2021</u>	<u>2020</u>
Cash	\$ 702,948	\$ 223,927
Receivables including current portion of note receivables	92,338	150,557
Long-term loans receivable	59,152	174,750
Total financial assets available	<u>854,438</u>	<u>549,234</u>
Less:		
Amounts unavailable for general expenses within one year:		
Amount donor restricted	(71,444)	(208,391)
Restricted cash	(694,636)	(200,379)
Unrestricted portion of long-term loans receivable	<u>(9,832)</u>	<u>-</u>
Total amounts unavailable for general expenses within on year	<u>(775,912)</u>	<u>(408,770)</u>
<b>Total financial assets available for general expenses within one year:</b>	<b><u>\$ 78,526</u></b>	<b><u>\$ 140,464</u></b>

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**Note 4- Loan Receivable**

The Organization has outstanding loans receivable of \$111,152 as of August 31, 2021 and \$648,536 as of August 31, 2020. 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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
New opportunity loans:		
Current status	\$ 22,344	\$ 47,101
30 - 90 days	21,247	1,607
Over 90 days	5,729	152,603
	<u>49,320</u>	<u>201,311</u>
Less: allowance	-	(110,787)
	<u>49,320</u>	<u>90,524</u>
High risk revolving loan fund:		
Current status	21,477	31,272
30 - 90 days	4,594	22,264
Over 90 days	35,761	393,690
	<u>61,832</u>	<u>447,226</u>
Less: allowance	(18,000)	(326,000)
	<u>43,832</u>	<u>121,226</u>
Total opportunity and high risk loan	93,152	211,750
Less: current portion	(34,000)	(37,000)
	<u><u>\$ 59,152</u></u>	<u><u>\$ 174,750</u></u>

**Note 5- Property and Equipment**

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 7,257	\$ -
Furniture and equipment	123,527	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
782 Fillmore	118,932	118,932
Construction in progress	2,021,204	1,229,203
	<u>4,478,675</u>	<u>3,877,374</u>
Accumulated depreciation	(1,903,321)	(1,882,591)
	<u><u>\$ 2,575,354</u></u>	<u><u>\$ 1,994,783</u></u>

Depreciation expense amounted to \$65,730 and \$65,390 for the years ended August 31, 2021 and 2020.

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**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, 2021 and 2020, the totals that were in use, respectively were \$15,296 and \$14,111.

In May 2019, the Organization received a construction loan commitment of \$2,100,000 at the prime rate of interest (3.25% at August 31, 2021) 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 \$2,021,204 has been expensed through August 31, 2021.

**Note 7 – Loan Payable**

Loans outstanding at August 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Note payable, due in monthly installments of \$625, including interest at 3% through March, 2023	\$ 11,587	\$ 18,626
Less: current portion	(7,254)	(7,039)
	<b>\$ 4,333</b>	<b>\$ 11,587</b>

Future principal payments subsequent to August 31, 2021 are as follows:

2022	\$ 7,254
2023	4,333
Total payments	\$ 11,587

**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 2021 and 2020, the Organization received two government grants representing approximately 35% and 38% of total revenues, respectively.

**Note 10 – With Donor Restriction**

The Organization's net asset with donor restriction balance at August 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Foundation grant	\$ 22,124	\$ 7,081
New opportunity - loan receivable	49,320	201,310
	<b>\$ 71,444</b>	<b>\$ 208,391</b>

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**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 \$93,152 and \$211,750 at August 31, 2021 and 2020.

Following is a summary of the activity in the allowance for uncollectible loans during the years ended August 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 436,787	\$ 461,000
Additions charged to operations	-	-
Write-offs	(418,787)	(24,213)
	<u>\$ 18,000</u>	<u>\$ 436,787</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, 2021 and 2020 is summarized as follows:

	<u>2021</u>	<u>2020</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, 2021 and 2020 contributions to the plan amounted to \$5,584 and \$4,965, respectively.

