

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

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

December 31, 2019 and 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying 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, 2019 and 2018, 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.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of 583 Riverside Drive, L.P. and Broadway Sugar Hill Housing, L.P. (collectively, the "Controlled Entities 2019"), wholly owned subsidiaries, which statements reflect total assets constituting \$67,679,361 of consolidated total assets as of December 31, 2019, and total revenues of \$2,168,249 of consolidated total revenues for the year then ended. We also did not audit the financial statements of 583 Riverside Drive, L.P., Broadway Rio Housing Development Fund Company, Inc., and Broadway Sugar Hill Housing, L.P. (collectively, the "Controlled Entities 2018"), wholly owned subsidiaries, which statements reflect total assets constituting \$73,460,231 of consolidated total assets as of December 31, 2018, and total revenues of \$2,868,813 of consolidated total revenues for the year 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 2019 and Controlled Entities 2018, is based solely on the report of the other auditors. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Broadway Housing Communities, Inc. and Affiliates as of December 31, 2019 and 2018, 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.

Other matters

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities as of and for the year ended December 31, 2019 are presented for purposes of additional analysis and are 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.



Broadway Housing Communities, Inc. and Affiliates
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2019

	<u>Not-for-Profit Entities</u>	<u>SH New Market Entities</u>	<u>Limited Partnership Housing</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 6,605,830	\$ 310,118	\$ 823,221	\$ -	\$ 7,739,169
Cash and cash equivalents - restricted	2,534,957	16,011	2,109,887	-	4,660,855
Tenant security	59,409	-	132,655	-	192,064
Investments	16,428,789	-	-	-	16,428,789
Due from related party	423,036	-	-	-	423,036
Grants receivable	1,218,154	-	-	(151,306)	1,066,848
Pledges receivable	273,669	-	-	-	273,669
Other receivables	5,213,118	478,908	5,731,673	(10,762,672)	661,027
Prepaid expenses and other assets	3,622	-	-	-	3,622
Total current assets	<u>32,760,584</u>	<u>805,037</u>	<u>8,797,436</u>	<u>(10,913,978)</u>	<u>31,449,079</u>
NON-CURRENT ASSETS					
Mortgages and notes receivable, net	22,187,115	-	-	(22,187,115)	-
Mortgage interest receivable	5,726,497	-	52,460	(5,778,957)	-
Property and equipment, net	4,548,580	24,557,024	58,829,465	-	87,935,069
Total non-current assets	<u>32,462,192</u>	<u>24,557,024</u>	<u>58,881,925</u>	<u>(27,966,072)</u>	<u>87,935,069</u>
Total assets	<u>\$ 65,222,776</u>	<u>\$ 25,362,061</u>	<u>\$ 67,679,361</u>	<u>\$ (38,880,050)</u>	<u>\$ 119,384,148</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 1,086,030	\$ 1,014,960	\$ 999,106	\$ (1,621,426)	\$ 1,478,670
Mortgages and notes payable	-	-	76,703	-	76,703
Accrued mortgage interest payable	-	-	187,901	-	187,901
Deferred revenue	478,896	25,500	290,858	(718,344)	76,910
Due to related party	50,402	-	861,193	(189,469)	722,126
Security deposits and other payables	76,751	5,347	144,838	-	226,936
Total current liabilities	<u>1,692,079</u>	<u>1,045,807</u>	<u>2,560,599</u>	<u>(2,529,239)</u>	<u>2,769,246</u>
NON-CURRENT LIABILITIES					
Mortgages and notes payable	3,916,966	19,934,193	39,992,650	(30,571,854)	33,271,955
Accrued mortgage interest payable	-	1,837,180	4,069,222	(5,778,957)	127,445
Refundable advances	4,318,930	-	-	-	4,318,930
Total non-current liabilities	<u>8,235,896</u>	<u>21,771,373</u>	<u>44,061,872</u>	<u>(36,350,811)</u>	<u>37,718,330</u>
Total liabilities	<u>9,927,975</u>	<u>22,817,180</u>	<u>46,622,471</u>	<u>(38,880,050)</u>	<u>40,487,576</u>
NET ASSETS					
Without donor restrictions:					
Controlling interest	40,445,616	2,544,881	2,105	-	42,992,602
Noncontrolling interest	-	-	21,054,785	-	21,054,785
With donor restrictions	14,849,185	-	-	-	14,849,185
Total net assets	<u>55,294,801</u>	<u>2,544,881</u>	<u>21,056,890</u>	<u>-</u>	<u>78,896,572</u>
Total liabilities and net assets	<u>\$ 65,222,776</u>	<u>\$ 25,362,061</u>	<u>\$ 67,679,361</u>	<u>\$ (38,880,050)</u>	<u>\$ 119,384,148</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, 2018

