

Consolidated Financial Statements and  
Supplementary Information Together  
with Report of Independent Certified  
Public Accountants

**Broadway Housing Communities, Inc.  
and Affiliates**

December 31, 2021 and 2020

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
Broadway Housing Communities, Inc.

**Opinion**

We have audited the consolidated financial statements of Broadway Housing Communities, Inc. and Affiliates (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the 2021 financial statements of Broadway Sugar Hill Housing, L.P. or the 2020 financial statements of 583 Riverside Drive, L.P. and Broadway Sugar Hill Housing L.P. (the "Controlled Entities"), which statements reflect total assets constituting \$55,741,485 and \$66,797,834, respectively, of consolidated total assets at December 31, 2021 and 2020, and total revenues constituting \$1,436,181 and \$2,231,577, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Controlled Entities, is based solely on the report of the other auditors.

**Basis for opinion**

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the consolidated 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 consolidated 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 US GAAS 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits.

**Supplementary information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Grant Thornton LLP*

Melville, New York  
October 28, 2022

**Broadway Housing Communities, Inc. and Affiliates**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

December 31, 2021

	Not-for-Profit Entities	SH Entities	Limited Partnership Housing Entities	Eliminations	Consolidated Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,118,891	\$ 7,693	\$ 209,697	\$ -	\$ 2,336,281
Cash and cash equivalents - restricted	1,783,180	-	2,081,713	-	3,864,893
Tenant security	64,359	-	133,097	-	197,456
Investments	23,614,213	-	-	-	23,614,213
Due from related party	723,638	-	-	-	723,638
Grants receivable	1,103,682	-	-	-	1,103,682
Pledges receivable	275,000	-	-	-	275,000
Other receivables	6,142,958	54	167,226	(5,424,203)	886,035
Prepaid expenses and other assets	973,100	-	-	-	973,100
Total current assets	36,799,021	7,747	2,591,733	(5,424,203)	33,974,298
<b>Non-current assets</b>					
Mortgages and notes receivable, net	24,087,115	-	5,360,767	(29,447,882)	-
Mortgage interest receivable	6,905,613	-	78,690	(6,971,188)	13,115
Property and equipment, net	4,551,283	24,282,835	57,532,290	-	86,366,408
Total non-current assets	35,544,011	24,282,835	62,971,747	(36,419,070)	86,379,523
Total assets	<u>\$ 72,343,032</u>	<u>\$ 24,290,582</u>	<u>\$ 65,563,480</u>	<u>\$ (41,843,273)</u>	<u>\$ 120,353,821</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued expenses	\$ 1,350,189	\$ 1,294,103	\$ 1,384,913	\$ (2,196,721)	\$ 1,832,484
Mortgages and notes payable	-	-	76,703	-	76,703
Deferred revenue	1,254,636	24,675	-	(24)	1,279,287
Due to related party	479,917	-	715,849	(203,486)	992,280
Security deposits	75,751	-	146,743	-	222,494
Total current liabilities	3,160,493	1,318,778	2,324,208	(2,400,231)	4,403,248
<b>Non-current liabilities</b>					
Mortgages and notes payable	4,116,966	20,334,193	41,232,344	(32,471,854)	33,211,649
Accrued mortgage interest payable	-	2,336,236	5,232,464	(6,971,188)	597,512
Refundable advances	4,318,930	-	-	-	4,318,930
Total non-current liabilities	8,435,896	22,670,429	46,464,808	(39,443,042)	38,128,091
Total liabilities	11,596,389	23,989,207	48,789,016	(41,843,273)	42,531,339
<b>Net assets</b>					
Without donor restrictions:					
Controlling interest	42,956,107	301,375	(828,680)	-	42,428,802
Noncontrolling interest	-	-	17,603,144	-	17,603,144
With donor restrictions	17,790,536	-	-	-	17,790,536
Total net assets	60,746,643	301,375	16,774,464	-	77,822,482
Total liabilities and net assets	<u>\$ 72,343,032</u>	<u>\$ 24,290,582</u>	<u>\$ 65,563,480</u>	<u>\$ (41,843,273)</u>	<u>\$ 120,353,821</u>

The accompanying notes are an integral part of this consolidated financial statement.

**Broadway Housing Communities, Inc. and Affiliates**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

December 31, 2020

	Not-for-Profit Entities	SH Entities	Limited Partnership Housing Entities	Eliminations	Consolidated Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 5,430,842	\$ 346,485	\$ 632,121	\$ -	\$ 6,409,448
Cash and cash equivalents - restricted	2,534,957	-	2,010,965	-	4,545,922
Tenant security	59,409	-	132,338	-	191,747
Investments	18,301,636	-	-	-	18,301,636
Due from related party	269,138	-	-	-	269,138
Grants receivable, net	784,223	-	-	(151,306)	632,917
Pledges receivable, net	319,426	-	-	-	319,426
Other receivables	5,268,474	638,548	203,345	(5,791,717)	318,650
Prepaid expenses and other assets	38,158	-	-	-	38,158
Total current assets	33,006,263	985,033	2,978,769	(5,943,023)	31,027,042
<b>Non-current assets</b>					
Mortgages and notes receivable, net	23,787,115	-	5,360,767	(29,147,882)	-
Mortgage interest receivable	6,277,024	-	65,575	(6,329,484)	13,115
Property and equipment, net	4,316,690	24,535,480	58,392,723	-	87,244,893
Total non-current assets	34,380,829	24,535,480	63,819,065	(35,477,366)	87,258,008
Total assets	<u>\$ 67,387,092</u>	<u>\$ 25,520,513</u>	<u>\$ 66,797,834</u>	<u>\$ (41,420,389)</u>	<u>\$ 118,285,050</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued expenses	\$ 1,493,449	\$ 950,049	\$ 1,160,730	\$ (2,113,619)	\$ 1,490,609
Mortgages and notes payable	-	-	76,703	-	76,703
Accrued mortgage interest payable	-	-	187,901	-	187,901
Deferred revenue	638,528	28,050	-	(638,528)	28,050
Due to related party	31,680	-	714,978	(166,904)	579,754
Security deposits	75,751	-	146,348	-	222,099
Total current liabilities	2,239,408	978,099	2,286,660	(2,919,051)	2,585,116
<b>Non-current liabilities</b>					
Mortgages and notes payable	5,064,871	20,334,193	41,148,840	(32,171,854)	34,376,050
Accrued mortgage interest payable	7,653	2,086,708	4,553,615	(6,329,484)	318,492
Refundable advances	4,318,930	-	-	-	4,318,930
Total non-current liabilities	9,391,454	22,420,901	45,702,455	(38,501,338)	39,013,472
Total liabilities	11,630,862	23,399,000	47,989,115	(41,420,389)	41,598,588
<b>Net assets</b>					
Without donor restrictions:					
Controlling interest	39,109,072	2,121,513	(828,477)	-	40,402,108
Noncontrolling interest	-	-	19,637,196	-	19,637,196
With donor restrictions	16,647,158	-	-	-	16,647,158
Total net assets	55,756,230	2,121,513	18,808,719	-	76,686,462
Total liabilities and net assets	<u>\$ 67,387,092</u>	<u>\$ 25,520,513</u>	<u>\$ 66,797,834</u>	<u>\$ (41,420,389)</u>	<u>\$ 118,285,050</u>

The accompanying notes are an integral part of this consolidated financial statement.