**Note 14 – Loss on Abandonment**

The Organization determined that the construction in progress for School 62, amounting to \$200,000, should be written off as a loss of abandonment due to the project not being completed. The loss of Abandonment amounted to \$155,000 for the year ended August 31, 2021.

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2021 AND 2020**

**Note 15 –Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 10, 2022, the date with the financial statements were available to be issued.

Prior to and subsequent to August 31, 2021, 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.

Subsequent to August 31, 2021, the Organization increased its construction line of credit with the Bank of Evans for an additional amount of \$425,000. The Terms for the additional loan are the same as the original construction loan.

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION FOR SCHOOL 62 –OPERATING FUND**  
**AUGUST 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	2,858
Cash, replacement reserve		6,604
Cash - security deposits		10,210
Accounts receivables		25,919
<b>TOTAL CURRENT ASSETS</b>		<b><u>45,591</u></b>

**PROPERTY AND EQUIPMENT**

Building and improvements		2,061,520
Equipment		14,241
Less: accumulated depreciation		(1,549,748)
<b>TOTAL PROPERTY AND EQUIPMENT</b>		<b><u>526,013</u></b>

<b>DUE TO OTHER FUNDS</b>		<b><u>120,758</u></b>
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**TOTAL ASSETS \$ 692,362**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$	8,486
Prepaid rent		2,377
Tenant security deposit		10,216
		<u>21,079</u>

**NET ASSETS**

Beginning of year		892,607
Changes in net assets		(221,324)
End of year		<u>671,283</u>

**TOTAL LIABILITIES AND NET ASSETS \$ 692,362**

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**STATEMENT OF REVENUES AND EXPENSES FOR SCHOOL 62 – OPERATING FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**REVENUE**

Potential rental income (27 units available)	\$	120,167
Rental income - cell tower		-
Miscellaneous financial income		2,661
<b>TOTAL REVENUE</b>		<u>122,828</u>

**EXPENSES**

Salaries		68,563
Payroll taxes and fringe		13,570
Utilities		4,700
Computer expense and supplies		1,275
Supplies		445
Repairs and maintenance		27,802
Security system		1,298
Insurance		6,902
Bad debt expense		3,000
Miscellaneous		2,386
<b>TOTAL EXPENSES</b>		<u>129,941</u>

Operating income before depreciation		
additions to reserve, and other sources		(7,113)
Depreciation		(59,211)
Additions to reserve		-

**OTHER SOURCES AND USES**

Loss on Abandonment		<u>(155,000)</u>
Change in net assets	\$	<u><u>(221,324)</u></u>

**BROADWAY-FILLMORE NEIGHBORHOOD HOUSING SERVICES, INC.**  
**STATEMENT OF REVENUES AND EXPENSES FOR HCR SHARE #20200042**  
**JULY 1, 2020 THROUGH JUNE 30, 2021**

	<u>Annual Budget</u>	<u>Actual</u>
<b><u>REVENUE</u></b>		
Grant income	\$ 91,223	\$ 91,223
<b><u>SALARIES</u></b>		
Executive director	\$ -	\$ -
Housing counselor - shared employee	32,698	39,241
Construction analyst	41,303	35,904
Office manager	-	-
<b>TOTAL SALARIES</b>	<u>74,001</u>	<u>75,145</u>
<b><u>FRINGE BENEFITS</u></b>		
Social security	11,222	5,737
Unemployment	-	68
Benefits	-	4,273
<b>TOTAL FRINGE BENEFITS</b>	<u>11,222</u>	<u>10,078</u>
<b><u>REGULATED OTPS</u></b>		
Accounting	<u>6,000</u>	<u>6,000</u>
<b>TOTAL REGULATED OTPS</b>	<u>6,000</u>	<u>6,000</u>
<b>TOTAL EXPENSES</b>	<u>\$ 91,223</u>	<u>\$ 91,223</u>