	Not-for-Profit Entities	SH New Market Entities	Limited Partnership Housing Entities	Eliminations	Consolidated Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,049,243	\$ 371,792	\$ 714,161	\$ -	\$ 3,135,196
Cash and cash equivalents - restricted	1,822,083	216,610	2,014,474	-	4,053,167
Tenant security	91,978	-	129,784	-	221,762
Investments	15,154,505	-	-	-	15,154,505
Due from related party	662,504	-	-	(662,504)	-
Grants receivable	1,337,397	-	-	(151,306)	1,186,091
Pledges receivable	804,691	-	-	-	804,691
Other receivables	4,878,499	2,383,676	102,695	(6,777,704)	587,166
Prepaid expenses and other assets	64,729	11,656	-	-	76,385
Total current assets	<u>26,865,629</u>	<u>2,983,734</u>	<u>2,961,114</u>	<u>(7,591,514)</u>	<u>25,218,963</u>
NON-CURRENT ASSETS					
Mortgages and notes receivable, net	24,501,587	36,366,756	5,360,767	(48,033,232)	18,195,878
Mortgage interest receivable	5,041,701	4,055,908	39,345	(7,235,301)	1,901,653
Property and equipment, net	7,593,896	25,265,748	60,360,546	-	93,220,190
Total non-current assets	<u>37,137,184</u>	<u>65,688,412</u>	<u>65,760,658</u>	<u>(55,268,533)</u>	<u>113,317,721</u>
Total assets	<u>\$ 64,002,813</u>	<u>\$ 68,672,146</u>	<u>\$ 68,721,772</u>	<u>\$ (62,860,047)</u>	<u>\$ 138,536,684</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 1,633,018	\$ 1,590,165	\$ 2,049,114	\$ (4,394,989)	\$ 877,308
Mortgages and notes payable	-	-	76,703	-	76,703
Accrued mortgage interest payable	-	-	187,901	-	187,901
Deferred revenue	478,896	25,500	-	(504,396)	-
Due to related party	291,990	580,123	719,442	(932,735)	658,820
Security deposits payable	110,252	-	138,374	-	248,626
Total current liabilities	<u>2,514,156</u>	<u>2,195,788</u>	<u>3,171,534</u>	<u>(5,832,120)</u>	<u>2,049,358</u>
NON-CURRENT LIABILITIES					
Mortgages and notes payable	6,471,538	62,695,071	40,039,075	(51,057,204)	58,148,480
Accrued mortgage interest payable	76,353	3,755,021	2,343,315	(5,970,723)	203,966
Refundable advances	4,318,930	-	-	-	4,318,930
Total non-current liabilities	<u>10,866,821</u>	<u>66,450,092</u>	<u>42,382,390</u>	<u>(57,027,927)</u>	<u>62,671,376</u>
Total liabilities	<u>13,380,977</u>	<u>68,645,880</u>	<u>45,553,924</u>	<u>(62,860,047)</u>	<u>64,720,734</u>
NET ASSETS					
Without donor restrictions:					
Controlling interest	34,611,682	26,266	2,316	-	34,640,264
Noncontrolling interest	-	-	23,165,532	-	23,165,532
With donor restrictions	16,010,154	-	-	-	16,010,154
Total net assets	<u>50,621,836</u>	<u>26,266</u>	<u>23,167,848</u>	<u>-</u>	<u>73,815,950</u>
Total liabilities and net assets	<u>\$ 64,002,813</u>	<u>\$ 68,672,146</u>	<u>\$ 68,721,772</u>	<u>\$ (62,860,047)</u>	<u>\$ 138,536,684</u>

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

Broadway Housing Communities, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

	<u>Not-for-Profit Entities</u>	<u>SH New Market Entities</u>	<u>Limited Partnership Housing Entities</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues and support:					
Grants	\$ 3,502,860	\$ -	\$ -	\$ -	\$ 3,502,860
Contributions	2,161,444	-	62,500	(500,000)	1,723,944
In-kind contributions	1,827,444	-	-	(1,486,981)	340,463
Housing management income	2,532,333	-	-	(2,147,097)	385,236
Special events income (net of direct expenses of \$218,583)	629,133	-	-	-	629,133
Rental income	1,829,031	454,570	2,059,460	(352,530)	3,990,531
Admissions	95,774	-	-	-	95,774
Tuition income	49,150	-	-	-	49,150
Interest income - loans	41,239	119,556	28,901	-	189,696
Investment return	3,574,566	-	-	(1,348,375)	2,226,191
Other income	55,551	-	17,388	-	72,939
Net assets released from restriction	1,160,969	-	-	-	1,160,969
Total revenue and support	17,459,494	574,126	2,168,249	(5,834,983)	14,366,886
Expenses:					
Program services:					
Housing	4,925,352	1,907,959	4,279,207	(2,212,253)	8,900,265
Education	3,535,328	-	-	(137,483)	3,397,845
Arts and culture	2,815,435	-	-	(1,647,257)	1,168,178
Total program services expenses	11,276,115	1,907,959	4,279,207	(3,996,993)	13,466,288
Supporting services:					
Management and general	4,435,660	-	-	(1,949,836)	2,485,824
Fundraising	590,470	-	-	-	590,470
Total supporting services expenses	5,026,130	-	-	(1,949,836)	3,076,294
Total expenses	16,302,245	1,907,959	4,279,207	(5,946,829)	16,542,582
Decrease in net assets without donor restrictions	1,157,249	(1,333,833)	(2,110,958)	111,846	(2,175,696)
NET ASSETS WITH DONOR RESTRICTIONS					
Revenue and support with donor restrictions:					
Net assets released from restrictions	(1,160,969)	-	-	-	(1,160,969)
Decrease in net assets with donor restrictions	(1,160,969)	-	-	-	(1,160,969)
NMTC unwind	766,983	3,852,448	-	(111,846)	4,507,585
Proceeds from sale of property	3,909,702	-	-	-	3,909,702
Change in net assets	4,672,965	2,518,615	(2,110,958)	-	5,080,622
Excess of expenses over revenues and support attributable to noncontrolling interests	-	-	2,110,747	-	2,110,747
Excess (deficiency) of revenues and support over expenses attributable to BHC	\$ 4,672,965	\$ 2,518,615	\$ (211)	\$ -	\$ 7,191,369

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

Broadway Housing Communities, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