Broadway Housing Communities, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2021

	Not-for-Profit Entities	SH Entities	Limited Partnership Housing Entities	Eliminations	Consolidated Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Revenues and support					
Grants	\$ 3,602,073	\$ -	\$ -	\$ -	\$ 3,602,073
Contributions	2,637,493	88,000	62,500	(62,500)	2,725,493
In-kind contributions	1,388,115	-	-	-	1,388,115
Housing management income	1,986,002	-	-	(1,986,002)	-
Rental income	1,318,411	(933,510)	2,122,784	(352,530)	2,155,155
Admissions	10,254	-	-	-	10,254
Interest income - loans	140,280	-	16,197	(140,280)	16,197
Investment return	1,147,146	-	-	(501,504)	645,642
Other income	94,989	-	1,030	-	96,019
Net assets released from restriction	100,000	-	-	-	100,000
<b>Total revenue and support</b>	<b>12,424,763</b>	<b>(845,510)</b>	<b>2,202,511</b>	<b>(3,042,816)</b>	<b>10,738,948</b>
Expenses					
Program services					
Housing	4,863,398	974,628	4,236,766	(2,265,381)	7,809,411
Education	2,798,290	-	-	(137,483)	2,660,807
Arts and culture	1,033,340	-	-	(611,670)	421,670
<b>Total program services expenses</b>	<b>8,695,028</b>	<b>974,628</b>	<b>4,236,766</b>	<b>(3,014,534)</b>	<b>10,891,888</b>
Supporting services					
Management and general	1,478,177	-	-	(28,282)	1,449,895
Fundraising	584,531	-	-	-	584,531
<b>Total supporting services expenses</b>	<b>2,062,708</b>	<b>-</b>	<b>-</b>	<b>(28,282)</b>	<b>2,034,426</b>
<b>Total expenses</b>	<b>10,757,736</b>	<b>974,628</b>	<b>4,236,766</b>	<b>(3,042,816)</b>	<b>12,926,314</b>
Increase (decrease) in net assets without donor restrictions before other item	1,667,027	(1,820,138)	(2,034,255)	-	(2,187,366)
Other item					
Gain on PPP loan forgiveness	2,180,008	-	-	-	2,180,008
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>3,847,035</b>	<b>(1,820,138)</b>	<b>(2,034,255)</b>	<b>-</b>	<b>(7,358)</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Revenue and support with donor restrictions					
Investment return	1,243,378	-	-	-	1,243,378
Net assets released from restrictions	(100,000)	-	-	-	(100,000)
<b>Increase in net assets with donor restrictions</b>	<b>1,143,378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,143,378</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,990,413</b>	<b>(1,820,138)</b>	<b>(2,034,255)</b>	<b>-</b>	<b>1,136,020</b>
Deficiency in revenues and support over expenses attributable to noncontrolling interests	-	-	2,034,052	-	2,034,052
Excess of (deficiency in) revenues and support over expenses attributable to BHC	\$ 4,990,413	\$ (1,820,138)	\$ (203)	\$ -	\$ 3,170,072

The accompanying notes are an integral part of this consolidated financial statement.



Broadway Housing Communities, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2020

	Not-for-Profit Entities	SH Entities	Limited Partnership Housing Entities	Eliminations	Consolidated Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Revenues and support					
Grants	\$ 3,021,969	\$ -	\$ -	\$ -	\$ 3,021,969
Contributions	2,028,450	258,186	62,500	(257,687)	2,091,449
In-kind contributions	439,331	-	-	-	439,331
Housing management income	1,962,561	-	-	(1,652,124)	310,437
Special events income (net of direct expenses of \$218,583)	187,251	-	-	-	187,251
Rental income	1,298,339	462,180	2,143,903	(352,530)	3,551,892
Admissions	30,051	-	-	-	30,051
Tuition income	11,050	-	-	-	11,050
Interest income - loans	-	9	23,845	-	23,854
Investment return	1,848,354	-	-	(550,527)	1,297,827
Other income	130,715	-	1,329	-	132,044
Net assets released from restriction	200,000	-	-	-	200,000
<b>Total revenue and support</b>	<b>11,158,071</b>	<b>720,375</b>	<b>2,231,577</b>	<b>(2,812,868)</b>	<b>11,297,155</b>
Expenses					
Program services					
Housing	4,553,040	1,143,741	4,479,749	(1,460,444)	8,716,086
Education	2,993,029	-	-	(137,483)	2,855,546
Arts and culture	1,869,949	-	-	(1,186,739)	683,210
<b>Total program services expenses</b>	<b>9,416,018</b>	<b>1,143,741</b>	<b>4,479,749</b>	<b>(2,784,666)</b>	<b>12,254,842</b>
Supporting services					
Management and general	2,587,491	-	-	(28,202)	2,559,289
Fundraising	491,107	-	-	-	491,107
<b>Total supporting services expenses</b>	<b>3,078,598</b>	<b>-</b>	<b>-</b>	<b>(28,202)</b>	<b>3,050,396</b>
<b>Total expenses</b>	<b>12,494,616</b>	<b>1,143,741</b>	<b>4,479,749</b>	<b>(2,812,868)</b>	<b>15,305,238</b>
<b>Decrease in net assets without donor restrictions</b>	<b>(1,336,545)</b>	<b>(423,366)</b>	<b>(2,248,172)</b>	<b>-</b>	<b>(4,008,083)</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Revenue and support with donor restrictions					
Investment return	1,997,973	-	-	-	1,997,973
Net assets released from restrictions	(200,000)	-	-	-	(200,000)
<b>Increase in net assets with donor restrictions</b>	<b>1,797,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,797,973</b>
<b>CHANGE IN NET ASSETS</b>	<b>461,428</b>	<b>(423,366)</b>	<b>(2,248,172)</b>	<b>-</b>	<b>(2,210,110)</b>
(Deficiency) excess of expenses over revenues and support attributable to noncontrolling interests	-	-	2,247,947	-	2,247,947
(Deficiency) excess of revenues and support over expenses attributable to BHC	\$ 461,428	\$ (423,366)	\$ (225)	\$ -	\$ 37,837

The accompanying notes are an integral part of this consolidated financial statement.

**Broadway Housing Communities, Inc. and Affiliates**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**Years ended December 31, 2021 and 2020**

	<u>Net Assets Without Donor Restrictions</u>			<u>Net Assets With Donor Restrictions</u>	<u>Consolidated Total</u>
	<u>Controlling</u>	<u>Noncontrolling</u>	<u>Total</u>		
<b>Beginning balance, January 1, 2020</b>	\$ 42,992,602	\$ 21,054,785	\$ 64,047,387	\$ 14,849,185	\$ 78,896,572
Deficiency of revenues and support over expenses attributable to noncontrolling interests	-	(2,247,947)	(2,247,947)	-	(2,247,947)
(Deficiency) excess of revenues and support over expenses attributable to BHC	(1,760,136)	-	(1,760,136)	1,797,973	37,837
Change of ownership interest in 583 Riverside Drive, L.P. (Note 1)	<u>(830,358)</u>	<u>830,358</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending balance, December 31, 2020</b>	40,402,108	19,637,196	60,039,304	16,647,158	76,686,462
Deficiency of revenues and other support over expenses attributable to noncontrolling interests	-	(2,034,052)	(2,034,052)	-	(2,034,052)
Excess of revenues and support over expenses attributable to BHC	<u>2,026,694</u>	<u>-</u>	<u>2,026,694</u>	<u>1,143,378</u>	<u>3,170,072</u>
<b>Ending balance, December 31, 2021</b>	<u>\$ 42,428,802</u>	<u>\$ 17,603,144</u>	<u>\$ 60,031,946</u>	<u>\$ 17,790,536</u>	<u>\$ 77,822,482</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Broadway Housing Communities, Inc. and Affiliates**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2021

<b>Expenses</b>	<u>Housing</u>	<u>Education</u>	<u>Arts and Culture</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,115,924	\$ 1,392,804	\$ 97,948	\$ 413,530	\$ 214,407	\$ 4,234,613
Payroll taxes and benefits	531,998	420,212	26,300	183,899	72,846	1,235,255
Telephone and utilities	657,263	103,832	55,908	57,384	-	874,387
Food	13,465	103,723	-	5,640	402	123,230
Consultants and professional fee	272,160	48,362	17,032	208,234	278,092	823,880
Program instructors	-	9,190	-	-	-	9,190
Maintenance and repairs	637,467	100,203	58,609	10,724	-	807,003
Equipment rental	7,974	11,329	6,993	29,717	-	56,013
Insurance	358,920	143,868	-	214,171	-	716,959
Supplies	218,075	139,358	4,906	70,476	1,513	434,328
Training and education	5,658	21,551	-	12,751	5,595	45,555
Travel	1,968	3,068	338	15,067	-	20,441
Recruitment	-	7,783	24,860	3,376	3,290	39,309
Printing	4,313	950	-	475	-	5,738
Depreciation and amortization	2,252,158	49,202	4,601	21,945	-	2,327,906
Interest	300,892	-	-	-	-	300,892
Artist expense	-	57,960	118,407	525	4,950	181,842
Miscellaneous	83,566	11,716	337	37,978	1,679	135,276
Management fees and other expenses	302,103	159	-	55,008	164	357,434
Covid-19 preventative expenses	9,998	35,537	-	-	-	45,535
IT expenses	35,509	-	5,431	108,995	1,593	151,528
<b>Total functional expenses</b>	<u>\$ 7,809,411</u>	<u>\$ 2,660,807</u>	<u>\$ 421,670</u>	<u>\$ 1,449,895</u>	<u>\$ 584,531</u>	<u>\$ 12,926,314</u>

The accompanying notes are an integral part of this consolidated financial statement.