	<u>Not-for-Profit Entities</u>	<u>SH New Market Entities</u>	<u>Limited Partnership Housing Entities</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues and support:					
Grants	\$ 3,777,342	\$ -	\$ -	\$ -	\$ 3,777,342
Contributions	1,745,180	1,530	23,919	(1,342,410)	428,219
Housing and museum management income	2,387,587	-	-	(1,827,939)	559,648
Special events income (net of direct expenses of \$218,583)	410,910	-	-	-	410,910
Rental income	1,986,321	995,002	1,944,349	(653,594)	4,272,078
Admissions, rental and retail	125,960	-	-	-	125,960
Tuition income	90,225	-	-	-	90,225
Interest income - loans	376,795	1,107,844	62,500	(1,185,270)	361,869
Investment return, net	(250,450)	-	-	-	(250,450)
Other income	535,987	-	10,239	-	546,226
Net assets released from restriction	935,657	-	-	-	935,657
Total revenue and support	12,121,514	2,104,376	2,041,007	(5,009,213)	11,257,684
Expenses:					
Program services:					
Housing	6,277,200	2,691,307	3,579,472	(1,827,939)	10,720,040
Education	2,866,694	-	-	(137,483)	2,729,211
Arts and culture	1,211,968	-	-	(186,836)	1,025,132
Total program services expenses	10,355,862	2,691,307	3,579,472	(2,152,258)	14,474,383
Supporting services:					
Management and general	3,587,045	-	661,717	(2,856,955)	1,391,807
Fundraising	733,028	-	-	-	733,028
Total supporting services expenses	4,320,073	-	661,717	(2,856,955)	2,124,835
Total expenses	14,675,935	2,691,307	4,241,189	(5,009,213)	16,599,218
Decrease in net assets without donor restrictions	(2,554,421)	(586,931)	(2,200,182)	-	(5,341,534)
NET ASSETS WITH DONOR RESTRICTIONS					
Revenue and support with donor restrictions:					
Contributions	536,312	-	-	-	536,312
Net assets released from restrictions	(935,657)	-	-	-	(935,657)
Decrease in net assets with donor restrictions	(399,345)	-	-	-	(399,345)
Change in net assets	(2,953,766)	(586,931)	(2,200,182)	-	(5,740,879)
(Deficiency) excess of expenses over revenues and support attributable to noncontrolling interests	-	-	2,199,963	-	2,199,963
(Deficiency) excess of revenues and support over expenses attributable to controlling interest	\$ (2,953,766)	\$ (586,931)	\$ (219)	\$ -	\$ (3,540,916)

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
For the years ended December 31, 2019 and 2018

	<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>		
Beginning balance, January 1, 2018	\$ 37,851,249	\$ 25,365,495	\$ 63,216,744	\$ 16,340,085	\$ 79,556,829
Excess of expenses over revenues and support attributable to noncontrolling interests	-	(2,199,963)	(2,199,963)	-	(2,199,963)
Deficiency over revenues and support attributable to controlling interests	<u>(3,210,985)</u>	<u>-</u>	<u>(3,210,985)</u>	<u>(329,931)</u>	<u>(3,540,916)</u>
Beginning balance, January 1, 2019	34,640,264	23,165,532	57,805,796	16,010,154	73,815,950
Deficiency of expenses over revenues and support attributable to noncontrolling interests	-	(2,110,747)	(2,110,747)	-	(2,110,747)
Excess (deficiency) over revenues and support attributable to BHC	<u>8,352,338</u>	<u>-</u>	<u>8,352,338</u>	<u>(1,160,969)</u>	<u>7,191,369</u>
Ending balance, December 31, 2019	<u>\$ 42,992,602</u>	<u>\$ 21,054,785</u>	<u>\$ 64,047,387</u>	<u>\$ 14,849,185</u>	<u>\$ 78,896,572</u>

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

Broadway Housing Communities, Inc. and Affiliates
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	<u>Housing</u>	<u>Education</u>	<u>Arts and Culture</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses						
Salaries	\$ 2,171,309	\$ 1,820,862	\$ 523,798	\$ 590,840	\$ 349,779	\$ 5,456,588
Payroll taxes and benefits	551,535	564,569	124,796	121,267	105,442	1,467,609
Telephone and utilities	731,587	96,014	39,688	54,577	-	921,866
Food	10,759	118,994	25,239	8,691	3,110	166,793
Consultants and professional fee	724,414	123,960	70,346	284,416	88,441	1,291,577
Program instructors	-	17,626	-	-	-	17,626
Maintenance and repairs	688,918	168,107	72,388	92,397	931	1,022,741
Equipment rental	13,357	24,237	18,469	12,093	81	68,237
Insurance	214,385	49,632	5,788	113,849	-	383,654
Supplies	73,369	143,702	11,004	55,653	11,819	295,547
Training and education	12,175	40,099	58	2,121	20,170	74,623
Travel	5,753	29,133	13,506	10,767	583	59,742
Recruitment	1,314	10,295	4,670	2,476	1,136	19,891
Printing	300	5,705	6,478	3,240	1,035	16,758
Depreciation and amortization	2,695,074	89,131	67,383	28,228	-	2,879,816
Interest expense	328,474	-	-	-	-	328,474
Artist expenses	-	76,562	181,768	860	835	260,025
NMTC unwind	-	-	-	315,000	-	315,000
Miscellaneous	121,559	19,217	2,799	55,589	7,108	206,272
Management fees and other expenses	555,983	-	-	733,760	-	1,289,743
Total functional expenses	<u><u>\$ 8,900,265</u></u>	<u><u>\$ 3,397,845</u></u>	<u><u>\$ 1,168,178</u></u>	<u><u>\$ 2,485,824</u></u>	<u><u>\$ 590,470</u></u>	<u><u>\$ 16,542,582</u></u>

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

Broadway Housing Communities, Inc. and Affiliates
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018

Expenses	Housing	Education	Arts & Cultural	Management and General	Fundraising	Total
Salaries	\$ 2,009,543	\$ 1,404,213	\$ 401,954	\$ 628,540	\$ 357,879	\$ 4,802,129
Payroll taxes and benefits	515,435	397,758	83,441	122,035	88,983	1,207,652
Telephone and utilities	749,632	90,165	27,422	96,779	-	963,998
Food	6,037	119,594	30,870	11,168	2,796	170,465
Rent	748,943	100,000	-	-	-	848,943
Consultants and professional fee	500,146	78,334	62,916	130,618	230,594	1,002,608
Program instructors	-	13,375	-	-	-	13,375
Maintenance and repairs	545,277	179,798	105,351	70,469	32,850	933,745
Equipment rental	70,395	11,328	4,043	8,613	-	94,379
Insurance	197,148	34,331	4,680	76,857	-	313,016
Supplies	63,245	118,724	18,566	114,250	9,545	324,330
Training and education	10,875	12,418	55	15,361	323	39,032
Travel	4,890	7,382	20,440	7,784	765	41,261
Recruitment	382	1,567	4,001	5,037	180	11,167
Printing	-	4,538	5,936	1,386	7,350	19,210
Depreciation and amortization	2,487,080	87,495	67,383	25,017	-	2,666,975
Interest expense	536,966	-	-	-	-	536,966
Artist expenses	-	51,817	179,904	1,721	-	233,442
Management fees and other expenses	2,274,046	16,374	8,170	76,172	1,763	2,376,525
	<u>\$ 10,720,040</u>	<u>\$ 2,729,211</u>	<u>\$ 1,025,132</u>	<u>\$ 1,391,807</u>	<u>\$ 733,028</u>	<u>\$ 16,599,218</u>

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

Broadway Housing Communities, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,080,622	\$ (5,740,879)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,879,816	2,666,975
Realized/unrealized (gain) loss on investments	(2,226,191)	1,107,920
Realized gain on sale of property	(3,909,702)	-
Changes in:		
Tenant security deposit	29,698	31,278
Grants receivable, net	119,243	238,404
Pledges receivable, net	504,386	362,850
Mortgage interest receivable	1,888,538	(296,603)
Other receivables	(60,746)	345,734
Prepaid expenses and other assets	72,763	(28,792)
Due from affiliates	(359,730)	(10,718)
Accounts payable and accrued expenses	601,362	(1,063,731)
Deferred revenue	76,910	(68,848)
Security deposit payable	(21,690)	(49,552)
Accrued mortgage interest payable	(76,521)	470,375
Bad debt	26,636	151,901
Net cash provided by (used in) operating activities	<u>4,625,394</u>	<u>(1,883,686)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(13,275,286)	1,175,604
Proceeds from sale of investments	14,227,193	-
Proceeds from property sale	6,425,510	-
Purchases of property and equipment	(110,503)	(69,804)
Net cash provided by investing activities	<u>7,266,914</u>	<u>1,105,800</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgage notes receivable	18,195,878	185,157
Payments on mortgage notes payable	(24,876,525)	(73,262)
Net cash (used in) provided by financing activities	<u>(6,680,647)</u>	<u>111,895</u>
Net change in cash, cash equivalents and restricted cash	5,211,661	(665,991)
Cash, cash equivalents and restricted cash, beginning of year	<u>7,188,363</u>	<u>7,854,354</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 12,400,024</u>	<u>\$ 7,188,363</u>
Supplemental disclosures of cash flow information		
Interest paid	<u>\$ 304,465</u>	<u>\$ 437,242</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, 2019 and 2018

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 three through eight. 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 (“US 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, 2019 and 2018

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 two 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 409 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 0.01% interest, a special limited partner with a 0.01% 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 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 0.01% 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, 2019 and 2018

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 IRC. 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 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 and those entities over which BHC exercises control, are included in the accompanying consolidated financial statements. The general partner interests held by 583 Development and SH Housing (collectively, the "GPs") equal 0.01% 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.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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:

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; and
- 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.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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 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.

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.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 7,739,169	\$ 3,135,196
Cash and cash equivalents - restricted	4,660,855	4,053,167
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 12,400,024</u>	<u>\$ 7,188,363</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 determinable fair values do not exist. The fair value of these investments has been estimated based on the respective NAV per share (or its equivalent unit) ("NAV") 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.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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.

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, 2019 and 2018.

Revenue Recognition

Contributions and Grants

In 2019, the Organization adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and made, including guidance to help an entity evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determine whether a contribution is conditional. As required by ASU 2018-08, the Organization applied the requirements to agreements that either were not completed as of December 31, 2018 or entered into after January 1, 2019.

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 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.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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.

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.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Recent Accounting Pronouncements

During May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09: “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). ASU 2014-09 was issued to; (i) remove inconsistencies and weaknesses in revenue recognition requirements; (ii) provide a more robust framework for addressing revenue issues; (iii) improve comparability of revenue recognition practices between entities, industries, jurisdictions, and capital markets; (iv) provide more useful information to users of financial statements through improved disclosures; and (v) simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer. ASU No. 2014-09 is effective for the Organization’s fiscal years beginning after December 15, 2019. The implementation of ASU 2014-09 is not expected to have a material impact upon the Organization’s consolidated financial statements.

In February 2016, 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 requires 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 15, 2021. Early adoption is permitted. The Organization is currently assessing the impact this will have on their consolidated financial statements.

Reclassifications

Certain reclassifications were made to the 2018 consolidated financial statements to conform to the 2019 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or income as previously reflected in the 2018 consolidated financial statements.