**Broadway Housing Communities, Inc. and Affiliates**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year ended December 31, 2020

	<u>Housing</u>	<u>Education</u>	<u>Arts and Culture</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Expenses</b>						
Salaries	\$ 2,126,777	\$ 1,636,301	\$ 364,502	\$ 600,126	\$ 322,281	\$ 5,049,987
Payroll taxes and benefits	495,898	489,894	100,882	134,464	79,184	1,300,322
Telephone and utilities	739,257	78,729	24,819	62,454	-	905,259
Food	2,119	42,896	4,462	3,067	501	53,045
Consultants and professional fee	210,886	61,810	27,185	145,948	77,125	522,954
Program instructors	-	10,169	1,140	-	-	11,309
Maintenance and repairs	769,991	78,151	46,677	14,807	-	909,626
Equipment rental	9,883	15,947	5,723	27,897	-	59,450
Insurance	210,353	100,620	4,888	176,206	-	492,067
Supplies	91,234	74,221	3,950	70,431	6,271	246,107
Training and education	4,029	36,848	-	3,247	99	44,223
Travel	1,461	5,665	1,566	8,749	237	17,678
Recruitment	662	5,579	14,302	8,750	1,632	30,925
Printing	-	2,200	1,430	4,336	-	7,966
Depreciation and amortization	2,543,029	94,981	67,383	21,679	-	2,727,072
Interest	367,501	-	-	7,653	-	375,154
Artist expense	-	16,479	13,085	399	-	29,963
Miscellaneous	165,257	12,184	146	46,149	3,521	227,257
Management fees and other expenses	840,014	12,581	637	1,175,823	256	2,029,311
Covid-19 preventative expenses	137,735	80,291	433	47,104	-	265,563
IT expenses	-	-	-	-	-	-
<b>Total functional expenses</b>	<b>\$ 8,716,086</b>	<b>\$ 2,855,546</b>	<b>\$ 683,210</b>	<b>\$ 2,559,289</b>	<b>\$ 491,107</b>	<b>\$ 15,305,238</b>

The accompanying notes are an integral part of this consolidated financial statement.

**Broadway Housing Communities, Inc. and Affiliates**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,136,020	\$ (2,210,110)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,327,906	2,727,072
Realized/unrealized gains on investments	(1,273,788)	(2,581,003)
Changes in:		
Tenant security deposit	30,351	(35,743)
Grants receivable, net	(470,765)	433,931
Pledges receivable, net	44,426	68,535
Other receivables	(567,385)	329,262
Prepaid expenses and other assets	(934,945)	(34,533)
Due from affiliates	(454,500)	153,898
Accounts payable and accrued expenses	341,867	(13,159)
Deferred revenue	1,251,237	(48,860)
Security deposit payable	(35,665)	31,223
Accrued mortgage interest payable	91,119	191,047
Bad debt	-	116,422
Due to affiliates	412,526	(142,372)
	<u>1,898,404</u>	<u>(1,014,390)</u>
Net cash provided by (used in) operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(4,038,789)	-
Proceeds from sale of investments	-	708,156
Purchases of property and equipment	(1,449,410)	(2,286,325)
	<u>(5,488,199)</u>	<u>(1,578,169)</u>
Net cash used in investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of loan	(1,164,401)	-
Proceeds from loan	-	1,147,905
	<u>(1,164,401)</u>	<u>1,147,905</u>
Net cash (used in) provided by financing activities		
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(4,754,196)</b>	<b>(1,444,654)</b>
<b>Cash, cash equivalents and restricted cash, beginning of year</b>	<b>10,955,370</b>	<b>12,400,024</b>
<b>Cash, cash equivalents and restricted cash, end of year</b>	<b><u>\$ 6,201,174</u></b>	<b><u>\$ 10,955,370</u></b>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	<u>\$ 165,263</u>	<u>\$ 183,938</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Broadway Housing Communities, Inc. and Affiliates**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND MISSION**

Broadway Housing Communities, Inc. (“BHC”) was founded in 1983 and incorporated in the State of New York as a not-for-profit corporation committed to redressing the challenges of urban homelessness and deep generational poverty and is widely recognized as a leader of the supportive and affordable housing movements. BHC’s high-impact approach pairs permanent affordable housing and services with high-quality early childhood education and access to the arts to create meaningful, lasting change for children, families, adults and communities.

In furtherance of its mission, BHC and its Affiliates (collectively, the “Organization”) have developed and manage five residential buildings that provide housing and services for families and individuals; two early childhood centers; three community art galleries; and a children’s museum of art and storytelling in the Northern Manhattan communities of West Harlem and Washington Heights.

The Organization’s successful housing model includes an integrated tenancy, including the healthy and disabled, the young and elderly, the employed and dependent. Residents include those with mental disabilities, HIV/AIDS, and other chronic health conditions and many in recovery from addiction.

The Organization provides high quality arts-infused early childhood education programs for resident and neighborhood children. Together, two early childhood centers have the capacity to serve over 250 children, ages three and four, and their families.

The Sugar Hill Children’s Museum of Art and Storytelling (the “Museum”) embodies a commitment to global citizenship and social justice and is designed to foster the cognitive and creative development of children ages 3-8. Curatorial and arts education programs invite young children, their families, teachers and neighbors to engage with and contribute to the cultural legacy of Harlem’s Sugar Hill historic district. Museum programs are rooted in community, self-guided exploration, creative identity, and the learning that naturally occurs through discovery.

A stable home and equitable opportunities for education and art are the hallmark of the Organization’s successful model that has benefited thousands of children and adults.

The Organization consists of not-for-profit corporations, not-for-profit housing development fund corporations (H.D.F.C.’s) for-profit corporations, for-profit limited partnerships, a limited liability corporation and a chartered museum.

The Organization receives substantially all of its revenue from government and foundation grants, fees received from developing and managing properties, rental income, contributions from the general public and investment income.

The following entities comprise the Organization and are consolidated within the accompanying financial statement in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

BHC, a New York not-for-profit corporation organized for the charitable purpose of providing housing for low and moderate income homeless and otherwise needy individuals and families, operate early childcare facilities, and provide services, including sponsoring cultural institutions to benefit individuals and families. BHC is exempt from income and excise taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”).

Broadway Housing Communities Foundation, Inc. (the “Foundation”), a not-for-profit corporation formed under the laws of the State of Delaware, exempt from income taxes as a Section 509(a)(3) Type I supporting organization under the Code, to support and benefit BHC. BHC is the sole member of the Foundation.

## Broadway Housing Communities, Inc. and Affiliates

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Broadway Housing Development Fund Company, Inc. (“BHDFC”), organized for the charitable purpose of developing housing for low income and needy persons under Section 402 of the Not-for-Profit Corporation Law and pursuant to Article XI of the Private Housing Finance Law. BHDFC is exempt from income and excise taxes under Section 501(c)(3) of the Code. BHDFC owns and operates 2 supportive housing projects: the Edgecombe, located at 345 Edgecombe Avenue, New York providing 21 single room occupancy units in a landmarked building; and the Delta located at 475 West 145th Street comprised of 32 studio and one bedroom apartments.