NOTE 3 - SALE OF BHDFC PROPERTIES

On September 6, 2019, BHDFC sold its properties known as the Heights at 530 West 178th Street and the Stella at 575 West 155th Street for a purchase price of \$6.85 million to a not-for-profit affordable housing provider. As a result of the sale, BHDFC recorded a gain on the sale of property of \$3.91 million which is included as non-operating revenue in the accompanying consolidated statement of activities.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 4 - 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, 2019 and 2018 are as follows:

<u>Entity</u>	<u>Reserve Purpose</u>	<u>2019</u>	<u>2018</u>
583 LP	Operating	\$ 508,543	\$ 495,587
	Replacement	75,140	45,787
SHLP	Operating	536,885	535,942
	Replacement	190,510	136,508
	Social Services	62,500	62,500
	Escrow (water, sewer and insurance)	430,562	430,562
	Labor Compliance	305,747	307,598
Broadway Rio	Operating	2,070,638	1,479,287
	Replacement	464,319	342,795
SH New Market	CSH Reserve Account	5,159	47,808
	Brownsfield Reserve Account	10,852	10,819
	SH NMTC Construction CD Account	-	157,983
		<u>\$ 4,660,855</u>	<u>\$ 4,053,167</u>

NOTE 5 - INVESTMENTS

The fair value of investments at December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 922,830	\$ 584,210
Equities	6,104,448	-
Mutual funds:		
Equities	-	5,939,649
Multi-asset	2,566,781	2,201,163
Fixed income	1,427,992	2,771,175
Real estate	-	688,218
Multi-strategy	247,127	987,974
Corporate bonds	5,159,611	1,817,983
Commodity exchange traded fund	-	164,133
Totals	<u>\$ 16,428,789</u>	<u>\$ 15,154,505</u>

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Investments measured at fair value on a recurring basis at December 31, 2019 are included in the fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 6,104,448	\$ -	\$ 6,104,448
Mutual funds	1,675,119	-	1,675,119
Corporate bonds	-	5,159,611	5,159,611
	<u>\$ 7,779,567</u>	<u>\$ 5,159,611</u>	
Total			12,939,178
Money market funds			922,830
Investments at NAV			<u>2,566,781</u>
Total investments			<u>\$ 16,428,798</u>

Investments measured at fair value on a recurring basis at December 31, 2018 are included in the fair value hierarchy as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds	\$ 10,387,016	\$ -	\$ 10,387,016
Corporate bonds	-	1,817,983	1,817,983
Commodity exchange traded funds	164,133	-	164,133
	<u>\$ 10,551,149</u>	<u>\$ 1,817,983</u>	
Total			12,369,132
Money market funds			584,210
Investments at NAV			<u>2,201,163</u>
Total investments			<u>\$ 15,154,505</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, 2019 and 2018

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>
2019					
Multi-Asset Fund	1	\$ 2,566,781	\$ -	Daily	1 day
2018					
Multi-Asset Fund	1	\$ 2,201,163	\$ -	Daily	1 day

NOTE 6 - 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, 2019 and 2018, respectively, grants receivable were due as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 871,153	\$ 1,088,654
One to five years	200,000	100,000
	1,071,153	1,188,654
Reduction of pledges due in excess of one year to present value, at a rate of 2.2% in 2019 and 4.1% in 2018	(4,305)	(2,563)
	<u>\$ 1,066,848</u>	<u>\$ 1,186,091</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 grants receivable has been recorded.

At December 31, 2019 and 2018 respectively, the Organization's pledges receivable were due as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 273,669	\$ 804,691

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, 2019 and 2018

NOTE 7 - MORTGAGES AND NOTES RECEIVABLE

At December 31, 2019 and 2018, mortgages and notes receivable due to the Organization consisted of the following:

	2019	2018
COCRF Investor XII LLC ^[1]	\$ -	\$ 18,670,878

^[1] Secured loans of \$14,359,000 and \$4,311,500 made by the Organization to COCRF investor XII, LLC (the "Fund")

Put and Call Agreement

Capital One, N.A. (the "Investor") is the sole member of the Fund. BHC and the Investor have entered into a Put and Call Agreement (the "Agreement") pursuant to which BHC has the right to purchase the interest of the Investor in the Fund, or the Investor can put the interest to BHC. In February 2019, the investor exercised its rights to require BHC to acquire the interest of the Fund for a purchase price of \$315,000 (the "New Markets Unwind"). As a result of the New Market Unwind, the mortgage receivable from the Fund and the Mortgage Payable (Note 9) have been cancelled.

NOTE 8 - PROPERTY AND EQUIPMENT

At December 31, 2019 and 2018 respectively, property and equipment consisted of the following:

	2019	2018
Land	\$ 9,494,409	\$ 10,307,066
Building and building improvements	97,778,082	100,931,741
Leasehold improvements	1,159,841	983,661
Furniture and equipment	1,833,270	2,196,146
	110,265,602	114,418,614
Less: Accumulated depreciation	(22,330,533)	(21,198,424)
	\$ 87,935,069	\$ 93,220,190

Depreciation expense for the years ended December 31, 2019 and 2018 totaled \$2,879,816 and \$2,666,975, respectively.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 9 - MORTGAGES AND NOTES PAYABLE

At December 31, 2019 and 2018, mortgages and notes payable consisted of the following:

	<u>2019</u>	<u>2018</u>
SHLP:		
SH New Markets-Construction Mortgage (1)	\$ -	\$ 24,590,000
HPD A & B Loans (2a & b)	12,972,339	12,972,339
HPD Loan (2c)	4,500,000	4,500,000
PENY Loan (3)	4,009,417	4,092,699
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 (6)	1,597,500	1,597,500
Construction Loan-NYS Homeless and Assistance Corp (6)	1,407,600	1,407,600
BHDFC (7)		
Mortgage Notes-HPD		
The Delta	-	124,250
The Edgecombe	-	115,850
Less: Unamortized debt issuance costs	<u>(581,971)</u>	<u>(618,828)</u>
	<u>\$ 33,348,658</u>	<u>\$ 58,255,183</u>

- (1) Mortgage Loans aggregating \$24,590,000 made by COCRF SubCDE XII, LLC, Catalyst CDE-2, LLC and Brownfield Revitalization XVI, LLC (together, the "CDE") secured by the commercial units of the Sugar Hill Project. In February 2019, as a result of the New Markets Unwind, the mortgage loans have been cancelled.
- (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
 - 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 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.
- (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. 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.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

- (7) Mortgage Loans made by HPD to BHDFC: Mortgage Loan secured by property known as the Delta, which bore interest at 1% accruing through matured on June 1, 2019. Mortgage Loan secured by property known as the Edgecombe, which bore interest at 1% accruing through matured on June 1, 2019. The amounts of principal and interest decrements were approximately \$0 and \$823,000 in 2019 and 2018, respectively.

NOTE 10 - 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 totaling \$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. The proceeds under these agreements were then loaned to SH LP.

In connection with the development of Dorothy Day Apartments, the Organization entered into refundable funding agreements with a member bank of the Federal Home Loan Bank ("FHLB") totaling \$1,338,000. The Organization is required to comply the affordable housing program provisions for 15 years from the date of the issuance of the certificate of occupancy for Dorothy Day Apartments. The proceeds under these agreements were then loaned to 583 LP.

NOTE 11 - 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 a fund to function as a board designated reserve. Net assets associated with endowment funds and the 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, 2019 and 2018, the Organization had not spent below the historical dollar value of its endowment.

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 5% to the average fair value of the endowment for the preceding twelve quarters.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

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, 2019:

	<u>Net Assets With Donor Restriction</u>			Total as of December 31, 2019
	<u>Original Gift</u>	<u>Accumulated Gains</u>	<u>Total</u>	
Total donor restricted endowment fund	<u>\$ 12,995,061</u>	<u>\$ 1,754,124</u>	<u>\$ 14,749,185</u>	<u>\$ 14,749,185</u>
				<u>Net Assets With Donor Restriction</u>
Endowment net assets, beginning of year				<u>\$ 13,146,897</u>
Investment return:				
Investment income				240,658
Net investment return				<u>1,998,674</u>
Total investment return				2,239,332
Appropriation of endowment assets for expenditure				<u>(637,044)</u>
Endowment net assets, end of year				<u>\$ 14,749,185</u>

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

The table, which follows, presents information with respect to the Organization's endowment as of December 31, 2018:

	Net Assets With Donor Restriction			Total as of December 31, 2018
	Original Gift	Accumulated Gains	Total	
Total donor restricted endowment fund	<u>\$ 12,995,061</u>	<u>\$ 151,836</u>	<u>\$ 13,146,897</u>	<u>\$ 13,146,897</u>
				Net Assets With Donor Restriction
Endowment net assets, beginning of year				<u>\$ 14,954,390</u>
Investment return:				
Investment income				473,743
Net investment return				<u>(1,630,804)</u>
Total investment return				(1,157,061)
Appropriation of endowment assets for expenditure				<u>(650,432)</u>
Endowment net assets, end of year				<u>\$ 13,146,897</u>

NOTE 12 - 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 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 \$147,435 and \$106,536 in 2019 and 2018, respectively.

NOTE 13 - 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 \$3,990,531 and \$4,272,078 for the years ended December 31, 2019 and 2018, respectively.

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

December 31, 2019 and 2018

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

<u>Year ending December 31,</u>	
2020	\$ 2,822,775
2021	973,654
2022	132,729
2023	112,200
2024	112,200
Thereafter	<u>1,323,960</u>
	<u>\$ 5,477,518</u>

NOTE 14 - 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. (The Organization establishes a general provision for government contracts based on past experiences and current year contract assessments). 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.

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 consolidated financial statements of the Organization.

NOTE 15 - 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, 2019 and 2018, there were no outstanding unfunded guarantees.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 16 - 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.

As of December 31, 2019 and 2018, the following tables show 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 statement of financial position date to meet general expenditures.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 12,400,024	\$ 7,188,363
Investments	16,428,789	15,154,505
Grants and pledges receivable	1,340,517	1,990,782
Other receivables	<u>661,027</u>	<u>587,166</u>
Total financial assets at year-end	<u>\$ 30,830,357</u>	<u>\$ 24,920,816</u>
Financial assets available to meet general expenditures within one year:		
Cash and cash equivalents	\$ 7,739,169	\$ 3,135,196
Investments	3,546,860	2,007,608
Grants and pledges receivable	1,340,517	1,990,782
Other receivables	424,517	208,548
Endowment Distribution	<u>648,000</u>	<u>600,000</u>
Total financial assets available to meet general expenditures	<u>\$ 13,274,546</u>	<u>\$ 7,942,134</u>

NOTE 17 - SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 16, 2020, the date on which the consolidated financial statements were issued and noted the following:

COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative 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 our funding agencies, donors, employees and vendors, all of which at present cannot be determined. Accordingly, the extent of which COVID-19 may impact our consolidated 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.