Broadway Rio Housing Development Fund Company, Inc. (“Broadway Rio”) was organized under Section 402 of the Not-for-Profit Corporation Law and pursuant to Article XI of the Private Housing Finance Law for the purpose of owning and operating a low-income housing project located at 10 Fort Washington Avenue, New York, New York known as the Rio and comprised of 82 studio and two bedroom apartments. Broadway Rio is exempt from income and excise taxes under Section 501(c)(3) of the Code.

583 Development, Inc., a New York for-profit corporation (“583 Development”), is the general partner of 583 Riverside Drive, L.P., and a wholly owned subsidiary of BHDFC.

583 Riverside Drive, L.P. (“583 L.P.”), a New York limited partnership formed to acquire, rehabilitate and operate a 70-unit, low-income rental apartment building to meet the demand for affordable housing, eligible to receive federal low-income housing tax credits as enacted by the Tax Reform Act of 1986. The apartment building is located at 583 Riverside Drive, New York and is known as Dorothy Day Apartments. The Dorothy Day Early Childhood Center, operated by BHC, is located in the lower level of the building. The Partnership is comprised of 583 Development, as general partner with a .01% interest, a special limited partner with a .01% interest and an investment limited partner holding a 99.98% interest.

In anticipation of the development and financing of BHC’s newest and most ambitious project known as the Sugar Hill Project located at 898 St. Nicholas Avenue, New York, BHC organized the following entities: (i) Sugar Hill Housing Development Fund Company, Inc. (“SHHDFC”), (ii) Sugar Hill Housing, Inc. (“SH Housing”), (iii) Broadway Sugar Hill Housing, L.P. (“SHLP”), (iv) Sugar Hill New Market Tax Credit, Inc. (“SH New Market”), (v) Broadway Sugar Hill Lessee, Inc. (“SH Lessee”), and (iv) Sugar Hill Leverage LLC (“SH Leverage”).

The Sugar Hill Project is a multi-use building consisting of 124 affordable studio, one, two and three bedroom apartments, an early childhood center known as the Sugar Hill Museum Pre-school, rental space, underground parking garage and the Sugar Hill Children’s Museum of Art and Storytelling.

SHHDFC was organized under Section 403 of the Not-For-Profit Corporation Law and pursuant to Article XI of the Private Housing Finance Law. SHHDFC is the fee owner, as nominee for the benefit of SHLP of the residential unit in the Sugar Hill Project. SHHDFC is exempt from income and excise taxes under Section 501(c)(4) of the Code. BHC is the sole member of SHHDFC.

SH Housing, a New York for profit corporation, is the general partner of SHLP and a wholly owned subsidiary of SHHDFC.

SHLP, a New York limited partnership, formed to acquire and operate the residential unit in the Sugar Hill Project, eligible to receive federal low-income housing tax credits as enacted by the Tax Reform Act of 1986. The Partnership is comprised of SH Housing, as general partner with a .01% interest, a special limited partner and an investment limited partner, holding a 99.99% interest.

SH New Market, a New York not-for-profit corporation exempt from income and excise taxes under Section 501(c)(4) of the Code. SH New Market is the fee owner of the commercial units in the Sugar Hill Project consisting of the Sugar Hill Museum Pre-school, rental space, underground parking garage and Sugar Hill Children’s Museum of Art & Storytelling.

## Broadway Housing Communities, Inc. and Affiliates

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

SH Lessee, a New York not-for-profit corporation exempt from income and excise taxes under Section 501(c)(2) of the Code, is the holder of a master lease of the commercial units in the Sugar Hill Project. BHC is the sole member of SH Lessee.

SH Leverage, a New York limited liability company was formed to further the financing of the Sugar Hill Project. SH Lessee is the managing member and has a 95% interest in SH Leverage. The non-controlling interest is held by an unrelated third-party.

Sugar Hill Children's Museum of Art and Storytelling, Inc. ("SH Museum") was chartered by the Board of Regents of the New York State Department of Education and is exempt from income and excise taxes under Section 501(c)(3) of the Code. BHC is the sole member of SH Museum.

The accompanying consolidated financial statements include the financial position, changes in net assets and cash flows of BHC, the Foundation, Broadway Rio, 583 Development, 583 L.P., SH HDFC, SH Housing, SH L.P., SH New Markets, SH Lessee, SH Leverage, SH Museum (collectively referred to herein as the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ***Basis of Presentation***

The accompanying consolidated financial statements of the Organization have been prepared under the accrual basis of accounting and conform to U.S. GAAP, as follows:

Not-for-Profit Entities - The accompanying consolidated financial statements include the accounts of BHC, the Foundation, BHDFC, Broadway Rio, and SH Museum (collectively, the "Not-for-Profit Entities"). All intercompany transactions and accounts between the Not-for-Profit entities have been eliminated in consolidation.

Sugar Hill Entities - The accompanying consolidated financial statements include the accounts of SHHDFC, SH Housing ("SH LIHTC Entities") and SH New Market, SH Lessee and SH Leverage (collectively, the "SH New Market Entities" and together with the SH LIHTC Entities, the "SH Entities"). All intercompany transactions and accounts between the SH Entities have been eliminated in consolidation.

Limited Partnership Housing Entities - 583 LP and SH LP, controlled by BHC those entities over which BHC exercises control, are included in the accompanying financial statements. The general partner interests held by 583 Development and SH Housing (collectively, the "GPs") equal .01% of the respective Limited Partnership Housing Entities. The portion of the Limited Partnership Housing Entities not controlled by BHC is presented in the accompanying consolidated financial statements as non-controlling interest. All intercompany transactions and accounts between the Limited Partnership Housing Entities have been eliminated in consolidation.

All intercompany transactions and accounts between the Not-for-Profit Entities, SH Entities, and the Limited Partnership Housing Entities have also been eliminated in consolidation.

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories:



**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

Net Assets Without Donor Restrictions - Controlling

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets Without Donor Restrictions - Non-Controlling

Represents the aggregate of limited partner equity interests in the non-wholly-owned housing entities that are included in the accompanying consolidated financial statements.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or passage of time, or must be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

***Fair Value Measurements***

The Organization follows guidance that provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction.

The guidance also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level 1 include listed equities held in the name of the Organization, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument. As permitted by Accounting Standards Update ("ASU") 2015-07, the Organization has excluded investments that are measured at fair value using the net asset value ("NAV") per share practical expedient from the fair value hierarchy.

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

***Cash, Cash Equivalents and Restricted Cash***

For financial reporting purposes, the Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, with the exception of cash and cash equivalents held in the investment portfolio.

Lender restricted cash and contractual reserves represent amounts that are required to be maintained by contractual or other agreements and consist of cash on deposit.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated statements of financial position that sum to the same such totals shown in the consolidated statements of cash flows.

	2021	2020
Cash and cash equivalents	\$ 2,336,281	\$ 6,409,448
Cash and cash equivalents - restricted	3,864,893	4,545,922
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 6,201,174</u>	<u>\$ 10,955,370</u>

***Concentration of Credit and Market Risks***

Financial instruments that expose the Organization to potential concentrations of credit and market risks consist primarily of cash and restricted reserves. All such instruments are maintained at reputable financial institutions and credit exposure is not limited to any one institution. Management does not believe that its financial instruments are subject to significant concentrations of market risk due to diversification.

***Investments***

The Organization's investments consist of (i) money market funds, (ii) equity securities, (iii) mutual funds, (iv) institutional mutual funds, (v) corporate bonds, and (vi) U.S. treasuries. Money market funds held by investment advisors as a part of the portfolio are reported as investments in the consolidated statements of financial position. Investments in equity securities and mutual funds with readily determinable fair values are reported at their fair values.