Broadway Housing Communities, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Ownership of Dorothy Day Apartments

In 2020, Dorothy Day Housing Development Fund Company, Inc. ("DDHDFC") 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 Dorothy Day Apartments. BHC is the sole member of DDHDFC. In September 2020, DDHDFC acquired 100% of the limited partnership interest in 583 L.P.

The Organization is not aware of any other subsequent events that would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

Broadway Housing Communities, Inc. and Affiliates

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

For the year ended December 31, 2019

	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
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,646,924	\$ 12,389	\$ 119,488	\$ 184,426	\$ 4,642,603	\$ 6,605,830
Cash and cash equivalents - restricted	-	-	-	2,534,957	-	2,534,957
Tenant security	-	-	-	31,533	27,876	59,409
Investments	-	16,428,789	-	-	-	16,428,789
Grants receivable - current portion	1,135,274	-	82,880	-	-	1,218,154
Pledges receivable - current portion	259,759	450	13,460	-	-	273,669
Other receivables	435,626	-	995,321	26,178	3,755,993	5,213,118
Due from related party	423,036	-	-	-	-	423,036
Prepaid expenses and other assets	1,449	-	2,173	-	-	3,622
Total current assets	3,902,068	16,441,628	1,213,322	2,777,094	8,426,472	32,760,584
NON-CURRENT ASSETS						
Mortgages and notes receivable, net	5,275,689	-	-	-	16,911,426	22,187,115
Mortgage interest receivable	1,192,722	-	-	-	4,533,775	5,726,497
Property and equipment, net	536,346	-	131,384	2,021,450	1,859,400	4,548,580
Total non-current assets	7,004,757	-	131,384	2,021,450	23,304,601	32,462,192
Total assets	\$ 10,906,825	\$ 16,441,628	\$ 1,344,706	\$ 4,798,544	\$ 31,731,073	\$ 65,222,776
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued expenses	\$ 604,369	\$ -	\$ 126,334	\$ 82,876	\$ 272,451	\$ 1,086,030
Deferred revenue	-	-	478,896	-	-	478,896
Security deposits payable	-	-	-	40,184	36,567	76,751
Other payables	-	-	-	39,011	11,391	50,402
Total current liabilities	604,369	-	605,230	162,071	320,409	1,692,079
NON-CURRENT LIABILITIES						
Mortgages and notes payable	-	-	-	3,916,966	-	3,916,966
Refundable advances	2,980,930	-	-	-	1,338,000	4,318,930
Total non-current liabilities	2,980,930	-	-	3,916,966	1,338,000	8,235,896
Total liabilities	3,585,299	-	605,230	4,079,037	1,658,409	9,927,975
NET ASSETS						
Without donor restrictions						
Controlling interest	7,321,526	1,592,443	739,476	719,507	30,072,664	40,445,616
Noncontrolling interest	-	-	-	-	-	-
With donor restrictions	-	14,849,185	-	-	-	14,849,185
Total net assets	7,321,526	16,441,628	739,476	719,507	30,072,664	55,294,801
Total liabilities and net assets	\$ 10,906,825	\$ 16,441,628	\$ 1,344,706	\$ 4,798,544	\$ 31,731,073	\$ 65,222,776

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

For the year ended December 31, 2019

	<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>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 102,878	\$ 535	\$ 206,705	\$ 310,118
Cash and cash equivalents - restricted cash	16,011	-	-	16,011
Investments	-	-	-	-
Other receivables	10	-	478,898	478,908
Prepaid expenses and other assets	-	-	-	-
Total current assets	<u>118,899</u>	<u>535</u>	<u>685,603</u>	<u>805,037</u>
NON-CURRENT ASSETS				
Mortgages and notes receivable, net	-	-	-	-
Mortgage interest receivable	-	-	-	-
Property and equipment, net	23,792,489	-	764,535	24,557,024
Total non-current assets	<u>23,792,489</u>	<u>-</u>	<u>764,535</u>	<u>24,557,024</u>
Total assets	<u>\$ 23,911,388</u>	<u>\$ 535</u>	<u>\$ 1,450,138</u>	<u>\$ 25,362,061</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 4,100	\$ 25,000	\$ 985,860	\$ 1,014,960
Deferred revenue	-	-	25,500	25,500
Other payables	-	-	5,347	5,347
Total current liabilities	<u>4,100</u>	<u>25,000</u>	<u>1,016,707</u>	<u>1,045,807</u>
NON-CURRENT LIABILITIES				
Mortgages and notes payable	1,049,267	-	18,884,926	19,934,193
Accrued mortgage interest payable	-	-	1,837,180	1,837,180
Total non-current liabilities	<u>1,049,267</u>	<u>-</u>	<u>20,722,106</u>	<u>21,771,373</u>
Total liabilities	<u>1,053,367</u>	<u>25,000</u>	<u>21,738,813</u>	<u>22,817,180</u>
NET ASSETS				
Without donor restrictions				
Controlling interest	22,858,021	(24,465)	(20,288,675)	2,544,881
Noncontrolling interest	-	-	-	-
With donor restrictions				
	-	-	-	-
Total net assets	<u>22,858,021</u>	<u>(24,465)</u>	<u>(20,288,675)</u>	<u>2,544,881</u>
Total liabilities and net assets	<u>\$ 23,911,388</u>	<u>\$ 535</u>	<u>\$ 1,450,138</u>	<u>\$ 25,362,061</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**