The Organization has investments for which readily available determinable value do not exist. The fair value of these investments has been estimated based on the respective NAV per share (or its equivalent unit) of each investment, as a practical expedient to fair value as of year end, as reported by the fund manager. Because of the inherent uncertainty of the valuation of these investments, the Organization's management and its investment manager monitor their positions continuously, to reduce the risk of potential losses due to changes in fair values or the failure of counterparties to perform. The estimated values provided by the manager may differ from actual values had a ready market for these investments existed. Management believes the carrying amount of the investments in non-publicly traded securities is a reasonable estimate of fair value. Estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. Dividends are accrued based on the ex-dividend date. Interest is recognized as earned.

## Broadway Housing Communities, Inc. and Affiliates

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

#### ***Property and Equipment***

Property and equipment are reported at their original costs, or, if contributed, at their estimated fair values on the dates of donation. The Organization capitalizes items of property and equipment that have a cost of \$5,000 or more and a useful life greater than one year, whereas, the costs of minor repairs and maintenance are expensed as incurred. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the related assets, which range from five to seven years for furniture and equipment and forty years for buildings. Likewise, leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

#### ***Impairment of Long-Lived Assets***

The Organization reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Organization recognizes an impairment loss. No impairment losses were recognized during the years ended December 31, 2021 and 2020.

#### ***Revenue Recognition***

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Organization recognizes revenue when control of the promised goods or services are transferred in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

ASC 606 also requires expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization recognizes contracts with customers, as goods or services are transferred or provided in accordance with ASC 606. The implementation of ASC 606, effective January 1, 2020, did not have a material effect on the recognition of revenues from contracts with customers in the accompanying consolidated financial statements.

#### **Contributions and Grants**

The Organization recognizes revenue from contributions and grants in accordance with relevant accounting guidance that requires the Organization to evaluate whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before being entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions, including unconditional promises to give, are reported as revenue in the period received. Contributions are recorded at fair value, net of estimated uncollectible amounts. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met.

Revenues from grants and contracts for specific programs are recognized in the period when expenditures have been incurred in compliance with the respective contract. Amounts received in advance are recorded as deferred revenue. Contracts awarded for the acquisition of long-lived assets are reported as revenue

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

without donor restrictions during the fiscal year in which the assets are acquired. Governmental grants and contracts are subject to audit and potential disallowance. It is management's opinion that any potential disallowances will not have a material effect on the accompanying consolidated financial statements.

Rental Income

Rental revenue is recognized as earned. Rental income relating to the current year is recognized as revenue in the current year. The recognition of revenue related to rents received in advance is deferred until the following year. All leases between the Organization and the tenants of the properties are operating leases.

Receivables related to rental income are reflected as other receivables on the accompanying statements of financial position and are net of an allowance for doubtful accounts of \$255,288 and \$202,342 as of December 31, 2021 and 2020, respectively.

Membership Revenue

Membership revenue is recognized in accordance with the applicable membership period. The recognition of revenue related to memberships received in advance is deferred until the following year.

Tuition Fees

Tuition fees are earned in the year of the term and those received for future years are deferred.

Management and Other Fees Revenue

Management and other fees are recognized based upon services rendered in accordance with contractual provisions.

Admission Revenues

Admission revenues are recognized when the individual purchases a ticket to visit the Museum.

***Income Taxes***

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization has been granted exemption from Federal income tax pursuant to Section 501(c)(3) and 501(c)(4) of the Code. The Organization has processes presently in place to ensure the maintenance of each entity's tax-exempt status; to identify and report unrelated business income; to determine filing and tax obligations in jurisdictions for which they have nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. In addition, the Organization has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

***Other Risks and Uncertainties***

The Organization is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the properties are located, including changes in federal low-income housing subsidies, federal, state and city rental subsidies or the demand for low-income housing.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance required a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. The guidance will be effective for the Organization's fiscal years beginning after December 31, 2021. Early adoption is permitted. The Organization is currently assessing the impact this will have on its consolidated financial statements.

**NOTE 3 - LENDER RESTRICTED CASH AND CONTRACTUAL RESERVES**

Under the terms of the partnership agreements and mortgage loans, the Organization is required to segregate and maintain funds in certain restricted accounts that can only be accessed with the permission of the respective limited partner or lender. These reserve accounts are primarily funded from development fees and net cash flow of the properties. These reserves are required by the investors and lenders to fund potential operating deficits, building replacements, social services or for other purposes. The required amount and terms of such reserves are set forth in the respective operating agreements.

Lender restricted cash and contractual reserves as of December 31, 2021 and 2020 are as follows:

Entity	Reserve Purpose	2021	2020
583 LP	Operating	\$ 519,851	\$ 517,499
	Replacement	119,295	104,648
SHLP	Operating	537,090	537,036
	Replacement	285,655	240,163
	Escrow (water, sewer, and insurance)	327,926	305,872
	Labor compliance	291,896	305,747
Broadway Rio	Operating	1,498,130	2,070,638
	Replacement	285,050	464,319
		<u>\$ 3,864,893</u>	<u>\$ 4,545,922</u>

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 4 - INVESTMENTS**

The fair value of investments at December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 716,961	\$ 1,196,029
Equities	9,036,743	7,728,760
Mutual funds	2,909,506	2,748,365
Corporate bonds	<u>10,951,003</u>	<u>6,628,482</u>
 Totals	 <u>\$ 23,614,213</u>	 <u>\$ 18,301,636</u>

Investments measured at fair value on a recurring basis at December 31, 2021 are included in the fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 9,036,743	\$ -	\$ 9,036,743
Corporate bonds	<u>-</u>	<u>10,951,003</u>	<u>10,951,003</u>
 Total	 <u>\$ 9,036,743</u>	 <u>\$ 10,951,003</u>	 19,987,746
 Money market funds			716,961
Investments at NAV			<u>2,909,506</u>
 Total investments			 <u>\$ 23,614,213</u>

Investments measured at fair value on a recurring basis at December 31, 2020 are included in the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 7,728,760	\$ -	\$ 7,728,760
Corporate bonds	<u>-</u>	<u>6,628,482</u>	<u>6,628,482</u>
 Total	 <u>\$ 7,728,760</u>	 <u>\$ 6,628,482</u>	 14,357,242
 Money market funds			1,196,029
Investments at NAV			<u>2,748,365</u>
 Total investments			 <u>\$ 18,301,636</u>

The Organization uses NAV to determine the fair value of all the underlying investments, which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company.

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

The following summarizes the strategy of the investments at NAV:

Multi-Asset Fund - the fund's investment objective is to attain a growing stream of current income and appreciation of principal that at least offset inflation.

	<u># of Funds</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>2021</u>					
Multi-Asset Fund	1	\$ 2,909,506	\$ -	Daily	1 day
<u>2020</u>					
Multi-Asset Fund	1	\$ 2,748,365	\$ -	Daily	1 day

**NOTE 5 - GRANTS AND PLEDGES RECEIVABLE**

Grants receivable includes amounts reimbursable for expenditures and services provided to tenants and community members under the terms of agreements signed with various governmental agencies and funders. At December 31, 2021 and 2020, grants receivable amounted to \$1,103,782 and \$632,917, respectively and were due within one year.

Management believes, based on its prior history with its donors, including prior history of collections, that all receivables are fully collectible. Accordingly, no provision for uncollectible grants receivable has been recorded.

At December 31, 2021 and 2020, the Organization's pledges receivable were due as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 275,000	\$ 94,651
One to five years	-	225,000
	275,000	319,651
Reduction of pledges due in excess of one year to present value, at a rate of 0.1% in 2020	-	(225)
	<u>\$ 275,000</u>	<u>\$ 319,426</u>

Management believes, based on its prior history with its donors, including prior history of collections, that all receivables are fully collectible. Accordingly, no provision for uncollectible pledges receivable is recorded.

**Broadway Housing Communities, Inc. and Affiliates**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 6 - PROPERTY AND EQUIPMENT**

At December 31, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Land	\$ 9,494,409	\$ 9,494,409
Building and building improvements	101,051,579	99,629,654
Leasehold improvements	1,186,806	1,186,806
Furniture and equipment	882,439	1,954,772
	112,615,233	112,265,641
Less: accumulated depreciation	(26,248,825)	(25,020,748)
	\$ 86,366,408	\$ 87,244,893

Depreciation expense for the years ended December 31, 2021 and 2020, respectively, totaled \$2,327,906 and \$2,727,072.

**NOTE 7 - MORTGAGES AND NOTES PAYABLE**

At December 31, 2021 and 2020, mortgages and notes payable consisted of the following:

	2021	2020
BHC		
SBA Payroll Protection Program Loan (1)	\$ -	\$ 1,147,905
SHLP		
HPD A & B Loans (2a & b)	12,972,339	12,972,339
HPD Loan (2c)	4,500,000	4,500,000
PENY Loan (3)	3,851,459	3,928,750
Building Loan-NYS Homeless Housing and Assistance Corp (4)	3,000,000	3,000,000
Broadway Rio-HPD Mortgage Note (5)	3,916,966	3,916,966
583 Riverside Drive L.P.		
HPD Loan (6)	2,526,807	2,526,807
Acquisition Loan-NYS Homeless and Assistance Corp (7)	1,597,500	1,597,500
Construction Loan-NYS Homeless and Assistance Corp (7)	1,407,600	1,407,600
Less: unamortized debt issuance costs	(484,319)	(545,114)
	\$ 33,288,352	\$ 34,452,753

- (1) Loans were issued by the U.S. Small Business Administration (“SBA”) on April 24, 2020 and February 8, 2021 in the amount of \$1,147,905 and \$1,024,450, respectively. Interest accrued at a rate of 0.98%. The loans, including accrued interest of \$7,635, were forgiven in full by the SBA during 2021.
- (2) Mortgage Loans made by New York City, Department of Housing Preservation and Development (“HPD”) to SHLP secured by the residential component of the Sugar Hill Project.
- a. HPD A Loan - \$3,000,000, non-interest bearing, maturity March 1, 2046



**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

- b. HPD B Loan - \$9,972,339, 1% per annum accrued through maturity of March 1, 2046
- c. HPD Loan - \$4,500,000, non-interest bearing, maturity March 1, 2046
- (3) Mortgage Loan made by PENY & Co. LLC secured by the residential component of the Sugar Hill Project - \$4,286,300, 4.63% per annum, maturity March 1, 2046
- (4) Mortgage Loan made by New York State Homeless Housing and Assistance Corporation ("HAAC") secured by the residential component of the Sugar Hill Project - \$3,000,000, non-interest bearing, maturity November 2044.
- (5) Mortgage Loan of \$3,916,966 made by HPD to Broadway Rio secured by property known as the Rio, non-interest bearing and having a maturity of March 1, 2037 secured by property known as the Rio.
- (6) Mortgage Loan of \$2,526,807 made by HPD to 583 LP secured by property known as Dorothy Day Apartments, non-interest bearing and payable in March 2033.
- (7) Mortgage Loans of \$3,005,100 made by HAAC to 583 LP secured by property known as Dorothy Day Apartments, non-interest bearing and payable in March 2033.

**NOTE 8 - REFUNDABLE ADVANCES**

In connection with the development of the Sugar Hill Project, the Organization entered into refundable funding agreements with two member banks of the FHLB aggregating \$2,980,930. The Organization is required to comply with the affordable housing program provisions for fifteen years from the date of issuance of the certificate of occupancy for the Sugar Hill Project.

In connection with the development of Dorothy Day Apartments, the Organization entered into a refundable funding agreement with a member bank of the FHLB totaling \$1,338,000. The Organization is required to comply with the affordable housing program provisions for fifteen years from the date of the issuance of the certificate of occupancy for Dorothy Day Apartments.

**NOTE 9 - ENDOWMENT AND BOARD RESTRICTED RESERVE**

The Organization's endowment consists of one donor-restricted endowment fund. In addition, the Organization's Board of Directors has established an additional fund to function as a board designated reserve. Net assets associated with endowment funds and this reserve are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law. The Organization classifies donor-restricted endowment funds as net assets with donor restrictions, unless otherwise stipulated by the donor as follows: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Under NYPMIFA, the Organization may spend below the historical dollar value of its endowment funds, if determined to be prudent, unless specific donors have stipulated to the contrary. At December 31, 2021 and 2020, the Organization had not spent below the historical dollar value of its endowment.

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

The investment objectives for the Organization's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, and to maximize, over the long-term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Directors has adopted a spending policy. The amount available for spending is determined annually by applying a rate of up to 4% to the average fair value of the endowment for the preceding twelve quarters.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity are classified as net assets with donor restrictions until such amounts are appropriated for expenditure by the Organization's Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund
- (2) The purposes of the Organization and its donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization and
- (8) Where appropriate, alternatives to spending from the donor-restricted endowment fund and the possible effects on the Organization.

The table, which follows, presents information with respect to the Organization's endowment as of December 31, 2021:

	Net Assets With Donor Restriction			
	Original Gift	Accumulated Gains	Total	Total as of December 31, 2021
Total donor restricted endowment fund	\$ 12,995,061	\$ 4,771,189	\$ 17,766,250	\$ 17,766,250

**Broadway Housing Communities, Inc. and Affiliates**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2021 and 2020**

	Net Assets With Donor Restriction
<b>Endowment net assets, beginning of year</b>	<u>\$ 16,622,158</u>
Investment return:	
Investment income	343,410
Net investment return	<u>1,390,942</u>
Total investment return	1,734,352
Appropriation of endowment assets for expenditure	<u>(590,260)</u>
<b>Endowment net assets, end of year</b>	<u><u>\$ 17,766,250</u></u>

The following table presents information with respect to the Organization's endowment as of December 31, 2020:

	Net Assets With Donor Restriction			Total as of December 31, 2020
	Original Gift	Accumulated Gains	Total	
Total donor restricted endowment fund	<u>\$ 12,995,061</u>	<u>\$ 3,627,097</u>	<u>\$ 16,622,158</u>	<u>\$ 16,622,158</u>
				Net Assets With Donor Restriction
<b>Endowment net assets, beginning of year</b>				<u>\$ 14,749,185</u>
Investment return:				
Investment income				338,368
Net investment return				<u>2,242,635</u>
Total investment return				2,581,003
Appropriation of endowment assets for expenditure				<u>(708,030)</u>
<b>Endowment net assets, end of year</b>				<u><u>\$ 16,622,158</u></u>

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

**NOTE 10 - EMPLOYEE BENEFIT PLAN**

BHC maintains a defined-contribution retirement plan, established under Section 403(b) of the Code, for its employees. All BHC employees are eligible to participate in the plan and allowed to make pre-tax salary reduction contributions up to the maximum amount allowed by the Internal Revenue Service ("IRS"). All employees who have satisfied the minimum service requirement of three months are entitled to receive an employer matching contribution equal to 100% of such employee's pre-tax salary reduction contributions, not to exceed 5% of such employee's compensation received during the plan years. Employer matching contributions made to the plan totaled \$90,407 and \$114,145 in 2021 and 2020, respectively.

**NOTE 11 - RENTAL INCOME**

The Organization has entered into residential leases and commercial leases with leases with various tenants under operating leases which expire at various dates through March 2035: all residential leases are either one or two year leases. Rental income from such leases totaled \$2,155,155 and \$3,551,891 for the years ended December 31, 2021 and 2020, respectively.

The minimum annual future rental income under the lease agreements is as follows:

<u>Year Ending December 31,</u>	
2022	\$ 2,858,271
2023	865,442
2024	112,200
2025	112,200
2026	112,200
Thereafter	<u>1,009,800</u>
	<u>\$ 5,070,113</u>

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

***Audits by Funding Sources***

The Organization receives funding from government grants, which are subject to audit by various governmental agencies. The ultimate determination of amounts received under these grants generally is based upon allowable costs reported to and subject to audit by the governments or their designees. In the opinion of management, exposure, if any, will not materially affect the consolidated financial statements of the Organization.

***Labor Compliance Escrow***

In connection with a settlement arising from alleged underpayment of wages by the contractor of the Sugar Hill Project, SH LP has assigned its right, title, and interest to the Labor Compliance Escrow in the amount of \$291,896 held by the lender to the contractor and the contractor's bonding company.