For the year ended December 31, 2019

	<u>Sugar Hill Housing L.P.</u>	<u>583 Riverside L.P.</u>	<u>Pre-elimination L.P. Entities</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 518,996	\$ 304,225	\$ 823,221
Cash and cash equivalents - restricted	1,526,204	583,683	2,109,887
Tenant security	78,272	54,383	132,655
Other receivables	5,729,406	2,267	5,731,673
Total current assets	<u>7,852,878</u>	<u>944,558</u>	<u>8,797,436</u>
NON-CURRENT ASSETS			
Mortgages and notes interest receivable	52,460	-	52,460
Property and equipment, net	49,292,174	9,537,291	58,829,465
Total non-current assets	<u>49,344,634</u>	<u>9,537,291</u>	<u>58,881,925</u>
Total assets	<u>\$ 57,197,512</u>	<u>\$ 10,481,849</u>	<u>\$ 67,679,361</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 960,332	\$ 38,774	\$ 999,106
Deferred Revenue	290,858	-	290,858
Mortgage and Notes Payable	-	76,703	76,703
Accrued mortgage interest payable	-	187,901	187,901
Security deposits payable	83,049	61,789	144,838
Due to related parties	823,792	37,401	861,193
Total current liabilities	<u>2,158,031</u>	<u>402,568</u>	<u>2,560,599</u>
NON-CURRENT LIABILITES			
Mortgages and notes payable	32,223,384	7,769,266	39,992,650
Accrued mortgage interest payable	1,521,351	2,547,871	4,069,222
Total non-current assets	<u>33,744,735</u>	<u>10,317,137</u>	<u>44,061,872</u>
Total liabilities	<u>35,902,766</u>	<u>10,719,705</u>	<u>46,622,471</u>
NET ASSETS			
Without donor restrictions			
Controlling interest	2,129	(24)	2,105
Noncontrolling interest	21,292,617	(237,832)	21,054,785
With donor restrictions			
	-	-	-
Total net assets	<u>21,294,746</u>	<u>(237,856)</u>	<u>21,056,890</u>
Total liabilities and net assets	<u>\$ 57,197,512</u>	<u>\$ 10,481,849</u>	<u>\$ 67,679,361</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
For the year ended December 31, 2019

	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	\$ 3,194,250	\$ -	\$ 308,610	\$ -	\$ -	\$ 3,502,860
Contributions	1,537,616	-	623,828	-	-	2,161,444
In-kind contributions	-	-	1,486,981	-	340,463	1,827,444
Interest income-loans	-	-	-	41,239	-	41,239
Investment income	957,774	2,239,332	-	-	377,460	3,574,566
Rental income	31,034	-	36,520	868,159	893,318	1,829,031
Housing management income	2,514,017	-	-	-	18,316	2,532,333
Special events, net of direct benefit to donors	417,047	-	212,086	-	-	629,133
Admissions	-	-	95,774	-	-	95,774
Tuition	49,150	-	-	-	-	49,150
Other income	49,901	-	105	1,075	4,470	55,551
Total revenue and support	8,750,789	2,239,332	2,763,904	910,473	1,634,027	16,298,525
EXPENSES						
Program services						
Housing	2,809,009	-	-	707,114	1,409,229	4,925,352
Education	2,660,151	-	875,177	-	-	3,535,328
Arts and culture	1,639,685	-	1,175,750	-	-	2,815,435
Total program services	7,108,845	-	2,050,927	707,114	1,409,229	11,276,115
Supporting services						
Management and general	2,701,151	1,137,425	597,084	-	-	4,435,660
Fundraising	414,356	-	176,114	-	-	590,470
Total supporting services	3,115,507	1,137,425	773,198	-	-	5,026,130
Total expenses	10,224,352	1,137,425	2,824,125	707,114	1,409,229	16,302,245
Gain on sale of property	-	-	-	-	3,909,702	3,909,702
New market unwind	766,983	-	-	-	-	766,983
Change in net assets	<u>\$ (706,580)</u>	<u>\$ 1,101,907</u>	<u>\$ (60,221)</u>	<u>\$ 203,359</u>	<u>\$ 4,134,500</u>	<u>\$ 4,672,965</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

For the year ended December 31, 2019

	Sugar Hill New Market Tax Credits	Sugar Hill Leverage LLC	Broadway Housing Sugar Hill Lessee	Pre-elimination Total Sugar Hill Entities
REVENUES AND SUPPORT				
Interest income - loans	\$ 6,059	\$ 101,087	\$ 12,410	\$ 119,556
Rental income	<u>10</u>	<u>-</u>	<u>454,560</u>	<u>454,570</u>
Total revenue and support	6,069	101,087	466,970	574,126
EXPENSES				
Permanent housing operations	<u>884,163</u>	<u>132</u>	<u>1,023,664</u>	<u>1,907,959</u>
Total expenses	884,163	132	1,023,664	1,907,959
NMTC unwind	<u>24,228,163</u>	<u>(93,153)</u>	<u>(20,282,562)</u>	<u>3,852,448</u>
Change in net assets	<u>\$ 23,350,069</u>	<u>\$ 7,802</u>	<u>\$ (20,839,256)</u>	<u>\$ 2,518,615</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 - LIMITED PARTNERSHIP
HOUSING ENTITIES

For the year ended December 31, 2019

	<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	\$ 14,327	\$ 14,574	\$ 28,901
Contributions	62,500	-	62,500
Rental income	1,269,790	789,670	2,059,460
Other income	7,009	10,379	17,388
Total revenue and support	<u>1,353,626</u>	<u>814,623</u>	<u>2,168,249</u>
EXPENSES			
Permanent housing operations	<u>2,942,205</u>	<u>1,337,002</u>	<u>4,279,207</u>
Total expenses	<u>2,942,205</u>	<u>1,337,002</u>	<u>4,279,207</u>
Change in net assets	<u>\$ (1,588,579)</u>	<u>\$ (522,379)</u>	<u>\$ (2,110,958)</u>

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