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

***Litigation***

The Organization is a defendant in various pending litigation arising from the operation of its business. The probability and extent of any loss cannot be estimated at this time. However, Management believes the ultimate outcome of such litigation would not have a material adverse effect on the financial position of the Organization.

***COVID-19***

The COVID-19 pandemic continues to have a broad and profound impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Organization's investment portfolio, grantees, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

**NOTE 13 - GUARANTEES**

BHC, through its affiliates is the GP and sponsor of the Limited Partnership Housing Entities and has guaranteed the obligations of its general partnership entities to the respective limited partners, and where applicable government agencies, for tax credit compliance, operating deficits and construction completion for buildings under development. Generally, deficits that are funded under these guarantees are repaid from future operating cash flows of the LPs. These obligations of BHC to the respective entities are limited by both time and amounts as detailed in each partnership agreement. As of December 31, 2021 and 2020, there were no outstanding unfunded guarantees.

**NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal. For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of low-income housing, early childhood education, and the arts as well as the conduct of services undertaken to support those activities to be general expenditures.

**Broadway Housing Communities, Inc. and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**

As of December 31, 2021 and 2020, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one year of the consolidated statements of financial position date to meet general expenditures.

	<u>2021</u>	<u>2020</u>
Financial assets at year end		
Cash and cash equivalents	\$ 6,201,174	\$ 10,955,370
Investments	23,614,213	18,301,636
Grants and pledges receivable	1,378,682	952,343
Other receivables	<u>886,035</u>	<u>318,650</u>
Total financial assets at year end	<u>\$ 32,080,104</u>	<u>\$ 30,527,999</u>
Financial assets available to meet general expenditures within one year		
Cash and cash equivalents	\$ 2,336,281	\$ 6,409,448
Investments	3,031,180	1,679,478
Grants and pledges receivable	1,378,682	727,568
Other receivables	886,035	318,650
Endowment distribution	<u>590,260</u>	<u>708,030</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 8,222,438</u>	<u>\$ 9,843,174</u>

**NOTE 15 - SUBSEQUENT EVENTS**

The Organization evaluated subsequent events through October 28, 2022, the date on which the consolidated financial statements were available to be issued and is unaware of any events which would require recognition or disclosure in the accompanying consolidated financial statements.

SUPPLEMENTAL INFORMATION

Broadway Housing Communities, Inc. and Affiliates

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - NOT-FOR-PROFIT ENTITIES

Year ended December 31, 2021

	<u>Broadway Housing Communities</u>	<u>Broadway Housing Communities Foundation</u>	<u>Sugar Hill Children's Museum of Art and Storytelling</u>	<u>Broadway Rio Housing Development Fund</u>	<u>Broadway Housing Development Fund Co.</u>	<u>Pre-elimination Total Not- Profit Entities</u>
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 1,258,436	\$ 11,425	\$ 122,001	\$ 342,151	\$ 384,878	\$ 2,118,891
Cash and cash equivalents - restricted	-	-	-	1,783,180	-	1,783,180
Tenant security	-	-	-	31,533	32,826	64,359
Investments	620,322	19,575,423	-	-	3,418,468	23,614,213
Grants receivable	953,257	-	150,425	-	-	1,103,682
Pledges receivable	275,000	-	-	-	-	275,000
Other receivables	1,109,437	-	1,229,370	18,270	3,785,881	6,142,958
Due from related party	723,638	-	-	-	-	723,638
Prepaid expenses and other assets	969,841	-	3,259	-	-	973,100
Total current assets	<u>5,909,931</u>	<u>19,586,848</u>	<u>1,505,055</u>	<u>2,175,134</u>	<u>7,622,053</u>	<u>36,799,021</u>
<b>Non-current assets</b>						
Mortgages and notes receivable, net	5,975,689	-	-	-	18,111,426	24,087,115
Mortgage interest receivable	1,618,452	-	-	-	5,287,161	6,905,613
Property and equipment, net	503,090	-	54,733	2,028,785	1,964,675	4,551,283
Total non-current assets	<u>8,097,231</u>	<u>-</u>	<u>54,733</u>	<u>2,028,785</u>	<u>25,363,262</u>	<u>35,544,011</u>
Total assets	<u>\$ 14,007,162</u>	<u>\$ 19,586,848</u>	<u>\$ 1,559,788</u>	<u>\$ 4,203,919</u>	<u>\$ 32,985,315</u>	<u>\$ 72,343,032</u>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable and accrued expenses	\$ 551,778	\$ 392	\$ 300,339	\$ 130,533	\$ 367,147	\$ 1,350,189
Deferred revenue	1,254,612	-	24	-	-	1,254,636
Security deposits payable	-	-	-	39,930	35,821	75,751
Due to related party	-	-	424,833	34,134	20,950	479,917
Total current liabilities	<u>1,806,390</u>	<u>392</u>	<u>725,196</u>	<u>204,597</u>	<u>423,918</u>	<u>3,160,493</u>
<b>Non-current liabilities</b>						
Mortgages and notes payable	-	-	200,000	3,916,966	-	4,116,966
Refundable advances	2,980,930	-	-	-	1,338,000	4,318,930
Total non-current liabilities	<u>2,980,930</u>	<u>-</u>	<u>200,000</u>	<u>3,916,966</u>	<u>1,338,000</u>	<u>8,435,896</u>
Total liabilities	<u>4,787,320</u>	<u>392</u>	<u>925,196</u>	<u>4,121,563</u>	<u>1,761,918</u>	<u>11,596,389</u>
<b>Net assets</b>						
Without donor restrictions						
Controlling interest	9,219,842	1,795,920	634,592	82,356	31,223,397	42,956,107
Noncontrolling interest	-	-	-	-	-	-
With donor restrictions	-	17,790,536	-	-	-	17,790,536
Total net assets	<u>9,219,842</u>	<u>19,586,456</u>	<u>634,592</u>	<u>82,356</u>	<u>31,223,397</u>	<u>60,746,643</u>
Total liabilities and net assets	<u>\$ 14,007,162</u>	<u>\$ 19,586,848</u>	<u>\$ 1,559,788</u>	<u>\$ 4,203,919</u>	<u>\$ 32,985,315</u>	<u>\$ 72,343,032</u>

This schedule should be read in conjunction with the Report of Independent Certified Public Accountants and the accompanying consolidated financial statements and notes thereto.



**Broadway Housing Communities, Inc. and Affiliates**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION - SUGAR HILL NEW MARKET ENTITIES**

Year ended December 31, 2021

	<u>Sugar Hill New Market Tax Credits</u>	<u>Sugar Hill Leverage LLC</u>	<u>Broadway Housing Sugar Hill Lessee</u>	<u>Pre-elimination Total Sugar Hill Entities</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 887	\$ -	\$ 6,806	\$ 7,693
Other receivables	30	-	24	54
Total current assets	<u>917</u>	<u>-</u>	<u>6,830</u>	<u>7,747</u>
<b>Non-current assets</b>				
Property and equipment, net	23,518,300	-	764,535	24,282,835
Total non-current assets	<u>23,518,300</u>	<u>-</u>	<u>764,535</u>	<u>24,282,835</u>
Total assets	<u>\$ 23,519,217</u>	<u>\$ -</u>	<u>\$ 771,365</u>	<u>\$ 24,290,582</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 3,120	\$ 25,000	\$ 1,265,983	\$ 1,294,103
Deferred revenue	-	-	24,675	24,675
Total current liabilities	<u>3,120</u>	<u>25,000</u>	<u>1,290,658</u>	<u>1,318,778</u>
<b>Non-current liabilities</b>				
Mortgages and notes payable	1,449,267	-	18,884,926	20,334,193
Accrued mortgage interest payable	-	-	2,336,236	2,336,236
Total non-current liabilities	<u>1,449,267</u>	<u>-</u>	<u>21,221,162</u>	<u>22,670,429</u>
Total liabilities	<u>1,452,387</u>	<u>25,000</u>	<u>22,511,820</u>	<u>23,989,207</u>
<b>Net assets</b>				
Without donor restrictions				
Controlling interest	22,066,830	(25,000)	(21,740,455)	301,375
Noncontrolling interest	-	-	-	-
With donor restrictions	-	-	-	-
Total net assets	<u>22,066,830</u>	<u>(25,000)</u>	<u>(21,740,455)</u>	<u>301,375</u>
Total liabilities and net assets	<u>\$ 23,519,217</u>	<u>\$ -</u>	<u>\$ 771,365</u>	<u>\$ 24,290,582</u>

This schedule should be read in conjunction with the Report of Independent Certified Public Accountants and the accompanying consolidated financial statements and notes thereto.

**Broadway Housing Communities, Inc. and Affiliates**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION - LIMITED PARTNERSHIP HOUSING ENTITIES**

Year ended December 31, 2021

	<u>Sugar Hill Housing L.P.</u>	<u>583 Riverside L.P.</u>	<u>Pre-elimination L.P. Entities</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 131,039	\$ 78,658	\$ 209,697
Cash and cash equivalents - restricted	1,418,629	663,084	2,081,713
Tenant security	78,821	54,276	133,097
Other receivables	140,625	26,601	167,226
Total current assets	<u>1,769,114</u>	<u>822,619</u>	<u>2,591,733</u>
<b>Non-current assets</b>			
Mortgages and notes receivable, net	5,360,767	-	5,360,767
Mortgages and notes interest receivable	78,690	-	78,690
Property and equipment, net	48,532,914	8,999,376	57,532,290
Total non-current assets	<u>53,972,371</u>	<u>8,999,376</u>	<u>62,971,747</u>
Total assets	<u>\$ 55,741,485</u>	<u>\$ 9,821,995</u>	<u>\$ 65,563,480</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 1,198,203	\$ 186,710	\$ 1,384,913
Mortgages and notes payable	-	76,703	76,703
Security deposits payable	88,011	58,732	146,743
Due to related parties	667,801	48,048	715,849
Total current liabilities	<u>1,954,015</u>	<u>370,193</u>	<u>2,324,208</u>
<b>Non-current liabilities</b>			
Mortgages and notes payable	33,339,140	7,893,204	41,232,344
Accrued mortgage interest payable	2,216,300	3,016,164	5,232,464
Total non-current liabilities	<u>35,555,440</u>	<u>10,909,368</u>	<u>46,464,808</u>
Total liabilities	<u>37,509,455</u>	<u>11,279,561</u>	<u>48,789,016</u>
<b>Net assets</b>			
Without donor restrictions			
Controlling interest	628,886	(1,457,566)	(828,680)
Noncontrolling interest	17,603,144	-	17,603,144
With donor restrictions	-	-	-
Total net assets	<u>18,232,030</u>	<u>(1,457,566)</u>	<u>16,774,464</u>
Total liabilities and net assets	<u>\$ 55,741,485</u>	<u>\$ 9,821,995</u>	<u>\$ 65,563,480</u>

This schedule should be read in conjunction with the Report of Independent Certified Public Accountants and the accompanying consolidated financial statements and notes thereto.

Broadway Housing Communities, Inc. and Affiliates

CONSOLIDATING STATEMENT OF ACTIVITIES - NOT-FOR-PROFIT ENTITIES

Year ended December 31, 2021

	Broadway Housing Communities	Broadway Housing Communities Foundation	Sugar Hill Children's Museum of Art and Storytelling	Broadway Rio Housing Development Fund	Broadway Housing Development Fund Co.	Pre-elimination Total Not-for- Profit Entities
Revenues and support						
Grants	\$ 3,285,956	\$ -	\$ 316,117	\$ -	\$ -	\$ 3,602,073
Contributions	1,501,496	100	235,897	-	900,000	2,637,493
In-kind contributions	-	-	1,388,115	-	-	1,388,115
Interest income-loans	-	-	-	-	140,280	140,280
Investment income	873,407	1,273,788	-	38,333	204,996	2,390,524
Rental income	50,089	-	9,500	781,516	477,306	1,318,411
Housing management income	1,986,002	-	-	-	-	1,986,002
Admissions	-	-	10,254	-	-	10,254
Other income	7,057	-	-	10,694	77,238	94,989
Total revenue and support	7,704,007	1,273,888	1,959,883	830,543	1,799,820	13,568,141
Expenses						
Program services						
Housing	2,799,646	-	-	1,362,753	700,999	4,863,398
Education	2,395,389	-	402,901	-	-	2,798,290
Arts and culture	426,335	-	607,005	-	-	1,033,340
Total program services	5,621,370	-	1,009,906	1,362,753	700,999	8,695,028
Supporting services						
Management and general	984,115	750	493,312	-	-	1,478,177
Fundraising	423,823	-	160,708	-	-	584,531
Total supporting services	1,407,938	750	654,020	-	-	2,062,708
Total expenses	7,029,308	750	1,663,926	1,362,753	700,999	10,757,736
Increase (decrease) in net assets before other item	674,699	1,273,138	295,957	(532,210)	1,098,821	2,810,405
Other item						
Gain on PPP loan forgiveness	2,180,008	-	-	-	-	2,180,008
<b>CHANGE IN NET ASSETS</b>	<u>\$ 2,854,707</u>	<u>\$ 1,273,138</u>	<u>\$ 295,957</u>	<u>\$ (532,210)</u>	<u>\$ 1,098,821</u>	<u>\$ 4,990,413</u>

This schedule should be read in conjunction with the Report of Independent Certified Public Accountants and the accompanying consolidated financial statements and notes thereto.

**Broadway Housing Communities, Inc. and Affiliates**

**CONSOLIDATING STATEMENT OF ACTIVITIES - SUGAR HILL NEW MARKET ENTITIES**

Year ended December 31, 2021

	<u>Sugar Hill New Market Tax Credits</u>	<u>Sugar Hill Leverage LLC</u>	<u>Broadway Housing Sugar Hill Lessee</u>	<u>Pre-elimination Total Sugar Hill Entities</u>
Revenues and support				
Contributions	\$ 88,000	\$ -	\$ -	\$ 88,000
Rental income	10	-	(933,520)	(933,510)
 Total revenue and support	 88,010	 -	 (933,520)	 (845,510)
Expenses				
Program services				
Permanent housing operations	593,139	-	381,489	974,628
 Total program services	 593,139	 -	 381,489	 974,628
 Total expenses	 593,139	 -	 381,489	 974,628
 <b>CHANGE IN NET ASSETS</b>	 <u>\$ (505,129)</u>	 <u>\$ -</u>	 <u>\$ (1,315,009)</u>	 <u>\$ (1,820,138)</u>

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**Broadway Housing Communities, Inc. and Affiliates**

**CONSOLIDATING STATEMENT OF ACTIVITIES - LIMITED PARTNERSHIP HOUSING ENTITIES**

**Year ended December 31, 2021**

	<u>Sugar Hill Housing L.P.</u>	<u>583 Riverside L.P.</u>	<u>Pre-elimination Total Limited Partnerships</u>
Revenues and support			
Interest income - loans	\$ 13,195	\$ 3,002	\$ 16,197
Contributions	62,500	-	62,500
Rental income	1,360,451	762,333	2,122,784
Other income	<u>35</u>	<u>995</u>	<u>1,030</u>
 Total revenue and support	 1,436,181	 766,330	 2,202,511
Expenses			
Program services			
Permanent housing operations	<u>2,843,311</u>	<u>1,393,455</u>	<u>4,236,766</u>
 Total program services	 <u>2,843,311</u>	 <u>1,393,455</u>	 <u>4,236,766</u>
 Total expenses	 <u>2,843,311</u>	 <u>1,393,455</u>	 <u>4,236,766</u>
 <b>CHANGE IN NET ASSETS</b>	 <u><u>\$ (1,407,130)</u></u>	 <u><u>\$ (627,125)</u></u>	 <u><u>\$ (2,034,255)</u></u>

This schedule should be read in conjunction with the Report of Independent Certified Public Accountants and the accompanying consolidated financial statements and notes thereto.